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WELCOME FROM
HEAD OF SCHOOL
PROFESSOR ASHISH SINHA

On behalf of the organizing committee,
I would like to welcome you to Sydney and
ANZMAC 2015 that is being hosted by the
School of Marketing at the UNSW Business
School. This year's conference received
500+ submissions from 32 countries, with
more than 250 overseas submissions. Over
the course of the next three days, a total
of 380 papers will be presented.

I would like to take this opportunity to
welcome the delegates of ANZMAC–
GAMMA joint symposium.
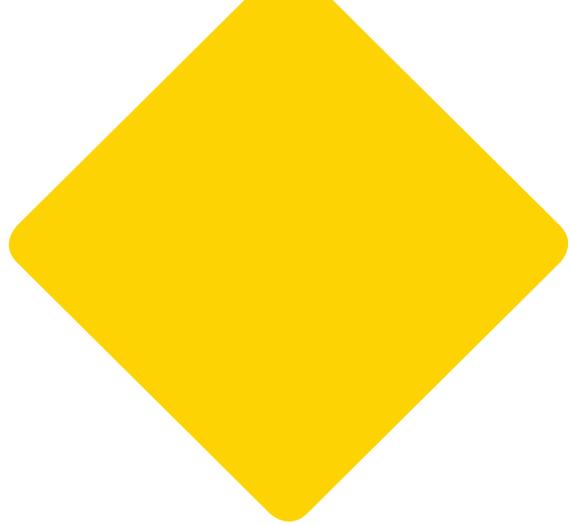
I would like to take this opportunity to thank Associate Professor Jack Cadeaux who provided the academic oversight for the conference. I also wish to thank track chairs and reviewers who generously gave-up their time to assist in the reviewing of the papers, and for their invaluable contributions to the conference. I would like to acknowledge the generous support provided by the sponsors of ANZMAC 2015. In particular, I am grateful to Professor Chris Styles, the Dean of UNSW Business School, for providing the seed funding for the conference.

A number of people were involved in organizing this conference. I am highly appreciative of my co-chairs, Dr Tania Bucic and Associate Professor Jack Cadeaux, the co-chairs of the Doctoral Colloquium, Drs Dean Wilkie and Ting Yu, and Professor John Roberts for his guidance, help and support. I wish to also acknowledge the contributions of Nadia Withers and Margot Decelis who worked tirelessly to make this conference a success. I would like to especially thank the keynote speakers, Professors Raj Srivastava and Namwoon Kim, for taking time out of their schedules to be with us at the conference. I would like to thank the Marketing team and the Finance team of the UNSW Business School for supporting us with the finer details of conference organisation. Finally, I would like to thank the volunteers, who gave-up their valuable time to help organize this event.

On behalf of the organising team we hope you have a rewarding and stimulating time at ANZMAC 2015 and enjoy your time in Sydney.

Professor Ashish Sinha
Head, School of Marketing
UNSW Business School
UNSW Australia

Track Chairs

Marketing Strategy and Strategic Marketing	A/Prof Jack Cadeaux UNSW AUSTRALIA	Dr Laszlo Sajtos University of Auckland
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Keynote Speaker

Rajendra K. Srivastava, Provost and Deputy President (Academic Affairs), Professor of Marketing

A leading authority on the impact of marketing on business performance, Professor Srivastava is frequently invited as a keynote speaker on topics such marketing metrics, value of market-based intangible assets (brands, channels) and management of growth and risk. He has actively developed and delivered executive programs in North and Latin America, Europe, Asia and Australia, as well as worked with many of the world's leading companies in the technology and services sectors.

Professor Rajendra K. Srivastava is currently the Provost and Deputy-President for Academic Affairs, Singapore Management University and Roberto C. Goizueta Chair in e-Commerce and Marketing, Emory University. Professor Srivastava holds a BTech from the Indian Institute of Technology, Kanpur; an MSIE from the University of Rhode Island, and MBA and PhD from the University of Pittsburgh. Besides being a leading authority on brand and marketing strategy, he is also well known for his contributions to marketing metrics and the impact of marketing on shareholder value. His interests and outlook in integrating operations, finance and marketing reinforce a unique perspective on managing business processes and corporate performance. His work on the impact of market-based assets on shareholder value in the Journal of Marketing received both the 1998 Maynard and MSI/Paul Root Awards for the article judged to contribute most to the theory and practice of marketing respectively, and more recently, the Sheth Foundation Award for long-term contributions to the Marketing discipline. These interests are further reflected in his co-editorship of special issues of the Journal of Marketing on Marketing Metrics (2004) and on the Impact of Marketing Strategy on Wall Street (2009). Professor Srivastava also has extensive experience in the technology sector ranging from startups at the Austin Technology Incubator to industry leaders such as Microsoft, HP and Nokia.

MARKETING STRATEGY & STRATEGIC MARKETING

FULL PAPERS

The Role of Value Propositions in Market-Driving Strategies

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Abstract

Viewing markets as malleable systems points to the need for market driving strategies. Extant literature agrees on the importance of value propositions, but does not elaborate on the characteristics of effective market-driving value propositions. Hence, our purpose has been to investigate what types of value propositions are associated with successful market-driving strategies. We used qualitative comparative analysis to analyse value propositions from 16 firms with market driving strategies. Our research validates that value propositions have an important role and shows that the value propositions aimed at driving the entire market have different characteristics compared to more traditional value propositions aimed at achieving competitive advantage in a stable market system. Our research also suggests the need to adopt a wider view on value propositions that looks beyond the provider-customer dyad and considers value propositions in relation to interactions between generic actors within a market system.

Keywords: value propositions, market-driving,

Track: Strategic Marketing

1.0 Introduction

Recent attention on the 'market' concept has resulted in three emerging views, suggesting fundamental changes in managerial focus and strategic marketing activity. First, markets are increasingly portrayed as *socially constructed* (Kjellberg & Helgesson, 2006; Araujo, 2007; Geiger et al., 2012; Lusch & Vargo, 2014, Mele et al., 2015). Second, research in consumer behaviour (Humphreys, 2010; Martin & Schouten, 2014), industrial marketing (Mattsson & Johanson, 2006; Johanson & Vahlne, 2011), and strategic management (Moore, 1993; Iansiti & Levien, 2004) is progressively viewing markets as networks, systems, or ecosystems. This *systemic view* forces firms to look beyond the blinkered view of the seller–buyer dyad and consider the dyad as part of a larger system of actors contributing to creation of value (Mele et al., 2015). Third, markets are no longer viewed as a given and a determined context, exogenous to the firm (Priem et al., 2013); instead, *firms are increasingly conceptualized as active creators of market opportunities* (Alvarez & Barney, 2007; Sarasvathy, 2008).

This emerging view of markets as malleable or plastic systems (Nenonen et al., 2014) opens interesting avenues for managerial practice. Strategic decisions about markets are no

longer limited to market selection, or positioning in an existing space; for, in addition, markets themselves can be shaped for higher value creation, growth and profitability. Some authors go even further, suggesting that market-driving firms can reap so-called influence-rents: "extra profits earned by an economic actor because the rules of the game of business are designed or changed to suit an economic actor or [...] actors" (Ahuja & Yayavaram, 2011, p. 1631).

Literature that distinguishes proactive from reactive market-driven strategies (Jaworski et al., 2000; Kumar et al., 2000; Narver et al., 2004) has advocated that firms need to engage in processes aimed at changing the market, or creating market-driving strategies. Kumar et al. (2000) propose that successful market-driving strategies come from a discontinuous leap in the value proposition. They define value propositions as combinations of benefits, acquisition efforts or costs, and price offered to customers. Similarly, Kim and Mauborgne (2009) state that reconstructionist strategies aimed at shaping the operating environment depend on the fit between value proposition (utility for the customers from the offering minus the price), profit proposition (revenues for the provider from the offering minus the costs of producing and delivering it), and people proposition (motivations and incentives for employees to support and implement the reconstructionist strategy). Thus, it seems the few studies, which explicitly address what focal firms can do to shape their markets, agree on the importance of value propositions. However, these studies do not elaborate how value propositions help companies to drive their markets or what kinds of value propositions are more effective in market-driving strategies.

As a result, our aim is to deepen our understanding of the value proposition's role *as a key element of market-driving strategies*. One challenge of the value proposition concept is that while this term is widely used by academics and practitioners, it does not enjoy an agreed definition (Anderson et al. 2006; Payne & Frow, 2014). A divergence in the understanding of this is likely to have contributed to confusion in how enterprises adopt the concept. As a consequence, our study contributes to determining the nature of this key concept, based on its market shaping properties. We focus on identifying those elements within existing conceptualizations of the value proposition, which can form key design elements for the development of market-driving strategies. Hence, the purpose of this paper is to investigate *what types of value propositions are associated with successful market-driving strategies*.

2.0 Value propositions

All firms offer some form of value proposition, either explicitly or implicitly. Webster (2002, p. 61) argues that the value proposition "should be the firm's single most important organizing principle", whereas Kaplan and Norton (2001) view value propositions as "the essence of strategy". Consequently, value propositions are identified as a key research priority (MSI 2010), with Vargo and Lusch (2008, p. 9) suggesting that value propositions represent a central concept that is "ripe for further elaboration".

The origin of the value proposition stems from work by McKinsey & Co. (Lannings & Michaels, 1988). Here the managerial focus was on a value delivery system model consisting of three key stages: choosing, providing and communicating the value proposition. It emphasizes that competitive success is not only dependent on choosing the right value proposition, but also on how thoroughly the firm delivers and communicates the chosen benefits. This work described the value proposition as a *promise of value* to customers, balancing benefit and price.

Using the language of Vargo & Lusch (2004), this approach was based on 'goods-dominant logic': it is the firm that delivers the value to the customer; value is primarily embedded in the product exchanged (exchange value); and the approach is dyadic. Following Day (2011), we label this approach to value propositions as the *'inside-out' perspective*, where the value proposition is presented as a marketing offer, formulated by a firm and delivered to customers *with value embedded within the goods themselves*. Many definitions and descriptions reflect this perspective (e.g., Lanning and Michaels 1988; Kaplan and Norton 2000). This view has also been dominant in the increasingly popular literature on business model design and innovation. Chesbrough (2010), for instance, identifies value proposition as one of the key elements of a business model.

The *experience perspective* extends this viewpoint but places greater emphasis on understanding the experiential components of value (e.g., Molineux 2002). This approach continues to embrace 'delivered value' but is supplemented by a deeper understanding of customer experience. More recent scholarship provides an interactive and relationship-based perspective on value (e.g., Prahalad & Ramaswamy, 2004; Payne et al., 2008). This work challenges the 'inside-out' perspective and argues that focus should be on co-created value-in-use (Vargo & Lusch, 2008). An *'outside-in' perspective* considers the benefits accruing to both customer and firm *before, during and after the usage experience* (e.g., Ballantyne & Varey 2006; Skålén et al. 2015). Here the value proposition is reciprocal, co-created through knowledge shared during interactions and may interface with other stakeholders or actors.

Embracing the emerging market views indicates that firms wanting to drive or design markets need to use a much wider lens in their strategic activities and accept that 'market' is not only a set of customers, the value chain, or the industry, but is a much larger system (cf., Mele et al., 2015). This implies the need to also adopt a wider view on value propositions that looks beyond the provider-customer dyad and considers value propositions as *emergent* through the interactions between generic actors within a market system (Frow et al., 2014).

In summary, the lens of contemporary marketing theory suggests the value proposition is a means of seeking the active engagement of a customer, sharing chosen resources, acquiring valuable knowledge and contributing to mutually rewarding outcomes.

3.0 Research process and methodology

The sample of firms involved in this research was selected based on two criteria. First, the firms expressed interest in exploring market-driving strategies. Second, special emphasis was placed on including firms from many industry contexts. The sample was necessarily limited by access issues, as strategy processes and market-driving activities are sensitive topics. The sample involved 16 firms from New Zealand and Finland that were willing to participate. Firms were of various sizes and represented 14 different industries.

The research, which spanned other aspects of market-driving strategies in addition to exploration of value propositions, was conducted between February 2013 and April 2014. The process consisted of three phases: (1) case interviews; (2) explication of market-driving activities illuminated by the case studies; and (3) interpretation. During the first phase, the researchers conducted interviews with senior executives in the 16 participating firms, lasting 80-105 minutes. The interviews were recorded and the content was documented by research

assistants. To increase trustworthiness of the research, full-day research workshops were held after the first and second phases. The workshops, each involving 19-24 representatives from the firms, were aimed at getting participants' comments on the preliminary findings. A total of 63 individuals in senior management positions took part in the research. A literature review relevant to market-driving strategies and value propositions continued throughout the process to enable the systematic combining of empirical observations and the literature.

The role of value propositions in market-driving strategies was analysed using *qualitative comparative analysis*, or QCA (cf. Ragin, 1987; Rihoux, 2006; Rihoux & Ragin, 2009; Schneider & Wagemann, 2010), QCA is increasingly used in strategic management research, and was deemed an especially applicable method for our analysis as it is suitable for: analysing data sets with small sample sizes; observing combinations of variables present in the data set; and applying the rules of logical inference to derive new inferences such as hypotheses from the empirical material.

First, the 16 cases were investigated separately by the four authors to detect whether or not they were suitable for the present research. This pre-screening eliminated four cases from the sample, leaving 12 cases to be included in QCA. The cases were eliminated for the following reasons: market-driving strategy was in an explorative phase and thus value proposition was not clearly defined (Gamma); case did not fulfil the criteria for deliberate market-driving strategies (Zeta and Xi); and poor quality data due to case firm's sudden re-structuring (Eta).

Second, the authors *developed a list of value proposition components*, using the principles of grounded theory (Glaser & Strauss, 1967), to describe the different types of value propositions in the case studies. This list was presented as a 'crisp-set' (Schneider & Wagemann, 2010), in which each component can have only two values (1 or 0, 'Yes' or 'No'). After this all cases were analysed against the list, developing a 'truth table' (Schneider & Wagemann, 2010). In the 'truth table', the combinations of components (i.e., types of value propositions) were compared against the outcome variables. These outcome variables were based on executives' self-evaluation of their cases. For the outcome variable three values were determined: 1 ('success in driving the market', defined as a favourable change in the market level properties), 0 ('failure in driving the market'; or 'market-driving on-going, likely to fail') and 0.5 ('market-driving on-going, likely to succeed'). In the final stage of the research, the truth table was used to develop research propositions on the role of value propositions in market-driving strategies.

4.0 Value propositions as elements in market-driving strategies

Based on a thorough analysis of the 12 cases included in the QCA, the authors identified nine components that characterise the value propositions used in market-driving strategies:
- 'New-to-the-firm product / service': whether or not the product or service in question was new for the case firm;
- 'New-to-the-world product / service': whether or not the product or service in question is something that has not been previously provided by any firm;
- 'Change in pricing': whether or not the value proposition included a clear change in the price point or the price carrier/pricing logic (e.g., move from charging per performed work hour towards charging for the performance achieved);
- 'Product attribute focus': whether the value proposition focused on the attributes of the product or service (rather than the customer benefits or the value-in-use);

- 'Value-in-use focus': whether the value proposition focused on the customer benefits or the use value (rather than the attributes of the product or service);
- 'Comparison to competitors': whether or not the value proposition included comparisons to direct competitors, defined as similar offerings or firms providing similar offerings as the case firm;
- 'Wider stakeholder perspective': whether or not the value proposition was targeted to a wider stakeholder audience in the market system (rather than just the direct customers);
- 'Value quantified': whether or not the value promised in the proposition was quantified;
- 'Value externally validated': whether or not the value promised in the proposition was validated by external actors.

Figure 1 sets out the results of the qualitative comparative analysis (QCA). The sample size is too small to make conclusions how firms' industrial background or country of origin influence their ability to craft market-driving value propositions. However, this information is disclosed in Figure 1 to increase the transparency to the empirical data.

Figure 1: Qualitative comparative analysis of value propositions in market-driving strategies

	Alpha	Beta	Delta	Theta	Jota	Kappa	Lambda	My	Ny	Omikron	Pi	Rho
B2C vs. B2B	B2B	B2B	B2C	B2B	B2C	B2B	B2C	B2B	B2C	B2B	B2C, B2B	B2C, B2B
Country of origin	FIN	FIN	FIN	FIN	FIN	NZ	NZ	NZ	NZ	NZ	NZ	NZ
New-to-the-firm product / service	1	0	1	0	1	1	1	0	1	1	1	0
New-to-the world product / service	0	0	1	0	0	1	1	0	0	1	0	1
Change in pricing	0	0	0	0	0	0	1	0	0	1	1	1
Product attribute focus	1	0	0	0	0	0	1	0	0	0	1	0
Use value focus	0	1	1	1	1	1	0	1	1	1	0	1
Comparison to competitors	0	0	0	0	0	0	0	0	0	0	0	0
Wider stakeholder perspective	0	0	1	1	1	0	1	1	1	0	1	0
Value quantified	0	0	1	1	0	0	0	1	0	0	0	0
Value externally validated	0	1	0	1	0	0	1	0	0	0	0	0
Success in market-driving	0	0	1	1	0.5	0	0.5	0.5	0.5	0	0.5	0

The results of the QCA suggest six findings and three specific research propositions for further investigation in future studies. First, it appears that market-driving strategies can be implemented successfully with both value propositions designed around existing products and services, as well as those focused on new products and services. Second, pricing appears to be a similarly non-determining factor: value propositions aimed at driving markets do not have to, but can, include radically new price points or price carriers. Third, it appears that market-driving strategies can be built around both value propositions that emphasise product attributes (and exchange value) and those that emphasise value-in-use and/or customer benefits. Fourth, surprisingly, none of the 12 case companies adopted value propositions that compared themselves against their direct competitors. In contrast, some acknowledged explicitly that their value propositions can be 'piggy-backed' by their competitors and that their market-driving strategies are likely to benefit all companies offering similar product and services. Their aim was to develop a new or improve the existing market system. Thus:

RP1: Market-driving value propositions do not emphasize the uniqueness of the firm's offering compared with its direct competitors, but rather emphasize the superiority of

the entire envisioned market system compared with the existing or other market systems.

Fifth, the results of QCA provide supportive evidence for the imperative to adopt a wider stakeholder perspective to value propositions, instead of communicating merely to customers, if the aim is to influence the development of the market. All cases that were classified as 'success' or 'on-going, likely to succeed' used value propositions that were focused on wider stakeholders and all cases that were classified as 'failure' or 'on-going, likely to fail' focused on customers alone. It seems that securing the support of stakeholders that together form a minimum viable system is a key requirement for successful market-driving strategies. Thus:

RP2: Market-driving value propositions are developed to resonate with all stakeholders relevant for the envisioned market system to be viable.

Finally, the results of QCA provide some evidence that the ability to quantify the value of the value proposition (e.g., estimate the business benefits, publish historical average savings) or to have the (often perceived) value validated by external actors (e.g., celebrity or expert endorsements, independent reviewers) may help in driving the market. For example, both of the cases that were classified as 'success' used value quantification and one of them also used external value verification. Thus:

RP3: Value propositions for market-driving strategies are made more effective if the value promised is quantified and / or verified by credible actors other than the firm itself.

5.0 Discussion

Our research makes three theoretical contributions to the study of market-driving strategies and value propositions. First, it empirically validates the proposition put forward by Kumar et al. (2000) and Kim and Mauborgne (2009) that value propositions have an important role in market-driving strategies. Second, our research shows clearly that the value propositions aimed at driving the entire market have different characteristics compared to more traditional value propositions aimed at achieving competitive advantage in a stable market system. For example, the traditional value proposition literature emphasises the importance of identifying points of difference compared to the competing alternatives (cf., Anderson et al., 2006), whereas market-driving value propositions emphasise the points of difference between different market systems. Third, these special characteristics of value propositions used in market-driving strategies are developed into research propositions, to be investigated in future studies.

Our research has limitations that simultaneously open avenues for further research. The present research is explorative in nature, and further research is needed with respect to the research propositions to validate them empirically. Further, the geographical scope of this present research is limited, suggesting a need for further study in various empirical contexts.

The content of our paper contains important suggestions for practitioners. The main implication is that market-driving strategies should contain well-defined value propositions – but that these value propositions are likely to be different from the ones that firms use to differentiate themselves from the competition in stable markets. Managers interested in market-driving strategies should ensure that their value propositions explicate the points of difference on market-level (i.e. how is the future market system better than the current one),

potentially collaborate with their direct competitors in communicating the market-driving value proposition, ensure that the value proposition resonates with the wider stakeholder audience and not just with the customers, and quantify and/or externally validate the value promised in the value proposition.

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Gamifying social CRM strategies: design elements, implementation and examples

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Abstract
The use of gamification for directing and motivating customers' behaviour, and supporting crowdsourcing practices in marketing is increasingly spreading. Moreover, technological advances and the changes in consumer behaviour demand the transformation of CRM into social CRM strategies. This paper suggests the gamification of social CRM strategies in order to increase their effectiveness. To achieve that, the paper reviews the related literature for discussing: the tenets and features of social CRM; and the game principles and design elements to be considered when developing gamification applications in marketing/CRM. The applicability of the arguments are shown by discussing various examples of gamified CRM practices. Implications for future research are also provided.

Keywords: gamification; Customer Relationship Marketing; social media; design; cases

Track: Marketing Strategy and Strategic Marketing

1.0 Introduction

Gamification is increasingly integrated within marketing strategies (Zichermann and Cunningham, 2011) in order to increase the customers' engagement, participation, learning and motivation by directing their behaviour (i.e. increased activity, social interaction, consumption and purchasing actions) through the design and affordances of positive and intrinsically motivating gameful experiences (Hamari 2013; Sigala 2015). Moreover, well implemented gamification does not only motivate consumers to show desired behaviors (Zichermann and Cunningham, 2011), but it can also make the marketing practices more interesting by adding motivational incentives that enhance the enjoyment of consumers (Sigala 2015). However, although the firm's spending in gamification is increasing, many marketing gamified applications will also fail due to weak gamification designs (Gartner 2012). Furthermore, despite the marketing potential of gamification, the gamification's effectiveness in CRM is still unexplored (Sigala 2015).

Moreover, the current technological advances, the networking and communication affordances of the social media lead to substantial changes in consumer behaviour, which in turn are revolutionalising the ways in which customer relationships can and should be managed (Sigala, 2011; Bowen and McCain, 2015). The social media have changed people's interactions with the companies and institutions, and have empowered customers to own and control the conversation. Hence, the firms do not longer control customer relationships; instead, individual customers and virtual communities are now driving the conversation and influence the brand image and relations (Dessart et al., 2015), which in turn significantly determine the company's efforts to provide personalised experiences and build customer relationships. The new breed of customers is also not anymore interested on getting solely transactional benefits from their companies' relations, as they mainly seek attitudinal and not

behavioural loyalty (Greenberg, 2007; Bowen and McCain, 2015). The customers also expect to get personalised customer service and information at any device, any place and any time, and then, become strong brand advocates when customer satisfaction is achieved. As technology tools and applications enhance customer insight and engagement, the companies can now faster and more effectively collect, analyse and exploit customer intelligence for better learning the customer and personalising interactions.

Consequently, the literature recognises a need to transform the traditional CRM practices, that are focused on managing the *customer transactions* during the whole customer life cycle, to a social CRM or CRM 2.0, which places emphasis on the personalisation and management of *customer experiences and interactions*. However, although a theoretical debate about the drivers, the definition and the scope of the social CRM has already started, the literature has failed to provide guidelines and evidence on how the firms can exploit the social media and their affordances for implementing social CRM that can address the needs and expectations of the new customers (Woodcock et al., 2011). Anecdotal evidence provides some disparate practical examples, but the literature has failed to provide a holistic theoretical justification on how the firms can facilitate collaborative experiences and dialogues with the 'new' customers. To address this gap, this paper reviews the literature in order to identify and summarise the principles and the issues that need to be considered for: transforming CRM strategies to social CRM; and designing gamification applications for enhancing the effectiveness of social CRM strategies. Examples and research ideas about gamified social CRM are discussed.

2.0 Social CRM: definition, scope, features and functions

Technological advances are driving a transformation of the CRM named as CRM 2.0 or social CRM, which reflects a strategic shift towards enhancing and personalising both the customer transactions and the customer interactions by exploiting the informational, communication and networking capabilities of the new technologies (Greenberg, 2010; Sigala, 2011; Baird and Parasnis, 2011). The 2.0 revamp of CRM requires the existence of a fundamentally different customer paradigm, that also recognizes the need to continue the operational and transaction-based CRM capabilities. As the technologies empower the customers and give them the control of the relationships, the CRM scope and aims should shift from relationship management to relationship stewardship. The transformational need to consider the customer as collaborator and actively engage him/her in relationship building and development processes is highlighted in the following definitions. Greenberg (2010) defined social CRM as the business strategy of engaging customers through the social media with the goal of building trust and brand loyalty. According to Woodcock et al. (2011), the social CRM adds the social features, functions, processes, and characteristics that need to be exploited for enhancing the interaction with the customers, their communities, the firms and its partners. A widely accepted definition of social CRM (http://crm20.pbwiki.com) reflects a general consensus that CRM 2.0 is a *"philosophy and a business strategy, supported by a technology platform, business rules, processes and social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted and transparent business environment"*. Therefore, apart from recognising the technology (and specifically the social media and networks) as a major enabler of social CRM, this definition also highlights that the social CRM: 1) considers the customer as a value co-creator, partner and collaborator; 2) considers and depends on the use of the customer resources (such as, customer generated data and insights) as important resources for value co-creation; and so, 3) it is designed to enable the customers to participate and get engaged in mutual beneficial value co-creation processes with the firm. Hence, the social

CRM adopts a value co-creation approach that aims to support the collaborative development and management of relations within a service ecosystem consisting of various stakeholders (i.e. business partners, customers, suppliers, customer communities) that interact, exchange and integrate resources for co-creating value. Because of that, the core focus of the social CRM is the stakeholders' interactions, the context/environment of co-creation, the customers' experiences and value co-creation processes rather than the products/services and the business value creation processes, which are the focus of CRM 1.0. Moreover, as the co-creation approach recognises that products/services do not embed pre-produced value, but rather value is co-created through actors' interactions, the social CRM also emphasises the need to design, manage and oversee value co-creation interactions amongst the various service actors and so, its management priority is the design and management of the customer ecosystem. Thus, the social CRM also diverts from the functional/utilitarian and process based CRM 1.0 value conceptualisation, and it underlines the social, emotional, cognitive and symbolic aspects of customer value.

Firms wishing to implement social CRM should: 1) treat and consider their customers and customer communities as value co-creators and relationship co-managers; and 2) create value co-creation processes and interaction opportunities in which the customers would be willing, be motivated, rewarded and skilled to participate with the purpose to exchange / integrate resources for co-creating value with the firm, other customers and/or customer communities. By reviewing and consolidating the limited literature five specific approaches to social CRM implementation are identified and proposed. The following sections analyse these five approaches by showing how the social CRM can be designed and aims to actively involve the customers (and their resources) in value co-creation and relationship management processes. The practical and research implications of these approaches are also discussed.

3.0 Gamification in marketing
3.1 Gamification concept, aims, marketing applications and benefits
Gamification is widely known as the use of game-play mechanics for non-game applications (Deterding et al. 2011). Thus, "gamified" applications only need to incorporate some (and not all) the game design elements. All gamification definitions highlight its aim to create a gameful experience by including two elements (Sigala 2015): a systemic component defining how the game is constructed/designed; and an experiential component describing the human involvement within the game. Overall, the major aim of gamification is to effectively motivate and direct the users' behavior and to increase the users' engagement with the 'play' tasks (Sigala, 2015) by using game-like techniques (e.g. scoreboards, points) that make people feel more ownership, flow and purpose when engaging with the 'play' tasks. Two types of gamification applications are found in marketing (Terlutter and Capella 2013): *advergames*, full computer games specifically designed and created to promote goods/ideas; and marketing practices with *gameful designs* that are only partially based on game elements. Gamified marketing practices are easily distributed on different platforms (e.g. websites and smart phones) and so, easily played quite repeatedly (e.g. during waiting times or traveling) reinforcing addiction and learning. Their interactive context increases the users' "situational" involvement (i.e. user active control and two-way communication), which in turn enables users to experience flow. Flow is characterized as an enjoyable experience that leads to increased cognitive learning, exploratory and participatory behavior (Sigala 2015), because the user: is immersed into a task, has a sense of control over the situation but not the sense of time; is focused on the flow-eliciting interaction, with irrelevant thoughts and stimuli screened out. Thus, gamified marketing applications create pleasurable experiences with

numerous marketing benefits, such as enhanced customers' brand recall and awareness as well as positive attitudes, purchase intentions and actual sales (Terutter and Capella 2013).

3.2. Implementing gamification in marketing: elements and principles of funware design

Implementing gamification requires the design of funwares, which is the use of game mechanics to encourage desired user actions and to generate customer loyalty (Zimmerman and Cummingham, 2011). Game mechanics are rule based systems/simulations that facilitate and encourage a user to explore and learn the properties of their space by generating intrinsic (i.e. motivation that comes from within) and extrinsic (when one is motivated to do something for its expected outcome) motivational affordances (Hamari et al. 2014). There are numerous game mechanics that are usually grouped into three categories (Sigala, 2015): behavioural (e.g. discovery/exploration, ownership, community collaboration, lottery, virality, status, story/theme); feedback (e.g. bonuses, countdown, reward schedules); and progress (e.g. achievements/badges, levels, (social) points, progress bar, challenge). Different types of game mechanics can afford the generation of different types of motivation. Intrinsic motivation in games results when one is motivated to do something for its own satisfaction (e.g. for fun/joy, interest, self-expression, curiosity, challenge, altruism, competition, cooperation, sense of belonging, love or aggression) and it can be triggered by the following game mechanics (Wood et al. 2004): avatar (virtual alter ego), role-playing, content (storyline), interaction (feedback/motivation), level of control (freedom of choices), possibility of losing points, amount of choices and feeling connected. In sum, role playing in games can trigger the following five primary intrinsic motivations: choice, control, collaboration, challenge, and achievement. Extrinsic motivation in games happens when users are encouraged to engage in play tasks for achieving performance and obtaining rewards and it is generated by game mechanics, e.g. pressure, classifications, levels, points, badges, awards (Deterding et al. 2011)

Points, badges and leaderboards (PBL) are clearly the most commonly used mechanics for triggering the users' motivation and raising their engagement with play tasks by giving them information about their achievements, progress and high scores. However, PBLs are not enough to make gamification successful, while their exclusive use is also found to diminish the users' intrinsic motivation, creativity and behavioural involvement (Sigala, 2015). This is because when the games offer the player extrinsic incentives for something the player already intrinsically enjoys, there is the danger that extrinsic incentives may diminish the intrinsic motivation of consumers. Moreover, once gamification is used to provide external motivation, the user's internal motivation decreases: e.g. if the organization starts using gamification based upon the provision of external rewards and then, it decides to stop these rewards, the organization will be worse off than when it started, as the users will be less likely to return to the behavior without the external reward (Deterding et al., 2011). Thus, gamification needs to combine extrinsic and intrinsic motivation by using a mixture of game mechanics, because the use of extrinsic incentives can further enhance the users' intrinsic motivation, specifically when the aim is to develop a sense of competence and mastery in the user/consumer.

Overall, in order for the game mechanics to generate motivational affordances, they should (Deterding et al. 2011): work towards personally meaningful goals; and match the user's profile (i.e. his/her needs, values and interests). The latter is also very important, because several studies (Hamari et al. 2014) have found that there are various types of gamification users, whose motivation to get engaged in gamified tasks is driven and influenced by

different needs and goals, e.g. socialising, personal ego, interacting with the game environment. Thus, Sigala (2015) identified the following major principles when selecting game mechanics:

- the use of a variety of game mechanics for: generating the mix of extrinsic and intrinsic motivation; and appealing and meeting the various objectives, motivational needs and personality types of the various gamification users.
- user empowerment to select (choice and control) and customize the game mechanics to their own motivational needs so, that they can: self-identify the game goals with their own values; create meaningful game elements and goals; and internalize the game activities.
- The integration of game mechanics with social network and media, because by incorporating network friends into the game play, the funwares can: magnify intrinsic motivation; and escalate the adoption of the gamified application through viral marketing.

3.3. Gamification of social CRM: examples

Firms can gamify the management of the whole customer relationship lifecycle, i.e.: create brand/firm awareness; customer recruitement; expand/enrich customer relationships (cross- and up-sales); loyalty programmes gamification; win back/terminations of 'defect' customers.

JetBlue uses gamification for converting its loyalty programme (called TrueBlue) to a social loyalty programme that exploits the electronic word-of-mouth and the crowdsourcing affordances of social media for: enhancing the customers' loyalty and engagement with the company; and building its customer database by attracting customers and collecting customer information from the customers' Facebook profiles and online activities. The development of the social loyalty programme is based on the funware design of the Facebook page of the airline that includes the following game elements and motivational affodances: the Trueblue members are invited to register their loyalty profile on the JetBlue's Facebook page. Loyalty members are motivated to do this, because several Facebook activities can earn them loyalty points. A location-based social media application (called Go Places) also allows the customers to gain loyalty points by contributing/posting content on the JetBlue Facebook page. Customers are allowed to exchange loyalty points gained through their Facebook activities for free services, flight upgrades and status privileges. Gamification is applied for converting Facebook marketing tasks (requiring the customer to become a co-marketer and co-distributor of marketing content) into play tasks whereby the customer participation is motivated by the provision of 'points' /rewards. Hence, the gamification manages and exploits the customer as co-creator of marketing value and supports the implementation of a social loyalty programme, whose marketing aims and benefits include: the online generation and the distribution of marketing content; the generation of online traffic and usage of its Facebook page; and customer retention and repeat airline usage for gaining and exchanging points.

Marriott incorporated funware design into its social media marketing strategies for enhancing the customer experience and its interactions with loyal guests. Marriott has gamified its loyalty programme (Marriott Rewards Plus Points) to motivate and reward the loyal customers who generate, discuss and/or distribute online content about its brand. To earn Marriott Rewards points, loyalty programme members have to link their social profiles (e.g. in Facebook, Twitter, Instagram and Foursquare) with their Marriott Rewards account. Hence, Marriott also used gamification for crowdsourcing user-generated-content and enhancing customer loyalty by creating a collaborative relation with the customers and converting them to online co-marketers and brand co-ambassador. Guest loyalty to the brand is enhanced by rewarding the guests' co-marketing online activities and online interactions

with the brand. Gamification is also exploited for enriching the implementation of the social CRM by collecting real time customer data from the customers' social media profiles and online activities (e.g. guest's public profile, friend list, e-mail, news feed, relationships, birthday, notes, status updates, check-ins, education history, events, groups, personal description and likes) for better personalising and contextualising guests' interactions and relations.

Lufthansa has created an advergame location-based social media application for: rewarding customers for their repeat usage and purchase of Lufthansa flights; and for generating and crowdsourcing online buzz and promotion for the firm and its services. The funware application (called Blue Legends) connects frequent flyers by inviting them to virtually check-in (to airports, lounges and Lufthansa flights through Foursquare flights) for getting points and badges. For example, passengers are rewarded with ranks and badges for regularly checking-in virtually to Lufthansa sites. Users can also share their journey/flight information and travel performance/scorecard with others via social networks. By checking-in and sharing flight information in social media, travellers not only generate marketing content, but they also distribute and discuss this content within their online social networks. To motivate the travellers to participate into these crowdsourcing marketing practices, the gamified funware combines two types of motivational affordances: extrinsic rewards (e.g. points and badges); and intrinsic value, e.g. by increasing the travellers' self-esteem, ego and social recognition, when the travellers distribute flights and journeys information within their peers' networks.

4.0. Conclusions and implications for future research
The use of gamification for directing and motivating customers' behaviour and supporting crowdsourcing practices in marketing is increasingly spreading. However, as gamification has only recently been applied in marketing, further research is required to guide firms how to design and incorporate effective funwares into social CRM and loyalty programmes. Studies should examine and unravel how to select and match the various types of game mechanics with the different personalities of players/customers, so that the funware design can generate positive motivational affordances. Future research should also examine the impacts of various gamification designs on the performance and competitiveness of social CRM programmes. This is because, current gamification practices of CRM adopt a superficial 'pointsfication' approach that motivates customer engagement based on the provision of extrinsic rewards/points. However, this approach misses the elements of playfulness and fun experiences as well as it can also lead to several detrimental behavioural effects (such as, negative impacts on motivation; lowered intrinsic motivation; diminished people's behavior and short-term activity increase, but reduction in long-range product interest and use). This is because once you start giving someone a reward, you have to keep him/her in that reward loop forever as well as when extrinsic rewards stop, the user behaviour is worse, since users are less likely to return to the behavior without the external reward. "Pointsfication' has also been a major factor leading to the decreased effectiveness and differentiation of the traditional loyalty programmes in the hotel sector. Nowadays, the majority of the customers become members of several loyalty programmes, which in turn results in a multiplication or no customer loyalty. This is mainly because all the loyalty programmes solely provide exactly the same functional and extrinsic benefits. This pointification of loyalty programmes creates limited scope to loyalty programme to be differentiated from another, while on the other hand, they create customer loyalty to the pointification programme and not to the specific hotel. Consequently, the role of loyalty programmes to influence decision-making and firm selection is diminished, since by being a member in many loyalty programmes, the customers can get points by staying in any hotel.

Hence, the sole provision of extrinsic rewards is not an appropriate way to design effective CRM. Similarly, a gamified social CRM and loyalty programme should be designed in such a way that it does not only lock- in customers through functional/utilitarian benefits, but it also creates customers' emotional and structural bonds. Research should identify the game mechanics that create social bonds/ties between customers and the brand, and examine how to exploit the former for designing effective CRM funwares.

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The Relationships between Consumer Community, Consumer Operant Resources and Value Co-creation Outcome

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Abstract

Service-dominant logic received a great deal of attention from marketing scholars. One of the key propositions of this logic is the customer "always being a co-creator of value". The effectiveness of consumer as co-creator depends on her/his knowledge or capacity (operant resources) to produce value. The purpose of this study is to test the postulated "consumer community - operant resources – value co-creation outcome" chain. The author conducted a study of consumer community with experience in event and product development. The analysis was performed with a total sample of 900 respondents to test the general model. The findings show that consumer community affects positively to consumer operant resources. Consumer operant resources affect positively to value co-creation outcome. This findings suggest that the capacity of consumer will increase significantly when they participate actively in the consumer community.

Key words: service-dominant logic, consumer community, consumer operant resources, co-creation value outcomes,

Track: Marketing Strategy

1.0   Background

Since Vargo and Lusch's seminal works in 2004, service-dominant logic (S-D logic) received a great deal of attention from marketing scholars (e.g., Lusch and Vargo 2006; Maharavaram and Hunt 2008; Arnould and Thompson 2007; Gronroos 2008, 2011; Collins and Murphy 2008; Melancon et al 2010). The S-D logic views the customer as an active participant in the value creation, and it becomes a value co-creator. Value creation is considered as collaborative process of co-creation by multiple parties (Vargo and Lusch 2008). Arnould and Tompson (2007) stated that consumer is actively participated in the co-creation value process during consuming the product. They are much more active to co-construct their own consumption.

Interestingly, Schau *et al* (2009) found that consumers can co-create value within consumer communities. One of the argument is consumer can learn from other members how to create own experiences during consumption process. The communities influence not only

the way members of community interact but also brand owner or producer interact with them. The interaction process will increase the skills and knowledge of consumers through engaging, learning and enriching (Pongsakornrungsilp 2010). The skills and knowledge of consumers will increase their capacity to produce value. In S-D logic, the customer is primarily an operant resources (co-creator) which might involved in the entire value chain (Vargo and Lusch 2006).

Despite the study of service–dominant logic has started a few years ago (Vargo & Lusch 2004), unfortunately empirical evidence is in short supply (Brown and Peterson 2010). Wright and Russell (2012) noted that the S-D logic framework works in developed countries, it might be not be alike in developing countries such as Indonesia. Indonesia has been choosen due to demographic characteristic (dominantly by young age) and huge numbers of consumer community. According to Soehadi and Ardianto (2007), there are more than hundreds of off-line commnuity (frequently meeting in certain location) has been established in Jakarta and surrounding area. There are actively meeting and gathering among their members. Sometimes they invite the brand owner to do collaboration in running an event or to share to the member of community regarding the latest product information. In this perspective, the empirical study of the S-D logic in Indonesia is interesting to be investigated.

This study has two specific objectives, each designed to contribute to the emerging body of empirical literature on the service-dominant logic. The first objective is to examine the consumer community and operant resources. The second objective is to investigate the extent to which operant resources will affect the value co-creation outcome.

The remainder of this paper is divided into three sections. The first section derives a model of theoretical relationship and discusses the hypotheses tested in this study. The second section introduces the research method, and the findings. Conclusion and implication of the findings is explained in section three.

2.0   Conceptual Foundations

2.1.   A Model of Theoretical Relationship

Figure 1 visually describes the theoretical relationship of the proposed study. Briefly, the model comprises of three sets of factors: (1) consumer community, (2) consumer operant resources (commitment, participation and enrichment), and (3) value co-creation outcome. In this model, consumer community have an impact on consumer operant resources. Overall consumer operant resources have an impact on value co-creation outcome.

Figure 1. The Proposed Model
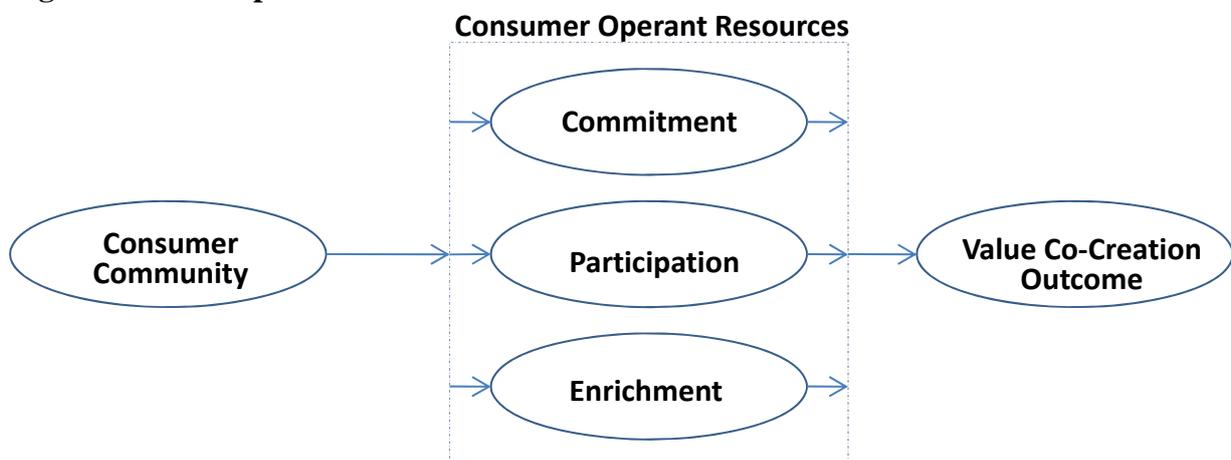
2.2   Consumer Commnunity and Consumer Operant Resources

Consumer Communities primarily consists of individuals who share intention, interactions and activities at specific "stage" both on-line or off-line. Muniz and O'Guinn (2001) noted that community requires three important elements: consciousness of kind, shared ritual and tradition, and a sense of moral responsibility. Ardianto and Soehadi (2008) found that the level of three elements will affect the commitment of community member. The highly committed member will actively encourage other fellow members to discuss about the effective way to consume the product.

The highly committed member tries to share their resources (knowledge, information and experience) to the participated members through an educating process in order to endow all members with the community culture and spirit. This continuous educating process leads to the merging of knowledge through discussions. At this point, members obtained more knowledge and information (Pongsakornrungsilp 2010). The skills and knowledge of the community member will increase during the educating process. In S-D logic the consumer skills and knowledge can be defined as operant resources. They have an ability and motivation to use resources (Vargo and Lusch 2006) in order to satisfy their life goals (Pongsakornrungsilp 2010). Therefore:

Hypothesis 1: There is a positive relationship between consumer community and consumer operant resources

2.3   Consumer Operant Resources and Value Co-creation Outcomes

Value co-creation refers to the joint creation of value during the interaction process between the producer and the customers (Gronroos 2000; Vargo and Lusch 2004). Value co-creation in S-D logic framework is a mutual process in which customers and producers are equally involved in value creation (Vargo and Lusch 2008). One party alone can't create value for the other. Value is co-created by both parties. In this regard the operant resources are a critical factor for value co-creator outcomes. Value co-creator is determined by the competencies of both parties especially the consumers.This leads to:

Hypothesis 2:
There is a positive relationship between consumer operant resources and value co-creation value outcome

3.0   Research Methodology and Findings

In this research consumer operant resources will be measured by three sub-constructs: community members' commitment, community members' participation and community members' enrichment. A questionnaire was developed to measure the level of consumer community, consumer operant resources and value co-creation outcome. A systematic review of marketing literature provided a basis for developing scale items for the construct (Muniz and O'Guin 2001, Ardianto and Soehadi 2008, Lusch & Vargo 2006; Ramesmawry and Prahalad 2004; Pongsakornrungsilp 2010). To assess the quality of the measure items, pre-tests have been conducted. The academic experts have been used and asked to critically evaluate the items.   At each phase, participants have been asked to identify items that are confusing, tasks that difficult to perform, and any other problems they encounter. Items were

identified as being problematic has been revised or eliminated. Further, we did an exploratory factor analysis to establish the underlying structure of the questionnaire. The final solution of the instrument can be seen on the table 1.

Table 1. Research Instrument

	Factor Loading	KMO	Cronbach α
Consumer Community:		.895	.879
• Appreciation of differences within the community (moral values)	.652		
• Appreciation of differences outside the community (moral values)	.683		
• Help/support among community member (moral values)	.651		
• Brotherhood relation among community member (we-ness)	.678		
• Attitude and behavior of members represent the community (we-ness)	.722		
• Bond tightly among the community member (we-ness)	.675		
• Protecting the values through sharing experience (ritual)	.660		
• Protecting the values through various activities (ritual)	.740		
• Protecting the values through revealing the memories (ritual)	.639		
Learning process		.624	.597
• Sharing knowledge	.790		
• Sharing experience of product consumption	.699		
• Sharing skill	.742		
Commitment		.603	.671
• Committed to take apart in community activities	.680		
• Actively take apart in the community activities	.857		
• Frequently take apart in the community activities	.790		
Enriching		.537	.554
• Encourage to create a valuable outcome	.845		
• Give a chance to create something	.566		
• Create something new	.756		
Value Co-creation outcome		.724	.772
• Collaborate with companies to create new ways of product development	.781		
• Collaborate with companies to create new product	.776		
• Collaborate with companies to design promotion content	.807		
• Collaborate with companies to develop new markets	.580		

To test the hypotheses, data were collected to test the proposed model. Each community's moderator was contacted by telephone to obtain co-operation. In addition, we asked them to disseminate the questionnaire to their member or asked permission to distribute the questionnaire when there was an off-line gathering. This process resulted in a total response of 900 respondents from 9 communities in JABODETABEK (Jakarta and surrounding area). Collecting data was done either through on-line (via internet) and off-line (see directly in the face-to face when they make offline activities).

The research hypotheses are the themes of this research as explained in the research objectives. Tests conducted with hypothetical analysis using Structural Equation Modeling (SEM) (Figure 1.) Hypothesis 1 posits to a positive relationship between consumer community and consumer operant resources. The result of a SEM analysis shows that the consumer community is significantly affecting the consumer operant resources ($b1=.509$; $p < .01$). It shows that the consumer community is important to enrich the knowledge and skills of the consumers. In the subsequent analysis, consumer community affect positively community members commitment ($b11=.325$; $p < .01$), community members participation ($b13=.690$; $p < .01$), and community members enrichment ($b12=.407$; $p < .01$). This is in line with Pongsakornrungsilp (2010) notion that community gives the consumers to learn during the consumption process through interaction, sharing and dialogue. Hence, the ability of company to engage in the community activities will give them an opportunity to develop better value proposition relative to its competitors. Further, this finding gives company a solid basis to manage and interact with the consumer community.

Hypothesis 2 posits to a positive relationship between consumer operant resources and co-creation value. The result of a SEM analysis shows that consumer operant resources has a significant effect on co-creation value ($c1 = .590$; $p < .01$). In the subsequent analysis, element of consumer operant resources which are participation ($c21=.766$; $p < .01$), and enrichment ($c22=.140$; $p < .01$) affect positively on value co-creation outcome. On the other hand, there is no significantly the effect of commitment toward value co-creation outcome($c23=-.056$; $p=.13$). This is in line with Arnould, Price and Malse (2006) notion that consumers' operants resources is the primary driver in the value co-creation process. The quality of operant resources affetcs the way value is co-created. Further this finding supported by the work of O'Hern and Rindfleisch (2010) proposition that the quality of operant resources positively impact to consumer willingness to engage in the firm's value creation process. Producer can helps consumers for fulfilling their social and hedonic needs.

4.0   Conclusion and Implication of the Findings

The research is intended to replicate the study of consumer community and service dominant logic in the Indonesian consumer context. It advances our understanding of service dominant logic by proposing and testing a comprehensive model that integrates consumer community, consumer operant resources, and value co-creation outcomes.

This study gives an additional point of view to the consumer community literature. The evidence from this study demonstrates that the consumer community increases the degree of consumer operant resources. As noted from the interview findings, they will actively engage and participate in the community activities if they feel that the community has same interest and fight for something that they pursue. According to Arnould (2005), this situation will help member of the community to enrich their capacity.

The research findings offer several important managerial implications. Firstly, the present study clearly supports a positive effect of consumer operant resources on value co-creation outcome. The effectiveness of value co-creation requires intensive interactions between the producer and the consumers and their resource integration (Skarzauskaite 2013).

Both consumer and producer exchange their competencies (Vargo and Lusch 2004). This leads to suggestion that the producers need closely collaboration with the consumer community to facilitate learning process of the community member. Consequently, marketing division should spend their times to interact and dialogue with the community to identify what kind of programs should be developed further.

Secondly, the successful of value co-creation depends on the consumer capacity through actively interaction with producer. Through interaction, the producer gets an opportunity to influence the customer value creating process. It is important to develop a platform that makes member of consumer community is easily to access and involve in the value co-creation activities. Prahalad and Ramaswamy (2004) suggested to use the DART model. It helps producer to engage more effectively with consumers as co-creators.

Thirdly, the findings suggest that consumers operant resources are critically important for value co-creation outcomes. Saarijarvi et al (2013) noted that consumers not only as an object of the ultimate determinant of customer value but they have knowledge and skill to participate with the firm in value co-creation activities. However, the customer involvement cannot be taken for granted – the co-creation activities must be formulated in a way that is beneficial for both parties.

This study suffers some limitation. Customer operant resources measure consists of three separate reliable measures, one each for community member participation, community member commitment and community member enrichment, the effect of consumer community on each of these individual components and the impact of these individual components to value co-creation is worth to be examined.

It seems reasonable to propose that the solidity of consumer community would shift attention from participation to enrichment of the community member. Likewise, consumers in the solid community would likely show emphasis on customer commitment than a customer enrichment. It might be interesting to test the effect of consumer community on consumer operant in the component level.

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An examination of strategic orientation profiles of low- and high-performing international SMEs

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Abstract

Strategic orientations are believed to be associated with the international performance of SMEs, but empirical evidence on the subject is scarce. Addressing this research gap, the present study examines whether low- and high-performing international SMEs emphasize different strategic orientations to different extents. Three different strategic orientations, namely entrepreneurial orientation, market orientation and brand orientation, are being examined. Using independent samples t-test, the authors analyze a data of 385 effective responses from Italian international SMEs, concentrating on two separate performance metrics, namely (1) success in new customer acquisition and (2) success in customer retention. The findings indicate that internationally operating SMEs that perform well in terms of both customer acquisition and customer retention are more market, entrepreneurial and brand-oriented than those SMEs that perform weaker in this area.

Keywords: Market orientation, entrepreneurial orientation, brand orientation, international markets, customer acquisition, customer retention, SMEs

Track: Marketing Strategy and Strategic Marketing

1.0 Introduction

Even though the changes in operating environment have made it easier for small firms to enter international markets, there are still many questions concerning what affects their decisions to expand to foreign markets and succeed in there (Frishammar and Andersson, 2009). Strategic orientations have been proposed to play a key role in explaining the success of firms, allowing conclusions to be made why some firms are performing better than others. The relationship between various strategic orientations and a firm's international performance is regarded as very relevant both to the firms and policy-makers. However, empirical research on the topic is scarce (Hagen et al., 2012). This study contributes to the literature by studying whether high-performing international SMEs emphasize strategic orientations differently than low-performing ones. Some scholars have suggested that focusing on only one strategic orientation at a time may not be enough when competing successfully in international markets. Instead, a combination of multiple strategic orientations is required (Hagen et al., 2012; Frishammar and Andersson, 2009; Ruokonen and Saarenketo, 2009). In this paper, we empirically examine three strategic orientations, namely entrepreneurial orientation, market orientation and brand orientation. As for performance, we concentrate on international SMEs' success in (1) acquiring new customers and (2) retaining current ones. Both customer acquisition and customer retention are regarded as important in creating customer profitability (Thomas et al., 2004), which in turn is believed to improve firm's overall performance and growth. The findings shed light on what kinds of strategic choices seem to be beneficial for SMEs that pursue success in international markets.

2.0 Literature review and hypothesis development

Market orientation is about the generation, dissemination and response to market intelligence related to customers' current and future needs, competitors' strategies and actions, channel requirements and abilities, as well as the broader business environment (Morgan et al., 2009). It is believed that market-oriented firms are more likely to achieve high levels of customer satisfaction, maintain customer loyalty, acquire new customers and as a consequence, attain desired levels of growth, market share and profitability (Davis et al., 2010). Market orientation helps firms to develop sustainable competitive advantage by enhancing the creation of learning organization that is willing to experiment and continuously improve its processes and systems (Kumar et al., 2011). Thus, it has been suggested that market-oriented managers are more proactive, opportunity-oriented and committed to recognize and respond to customer needs regardless of the market, and that market orientation promotes successful exporting behaviour (Rose and Shoham, 2002). It is further argued that market orientation fosters and facilitates the learning process needed to succeed in foreign markets, and that market orientation strengthens the abilities of firms to acquire foreign market knowledge and design a proper response to it (Armario et al., 2008). Also, it has been shown that market orientation has a direct effect on firms' competitiveness in foreign markets (Armario et al., 2008). Based on the nature of market orientation and prior results gleaned from international context, it can be assumed that high-performing international SMEs are likely to show a higher level of market orientation than low-performing ones.

Entrepreneurial orientation represents how a firm is organized in order to discover and exploit opportunities (Wiklund and Shepherd, 2003). It is a market-driving approach that brings changes and newness to the markets (Chen et al., 2012), as it includes innovativeness,

proactiveness and risk-taking (Rauch et al., 2009; Wiklund and Shepherd, 2005). In markets characterized by rapid change, innovations and proactiveness can prove to be an important avenue for achieving competitive advantage (Dess and Lumpkin, 2005) and risk taking is needed to challenge the existing order of business and consequently, to secure performance (Hughes and Morgan, 2007). Hagen et al. (2012) found that entrepreneurial/growth-oriented firms enjoy competitive advantage in foreign markets due to the fit between capabilities and strategy. In a similar vein, Jantunen et al. (2005) showed that entrepreneurial orientation together with organizational reconfiguring capabilities come with a positive impact on firms' international performance. Finally, Ruokonen and Saarenketo (2009) claimed that entrepreneurial orientation combined with learning and market orientations affects the success of an international venture. However, the above-mentioned studies have not examined the direct effect of entrepreneurial orientation on customer acquisition or retention, even though prior research has suggested that innovation leads to a positive perception of the firm in the minds of market participants (Rosenbusch et al., 2011). In addition, innovative firms achieve competitive advantage via creating innovations that include important and attractive elements, while excluding those that are trivial and undesirable in the potential buyer's value chain (Lengnick-Hall, 1992). It can thus be assumed that entrepreneurial orientation with a strong focus on innovativeness helps firms to attract new customers and deepen relationships with existing ones.

Brand orientation can be defined as a mindset, where the brand is recognized, featured and favoured in the marketing strategy (Wong and Merrilees, 2007). Brand-oriented firms see brands as strategic assets, which help them to create value and promote competitiveness (Huang and Tsai, 2013). Along with brand orientation, the main focus of a firm is diverted from customers' wants and needs (although they are not ignored) to treating brand identity as a framework for company operations that is used to ensure uniqueness and differentiation in the markets, thus offering a source of competitive advantage (Urde, 1999). Consequently, although being moderated by some external factors, such as customer type and market life cycle, brand orientation is found to have a positive impact on a brand's success in the markets (Hirvonen et al., 2013). Even though it has been claimed that branding has a vast potential for international marketing (e.g. Wong and Merrilees, 2007), the impact of brand orientation on internationally operating firms' performance has been examined only scarcely. Studies exploring this area have shown that brand orientation affects positively business growth via brand performance and market performance in different countries (Laukkanen et al., 2013). Wong and Merrilees (2007) in turn found that brand orientation helps to shape effective international marketing strategies. On the other hand, the results in prior studies concerning the effect of brand orientation on customer-related market performance are not entirely conclusive. The study of Baumgarth (2010) showed that brand-oriented behaviours have a positive impact on market performance, while in Laukkanen et al. (2013) the results indicated that a negative effect exists between brand orientation and market performance among SMEs operating in Hungary.

Importantly, the strategic means of how the above strategic orientations pursue competitive advantage differ notably from each other. Market orientation lays emphasis on customer satisfaction (González-Benito et al., 2014), while in entrepreneurial orientation the focus is on driving markets with innovative approaches (Chen et al., 2012). In brand orientation, the heart and soul of the strategy is brand identity and how it is used to guide business decisions (Urde, 1999). As all these strategic orientations have been shown to be beneficial to firm performance, it can be assumed that low- and high-performing firms are distinguished from each other in regards to these orientations. Therefore, we hypothesize:

H1: *Internationally operating SMEs that succeed in customer acquisition and retention differ with regards to their strategic orientations from those who fail in these aspirations.*

3.0 Data and Methods

The data was collected from Italy, the total number of responses being 778. However, in this study, we focus only on those firms that (1) are SMEs (based on the official categorization by the European Union) and (2) operate in international markets. With these criteria applied, the final sample size is 385 effective responses. The contact information was obtained from a large commercial database administered by an international service provider specialized in company information services. In order to collect the data, an email stating the purpose of the study and asking them to complete an online questionnaire was sent to the firms included in the database. As for the measures, we used six items based on Smart and Conant (1994) for measuring entrepreneurial orientation. Market orientation was measured with 14 measure items derived from Farrell et al. (2008), while brand orientation was measured with five items from Wong and Merrilees' (2007) study. As for the performance measures, namely customer acquisition and customer retention, we used single-item measure items adopted from Laukkanen et al. (2013). All three strategic orientations were measured with a seven-point Likert scale ranging from (1) *Totally disagree* to (7) *Totally agree*. The two performance measures were measured with a five-point scale asking the respondents to evaluate their performance relative to their competitors. The response options ranged from (1) *Clearly poorer* to (5) *Clearly better*.

The data analysis proceeded in several steps. We first analyzed the data in relation to non-response bias and common method bias. Regarding non-response bias, we adopted the linear extrapolation approach (Armstrong and Overton, 1977). The comparison between *early* (the first quarter of the respondents) and *late respondents* (the fourth quarter) in relation to all the 27 research variables showed that there were no significant differences (p>0.05) between the two groups, confirming that non-response bias is not a problem in this study. As for common method bias (Podsakoff et al., 2003), we utilized Harman's single factor test using the CFA approach. The final measurement model (see below for details) was altered so that all the measure items were specified to load on the same latent construct. This one-factor model was then compared against the hypothesized multiple-factor model. The results show that the model fit of the one-factor model is significantly weaker than that of multiple-factor model ($\Delta\chi^2$=2344.12, Δdf=3, p<0.001), indicating that common method bias is not a major concern. Next, we conducted confirmatory factor analysis (CFA) in order to assess the validity of the latent constructs (i.e. entrepreneurial orientation, market orientation and brand orientation). Then, a summated scale was developed for each of the three latent constructs. Finally, these summated scales were used in independent samples t-test for comparing the strategic orientation profiles between low- and high-performing Italian international SMEs.

4.0 Research results

Table 1 summarizes the results of confirmatory factor analysis. The initial measurement model with three latent constructs and 25 measurement items did not yield a satisfactory model fit with $X^2_{(272)}$=1106.03 (p<0.001), RMSEA=0.089, CFI=0.89, TLI=0.88. To this end, the model was modified based on factor loadings (using a threshold of 0.50 – see e.g. Hair et al. (2010)) and modification indices (Byrne, 2010). The modified model shows a good fit with $X^2_{(182)}$=585.47 (p<0.001), RMSEA=0.076, CFI=0.94, TLI=0.93. Furthermore, the internal consistency of the constructs is adequate as all the standardized factor loadings

are statistically significant at p<0.001. The composite reliability values also exceed the suggested threshold of 0.70 (Hair et al., 2010), and the average variance extracted values for all three constructs are above the 0.50 threshold (Fornell and Larcker, 1981). In addition, discriminant validity is supported as the AVE value for each construct is greater than its shared variance (Fornell and Larcker, 1981); that is, the amount of variance that the latent construct explains in observed variables associated with another latent construct.

Table 1. CFA Results and Construct Validity

Construct	Composite reliability	Entrepreneurial Orientation	Market orientation	Brand orientation
Entrepreneurial orientation	0.92	0.62[a]		
Market orientation	0.98	0.46[b]	0.54[a]	
Brand orientation	0.98	0.19[b]	0.20[b]	0.85[a]
Goodness-of-fit statistics				
$X^2_{(182)}$	Sig.	RMSEA	CFI	TLI
585.47	<0.001	0.076	0.94	0.93

Note: [a] Average variance extracted (AVE); [b] Shared variance (i.e. squared interconstruct correlation)

Table 2 shows the research findings in relation to new customer acquisition. The low performance group refers to those respondents who indicated that their performance relative to competitors was either poorer or at the same level. The high performance group in turn represents respondents who indicated that they perform better than their competitors. As the results indicate, the differences are statistically significant (p<0.001) in relation to all three strategic orientations. It appears from the findings that the level of entrepreneurial orientation (*low*=4.02 vs. *high*=4.97), market orientation (*low*=4.57 vs. *high*=5.31) and brand orientation (*low*=4.57 vs. *high*=5.44) is notably higher in firms that perform better than their competitors in relation to new customer acquisition than in firms that perform poorer or equally well.

Table 2. T-test results (new customer acquisition)

	Low performance (n=149)	High performance (n=236)	t-value	Sig. (p)
Entrepreneurial orientation	4.02 (Std. deviation=1.22)	4.97 (Std. deviation=1.14)	-7.729	**<0.001**
Market orientation	4.57 (Std. deviation=1.20)	5.31 (Std. deviation=1.10)	-6.175	**<0.001**
Brand orientation	4.57 (Std. deviation =1.74)	5.44 (Std. deviation=1.53)	-5.010	**<0.001**

Table 3 reports the results in relation to customer retention. Similarly to new customer acquisition, low performance refers to firms who perform poorer or equally well than their competitors, whereas high performance group represents firms performing better than competitors. Again, the findings indicate that there are statistically significant (p<0.01) differences between the two groups so that better performing firms are notably higher in entrepreneurial orientation (*low*=3.80 vs. *high*=4.77), market orientation (*low*=4.33 vs. *high*=5.17) and brand orientation (*low*=4.63 vs. *high*=5.20). Thus, H1 is supported as the low- and high-performing groups differ significantly from each other in terms of all three strategic orientations.

Table 3. T-test results (customer retention)

	Low performance (n=68)	High performance (n=317)	t-value	Sig. (p)
Entrepreneurial orientation	3.80 (Std. deviation=1.27)	4.77 (Std. deviation=1.19)	-6.069	**<.001**
Market orientation	4.33 (Std. deviation=1.24)	5.17 (Std. deviation=1.13)	-5.452	**<.001**
Brand orientation	4.63 (Std. deviation =1.69)	5.20 (Std. deviation=1.65)	-2.610	**<.01**

5.0 Conclusions

The purpose of this study was to examine whether the profiles of internationally operating SMEs differ with regards to market, entrepreneurial and brand orientations, when they are classified in low- or high-performing categories based on their success in new customer acquisition and customer retention. The analysis of data gathered from Italian SMEs indicates that those SMEs who perform better show higher levels of all the studied strategic orientations. The results are in line with prior studies claiming that strategic orientations play an important role in the international performance of SMEs (e.g. Armario et al., 2008, Jantunen et al., 2005, Laukkanen et al., 2013). The findings contribute to the literature by suggesting that a successful international business strategy is likely to be a combination of multiple strategic orientations, instead of just one. So far, the simultaneous examination of multiple strategic orientations has been scarce (Laukkanen et al., 2013). For managers the results shed light on the question of how to allocate resources between different strategic orientations. To conclude, the findings imply that SMEs should pursue success in international markets with a diversified strategic approach. They should satisfy customers, bring innovations to the markets and build brands that create value to both customers and themselves. However, completing all these tasks might prove to be challenging to SMEs who, compared to their larger counterparts, struggle with resource constraints (Gilmore et al., 2001). Different strategic orientations can be seen as partly complementing and partly contradicting with one another and thus, SMEs have to decide which specific means will get them to the desired outcome. Further studies are needed to investigate in more detail which strategic orientations (and combinations of them) generate the best results in different cultural, political and economic environments and whether factors like firm age or resources moderate the relationship. Indeed, while our results offer interesting insights into how low- and high-performing firms combine different strategic orientations, they also leave open the question of whether firms can automatically be high in several kinds of strategic orientations. For example, market orientation and brand orientation represent quite different logics (Urde, 1999), so future research is needed to examine how high-performing firms in reality combine high market orientation and high brand orientation.

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Performance Implication of Cross-Functional Coopetition and Knowledge Sharing

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Abstract

This study advances the literature of cross-functional knowledge sharing (CFKS) by developing a coopetition model that investigates the contingency effects of cross-functional competition and organisational innovativeness on the coordination-sharing-performance link. Findings from a sample of 224 large-sized firms in a transitional economy show that with the exception of a nonsignificant effect of formalisation, other coordination mechanisms (lateral relations, informal networking, and shared vision) were significantly related to cross-functional knowledge sharing. We also found that cross-functional competition moderates the effects of lateral relations and informal networking on cross-functional knowledge sharing. Finally, organisational innovativeness partially mediates the relationship between cross-functional knowledge sharing and firm performance.

Keywords: coopetition, cross-functional knowledge sharing, organisational innovativeness

Track: Marketing Strategy and Strategic Marketing

1.0 Introduction

The marketing literature has established that cross-functional knowledge sharing (CFKS) between marketing and other organisational functions enhances firm effectiveness such as market learning and performance (Luo et al., 2006), innovation (Tsai, 2001), and new product success (Ernst et al., 2010). A review of the existing literature reveals a coordination-sharing-performance (C-S-P) hypothesis, which states that organisational coordination determines the CFKS within the firm, which in turn enhances firm performance. Coordination, the integration of different parts of the firm to achieve a collective set of tasks, is an important determinant of knowledge sharing (Tsai, 2002; Willem et al., 2006). Indeed, both formal coordination (e.g. formalisation and lateral relations) and informal coordination

(e.g. informal networking and shared vision) establish communication channels, facilitate cooperation and social interaction between organisational units, and acts as a powerful device for aggregating different pools of knowledge within the firm through a network structure (Gupta and Govindarajan, 2000).

Despite substantial contributions of prior studies, several gaps in the extant literature remain, offering opportunities for further research. First, empirical studies comparing the effects of different coordination mechanisms (e.g. formalisation, lateral relations, informal networking, and shared vision) on CFKS are lacking. There is a little insight into the relative importance of these mechanisms as drivers of CFKS. Under resource constraints, managers need to know whether various coordination mechanisms have different powers in promoting knowledge sharing. In this way, they will be able to use limited resources effectively to coordinate different departments to share knowledge and ultimately develop an effective knowledge management strategy. Second, the extant literature on the C-R-P link has largely ignored the potential moderating effect of cross-functional competition on these relationships. Little research has been done to examine how knowledge sharing between marketing and other departments can enhance firm performance in the presence of coordination and competition. Whether competition facilitates or inhibits coordination-sharing relationship remains unanswered. Third, cross-functional knowledge is a firm's strategic resource and realising its potential value "requires alignment with other important organisational elements" such as organisational innovativeness (Ketchen et al., 2007, p.962). Finally, most of the studies on CFKS have been conducted in developed Western countries. Little has been known about the C-S-P link in transitional collectivist countries (e.g. Vietnam).

To address the above research gaps, we developed a coopetition model in that we extended the C-S-P model by adding two contingent factors namely cross-functional competition and organisational innovativeness. We then validated the coopetition model using a sample of 224 large-sized firms in a transitional economy. The remaining of the paper is organised as follows. First, we reviewed prior research on the C-S-P logic. Second, drawing on the contingency theory, we included two contingency factors, cross-functional competition and organisational innovativeness in the C-S-P logic. Third, we presented the research design and reported the analyses and findings.

2.0 Conceptual Framework and Hypotheses

Building on within-organisation cooperation and competition perspectives (Brandenburger & Nalebuff 1995), we argue that cooperation and competition between marketing and other departments coexist and develop a coopetition framework. Competition arises through diverging interests between parties, creating a win-lose scenario or a zero-sum game structure. The opposite perspective, cooperation, emphasises cooperative interdependencies with fully converging interests (Walley, 2007). This perspective suggests that collaboration is a critical factor for strategic success that brings growth for all parties under a positive-sum game structure (Hill, 1990). Both perspectives have attracted a major criticism for their bias towards different poles of a relationship when, in fact, they equally determine important interdependencies within an organisation (Bengtsson and Kock, 2000). The coopetition perspective suggests that the coexistence of competition and cooperation determines the organisation's interdependencies through a variable-positive-sum game (Dagnino, 2009).

Regarding the relationships between departments in an organisation, there is a trade-off between cooperation and competition, which are at the opposite ends of a continuum. Competition is generally defined as the conflicting and rivalling relationship between parties (Bengtsson and Kock, 2000). Departments may experience problems coordinating work

activities because they have disagreements about the priorities of others, hinder others' performance and do not cooperate with one another (Maltz and Kohli, 1996). In the presence of cross-functional rivalry, departments are less likely to share knowledge or they will avoid using knowledge shared from the others because acting on the knowledge shared 'would be tantamount to being influenced or controlled' by the sharers (Maltz and Kohli, 1996, p.52).

Luo, Slotegraaf & Pan (2006, p.68) argue that the interaction between marketing and other functional departments may be a 'double-edged sword', involving both cooperation and competition. Indeed, marketing and other departments do not only cooperate to achieve the ultimate organisational goals (Narver and Slater, 1990); but they also compete to pursue their own strategic priorities or to defend against loss of status or power (Houston et al., 2001). For instance, in the case of product innovation, marketing employees will be interested in products that will be successful in the short term while R&D personnel will be interested in more radical breakthrough projects (Hutt et al., 1995). While departments are determining their roles, identities and power bases through separations of tasks, they are strongly motivated to defend against loss of status or power (Hutt et al., 1995).

Knowledge is often critical to the innovation process. The importance of knowledge sharing for enhancing organisational innovativeness has been emphasised widely in the literature (Lin, 2007; Tagliaventi et al., 2010). Since knowledge is embedded in individuals from different departments, it needs to be shared to create new ideas and ways of doing things. If an organisation can disseminate knowledge across its functional boundaries, it can integrate diverse ideas and perspectives from different departments, which that can result in innovative ideas (Brettel et al., 2011). In addition, by facilitating knowledge sharing, organisations can reduce interdepartmental conflicts (Griffin and Hauser, 1996) and thus direct departments' behaviours towards learning from each other. The spread of learning among departments, in turn, increases the opportunities to create new knowledge and diffuse novel ideas. Learning new knowledge increases the likelihood of innovation because the departments are exposed to new knowledge that interacts with the knowledge they already held. In a rapid changing environment, it is crucial for business organisations to engage in innovative activities to develop new products and exploit market opportunities. These activities enhance sales and market share since customers tend to buy innovative and differentiate products that meet their needs and bring superior value to them (Sandvik and Sandvik, 2003).

In general, organisations with a high degree of innovativeness can respond actively to the changes in the business environment and develop new capabilities that result in a competitive edge and a superior performance (Hult et al., 2004). The marketing literature suggests that an organisation's innovativeness has a positive effect on performance (Calantone et al., 2002). A high level of innovativeness is associated with more timely and creative introduction of new products and services that provide superior value to customers (Olavarrieta and Friedmann, 2008). In addition, organisations must be innovative to gain a competitive advantage for survival and to stay ahead of competitors (Li and Calantone, 1998).

Building upon the above arguments, we proposed the following hypotheses.

H1: Formalisation has a positive effect on CFKS.
H2: Lateral relations have a positive effect on CFKS.
H3: Informal networking has a positive effect on CFKS.
H4: Shared vision has a positive effect on CFKS.
H5: Cross-functional competition moderates the effects of (a) formalisation, (b) lateral relations, (c) informal networking, (d) and shared vision on CFKS.

H6: Organisational innovativeness mediates the relationship between CFKS and firm performance.

3.0 Research Methodology

3.1. Sampling frame and sample size

The empirical setting was Vietnam, an Asian transitional collectivist country. We adopted a convenience-sampling approach to identify potential participants. Midlevel (department heads or vice department heads) or top managers (members of the management team) from various departments (e.g. marketing, sales, R&D, manufacturing, finance and accounting) were the potential informants. The available public sources included the Vietnamese Business Directory and personal contacts on the LinkedIn network. An email list consisting of 4,004 email addresses of potential informants was constructed. Emails with survey links were sent to all potential informants using SurveyMonkey. After eliminating invalid responses, the final sample was composed of 224 valid responses, consisting of 34.8% manufacturing, 21.0% trading, and 44.2% service firms. 85.3% of the sampled organisations had total assets of more than AUD5 million. In addition, 75.0% of the sampled organisations had more than 200 full-time equivalent employees.

3.2. Measurement instrument and models

We measured formalisation, lateral relations, informal networking, cross-functional competition, shared vision, CFKS, cross-functional competition, by adopting existing scales in the extant literature (Calantone et al., 2002; Ghobadi and D'Ambra, 2012; Luo et al., 2006; Willem and Buelens, 2009). In testing the proposed hypotheses, we controlled for power distance and firm ownership using scales from Zhang and Begley (2011) and Luo, Slotegraaf & Pan (2006). We addressed the common method bias by adopting non-statistical and statistical remedies recommended by Podsakoff et al. (2003) and found common method bias was not an issue. In addition, factor loadings of the focal constructs (0.52 to 0.96) were above the threshold of 0.5. The composite reliabilities for all constructs ranged between 0.79 and 0.95. The squared roots of the AVEs (0.75 to 0.89) were higher than correlation coefficients among focal constructs. Thus, convergent validity and discriminant validity were satisfactory.

4.0 Hypothesis Testing and Discussions

To test hypotheses 1 to 5, we developed Model 1 that included all focal constructs, except for organisational innovativeness. Our findings show that formalisation (b=-0.02, t=0.36) has no significant effect on CFKS, thus H1 is not supported. However, lateral relations (b=0.30, t=4.26), informal networking (b=0.22, t=2.27), and shared vision (b=0.41, t=5.91) has a positive and significant effect on CFKS, in support of H2, H3 and H4. We also found that cross-functional competition has no significant moderating effects on the relationship between formalisation (b=0.02, t=0.31), shared vision (b=-0.01, t=0.19) and CFKS. Thus, H5a and H5d are not supported. In contrast, cross-functional competition strengthens the effect of lateral relations on CFKS (b=0.14, t=1.72), while weakens the effect of informal networking on CFKS, in support of H5b and H5c. To test H6, we developed Model 2 that included organisational innovativeness into Model 1. CFKS positively influences organisational innovativeness (Model 2, b=0.61, t=12.19), which in turns positively influences firm performance (Model 2, b=0.66, t=13.50). Comparing Models 1 and 2, we found that the positive effect of CFKS on firm performance (Model 1, b=0.56, t=12.66) becomes weaker in Model 2 (b=0.16, t=2.94). Thus, organisational innovativeness partially mediates the knowledge sharing–performance relationship, in support of H6.

Table 1. Structural equation parameter estimates (*t*-value)

	Model 1		Model 2		
	CFKS	PERF	CFKS	INNO	PERF
Independent variables					
FOR	-0.02 (0.36)	-	-0.02 (0.31)	-	-
LATERAL	0.30[c] (4.26)	-	0.30[c] (4.49)	-	-
INFOR	0.22[b] (2.27)	-	0.22[b] (2.22)	-	-
SHARE	0.41[c] (5.91)	-	0.41[c] (6.14)	-	-
COMPE	-0.25[c] (4.64)	-	-0.25[c] (4.45)	-	-
FOR × COMPE	0.02 (0.31)	-	0.02 (0.33)	-	-
LATERAL × COMPE	0.14[a] (1.72)	-	0.14[a] (1.81)	-	-
INFOR × COMPE	-0.33[b] (2.02)	-	-0.33[c] (2.05)	-	-
SHARE × COMPE	-0.01 (0.19)	-	-0.01 (0.19)	-	-
CFKS	-	0.56[c] (12.66)	-	0.61[c] (12.19)	0.16[c] (2.94)
INNO	-	-	-	-	0.66[c] (13.50)
Controls					
Power distance	-0.08 (1.21)	-	-0.08 (1.10)	-	-
Ownership	-	-0.02 (0.39)	-	-	-0.01 (0.15)
R-squared	0.50	0.31		0.37	0.59

Notes: a, b, c denote a significance at 10%, 5% and 1% respectively (2-tailed *t*-test), FOR: formalisation, LATERAL: lateral relations, INFOR: informal networking, SHARE: shared vision, COMPE: cross-functional competition; CFKS: cross-functional knowledge sharing, INNO: organisational innovativeness; PERF: firm performance.

4.1. Theoretical Implications

First, our study extends the extant research on CFKS concerning cross-functional coordination mechanisms (e.g. Willem et al., 2006). CFKS between marketing and other departments has recently gained greater attention in the field of marketing and in organisational research (Luo et al., 2006). Nevertheless, this research stream does not take into account both formal and informal coordination mechanisms in the presence of cross-functional competition. Based on social capital theory, this study adds to this research stream by connecting different cross-functional coordination mechanisms, including both formal and informal mechanisms, to CFKS in the context of competition. Social capital theory relates to goodwill available to individuals or groups generated by social relationships or simply an organisational network of relationships (Inkpen and Tsang, 2005), containing three dimensions: structural, cognitive and relational. This study suggested that lateral relations, informal networking and shared vision are important knowledge sharing determinants. These mechanisms represent well all three of the above dimensions of social capital, which have been proposed as the conditions required to facilitate knowledge sharing in an intraorganisational network. Hence, this study provided empirical evidence to support social capital theory in explaining the role of coordination in promoting CFKS.

Second, this study adds to the growing body of research on coopetition by examining the moderating role of competition in using coordination mechanisms to enhance knowledge sharing among functional departments in an organisation. Although the performance benefits of intraorganisational coopetition are increasing through studies that have investigated these benefits in a conceptual way (e.g. Padula and Dagnino, 2007) and even though studies of coopetition and organisational performance exist, such empirical verification is limited (Walley, 2007). This study bridges this gap by providing insights into the two conflicting

processes of competition and coordination between marketing and other departments in an organisation that can have performance implications. Finally, this study examines the interrelationships among CFKS, coordination and competition within organisations operating in a developing country, which is largely overlooked in the extant literature. Moreover, the study has shown that, although cross-functional competition has a *positive* moderating effect on the link between lateral relations and CFKS, it *negatively* moderates the positive association between informal networking and CFKS. These moderating effects are contradicting, which supports the notion that cross-functional competition may be a "double-edged sword" in the context of organisations in an Asian country.

4.2. Managerial Implications

First, the study provides guidance on CFKS for large business organisations to improve organisational performance. Second, the results suggest that large business organisations need to manage cross-functional coordination to enhance knowledge sharing between departments. Attention should be paid to three cross-functional coordination mechanisms, namely, lateral relations, informal networking and shared vision, which significantly determine CFKS. Finally, managers should recognise that competition is not always unfavourable. They should be aware that this benefit of cross-functional competition might be outweighed by other potential problems, for example, a reduction in the effect of informal networking on CFKS due to cross-functional competition. This provides an implication for managers about how to manage cross-functional competition effectively to promote CFKS aimed at better performance outcomes.

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Fans' trust in a sport's governing body

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Abstract

Trust has a significant part to play in a number of domains and its importance in sport is self-evident; particularly trust from the perspective of fans in the custodian of a sport namely the governing body. Even though this is the case, our understanding of how trust in a sport's governing body might be formed is superficial and this lack of understanding can be detrimental because any trust deficiency amongst fans may lead to a reduction in the revenue stream from sponsors and other interested bodies. In undertaking our study we gained data from more than 500 followers of football (soccer) across a number of continents. The findings of our study are important because they serve as the basis upon which fans might trust a sport's governing body and secondly the key variables that sports need to address to build and maintain trust with followers of the sport.

Key words: Sport Management, Governance, Trust

Track: Marketing Strategy and Strategic Marketing

Introduction and Background

We know that trust plays an integral part in business relationships (see Bove and Johnson 2006; Sekhon et al., 2014) as well as being a key component when developing a strong corporate/institutional brand that can be trusted, with the maintenance of a long-term relationship being a key challenge. Using the backdrop of a sport's governing body this paper examines how trust can be influenced by a number of key antecedents, i.e. trustworthiness, reputation, transparency and responsibility. Although other outcomes are possible, for our context we contend that trust is not the final outcome but instead trust will lead to a positive word-of-mouth.

In examining trust and its antecedents we focus our attention on sport where without doubt the importance of trust in sport is generally well accepted and self-evident, although questions may arise regarding the veracity of individuals linked to specific sports. For

example, the 100m at the recent at the 2015 Athletics champions, or case of spot fixing in Cricket. Indeed, fans' reactions to scandals at the individual performance level or governing body level are testament to the role of trust and governance in sport. This is important given the amounts at stake from sports sponsorship and other revenue streams which would be under threat, if the integrity of a sport was called into question. Therefore, understanding the role of trust and other behaviours in a sports setting is timely. Our focus on the governing bodies is welcome because of the role they play in terms of the responsibility they have for the sport's integrity and development (Forster 2006; Gammelsaeter and Senaux 2011) and in order to deliver on this it requires a significant degree of trust on the part of the follower of a sport (Jones 2011). To address the issue of our superficial knowledge of trust in sport governing bodies, we present the following two primary research objectives: (a) provide a set of antecedents for trust; and, (b) identify the strength of the antecedents.

In making our contribution, the remainder of our paper is set out as follows. We start by presenting our theoretical model and an elaboration of the hypothesised relationships. This is followed by a discussion of our methodology including important domain specific issues. We gain our data from a number of geographical locations enabling us to overcome the limitations of a mono-country study, this is because region specific issues may unduly influence a single region/country sample. The last sections of this paper deal with our findings and we also highlight any shortcoming from our work.

Literature Review and Model

In understanding trust, we present the following research model and hypotheses in addition to discussing each of the constructs and hypotheses, in turn. While we present a set hypotheses there is a degree of replication in that some of the theoretical relationship have been previously established in the literature at the individual level rather than within our context and in an holistic manner, within a singular study.

Figure 1: Model of Relationships
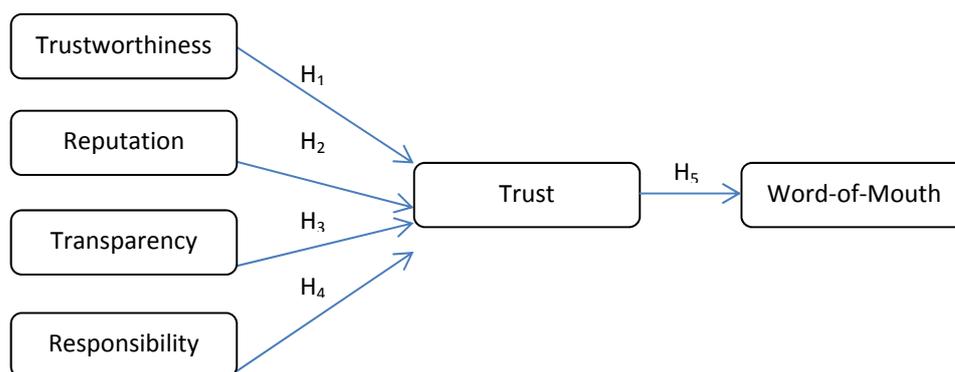
Relationship Between Trustworthiness and Trust

An examination of trust in the marketing literature emerged during the 1990s and even now trust in marketing is a slightly ambiguous construct (Jarratt and Ceric 2015). In essence, trust is a belief that an individual holds about the party in the relationship wishing to be trusted (Fulmer and Gelfield 2012) and we estimate that it is two dimensional. Firstly, there is the cognitive form that is based on a willingness to rely on the other party to deliver

what it says, while the second form is affective trust which is more idealised (Sekhon et al., 2014). The distinction means that the party making the trust decision moves from one level (cognitive) to the next (affective) as the relationship deepens, meaning that trust development is process orientated (Japp and Anderson, 2007; Khodyakov, 2007), although not purely linear. For a sport's governing body it means that it is honest with its followers and has their best interests at heart. In the case of a sport's governing body, trust relates to the body being dependable and following through on what it says it will do, as well as being honest with them.

While much has been written about trust, the essential aspect is that an institution has to be seen to be trustworthy if their corporate image/brand is to be maintained, and trustworthiness is viewed as a strategic tool for building trust (Yousafzai et al., 2009). Trustworthiness is different to trust, even though the terms are sometimes are used interchangeably in the literature (Greenwood and Buren, 2010). Trust is a property of the individual while trustworthiness is something that can be influenced and therefore maintained. For a sport's governing body to be perceived to be trustworthy not just by fans but also stakeholders, it has to be seen to be honest with them and be seen to be clearly addressing their needs. Given the importance of being viewed as trustworthy we present the following hypothesis *H₁ the trustworthiness positively impacts trust levels in a sport's governing body*.

Relationship Between Reputation and Trust

There is an emergent body of thought suggesting that reputation is a key building block of trust (see Van der Merwe et al., 2014) and behaviours such as integrity help build a strong corporate reputation. For us, it means that the stronger the reputation of a sport's governing body the more trusting fans will be of that governing body because the foundation is linked to beliefs about honesty (Doney and Cannon, 1997).The corollary is that the corporate brand, in our case the sport's governing body, is viewed as being dependable and will deliver on its promise. It also means that it is an information signaller because it will do the right thing. Ultimately even if someone is not entirely certain of a sport's governing body they will root their trust decision based on the governing body's reputation by expecting the governing body to do the right thing. Taking the preceding debate we propose *H₂ reputation positively impacts trust levels in a sport's governing body*.

Relationship Between Transparency and Trust

Transparency has an important part to play during the establishment of trust, based on perceptions (Schnackenberg and Tomlinson, 2014) and without which there could be a trust deficiency (Kanagaretnam et al., 2010). There is a case for transparency and a lack of it is evident in cases of corporate failures (for example Enron) or miss-selling (for example UK financial services). Kaptein (2008) relates transparency to the ethical behaviour inside an organisation. Transparency is the perceived quality of intentionally shared information from a sender (Schnackenberg and Tomlinson, 2014, p5). In an organisational setting, transparency is about being receptive and responsive to communications. In the case of their corporate brand, for a sport's governing body this might be about transparency in relation to the bidding process for the allocation of major events which is intertwined with ethical behaviour during the awarding process. Where there is high transparency it can lead to higher levels of trust (Grimmelikhijsen 2010). Thus, we propose *H₃ transparency positively impacts trust levels in a sport's governing body*.

Relationship Between Responsibility and Trust

Brand trust emanates from notions of responsibility (Azmat and Ha 2013) and organisations provide signals in terms of behaving in a responsible manner (Xie and Peng 2009). Trust is a belief that another party can be expected to be relied upon with confidence to perform their task responsibly (Morgan and Hunt 1994; Doney and Cannon 1997). Indeed, as part of the aforementioned works emerging is the idea of morality that in turn improves trust levels because of favourable impressions. Further, behaving in an ethical manner results in higher levels of trust (Zur et al., 2012) which in our case is the sport's governing body brand. Ergeneli, Ari and Metin (2007) note that making a trust decision is a rational choice and it is based on experiences of responsible behaviours. As a consequence of the importance of responsibility, we propose the following hypothesis *H_4 responsibility positively impacts trust levels in a sport's governing body*.

Relationship Between Trust and Word-of-Mouth

We accept that a number of outcomes of trust could be put forward, for example commitment (see Morgan and Hunt 1994). However, for contextual reasons we contend that the underlying principle of making a decision to trust is that some sort of future action is taken. There are numerous benefits associated with positive word-of-mouth which is important because it helps predict future behavioural intentions (Roy et al., 2014) and positive word-of-mouth is positively correlated with an organisation's performance (Eisingerich et al., 2014). Thus, given the relationship between the two, trust should not be viewed as an outcome but instead acts as an antecedent, as well. Gremler et al., (2001) observe that those comfortable in their relationship with a firm act as advocates of that firm and it can be considered as citizenship behaviour (Podaskoff et al., 2000). For a brand it means greater engagement that goes beyond participation in the game and in doing so they become advocates. Positive word-of-mouth has the greatest impact when the product is highly intangible (O'Cass and Carlson 2012) and is important when there are a plethora of choices open to an individual (Walsh and Mitchell 2010). Congruent with Sweeney et al., (2012) we conceptualise positive word-of-mouth to be distinct from loyalty and like Harrison-Walker (2001) recognise that it is more one dimensional. Given its important role and rooted in the literature we propose the following hypothesis *H_5 trust positively impacts word-of-mouth in a sport's governing body*.

Methodology and Findings

Before moving on to an in-depth discussion of our methodology, it is important to draw the reader's attention to some issues surrounding our sport governing body. To evaluate our theoretical model we gained our data from the global governing body of football, Fédération Internationale de Football Association (FIFA). The governing body, FIFA, pursues the mission '[To] d**evelop the game, touch the world, build a better future' (FIFA, 2014). In accentuating this mission, FIFA seeks to uphold a set of core values that emphasise authenticity, unity, performance and integrity.** In using FIFA we recognise that judgments might be bound up in perceptions held regarding individuals in the same way that perceptions of political parties tend to be analogous with the way that party leaders are presented (Garzia 2011), thus this may influence the weight of the relationships within our theoretical framework. As this is the case, we were mindful that it may unduly influence the responses of sample members.

Our survey items were largely sourced from tested existing latent measures; an approach that Netemeyer et al., (2003) suggest is entire acceptable where suitable well tested measures exist (sources: Lusch and O'Brien 1997; Doney and Cannon 1997; Fullerton 2003; Walsh et al., 2009; Roy 2013; Sekhon et al., 2014). For the construct transparency, we developed new measures because of a lack of existing ones and we did this as a result of discussions between the research team. In order to test and validity of our measures, we undertook a pilot exercise (space restrictions do not allow for full reporting). The pilot exercise amongst ~50 postgraduate students undertaking a sport module, revealed no underlying issue with our measures. The items anchors ranged from 1=strongly disagree to 5=strongly agree. No anchors were applied to points 2 and 4, while the mid-point was anchored using neutral. For the main survey we collected data from followers of football from across the globe. To maximise reach, the survey was posted by a CNN reporter via their Twitter account which has ~15,000 followers, as well as being sent via LinkedIn and Twitter reaching a further ~8,000 followers. The survey was live during the period leading up to the 2014 FIFA World Cup (February to March 2014). Our survey approach resulted in 503 completed on-line survey responses (one reminder email was sent); the completed on-line surveys were stored using the secure Bristol-Online platform. With the exception of Central America we received responses from each of FIFA's regions. The use of on line surveys has become well entrenched and as Deutckens et al., (2006) contend, for closed-ended responses yield results that are similar to those from a paper-based survey.

An initial examination of the data showed that the responses resulted in a non-normal distribution therefore leading us to conclude that Partial Least Squares (PLS) would be a more suitable data analyses method, than 'traditional' SEM. The empirical evidence from our survey is that the hypotheses testing reveal that all the paths are significant (see table 1). Table 2 shows that the measurement statistics CR, AVE and alpha were also acceptable (Fornell and Larcker 1981).

Table 1: Path Results

Relationship	Path Coefficient	t-Value	Result
Trustworthiness → Trust	0.38	6.23	H_1 Accepted
Reputation → Trust	0.21	2.90	H_2 Accepted
Transparency → Trust	0.17	3.98	H_3 Accepted
Responsibility → Trust	0.20	3.38	H_4 Accepted
Trust → Word-of-Mouth	0.76	26.19	H_5 Accepted

Table 2: Measurement Statistics

Construct	CR	Alpa (α)	AVE
Trustworthiness	0.95	0.94	0.84
Reputation	0.92	0.88	0.74
Transparency	0.90	0.88	0.57
Responsibility	0.94	0.92	0.70
Trust	0.89	0.80	0.68
Word-of-Mouth	0.96	0.95	0.88

Findings and Discussion

In making our contribution we set out to examine trust and its interrelationships with other constructs using a sport's governing body as the backdrop. Even though our study is one of the first of its kind for a focused sporting domain, we nevertheless complement some of the generic trust studies that have gone before. We know that trust is a central component of a collaborative relationship (Anderson and Narus 1990) and our study emphasises the manner in which trust can be managed. Given that a sport's governing body plays a compelling role as the custodian of a sport, our findings have implications for theory and practice. For governing bodies, managing their brand is important in order to maintain income streams and the credible management of the sport. This, in our view, is bound up in key principles such as good governance. In presenting our findings we showcase the key factors and together they provide practical insights for the sports' governing bodies.

Our study reveals that demonstrations of trustworthy behaviour will have the greatest impact on trust, while trust will lead to positive word-of-mouth. We estimate that one of our study's contributions that a sport's governing body has to be seen to be transparent in its dealing with the followers of a sport. For our study, reputation is important and thus demonstrations of care and concern towards followers of sport will have a positive impact. The outcome of the positive word-of-mouth is that it will have benefits for those associated with a sport's governing body, and because of these benefits stakeholders may make greater investment in the governing body. In order to enjoy these long-term benefits the onus is on the sport's governing body to have measures in place that address the concerns of fans, thus helping to strengthen the brand.

We set out to examine the nature of trust in a sport's governing body. But in using FIFA as our study source there are limitations that we must acknowledge. Namely that the poor publicity received by FIFA may have unduly influenced results and if the study was replicated with other sport's governing bodies, other results may emerge. We are aware the out model may be limited because it does not take into the recognition of the dimensionality of trust and nor does it consider other antecedents. For example, in the relational research loyalty is often positioned as a key variable and thus it would be interesting to evaluate how such factors moderate our theoretical framework.

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An Examination of the Influence of the Strategic Marketing Practices on Customer Satisfaction in ICT Firms in India

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Abstract

India is a global leader in the ICT sector. This study aims to enhance the understanding of the Strategic Marketing Practices (SMPs) and the use of social media for marketing purposes by the ICT firms in the B2B market in India. The marketing practices were identified from different schools of marketing thought. Data was collected from the population of ICT firms through a web survey. Analysis shows that the SMPs have a positive and significant influence on customer satisfaction. This research confirms the value of combining the Marketing Management theory and the Relationship Marketing theory. It identifies and documents industry-specific marketing practices. Thus, the study contributes to theoretical and practical knowledge in the field of marketing in the ICT sector in India. It also provides a framework that can guide an examination of the marketing practices of ICT firms in the context of other economies in the world.

Keywords: Social Media, Marketing Practices, Marketing theories

Track: Marketing Strategy and Strategic Marketing

1.0 Introduction

India is recognized as a leader in the ICT sector in the global arena. In India, the share of the ICT sector to the total GDP increased to 5.52% during 2007-08 from 3.05% in 2000-01. Apart from this, ICT also contributes to employment generation, market diversification, foreign exchange earnings, economic globalization and liberalization and socio-cultural developments (MOSPI, 2010). This research emerges from the integration of different streams of Strategic Marketing Management literature viz. transactional, relational, customer satisfaction and the emerging social media practices in marketing. The objective of this paper is to enhance the understanding of the marketing practices of the ICT firms in India; establish the widespread use of Social Media for marketing purposes in B2B markets; and assess the influence of the Strategic Marketing Practices adopted by these ICT firms on Customer Satisfaction.

2.0 Conceptual Foundations

2.1 Integrated approach to marketing practices

The marketing management school evolved in the 1950s and the 1960s. Drucker (1967) as cited in Vargo and Lusch (2004), characterized marketing "as a decision-making activity

directed at satisfying the customer at a profit by targeting a market and then making optimal decisions on the marketing mix or the 4ps" (p. 1). The emergence of the 4Ps *marketing mix theory* is often recognized as the traditional view of marketing and is referred to as *transaction marketing* or marketing mix management. Segmentation, targeting, differentiation and positioning were also introduced in the marketing literature, during this period. Marketing research gained importance in marketing practice as an instrument for aligning the firms' productive capabilities with the needs of the market place (Webster, 1992).

The term "*relationship marketing*" was first alluded by Thomas in 1976 (Cited by Harker & Egan, 2006). This term was explicitly used by Berry (1983) in the context of services marketing. Relationship marketing is described as attracting, maintaining and enhancing customer relationships. Servicing existing customers and selling to them is viewed to be just as important to long-term marketing success as acquiring new customers (Berry, 2002). Three factors viz. *trust, commitment* and *communication* are consistently identified as significant for relationship marketing practice to be successful (Anderson & Weitz, 1992; Dwyer, Schurr, & Oh, 1987 and Moorman, Zaltman & Deshpande ,1992).

Lehtinen (2011) proposed that "when developing marketing theory, marketing mix and relationship marketing should not be considered as rivals but rather as complementary approaches that could even be combined" (p. 118). Coviello and Brodie (2001) observed that, "Studies that attempt to assess the presence of particular type of marketing (for example, transaction marketing) are not likely to capture the scope of what is really being practiced." (p.541). Hence, this research seeks to simultaneously examine the transactional and relational practices with a view to identify the marketing practices of the ICT firms. In integrating these different theoretical perspectives, this research attempts to capture both the transactional and relational marketing practices of the ICT firms in India.

Further, this paper also identified social media as the latest marketing tool to emerge, that has a huge impact on customer satisfaction. This study adopts the integrated approach and posits that the strategic marketing practices of these firms lead to customer satisfaction. The predictor variables identified in this study are *social media, relationship marketing, marketing research, segmentation and targeting, positioning* and the *marketing mix. Customer satisfaction* is regarded as the dependent variable. The relationships between the different elements of the strategic marketing practices and customer satisfaction are explored in the discussion that follows.

2.2 Customer satisfaction

Kotler and Keller (2012) defined satisfaction as "a person's feelings of pleasure or disappointment that result from comparing a product's perceived performance (or outcome) to expectations" (p.150). According to Gupta and Zeithaml (2006), customer satisfaction is the consumer's judgement that a product or service meets or falls short of their expectations. There are two aspects to customer satisfaction. The first focusses on what customers' value from goods and services and is measured by evaluating the actual perception of individual customers. Customer satisfaction is explained as the fulfilment of customers' requirements and needs (Fournier & Mick, 1999). The second takes the firm's perspective of customer satisfaction and is considered as the firm's ability to fulfill the business, emotional and psychological needs of its customers. This perspective is in line with the view which suggests

that firms are active participants in providing satisfaction to customers (Price, Arnould & Tierney, 1995).

2.3 Social Media

The use of social media in the B2B market is a relatively a new phenomenon and remains largely unexplored in literature (Järvinen, Tollinen, Karjaluoto & Jayawardhena, 2012; Schultz, Schwepker & Good, 2012). Very few studies have tried to understand the intricate role of Social Media in marketing related activities (Rodriguez, Peterson & Krishnan, 2012). Engagement in social media platforms has become a strategic choice for the success of these ICT firms. Social media marketing is a form of word-of-mouth marketing, done with the intention of influencing the customer communications by professional marketing techniques through the World Wide Web (Kozinets, de Valck, Wojnicki & Wilner, 2010). Firms use social media to communicate and to interact with their customers (Schultz, Schwepker & Good, 2012; Trainor, 2012). Social media is widely used by firms to attract, develop and enhance their relationships with their customers.

Social media is an important online tool for information search in firms (Fisher, 2009; Smith, 2009; Moen, Madsen & Aspelund, 2008). Social media facilitates the companies to talk to their customers directly and also, the companies to listen to what their customers are saying about them, their products and services. The effective use of social media is expected to improve customer satisfaction. Hence it was proposed in this research that the social media practices adopted by the ICT firms in India influences customer satisfaction.

All the other independent variables (IVs) — *Relationship Marketing, Marketing Research, Segmentation, Targeting, Positioning and the Marketing mix (4Ps)* are well known constructs in marketing. Hence these are not discussed in detail. Numerous studies have investigated the influence of these IVs on Customer Satisfaction and some are cited below.

2.6 Relationship between the IVs and Customer Satisfaction

Several studies indicate that customer satisfaction is an important outcome of the various Strategic Marketing practices adopted by firms. They include — Ata & Toker (2012); Chen, Tsou & Huang (2009) and Sheth & Parvatiyar, (1995) in respect of *Relationship Marketing*; Mohr, Slater & Sengupta, (2010) in regards to *Marketing Research;* Quinn, Hines & Bennison (2007) in respect of *Segmentation;* El-Ansary (2006) in regards to *Targeting;* Mittal, Anderson, Sayrak & Tadikamalla (2005) in respect of *Differentiation;* El-Ansary (2006) in regards to *Positioning;* Coviello, Winklhofer & Hamilton, (2006) and David, Nigel, & Ashley (2000) in respect of *Product;* Hermann, Lan, Monroe & Huber (2007) in regards to *Price;* Chaturvedi (2005) and Anderson & Narus (1996) in respect of *Place;* El-Ansary (2006) and Trivedi & Morgan (1996) in regards to *Promotion.* It is therefore posited in this research that the Strategic Marketing practices adopted by the ICT firms influence customer satisfaction.

3.0 Research Design

Exploratory research design was used in this research. A well-structured questionnaire was used to obtain specific information from the population of ICT firms in India. A multi-item Likert scale with anchor points of 1 = *strongly disagree* and 7 = *strongly agree* was used to measure each construct in this research. The items assessing each construct were adapted

from literature. The sampling frame came from a list of registered online panel members of a reputed market research agency which assisted with data collection. Managers from the population of 2983 firms were invited to participate in an online survey. There were 187 useable responses, yielding a response rate of 6.3%. The authors employed Exploratory Factor Analysis (EFA) and Multiple Regression analysis to test the proposed conceptual framework.

4.0 Discussion of Results

The iterative sequence of factor analysis using principal axis factoring with promax rotation resulted in a total of 44 items that represented 10 distinct factors. They were assigned names based on the items that loaded onto them. The factors and the number of items as shown in brackets are: *Social Media* (3), *Relationship Marketing* (10), *Market Research* (4), *Segmentation* (3), *Targeting* (2), *Positioning* (3), *Product* (7), *Pricing* (3), *Distribution* (4) and *Promotion* practices (5). These factors were identified as the independent variables (IVs) in the study. The statistically significant factor loadings for all the variables (>.32) and communalities (>.5) suggested that the individual items were reliable measures of the extracted factors. High Cronbach's alpha values (>.7) also indicated that the items that loaded on to the factors are internally consistent.

It should be pointed out that 3 of the 10 items that loaded onto Relationship Marketing pertain to items that were used to assess the social media practices of these firms. It is therefore evident, that social media is used by these firms — to improve customer relations by constant interaction with customers through online networks; to encourage customers to participate in live and interactive discussion forums and to increase efficiency in developing products due to online customer interaction at various stages of product development. The other seven items constituting this factor explain the three dimensions of relationship marketing viz, the customer relationship orientation of the firms, the trust between the exchange partners and the commitment towards maintaining relationships with customers.

Market Research is another factor that yielded interesting results. The items that loaded onto this factor indicate that these firms use social media for market research purposes. Along with using external contractors for market research, ICT firms are found to use social media to know about the reviews of their firm's products/services and to know about competitor's products/services. Also market opportunities are actively searched for in user generated blogs in online communities.

In addition, Social Media, the new construct introduced in this research, loaded as a separate factor with three items that explain the purposes for which the ICT firms were using social media. Social media was used by the firms to explain the products and services to customers, to facilitate endorsement of the firm's products/services by customers and to build the firm's reputation. These results show that social media practices are widely prevalent in the ICT firms in India and are efficiently used by these firms for a variety of reasons.

Composite scores were computed for each of the 10 independent variables and Customer Satisfaction (DV). These composite scores were used in subsequent multiple regression analysis which examined the influence of these independent variables (IVs) on Customer Satisfaction (DV). The results of stepwise regression analysis are presented in Table 1. The analysis yielded a statistically significant result at $p<.001$ (F (6, 179) = 75.520). The adjusted

value of $r^2 = .708$ indicates that approximately 71% of the variability in Customer Satisfaction in the ICT firms is influenced by six of the ten IVs chosen for this analysis.

Table 1:

	β	t-value	Sig.
(Constant)		2.217	.028
Relationship Marketing practices	.229	3.316	.001*
Product practices	.206	2.833	.005*
Targeting practices	.218	4.204	.000*
Social Media practices	.117	2.280	.024**
Positioning practices	.149	2.442	.016**
Pricing practices	.124	1.993	.048**

a: Dependent variable: Customer Satisfaction
*, **: significant at $p \leq .005$ and $p < .05$ respectively
$r^2 = .718$; adjusted $r^2 = .708$

The results demonstrate that the Strategic Marketing Practices of the ICT firms have a strong positive influence on Customer Satisfaction in these firms. This can be seen from the β values ranging from .124 to .229. The best set of Strategic Marketing Practices includes those practices that are statistically significant. They are: *Relationship Marketing* (t= 3.316; p < .005), *Product* (t = 2.833; p ≤ .005), *Positioning* (t = 2.442; p ≤ .05), *Pricing* (t = 1.993; p ≤ .05), *Social Media* (t = 2.280; p ≤ .05) *and Targeting* (t = 4.204; p = .000).

5.0 Contributions of this study

This research contributes to marketing literature in two major ways. First, the results support the theoretical perspective that was adopted for this research. It was proposed that in order to understand the full spectrum of marketing practices adopted by the ICT firms, an integrated approach must be used. The value of integrating the transactional and the relational approach, is a key contribution of this study. Thus a more comprehensive picture of the marketing practices have been identified and examined.

Secondly, the inclusion of Social Media as a Strategic Marketing Practice is a step forward. Social Media is recognised as the latest information technology tool. It is evident from this research that Social Media has evolved into a useful tool for marketing. Social Media is an integral part of the marketing practices that were adopted by these ICT firms in this digital age.

Customer Satisfaction is a major outcome of marketing activities. Most research in this area was undertaken in the context of other countries/industries. This research extends the existing body of knowledge to include the ICT firms in the Indian context by providing incremental evidence in understanding how marketing practices enhances Customer Satisfaction. Further the research also enhances the understanding of marketing in high technology firms in general and ICT firms in particular.

6.0 Limitations and future directions

The first limitation is regarding the study's geographical context. The data for this research were obtained from India. These ICT firms operate in a marketing environment which is unique to India, where ICT contributes significantly to the economic development of the country. Therefore, the results may not be generalisable to other country environments or other high technology industry segments. In this research Customer Satisfaction was assessed from the firms' perspective as it was not practical to obtain information from all the customers of the firms who participated in the study. Also firms in the B2B sector seldom disclose information about their customers because of the confidentiality agreements. Even if data were obtained from customers, there are practical difficulties in marrying the two different sets of data obtained from the ICT firms and from their customers. In view of the complexities involved, Customer Satisfaction was measured from the firm's perspective.

This study has enhanced the understanding of the Strategic Marketing Practices of firms in the ICT sector in India and its influence on Customer Satisfaction. Studies may also be conducted in other countries where the marketing environment of the ICT firms may significantly differ from that of India. Replication of this study in other contexts and in other high technology sectors is expected to yield a more comprehensive framework of the Strategic Marketing practices adopted by the firms in the high technology sector. Besides, a qualitative and/or a mixed method study could provide deeper insights with the use of either interviews or focus groups.

7.0 Conclusion

The overall contribution of this research is the identification of industry-specific marketing practices adopted by the ICT firms. ICT sector is a priority sector and is clearly of growing importance in many economies. Given the importance of the ICT sector for the economy, insights into their marketing practices enhances the understanding of their contribution to Customer Satisfaction. The study assumes significance in that it identifies and documents those marketing practices that are adopted by the ICT firms in India. It provides a basis to explore the influence of the marketing practices of the ICT firms on firm performance. This research also highlights the need to explore more fully, the contribution of social media practices to marketing strategy of firms in the ICT sector, not only in India, but also in other countries were ICT contributes significantly to their respective economies.

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MARKETING STRATEGY AND STRATEGIC MARKETING

ABSTRACTS

Role of power, resources and capabilities in inter- and intra-organisational relationships

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Abstract

This exploratory study analyses the impact of organisational resources, capabilities and power on relationship quality and firm performance in the context of offshore outsourcing vendors. Employing a qualitative case study design, data from four offshore business process and information technology outsourcing firms was analysed. Findings suggest that quality and market-based organisational learning capabilities, expert power and asset specificity impacts relationship quality and performance. The distinctive contribution of this study lies in the role asset specificity, power and organisational capabilities play in overcoming buyer/parent firm's ethnocentricity and improving relationship quality and performance. Implications for theory and practice are also discussed.

Keywords: *Relationship Quality, Capabilities, Power, Ethnocentricity, Asset-Specificity*

Track: *Marketing Strategy and Strategic Marketing*

MULTILEVEL LEARNING ORIENTATION AND PERFORMANCE: THE MODERATING ROLE OF SOCIAL CAPITAL

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ABSTRACT

For the last three decades, learning has been considered to be an important source of competitive advantage; however, the link between learning orientation and performance is still open to debate, requiring further research on the contexts under which learning orientation can enhance performance. This study will extend the literature by looking into the moderating effect of social capital on the link between learning orientation and salesperson's performance. It will also be the first study to examine the effect of learning orientation on performance at multi levels: salesperson-level and sales team-level. Finally, the conceptual framework will underscore the double-edged effect of social capital as both catalyst and restraint for the relationship between learning orientation and performance at both levels of analysis. From the study, some implications will be drawn for sales managers to help them create better environment to enhance the effect of multilevel learning orientation on sales performance.

Keywords: *Social Capital, Learning Orientation, Multilevel Analysis*

Track: *Marketing Strategy and Strategic Marketing*

Can we better measure customer advocacy in an increasingly challenging world?

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Abstract

This paper offers a critique of a customer advocacy calculation marketed as Net Promoter Score (NPS), which many organisations use to measure their ability to both acquire new customers from their competitors and retain their existing customers. Having explained how NPS is calculated and used, the paper poses questions about the claims of its origins and its current 'blind spots', before going on to suggest what questions managers really need to focus on to ascertain the degree of customer advocacy that their organisation enjoys.

Keywords: *Customer Advocacy, Net Promoter Score*

Track: *Marketing Strategy and Strategic Marketing*

Linking Service-Dominant and Entrepreneurial Orientations:
Identification and Implications of Four Strategic Types

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Abstract

Strategic orientations play an important role for firms' success. In this paper we investigate the interplay of a firm's service-dominant orientation (SDO) and entrepreneurial orientation (EO). Both orientations can co-exist in firms and are particularly relevant in today's business environment due to their focus on value co-creation and innovation respectively. Advancing strategic marketing thought, this paper introduces an orientation matrix, comprising four strategic types that result from various combinations of EO and SDO: Proactive Co-creators, Conservative Co-creators, Proactive Dominators, and Conservative Dominators. In addition to delineating these strategic types, we also propose contextual circumstances in which each of these strategic combinations is assumed to be particularly well suited, implying positive performance consequences. Overall, we significantly advance the marketing and strategy literature, while building the foundation for future empirical research.

INNOVATION AND NEW PRODUCT AND SERVICE DEVELOPMENT

FULL PAPERS

Innovation Processes and Participant Roles in Online Innovation Communities

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Abstract

Our understanding how innovation processes occur over time is limited and online software development communities provide a valuable opportunity to study them. Software applications are an important form of innovation and self-organising online development communities offer a rich source of data about the way innovations develop over time. We examine innovation processes in three interconnected communities and show how they develop over time, including the emergence of complex systems of interacting participants, and we identify 6 types of participant roles. Our findings provide new insights into the innovation process, how it can be enhanced and provides the basis for additional research.

Keywords: innovation process, open online communities, self-organisation, complex systems, networks, cluster analysis

Track: Innovation and New Product and Service Development

1.0 Introduction

Innovation plays a fundamental role in the survival and growth of firms, especially as the rate of change in business is increasing. However, research about the way innovation processes take place over time and the roles played by those involved is limited (Coviello et al 2012). Consequently, innovation processes over time are not well understood. Online software development provides a valuable opportunity to fill this gap in understanding, especially as these communities are becoming increasingly important means of innovation in the Internet age. These communities take various forms, including crowd sourcing systems, and open and closed online software development communities. They are a potentially important areas for innovation research because they highlight the role of relations and networks in the innovation process, which is an important focus of innovation theories (e.g. Burt 2004; Chesbrough 2003; Håkansson 1987; von Hippel 2007). In addition, they provide a rich source of publicly available data on the way communities operate (Webster and Wilkinson 2014). Here, we report the results of a study of three interconnected open online communities. We show how complex systems of interacting participants emerge over time and the roles different participants play in the innovation process. First, we review research regarding the role of relations and networks in the innovation process, including previous research on online software development communities. Second we describe our methodology, followed by the results. Finally, we discuss the research and management implications flowing from our findings.

2.0 The Role of Relations and Networks in the Innovation Process

Innovation is about the development and commercialisation of new products or services, processes and forms of market organisation (Schumpeter 1934). The nature and degree of

innovations have been characterised in various ways including, whether they are incremental or radical (Dewar & Dutton 1986; Ettlie et al. 1984, MacMillan, McCaffrey and Van Wijk 1985) and whether they sustain or disrupt existing business systems (Christensen 1997). One focus of innovation research is on the characteristics of individuals and firms who are creative, innovative and entrepreneurial (e.g. Stock and Zacharias 2011; Quintane et al. 2011). Another focus, of increasing importance, is on the context of innovation rather than the individual, in particular the role of relations and networks in which they operate. Through formal and informal interactions with others over time, people and firms gain access to and co-develop knowledge and resources that allow them to innovate (Lee et al. 2010; Von Hippel 2007; Burt 2004; Wenger & Snyder 2000).

Research focused on relations takes two main forms. One focuses on how knowledge and innovations are co-created and implemented in inter-firm relations, including those with customers, suppliers and technological partners. For example, research shows that working with customers can be a important source of innovation due to the different types of knowledge and skills they possess (Coviello and Josephs; 2012; Payne, Storbacka and Frow 2008; Von Hippel 1986). Additionally, much resrach has identified working with lead users, those who experience needs in more extreme forms or in advance of mainstream markets, as a vital source of innovation (Von Hippel 1986; Lüthje and Herstatt 2004; Morrison et al 2004). Cooperation with suppliers and technology partners such as universities and other types of research organisations have also been identified asan potentially important source of innovations(Faems, Van Looy, & Debackere 2005; Perkmann & Walsh 2007; Ponds, Van Oort, & Frenken 2010).

The second form of research in this area are network theories of innovation which challenge dyadic relations andfocus on the role of often complex networks of interacting parties (e.g. Anderson et al 2014; Burt 2004; Carlisle and McMillan 2006; Hakansson 1987; McCarthy et al. 2006). Networks are the means by which ideas, knowledge and information spread and innovations identified and exploited. Strong ties are required in order to work with others to co-develop innovations but weak ties can also play an important role because they may span structural holes connecting different types of knowledge networks. An important gap in our understanding of the innovation process and the role of relations and networks is the way it takes place over time and the roles played by different types of actors in the process (Coviello and Josephs; 2012; Fuller et al 2014).

As noted, a valuable opportunity for studying this process is provided by online software development communities, which have been the subject of some research. There are three main types of online innovation communities: crowd sourcing, communities of consumption and online software development communities.

Crowd sourcing is a method by which users, customers and consumers are formed into online business knowledge networks to provide suggestions and feedback about an organisation's offering, including innovation contests. An example is Domino's Pizza Mogul, in which users create their own pizza recipes and the most "innovative" are made available for sale and the creator awarded a share of any sales (https://www.pizzamogul.com.au). There are also online communities which areself organising, instead of being set up and managed by a firm. With the growth of the Internet and social media many forms of online communities have emerged bringing together people with common interests, including facebook communities, online game participants, fan based communities (e.g. Trekkies) and different types of enthusiasts and hobbyists groups. These communities can be a source of value to consumers and others, as well as a source of new product ideas and feedback to producers (Kozinets 2002; Fuller et al 2014; Prahalad and Ramaswamy 2004).

Our focus in this study is on online software development communities, which may be open or closed. In open communities anyone may join and contribute, such as Wikipedia, Github,

Unix and Apache. In closed communties participation is restricted and controlled with particpation only alowed for users who meet prior criteria, pay a fee or area member of an organisation. In these communities participants' knowledge is shared, combined, recombined and developed through different interactions overtime, thereby producing new ideas and innovations.

Previous research on online communities has examined participants motivations and roles in the community. Examples include studies of online communities of common interests, such as jewellery (e.g, Füller et al. 2007, 2014) and Open Source Software Communities (e.g, Bagozzi & Dholakia 2006). Various types of roles have been identified based on: the extent of participants engagement, how they interact with firms and the wider community, how participants consume information and experiences within the community and the strength of their ties with other community participants (Kozinets 1999; Fuller et al 2014; Wang and Yu 2012). For example, Kozinets (1999) identifies four roles in online communities of consumption: *tourists, minglers, devotees*, and *insiders*, which vary according to the strength of participants social ties to the community. Another example is Fuller et al study (2014) of an online innovation contest for a brand of jewellery. Using detailed records of contributions over time and cluster analysis based on measures of contributing behaviour over time they identify six types of members: *socializers, idea generators, masters, efficient contributors, passive idea generators and passive commentators*.

The purpose of the research reported here is to further develop our understanding of innovation processes in online communties and the roles played.

3.0 Research Methodology

The focal community for this study is GitHub ([www.github.com)](www.github.com), which started in 2008 and has over 3.5 million users worldwide and hosts over 16.5 million communities, making it the largest social coding repository in the world (Vasilescu,Vladimir, Filkov 2013). The platform is primarily used for software projects, but has been used for such things as improving laws and novel writing. Communities on GitHub are made up of a master repository and sub communities or "branches" of the main project, as result of the system being based on the Git control system. Community branches can be developed independently to the master version or merged with it.

Three sources of information were used in the study. First, the interactions, including code submissions & discussions, of participants over 3 years in a large online community which developed flash based games were analysed in detail. Second, an online questionnaire was sent to participants in 3 large software, hardware and design/literature communities. In total, 2395 participants from these communities were invited to complete the questionnaire151 (6%) completed the questionnaire, which is low but comparable to those in other online studies. Third, 15 follow up online interviews were conducted with respondents. As a result of the limitations of the sample we make no claims as to representativeness of our results.

4.0 Results

The distribution of the number of contributions is highly skewed, varying from 0 to 5,679, with a median of 135, which is in line with results reported by Fuller (2014). Our analysis shows that when the community starts the founder/creator is responsible for 80% of contributions, to ensure other members are able to use the product and to provide encouragement and guidance. As the community grew the contributions among members become more evenly spread. The network structure of the studied communities became increasingly complex over time, with multiple links to other communities identified. Figure 1

shows the network structure in the last 3 months of the community, where links are defined by the number of common memberships, indicated by the thickness of the lines. Gamma is the focal community.

Figure 1 Community Network Structure in latest 3 Months
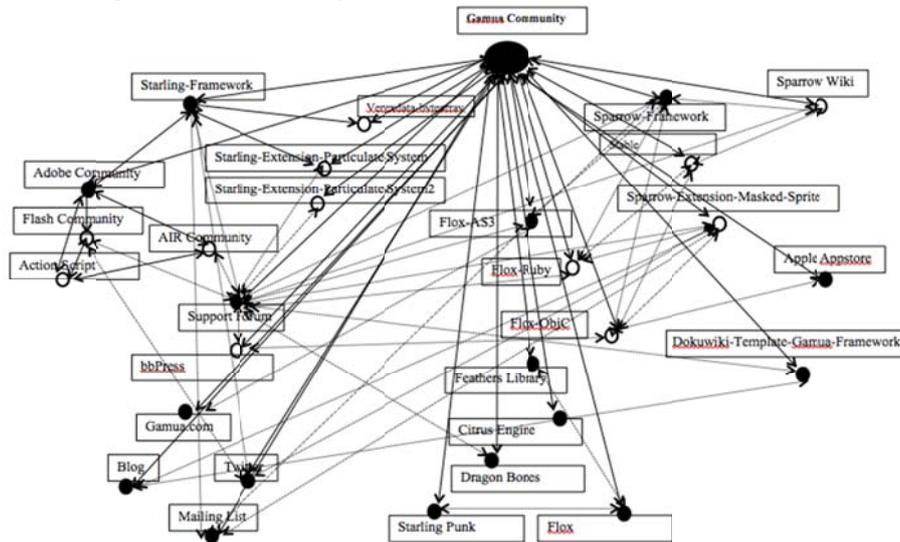
Cluster analysis was used to identify different types of participants in the sample based on measures of their pattern of contributions to the focal community i.e. their total number of contributions, number of followers, number following, total starred and longest consecutive time contributing. Hierarchical clustering using Ward's method indicated 6 clusters. K-Means clustering revealed two outliers representing unique types. The profile of each type is shown in Table 1.

Table 1 Pattern of Contributions by Clusters

Cluster	*n*	Contributions	Followers	Starred	Following	Streak
1	4	102	43	**1186**	**161**	4
2	5	**2484**	**206**	133	15	**120**
3	26	981	94	204	32	37
4	110	120	17	67	12	5
Outlier1	1	2	4	2	0	1
Outlier2	1	1132	188	40	0	12

The clusters reflect the roles participants play and survey results provide further insight into their roles. Cluster 1 are *eager observers*, with many ties to other communities, evident by the number of starred and following, but with little contributions to the focal community. These participants are more likely to be a source of ideas from other communities and therefore play a valuable role. They are similar to the "passive idea generator" identified by Füller et al. (2014). Cluster 2 are *Primary Contributors* responsible for making the majority of contributions. They have the largest number of ties within the community and followers. They also help resolve conflicts such as when there are fights over the community's direction. This cluster resembles the role of "master" identified by Fuller (2014). Cluster 3 are *maintainers,* the second most active contributor type, who have been provided special access by the founder. They decide what does and does not become part of the product and have a large impact (Hars & Ou 2001). Cluster 4 by far the largest cluster, are *efficient contributors*, comparable to those identified by Fuller et al (2014). They have low mean scores on all types of contributions but a high ratio of mean starred to mean number of contributions. Finally, there are two outliers. The first is an *irrelevant contributor*, with only

2 contributions that are not starred, two followers and follows no one. The second is an enthusiast making a large number of contributions but few of them starred. Further analysis suggests these participants contribute in many different communities and are a type of *community butterfly*, flitting from community to community. Another role that emerged from the follow-up interviews, but was not indicated in the cluster analysis, is a *Troll* - a person who either maliciously or unintentionally disrupts the innovation process.

5.0 Discussion and Conclusions

The research contributes to our understanding of the innovation process and how it develops over time and the role of relations and networks. The results show that small groups of individuals are responsible for the majority of contributions (Füller, Jawecki & Mühlbacher 2007) and there are a large number of passive users (Arazy & Nov, 2010; Cross & Laseter, 2006; Toral, Martínez-Torres, & Barrero, 2010; Ye & Kishida, 2003). A small group, the core maintainers, emerge early on in the community's life and shape how innovation develops by prodding the community, incorporating new ideas and resolving disagreements. The pattern of innovations over time follows a type of S curve with the number and significance of innovations growing fast at first and then petering out with only incremental contributions as the community becomes older as it becomes more and more difficult to make further improvements: "*it got hard to make good contributions because all the good ones had been made already*".

Different roles emerge that affect the functioning of the community and help or hinder the innovation process. It was also clear that links within and between communities matter as these are the source of valuable new types of information and ideas, especially in later stages of the community lifecycle, possibly because these links span structural holes. Our results reinforce and extend those of (Füller et al 2007) and Coviello & Joseph's (2012).

Open online development communities are largely self-organising but our results suggest ways of improving performance. For instance, links within and communities matter, therefore providing easy mechanisms for communities to link through could help performance. There is also a need to nurture and encourage participants who may be scared to participate, especially for first time posts, or in more mature and larger communities. "*I was pretty scared to contribute for the first time…I spent ages on my contribution and it was only a small bug fix!*". Although open online communities are "open" and therefore users have no barriers to contribute there are in fact large social barriers to contributing. Consequently, providing new users with the ability to make their first contribution anonymously and then choose to reveal their name afterwards could enhance innovativeness by encouraging participation from new users.

Our study was limited in two main ways. First, we focus on 3 open online GitHub communities. Additional research is required to compare results from other types of communities, such as closed online communities where membership is restricted and more controlled. Second, the sample was limited to those providing email addresses. One way of overcoming this is to gain the cooperation of platform operators, like Füller, Jawecki & Mühlbacher (2007) did, but this is not always possible. This could also improve response rates.

Additionally, it was difficult to evaluate the significance of contributions, in part because many of the contributions involved complex computer code. Future research could make use of a panel of experts to classify contributions, as used by Coviello (2012) and Fuller (2014), to increase the representativeness of results. Finally, our research focused on communities that were currently active, and the majority of interview responses were made in reference to

currently running "successful "communities. Little is known about "failed" communities and this offers an opportunity for future research.

We believe that innovation processes in online communities deserve more research attention and that they can provide valuable insights into the innovation process and the factors affecting its success. Furthermore, these types of communities are becoming ever more relevant and important in the Internet age and provide a rich and readily available sources of data for researchers to use. Our research provides a template for studying other types of online innovation communities

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Barriers to consumer centric innovation in artistic enterprises

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Abstract

This paper explores managerial beliefs that act as barriers to consumer centric innovation in artistic enterprises. Marketing has traditionally adopted consumer centricity as a normative framework, yet 'product orientation' and resistance to consumer centricity have been observed in arts organisations. This paper draws on a larger qualitative study, researching perceptions of new product development among managers in large music organisations in the UK, USA and Australia, within both commercial and non-profit contexts. The research identifies six product oriented beliefs that act as barriers to consumer centric innovation: artistic autonomy; artistic leadership; personal attachment to the product; the absolute nature of quality; conviction based on 'gut' feel; and artistic authenticity. This in-depth study of product oriented beliefs contributes to a more precise and systematic analysis of these barriers to consumer centricity. These beliefs pervaded the 'idea generation' stage of new product development, but the commercialisation stage involved considerable consumer focus.

1.0 Introduction

Within technology and manufacturing companies, product oriented beliefs have been seen to constitute a barrier to consumer centric innovation, because engineers may want "to develop the perfect product regardless of whether it is what the customer wants" (Shaw & Shaw, 1998, p. 284). Instead of a consumer orientation, where consumer insight provides the very start of the innovation process (Levitt, 1960), the fixation is on the product in and of itself.

Numerous academic studies attest to the existence of a product orientation within the arts and music sector (Butler, 2000; Hirschman, 1983; Holbrook & Day, 1994; Jacobson, 1968; McDonald & Harrison, 2002; Murnighan & Conlon, 1991), and some studies have suggested that product orientation can be more successful than a consumer orientation for organisations working in the sector (Fillis, 2010; Murnighan & Conlon, 1991; Voss & Voss, 2000). The tension between product and consumer orientations has chiefly manifested within this context as the debate between 'art for art's sake' versus 'art for business' sake' (Dennis & Macaulay, 2010; Gainer & Padanyi, 2005; Holbrook, 2005; Kubacki & Croft, 2004). In studies of arts

and music organisations, 'product orientation' among managers has been understood as following and prioritising the artists' convictions, insights, internal desires and needs in the new product development (NPD) process (Holbrook & Day, 1994). In analysing the idiosyncrasies of arts marketing, Butler (2000) observes that "artists are the ultimate manifestation of that absolute insult in the marketing schoolyard, namely the 'product orientation', but their internal focus, that total commitment to their artistic endeavour, is what makes them artists" (p. 359).

NPD in creative industries such as arts and music has been characterised as risky and uncertain, because "nobody knows" (Caves, 2000) the consumer reception. This is due not only to the capriciousness of consumer demand, but because managerial commitment is made prior to the full creative work being revealed, and the output is complex, variable and subjective. NPD models customised for an arts context quite fundamentally separate the artistic idea generation phase from the later commercialisation phase (Crealey, 2003). This is because artists are normally commissioned to deliver a certain type of product, and then the commercialisation phase involves a sales and promotional effort to find an audience for the product that has been delivered. Arts NPD models have not been comprehensively researched, and little attention has been given to managerial perceptions of organisational NPD processes. Analysis of music innovation has tended to focus on macro format and genre evolution (Tschmuck, 2012) or the stylistic evolution of musical language and its reception by audiences (Lissa, 1965).

2.0 Case Study: Managerial Beliefs about NPD in the Music Industry

This study aims to go further than this historical 'art versus commerce' debate, by exploring more deeply the beliefs that underpin product orientation, and the extent to which they act as barriers to consumer centric innovation in large music organisations. The study focuses on managerial beliefs about NPD rather than actual behaviour or market intelligence usage (Rossiter, 2012). Music has been chosen as the industry focus, as it exhibits product oriented tendencies, as outlined earlier, yet NPD is vital for the industry. In 2013, US$4.3 billion was invested in developing and marketing artists, around 27% of recorded music revenues, with a success ratio for major record company signed artists of between one in five and one in ten (IFPI, 2014). In non-profit music organisations, NPD is also seen as possessing significant risk and capacity for failure (Crealey, 2003).

3.0 Method

The qualitative approach of this study is considered appropriate because the research focus is exploratory, looking at *how* managerial beliefs act as barriers to consumer centric innovation in large music organisations (Denzin & Lincoln, 2011). Qualitative data captured through in-depth individual interviewing is considered appropriate because it allows the researchers to explore managerial perceptions and organisational processes that would be too subtle or complex for quantitative questionnaires (Denzin & Lincoln, 2011).

This study includes both commercial/for-profit, and non-profit music industry contexts. Major record labels are chosen as the commercial context as they have been cited in the academic literature as supreme examples of a commercial focus (Kubacki & Croft, 2004). Managers were drawn from a variety of large non-profit music organisations, encompassing opera, musical theatre, orchestral management and concert presentation. A 'large' music

organisation was understood as a major record company in the commercial sector (or a division of a major company). In the non-profit sector it was a prestigious, government funded company, with functional departments and more than AUD$10 million in turnover per annum. Any activity where the music organisation is releasing recordings or productions or concert presentations which the managers consider to be new output, is considered 'NPD'.

Managerial experts with a depth of experience were chosen through purposeful sampling (Willemain, 1994). Interviews were conducted in the UK, USA and Australia, and involved senior managers responsible for NPD: CEOs, marketing managers, and artistic directors. The profile of the managerial sample of 24 participants is summarised in Table 1. It distinguishes between managers that work in the commercial and non-profit sectors. Their depth of experience is significant: the average length of time they spent working in the specific context they were representing was 20 years. Many of the executives had held very senior positions within the music industry, with one of the commercial CEOs having had 6,000 staff report to him at one point in his career, and another commercial CEO 3,000 staff. While the sample is skewed male (as in the overall music industry), it is worth noting that the commercial marketers were 100% male, and the non-profit marketers were 100% female.

The interviews were semi-structured and lasted between 45 to 150 minutes, audio recorded and transcribed, then uploaded into NVIVO 10 with passages coded by product orientated categories developed from the literature. By analysing and further sub-coding these passages, sub-concepts emerged. The researchers then returned to the literature and identified previous research where facets of these beliefs had been observed.

Table 1: **Demographic Summary of Research Participants (n=24)**

Position and Industry Sector	No. of managers	Age (Mean)	Gender	Country in which manager is based	Years in Large Orgns. (Mean)
Artistic Commercial *(Artist & Repertoire [A&R])*	4	48	Male 100%	1 US; 2 UK; 1 Australia	16
Artistic Non-profit *(Artistic or Musical Directors)*	4	60	Male 75% Female 25%	1 US; 1 UK; 2 Australia	27
Marketing Commercial *(Marketing VPs and Directors)*	4	45	Male 100%	2 US ; 1 UK; 1 Australia	10
Marketing Non-profit *(Marketing Directors)*	3	45	Female 100%	1 US; 1 UK; 1 Australia	12
CEO Commercial *(ex Presidents/CEOs)*	5	63	Male 100%	1 US; 2 UK; 2 Australia	28
CEO Non-profit *(CEOs/General Managers)*	4	55	Male 75% Female 25%	1 US; 1 UK; 2 Australia	25

4.0 Findings and Discussion

Six managerial beliefs were identified that undermine consumer centric innovation, built on product oriented sub-concepts of: (i) Artistic Autonomy; (ii) Personal Attachment to the product; (iii) Absolute Quality; (iv) Artistic Leadership; (v) Conviction; and (vi) Artistic Authenticity. Definitions and illustrative quotes from research participants are provided in Table 2.

4.1 Artistic Autonomy – 'Artistic Autonomy' is a belief that the manager has a professional obligation to trust artists, and*"let artists have their space"* (CEO Commercial, Australia). This is a protective, creative space to pursue their own internal focus, insulated from commercial pressures. To fail to grant them such autonomy is to fail to respect their stature as artists. The power of managers to influence NPD lay in the initial choices they made, in assembling the key creative team. Once these choices have been made, they allowed the process to unfold, largely living with the consequences. The managers did not necessarily believe that artists possess a great deal of insight into their audience, and so the risk was considerable. In the literature, Sorjonen (2011) had observed artistic autonomy as an important convention operating in the world of (non-profit) performing arts programming.

4.2 Personal Attachment - Managers consistently saw their own reactions to the music, their belief in the merit of the creative work and their Personal Attachment to the work as being very significant, and quite separate from consumer research. Managers saw consumer research as being of little help in developing exciting future directions. In a climate of doubt and uncertainty (Caves, 2000), if one's own reaction was positive, it strengthened the belief that the work may elicit the same reaction in others. It enabled more convincing advocacy for the project and assisted the process of building belief in the project with other stakeholders. Some managers admitted that personal taste could influence decision making: *"9 times out of 10 when an A&R [Artist & Repertoire] manager signs a band it's because they liked them."* (Artistic Commercial, USA). Personal Attachment shifts the focus away from consumers and onto the product, artists and commissioners.

4.3 Absolute Quality – Many managers in this study spoke of quality in absolute terms (see Table 2 quotes), just as engineers can see the quality of the product as absolute, and not defined by the consumer (Shaw & Shaw, 1998). Most thought it possible to have an *"excellent"*, *"great"*, or *"high quality"* product even if it met with minimal consumer appreciation. In the literature, this has previously been observed among artists by Elizabeth Hirschman (1983), and within non-profit arts organisations who may place a key focus on artistic excellence (Gainer & Padanyi, 2005). The belief in Absolute Quality is a key product oriented belief that shifts the focus away from the consumer and onto the product.

4.4 Artistic Leadership is a belief in the importance of pushing the boundaries, 'making taste', leading fashion trends, and presenting the consumer with work that they could not have imagined. Managers provided many examples from classical and popular music where some of the most revered and currently performed works were premiered to audience apathy, hostility or confusion. Within Western music, innovation has often been generated from within the artform itself, against prevailing audience taste. Artists that pushed the boundaries and provided artistic leadership were revered by all managers: *"I think every artist, every great artist wants to lead their audience"* (Commercial CEO, UK). Fashion leadership for commercial artists extends beyond NPD to a major promotional preoccupation.

4.5 Conviction - In place of audience feedback, and in a decision making context of doubt and uncertainty, executives generally innovated from a place of Conviction. A commercial Artistic manager (USA) asserted that *"trying to push our taste on everybody else, and knowing or believing that you are right is part of a thing that drives you as an A&R person."* Conviction might be driven by a belief in work they felt would advance the artform (in the case of Artistic Directors of non-profit organisations). In the commercial sector there was a

belief in the professional judgement of executives with years of experience who were seen to possess good *"gut"* feel, *"instinct"* or *"great ears"* (for example, Clive Davis and *Ahmet Ertegün were identified by several managers as possessing these traits).* In the literature, aesthetic 'conviction' has been referred to with regards to artists (Hirschman, 1983; Holbrook & Day, 1994). Conviction for managers in the NPD process involves the support of the artist's convictions as well as one's own, and also the stubbornness and courage to overcome organisational inertia and internal criticism.

4.6 Artistic Authenticity - All managers believed that Artistic Authenticity was vital, that ideally an artist needed to be true to themselves, their artistic statement needed to be *"true and real"*, not seen as being manipulated by larger commercial interests, or financial enticement. This could also extend to a *"take it or leave it"* approach with regards to criticism of one's creative work, based on security in one's own voice (see Table 2 quotes). In a fashion driven industry, style leaders and fashion leaders were not seen to be those who pandered and fawned to the needs of consumers, but rather confidently pursued their own creative direction. In the literature, other authors provide examples of anti-fawning and anti-pandering behaviour on the part of artists such as Madonna within a broader critique of the limitations of consumer centricity (Brown, 2003).

Each of these beliefs shifts the focus away from consumers and onto the product, or realising the artist's internal needs through the product. These beliefs exerted greater power in the non-profit sector, particularly Absolute Quality and Artistic Leadership, the latter seen as a *"duty"*, *"responsibility"* and *"obligation"*. Conviction was stronger and more pervasive in the commercial sector. While it may appear that a high product orientation is counter-intuitive for commercial music, the research found that it manifested strongly in the initial idea generation /creative exploration phase of the NPD process. *In both the commercial and non-profit sectors, once the creative work had been developed, sophisticated consumer driven research and marketing work was undertaken to facilitate marketplace acceptance. This aspect is examined in the wider study.*

5.0 Conclusion

The contribution this research makes is placing a magnifying glass on product oriented beliefs that act as barriers to consumer centricity. While other studies have provided glimpses of these beliefs, this study (to the researchers' knowledge) is the only one that has sought to explore, systematically and comprehensively, the role of product oriented beliefs within NPD processes in artistic enterprises. Each of the six sub-concepts and associated beliefs are distinct, yet interrelated. The managers in this study formed these product oriented beliefs over the course of their extensive careers in the pursuit of NPD success. Some studies suggest that product orientation can be more successful than a consumer orientation for organisations working in the sector (Fillis, 2010; Murnighan & Conlon, 1991; Voss & Voss, 2000). Illuminating the NPD process can assist practising managers, who can find themselves criticised for being insufficiently scientific, when they believe these criticisms lack an appreciation of the challenges of the sector. The findings have implications for arts, music and entertainment, and potentially for other creative industries such as design and fashion. Further quantitative research is encouraged into these beliefs within arts and entertainment organisations.

Table 2: Barriers to Consumer Centric Innovation - Definitions and Participant Quotes

Artistic autonomy - A belief that the manager has a professional obligation to trust artists, and to give them creative space to pursue their own internal focus.
"I'm a believer in getting out of the way of artists" [Commercial Marketer, Australia]
"I think that at a certain point you have to say we have chosen Miss X or Mr Y to be our artistic leader"…"you can't then say it's got to be done by a committee. So you have to allow your painter to paint" [Non-profit Artistic Director, Australia]
Personal attachment to the product - A belief that personal attachment to the music in and of itself, and a personal, emotional reaction to the music, are vital indicators that the music can elicit the same reaction in others.
"It's the song. It's always the song"…"music is absolutely spontaneously compulsive, if you can put those two words together." [a] *"really emotional reaction that it gives to an individual, [who] says, "I've got that hear that now, I've got to hear it again, I want it, I want it."…"that's the starting point of everything to do with music, you've got to like it, and you've got to want to hear it again."* [Commercial CEO, UK]
"the art always comes first. I think great art is magic" [Non-profit Marketer, Australia]
Absolute Quality - A belief that 'quality' is not defined by consumers, but is absolute, or independent of audience judgement.
"there is an element of the absolute about excellence, and you could feel justified in presenting something that didn't find immediate success with the audience if it was really well done, and it therefore was an excellent piece excellently presented" [Non-profit CEO, Australia]
"I was signing things because I thought they were valid musically." [Commercial Artistic, UK] *:"Good art always wins."* [Commercial Artistic, Australia]
Artistic leadership - A belief that in fashion-related industries, artistic innovation is about 'making taste', pushing into new unknown territory, not responding to customers who have little insight into future possibilities.
"The artist proposition should be defined by the art, not by the marketing. Make music. People don't know what they want"…..."In the fashion industry they're deciding now that in 2015 we'll all be wearing blue, OK, and f#x* me if you're going to be able to find a burgundy jumper in 2015 – you won't, because they won't be making it." [Commercial Marketer, UK]
"work that perhaps is a little shallow and may be for its time only, I would tend to [exclude] that in favour of something that I think is more significant and will hold its value." [Non-profit Artistic Director, UK]
Conviction - A belief that conviction is needed, as research is a poor indicator, the full details of the creative work have yet to be revealed, and appreciation may be latent.
"at some point someone has to say..."I'm signing", as I did at EMI "I'm signing [eventual international superstar]" against everybody around the world. Everybody! I kept some emails from some heavy executives of the time, begging me, or mandatory telling me to drop him, not to sign. And I sign". [Commercial CEO, UK] *"I have to look for conviction on the part of the artist"* [Commercial Marketer, UK]
"the vision is my vision. It's the music that I want to hear"; "If an Artistic Director makes consecutively bad choices, about what is or is not good, then they get booted. That's fine."

[Nonprofit Artistic, Australia]

Artistic Authenticity - A belief that artists need to be true to themselves, and their artistic statement should be true and real, not manipulated by larger commercial interests. Also, a 'take it or leave' it approach with regards to criticism of one's creative work, based on security in one's own voice.

"There still has to be an authenticity to it, so I think they [the artists] would all still be saying 'I need to say what I need to say'... "and have a security in their own voice.. if you've found your authentic positioning, then really it becomes a 'we're here – take us or leave us' approach" [CEO, NFP, Australia]

"I have to look for conviction on the part of the artist, that what they've made is what they wanted to make, and that their statement is true and real, because that's the other thing that the internet has done, is it's made it impossible to sell a lie. So I mean it was always difficult anyway, but it's even more difficult now, because of course then people start commenting, and noise gets generated." [Commercial Marketer, UK]

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Open innovation processes in the newspaper industry

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Abstract

The digitalization of society is constantly increasing. Even though this is something that is affecting most industries, the newspaper industry has suffered a great deal during the last 20 years. It is, therefore, essential that both current business and revenue model change. This case study illustrates and analyses how opening up the innovation at a newspaper increased customer value and facilitated a change of business model. The study is based on action research in cooperation with Västerbottens-Kuriren, a top-10 news website in Sweden. The result show that the open innovation and design process used, provided new insights into the industry as well as produced an appreciated website that facilitated the transition into a changed revenue model using a paywall for digital content.

Keywords: Open innovation; business model; newspaper industry; case study

Track: Innovation and new product and service development

Introduction

For quite some time the newspaper industry has been affected by the general digitalization of society. During just the last couple of years many historically strong brands within the newspaper industry have either been acquired by the "new wave" of media companies", been forced into bankruptcy or had a drastic change of both their business and revenue models. Hence, the traditional newspaper industry has to some extend lost the incredible powerful position it use to have in the media landscape. One paradigm shift for the newspaper industry is the introduction of media technologies that do not only complement the actual paper, but also act as a substitute. Major technological changes that have affected the newspaper industry came in mid-1990s with the creation of the Web and following the mobility of the Internet and, in the mid-2000s, social media. On quite obvious reasons, these contemporary technologies have put great pressure on the printed newspaper and the current revenue models with customers paying for their news consumption. Historically, the newspaper industry has had a high profit margin (Picard, 2008) and even though declining, it is still higher than in many other industries. Since contemporary digital technologies gradually are becoming ubiquitous, integrated, immersive and pervasive (Deuze, 2009; 2011), the use of the web, social media and mobile devices in society has drastically

increased. Nevertheless, the majority of news companies just started the transition to create the digital interaction with their consumers and changing their business models to comply with the new paradigm of media consumption.

Having strong innovation is important to cope great structural changes and take advantage of new technology (Chesbrough & Prencipe, 2008). However, too closed internally focused innovation process might not give a successful result dealing with new technologies and changed behaviour (Chesbrough, 2003). Hence, opening up innovation the internal innovation process might be fruitful (Chesbrough, 2003). This case study illustrates and analyses a participatory action research study involving opening up the innovation process when redesigning a news media site with the purpose of changing and improving the revenue model of the newspaper industry. This paper provide valuable insights regarding the use of an open innovation process to facilitate the use of new paywall revenue models in the newspaper industry as well as the results, implications and consequences of the project and the launch of the redesigned website.

Method and study design

This paper is based on a case study approach of a so-called unique case (Yin, 1994) that is based on participatory action research (e.g. Lewin, 1946). The study is based on a cooperation between students at the five year Interaction and Design Study Program at Umeå University and VK Media which contains the newspaper Västerbottens-Kuriren, VK, a top-10 digital news website in Sweden. The research principally are divided into two parts – the action research of redesigning and launching a new improved design and functionality of the newspaper Västerbottens-Kuriren's website vk.se by opening up the internal innovation process. vk.se is currently one of the 10th largest local news media sites in Sweden (Sveriges Annonsörer, 2014) and the documentation and exploratory research of the process of using an open design process and using students and interaction design to enhance a changed business model for the newspaper industry.

Segmentation performed by VK Media	**Brand survey** performed by VK Media	**Survey vk.se** performed by VK Media	**VK involves the students** in the project	**Survey on vk.se** performed by the students	**Use-case** performed by the students	**In-depth interviews** performed by the students	**User test 1** performed by the students	**User test 2** performed by the students	**Prototypes** to the editorial staff	**Report** Students submit report	**Launch** paywall, redesign, loyalty club	**Evaluation** loyalty club, VK plus	**Interviews** VK Media
October 2012	November to December 2012	December 2012	February 2013	March 2013	March 2013	March 2013	April 2013	April to May 2013	April to May 2013	June 2013	October 2013	January to February 2014	April 2014

Figure 1: Time line illustrating different activities of the case study.

Due to limitations in both quantitative and qualitative research methodology, a hybrid research strategy was chosen for this case study, which allows capturing the dynamics of the studied phenomenon. Results from the first part of the study are collected during 2012-2013 and are based on one segmentation investigation, three user surveys, one use case, one in-depth interview series, two user test cycles and one user evaluation of the results and it have been performed by different actors during the length of this project before the final implementation and launch. Results from the second part are based on data collected during spring 2014, after the launch of both the new website and the new mobile application. The respondents range from the people responsible for the actual implementation and launch at the newspaper to top management. In total nine respondents at VK Media have been interviewed ranging from CEO and editor-in-chief to business developers, journalists, project managers, technical project managers and web developers. To keep balance between

structure and exploration, all interviews were performed using an interview form based on open-ended questions structured around the research questions defined for this case study. The findings from the interviews were analysed using pattern matching technique (e.g. Campbell, 1975; Yin, 1994).

Redesigning in the open

During 2012, VK Media performed a segmentation study of their online readers. After this study they realized, according to the editor-in-chief, that they wanted to make the website more extensive, offer a completely different experience to the users and find new revenue sources. These insights lead to a paywall project, and a project of redesigning vk.se. The editor-in-chief states that one of the major problems in the newspaper industry is that they tend to "often look at industry colleagues", when making changes. Due to the changing conditions for the industry, mentioned above, VK Media wanted to stop benchmarking "industry standards" and to open up the process of making changes to their products.

Innovation processes differ between industries and between companies, but can, in general, be divided into closed and open innovation (Chesbrough, 2003). Projects based on closed innovation are launched from inside the company and these projects can only be entered in one way, at the beginning, and only exit one way, by going to the market. On the other hand, open innovation is about "harnessing external ideas while leveraging their in-house R&D outside their current operations" (Chesbrough, 2003) and such projects may instead be launched from both internal and external source and there are many ways for ideas to flow into the process, and many ways for it to flow out into the market. The success and paradigm in open innovation lies in the idea that no organization can, in today's fast moving competitive environment (Thomas, 1996), have all the resources and knowledge necessary for true innovation (Chesbrough, 2004). This case study reports on a project that is based on the ideas of open innovation (Chesbrough, 2003) and using customers as innovators to push the design phase from a closed to an open environment (Thomke & von Hippel, 2002).

To open up the internal innovation process in this case, a cooperation between students at the five year Interaction and Design Study Program at Umeå University was formed in February 2013. In cooperation between the students, the editorial staff and the sales department at VK Media the goal was set to create an innovative and user-friendly news media website but also taking into account strict advertising formats and fixed placement. Since VK Media also had the paywall project, parallel with the project of redesigning vk.se, which focused on launching a paywall, the students also developed a design proposal to incorporate a paywall and how this would best be presented and used on the web site. The innovative design proposal that the students created during spring 2013 was designed with consideration of several performed user tests according to the interaction design process (Preece, Rogers & Sharp, 2002). Because of the redesign project with the students and the paywall project, VK Media has taken a step towards open innovation.

The business developer points out that it was originally intended that VK Media were to perform and develop a redesigned website internally, since "we have done it before, so it won't be any problem". This would probably have resulted in an ordinary closed innovation project. Just like Chesbrough (2003) states that open innovation is a paradigm that assumes that firms can and should use external ideas as well as internal ideas and VK, according to the business developer, realized part way into the project that it would be beneficial to get an external resources and the students have "a fresh set of eyes" regard things in another way compared to advertising agencies. This radically changed ideas regarding the website. When

VK Media initiated the redesign project one important thing was that they wanted the new design to become something that the readers actually want. This resulted in a transparency and openness both externally towards users and advertisers, and internally within the corporate group towards the design project. Due to the increased interaction between news websites and users (i.e. user generated content and social connections), users expect to be involved and updated in the process. This is a modern, or rather current, way of redesigning popular websites. To involve the end users (i.e. readers) in the open process the students started out by performing a user survey on vk.se. This current situation analysis where published on vk.se during two weeks in March 2013. Over 800 responded to the survey, which had questions regarding demographic information, how often they visited the page, their overall impression as well as their opinions about the design. Furthermore, in parallel, 16 in-depth interviews were made with different users between the age of 21 and 78. They all consisted of three parts - interviews, user-test and use-case. All data were collected and analysed regarding how people used vk.se at the time of the study and how many steps of interaction that were necessary to reach specific target point. During the design phase, the students worked in three iterative phases, according a spiral model for development (Boehm, 1986), where the first two included user-tests on each concept. The business developer pointed out that "the user-tests were great, because they had never done any tests before on the actual end users". Furthermore, the business developer acknowledge that user-tests have made VK Media spot unmet needs that could not be discovered otherwise (Eyring, Johnson & Nair, 2011) and that they "have to be better to collect the problems that the users have on their side of the screen". VK Media often work in an unstructured way and the cooperation with the students, working along with the guidelines of creating accessible, usable, and ultimately, creative interaction design, forced them to be more "professional" in this sense. The editor-in-chief also points out that "the students have thought them that they [VK Media] must be more accurate in the preparatory work [regarding design changes] then they usually are".

According to Enkel, Gassmann & Chesbrough (2009), companies will reach a higher level of richness through the development of services using Internet and social networking technologies by allowing interaction with numerous of different sources. Companies will also be able to draw their customers closer to their product development through online idea management or community participation in product development (Chesbrough & Prencipe, 2008). The students' approach was, according to the respondents at VK Media, a good way to involve the users in the process. Students working towards end users and other surveys done by VK Media complemented each other and led to that they think that vk.se were more prepared than other news companies, who have made similar changes. To further increase the openness of the design changes and to initiate a dialog with the users under the whole process, both the students' and the web developers' blogged and the editors wrote articles about the changes in the newspaper. When the redesigned website with the paywall was launched in October 2013, there were negative comments on the idea of charging for something that had previously been free. To deal with this situation VK was, according to one of the project managers, very active on social media at the introduction to answer questions and to meet any form of critique. To get an open dialogue with the negative crowd, the Editor-in-chief invited the most active people, i.e. the lead users (Hippel, 1986), for an open discussion at VK, but no one showed up. Apart from the open dialogue that the students and the editorial staff created with the readers during the process, it was also important for VK Media to keep a good relation, transparency and dialogue with the other side of the multi-sided market (Armstrong, 2006; Rochet, 2003) - the advertisers. Therefore the largest customers were briefed during the entire process during a number of meetings at VK Media.

Hence, when the project of redesigning vk.se were initiated it was important for the new website to be better for both readers and advertisers. Therefore, the internal project team was represented by both the editorial staff and staff from the sales department. This team and the students also had meetings with department representatives in the editorial staff, web development and sales department throughout the process. In order to create transparency, even for those not directly involved in the project, the staff were invited to meetings regarding both the larger paywall umbrella project and the redesign project where visual examples of web design was demonstrated by the students and the web development staff. To further increase the possibility for success, and let the journalists, who work with the web daily, get a greater insight into the work and the opportunity to influence the results the students released prototypes to the editorial staff continuously during the work.

Changed revenue models

The revenue model of the newspaper industry is very old and has just changed slightly over the years. The newspaper industry in Sweden, as well as in many other countries, is based on a double-sided business model (Picard, 1989). This means that they are dependent on revenues from both consumers and advertisers, and has been so for approximately 200 years. Out of the traditional media channels, the daily press is the one most dependent of success of both advertising and public market (Ohlsson, 2014). Even though both markets are important, a strong position among readers is a prerequisite for becoming a successful marketing channel for advertisers. Nevertheless, advertisements are also an important part of the media content that readers pay for, especially when it comes to local newspapers (Nygren & Zuiderveld, 2011). The traditional business model of the media industry, with revenues based largely on print media, has stand a harsh test during the later years and it is the newspapers that has taken the biggest hit of all traditional media (Ohlsson, 2014). Giving information away for free (based on revenues from advertisements) on the Internet has been a major business model since the introduction of the web in the mid-1990s (Andersson, 2009). This is also what the newspaper has done. However, there are several flaws in this model and a major problem for newspapers has been that the revenue from the web nowhere has been able to finance the production of high quality journalism (Ots, 2014). This has led to the gradually introduction of paywalls and made freemium an increasingly common business model content providers, although, quite new for the newspaper industry. The editor-in-chief states that VK must find a long-term survival plan for local news journalism, as the printed newspaper's future is relatively uncertain. The segmentation of the users of vk.se, that was the result of a survey before the paywall project started (Figure 1), showed that one user segment were very loyal. This segment was denoted "Junkies of vk.se". Although, a problem with this segment is that even though they are very loyal, they do not want to pay for the services. This insight, according to one of the journalists/web editors, led to discussions about who the target for their journalism are and that "what we do is actually worth something [even on the web]".

To increase digital revenues, a growing number of news companies have started to introduce various forms of payment models for their digital content - so called paywalls. The most common ones are integral payment - pay for what you want to read at that time, freemium model - read a number of articles for free, pay if you read more, and monthly subscription - pay monthly for what you want to read. The American newspaper The New York Times was one of the early adopters of paywalls and introduced a payment model in 2005 that was discontinued two years later. However, in 2011 they reintroduced a payment

model based on the frequency model. This led The New York Times to be less dependent on ad sales on the web as they increased their revenues from just a small fraction to about half of the total digital revenues to come from subscriptions on the web (Hansson, 2013; Torén Björling, 2012). However, this story continues and in October 2014 The New York Times announced a severe cut to their newsroom (Somaiya, 2014). The paywall of vk.se is according to a freemium model (Andersson, 2009), where the premium users get all content. This decision were made because the other models, according to the editor-in-chief, could not secure the future of VK due to declining revenues on printed newspapers. Hence, the challenge with a paywall is to find a balance between free and premium content that creates enough incentives for a large number of non-paper newspaper subscribers to upgrade to the premium version without completely scaring away the browsing consumers (Ots, 2014). There have, however, been difficulties to find the right balance between free and premium content. At the launch of the website (October 2013), about 70% of the content were premium content. However, according to VK Media, the site was at this time too closed for non-subscribers to enter the site and during spring 2014 the amount of free content increased and now the site consists of a 50-50 balance between free and premium content. Today, according to one of the project managers, VK publish approximately 150-170 of their own articles per day and an additional number of bought articles. To level the work and enable the transition of the paywall, the editorial staff constructed a publishing strategy, which today simplifies the decision on where to put the content. One of the project managers states that the strategy is to distinguish between current news and journalistic work. A job should be charged for when someone on the editorial staff starts working on the job. Breaking news is for example always free in the first stage, but when the material is further developed, it is placed as premium. For the editorial staff the new design and paywall concept have influenced the process, according to one of the journalists/web editors, "in the past, you wrote an article - now you also have to think about how it will be published".

The result of the introduction of a paywall has been that the editorial staff today work with a digital first strategy and one of the journalists/web editors stated that approximately 90-95% of all material is published on the web. The total frequency of visitors has declined with approximate 20%, which was in line with both the expectations of VK Media and is one of the conflict-ridden parts of abandoning the free model according VK Media's plan (Ots, 2014). The editor-in-chief and one of the business developer for web points out that local visitors are still loyal, which has led to an increase in advertising of 60% and many of those threatening to leave the website are still readers, but less frequently.

Opening up innovation processes to facilitate new business models

One of the objectives of the redesign project was to increase the value of the newspaper's subscribers to facilitate a changing revenue model for digital content. Even though the redesign have had positive effects according to all the respondents at the newspaper company, the effect of the paywall is indeed something that non-subscriber do not appreciate. Results from a follow-up study carried out in March 2014 with 1167 readers of vk.se (601 subscribers and 566 non-subscribers), to investigate the effect of the paywall, clearly show a difference between subscribers and non-subscribers in how satisfied they are with the paywall (subscribers: 56% very positive or positive to the change, non-subscribers: 94% very negative or negative to the change). This is of course unsurprising since the non-subscribers got less value for free. However, since the higher objective from VK was to give loyal readers a higher value, the newspaper company is satisfied with the results. Nevertheless, since the paywall resulted in the possibility for a digital subscription,

approximately 62% (19'000 subscribers) current readers (as of September 30, 2014) have activated their online accounts and almost none changed from a print subscription (that also includes a digital subscription) to a digital only subscription. Hence, the conversion rate into the new system has been rapid. According to the editor-in-chief, VK has, after the introduction of the pay wall, gained more customers and subscriber loss has levelled out significantly. This has also led VK to have more subscribers during summer 2014 than the same period previous year (Stork, 2014). Furthermore, VK has received about 1'000 new digital subscribers and increased digital traffic.

Some of the major advantages of opening up the innovation process was the feedback gathered throughout the entire innovation and design process along with the interest and community built around the new website. These two advantages can be regarded both from an internal as well as an external point of view. Internally the design process has worked in parallel with an organizational change to enable a better workflow and this is important to take into consideration when redesigning strategically important websites. The final design proposal illustrates a site that feels vibrant but not messy, a news site that gives an overall impression but still has a pulse. The highly appreciated new design and the increased loyalty among their readers have eased the transition towards the new business and revenue model of charging for digital content. Even though still a long way to go, this first step has prepared VK Media for a less dependence on printed newspapers in the future.

The introduced method of working according to a structured design process for user-centric development with several different, internal and external, partners have changed the way VK Media think about web development. According to one of the business developer for web, VK Media had "very few visions about the result of the project before the students got involved". Working with the University and with students, "forced" the internal organization to both be more structured and more involved than working with a professional consultant regarding web development. The internal organization has been more prepared for the change as well as the readers and one value, pointed out, about working with students is their structure and methodology. Now the work progressed "by the book" instead of taking shortcuts, as they might otherwise have done. Chesbrough (2003) also confirms the importance for companies to have contact with the university and their students to create open innovation. The company should invest time into the students and see how they can connect with work inside the company. He points out that "harnessing the ideas of others is a powerful way to create value". One implication of this case is that VK Media would, according to the editor-in-chief, increase the cooperation with the University even more and work more with students. Regarding the skills of the students the editor-in-chief states that it is "an unused gold nugget".

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Facilitating co-creation activities in an online innovation community

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Abstract

Members of online innovation communities engage in value co-creation activities in an innovation context; providing information, sharing feedback, learning, building rapport, and helping others. Facilitating these activities is fundamental for organisations to leverage their innovation communities, however, this phenomenon has rarely been explored from member's perspective and little is known about the individual and social drivers. Through an empirical study, this research establishes that socially and individually driven members co-create value through a set of activities. While the results indicate the relational dimension's significant effect on all activities, individual factors emerge as stronger drivers. This suggests that the co-creation experience is initiated more by individual process than a social activity.

Keywords: value co-creation, innovation communities, social capital, MOA Theory, Flow Theory, co-creation of value activities

Track: Innovation and New Product and Service Development

1.0   Background

Drawing on extensive technological developments in recent times, online innovation communities have found increasing support as a platform for organisations to implement interactive innovation strategies with customers and other stakeholders (Boudreau & Lakhani, 2013). An increasing number of studies seek to develop our understanding of collaborative innovation (Greer & Lei, 2012), with a focus on examining the dynamics of innovation communities, primarily in an online content (Bayus, 2013). Yet few extant studies have discussed innovation communities from the perspective of the participating individuals (Greer & Lei, 2012). This is despite members arguably being the most important actors in the innovation community (Ramaswamy, 2011). To enable an organisation to maintain and build successful innovation communities, a better understanding needs to be developed with regards to the factors that encourage individual members to participate, including recognition of the activities they perform to co-create value through collaborative innovation.

Online collaborative innovation communities have gained popularity with the development of Web 2.0 technologies, leading to a stream of research examining the dynamics of such communities as well as the behaviour of contributors to online innovation community activities (Bayus, 2013). For example, in online community environments,

socially and individually driven members are known to contribute or exchange knowledge to help each other (Wasko & Faraj, 2005) or solve problems in a collaborative manner (Mathwick, Wiertz and De Ruyter, 2008). Drawing on service dominant logic (SDL) (Vargo & Lusch, 2008), this research argues that in the context of collaborative innovation, a sole focus on knowledge exchange may be limiting. In particular, online innovation communities are platforms enabling the integration of resources among members and the innovating company. Hence, community members integrate their operant resources with fellow members and the innovating company by sharing their experiences, providing links to other resources, giving feedback on ideas, contributing to the online innovation community in other means.

This research contributes to our understanding of online innovation communities by developing and empirically testing a conceptual framework of value co-creation from the community members' perspective. It draws on service dominant logic (Vargo & Lusch, 2011) to conceptualise value co-creation activities in the innovation context, facilitated by social and individual drivers. We also introduce flow theory to this context, proposing the flow state, where the balance between skills and challenges is established (Nakamura & Csikszentmihalyi, 2009), as moderating the association between the social and individual drivers and the cocreation activities. The following develops a model of value co-creation, demonstrating why and how members co-create value in an online innovation community.

2.0   Conceptual Foundations

The value co-creation process is seen as a series of activities performed by the actors involved to achieve a particular goal (Payne, Storbacka & Frow, 2008). During the value creation process all actors engage in multi-dimensional interactions to integrate their resources (Vargo & Lusch, 2011). This research conceptualises co-creation of value as a resource integration process, where online innovation community members perform a set of activities. Early literature on the creation of value focused on the customer's participation in service production, where lists of activities that illustrated co-production were provided, including for example using ATM machines, scanning products at the supermarkets (Bendapudi & Leone, 2003) and specific roles such as, designer, quality controller or repairer were identified (Hibbert, Winklhofer and Temerak, 2012). More recently, research observes more specific behaviours performed by the actors that result in co-creation of value (McColl-Kennedy, Vargo, Dagger, Sweeney, & van Kasteren, 2012). While a detailed description of the determination process of the activities is beyond the scope of this paper, the process entailed the identification of co-creation activities, a grouping of such activities, followed by a selection and redefinition of activities most relevant to the collaboration innovation context. The value co-creation activities determined by means of this process entail: learning, providing feedback, rapport building, information sharing, as well as helping.

Individuals contribute to an online innovation community for many different reasons, including social and individual motivations. First, collaborating with others in an online innovation community is a social activity, as interaction occurs between individuals. Whether or not an individual engages in co-creation activities is explained by the dimensions of social capital (relational, cognitive and structural), as first identified by Nahapiet and Ghoshal (1998). Social capital is a force that increases the bond between the members of a society by transforming them from individuals to members of a group (Mathwick et al., 2008). It is argued in this research that, if the social relationships that the community members possess among themselves and with the innovating company are strong and have positive characteristics, members have the desire to perform co-creation activities. Hence,

Hypothesis 1: Social capital, including (a) relational, (b) cognitive, (c) structural dimensions, are positively associated with value co-creation activities performed by online innovation community members.

Individual factors have been shown in the literature to affect participation in collaborative activities such as the co-production of services (Etgar, 2008) and customer to customer know-how exchange (Gruen, Osmonbekov and Czaplewski, 2005). Additionally, individual motivators, such as control, opportunity for choice (Greer & Lei, 2012), enjoyment, excitement, and fun (Nambisan & Baron, 2007) have a strong positive effect on participation in new product development activities. Drawing on this extensive research, motivation, opportunity, and ability (MOA) theory is used in this research to identify how individual factors affect a member's performing the value co-creation activities (Gruen et al., 2005). Motivation is seen as a force that directs individuals to engage in behaviours, make decisions, and process information (MacInnis, Moorman, and Jaworski, 1991).

Applying the theory of motivation to a collaborative innovation context, extrinsic motivation refers to the perceived benefits that members perceive arise from performing co-creation activities. Intrinsic motivation refers to the value to the individual of performing the activities. Opportunity refers to the extent to which a situation is helpful to achieve a desired outcome (Gruen et al., 2005). In collaborative innovation context, the opportunity to perform co-creation activities can be viewed as the accessibility of the resources available. Ability refers to individuals' having the necessary resources to achieve an outcome (MacInnis et al., 1991). Extending the original definition to collaborative innovation, ability is defined as the necessary expertise, skills, and self-efficacy to perform co-creation activities. Hence:
**Hypothesis 2**: Individual factors, including (a) motivation, (b) opportunity, and (c) ability, are positively associated with value co-creation activities performed by online innovation community members.

As online innovation community members perform value co-creation, they integrate resources with the other members in the online community and the innovating company. Yet it can be argued that their individual performance depends on whether the members enjoy the tasks he or she engages in. Flow theory explains why some individuals enjoy undertaking some tasks regardless of the difficulties of the task required. It is argued that individuals enjoy and feel happy participating in an activity regardless of any external factors affecting their state when they are in 'flow' (Novak, Hoffman, and Yung, 2000). Flow is described as "the state in which individuals are profoundly involved in an activity that nothing else seems to matter" (Csikszentmihalyi 1990, p.4). Flow state occurs when there is a balance between perceived action capacities, that is challenges, and action opportunities, that is, skills (Nakamura & Csikszentmihalyi, 2009). When individuals experience flow, they persist in and return to the activity because of the rewards it promises, and thereby the growth in skills overtime (Nakamura & Csikszentmihalyi, 2009).

Co-creation of value in an innovation context provides flow opportunities where the members are completely engaged in the interaction with the other members and with the innovating company. In a collaborative innovation context, flow state emerges when the perceived challenges that the collaboration requires and the skills that the individuals possess are in balance. It is argued that when a community member is in a 'flow state' the influence of the social and individual factors will be enhanced, and will facilitate a greater level of value co-creation activities. Therefore, we hypothesize

Hypothesis 3: The association between social and individual factors and the co-creation of innovation activities is moderated by the individual's state of flow (e.g. the balance between the challenge and the skills).

Figure 1. Theoretical framework
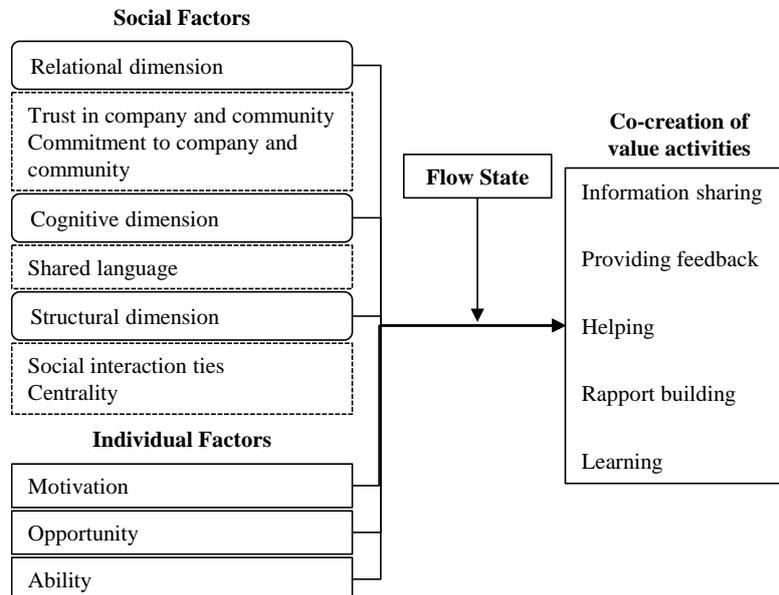
3.0   Methodology

A self-administered online survey was designed and conducted using Qualtrics[TM] survey software. The sample of adult members of innovation communities that are characterised by interactions between the members were recruited by means of an online consumer panel provider. A total of 309 valid responses were collected with an even gender balance and an average age of 42. Respondents are well-educated with some college (at least one year or a 2 year degree/specialised training) (26%) or college graduate (4 year degree) (40%) degree. As related to their community membership, 62% of the participants collaborate in a single community, with the remainder involved in multiple communities. The community most commonly frequented is the Dell Company's innovation community IdeaStorm (19%), followed by Linux, an open source community where members can contribute to developing the software while sharing new ideas (10%). On average, respondents have been collaborating to their regular innovation community for about 1.4 years.

The theoretical objective of this research is essentially to predict and identify the relationships between key drivers and the value co-creation activities in an innovation context. Partial least square structural equation modelling (PLS-SEM) is appropriate when the aim of the research is to develop theory and assess both the measurement (individual constructs) and structural (the relationships between constructs) models (Reinartz, Haenlein & Henseler 2009). The construct measurement model established the fundamental measurement assumptions including reliability and validity. While the analysis regarding measurement model is beyond the scope of this paper, the assessment of structural model is discussed next.

4.0   Results

When the concepts in the theoretical model involve a higher level of abstraction, they should be modelled as multidimensional higher order formative constructs (Hair Jr. et al., 2013). In this research, two dimensions of social capital are measured as higher order constructs, namely relational (including trust, commitment) and structural (shared vision, and centrality) factors. The reduced the number of relationships in the structural model made the hypotheses discussed in the paper more parsimonious and easier to grasp (See Table 1).

Table 1: Structural model assessments

		Learning	Providing feedback	Rapport building	Information sharing	Helping
	R^2	.72	.67	.66	.69	.52
	Q^2	.55	.51	.54	.44	.37
Path Coefficients						
Social factors	Relational	.35**	.18*	.29**	.17*	.14*
	Cognitive	-.06	.00	-.02	-.05	-.02
	Structural	.08	-.12	.27**	.46**	-.02
Individual factors	Motivation	.27**	.40**	.19*	.16*	.33**
	Opportunity	.11*	.13*	-.01	.12*	.17*
	Ability	.20**	.29**	.18*	.07	.20*
Path Coefficients (Flow's moderation effect)						
Social factors	Relational	.03	.06	.14	.02	.25**
	Cognitive	.01	-.04	-.11	.03	.13
	Structural	.05	.16*	.02	-.08	.09
Individual factors	Motivation	.02	.19*	.00	.08	-.07
	Opportunity	-.03	.02	-.02	-.09	.02
	Ability	-.09	.03	-.05	-.01	.10

Notes: Significant effects are obtained through 5000 bootstrapping procedure in SmartPLS 3.0. The threshold p values: *Significant at p<0.05, **Significant at p<0.01, n.s – not significant. R^2 represents the exogenous constructs' combined effect on the endogenous construct. R^2 ranges from 0 to 1, where higher values indicate higher levels of prediction accuracy (Hair Jr et al. 2013). Stone–Geisser's Q^2 value indicates the predictive relevance of the structural model (Hair Jr et al. 2013). $Q^2>0$ indicates predictive relevance, $Q^2<0$ indicates lack of predictive relevance.

The results suggest that, in collaborative innovation communities, socially and individually driven members co-create value through a set of activities they perform. While the results confirm H_1 and H_2 and indicate the relational dimension's significant effect on all the activities, individual factors emerge as stronger drivers of co-creation activities. This suggests that the co-creation experience is more an individual process than a social activity, as long as trust and commitment is established.

Learning while spending time in the community, providing feedback, and helping are the distinctive activities performed when members are motivated, see the opportunity, and feel they have the ability to perform the task. Building rapport with other community members, sharing information and knowledge whenever it is possible are more driven by relational and structural factors including, trust and commitment for the other members and the company, social interaction ties and perceived structural centrality. Motivation and community's structural aspects affect feedback providing behaviour more when there is balance between skills and challenges, in other words when the members experience the flow state. Similarly, relational factors' effect increases when members feel the balance between challenges of helping other members and their skill of providing assistance for others.

5.0   Conclusion

This paper contributes to the literature by offering novel insight into the drivers of value co-creation activities from the innovation community member's perspective. It not only

examines social and individual factors as antecedents but also confirms the relevance of flow, the balance between challenges and the skills, in this context. Innovating companies looking to develop new ways of collaborative innovation in online communities can draw insight from these findings. For example, in order to encourage members to collaborate, managers can design strategies to influence individual factors effecting learning and providing feedback, and helping other members. Members should be motivated and the opportunities of learning, providing feedback, or helping should be communicated in the community. Innovating companies can share case studies of successful idea generation sessions or quotes from member' expressing their positive experiences to demonstrate the opportunities to learn, provide feedback, and help.

When members trust in their ability they are more likely to learn, provide feedback, and help in the community. Their perceived ability to perform should be improved through extensive and clear guidelines explaining the community's collaboration process. To establish a balance between the challenges required to collaborate in the community and the skills that the members have, innovating company should develop models to monitor the members' anxiety and boredom levels regularly. Once the balance is established, motivation becomes more effective to drive members to help. The trust and commitment to the community and the company is important for members to perform all the activities to co-create value in an innovation context. The other social factors, especially, the social interaction ties and the members' structural centrality drive them to share information whenever it is possible and build rapport with other members. Innovating companies should establish trust and commitment through ongoing, open, honest, and active interactions with the members.

Future research should focus on the consequences of value co-creation in online innovation communities, such as the types of value generated for various actors. This would enhance the knowledge on the establishment of the difference between co-creation of value as an experience and value as an outcome. Furthermore, longitudinal research should be conducted to examine the relevance of value co-creation for the sustainability and success of the innovation community, as perceived by its members and the innovating company.

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THE CONVERGENCE OF SDL AND STD TOWARDS CO-CREATION

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Abstract

The exchange of goods and services is an essential and intertwined aspect of human activity. Consumer Co-creation of value (CCV) is an important premise of Service-Dominant Logic (SDL). In contrast, Socio-Technical Design (STD) is shifting from balancing of social and technical aspects to incompletion of design where consumer completes it in-use. Ultimately, a consumer seeks service experience from the design of hard or soft artefacts. I sensed an apparent convergence of SDL and STD to co-creation through a hermeneutic dialogue with these streams of literature. I draw this convergence to co-creation as it has the potential to cross-fertilise both Service Science and Information Systems (IS) disciplines and strengthen their theoretical underpinnings. The discussion also portrays Service Co-creation Cycle mapped onto Service Life Cycle. Value creation is extensively studied in both Marketing and IS in the firm context, but not from consumer's perspective. I hope that this research invites some attention.

INTRODUCTION

Co-creation is a collaborative endeavour between a consumer and the service she/ he receives. The human interactions with artefacts (product or service) are socio-technical in nature (Cecez-Kecmanovic et al. 2014). The author has observed an interesting convergence to co-creation from apparently distinct academic disciplines: *Socio-Technical Design* (STD) (Erickson 2009; Mumford 2006), *open innovation* (Chesbrough 2011; Chesbrough and Spohrer 2006; Oliveira and Von Hippel 2011; Von Hippel 1988; Von Hippel 2005) and *Service-Dominant Logic* (SDL) (Vargo and Lusch 2004). This paper tries to enumerate the resulting insights as a result of a hermeneutic dialogue (Boell and Cecez-Kecmanovic 2014) with the extant literature. The objective of this paper is to portray a different angle to co-creation, as it helps to strengthen the bond between the *Information Systems* (IS) and *Service Science* (SS) disciplines. To enumerate this synergistic outcome, rest of the paper is organised as follows: section two reviews SDL and customer co-creation of value; section three maps co-creation to *Service Life Cycle* (SLC); section four traces STD's shift towards *'permanent beta'*; section five narrates the apparent convergence of SDL and STD to co-creation; and section six summarises contributions and opportunities for future research.

SDL AND CONSUMER/ CUSTOMER CO-CREATION OF VALUE

The exchange of goods and services is an essential and intertwined aspect of human activity. SDL considers service in its own right (i.e., without reference to goods) as central to economic exchange and value creation. Reflecting on the economic shifts to services (Fitzsimmons et al. 2014), Lusch and Vargo (2006a) propose SDL as a paradigmatic change

(Haase and Kleinaltenkamp 2013). Vargo and Lusch (2006a; 2006b; 2006c; 2004; 2008a; 2008b; 2010) have progressively expanded the *foundational premises* (FP) of SDL, from their initial eight premises to 10. SDL's FP6 and FP7 emphasise that providers propose value while customers *co-create value* through their active participation in the exchange process. SDL also posits that value is to be viewed from customer's perspective as value is derived and determined by the customer (FP10) (Vargo et al. 2010).
1.

In today's complex, interconnected and super-competitive environments, co-creation is emerging as a new discipline, as businesses and individuals continuously strive to differentiate themselves from their peers (Prahalad and Ramaswamy 2004; Ramaswamy and Ozcan 2014; Roser et al. 2009; Vargo and Lusch 2004). A clear definition of co-creation seems to be elusive at this stage as the current views on co-creation differ from context to context (Roser et al. 2009). Even *value*, a concept well debated in marketing, service management and IT, still remains an elusive concept (Chau et al. 2007; Daxböck 2013; Grönroos and Voima 2013; Grover and Kohli 2012; Khalifa 2004; Kohli and Grover 2008; Mustak et al. 2013). Roser et al. (2009) summarise distinct views of co-creation from the perspectives of marketing theory, innovation management and the internet community, as shown in Table 1. To this, I append perspectives of IS researchers in the fourth column. In contrast to SDL, Gronroos and Voima (2013) propose the *value creation spheres* framework which premises that both the providers and consumers co-create value. With this brief note on SDL, the next section looks into SLC and service co-creation cycle.

Table 1: Differing Views on Co-creation, Source: (Kohli and Grover 2008; Roser et al. 2009)

Marketing Theory	Innovation Management	Internet Community	Information Systems (Kohli and Grover 2008)
Marketing theory has used co-creation quite broadly as any form of customer involvement in the construction of product or brand experience and consequently perceived value.	Innovation management has highlighted the type of co-creation between companies and consumers that may occur in the beginning of the value chain, namely early product development stages.	The internet community appears to have been more interested in not only consumer empowerment through co-innovation, but also the democratic potential of mass collaboration tools like Wikipedia.	Co-creation represents the idea that IT value is increasingly being created and realized through actions of multiple parties; Value emanates from robust collaborative relationships among firms and Structures and incentives for parties to partake in and equitably share emergent value are necessary to sustain co-creation.

SERVICE LIFE CYCLE (SLC) MODEL AND CO-CREATION

Co-production and co-creation are often used interchangeably and confusingly (Bendapudi and Leone 2003; Voorberg et al. Forthcoming). Vargo and Lusch (2006b) premise that co-production implies producing something, an idea central to *Goods-Dominant Logic* (GDL). SDL considers the experiential aspect of value creation in service; thus, co-creation is an encompassing concept to co-production. To better understand these notions, we need to visualise *Service Life Cycle* (SLC). The extant literature is mute on: how a conceptual idea for a particular service originates in the marketplace; various phases of its development; and operation (Alter 2008; Alter 2010; Alter 2012; Fitzsimmons et al. 2014; Heskett et al. 2008; ISO 2012; Lusch et al. 2007; OGC 2007; Vargo and Lusch 2004). In hindsight, a concept shall undergo design, delivery, fulfilment (of the consumer needs), continual refinement (upon consumer feedback) and eventual retirement/ replacement by another generation of service(s). An unfulfilled need/ functional failure of a service (Petroski 2006), is a trigger point for the emergence of a new service in the marketplace.

As shown in Figure 1, the need of a consumer becomes an opportunity for a service provider. The challenge here is that the need may not necessarily be explicit whereby the specifications of the need may not be concrete. The service providers perceive the opportunity depending on their core competencies and structure their strategic assets in

transforming an opportunity into a service offering (OGC 2007; Vargo and Lusch 2004). By the ensemble (*design*) of their core capabilities, providers structure their service offerings. Information and Technology play vital roles during design and service delivery. It can also mean that for the same opportunity, different technologies may give rise to differing service alternatives. The next stage to service design is *service operation,* where consumers interact with providers. This leads to the fulfilment of the need and generates an experience to the consumer with the service vis-à-vis his/ her original need. The strategic gap between the consumer's experience and his/ her original need can be considered as the consumer's perception of *service quality* (Akter et al. 2011; Hauser and Clausing 1988; PMI 2008). As each service encounter may be unique, the chances are that service experiences of different consumers may differ. For this reason, service quality may be perceived differently by different people. Consumer feedback may contribute to service refinement/ retirement and/ or emergence of a new service (OGC 2007). Consumer quality perceptions may influence the demand for a particular service, meaning at the *Service Operation* phase. Synthesising these aspects, Motamarri (2013) proposed a ***Service Life Cycle* (SLC)** *Model* as shown in Figure 1. The SLC can also be visualised as the ***Service Co-creation Cycle*** (**SCC**) and SLC phases can be treated as distinct *co-creation points*, i.e., co-creation occurs along the SLC. SCC being mapped on SLC, it differs from 12 forms of co-creation proposed by Frow et al.(2012).

2.   Figure 1: Service Life Cycle and Service Co-creation Cycle

3.
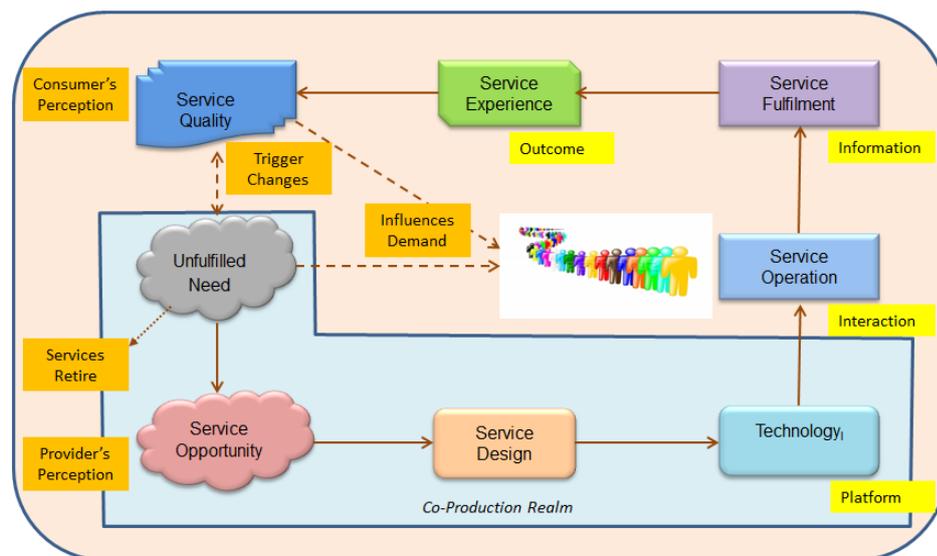
    Vargo and Lusch (2006b) have dispelled the confusion in the extant literature about co-production and co-creation. Ranjan and Read's (2014) review paper points that the literature is still lagging to recognise the encompassing nature of co-creation. The SLC/ SCC model helps to distinguish the *co-production realm* within the SCC. As depicted in Figure 1, the interaction between the provider and the consumer is optional across the SLC, except at the *Service Operation phase*. Thus, the value co-creation is mostly referred to as *value-in-use* (post of service operation). In Figure 1, the need and opportunity are portrayed in hazy form, depicting the inherent fuzziness (Bundit et al. 2013) within these phases. I hypothesise that openness of the consumer(s) is essential for the success of a new service (product) development. Openness enables clear elicitation of the unfulfilled needs and thus enables competent assessment of the service opportunity by the providers, which shall positively influence a robust design of the service and hence account for its success in operation. It is also a common experience that providers do continually enhance their service offerings as a result of both consumer feedback and their own co-creation of value, i.e., continual service

improvement (OGC 2007). For clarity, this refinement cycle is not depicted explicitly, but the retirement of a service segment implicitly indicates this. This refinement may also indicate the relative impermanency of service design, i.e., design once for all. This is an auto-ethnographic (Marechal 2010) deduction from my own experience in Services Management. STD scholars too, foresee similar impermanence about design, presented in the next section.

EVOLUTION OF 'PERMANENT BETA'

Complex Adaptive Systems (CAS) (Merali et al. 2012; Nan 2011) visualise organisations as macro-social (*system of systems*), consisting of layers of inter-related systems with a complex pattern of interactions (Morris 2009). Thus, where people and technologies are nested in a *system of systems*, the design is no longer simple as it has to deal with complex socio-technical interactions. STD deals with the creation of artefacts that embed socio-technical elements (Erickson 2009). The design encompasses artefacts and the enabling work environment. Design is a creative process irrespective of whether it is the creation of a physical object or soft artefact (Nelson 2003), for example, a service or an IS.

The industrial revolution (IR) has rapidly mechanised work (Toffler 1984). As a consequence, socio-technical tasks became routine, leading to job dissatisfaction as working life was dehumanised. On this backdrop, the Tavistock Institute of Human Relations was founded in 1946 to improve the quality of working life (Mumford 2006). Albert Cherns (1976) summarised Tavistock's contributions and distilled nine principles of STD, which got widespread attention in ergonomics, human factors and large-scale systems design and usability (Sawyer and Jrrahi 2013).

The design of ISs (bundling of features and functionalities) is rapidly changing with the advent of *agile*, i.e., delivery of incremental functionality, and the design of IS evolves (Alaa and Fitzgerald 2013; Babb and Keith 2012), probably, a case of *incompletion* (STD principle). Miyake (2005) states that the Japanese visualise artificial systems to be incomplete so that they interact with the environment and co-create intelligence as an emergent phenomenon. Probably, Erickson (2009) *making sense* of these changes, terms this evolution as *permanent beta*. He visualises a constant refinement of the product during the life-cycle by the end-users and defines this as the evolving role of STD. Taking note of the works of von Hippel, about consumer initiated innovations, Erickson (2009 p.335) in his prologue to the handbook on STD, states that: "*Perhaps the notion that the end result of a design process is a stable product is old-fashioned. Perhaps we're headed towards a future of 'permanent beta,' in which things are designed so that their design may continue during their use, where the leading edge of design resides not with the producers but with the users.*" Contrast this with SDL's FP7, that is, firms do not deliver value but rather make propositions. Thus, co-creation seems to be the unifying thread to both for SDL and STD, synthesised in the next section.

CONVERGENCE OF SDL AND STD PERSPECTIVES

As noted above, SDL envisages co-creation and STD foresees a permanent beta whereby consumers continue the design of a product/ service in use. On the surface, these trends may sound different, but both anticipate significant involvement of the consumers in fulfilling their own needs through active participation in the production/ experiential process. These strikingly converging notions of the emergent nature of service from two different (SDL and STD) perspectives are portrayed in Figure 2. In the pre-Industrial era, services were highly localised and custom made to the needs of the consumer and there existed a direct communication between a producer and consumer. The IR has profoundly altered this dimension with a progressive erosion of customised solutions to mass produced goods. From

an STD perspective, this has led to automation at the cost of human factors. This induced the development of STD to counter the negative effects of neo-Taylorism.

It is observed that economies are gradually shifting to services from the mere transaction of goods. Services inherently require a customised response by providers to the needs of consumers, and consumers' participation is essential in completing the service. The services space is also experiencing a massive shift, where the providers are increasingly dependent on consumers as operant resources in the execution of services. The SDL, with its reliance on CAS theory, terms this emergent behaviour as co-creation. Starting from a different end, the socio-technical researchers are recognising the demise of big-bang design approaches in favour of delivery of incremental functionalities (agile) to services/ systems where the developers and consumers co-create and co-evolve the IS (Alaa and Fitzgerald 2013; Babb and Keith 2012; Merali et al. 2012; Richard and Simon 2006). It has been a norm in the industry that consumers seek a complete solution. However, the convergence to co-creation indicates that consumers, while seeking a complete solution from the provider, and also look for avenues to expand the solution to create value on their own. This is an important insight for not only Services Marketing and IS, but also for Services Management, in general.

4.   Figure 2: The Emergence of Convergence of STD and SDL Perspectives

Legend:
STD: : Socio-Technical Theory/ Systems/ Design
SDL : Service-Dominant Logic
GDL : Goods-Dominant Logic
CAS : Complex Adaptive Systems
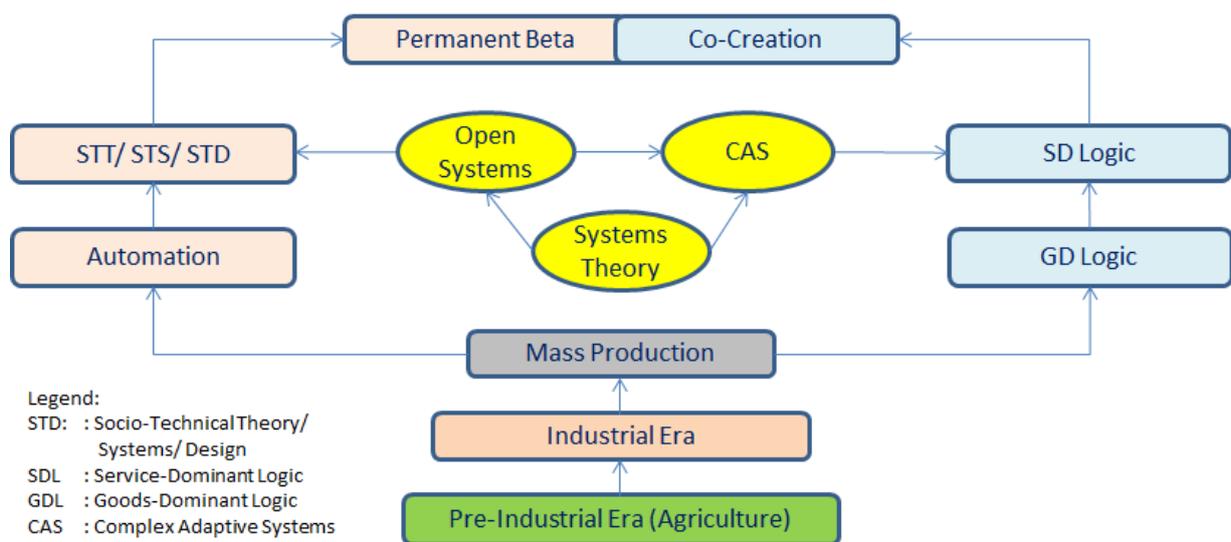
CONCLUSIONS

The preceding sections presented the global economic shift towards service. Chesbrough (2011) contends that significant research is lacking on services, despite its disproportionate role in employing people (Sampson and Froehle 2006). The themes of Von Hippel et al. (Oliveira and Von Hippel 2011; Von Hippel 1988; Von Hippel 2005) and Prahalad and Ramaswamy (2004) stress the consumer value co-creation and open innovation. Vargo and Lusch conceptualise these transformational changes by proposing a ground-breaking SDL to serve as a foundation for service and marketing theories (Vargo and Akaka 2009; Vargo and Lusch 2004). They advocate the increasing significance of co-creation as greater diversity and differentiation occurs in service. STD, founded on the premise to balance the interplay of technology and human factors in work life (Erickson 2009; Mumford 2006), also foresees the evolution to incomplete design or permanent beta. While these concepts appear to be different, the emergence of co-creation seems to be identical.

In summary, the current exploration serves as a foundation to visualise theoretical similarities between some of the SDL premises and STD principles. It is illuminating to recognise that the socio-technical interaction between consumer and service culminates in co-creation of value. This research also contributes to mapping co-creation cycle along SLC. It further hypothesises that consumer openness will help in better constructing an opportunity, which shall enable a better service design resulting in the ultimate success of a service. I believe that a deeper analysis of this phenomenon provides a rightful assessment of consumer created innovation, irrespective of whether the consumer is an individual or collective. Thus, the outcomes of this research strengthen theoretical underpinnings of both IS and SS disciplines. Value creation is extensively studied in both Marketing and IS in the firm context, but not from the consumer's perspective, and I hope that this research draws some attention to fill this gap in the literature.

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Ethnography in service innovation – a multi angle lens through human, machine and virtual observation modes

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Abstract

This paper draws on a series of ethnographic studies conducted in different service industries and illustrates how different types of observation can be utilized in service innovation projects. We compare traditional ways of observing organizations with novel methods such as chat based team collaboration tools that enable cost effective observation 24/7 even in geographically dispersed locations. We identify benefits and challenges with each observation mode for service innovation research in particular, but also for reflective research practice and field research in general. The strengths as well as the weaknesses of applying different modes of observations will be addressed and suggestions for useful mode(s) for radical and incremental innovations will be presented.

Keywords: ethnography, chat, digital, service, team, innovation

Track: Innovation and New Product and Service Development

1.0 Introduction

1.1 Ethnography in service innovation

To arrive at detailed understanding of innovation processes and their management, scholars have called for more research based on ethnography (Hoholm and Araujo, 2011; Workman, 1993). The retrospective research strategy most often used in innovation research does not fully capture the dynamic nature of innovation processes. To do so, detailed studies of micro-level processes and innovation activities in context are needed. The complexity of this process, the many stakeholders involved in the development as well as the many contingency factors influencing the development process makes it a complex phenomenon to study (e.g. Edvardsson, Haglund, Mattson, 1995). In line with this, Biemans (2003:523) argues that such complex phenomenon would greatly benefit from interpretative research "that aims at gaining in-depth understanding by building rich, detailed pictures…that account for contextual complexity". Ethnography is considered as a promising methodology to study the process of new service development (Workman, 1993). It also searches for fragments of processes how things work within development teams in organizations that are not easily detected with other methods (Hoholm and Araujo, 2011). Observation can range from

structured and systematic to unstructured and impressionistic (Grove and Fisk 1992). We apply here the unstructured observation that is informal, enabling the researcher to have few preconceived ideas and restrictions. The unstructured observation suits well in innovation context, where flexibility is needed to shift focus, pursue emergent aspects of the phenomenon as well as investigate a variety of issues simultaneously. The unstructured observation is a "means of discovery" forming insights into phenomena. (Grove and Fisk 1992)

Unlike other qualitative approaches, ethnography emphasises, or even requires that the researcher spends a prolonged time in the field and make up-close observations of others and their doings. Doing fieldwork and participant observation is the essential character of ethnography (e.g. Watson, 2011) or as van Maanen puts it "if one cannot do lengthy and sustained fieldwork among others who are often initially recalcitrant and suspicious of those who come uninvited into their lives, one has no business doing ethnography" (2011:219). In traditional ethnography "the field" has usually been confined to a single site where the ethnographer conducts the study of a group of people in a supposedly bounded area; the so called "cultural island approach" (van Maanen, 2011). Today, organisations are increasingly being dispersed (e.g. Hoholm and Araujo, 2011). For the ethnographer, the challenge is not only the scattered organisation as such, but also how to capture organisational practices when the organisational members themselves rely on various technologies to communicate and work with one another. Therefore, recent organizational ethnography is becoming multi-site ethnography following action where and when it is most likely to occur (Van Maanen, 2011). Because one cannot be at many places at once, virtual observation is also increasing in popularity. Systematic tracking of e.g. internal chat discussions in relations to face-to-face observation at one location helps to identify the critical situations when decisions are made in teams and analyse what influenced those decisions. As Hoholm and Araujo (2011) well summarise, real-time ethnographies help to understand better controversies, tensions and fissures provoked by the alternative development paths, political processes involved in making decisions and discarding options during innovation processes.

To the best of our knowledge no empirical studies are available regarding the question of how different modes of observation can be used and linked to each other in order to get an in-depth understanding of the complexity of service innovation processes. Undoubtedly, having a clear understanding of the strengths and weaknesses of using different modes of observations can be helpful to develop more rigour ethnographic research. Additionally, this understanding can be beneficial to our understanding of new service innovation processes. The aim of this paper is to illustrate different modes of non-participant and participant observation. First, this paper aims to advocate the emerging role of ethnographic research in service innovation contexts. Second, the different modes are compared based on findings of five individual field studies of service innovation projects. The strengths as well as the weaknesses of applying different modes of observations will be addressed and suggestions for optimal observation mode(s) for radical and incremental innovations will be presented.

We conducted ethnographic research during five different service innovation projects in different service industries in Finland. The details and length of observation studies are summarized in Table 1. The cases B and E were conducted before 2009, when chat tools were not yet popular in organizational context. The other observations occurred during March - June 2015 and they all included the chat observation mode among others.

Service development teams observed in the organizations included each 10-15 team members, most of which were dispersed at different geographical locations.

Table 1: Overview of service innovation projects observed

Case, field of business (duration of observation)	human (visual, face-to-face)	machine (audio, phone)	virtual (chat, multimedia)
A) Radical innovation in non-profit organization (3,5 months)	face-to-face observation of teams daily work, photos, video	audio recording during working days and meetings	chat observation 24/7, interpreting text, pictures, photos, videos posted
B) Incremental innovation in financial instution (1 year)	face-to-face observation of 50 development meetings & workshops	remotely observed through audio and conference phone calls during meetings	-
C) Incremental innovation in entertainment (3,5 months)	face-to-face observation of teams , tele-conferences and client workshops, photos	audio recording working days and workshops	chat observation 24/7 interpreting text
D) Service development in tourism related travel (3,5 months)	face-to-face observation of teams, photos, video	audio working days and meetings	chat observation 24/7, interpreting text and screen shots
E) Service development in directory business (3 months)	face-to-face observation of meetings	audio meetings	-

In each of these projects, we started with non-participatory observation, sitting in the open office as part of the team, but not interfering in any way in the interaction, be it face-to-face observation or observing social interaction in the chat online. The role of the researcher was first a passive observer, in line with the ethnographer's concern about presenting data and analyses that are "true" (Lofland, 1995) or accurate (Woodside, 2010). We wanted the development process and activities to be conducted in the same way as they would have been if we had not observed it. Thus, at all times we strove to behave in such a way that the activities that we observed would not significantly differ from those that occurred in our absence (Bogdan and Taylor, 1975). The observed project members also appeared to get familiar with the situation of having a researcher "hanging about" (e.g., Hammersley and Atkinson, 1983) and the reactivity of the insiders appeared to decline very rapidly over the period of observations (cf. Stewart, 1998). We revealed our identities as researchers to all project members, but never told the details of our research questions. Observations revealed how development projects' members reasoned, negotiated, made decisions on the development, performed development activities, reviewed completed "action points" and allocated resources to perform further tasks. Next, the different modes of observation are compared in relation to each other, based on the findings of five different observation studies.

2.0 Human, machine and virtual observation

The different observation modes are summarized in the Table 2. We have extended a popular classification of observational research methods reported by Boote and Mathews (1999) who divided observational research into human vs. machine and overt vs. covert (here concealed vs. unconcealed) i.e. if people are aware of that they are being observed or not. In our studies we revealed our identities as researchers. We applied both non-participant and participant observation in different stages of the innovation processes as well as used both human and machine observation.

Table 2: Comparison of different observation modes

Key dimensions	human (visual, face-to-face)	machine (audio, phone)	virtual (chat, multimedia)
where researcher observes	at the office	at the office / remotely	remotely
when	during working hours	during meetings, teleconferences	24/7
richness of data	high	low	medium
time consumption	high	medium	low
concealment	obtrusive	unobtrusive	unobtrusive / obtrusive

The *human* mode includes face-to-face observation as well as other modes that enable visual analysis of the interaction such as videotaping meetings or interviews. Both track visual cues that make it possible to detect facial expressions, gestures, moods, and humour. Today video camera in research settings is still typically operated by a human, although videotaping can also be automatic e.g. if the researcher uses web-cam videos. The *machine* mode relies on data collected with automatic devices such as cam recorder at an office, or audiotaped conference calls from a remote location through phone line. In addition, digital devices can record behaviour automatically, e.g. recording eye movements and what people watch, their brain waves or pulse The *virtual mode* includes new possibilities emerging with the help of digital technologies, such as multimedia posted online with tools such as chat, social networks and virtual worlds. Netnography often applies self-presenting visual data from web sites and blogs (Belk and Kozinets 2005) and is typically used in virtual worlds with PC observing other members. Here we go beyond the gathering of online text material in blogs into "Chatnography" utilizing the new possibilities of chat tools in an organizational context. In comparison to "online ethnography" or Netnography, the Chatnography can also be done in real-time in the natural setting (e.g. in the office observing how teams post questions, solutions or hints, links and pictures to each other at the same time as they talk to each other). Chatnography can also include posting chat questions on a normal website in a similar manner as customer support chat remotely engages one customer at a time. It also supports self-expression and communication with multimedia in addition to traditional text-based communication.

2.1 Human observation (face-to-face, visual)

The face-to-face mode represents the traditional participant observation type. Here, the subjects and researcher are physically at the same place and are visible to one another. The face-to-face observations took place in facilities such as meeting rooms and open office working space at the business client premises, subcontractor organization's open office working space as well as informal gatherings such as team evenings in museums, restaurants and spa. The observations varied in length from one and a half hours to full-day from 8 o'clock meeting with the client team to team building events to the late night. Normal observation length was the working day, starting from when the first team member arrived and ending when the last team member left work. Hence, the human mode of observation is very time consuming. Nevertheless, as in any ethnographic study, the informal discussions at the coffee machine, lunch and evenings out provided us with valuable information of the bigger picture and practices with larger network of actors, and helped to understand the meaning of the observations. We observed face-to-face interactions and communication between development teams and other personnel as well as the interaction between the development team individuals and the client representatives. An advantage with this mode of

observation is the richness of information in terms of both verbal and non-verbal communication that may be captured. Although this mode of observation is highly obtrusive as the researcher is physically present in the same room as the team, our ambition was to become as close as possible to the well-known image of "the fly on the wall" and succeeded in that.

Videography is also increasingly used as a method for data collection, either with publicly available webcams, wearable cameras in shopping context (Belk and Kozinets 2005). Traditionally, in innovation context, focus groups and concept testing discussions have been videotaped for later reflection. In cases A and D, we used videotaping as a supporting method to face-to-face observation in order to to document interaction within a group of people during meetings. The cameras were positioned at the back of the rooms to minimize obtrusiveness. But, the presence of the camera did influence the language used in discussions to some extent, similar to if a client or manager of the company would have been present. It is also noteworthy that video material is very time consuming to analyse. Therefore, we selected specific meetings and workshops to be videotaped. We also took photographs throughout the process in cases A, C and D to support analysis, identification of who said what as well as to enrich the research reporting. Taking photos as a form of documentation was well accepted by the observed, although considered somewhat distracting, if done at close range or too often. Hence, we used tablets to photograph dynamic situations, instead of zooming to any specific person with a SRL camera.

2.2 Machine observation (audio)

In case B, we also observed development meetings by participating remotely in teleconference meetings, audiotaping the discussion through the phone. These meetings were held at the headquarters abroad. In cases A, C, D and E, audio recording was used as a supportive mode to record communication while observing several persons at the same time. The fact that the development process was observed by audio facilitated unobtrusive or nonreactive observation (Webb et al, 1966). Here, we categorize the automatic mode of tracking audio into machine-based observation based on the outcome that is less rich than the visual data Teleconference as a mode of observation is though highly unobtrusive as the participants cannot see and often forget the presence of the researcher. Nevertheless, it is challenging to analyse data merely based on audio recordings, as people tend to talk simultaneously and it may be hard to recognize who is saying what. Transcribing audio data from selected parts of the observation is relatively quick and cheap and the audio material can be used to present illustrative quotes in text or play audio quotes when presenting the results. However, transcribing all the audio material from months of observation data becomes cumbersome. Therefore, we recommend that researchers take notes and highlight issues that are interesting while doing the observations, so that next steps in the analysis are manageable. Machine observation is useful in cases when the researcher cannot be present at a remote location or if the observed people do not give permission to videotape, as well as a good back up observation mode which helps the researcher to check specific details of interaction later.

2.3 Virtual observation (chat, multimedia)

Previous research refers to online observation of consumers in virtual worlds such as Second Life, or social media discussion forums. However, here we go beyond that using chat -team collaboration tools, that are commonly used in organizations for interaction within project teams and across organizations in special interest groups. In these kinds of chat tools

it is possible to post videos, photos, files and links to the text based discussion which makes the collected data richer than mere text or audio. However, facial expressions and gestures cannot be captured. In team chat mode, emotions are typically expressed with emoticons or pictures and moods with e.g. music clips shared with others. Humour is expressed in text or pictures, but also easily misinterpreted in chat in comparison to personal human observation. Chat tools are increasingly used for team interaction because they enable real-time interaction through smart phones, regardless of the location of the employee. This applies also to the researcher who is able to observe the discussions and interaction in real-time remotely from a different location as the observed persons. In this paper, we utilized the company's chat tool for observations. The ethical guideline in utilizing any virtual tool is that the researcher's role as a non-participating or participating observer should be identifiable both in the chat profile and during the chat discussion. Observations in chat can be done 24/7 whenever, wherever the researcher chooses to, if there are team members present in the chat. In cases A, C, and D, team members discussed in the chat most actively during working hours, but comments were posted also in the evenings and during the night. As the comments are stored in the chat tool, it is easy for the researcher to go back to the relevant time point and check what happened before and after a specific situation. This way time spent observing is radically reduced in comparison to other observation modes. The researcher can have the chat tool in the background and do other tasks at the same time, the chat alerts when someone is posting comments. It also enables the researcher to cover a wider range of events tracking interaction simultaneously in several locations, and go back to the history of events afterwards as well as search key words in the history. The chat is relatively unobtrusive, solely showing that the researcher is online, if the observer just observes online without participating. If the observer decides to participate the chat is comparable to a group discussion or personal interview as the researcher posts questions either visible to the whole project group or alternatively to one person at a time.

3.0 Discussion

3.1 Multi angle lens through combining several observation modes

      In all types of innovation projects, we recommend that the first contacts to the observed organizations and teams will be face-to-face in order to facilitate that a trustful atmosphere develops with the observed community. Miles and Huberman (1994) argue that stronger data are produced if the fieldworker is trusted. It is also essential to explore and document right at the beginning of the project who is who, what they look and sound like in order to analyse and code future machine or virtual observations reliably. Next steps depend on the aim of the research and resources available for observation. Based on our experiences all modes of observation can be applied in radical and incremental innovation projects, but suggest following combinations of observation modes.

      Typically, in a radical service innovation project the first step includes brainstorming and idea generation. In order to capture all the nuances and gestures in the discussions, it is good to start with human observation including visual cues and face-to-face contact. In incremental service innovation project, comparisons can be made to existing products and services. Therefore using pictures and multimedia in meetings and discussions can be helpful for team members. Hence, then virtual observations of videos, illustrations, pictures and text used is natural in connection with data acquired face-to-face. In innovation projects, actions are often based on subtle cues during meetings, phone conversations etc. Machine observations such as audiotaping meetings and teleconferences help then especially to capture what is discussed to be done and compare that with what is really done at the end in the long term. Virtual observation and supporting material such as history of internal chat discussions, or e-mail groups helps also to capture the decision points whenever and wherever they occur. As argued by several researchers (e.g., Miles and Huberman, 1994; Stewart, 1998), the context of the data collection influences accuracy. The ethnographer needs to be sensitive to the context when he observes. For example, employees may say different things in the presence of peers, supervisors or client representatives. Thus, the data collection should take place in different social contexts, that is, multiple contextual biases should be "sampled".

      In conclusion, clearly human based observation, both face-to-face and the video-based modes are most emotional and add to the knowledge how something is experienced better than other modes. Belk and Kozinets (2005) emphasize the benefits of the visual material being able to engage the audience better. Humour is a good example of interaction that is difficult to interpret in virtual and machine based documentation, without first truly understanding the background and typical interaction style of the people involved in the interaction. Therefore, machine observation should not be used as the sole mode of observation. Nevertheless, virtual mode enabling to observe also interaction with other members of the innovation network is important and possible with little effort with virtual observation and telephone conferencing. In addition to learning about the focal organizational team as a unit, observation facilitates an understanding about relevant circumstances and mechanisms that may have a crucial impact on the focal innovation process. In addition, the up-close immersion in context increases the likelihood of revelatory incidents that naturally occur in real-time. These incidents stimulate real-time insights that launch systematic analysis of additional data (e.g., Arnould and Wallendorf, 1994). In organizational research, auto-ethnography as self-observation is sometimes used to make sense of one's own experiences

(Vesa and Vaara 2014). Be it a researcher, consultant or an employee, it is important to interpret the observation findings in relation to the existing context and culture.

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INNOVATION AND NEW PRODUCT AND SERVICE DEVELOPMENT

ABSTRACTS

Predicting Innovation in Pharmaceutical Prescribing

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ABSTRACT

Who are the innovative customers for new products? Despite considerable research in this area, a striking characteristic of innovators was identified over 35 years ago. In work since often overlooked, Taylor (1977) found innovators tended to be heavy buyers of the parent category. This controversial result has major implications for both theory and practice yet has not, to our knowledge, been replicated. We therefore examine the extent to which heavy buyers dominate the innovator segment, adopting a research design that overcomes some of the limitations of Taylor's original study, and we also extend Taylor's work by examining heavy buyers in general rather than in a 'category specific way'. Using a unique database we examine the behaviour of British General Practitioners in prescribing radically new drugs and me-too later entrants over an eighteen year period. We find regular replicable patterns of innovation among heavy category buyers.

Keywords: *Segmentation, Innovator, New Product Launch, New Product Adoption, Panel Data*

Track: *Innovation and New Product and Service Development*

Simplifying the New Product Development Process

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Abstract

To create customer-oriented innovations, organisations increasingly focus on the question of how to simplify their new product development (NPD) process. Such simple NPD refers to a firm's intentional subtraction, restraint, and exclusion across the marketing mix aimed at achieving maximum new product success through minimum measures. Simple NPD can help avoid unnecessary complexity in the marketing mix and create offerings that meet—but do not exceed—customer needs. Theoretical support abounds for the value of simple NPD in creating consumer-oriented innovations. However, little theory and research exist about what simple NPD could look like, and the circumstances that enhance as well as limit a firm's success with this strategy. In this study, the author develops a conceptual framework of simple NPD, identifies barriers to its successful adoption and implementation, and concludes by offering several theoretical and practical implications.

Keywords: Simplicity; New Product Development; Innovations; Marketing Mix.

Track 2:   Innovation and New Product and Service Development

How to Design Service Innovation Processes: An Empirical Examination

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Abstract

Research on new product development has emphasized the importance of integrating customers, employees, and suppliers in an organization's innovation processes. While several studies evaluate respective participatory processes, there is, surprisingly, no consensus on which dimension participation quality consists of, and how to measure them consistently. The present study contributes to the literature by identifying the dimensions of participation quality and by constructing a participation quality scale that includes six dimensions, namely (1) project-related resources, (2) early involvement, (3) degree of influence, (4) transparency of processes, (5) incentive mechanisms, and (6) voluntariness of participation.

Keywords: *Innovation Management, Participation Quality, Innovation Performance, Acceptance of The Innovation, Scale Development*

Track: *Innovation and New Product and Service Development*

Does Marketing Matter? NPD Outsourcing and Performance: The Role of Marketing

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Abstract

This conceptual paper investigates the contingent factors that affect the performance of new product development and NPD outsourcing. Few studies have examined the NPD outsourcing, while none have discussed the role of marketing knowledge and market orientation in this process. Assessing the role of marketing-related constructs would be significant to both marketing and management literatures. This paper conceptualized that marketing knowledge enables firm to select the right partner and coordinate with the partner more effectively and efficiently, which in turn contribute to technological and market synergies, which are the key antecedents of NPD performance as confirmed in various literatures. It also examined the moderating role of market orientation as it enhances the positive relationship between marketing knowledge and partner selection/coordination. Limitations include the various activities or skills that contribute to the above capabilities have not been addressed. Furthermore, different NPD types (radical vs incremental) should be discussed as well.

Keywords: *NPD Outsourcing; Marketing Knowledge, Market Orientation; RBV*

Tracker: *Innovation and New Product and Service Development*

Growth with food innovations:
Consumer preferences of dairy products in Russia and Finland

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Abstract

This study empirically examines consumer preferences toward attributes of innovative dairy products among Russian and Finnish consumers. A conjoint study was designed with six key attributes namely price, package size, organicity, fat percentage, lactose content, and amount of protein. The results of a total sample of 1026 consumer responses with 482 and 544 responses from Russia and Finland, respectively, show that while Russians prefer organic milk with fat and lactose, Finns rather choose fat-free and lactose free milk, and organicity seems irrelevant. The findings provide practical information for European dairy industry searching for growth with innovative milk products from economically, socially, and culturally distinct Russian market.

Keywords: *Consumer Preferences, Dairy Product, Milk, Russia, Finland*

Track: Innovation and New Product and Service Development

Design Capabilities and Design Practices for Effective Design Outcomes

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Abstract

The purpose of this conceptual paper is to advance our understanding of organisational conditions that facilitate better design outcomes. The focus is on design capabilities (enablers), practices (enactments), and design outcomes as units of analysis. On the basis of an in-depth analysis of marketing, innovation and design literature, we propose five illustrative constellations of design practices and capabilities for particular design outcomes. In doing so, we advance an emerging micro-foundation perspective in marketing in the context of design.

Keywords: *Design Practices, Design Capabilities, Design Outcomes, Micro-Foundation Perspective*

Track: *Innovation and New Product and Service Development*

A Subjective Appraisal and Affective Account of Design Newness

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Abstract

Few studies in the new product literature have explored the effect of design newness and existing research has conceptualised design newness as the degree to which a design deviates from current and typical designs in the same market segment. Across three studies, we proposed a different perspective whereby consumers' perception of design newness is examined. Deviation of design was found to be distinct from consumers' perception of design newness. That is, a genuinely new design may not necessarily increase perceived design newness. Consumers' perception of design newness, instead of deviation of design, was found to evoke interest and in turn, enhance product evaluation and behavioural intention. These positive effects of perceived design newness were consistent regardless of the design's degree of deviation and product innovativeness. These findings suggest that consumers' perception of design newness is a distinct construct that may offer a more holistic account of consumers' responses toward design newness.

Keywords: *Design Newness, Innovation, Product Design, Interest*

Track: *New Product and Innovation*

The price of new: Investigating the price of new introductions in packaged goods.

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Abstract

Innovation is one of the ways companies can grow their brands. While risky given the high failure rates, new items allow higher prices, which is a strong argument given the price wars and general declining prices of packaged goods in developed markets. The aim of this paper is to describe the pricing of new introductions in comparison to what exists in the market in order to investigate how successful manufacturers are in charging higher prices for the new introductions. Based on analysis across 25 categories in the US and UK over a four and seven year period, respectively, results show that the mean prices of new introductions are mostly (70%) higher than the mean price of existing products, with the average price difference between existing and new being approximately 28%. These findings can provide pricing benchmarks for new products, as introductions may support brand growth through increases in sales revenues.

Keywords: New Products, New Product Launch, Pricing, Marketing Mix

Track: Innovation and New Product and Service Development

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Innovation is one of the ways companies can grow their brands. While risky given the high failure rates, new items allow higher prices, which is a strong argument given the price wars and general declining prices of packaged goods in developed markets. The aim of this paper is to describe the pricing of new introductions in comparison to what exists in the market in order to investigate how successful manufacturers are in charging higher prices for the new introductions. Based on analysis across 25 categories in the US and UK over a four and seven year period, respectively, results show that the mean prices of new introductions are mostly (70%) higher than the mean price of existing products, with the average price difference between existing and new being approximately 28%. These findings can provide pricing benchmarks for new products, as introductions may support brand growth through increases in sales revenues.

Keywords: New Products, New Product Launch, Pricing, Marketing Mix

Track: Innovation and New Product and Service Development

Nudging creativity
The effect of priming on individual ideation

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Abstract

Creative thinking is not always a flawless process and obstacles can constrain the ability of individuals, teams and firms to formulate innovative proposals. Many methodologies have been proposed to enhance creative capabilities in organizations, yet their efficiency usually requires the investment of many resources. Building on the notion of nudge, this paper aims at exploring frugal strategies to stimulate creative ideation in the early phases of product development. We conducted an experiment to explore the potential nudging of creativity during an ideation session. We show that labelling individuals as being very creative has a performative impact on the type of ideas produced by individuals.

Key words: *Creativity, creative thinking, nudge theory, priming, experiments*

Track: *Innovation and New Product and Service Development*

A Forward Looking Framework to Evaluate the Product Proliferation Success

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Abstract

This paper is aimed at providing a platform to evaluate the success of product proliferation. Focusing on product as a key marketing mix element, this paper reviews and critically analyse the existing literature on the product proliferation and line extension. It proposes a forward looking framework to evaluate the performance of product proliferation strategies. Three key factors are identified including product line length, complexity/ experience, and heterogeneity/overlap which can be further classified into firm, consumer, and market factors. It is argued that the success of a product proliferation is contingent to a great range of factors such as the breadth and the depth of firm experience that must be taken into account before making any product proliferation decision.

Keywords: *Product Proliferation, Line Extension, Line Complexity, Line Heterogeneity, Line Overlap*

Track: *Innovation and New Product and Service Development*

Does Marketing Matter? NPD Outsourcing and Performance: The Role of Marketing

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Abstract

This conceptual paper investigates the contingent factors that affect the performance of new product development and NPD outsourcing. Few studies have examined the NPD outsourcing, while none have discussed the role of marketing knowledge and market orientation in this process. Assessing the role of marketing-related constructs would be significant to both marketing and management literatures. This paper conceptualized that marketing knowledge enables firm to select the right partner and coordinate with the partner more effectively and efficiently, which in turn contribute to technological and market synergies, which are the key antecedents of NPD performance as confirmed in various literatures. It also examined the moderating role of market orientation as it enhances the positive relationship between marketing knowledge and partner selection/coordination. Limitations include the various activities or skills that contribute to the above capabilities have not been addressed. Furthermore, different NPD types (radical vs incremental) should be discussed as well.

Keywords: *NPD Outsourcing; Marketing Knowledge, Market Orientation; RBV*

Tracker: *Innovation and New Product and Service Development*

ADVERTISING AND SALES PROMOTION

FULL PAPERS

Word-of-Mouth Carryover from Advertising: Durables Compared with Services

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Abstract

Part of the impact of advertising rests on its carryover effect in stimulating word of mouth (WOM). A typology is used to establish which factors elicit WOM about four durable categories. Positive WOM (PWOM) is stimulated mainly by advertising and satisfaction with the product. Negative WOM (NWOM) about durables is rarely stimulated by either advertising or dissatisfaction; instead, NWOM is elicited more by the content of conversation and the perceived needs of receivers of WOM. These findings are compared with those for services where advertising has little stimulus effect on either PWOM or NWOM. The differences between services and durables in WOM carryover from advertising should be considered by managers when they are considering how best to promote their product.

Track: Advertising and Sales Promotion

1.0 Introduction

Keller and Fay (2012) estimate that about 25% of WOM rests on advertising and the level of word of mouth (WOM) on a product is observed to rise when it is advertised (Bayus 1985, Graham and Havlena, 2007). The research presented here shows how ad-related WOM varies between durable categories, between services and durables, and between positive and negative WOM (PWOM, NWOM) on durables. When advertising has a substantial carryover into WOM, it becomes a more attractive investment; however, if WOM is found to be more dependent on satisfaction, resources may be better directed to enhancing product quality. Antecedents to WOM may be psychological variables such as motivations and attitudes (e.g. Dichter 1966, Sundarum, Mitra, and Webster 1998), features of the product such as quality and reliability (e.g. Anderson 1998, Feng and Zhang 2010), or contextual factors as those studied by Mazzarol, Sweeney, and Soutar (2007). Mangold, Miller, and Brockway (1999) developed a typology of mainly contextual factors stimulating WOM about services that included advertising, satisfaction/dissatisfaction with the product, perceived need for advice, conversational content, and joint decision making. East et al. (2015) used this typology to gather data on the relative frequencies of the different WOM stimuli for four service categories. The factors were set out as possible responses in a questionnaire item and respondents were asked to select the main catalyst for the last recalled instance of WOM about each service. Mangold et al.'s typology may be used in other domains than services and here it is used to establish the frequencies of the factors stimulating WOM about durables.

2.0 Past Research Relating to the Catalysts of Word of Mouth
2.1 Comparisons between categories
East et al. (2015) find very high associations between the frequencies of factors catalyzing WOM about different service categories. This work raises speculation about the patterns that may be found for other product types. Do the catalysts of WOM about different durables also

have similar frequencies? If so, it would suggest a degree of similarity between durables, as was found for services. This may not be so. Day and Ash (1979) found wide variation in the dissatisfaction with durables, which indicates one basis for differences between categories. In addition, advertising spend varies across categories, which implies that ad-based WOM frequency will also vary. Thus, differences between durable categories could be based on variation in satisfaction and dissatisfaction with the product, or on the ad budget. The first research question is:

RQ 1: Are factor frequencies similar across durable categories?

2.2 Comparisons between durables and services

The precision manufacture of modern durables means that failure is rare. Also, the functions of durables can be clearly specified so that buyers can know what they are purchasing. Durables require less customization than services and faults can often be corrected before delivery; as a result, durables may create little dissatisfaction. It is usually impossible to try out services before purchase so that more risk is perceived about services (Murray and Schlacter 1990). This suggests that dissatisfaction will be more common for services and that this will produce more NWOM than is found for goods but Grönhaug and Arndt (1980) found that, in Norway, public services created about half the level of dissatisfaction found for private goods. However, this relates to an earlier period and goods manufacture has probably improved since that time; in addition, public services are often freely accessed, which could reduce dissatisfaction. One other factor that could produce a difference between durables and services is the impact of advertising. The product may be easier to represent in ads when it has tangible form and this could raise the impact of ads and lead to greater ad spending; if so, we might expect more ad-induced WOM about durables. No clear picture emerges from this limited research, and a comparison study between goods and services is therefore needed if we are to establish how WOM about these different product types is stimulated. The research question is:

RQ2. Are the frequencies of factors stimulating WOM about durables and services similar?

2.3 Comparisons between PWOM and NWOM

In their study of services, East et al. (2015) find that the factor frequencies for PWOM and NWOM are highly correlated (when satisfaction is used for PWOM and dissatisfaction for NWOM). East et al. (2015) point out that the comparative effect of satisfaction and dissatisfaction depends on both their relative effect in producing WOM and their relative occurrence. On relative effect, survey work by Goodman and Newman (2003) on a frequently-purchased product shows that dissatisfaction has about twice the impact of satisfaction in producing WOM; Anderson (1998) found a smaller difference with a more varied sample of products. More generally on the effect of negative information, there is evidence that "losses loom larger than gains" (Kahneman and Tversky 1984), while Baumeister et al. (2001) point to a range of phenomena where the negative form has more effect than the positive. Thus, an instance of dissatisfaction is likely to produce more NWOM than an instance of satisfaction produces PWOM but this relative effect is under-researched and may vary by category. Turning to the incidence of satisfaction and dissatisfaction, a review by Peterson and Wilson (1992), using data based on a range of goods and services, indicates that satisfaction is much more common than dissatisfaction with a ratio in the region of 10:1. Furthermore, as noted, durables are likely to cause much less dissatisfaction than services. This indicates that, for durables, satisfaction will have more overall effect than dissatisfaction and that this will be reflected in the frequencies of the factors stimulating PWOM and NWOM. The research question is:

*RQ3: Do PWOM and NWOM about durables have **dissimilar** factor frequencies? More specifically, does dissatisfaction stimulate less NWOM than satisfaction stimulates PWOM?*

3.0 Study

3.1 Survey and questionnaire items

Nine of the ten factors identified by Mangold, Miller and Brockway (1999) were used; the tenth factor was when the advice was spontaneous and no antecedent could be discerned and this was covered by the "other" response. East et al. (2015) presented the nine factors in the order of the frequencies found by Mangold et al. (1999) in half the questionnaires (Version A). In the other half (Version B), the nine factors were in reverse order. This ordering and its reversal was copied in this work because it aids comparison with the East et al. study and allows assessment of any response order effects. As in the original work by Mangold et al., the present study was restricted to WOM that had been received, rather than given, by the respondent.

Table 1. Item used in the questionnaire, using car as example

Factor	Item for receiving PWOM*
	Question
	Please think back to the last time you were told something *positive* about a car when you were considering getting one. What was the **main** factor behind the other person's advice on this car?
	Response alternatives
Receiver's felt need	He/she thought you needed the advice/comment
Coincidental communication	The advice just arose in conversation
Communicator's dis/satisfaction	He/she was satisfied with this car
Observation of decision making	He/she observed you talking about or considering a car
Two or more people deciding	He/she was trying to decide with you or others about a car
Ad/prom about this provider	He/she was responding to advertising/promotion about this car)
Receiver's dis/satisfaction	He/she was responding to your satisfaction with this car
Third party need for a service	It was because a third party needed a car
Ad/prom for another provider	He/she was responding to advertising/promotion that was not about this car
Other (please describe)	-

* For questions on NWOM, *positive* was replaced by *negative* in the question and, in the response format, *satisfied* and *satisfaction* were replaced by *dissatisfied* and *dissatisfaction*

Data from a convenience sample of 349 respondents were gathered from locations in South-East England in the summer of 2014. The questionnaires were distributed to homes or to people in public spaces such as parks and coffee bars. Most collections occurred shortly after distribution. Nearly all respondents who agreed to help provided a completed questionnaire. No reward was used. The four durables were cars, vacuum cleaners, mobile phones and computers. Table 1 shows the main question form and the response format used, taking cars as the example category. Versions A and B of the questionnaire were alternated in the packs given to fieldworkers and this produced 174 returns of version A (with the nine items in the order shown in Table 1) and 175 responses for version B where the order of the first nine responses was reversed. The sample was 48% female and the median age was 36.

4.0 Checks

4.1 Presentation order effect

Our first concern was to check on any bias produced by the order of presentation. We computed Total WOM measures by taking the means of factor frequencies for PWOM and NWOM on all four categories. Table 2 shows these frequency measures for Versions A and B. The correlation between the frequencies of the first nine items of A and B is 0.96 (p

<.001), which rules out a presentation order effect. Note that "other" and "cannot recall receiving WOM" were always at the end of the response list.

4.2 Age and gender
Demographic differences were checked to see whether the factor frequencies were related to these measures. We compared those aged less than 36 (49%) with the rest. The correlation between the frequencies for the younger and older segments was 0.96 (p<.001). Thus, there is little age-based difference in Total WOM. Using Total WOM again, a correlation of 0.98 was found between the factor frequencies of men and women, so there is no appreciable gender difference.

Table 2. Total WOM Means by Order of Presentation

Factor	Order A	B	All
	%	%	%
Ad/prom about this provider	19	17	18
Communicator's dis/satisfaction	13	10	11
Third party need	10	6	8
Coincidental communication	4	6	5
Receiver's felt need	3	3	3
Observation of decision making	1	2	1
Two or more deciding	1	1	1
Receiver's dis/satisfaction	0	2	1
Ad/prom for another provider	0	2	1
Other	7	18	12
Cannot recall receiving WOM	41	34	38

4.3 Long-term and short-term recall of WOM factors
Factor frequencies for those recalling WOM in the last six months were compared with those whose recall was for longer than six months, with PWOM and NWOM analyzed separately. The percentages recalling in the last six months are shown in the bottom row of Table 3. For PWOM, the correlation between the response frequencies of those having long-term and short-term recall is 0.83 (p<.003), indicating substantial similarity and thus little bias from the period of recall. For NWOM, the correlation is 0.42 (p< .23), which may relate to sampling error since there were few cases when NWOM was recalled in the last six months.

4.4 "Other" and "No recall" responses
The "other" response was used mostly when the durable had not been bought by the respondent. "Other" and "No recall" were much more common for NWOM leaving only 246 cases for analysis across the four categories compared with 1106 for PWOM. In the main analysis below, "No recall" and "Other" responses are excluded.

4.5 Common method bias
When a question form is repeated in a questionnaire, as in this work, there is a danger that responses will be repeated without thought. To check on this common method bias, the most common response was selected and those who checked this on category A were examined to see how frequently they checked the same response for categories B, C, and D. For PWOM, the most common response was "ad/prom about the product" which was checked by 44%. On average, of those who selected this response for category A, 39% selected it for other categories showing no sign of common method bias. This test was not conducted on NWOM because the number of respondents selecting the most common response was low.

5.0 Findings

5.1 Recall percentages

The first numeric row of Table 3 shows the percentages of respondents who had not bought the category or who could not recall receiving WOM on the category. This is followed by the number of respondents left for analysis and the percentages are based on this number. Far more people recalled receiving PWOM than NWOM (on average 80% versus 18%). This means that the analysis of NWOM is conducted on a much smaller sample.

5.2 RQ 1: Are factor frequencies similar across durable categories?

The individual category data in Table 3 show that, in the case of PWOM, the effect of advertising differs substantially across categories but, where advertising has less effect, satisfaction has more effect. PWOM about vacuum cleaners is particularly related to the communicator's satisfaction and PWOM on computers is exceptional because it relates most to third party need. In the case of NWOM, the pattern is more uniform and emphasizes third party need, communication, and receiver's felt need (though vacuum cleaners, with few cases, show a zero score for receiver's felt need). However, despite these differences between categories, Cronbach's alpha exceeds 0.7 for both PWOM (0.73) and NWOM (0.83). This justifies using the mean columns in Table 3 for the comparisons that follow.

Table 3. Factor Percentages by Category for PWOM and NWOM

	PWOM					NWOM				
	Car	Vac. Cl	Mob. Ph	Comp.	**Mean**	Car	Vac. Cl	Mob. Ph	Comp.	**Mean**
No recall/other %	14	37	6	23	**20**	72	93	87	77	**82**
Leaving N=	298	217	329	262	**1106**	96	23	47	80	**246**
	%	%	%	%	**%**	%	%	%	%	**%**
Ad/prom about this product	47	9	75	31	**44**	1	4	13	1	**4**
Communicator's dis/satis.	19	74	11	20	**27**	2	0	4	4	**3**
Third party need	10	8	2	34	**13**	22	30	9	58	**32**
Coincidental communication	7	5	4	7	**6**	37	44	32	15	**29**
Receiver's felt need	7	0	3	5	**4**	22	0	17	11	**15**
Observation of dec. making	4	1	2	2	**2**	6	4	6	0	**4**
Two or more people deciding	2	2	1	2	**1**	4	9	6	0	**5**
Receiver's dis/satisfaction	2	2	1	1	**2**	3	4	4	6	**5**
Ad/prom for another product	2	1	2	0	**1**	3	4	9	1	**4**
% received in last six months	17	6	49	13		25	22	55	13	

5.3 RQ2: Are the frequencies of factors stimulating WOM about durables and services similar?

To test this, the means from the East et al. (2015) study are compared with those obtained here, as shown in Table 4. The PWOM and NWOM scores for services and durables are compared; the correlations are close to zero (PWOM, $r = 0.13$, $p = 0.73$; NWOM, $r = 0.01$, $p = 0.98$). Thus services and durables differ with regard to the factors inducing WOM.

Table 4. Percentages attributed to different factors for durables and for services (from East et al. (2015)

	Durables		Services	
	PWOM	NWOM	PWOM	NWOM
Ad/prom about this provider	44	4	5	4
Communicator's dis/satisfaction	27	3	27	26
Third party need	13	32	5	6
Coincidental communication	6	29	19	19
Receiver's felt need	4	15	7	7

Observation of decision making	2	4	11	11
Two or more deciding	1	5	9	11
Receiver's dis/satisfaction	2	5	13	11
Ad/promo for another provider	1	4	2	3

*5.4 RQ3: Do PWOM and NWOM about durables have **dissimilar** factor frequencies? More specifically, does dissatisfaction stimulate less NWOM than satisfaction stimulates PWOM?*
When the mean frequencies of factors stimulating PWOM and NWOM about durables are correlated there is no significant relationship (r = –.15, p = .69). When this test is repeated for each category separately the associations are again trivial, except for computers where the correlation approaches significance (r = 0.58, p = 0.1). Inspecting the mean data in Table 4, it is apparent that advertising/promotion has substantial effect on PWOM but little effect on NWOM. Likewise, communicator satisfaction has much more effect on PWOM than dissatisfaction on NWOM, which answers the secondary question above. Compared with PWOM, NWOM on durables appears to be based more on coincidental conversation and the needs of others.

6.0 Discussion
Managers need to know how much advertising and dis/satisfaction stimulate WOM if they are to allocate resources efficiently. First, we need to know whether there is uniformity across durable categories as was found for service categories by East et al. (2015). We find that there is a significant uniformity across durable categories but this is not very strong and managers would need data on their category rather than a durable average in order to make sound decisions. Second, this work shows that the frequencies of the factors stimulating WOM about durables differ from those for services. The main reason for this in the case of PWOM on durables is much more dependent on advertising. In the case of NWOM, dissatisfaction is a minor catalyst for durables compared with services. It is also noted that third party need is more important as a catalyst of both PWOM and NWOM on durables. Third, we find that the frequencies of the factors inducing PWOM differ from those inducing NWOM in durables. PWOM is mainly elicited by advertising and satisfaction whereas NWOM for durables relates mainly to the needs of third parties and the flow of conversation. The finding that advertising has little effect on NWOM confirms expectation since ad messages contain positive material that may be passed on as PWOM but rarely contain negative material that may be passed on as NWOM.
Why does durable advertising induce PWOM when this effect is largely absent for services? We speculate that this difference relates to the weight of advertising used and the effectiveness of ads on tangible products where it may be possible to create clearer benefits and sharper mental representations of the product. The evidence also suggests that service suppliers should be concerned about avoiding dissatisfaction. This was a conclusion reached by Anderson, Fornell and Rust (1997) in modeling that took account of the degree of customization and standardization that was possible in each product type. This evidence that advertising is the main basis for PWOM about durables suggests that ad copy should be tested for its effect on PWOM because this carryover may add substantially to the sales effect of the advertising.
PWOM about durables is also strongly dependent on satisfaction. One may surmise that this satisfaction derives from features such as reliability, effectiveness, and quality, so that suppliers indirectly affect PWOM through their control on product quality. This evidence suggests that managers need to balance advertising against quality development.
There is far more PWOM than NWOM on durables though the ratio varies from category to category. In total, the number of PWOM instances is 1106, which compares with 246 instances of NWOM. This suggests a ratio of 4.5 to 1 if the frequency of receiving PWOM is

the same as that for receiving NWOM. However, frequencies tend to fall with penetration (Ehrenberg 1988) indicating a ratio considerably greater than 4.5 to 1. This high ratio appears to be because there is little dissatisfaction with modern goods and because ad copy has a strong effect on PWOM but little effect on NWOM. A practical implication of this finding is that durable manufacturers should be less concerned about NWOM than PWOM because there is less NWOM to do damage. Related to this, both East et al. (2008) and Sweeney et al. (2014) found that NWOM had less impact than PWOM on purchase disposition.

Market research has been slow to provide data on the factors that stimulate WOM in different categories and product domains. As a result, marketing practice has been ill informed. We now have evidence on services and durables but further work on more categories and on frequently purchased goods is needed to fill out the picture.

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To Live-tweet or Not to Live-tweet: An Exploratory Study

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Abstract

This paper proposes a conceptual framework to investigate the effectiveness of traditional and social media on attracting audiences as well as the cross-media effects between traditional and social media. Particularly, this research studies the impact of the tweets before and during an event on TV viewership and how the type of the tweets moderates the impact.

Key words: social media; live-tweet; paid media; earned media; integrate marketing communication

Track: Advertising and Sales Promotion

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1.0 Introduction

Global advertising spending has almost reached USD 2 trillion and is forecasted to continue experiencing exponential growth (McKinsey & Company, 2013). Understanding the effect that advertising may have on sales is a long-standing and important businesses problem. John Wanaker (1838-1922) is credited with the saying that "half of the money I spend on advertising is wasted; the trouble is, I don't know which half". The ascension of digital media (e.g. Twitter), media fragmentation (e.g. pay television) and changing media consumption patterns has made the relationship between advertising and paid commercial speech even harder to understand (Assael, 2011). The difficulties in coordinating "old" and "new" media and measuring their effect on sales is a dynamic and unresolved problem for both the industry and academia (Joo, Wilbur, Cowgill, & Zhu, 2014).

This research investigates part of a marketing ecosystem. The industry being reviewed aims to sell "content" so its revenue is dependent on eyeballs; in particular, the number and profile of television viewers and paid event spectators who pay to attend the event being broadcasted. This industry is largely a Business to Consumer (B2C) model with little dependence on intermediaries. Consequently this research investigates the effects of:

1. Paid (television, radio and newspaper advertisements),
2. Earned (Twitter) marketing communications on dual dependent variables and,
3. The second screen phenomenon whereby viewers are increasingly sharing their thoughts electronically in particular discussing the content whilst watching televised entertainment.

2.0 Literature Review

2.1 Integrated Marketing Communications (IMC) Synergies

Integrated Marketing Communication (IMC) expresses the idea that the simultaneous use of a multitude of communications tools with a congruent message will result in effective communication (Kliatchko, 2008). IMC comprises of paid, earned and owned media channels (McGrath, 2005), however this model and predominantly its components have evolved with the introduction of new technology.

Traditionally, these forms of marketing tools were used individually and were considered and measured as "silos" with reach as its primary goal (Assael, 2011). Over time, the concept of silos has shifted to more of a synergy relationship between the marketing tools (Assael, 2011) whereby offline, online, mass and individualized marketing tools reinforce one another. Initially, the IMC movement was focused on investigating the joint effects of media. However, over time, the focus has shifted to cross-media approaches. Enoch and Johnson established that "cross-media in television consumption is not a zero-sum game" (2010, p. 1) and the use of one media channel does not usually reduce the consumption of another media channel. Rather the user "double-ups" on their media consumption (Enoch & Johnson, 2010).

2.2 Paid Media

Traditional paid media accounts for a large percentage of total communications globally (McKinsey & Company, 2014). The purpose of traditional paid media (television, radio and print) is to guide the targeted consumer from a state of little to no awareness about a service or product to an intention to consume the service or product (Lavidge & Steiner, 1961). Traditional paid media achieves this through increasing brand familiarity and a consumer's intention to purchase a product or service. Advertising in paid media can ameliorate the effects of decreasing sales in a periods of higher competition. A drawback of this type of media, is that it can be avoided through cognitive and behavioural mechanisms. More so, some academics contest the effect traditional paid media has on sales (Nelson, 2010). As a consequence advertisers are increasingly using alternative marketing communications methods such as earned (including word of mouth) in conjunction with paid media to push their products and services.

2.3 Earned Media

Humans are bound by their social context (Bandura, 2001). When a person goes to make a purchase or consumption decision, their decision may often rely on the opinion of others (Weenig, 2004). An early reference to the word of mouth (WOM) phenomenon noted a strong and tight knitted network of people sharing information in physical settings such as the 'clotheslines' (Whyte Jr, 1954). The early academic literature often characterises earned media as free publicity for the company in the form of positive or negative WOM between peers and social groups (Burcher, 2012). These networks are made of a multitude of various relations ranging from family to acquaintances and strangers. This was seen to impact consumers judgments and purchasing behaviours (Bone, 1995). At the turn of the century, and as the internet became more accessible to users, it gained popularity as an interactive earned media tool through forums and blogs. The entry of WOM into the electronic sphere saw an unprecedented increase in the amount of opinion exchanges between participants that elicited greater interest from consumers than online information created by companies directly (Bickart & Schindler, 2001). Earned media has been empirically demonstrated to be more effective elicit greater customer loyalty (Shankar, Smith, & Rangaswamy, 2003) than traditional paid media tools. However, it is argued that one purpose of paid media is to increase the influence of earned media on sales (Lee, Hosanagar, & Nair, 2013).

2.3.1 Social Networks as an Electronic WOM Platform

The diffusion of WOM information is largely influenced by the number of participants present in a social network. Social networks have evolved from just connecting people to also being able to influence and shape subcultures (Kozinets, 1999). Notably, participants of social networks are now able to follow conversations and converse with people who have similar interests in a particular content category. This phenomenon is described as "E-tribes" or virtual communities (Kozinets, 1999). Social media is a dialogic

social networking tool (Rybalko & Seltzer, 2010) that houses thousands of participants, comments and reviews about products and services. It is changing the form of dialogue available online from unilateral to bilateral between the consumer and or online communities and a brand or organisation.

2.4 Using Twitter during a Broadcast

Twitter is a social media platform that allows users to write and read messages that must be 140 characters or less (Huberman, Romero, & Wu, 2008). Currently, there are 302 million active monthly twitter users sending over 500 million tweets a day (Twitter, 2015). Schirra, Sun and Bentley found that Twitter was better suited to television program broadcast commentary than Facebook due to its short-term and quick characteristics (2014). Facebook's posts are limited to a private social network thus decreasing the size of the reach of the message (Highfield, Harrington, & Bruns, 2013). In comparison the incorporation of hash tags on Twitter allows for a post to reach both someone's immediate followers and hash tag conversation followers (2013). Another intermediary in the Twitter conversation is the broadcaster who can integrate their thoughts seamlessly into the chatter (Highfield, et al., 2013). The characteristics of this integrated communications platform makes it ideal for instant and short live messages about entertainment content. Previous literature shows that independent WOM platforms are more influential on customer decisions than company pages (Meuter, McCabe, & Curran, 2013). Approximately 15% of people use Twitter to share information with their followers (Java, Song, Finin, & Tseng, 2007) and around 20% of tweets include the name of an organisation or brand (Jansen, Zhang, Sobel, & Chowdury, 2009). Moreover, around 20% of those tweets expressed an emotion (positive or negative) towards that organisation or brand (Jansen, et al., 2009).

2.4.1 Using Twitter during a Broadcast

Tweeting during television programs (live tweeting) has been reported in industry and market research reports (Nielsen, 2013b), however, little academic research investigates the effect tweeting has on current marketing communication models. Broadcasters commonly integrate hash tags and mentions into televised content as an interaction method

Live tweeting encourages audiences to watch live runs of television programs (Schirra, et al., 2014). Thus the use of Twitter is necessary for television program broadcasters to counteract trends such as delayed viewership of a particular television show (Harrington, Highfield, & Bruns, 2013) through PVRs. This is in part due to the fact that Tweets about entertainment shows are heavily reliant on the actual real-time content of the program (Lochrie, 2012).

2.4.2 Type of Twitter Messages: Negativity Bias

Enhanced enjoyment of a movie or television show has in the past been positively correlated to the level of sadness embedded within the content (Oliver, 1993). This relates to the basic philosophical proposal that reacting to tragedy through sorrow, compassion and pity enhance the pleasure felt from a particular piece of content (Hume 1965 as seen in Oliver 1993). This behaviour has also been link to a more contemporary phenomenon, whereby, there are increased tweets written when viewers feels grief or sadness brought on by a plotline development in a television program (Schirra, et al., 2014).

3.0 Conceptual Framework

Traditional paid media tools have a long history of pushing a brand's public profile and enhancing the awareness of a particular product or service. In Australia, homes using televisions has reached 99.5% (Australian Communications and Media Authority, 2012),

83% of Australians listen to the radio at least once a week (McNair Ingenuity Research, 2015) and 83% of Australian read a printed newspaper at least monthly (Enhanced Media Metrics Australia, 2015). Whilst a large body of research exists on the positive effect of traditional paid media on sales (Dekimpe & Hanssens, 1995), this effect has also been contested over time (Geweke & Martin, 2002) and there has been minimal research undertaken to look at this effect in a broadcast context specific scenario. Thus, little is known about the impact of television, radio and print media on the viewership and attendance of a particular event. Therefore, Proposition 1a will look to investigate the relationship between paid media efforts and its effect on viewership rates and attendance at an event in an attempt to add to existing literature about paid media (see Figure 1).
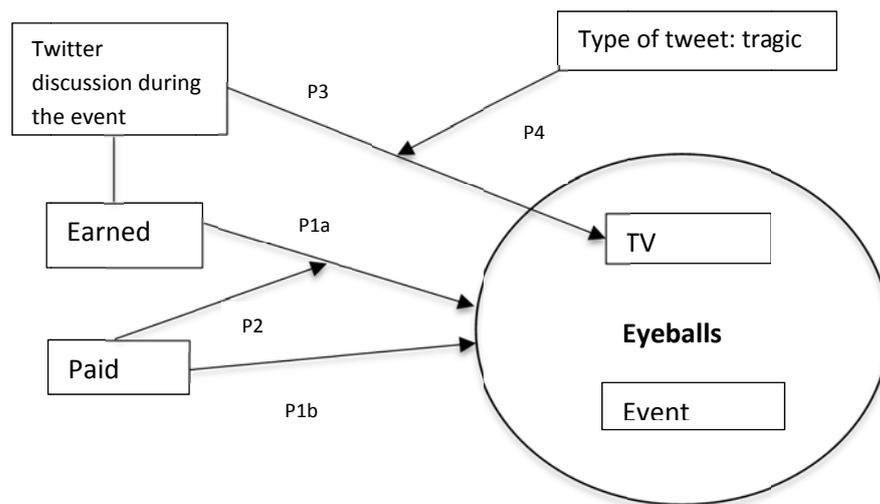

Figure 1. Conceptual Framework

Proposition 1a: Traditional paid media tools will positively affect the number of eyeballs at the event and watching the broadcast.

Earned media is an integral part of marketing communications. Word of mouth increases awareness and loyalty for a service or product and consideration sets (Schindler & Bickart, 2005) thereby enticing people to watch a television show or attend an event they are not particularly familiar with. The introduction and growth of electronic and digital innovation over the last decade has drastically changed WOM. Academic literature has already shown the importance of earned media however there is no apparent literature demonstrating how social media as a word-of-mouth platform has impacted the marketing content in the entertainment industry. Therefore, Proposition 1b will look to investigate the relationship between earned media efforts and its effect on viewership rates and attendance at an event in an attempt to add to existing academic literature about earned media.

Proposition 1b: Earned media tools will positively affect the number of eyeballs at the event and watching the broadcast.

Cross-media marketing transcends traditional silo effects in media and looks at the interaction between offline (traditional paid media) and online (earned WOM media) media tools and any synergies between the two entities (Naik & Peters, 2009). The literature indicates that an increase in paid media has an effect on, or increases the strength of the effect of earned media on sales (Lee, et al., 2013). However, Assael suggests that further research needs to be

conducted to understand the direction and effect of cross-media (2011). This research will attempt to investigate the relationship between paid and earned media. Thus, as paid media communications increase, brand communities become more active and new contributors are likely to participate (Kozinets, 1999). This increase in involvement intensifies earned media engagement and should increase sales. Therefore, Proposition 2 will test for the potential moderating effect paid media has on earned media communication tools and the effect this has on viewership of television shows and purchasing of tickets to an event.

Proposition 2: Paid media will moderate the effects of earned media on the number of eyeballs.

Industry reports by Nielsen have found that an increase in Twitter conversations lead to an increase in television ratings (Nielsen, 2013a). However, this phenomenon has been scarcely covered in academic literature (Highfield, et al., 2013). Using traditional word-of-mouth theory, an increase in participants conversing should increase customer awareness for a product or service (Herr, Kardes, & Kim, 1991). When this chatter is digitalized, through Twitter, it can increasingly become viral whereby the conversation reaches a broader audience outside the intended target market. This captures the interest of the otherwise unengaged and elicits television-watching behaviour. These social media conversations are an example of marketing communications beyond traditional silos (Assael, 2011) and in accordance with Bandura's Dual Path Model facilitates changes in the behaviour of social being. Thus, Proposition 3 will test to see if social conversations through Twitter change the behaviour of the otherwise unengaged individuals and lead them to watch a television show.

Proposition 3: Twitter interactions during the broadcast affect the number of eyeballs watching the television show.

An increased number of Tweets are posted when an audience feels sadness or grief (Schirra, et al., 2014). There is also, an increase in viewership when the content has levels of sadness embedded in it (Oliver, 1993). This phenomenon is related back to the negativity bias whereby humans are predisposed to feel more emotions when faced with a negative event rather than a positive one (Rozin & Royzman, 2001). Thus, Proposition 4 will look at the content of tweets during the live broadcasting time of the television program. This is to establish if tweets relating to tragic events have an increased positive moderating effect on television viewership ratings than tweets that are not related to tragic events.

Proposition 4: If the tweet describes a tragic event, there will be a greater increase in viewership than if the tweet describes a non-tragic event.

5.0 Conclusion

Advertising expenditure is set to reach 2 trillion dollars by 2018 (McKinsey & Company, 2013). However, there continues to be doubts about the effect paid and earned media has on sales (Geweke & Martin, 2002) and little empirical academic research investigating this phenomenon. Furthermore the paid, earned and owned model lacks the inclusion of new media types that were created due to new innovations in technology (Burcher, 2012). We provide a conceptual framework to the cross-media effects and the usage patterns of Twitter during the live broadcast of a television show. Future research can use real industry data from content providers to empirically test our propositions.

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Exploring The Impact of Social Media Marketing on Consumers' Intention to Purchase and Their Brand Loyalty: Cross National Study

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Abstract

Social media has penetrated the daily life of our society and has become one of the most important social platforms for computer-mediated communication. Nonetheless, the impact of social media marketing is still inconclusive. Thus, the purpose of this study is to explore the impact of attitudes and perception towards social media's marketing and various social media's features on purchase intention and brand loyalty among consumers in Australia and Indonesia. This study found that not all social media marketing's features lead to brand loyalty and purchase intention. The results of this study will provide insights for managers who are working in this highly competitive social media marketing.

Keywords   : social media, intention to purchase, brand loyalty

Tracks   : Advertising and Sales Promotion

1.0   Introduction

Social media has penetrated the daily life of our society and has become one of the most important social platforms for computer-mediated communication (Correa et al. 2010; Lin and Lu 2011; Powell 2009; Tapscott 2008). People are connected to each other by various media platforms. Social media began to grow rapidly during the information technology transformation enables interactivity facilities through mobile gadgets. Among all platforms enabled by the Web 2.0 technology, social media is the one that is growing and penetrating rapidly into people's lives (Barnes, 2009, Corbett, 2009, Miller, 2009). For example, Twitter, as one of the types of social media, has reach 255 million active users who collectively send 500 million tweets each and every day (PewInternet, 2014). Karr (2014) found that the use of social media for marketing products/services. It is said that the penetration of social media for business purposes has been very high for the Top Brands, 99% use Facebook, 97% use Twitter, Google 70%, 69% and Instagram Pinterest 59%. Nowadays, companies are employing social media to accomplish several objectives such as advertising, promotion, getting feedback (research) and selling the products and services. Unfortunately, not all consumers feel comfortable with the features of 'buying' in social media.   While many studies have found the positive impact of social media on marketing activities (Bagozzi and Dholakia 2006; Hausman and Siekpe 2008), little is known about which factors influence consumers' attitudes toward social media and the impact of these attitudes on brand loyalty and purchase intention.   Therefore, this study compare the consumer behavior between the two countries, Indonesia vs Australia.   The purpose of this study is to explore the impact of attitudes and perception towards social media's marketing

and various social media's features on purchase intention and brand loyalty among consumers in Australia and Indonesia.

2.0 Literature Review

2.1 Theoretical Framework

Davis (1989) suggested the technological acceptance model (TAM) to explain the potential user's behavioural intention in using a technological innovation. Based on the theory of reasoned action (Ajzen and Fishbein, 1980) and the theory of planned behaviour (Ajzen 1985), TAM suggests a belief-attitude-intention-behavior causal relationship for predicting technological acceptance among potential users (Davis, 1989; Ha and Steol, 2009). Various studies have employed TAM as models of information systems toward various technically-related platforms, such as websites (Ha and Stoel, 2009; Hausman and Siekpe, 2008).

2.2 Social Media Marketing

Social media is defined as "the means for any person to publish digital, creative content, product dan obtain real time feedback via online discussions, commentary and evaluation, and incorporate changes or corrections to the original content" (Dykeman, 2008, p.1). Compared to traditional media, social media has the flexibility to actively engage people in the process of communication - not only as recipients of information but also a message or content creator. Online application facilitates people to share information, knowledge distribution and exchange ideas. Because of the wide communication and interaction facilities, social media is now used as media to to sell product/services online. Currently consumers still have different attitudes and perceptions regarding social media. Most of them have a positive attitude and do not hesitate to interact intensively. But there are still many consumers who feel otherwise, they have blocking atttitudes, and are still doubtful. Consumers are even irritated by the activities that they deem excessive in social media (Duan et al. 2008; Dhar and Chang, 2009).

2.3 Purchase Intention

Purchase intention is defined as an individual readiness and willingness to purchase a certain product or service, sometimes in the near future (Ajzen and Fishbein, 1980). Online purchase intention is a desire to purchase products/services through the medium of the Internet, in a variety of platforms. Purchase Intention of the customers depends on the brand awareness and brand loyalty of a particular brand. Brand awareness increase the brand loyalty, consumer confidence as well as consumer purchase intention (Aaker, 1990). Social media is more effective in creating brand loyalty and purchase intention (Balakrishnan, Dahnil and Wong, 2014). Previous research found that e-WOM, online communities and online advertisement are effective in promoting aspects of Product Purchase Intention and increase brand loyalty through social media (Balakrishnan, et. al., 2014). The study was aimed at the elaboration of some of the factors that determine the online purchase intention and brand loyalty around its relationship with social media functions and use, as well as about its relationship with the brand/product or web-related factors. Studies involving social media related variables include Intensity usage of social media, Social Media Perceived usefulness, Perceived benefits of Social Media, Social Attitude toward marketing with media, Fear about marketing with social media, Attitude toward Facebook, Irritation with social media.

Brand/Product or web-related factors included in this study consists of brand awareness, perceived product quality, perceived entertainment, informativeness.

2.4   Brand Loyalty

Brand loyalty and awareness have been found to play an important role in influencing consumers' attention when making a purchase (Cobb-Walgrem, Ruble, and Donthu 1995). Macdonald and Sharp (2000) explains that brand awareness is a very important factor in influencing the intention to purchase. The brand's name, if a consumer able to remember when considering a purchase, significantly influences the purchasing decision. The awareness of a brand plays a significant role in purchasing a product or service and may have control on perceived risk evaluation of consumers and their level of assurance about the buying decition due to awareness with the brand and its uniqueness. In the context of traditional purchase, perceived product quality has been known to be significantly influenced purchase intention (Woodside and Taylor, 1978). Perceived entertainment and informativeness were known as two important variables in intention to visit the website (Rohm and Kaltcheva, 2013).

3.0   Methodology

3.1   Data Collection

For Indonesia, data was collected through a paper survey and an online questionnaires. The online questionnaire was aimed mainly for the executives who have limited time to interact with the researcher. Questionnaire was distributed to students of reputable University in Indonesia. This research collected 352 responses. Of these, 331 were usable, yielding a response rate of 94%. Students and Executives were almost equal in number (49% and 51%). Male respondents are slightly higher than female respondents (60% and 40%, respectively). Most participants were single (80%), and 20% were married. The age range was 18-20 years (37%), 21-29 years (45%), 30-39 years (12%), 40-49 years (4%), and 50 and above (2%). Most respondents own social media: Facebook (97%); Instagram (72%); Twitter (88%); LinkedIn (41%) and Google+ (64%). Table 1 summarizes the demographic profile of respondents. For Australian, the data was collected through a large public university in Australia. Paper surveys were distributed to students, their friends and members of their immediate families. Of 800 questionnaires, 761 were collected. Of these, 724 were usable, yielding a response rate of 90%. Male and female respondents were almost equal in number (49% and 51%, respectively). Most participants were single (59%), and 37% were married. The age range was 18-20 years (33%), 21-29 years (43%), 30-39 years (7%), 40-49 years (8%), and 50 and above (9%). Most respondents own social media: Facebook (92%); Instagram (54%); Twitter (27%); LinkedIn (20%) and Google+ (31%).

3.2   Measures

The study used previously validated scales. Attitudes toward marketing with social media, social media use, being affected by the internet and social media, fear about marketing with social media were adapted from Ekan and Topcu (2011). Ducoffe's (1996) three-item scales were adapted to measure entertainment (that their social media experiences are enjoyable), informativeness (that social media sites are good sources of product information), and irritation (belief that social media sites are annoying). Perceived usefulness (using social media can improve my shopping performance) was adapted from Davis's (1989) TAM model.   Finally, perceived quality, brand loyalty and brand awareness were adapted from

Yo and Donthu (2001a) and purchase intention was adapted from Yo and Donthu (2001b). All items were anchored on a 5-point Likert-type scale.

4.0   Results and Discussions

Researchers employed separate multiple regression analyses to review the data. Purchase intention and brand loyalty becomes the dependent variables   Table 1 summarised the regression results. This section discusses the regression results for both consumers in Indonesia and Australia.

Insert Table 1 About Here

4.1 Indonesia

Purchase intention - The results show that social media usefulness (β = .237; p < 0.001), brand loyalty (β = .213; p < 0.001), brand awareness (β = .169; p < 0.001), intensity of social media usage (β = .142; p < 0.05), being affected by the internet and social media (β = .128; p < 0.001) significantly influenced consumers' intention to purchase. However, attitude toward the social media site, entertainment, informativeness, irritation with social media, perceived quality, and attitude toward marketing with social media, perceived benefits of using social media, fear about marketing with social media and attitude toward Facebook did not significantly influence consumers' purchase intention. Brand Loyalty - The results show that entertainment (β = .169; p < 0.05), perceived quality (β = .328; p < 0.001), brand awareness (β = .206; p < 0.001) and intention to buy (β = .218; p < 0.001) significantly influenced consumers' brand loyalty. Nonetheless, attitude toward the social media site, social media usefulness, informativeness, irritation with social media, attitudes toward marketing with social media, benefits of using social media, intensity of social media usage, perceived benefit of social media, being affected by internet and social media, fear about marketing with social media and attitude toward Facebook did not influence consumers' brand loyalty.

4.2   Australia

Purchase intention - The results reveal mostly similar pattern to the Indonesian consumers. Social media usefulness (β = .136; p < 0.001), brand loyalty (β = .159; p < 0.001), perceived quality (β = .171; p < 0.001), brand awareness (β = .262; p < 0.001) significantly influenced consumers' purchase intention. Attitudes toward the social media site, entertainment, social media usefulness, informativeness, irritation with social media, attitude toward marketing with social media, perceived benefits of social media, social media usage, being affected by interned. Brand Loyalty – The analysis show that entertainment (β = .182; p < 0.001), perceived quality(β = .353; p < 0.001), being affected by internet and social media (β = .070; p < 0.05), and purchase intention (β = .175; p < 0.001) significantly influenced consumers' brand loyalty. Similar to consumers in Australian, attitude toward the social media site, entertainment, social media usefulness, informativeness, irritation with social media, perceived quality, brand awareness, attitude toward marketing with social media, perceived benefits of social media, social media usage and attitude toward Facebook did not significantly influence consumers' brand loyalty.

5.0   Implications and Limitations

The results in both countries indicated that not all features provided by social media influence consumers' online behaviour. It shows that social media usefulness is a key factor to encourage consumers' purchase intention. Managers need to ensure that social media sites provide adequate information need for consumers to make a purchase. For example, regular announcements about special rates for airline companies, hotels and restaurants. This will allow users to evaluate among alternatives to reach satisfying exchanges. Moreover, entertainments, along with perceived quality are key factors influencing consumers' brand loyalty. Thus, in the context of social media promotion, the element of entertainment should become a key feature of its social media. For example, creating regular games, hash tag competitions, and giving rewards to followers. These activities will attract consumers to keep engaging with the social media sites and encourage them to share with others. This study has limitations, it is a cross sectional study. Hence, a longitudinal survey is needed to explore the changing roles of social media as perceived by consumers. This study did not look at a specific social media site (Facebook, Twitter, Instagram, Pinterest, etc.), but instead looked at the general consumers' attitude toward social media. Facebook attracts seven times more engagement than Twitter (Adler, 2013). Thus, future research which looks at a specific social media platform may produce different results. Nonetheless, the results provide some preliminary insights into consumers' reaction toward social media marketing which is becoming an important platform in managing a successful marketing strategy.

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Appendix

Table 1. Regression Results for Indonesia and Australia

N o	Variabel	Dependant Variable				Dependen Variable			
		INDONESIA				AUSTRALIA			
		Purchase Intention		Brand Loyalty		Purchase Intention		Brand Loyalty	
		Beta	Sig	Beta	Sig	Beta	Sig	Beta	Sig
1	Attitude toward the social media site	.048	.450	-.013	.840	.062	.150	.052	.252
2	Entertainment	.110	.087	**.169**	**.009**	-.021	.606	**.182**	**.000**
3	Social media usefulness	**.237**	**.000**	-.033	.571	**.136**	**.000**	-.024	.549
4	Informativenes	.020	.708	**-.117**	**.026**	-.051	.174	-.033	.400
5	Irritation	.052	.282	-.004	.928	-.005	.866	.034	.324
6	Brand loyalty	**.213**	**.000**			**.159**	**.000**		
7	Perceived quality	-.008	.891	**.328**	**.000**	**.171**	**.000**	**.353**	**.000**
8	Brand Awareness	**.169**	**.003**	**.206**	**.000**	**.262**	**.000**	.032	.433
9	Attitude toward marketing with social media	-.071	.298	.062	.370	.039	.436	-.073	.164
10	Perceived benefits of social media	.034	.623	-.060	.392	-.013	.783	.094	.059
11	Social media usage	**.142**	**.011**	.076	.182	.063	.112	-.070	.095
12	Being affected by internet and social media	**.128**	**.013**	-.056	.283	.060	.075	**.070**	**.049**
13	Fear about marketing with social media	-.050	.327	.034	.512	-.052	.117	.029	.401
14	Purchase intention			**.218**	**.000**			**.175**	**.000**
15	Attitude toward Facebook	.031	.536	.004	.936	.045	.243	.076	.060
	Adjusted R²	66,3%		65,4 %		65.7%/42%		61.3%/ 36%	

An Exploratory Study of the influence of golf endorsers in influencing and shaping female golf purchasing of equipment and clothing.

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Abstract

This working paper examines the role of the golf endorser in influencing the purchasing behaviour of female golfers with respect to golf equipment and clothing. This involved a comparative study of North American and UK female golfers. This paper reports on one phase of the research: twenty in-depth interviews (ten with UK female golfers and ten with North American female golfers). The key findings identify that British female golfers do not perceive the professional female golfer as a celebrity. In contrast the North American golfers believe the professional female golfer has a well-known status. A unique finding was that nationality played a key role in connecting with the female golf consumer.

Introduction

The aim of this working paper is to explore the role that the golf endorser plays in shaping and influencing UK and American female purchasing of golf equipment and clothing.

Golf is a male dominated sport in the UK and Ireland, with only 14 percent female participants (KPMG 2013), the United States of America with 19 percent (National Golf Foundation 2013), and Canada with 24 percent (Canadian Heritage 2010). The political history of golf has oppressed female golf participation (Haig– Muir 1998), thus today creating the perception of an old man's sport (Williams et al 2013). Britain, the home of the Royal and Ancient Golf Club of St Andrews (R&A), governing body for golf, and North America home of the Professional Golf Association (PGA) of America, are central to this historical oppression. Williams, et al (2013) identify that women feel there is a lack of public support in society for female golf participation. Chun and McQuillan (2003) propose that it is those in positions of power, media framers, which have the ability to change language usage. Thus, the global brand has the ability to make political, social and economic change through the message it promotes to its target audience (Helstein 2003).

Literature review

McCracken (1989) defines a celebrity endorser as someone who relishes media attention, and uses their acknowledgement in the public eye to publicise consumer goods. McCracken (1989, p318) states that, 'the celebrity world is one of the most potent sources of cultural meaning at the disposal of the marketing system and the individual consumer'. Thus,

celebrities provide a visual means of defining society by illustrating ideals of success in life that people seek to have. Masterman (2009) identifies that in the literature there are to human processes that explain the effectiveness of endorsement: the identification process and the internalisation process of social influence. The identification process is where a consumer is likely to embrace the attitude and behaviour of another individual or a group, as they can identify with them, whereas the internalisation process is where an individual is influenced by a subject due to the congruence with their value system.

Female Golf Endorsement

Grau, et al. (2007) analysed the impact of golf endorsement discovering that from a total of twelve golf adverts analysed, there was no female golfers featured. Williams et al. (2013) observe that young female golfers associate a stereotype of golf being an old man's sport, and the lack of societal support reinforced this idea. The following quote captures the message. 'It may also pose a problem if men never see a female athlete endorser since this may serve to further ingrain negative stereotypes'. (Grau, et al. (2007, p63)

Stone et al. (2003) propose that for an athlete endorser to be selected they should hold two keys elements: credibility and desirable personal characteristics. An athlete endorser's credibility is defined as being "at or near the top of the list of athletes representing their respective sport, particularly in terms of possession of the sort of skills needed to compete at the highest level, as well as having some record in success of winning" (Stone et al. 2003, p96)'.

Global golf brands are exploiting female endorsers through the 'sexualisation' of the adverts. Sex appeal can be defined as, using the deliberate use of nudity or near-nudity, to appeal to an audience through suggestive dressing and posing (Liu, Cheng and Li 2009). LaTour and Henthorne (1993) found that women had negative attitudes towards adverts that displayed women in a provocative manner. Thus, targeting female golfers with provocative adverts is likely receive a hostile response. LaTour and Henthorne (1994) found that both men and women had 'ethical' concerns about exploiting a women's femininity within adverts. The authors propose that brand manufacturers must consider the reaction of their target market to such advertisements, and reflect on the greater 'social impact' of their behaviour.

Williams et al. (2013) identified that younger women did not want to be associated with the typical image of a frumpy masculine women, and proposed that golf needed to be modernised. It can be suggested that brand manufacturers are trying to oppose this perceived butch view by excessively promoting femininity. Knight and Giuliano (2001) propose that being portrayed as attractive helps moderate the perceived conflict of the female gender role in partaking in sport. Yet, Haig- Muir (1998) suggest femininity may detract from the golfing success of a female professional. Another perspective could suggest that golf brand manufacturers are attempting to appeal to a male market, as feel they need male approval.

Female golf is experiencing a degree of sexism, as arguably brand endorsements are focusing on a female's attractiveness instead of their credibility. Ambivalent sexism is separated into two constructs based on societal development: hostile sexism, and benevolent sexism. Hostile sexism is where negative stereotyping belittles women in negatives ways that attempt to establish male dominance, whereas benevolent sexism is where women are idealised into traditional female roles of how they are valued in society (Glick et al 1997).Thus, female

discrimination, whether through positive or negative intentions, is the ignorance of a women's true capabilities mentally and physically. This discriminative behaviour is the expression of male dominance (Mackinnon 1982), within the provision of golf. Theberge (1987) identifies that discrimination of women in a sport contributes to overall practise of patriarchy in society. Thus, it can be proposed that global golf brand are negatively influencing the feminist 'cause' of liberation, and oppressing female golf participation.

Methodology

The objectives of this phase of the research were as follows;

to explore the present position of the women's role within society from the female golfer's perspective

To explore the power of the global golf sports brand and its present ability to engage the hedonic desires of British and North American female golfers through the equipment and clothing brand experience

To explore how male versus female athlete endorsers inspire the female consumption of golf equipment and clothing, assessing its influence on the buying process until the moment of purchase

To holistically determine the impact global golf brands are having on encouraging female golf participation

Twenty in-depth interviews were carried out with female golfers: ten based in the United Kingdom and ten in the USA. The British in-depth interviews were conducted face- to-face to allow for the observation of body language, to interpret hidden meanings within participant answers. The international interviews were conducted via Skype video conferencing. An in-depth interview was selected above a focus group, where an interview is conducted with a group of respondents at a time (Wilson 2012), as it would have been difficult to reach groups of North American female golfers in Britain. The subject of female discrimination could also prove sensitive, thus within a group individuals could feel anxious to share their true opinions. The three authors established and reviewed the themes and transcripts of the interviews and also the various iterations of analysis in order to reduce potential bias. The themes were generated from a thorough review of the literature. They were also confirmed from in-depth interviews with stakeholder such as branders and retail store managers (not reported in this paper). The interviews were transcribed verbatim and analysed using the qualitative software package Nvivo10 as a data management tool. Interviews were adopted as an appropriate research design for the study which focused on understanding the dynamics present within a single setting (Eisenhardt, 1989). The participants were selected using the following criteria: the female golfer must be an amateur golfer who has a certified golf handicap or a teaching golf professional. Golf consumers were also selected by three age categories:

Generation Y (18-29)

Generation X (30-45)

Boomers (46- 65)

Findings and discussion

Four main themes were explored with the respondents during the in-depth interviews.

Theme one: Purchasing golfing equipment.

The majority of female British and US golfers indicated that there was no perceived financial boundaries when purchasing golfing equipment. Interviewee (4: A) quoted,

'Like a putter I would spend 150 to 200 pounds if I really, really wanted it, I wouldn't have a limit''

Female golfers tried to provide a rationale behind their premium purchasing behaviour, interviewee (1: A) quoted,

'I mean you can get drivers that are a hundred and ninety nine pounds and you can get drivers at three hundred and fifty pounds, so the three hundred and fifty one would have to be so much better than the one hundred ninety nine pound one for me to buy it'

During the decision making process consumers from Britain and North America only allow global brands to be deliberated within their initial consideration set of equipment. Holt et al. (2004) proposed that global golf brands were an indicator of quality signal. For the British golfer there is a clear link between the global golf equipment brand and the perceived superiority. For the North America golfer they are likely to include the brand of their first set of golf clubs in their initial consideration set. Arguably, the memories of learning to golf act as a nostalgic trigger in the mind of the female golf consumer when purchasing equipment.

Theme two: Purchasing golf clothing

British female golfers show they were very mindful of the price of golf clothing. Interviewee (1: A) quoted,

'Like a golf top I would really not want to spend more than about twenty pounds. So you know on holiday dollar wise, if I can get one for fifteen dollars or twenty dollars in the sale, thirty is pushing it. But some of the very expensive ranges will have some really nice stuff but it will be like seventy to eighty dollars a top and I'm not prepared to pay that'

Female golf consumers recognise they are not receiving good value for money with branded golf clothing. Interviewee (4: A) quotes,

'I would say there are some brand names that I wouldn't pay the money for ..... golf clothing can be really expensive, you know and therefore you think why would I spend a massive amount of money on that' .

Similar views were expressed by the US respondents.

The British female golfer demonstrates they like to maximise their money and time across various leisure activities, thus have a strong focus on the practicality of clothes. North American consumer like to show their golfing status by wearing the golf brand name. Arguably it will allow them to conform to female golfers at their golf club or at external competitions. Holt et al. (2004) identify that global brands have a global myth that brings communities of people who have similar hedonic desires together. This brand orientation

suggests there is an elitist subculture of female golfers within North America. British female golf consumer display greater individualism through clothing consumption.

Theme three: Golf endorsement.

British golfers in general observed that the professional female golfer had "limited reach-out" with the golfing community. Interviewee (3: A),

'It's quite hard for female golfers because there is not a lot of coverage, there is not a lot of media attention and there is not a lot of endorsements like when is the last time you saw a female golfer on the front of bunkered…..unless your into female golfer then a lot of people don't really know who the key players are in golf, whereas pretty much everybody knows who the key players are in male golf even if they are not that interested in golf'. In contrast, North American females felt professional female golfers did have a growing star status. Discussing a golf tournament, interviewee (3: B) states,

'There was Annika Sorenstam here, there was Laura Davis, so there was a lot of women who were icons and they were really treated like celebrities'

The significance of physical female attractiveness is overriding the skills of the professional female golf players in both cultures. Haig- Muir (1998) agrees emphasise on a women's looks may detract from their golfing achievements as a professional golfer. There is a clear link between being physically good looking and popularity within the women's golf game that is not present in men's professional golf.

Theme four: Impact of Golf Endorsement on the Decision-making

The majority of female golfers are only able to identify with male golfers and the golf clubs they use. Interviewee (4: A) states,

'for most other ladies I couldn't tell you what clubs they play, whereas with guys I would probably be able to tell you they are a Callaway or TaylorMade guy'

Thus, male golfers raise awareness of global golf brands but there was no evidence that this influenced their decision making. Female golfers displayed they would be interested to find out what female professional golfers are playing with. The male golfer acts as a trigger the buying process for the consumer to test a product. Interview (1: B) illustrates,

'I think Ricky (Fowler) kind of took over the limelight of advertising. Like you see a few ads for other brands but it's not, like one that is sticking out in my head is when he is hitting oranges with his driver …..you remember those things …..One of girlfriends now hits a cobra, she probably would have never tried it out before but she went and hit it'.

For British and North American golfer it appears that women have no choice but to be influenced by male golfers as there is so little media interest in the equipment female golfer's use. The teaching professional has a major influence over helping the consumer decide on their initial consideration set of clubs. Interviewee (1:B) states

Like when our pro hosts demo days they will bring in a rep from Ping and TaylorMade or Callaway and things like that and they will have demo days on the range so we can just go out and hit everything that's new".

Recommendations and conclusions

The celebrity as a critical source of cultural meaning has been clearly illustrated by the male dominance of golf endorsement reflecting on the lack of awareness of professional female golfers within Britain and North America (McCracken 1989). The Ladies professional Golfing association implemented a campaign to increase the status of professional LPGA players twelve years ago (Nancy Berkley 2014). This study show they have semi- succeeded by altering the North America female's perception of a professional female golfer as an athlete into a celebrity. The increasing support of brand endorsement of specifically North American professional female golfers has also been identified as a critical element of this change. Yet, in Britain the playing professional female golfer is not given any recognition, partially due to a lack of success. Thus, this study uniquely identifies that acknowledgement of female golfers within the same culture by golf brands are significant to capture the hedonic desires of British golf consumers. British female golfers have no role models to inspire young women, thus stagnating the progression of female golfer participation and product consumption.

Table of recommendations.

1. For equipment brand manufacturers targeting women in Britain and America, the first recommendation is to treat male and female golf club shafts and swing weights neutrally in their labelling and technology design, instead of segregating women by promoting ladies golf clubs
2. Clothing brand manufacturers need to re-engage the British female golf consumer by implementing a cheaper golf range of clothing in addition to their luxury collections
3. Female golfers should be targeted through the golf membership card scheme specific to each country in the UK, e.g. Scottish golf membership card. For accessibility to female members it is recommended that the brands form a partnership with the Scottish, English, Irish and Welsh Golf Union immediately.
4. Brand manufacturers for equipment and clothing need to instantly eradicate the use of non-credible female golf models within adverts.

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The Influence of Perceived Advertising Congruity on Chinese Ecotourists' Attitude towards Australian Ecotourism Advertisements

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Abstract

Tourism is one of the largest contributors to the Australian economy and in recent years, Australia has heavily promoted itself as an ecotourism destination to overseas markets including China. Advertising is a major communication tool when marketing Australian ecotourism overseas; however, there is little empirical evidence on the effectiveness of ecotourism advertising. The current study takes an initiative in exploring the impact of advertising congruity on Chinese ecotourists' attitude towards Australian ecotourism advertisements. The results show that the ad image-ecotourism, ad description-ecotourism, and overall ad-ecotourism congruity all have positive relationships with a respondent's attitude towards the advertisement. Theoretical and practical implications are discussed.

Keywords: ecotourism, advertising, congruity, image, attitude, China, Australia.

Track: Advertising and Sales Promotion

1.0 Introduction

Tourism is the third largest export sector in Australia (Australian Bureau of Statistics, 2014). China is a critical market for Australian tourism as it is Australia's second largest tourist source country (Australian Bureau of Statistics, 2014). Chinese tourists ranked first in terms of total trip expenditures (a total of $5.7 billion in 2014) (Tourism Research Australia, 2015). By 2020, China is expected to become Australia's largest source country (Tourism Australia, 2011).The ecotourism market in China has risen in the past decade since its introduction in the 1990s (Cheng et al., 2013; Zhong et al., 2007). There were 1.9 billion domestic trips in China in 2009, of which 333 million were ecotourism trips. Around 80% of China's nature reserves now have some form of ecotourism feature (Chappell, 2012). Chinese ecotourists are increasingly interested in taking ecotours in foreign countries, including Australia. No previous study has empirically examined Chinese ecotourists' attitude towards ecotourism advertisements, which provides the opportunity for the current study. The main objective of the study was to examine Chinese ecotourists' responses to Australian ecotourism advertisements from an advertising congruity perspective.

Tourism is also an important export industry for Western Australia (WA), accounting for 3.6% of the State's Gross State Product and 6.9% of the State's employment (Tourism Western Australia, 2013). However, only 4.9% of Australia's Chinese tourists visited WA (Tourism Research Australia, 2015). Although WA is famous for its nature-based tourism attractions, it may have a weaker position as an ecotourism destination than other states or territories (Tourism Western Australia, 2012). Thus, it is not surprising there are only four

empirical studies related to WA ecotourism (Finucane and Dowling, 1995; Genter et al., 2007; Hughes et al., 2005; Norman, 1999), of which the Hughes et al. (2005) study was the only one that examined WA's ecotourism from a marketing perspective.

2.0 Literature Review

2.1 Ecotourism advertising

Advertising is important for tourism and past research has demonstrated its cognitive, affective and behavioural effects on consumers (e.g., Vakratsas and Ambler, 1999). Cognition effects include attitudes towards the advertisement and/or the destination (Rasty et al., 2013). Affective effects in tourism include feelings or emotions towards an advertisement and/or advertised destinations (Hyun et al., 2011). Behavioural effects are often measured by intention to travel or plan to travel (Rasty et al., 2013). These effects are largely dependent on how well viewers process advertisements that contains different elements, such as image, description and slogan. Image is important to tourism advertisements and most tourism advertisement include image of the advertised destination.

Ecotourism advertising has been rarely researched, perhaps because ecotourism is a relatively new area of tourism. There are various definitions of ecotourism. Weaver (2008) suggested ecotourism is nature-based tourism, focused on learning or education and offers benefits to the environment and local economies. Buckley (2013) argued ecotourism is concerned with sustainability, although most government agencies regard ecotourism as nature-based tourism and do not mention sustainability. In the current study, ecotourism was defined as nature-based tourism that focuses on preserving the environment, benefiting local economies and educating travellers. As noted earlier, empirical studies on ecotourism advertising are scarce. An exception was Reiser and Simmons's (2005) study, which found ecotourism labels helped develop a positive attitude towards an advertisement and the advertised destination. Additionally, Chang et al. (2005) found the use of a celebrity aboriginal endorser was more effective in achieving a favourable attitude towards an advertisement than was the use of a non-celebrity aboriginal endorser. Many important questions remain unanswered, however; one of which is the impact image or other ad elements have on people's attitude towards an advertisement.

2.2 Meaning transfer and congruity in advertising

The Meaning Transfer Model (e.g., McCracken, 1989) suggests an object's meaning can be transferred through images. The Meaning-Transfer Model has been widely adopted in advertising because most advertisements contain images. Previous advertising research has focused on meaning transfer through the use of celebrity endorsers (e.g., Campbell and Warren, 2012; Hanrahan and Liu, 2013). A successful meaning transfer from an image in an advertisement to an advertised brand, however, depends on a number of important factors, of which perceived congruity is one (Shimp and Andrews, 2013). Congruity has been well-researched in marketing. Previous studies such as McLaughlin (2009), have examined different types of congruity including self-congruity, product-congruity, and advertising-congruity. Self-congruity study refers to the congruity (or fit) between an object (such as a brand) and a consumer, is often studied in brand-related studies (Sirgy, 1990). For example, Liu et al. (2012) examined the impact three types of self-brand congruity (brand personality congruity, brand user congruity and brand usage congruity) had on brand attitude and brand loyalty.

Advertising congruity, which includes two types of congruity (elements within the advertisements, such as images, appeals, endorsers, descriptions, and labels, and elements around the advertisements, such as target consumer, context, product category), is less researched. Congruity can happen between any elements from the within-advertisement category, or the around-advertisement category or a mixture of both. McLaughlin (2009) categorised advertising congruity into four types (*advertisement and context congruity*, *advertisement and product* congruity, *advertisement and advertiser congruity*, and *advertisement and other commercial component(s) congruity*). Advertisement-Product Category congruity refers to the perceived congruity between elements within an advertisement and the advertised categories (Chandon et al., 2000). Kamins (1990) found perceived congruity between an ad endorser (e.g., attractive/unattractive celebrities) and an advertised product category (high-attractiveness luxury car/low-attractiveness computers) had a significant impact on brand purchasing intentions.

Congruent advertisements are better than incongruent advertisements in generating positive attitudes or feelings towards an advertisement. For example, Kamins et al. (1991) found a viewer's perceived congruity between the emotions reflected in a tourism advertisement and the media invoke more positive attitude towards the advertisement. Further, Rifon et al. (2004) found congruity between the description of an advertisement (ad description) and an advertising website used to display the advertisement resulted in more positive attitude towards the brand. Congruent advertisements can also generate a better purchasing intention. Kamins et al. (1991) found congruent advertisements were better at invoking an intention to use an advertised service. Conversely, incongruent advertisements lead to frustration or other negative feelings (Mandler, 1981), or a less favourable attitude towards an ad (Shen and Chen, 2006).

Advertising congruity has not been widely researched in an ecotourism context. One exception was Beeton (1998), who found perceived congruity between an endorser and ecotourism increased travel intention to an ecotourism destination. Chang et al (2005) also found a positive relationship between the perceived congruity of an endorser and an advertisement an attitude towards an ecotourism advertisement. However, it is unclear if these results can be generalized to an international ecotourism context. If a Chinese ecotourist believes the image of an Australian ecotourism advertisement fits his or her perception of ecotourism, will this perceived congruity help form a favourable attitude towards the advertisement? As discussed earlier, an advertisement contains many elements (e.g. image, description, label, endorser and appeal). An ad viewer's overall perception of an advertisement may not necessarily be the same as his or her perception towards an element of the advertisement (Shimp and Andrews, 2013). Thus, this study examined the congruity between an advertising element and the advertised product category (ecotourism, in this case). Three advertising congruities were studied (ad image-ecotourism congruity, ad description-ecotourism congruity and overall ad-ecotourism congruity), which led to a number of hypotheses, namely:

H1: The ad image-ecotourism congruity has a positive and significant relationship with an ecotourist's attitude towards an ecotourism advertisement;
H2: The ad description-ecotourism congruity has a positive and significant relationship with an ecotourist's attitude towards an ecotourism advertisement;

H3: The overall ad-ecotourism congruity has a positive and significant relationship with an ecotourist's attitude towards an ecotourism advertisement.

3.0 Methodology

3.1 Research materials

A total of 59 WA ecotourism advertisements were initially selected. Some were obtained from WA Ecotourism, while the others were provided by a Perth travel agency. An expert panel including academic and industry experts examined the advertisements in terms of their appropriateness in representing ecotourism in WA. Tourism advertisements use three major types of images (scenery, animal and people) (Morgan and Pritchard, 2001). Thus, three advertisements were chosen that featured an indigenous (Noongar) WA (Ad 1), a whale shark (Ad 2) and the Margaret River Region (Ad 3). The questionnaire was developed in English and back-to-back translated into Standard Written Chinese.

3.2 Design and measurement

A questionnaire was used in this study. Respondents were exposed to three WA ecotourism print advertisements and answered questions about each advertisement after each exposure. Attitude towards an advertisement was measured using Hartmann and Apaolaza-Ibáñez's (2012) single-item measurement. Subjects were asked to report their attitude towards the advertisement based on a 1 to 5 scale ("1"- least favourable and "5"- most favourable). Bergkvist and Rossiter (2007) have found one item is appropriate for attitudinal constructs such as attitude towards an advertisement or a brand. Attitude towards an advertisement was also measured in this way by Brodie et al. (2009) and Franke et al. (2009). Perceived congruity has also been measured by one- or two-item scales in a number of studies (e.g. Swaminathan et al., 2009; Wang et al., 2009). Here, perceived congruity was measured by a single item with "yes" or "no" answers ("no" was coded as "0," while "yes" was coded as "1"). Ad image-ecotourism was measured by asking "is there a congruity between the ad image and the ecotourism in your view?" Ad description-ecotourism congruity was measured by asking "is there a congruity between the ad description and the ecotourism in your view?" Overall ad-ecotourism congruity was measured by asking "is there a congruity between the overall ad and the ecotourism in your view?"

4.0 Data Collection and Analyses

A total of 29 Chinese ecotourists were interviewed. Respondents were approached at a Chinese Church in Perth through acquaintances. The church has frequent visitors from Mainland China. Respondents were not Australia citizen or permanent resident at the time of the interview, had to like ecotourism and had to have taken at least one ecotour in WA in the past two years. The average age was 26 years and 27% were males. Table 1 summarizes the averages of three types of congruity and attitude towards the advertisements. Results showed Ad 2, which featured the Whale Shark, had the highest averages in all of the three advertising congruities, as well as attitude towards the advertisement, followed by Ad 3 featuring the Margaret River Region and Ad 1 featuring the indigenous people.

Table 1: General Results

Ad No.	Image-Eco Congruity	Description-Eco Congruity	Overall Ad-Eco Congruity	Attitude_Ad
Ad 1	0.41	0.72	0.52	2.83
Ad 2	0.66	0.79	0.59	3.86
Ad 3	0.59	0.76	0.52	3.34

Correlation tests were used to examine the relationships between advertising congruity and attitude towards the advertisement. There was a significant relationship between ad image-ecotourism congruity and attitude towards Ad 1 (Correlation=0.51, $p<0.01$). However, this was not the case for the other ads (Ad 2: Correlation=0.13, $p=0.52$; Ad 3: Correlation=0.23, $p=0.23$). Thus, H1 was only partially supported. A significant and positive relationship was found between ad description-ecotourism congruity and attitude towards Ad 2 (Correlation=0.47, $p=0.01$). Neither Ad 1 nor Ad 3 had a significant result in this regard (Ad 1: Correlation=0.13, $p=0.51$; Ad 3: Correlation=0.28, $p=0.14$). Thus, H2 was also only partially supported. There was a significant and positive relationship between overall ad-ecotourism congruity and attitude towards Ad 1 and Ad 3 (Ad 1: Correlation=0.55, $p<0.01$; Ad 3: Person Correlation=0.48, $p=0.01$), but not for Ad 2 (Correlation=0.33, $p=0.09$). Therefore, H3 was also only partially supported.

5.0 Summary and Discussion

This study examined the effectiveness of ecotourism advertising from an advertising congruity perspective. The findings offer some empirical evidence for the suggested positive relationship between the various types of perceived advertising congruity (including ad image-ecotourism congruity, ad description-ecotourism congruity, and the overall ad-ecotourism congruity) and attitude towards an ecotourism advertisement. The findings also suggest the relationships between advertising congruities and attitude towards the ecotourism advertisements are contingent on the image and description used in the advertisement.

The study has a number of limitations. First, the sample size was relative small. The number of subjects is appropriate for the correlation tests used, but not suitable for more complex analysis. Second, the survey design did not control for the order of the advertisements in the interview. Third, duration of stay in WA was not taken into account. A few respondents had been in WA for just a few weeks, while others had been in WA for a year or so. Consumers' knowledge about WA or WA's ecotourism may be affected by this, which may lead to attitudinal differences. Future research should examine other advertising effectiveness measures such as memory. A number of researchers (e.g., Lee and Faber, 2007; Russell, 2002) have found incongruent advertisements are not necessarily less effective, as they may invoke higher recall and this issue also needs to be examined. Multiple levels of congruity or incongruity should be studied in the future. For example, Pelsmacker (2002) found incongruent advertisements may invoke more positive attitude towards an ad in high-involvement situations. Similarly, Lewis & Porter (2010) found a moderate level of incongruity was better than extreme congruity or incongruity. Personal factors, such as need for cognition, may also influence the impact congruity has on advertising effectiveness. Finally, demographic variables, such as age, gender and income, should be taken into account in future research so as to develop a better understanding of ecotourists' responses to ecotourism advertisements (MacKay and Fesenmaier, 1997).

This study provided some empirical evidence about the relationship between advertising congruity and attitude towards ecotourism advertisements. The findings suggest perception of the congruity between image (or other advertising element) and ecotourism plays an important role in the formation of attitude towards an ecotourism advertisement. Therefore, ecotourism advertisers should pay careful attention to the design of the advertisement. The findings, however, should be interpreted with caution due to the limitations noted earlier. Nonetheless, it is hoped the current study will stimulate more interest in ecotourism advertising.

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Consumer-Generated Ads (CGA) vs. Traditional Ads: Empirical Evidence on Measures of Effectiveness

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Abstract

It was not long ago that creating and broadcasting your own advertisements of internationally branded products seemed delusional. Now not only is it possible, but also achievable for anyone with access to the Internet. The networked environment inspired many individual consumers to reach millions of peers around the world and advise them on well-known brands through home-produced video-advertisements. The objective of this research is to examine the attitudinal, behavioural and recall effects of consumer-generated advertising (CGA) on viewer audiences. This was achieved by implementing a mixed method design, which included focus groups and two experiments. Findings suggest that disclosure of the consumer source is likely to enhance ad evaluations when CGA is professionally produced and product involvement is low. However, Source Salience (ad quality), Source Awareness and Product Involvement significantly affect only the Cognitive component of Attitude towards the Ad and the Attractiveness component of Credibility of the source.

1.0 Introduction

Over the past decade, the networked information environment has markedly increased consumers' autonomy and brought radical change to the advertising industry. Social media, affordable digital gadgets and free editing software have enabled consumers to create their own ads for well-known brands and to distribute them online or submit them to advertising competitions (Berthon, Campbell, & Pitt, 2008). First known as vigilant marketing (Muñiz & Schau, 2007), consumer-generated advertising (CGA) was defined as consumer-created brand communication with "the look and feel of traditional advertising" (Ertimur & Gilly, 2012, p. 115).

For decades, advertising has been dependent on centralised mass media communication, where one-way marketing practices clearly dominated, usually from the company to the end consumer (Deighton & Kornfeld, 2009). However, new opportunities provided individuals with the option of not only passively watching advertisements produced by advertising agencies, but now also creating TV ads without the need for expensive equipment or cable access. Consumers embraced this new opportunity and transformed from passive viewers to creators and communicators. As a result, a large group of diversely-motivated individuals, not associated with relevant companies, can now reach millions of others around the world (Benkler, 2006) and advise them on well-known brands. These changes are exciting but also challenging at the same time. If previously brands were determined and controlled by a small group of marketing professionals, now brands are largely influenced by consumers who are actively co-creating brand meaning and brand value.

The emergence of consumer-generated advertising has been accompanied with the widespread belief that CGA can possibly outperform traditional advertising (Lawrence,

Fournier, & Brunel, 2013). The Super Bowl tradition of screening consumer-generated ads has shown that these have been consistently rated as top-favourites by the audience. On several occasions, consumer-generated ads achieved first and second places in the USA Today Ad Meter ratings, leaving behind advertising produced by corporations and their advertising agencies (Frito Lay, 2014). The goal of this research is to examine the attitudinal, behavioural and recall effects of consumer-generated advertising on viewing audiences.

2.0 Literature Review
2.2 Source Similarity and Opinion Change

Source of information is a multidimensional construct. Its conceptualisation has been extended significantly since its inception, when two dimensions of the source, expertise and trustworthiness, were identified by Hovland, Janis & Kelley (1953). McGuire (1985) expanded source characteristics with attractiveness and power. Being closely related to attractiveness (Byrne & Nelson, 1965), a similar source was found to be more influential for opinion change (e.g. Berscheid, 1966). A number of studies show that people tend to be persuaded more by similar, rather than dissimilar, communicators (Berscheid, 1966; Brock, 1965; Hilmert, Kulik, & Christenfeld, 2006; Mills & Jellison, 1968). In a networked society, the consumer source is pervasive within online media content and its similarity to the audience provides the capability to produce favourable attitude change and formation. Consumer-generated information was previously found to be more persuasive in various contexts compared to information provided by a company (Chang, 2011; Cheong & Morrison, 2008; Goldsmith & Horowitz, 2006; Senecala & Nantela, 2004).

2.1 Consumer-Generated Advertising

The need to integrate consumer-generated advertising within a company's marketing strategy has encouraged scholars to investigate the effects of CGA. Despite the recent academic interest in the CGA phenomenon, the results of past studies remain inconclusive. In particular, it was documented that individuals frequently respond to ads created by fellow consumers in a more favourable way (Lawrence et al., 2010; Lawrence et al., 2013). Yet other research has found CGA to cause potentially negative responses among the audience (Ertimur & Gilly, 2012; Steyn, Ewing, van Heerden, Pitt, & Windisch, 2011; Steyn, Wallström, & Pitt, 2010; Thompson & Malaviya, 2013). These two lines of research display an apparent inconsistency, which suggests that further study is needed that would not only clarify and integrate these two lines of investigation, but also provide a more cohesive model of CGA influence.

The present paper suggests that those inconsistencies may be linked to moderator variable explanations. For instance, so far there has been little research on how production quality of CGA impacts its outcomes. However, professional advertisers and filmmakers are becoming increasingly involved with creating consumer-generated advertising (Dijck, 2009; Ertimur & Gilly, 2012), so CGA quality ranges from amateur to highly professional. Factors like this potentially moderate the effects of CGA, and this research was intended to address this gap in the literature.

Therefore, the first specific research objective is to identify factors influencing viewers' responses to consumer-generated advertising. Meanwhile, a second specific objective is to identify under which conditions disclosure of the consumer source is likely to produce a more favourable response.

3.0 Methodology

This research was completed in three consecutive studies (one qualitative and two experimental), using an exploratory sequential mixed-method design. Mixed-method design

was implemented for a number of reasons. Firstly, for triangulation purposes in order to enhance the credibility of the research findings. Secondly, to increase the breadth and depth of understanding. Thirdly, to create a synergistic effect, which occurs when results from one method develop or inform the other method. Fourthly, both qualitative and quantitative studies may provide novel insights, which can lead to future research (Cresswell & Clark, 2011; Hesse-Biber, 2010).

4.0 Focus Groups

An initial qualitative stage was conducted to explore the phenomenon of consumer-generated advertising and also assist in creating a quantitative model of CGA effects. During this phase, two focus groups were conducted: one with CGA-viewers and another with CGA-creators. It was challenging to find and recruit ad creators, so specifically for this purpose an advertising competition was conducted among the students of Physical Education and Sport Coaching in a large urban university. The experience of these contestants is similar to other consumer ad competitions, while the demographic characteristics of participants match the typical Internet contributors, who are normally between 12 and 26 years old.

Data was analysed using thematic analysis performed in NVivo. Data coding was accomplished using the contrast-comparative method, which includes an open coding, axial and selective coding (Strauss & Corbin, 1990). The resulting node trees were visualised using NVivo models to help interpretation of the results. Thus, the primary thematic analyses conducted within the essentialist paradigm aimed to reflect the reality of the CGA concept (Braun & Clarke, 2006). Then, from a constructionist perspective, the analysis attempted to unravel the surface of the phenomenon and theorise antecedents, contexts and conditions, which enable individuals to exhibit certain attitudes towards consumer-generated advertising (Braun & Clarke, 2006). In total, seven variables potentially affecting CGA-effectiveness were identified. These are: recognition of consumer-generated advertising, advertising quality, product involvement, expertise of ad creators, motivations of ad creators, scepticism towards CGA and consumer's creativity.

During the last step of the analysis – selective coding, the data were integrated again at a higher, more abstract level of analysis (Strauss & Corbin, 1990). To do that, subsidiary categories were related around the core category (Source Awareness) using a paradigm: conditions, phenomenon, context, strategy and consequence (Strauss & Corbin, 1990). The resulting rich qualitative framework included all emerging themes. To make it suitable for quantitative testing, the model was further focused according to the interest of the current research. As a result, the Salience-Involvement model of CGA effects was suggested.

5.0 Conceptual Model

The proposed Salience-Involvement model of CGA effects is a moderated-mediation model. Source Salience is a focal predictor. For the purpose of this research, it was defined as a set of easily noticeable cues that provide recipients with a spontaneous awareness of the ad's consumer source. These cues might take a form of amateur production quality.

The model has two moderators: Product Involvement and Ad Source Awareness. The latter was defined as revealing information that is overly stated in the ads, often in a form of a subtitle or a label, and other signals to the audience that the particular advertisement was created by a consumer. The model also incorporates two mediators: Credibility and Creativity. The quantitative model specifies the overall Credibility variable instead of three different Credibility-related constructs identified during the exploratory stage: consumer expertise, motivations of CGA-creators and scepticism towards CGA.

The suggested model was tested in two subsequent empirical studies. Since present research is explorative, the convenience sample was used. Participants for the experiments were recruited through local universities and various Facebook groups.

All the measurements for dependent variables were adopted from existing published academic research. These include attitude towards the ad, attitude towards the brand, purchase intention, brand recall, etc. Each scale composition and item loadings were checked using a principle axis factor analysis, while internal data reliability was tested using Cronbach's Alpha procedure. Manipulations checks suggested that experimental manipulations were successful for both experiments.

6.0 Study One

The purpose of the first study was to find which responses salient CGA is likely to produce when advertising source is not disclosed to participants. The first experiment uses a 2x2, between-subjects experimental design in which levels of advertising Source Salience (consumer-generated vs. company-generated) and Product Involvement (low vs. high involvement) were manipulated. The sample consisted of 208 respondents: 102 females (49 per cent) and 106 males (51 per cent). Respondents' ages range from 18 to 65. The age groups 18-25 years old (30.3 per cent), 26-34 years old (37.5 per cent) and 35-54 years old (25.0 per cent) are nearly equally represented in the sample. The data was analysed using a series of ANOVA tests. Results reveal a largely negative impact of salient consumer-generated advertising when the consumer source was not disclosed ($F_{credibility}(1, 203) = 5.668$, $p < .05$, partial $\eta^2 = .027$). However, under high involvement conditions, amateur CGA was more entertaining (($F (1, 204) = 27.887$, $p < .001$, partial $\eta^2 = .120$) and more likely to be electronically shared with others ($F (1, 204) = 8.228$, $p = .005$, partial $\eta^2 = .039$). Meanwhile, under low involvement, brands from consumer-generated ads demonstrated higher levels of brand recall ($F (1, 204) = 4.929$, $p = .023$, partial $\eta^2 = .023$).

7.0 Study Two

The second study extends the results of the first one. The purpose of the second experiment was to investigate how the outcomes of professional and amateur CGA will change after source disclosure, under low or high involvement conditions. The second experiment uses a 3x2x2, between-subjects experimental design. Here, levels of Source Awareness (consumer-generated ads vs. company ads vs. no source indicated) were manipulated in addition to Source Salience and Product Involvement. The sample consisted of 600 respondents: 239 males (39.8 per cent) and 361 females (60.2 per cent). The age of the participants range between 13 and 65 years old, with the majority being between 18 and 25 years old (59.0 per

cent). Findings show that Source Awareness produces an interactive effect with Source Salience and Product Involvement, which is significant only on two variables: the Cognitive component of Attitude towards the Ad (F (2, 587) = 3.191, p < .05, η_p^2 =.011) and the Attractiveness component of Credibility (F (2, 587) = 3.265, p < .05, η_p^2 = .011). Based on significant results for Cognitive A_{ad} and Ad Attractiveness, the data suggest when disclosure of the consumer source may produce a more positive outcome. That is, disclosure of consumer source is likely to enhance ad evaluations when the CGA is professionally produced and involvement is low. Meanwhile, attribution of an amateur CGA to consumer source is likely to have a negative impact.

8.0 General Discussion

8.1 Discussion
The digital revolution enabled by Web 2.0 has created a shift towards a more 'participatory media culture' (Bruns, 2008; Jenkins, Ford, & Green, 2013). The line between producers and consumers is being blurred (Ritzer, Dean, & Jurgenson, 2012; Toffler, 1980), as has that between advertisers and consumers. Virtually anyone can now reshape, reframe and reposition well-known brands by creating their own advertisements. In a networked environment, individuals are therefore exposed to ads from different sources, not only the company itself, but also other consumers. While the number of consumers engaged in the process of ad co-creation is relatively small (Arnhold, 2010; Comor, 2011), the majority of consumers can observe and judge co-creations of other peers.

This research provides further insights into our understanding of the similarity between communicator and message receiver. Traditionally, a similar communicator is considered to be more persuasive than a dissimilar communicator (Berscheid, 1966; Mills & Jellison, 1968). However, this research demonstrates that in the context of CGA, the communicator-receiver similarity does not necessarily result in a positive response. Instead, the positive impact of CGA occurs only under certain conditions. This research contributes to the growing literature on CGA by exploring the moderating role of advertising quality (Source Salience) and Product Involvement.

Source Salience could potentially add another dimension to the traditional conceptualisation of the information source, which incorporates source expertise and trustworthiness (Hovland et al., 1953; McGuire, 1985), attractiveness (McCracken, 1989; McGuire, 1985; Ohanian, 1991), familiarity, power (McGuire, 1985) and similarity (McCracken, 1989; McGuire, 1985). Critical in the contemporary digital world, Source Salience specifically characterises the consumer source in the context of consumer-generated advertising and possibly other user-generated content. In CGA, it is often associated with amateurism, involving a loss of visual quality, poor acting and immature content. This research demonstrates that CGA-viewers prefer professionally produced (low salient) consumer ads possibly because they value mostly the symbolic value of brands (Fournier, 1998; Rosenberg, 1979) thus enhancing their self-image and a further opportunity to see the 'undressed reality' of what the product is.

8.2 Managerial Implications
This research might be interesting for marketing practitioners who seek a better understanding of consumer-generated advertising and wish to incorporate CGA in their marketing strategy. This study can offer several recommendations. The data suggests that marketing professionals may consider engaging with their audience through advertising contests only among professional filmmakers or advertisers. If the company acquires amateur CGA and is willing to distribute it, it might be better to do so without ultimately disclosing

the consumer source. The data also suggests that it might be more advantageous to use consumer-generated advertising for low involvement products, rather than for high involvement products in terms of overall effectiveness. In the end, it might be more sensible to use CGA as a supplementary tool together with other more established marketing practices.

8.3 Limitations and Future Research

Although the present research offers a robust set of studies to test the hypotheses, it is important to address potential limitations and suggest directions for future research. The experiments used a convenience sample, therefore the research would benefit from replication. In addition, participants were limited to a single exposure to the stimulus ads, which makes it more difficult to track changes in more enduring variables such as attitude towards the brand, purchase intention and brand recall. Potential directions for the future research comprise using a longitudinal research design, establishing partnership with a company conducting CGA contests, exploring the effects of consumer creativity restrictions and various types of CGA.

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Factors Determining Skepticism toward Green Advertising in Emerging Nation

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Abstract

This study examines whether the skepticism towards green ads may be explained by factors identified in studies in developed nations. The variables used in the present study have been drawn from theory of planned behaviour and persuasion knowledge model. The results of a descriptive survey (*n=310*) do not show a positive relationship between environmental concern and skepticism toward green advertisement in the Indian context. The study finds a strong positive relationship between conservation behaviour and skepticism towards green ads implying that economic factors play a major role in purchase behaviour. In addition, cynicism has significant positive effect and informational utility has negative effect on skepticism toward green advertisements.

Keywords: skepticism, green advertisement, persuasion knowledge model, theory of planned behaviour

Track: Advertising and Sales Promotion

1.0   Introduction

Skepticism dampens the positive impact of marketing communications (Paço and Reis 2012). Paço and Reis (2012) study on skepticism toward green advertisements in Portugal was among the initial attempts to identify factors affecting skepticism toward green advertisements. While Paço and Reis (2012) revealed that consumers with high environmental concerns are more skeptical toward green ads, other studies on consumer attitude toward green advertisements have yielded mixed results (Haytko and Matulich 2008). For instance, Matthes and Wonneberger (2014) found such skepticism to be a mere exaggeration. The lack of conclusive findings, therefore, motivated us to revisit skepticism toward green ads. Apart from this, there are three more reasons for investigating skepticism toward green ads. First most studies have been conducted in developed countries (Forehand and Grier 2003; Mohr, Eroglu and Ellen 1998; Obermiller and Spangenberg 1998; Paço and Reis 2012) where environmental regulations in terms of advertising are more established than in developing nations (Sandhu et al. 2012) and green claims are scrutinized by regulatory authorities (Fernando, Sivakumaran and Suganthi 2014). However, in developing nations like India there are no guidelines on environmental claims in advertising the Advertising Standards Council of India, which is a self-regulatory body, does not include environmental claims (Fernando, Sivakumaran and Suganthi 2014). Second, each country has its own national culture (Steenkamp, Hofstede and Wedel 1999) that can influence the way people interpret and understand the same advertising messages and claims (Feather 1995; Fu and Wu 2010).

India has a large consumer base (Bijapurkar 2009) that may offer valuable insights on skepticism towards green ads to marketers worldwide. Third, this topic is relevant in present times and remains a progressing area of research. With the rise in environmental issues and public concerns for environment (Roberts and Bacon 1997), there is growing pressure on companies to disseminate information related to their environmental actions and impacts (Halme and Huse 1997). Sandhu et al. (2012) note that institutional pressures in India have led to an increasing number of companies implementing environmental practices by procuring ISO 14000 certifications. Thus, marketers and policy makers would be keen to understand the factors determining skepticism toward green ads in India and whether the existing models (as the one proposed by Paço and Reis 2012) are sufficient to provide an understanding of the phenomenon. Thus the objective of the paper is to examine whether the skepticism towards green ads in emerging nations can be explained using the factors identified in studies in developed nations.

2.0   Literature Review

Various definitions have been proposed for the construct of "skepticism." Ford, Smith, and Swasy (1990) highlighted the multi-dimensional nature of the construct. The study used skepticism with respect to claim verification but stated that skepticism may also be moderated by product class knowledge and experience. Obermiller and Spangenberg (1998) adopted a similar approach, but identified the other dimensions of the construct like skepticism based on advertisers' motive(s), information about oneself or society, advertising for specific audiences, and product type. Mohr, Eroglu, and Ellen (1998) expressed skepticism from the viewpoint of specific target types-environmental claims in advertising and packaging.

2.1   Factors Determining Skepticism toward Green Advertising

Skepticism toward Environmental Claims (SCE) in advertising, although separate from general advertising skepticism, shares a significant positive relation with the construct (Matthes and Wonneberger 2014). Theories used to understand skepticism are generally employed to elucidate skepticism toward green advertising. Paço and Reis (2012) used the Theory of Planned Behaviour (TPB) proposed by Ajzen (1991). They identified three factors (environmental concern, conservation and buying behaviour) influencing green skepticism. In their study they model skepticism as a cognitive response resulting from attitude (environmental concern) and behaviour (buying and conservation). Matthes and Wonneberger (2014) argued that green consumers may be described by their Attitude toward Green Products (AGP), in addition to their environmental concern and buying behaviour. However, Kalafatis et al. (1999 pp.441) noted that TPB is "more appropriate in well established markets that are characterized by clearly formulated behavioural patterns" like in case of UK as compared to Greece. Studies on India find that due to large consumer base and diversity (Bijapurkar 2009), it is difficult to formulate clear behavioural patterns. Also, Indian consumers are price sensitive and perceive green products as a mere tool to increase company revenue (Kashyap 2013). Hence, mere adoption of the Theory of Planned Behaviour may not be appropriate in the Indian context.

Consumers develop an understanding of the advertisers' persuasion attempts and use this knowledge to identify the situation that prompts skepticism, called "epistemic doubt" (Boush, Friestad and Rose 1994). To cope with the persuasion attempt, consumers use

knowledge about their own response goals, and situational information and predict suitable tactics (Friestad and Wright 1994). Environmental claims in advertising perform schema-like functions such as guiding consumers' attention, providing inferences about the background that caused the advertiser to construct that ad, generating predictions about the advertisers' attempt to persuade people, and evaluating overall competence (Friestad and Wright 1994). As per persuasion knowledge model (PKM), it is likely that cynics do not believe information, irrespective of the source, and attribute green ads to selling motives rather than honest disclosure (Obermiller and Spangenberg 1998). Hence, Cynicism (Cyn.) is an antecedent to Skepticism toward Green Ads (Obermiller and Spangenberg 1998). In addition, following PKM, people with higher Self-Esteem (SE) have reduced needs to yield to others and have developed knowledge to understand environmental claims (schemer schema) in ads. Trait skepticism measures like cynicism and self-esteem, which are important in the case of advertising skepticism, are useful to understand whether personality affects skepticism toward green ads (Obermiller and Spangenberg 1998). Green ads act as a source of information that helps in building persuasion knowledge (Friestad and Wright 1994). Previous studies found that Perceived Environmental Knowledge (PEK) may improve consumers' ability to detect false claims (Newell, Goldsmith and Banzhaf 1998). All the relevant variables in the Indian context are listed in Table 1.

Table 1   Variables, operational definition and their measurement

Variable	Operational Definition	Scale Used	Previous Studies Measuring the Same Construct	Country of Study
Environment Concern [EC]	Includes concerns related to the limits to growth, pollution, steady-state economy, and resource conservation.	Dunlap & Van Liere (1978)	Roberts & Bacon (1997)	USA
			Paço & Reis (2012)	Portugal
			Matthes & Wonneberger (2014) measured EC using Schuhwerk & Lefkoff-Hagius (1995) scale	USA and Austria
Conservation Behaviour [CB]	CB is related to conservation activity and comprises a broad range of items: dispositional activity, recycling of nondurable goods and packaging, preservation of resources, attitude toward packaging, and so forth	Pickett, Kangun, & Grove (1995)	Paço & Reis (2012)	Portugal
Buying Behaviour [BB]	Covers topics such as purchasing green products, the attention given to packaging, energy-efficient equipment, polluting or recycled products	Schuhwerk & Lefkokk-Hagius (1995)	Paço & Reis (2012)	Portugal
			Matthes & Wonneberger (2014) used Chang (2011) scale to measure Green Purchase Behavior [GPB]	USA and Austria
Skepticism towards Green Ad [SCE]	Skepticism toward environmental claims in marketers' communications regarding perceived exaggerations, misleading/ confusing information, and the perception of truth in ads and packages.	Mohr, Eroglu, & Ellen (1998)	Paço & Reis (2012)	Portugal
			Matthes & Wonneberger (2014)	USA and Austria
Cynicism [Cyn.]	Suspicion of other people's motives, faithfulness and goodwill	Kanter & Wortzel (1985)	Mohr, Eroglu & Ellen (1998)	USA
			Obermiller & Spangenberg (2000)	USA
Self-esteem [SE]	Involves feelings of self-worth and confidence in one's own abilities	Rosenberg (1965)	Obermiller & Spangenberg (2000)	USA
			Bousch, Freistad & Rose (1994)	USA
Perceived Knowledge about Env. [PKE]	Involves ones' perception about his/her environmental knowledge	Ellen, Eroglu, & Webb (1997)	Mohr, Eroglu & Ellen (1998)	USA
Information Utility [IU]	The degree to which information can aid individuals in making future decisions.	Hartmann & Apaolaza-Ib´a˜nez (2012).	Matthes & Wonneberger (2014)	USA and Austria
			Obermiller, Spangenberg &	USA

		MacLachlan (2005) used Puto & Wells (1984) Information Scale	

Source: Authors' summarization

3.0   Methodology

The variables of the study were measured using 5-point Likert scale. The questionnaire was pre-tested with 20 undergraduate students. Respondents were selected through convenience sampling of students (undergraduates), similar to Paço and Reis (2012). A final sample of 310 (with a response rate of approximately 89%) from a college in a Metropolitan Indian City was used for further analysis. Demographic details were also collected.

As the scales were adopted from literature, reliability was examined using Cronbach's alpha and was acceptable: BB ($\alpha = 0.79$, M = 3.45, and SD = 0.712) and CB ($\alpha = 0.70$, M = 3.85, and SD = 0.73), attitude toward green products (AGP; $\alpha = 0.81$, M = 3.98, and SD = 0.73), Cynicism (Cyn.; $\alpha = 0.71$, M = 3.94, and SD = 0.68), self-esteem (SE; $\alpha = 0.77$, M = 4.14, and SD = 0.73), topic knowledge measured through perceived environmental knowledge (PEK; $\alpha = 0.75$, M = 3.50, and SD = 0.71), and informational utility (IU; $\alpha = 0.82$, M = 3.49, and SD = 0.87). The original scale for EC used in Paço and Reis (2012) contained 12 items of which we dropped two which were not relevant in Indian context. This also improved the reliability of the scale ($\alpha = 0.60$, M = 3.82, and SD = 0.593). However, the scale on skepticism toward green ads did not satisfy the reliability test and reported an alpha coefficient of less than 0.50 ($\alpha = 0.46$, M = 3.20, and SD = 0.778), even after removing an item to improve reliability. The result was surprising because many studies have used the scales and reported alpha values of more than 0.70. Simple factor analysis of the Likert scale scores of four item scale of skepticism towards green advertisement was done using a varimax rotation. The results showed that of the four items of the scale two items together may explain total variance of the construct and is shown in Table 2 and Table 3.

Table 2 Communalities

	Initial	Extraction
SCE1	1.000	.858
SCE2	1.000	.309
SCE3	1.000	.651
SCE4	1.000	.625
Extraction Method: Principal Component Analysis.		

Table 3 Total Variance Explained

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.430	35.762	35.762	1.425	35.630	35.630
2	1.013	25.325	61.087	1.018	25.457	61.087
3	.932	23.297	84.384			
4	.625	15.616	100.000			
Extraction Method: Principal Component Analysis.						

In this case, there were two factors with eigen values greater than 1."% of variance" column shows that factor 1(Most environmental claims on package labels or presented in advertising are true) account for 35.6% of variance while factor 2 (Because environmental claims are exaggerated, consumers would be better off if such claims on package labels or in advertising were eliminated) accounts for 61% of total variance of scale for skepticism for green ads.

Kline (1999) noted that a reliability value less than 0.70 may be acceptable in the case of psychological constructs, owing to the diversity of the construct measured. As skepticism includes both trait and situational elements, we attributed low alpha value to the diversity of the construct and proceeded with the analysis. Descriptive statistics, Analysis of Variance (ANOVA) and Multiple Regressions were analyzed using SPSS. The model assumptions (multicollinearity, heteroskedasticity and normality) were examined. Multicollinearity was tested by examining variance inflation factor which was lower than five for all independent variables. Breusch-Pagan / Cook-Weisberg test for heteroskedasticity could not reject the null hypothesis of constant variance. Residual plot also suggested constant variance with residuals scattered randomly around zero.

4.0   Results

The mean age of the respondents in this study was 20 years (mode = 19, SD = 1.741, minimum = 16, and maximum = 30). Two-thirds of the respondents were male. The sample consisted of 61% students from hotel management, 31% from architecture, and 9% from law. Further, 34% students were in 1st year of graduation, 29% in the II year, 23% in the III year, and 12% in the IV. Multiple Regressions was conducted for the model and the results are presented in Table 4. The results found a significant positive relationship between CB and SCE and Cyn and SCE, and a negative relationship between IU and SCE. The study did not find a significant positive relationship between EC and SCE. Respondents were found to have higher conservation behaviour than buying behaviour, suggesting that economic factors play a more crucial role than environmental consciousness. This is because conservation activities, such as saving electricity and water and recycling, reduce costs and Indian consumers have been found to be price sensitive (Dutta et al. 2008; Manaktola and Jauhari 2007).

Previous studies have examined skepticism between women and men (see Shrum, McCarty and Lowrey 1995; Haytko and Matulich 2008). Paço and Reis (2012) also examined skepticism across gender and did not report any significant variation. The present study also found no significant difference.

Table 4 Results of the Study

Model	R	R²	R²adj.	σ^	
	0.381[a]	0.145	0.122	0.729	
Analysis of Variance					
	SQ	Df	QM	F	Significance
Regression	27.090	8.000	3.386	6.374	0.000[b]
Error	159.907	301.000	0.531		
Total	186.997	309.000			
Coefficient					
	Coefficient	Σ	T	Significance	
Constant	1.716	0.436	3.932	0.000	
EC	-0.086	0.074	-1.159	0.247	
CB	0.134	0.062	2.141	0.033	
GPB	0.054	0.060	0.901	0.368	
AGP	0.064	0.067	0.948	0.344	
Cyn	0.377	0.064	5.877	0.000	
SE	-0.028	0.059	-0.483	0.629	
IU	-0.113	0.054	-2.094	0.037	
PKE	-0.036	0.064	-0.556	0.578	

EC-Environmental Concern, CB-Conservation Behavior, GPB-Green Purchase Behavior, AGP-Attitude towards Green Products, Cyn.-Cynicism, SE-Self Esteem, IU-Informational Utility, PKE-Perceived Knowledge about Environment, SCE-Skepticism towards Environmental Claims
[a] Predictors: EC,CB, GPB, AGP, Cyn., SE, IU, PKE, [b] Dependent Variable: SCE

The result after applying the PKM improved the explanatory power of the model from 3% to 15%. Personality trait and cynicism was found to be high and had a significant positive relationship with skepticism. Information Utility, on the other hand, was found to have significant negative relationship with skepticism. No relationship between perceived environmental knowledge and skepticism was found. This indicates that perceived environmental knowledge is not related to skepticism but the amount of information used by consumers in making a purchase decision is related to skepticism.

5.0 Discussion

Against the backdrop of consumer skepticism toward green advertising claims increasing worldwide (Leonidou et al. 2011); the present study examines the factors influencing skepticism toward green advertising. Given the multidimensional nature of the construct of skepticism toward green advertising, a single theoretical framework is inept to identify the factors of skepticism. The present study has attempted to highlight the confluence of theoretical framework by using the theory of planned behavior along with persuasion knowledge model, which explains 15% of skepticism toward environmental claims. Persuasion knowledge model has been applied in the marketing literature, particularly in personal selling, advertising, and sales promotions. To the best of our knowledge, this is a pioneering attempt to apply this model in the context of studying skepticism toward green ads.

This study highlights the need to revisit the skepticism scale to capture its dimensions in the context of a developing nation. A possible reason for high reliability of Mohr, Eroglu and Ellen (1998) skepticism scale in previous studies may be attributed to the study sample belonging to developing countries though a recent study (from developed nation) excluded one of the four-items due to low reliability (see Matthes and Wonneberger 2014). Apart from the country context, another reason could be due to use of student as sample and finally these students were not shown any green ads, so they didn't have anything to evaluate.

The findings of this study have important implications for managers as insights into consumer skepticism toward green advertisement can help companies design efforts to minimize skepticism toward environmental claims. Developing nations have lower environmental awareness (Earnhart, Khanna, and Lyon 2014) and a higher potential for deceptive claims (Zinkhan and Carlson 1995). However, as consumers develop their schemer schema, they may be more skeptical toward ads, which might have an adverse impact on companies' efforts to achieve legitimacy in the society (Leonidou et al. 2014).

6.0   Limitations and Future research

The present study has used multiple linear regression models that may be inadequate to provide conclusive evidence of the identified factors which indeed may be antecedents to skepticism towards green advertising. We propose to use A Structural Equations Model (SEM), incorporating mediation and moderation effects to provide a more tractable account of the phenomena.

In this study, the reliability of the scale for skepticism toward green ads proposed by Mohr, Eroglu and Ellen (1998) was below the accepted level of 0.70. This opens up two potential research avenues: first, this work should be replicated in another developing nation, to confirm the findings of the present study. Second, a scale to measure skepticism toward green advertising in the context of developing countries should be developed. A detailed analysis of the scale was not undertaken as it was beyond the scope of this study. An experimental design may also be used to verify the results of hypothesis.

The results of this study are based on a student sample confined to western India. Future studies can verify the findings from other parts of India to examine whether geography and state culture play a dominant role in skepticism toward green advertisement. Additionally future research can extend the model to include surveys from actual consumers of products and services.

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The Effectiveness of Defensive Responses after Scandals: Comparison between PRNP and VRNP

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Abstract

Previous studies have not empirically compared the effect of product-related (PRNP) and values-related negative publicity (VRNP) on consumers' post-scandal information processing strategies as well as the effectiveness of corporate responses to scandals. This paper compares the effectiveness of defensive responses after PRNP and VPNP. Data suggest that defensive responses are relatively more effective to deal with PRNP than VRNP, because defensive response usually aims at changing consumers' attributional judgment after the scandal, and consumers rely more on attributions under the circumstance of PRNP. Our findings indicate that the effectiveness of post-scandal corporate responses can be influenced by the nature and types of scandals. Therefore, managers should not adopt a blanket approach in crisis management.

Keywords: Negative Publicity, Attributions, Brand Equity

Track: Advertising and Sales Promotion

1.0 Introduction

Negative publicity, more commonly known as scandals, has different forms and contents. The comparison among different types of negative publicity is rare in the literature. A majority of previous studies looked at instances of product-related negative publicity (PRNP) or product-harm crisis, which is defined as the wide-spread negative information that indicates a defect or danger embedded in a company's product or service. PRNP implies a reduction in functional benefits of market offerings, the impact of which has been extensively studied in the literature (Rubel et al. 2011; Van Heerde et al. 2007; Zhao and Helsen 2011). A second type of negative publicity is values-related negative publicity (VRNP), which is defined as the reported egregious social performance of a company or brand (Pullig et al. 2006). Some examples are Home Depot's racially insensitive post on Twitter, David Jones CEO's sexual harassment case, and JP Morgan's recruitment policy of favouring the children of political luminaries in China. Although VRNP is now frequently reported and attracting publication attention, it is less researched. Moreover, comparisons between PRNP and VRNP are also rare in the literature.

This paper compares PRNP and VRNP in terms of their impact on consumers' processing strategy and the effectiveness of corporate responses, more specifically, defensive responses. In a crisis of PRNP, consumers are driven to demand more psychological control over the incident to avoid being affected by product harm and functional failures. This is achieved through increased focus on elaborative reasoning such as causal attributions (Folkes

1984; Pittman and D'Agostino 1989). On the other hand, consumers' processing of VRNP involves the learning of non-product information. Although studies have suggested that learning of non-product information also contributes to consumers' brand associations, consumers digest non-product information with a reduced need for accuracy (van Osselaer et al. 2004). Therefore, we contend that both PRNP and VRNP influence consumers' brand associations, but the levels of reliance on attributions are different during the process. When a company intends to defensively respond to a scandal, the major aim is to change the public attributions from internal locus to external locus and from controllable to uncontrollable attributions. If the attributional judgments are more relevant in the processing of PRNP, then it is logical to predict that defensive response after a product-related scandal will be more effective in influencing consumers' brand learning than that of a non-product scandal scenario. The theoretical contribution of the paper includes: (1) highlighting the difference in consumers' reaction to PRNP and VRNP; (2) studying the interaction between types of negative publicity and attributions; (3) examining the contingent effectiveness of defensive corporate responses after the blow of negative publicity.

2.0 Literature Review

Negative publicity, or scandal, is broadly defined as the non-compensated dissemination of potentially damaging information through media or word of mouth. Pullig, Netemeyer, and Biswas (2006) categorized negative publicity as either product-related or values-related. The key difference between PRNP and VRNP is whether consumers believe that a negative incident has direct impact on them through failed or harmful products (Dutta and Pullig 2011). On the other hand, VRNP is related to questionable social performance of a brand, including incidents related to racism, pollution, employee treatment and so forth. Therefore, on a scale of consumer impact (from indirect to direct), PRNP implies direct impact, while VRNP implies indirect impact on consumers. Research on the comparison between the effects of PRNP and VRNP is sparse. While there are three papers (Dutta and Pullig 2011; Pullig et al. 2006; Xie and Peng 2009) that include both PRNP and VRNP, the main research purpose was not to compare consumers' reaction process (e.g., attributions). Furthermore, corporate defensive responses were not involved in these studies.

After the breakout of negative publicity, companies have multiple instruments available to mitigate negative business impact. Several frequently adopted response strategies are apologetic response (Kim et al. 2004), defensive response (Dawar and Pillutla 2000), scapegoating (Gao et al. 2012), socially responsible initiatives (Yuksel and Mryteza 2009), and compensational response or product recall (Chen et al. 2009). Absorbing all responsibility and providing public apology were once considered an optimal response strategy in all cases (Bradford and Garrett 1995; Garrett et al. 1989). However, recent studies support a contingency-based view, suggesting that the relative efficacy of responses varies from case to case and depends on the nature of the original scandal (Tybout and Roehm 2009; Yuksel and Mryteza 2009). Therefore, managers are in a dire need to understand the interaction between the features of the scandal and the response strategies. In this paper, we choose to compare the effectiveness of defensive responses between PRNP and VRNP. A defensive response is selected because it is one of the most frequently adopted strategy in crisis management (Tybout and Roehm 2009). We define a defensive response as a type of corporate actions toward the publicized negative information in which documents, statements, evidences, and information are released to the public to clarify a company's actual involvement in the incident. Defensive response offers explanation on the causes of the incident rather than simply disclaiming the existence of the incident, and it can be applied

regardless of legal responsibility the company holds in the incident. The main purpose is to provide explanations for the negative incident from a company's perspective. A company is recommended to defend itself when there are strong evidences to indicate that the company takes unnecessary blames for others. This paper predicts that the effectiveness of defensive response is hinged on the relevance of attributions in consumers' information processing. The following paragraphs will provide theoretical arguments to explain the mechanism.

First, attributions are more relevant in PRNP than in VRNP (Gu and Sinha 2012). Attributions are spontaneously activated among consumers when scandals are exposed. Consumers deem causal attributions as a reliable means of evaluating a company or brand. In the literature, Jorgensen (1996) proposed that attributions influenced consumers' brand confidence after a fatal plane crash. In addition, attribution tends to influence attitude toward the company after PRNP (Griffin et al. 1991), to mediate the impact of negative product information on brand evaluation (Laczniak et al. 2001), or to mediate the effect of pre-scandal corporate social responsibility effort on consumers' brand evaluation (Klein and Dawar 2004). However, the relevance of attributions in PRNP and VRNP has not been compared before. We contend that attributions are more relied on by consumers in PRNP due to the motivation for accuracy. Accuracy motivation is among the general motivations of human beings in information processing (Kruglanski 1989). When accuracy is required, attributions produce more relevant information to form expectancy and attitudes (Kelley and Michela 1980), so accuracy motivation enhances the effort an individual spends on attribution. High accuracy motivation promotes reliance on attributions (Chen et al. 1996; Forgas 1992; Maheswaran and Chaiken 1991). On average, processing of PRNP involves higher accuracy motivation than that of VRNP. The major difference between PRNP and VRNP is whether substantial damage occurs to consumers' benefits. In a product related situation, the motivation to conduct elaborative attribution is characterized by functionalism. There is an enlightened self-interest behind the attribution process. The harmful or failed products from a brand decrease the value gained by consumers in the forms of monetary loss or harm to personal health or security. In the face of these threats, consumers demand more psychological control over the incident to decrease the level of uncertainty embedded in the future purchase decisions by identifying the causes of PRNP and the pervasiveness of these causes (Klein and Dawar 2004). For VRNP, the negative event itself poses no direct threat to consumers, so the motivation to conduct attribution is characterized by mastery rather than functionalism (White 1959). The accuracy or elaboration effort on the social performance of the company cannot be fully transferred into the confidence in product beliefs and stability of preferences. Therefore, consumers are not as motivated to make accurate attributions on VRNP as on PRNP. For example, Biehal and Sheinin (2007) suggested that although corporate social responsibility information influenced brand evaluations, this influence might not be as cognitively justifiable as product information. Van Osselaer et al. (2004) also proposed that although consumers considered both product and non-product information in brand learning, the non-product information was processed with less deliberation. The meaning of non-product information was learned through direct associations rather than elaborative reasoning. Trope and Liberman (2010) provided a more fundamental explanation by using the construal level theory, and argued that human beings tended to make abstract predictions and evaluations of people or events they perceived to be psychologically distant from themselves. The level of abstraction increased with the perceived amount of psychological distance. VRNP usually describes the suffering of unfamiliar individuals or an abstract unity such as the society or the environment, which are of high psychological distance to the information receiver. Therefore, the accuracy motivation drops when it comes to VRNP cases, and the relevance of attributions drops as well.

Second, according to the definition, the main purpose of a defensive response is to change consumers' attributions after scandals. Attributions are based on information of the scandal and consumers' pre-scandal memory of the brand or company. Defensive responses provide a previously unavailable viewpoint from the company, adding new information that might be diagnostic to consumers (Siomkos and Kurzbard 1994; Tybout and Roehm 2009). As long as the message from the company is considered to have high credibility and provides previously unknown information that is useful to make attributional judgment, defensive responses should adjust consumers' attributions to a less culpable level. On the other hand, if a defensive response fails to change consumers' causal attributions, its effectiveness would be rather limited, because attribution is the main mediating mechanism for defensive response to work. Attributions are more relied on in PRNP than in VRNP to form brand associations. Therefore, if defensive responses to PRNP and VRNP have similar power in changing consumers' attributions, they should be more effective in PRNP because consumers are more prone to integrate attributional judgment into brand associations in PRNP. So:

> *H1: If the impact of defensive responses on casual attributions is not significantly different between PRNP and VRNP, defensive responses should be more effective in changing consumers' brand associations after PRNP than after VRNP.*

3.0 Research Method and Results

We conducted an experiment to test the effectiveness of defensive responses. A total of 340 Australian citizens participated in this 20-minute experiment. Each participant was randomly recruited from the largest national consumer panel in Australia and invited to participate in the research. The data were collected through Qualtrics. Male participants represented 42.1% of the sample. The average age was 48.6 among all participants. Geographically, 40.3% of participants lived in the state of New South Wales, 18.8% lived in Victoria, 17.8% lived in Queensland, and the rest lived in the other states of Australia. Of the total group, 43.4% of the participants were high school graduates and 43.1% had an undergraduate degree. We adopted a 2 (PRNP and VRNP) × 2 (negative publicity only and negative publicity plus defensive responses) design. Participants were randomly assigned to the four cells. They were told that the purpose of the research was to understand their preferences toward a wine brand. A hypothetical brand of Finci Valley and one specific product (2010 Cabernet Sauvignon) was introduced to the participants. After the brand and product information was presented, participants were exposed to the information about negative events that involved Finci Valley. For PRNP, a wine switching incident was reported. For VRNP, a 20-year old part-time employee at Finci Valley was involved in a fatal work-place injury, killed by a snake bite while working in the vineyard because she was not wearing any safety equipment. No co-workers or supervisors were around to help her when the tragedy occurred. Half of the participants were also shown the following responses from Finci Valley:

> *(PRNP) The spokesman from Finci Valley said to the reporter "we find the accusation to be unsubstantiated and baseless. Finci Valley has never been and will not get involved in a label fraud. Within the bottle is our 2010 Cabernet Sauvignon product, an award winner. Wines can have slight difference from vineyard to vineyard, from bin to bin, or even from bottle to bottle. It is normal to have this difference. I believe this accusation was made upon us due to unwarranted jealousy rather than actionable evidences."*

(VRNP) The spokesman from Finci Valley said to the reporter "we find the accusation to be unsubstantiated and baseless. Finci Valley has always prioritized employee health and safety. Jane's death was accidental. She returned to the vineyards after work without proper supervision for some reasons. She walked through bushes to leave, which is proved to be dangerous. We are overwhelmed by the grief, but I believe the accusation was made upon us due to unwarranted speculations rather than actionable evidences."

Both responses from Finci Valley were shown in the form of online news with the same source of media. Only half of the participants were exposed to the above defensive responses. Through this between-subject design, we were able to gauge the impact of the response strategies and their interaction with scandal types with less confounding effect. Participants' attributions were measured using the same set of scales described by Klein and Dawar (2004). We kept locus of causality and controllability dimensions and excluded the stability dimension due to its low reliability. We measured participants' brand associations on Finci Valley from three dimensions: brand credibility (e.g., Finci Valley delivers what it promises), brand trust (e.g., Finci Valley is not at all trustworthy / very trustworthy), and brand affect (e.g., I feel good when I think of Finci Valley). These scales were from Gu and Sinha (2012). In a confirmatory factor analysis, the AVE of all scales used in this study was above .69. The discriminant validity test indicated that the five dimensions of scales used in the paper were fundamentally different. The mean values of the scales were used in the analysis.

The defensive responses changed consumers' attributions in both the PRNP and the VRNP scenarios. Participants' culpable attributions dropped on both the locus of causality and the controllability dimension after viewing the defensive responses. The magnitude of these changes was not significantly different (Δ_{locus} = .54 for PRNP and .63 for VRNP, F_{locus} = .099, p = .753; $\Delta_{controllability}$ = .42 for PRNP and .41 for VRNP, $F_{controllability}$ = .001, p = .974). Regarding the impact on consumers' brand associations, defensive responses were effective in PRNP, but not significantly effective in VRNP (see Table 1). A multivariate linear model was used to test the overall effectiveness of defensive responses on all three dimensions of brand associations, and the result suggested that defensive responses were effective in recovering brand associations for PRNP (F = 5.083, p = .002), but not for VRNP (F = .022, p = .995). Separate tests for the interaction effects are displayed in Table 1 as well. The interaction effect between scandal types and whether a defensive response was presented was significant on all three brand association dimensions. The overall interaction effect on all three brand associations dimensions was significant as well (F = 2.318, p = .075). Therefore, the hypothesis in the paper is supported.

Table 1: The effectiveness of defensive response strategies between PRNP and VRNP

Variables[1]	PRNP			VRNP			Interaction
	Scandal[2]	Response	p-value[3]	Scandal	Response	p-value	p-value[4]
Locus of causality	3.47	2.93	.007	3.29	2.66	.002	.753
Controllability	3.51	3.09	.009	3.29	2.88	.010	.974
Brand credibility	2.70	3.16	.000	2.90	2.92	.871	.014
Brand trust	2.63	3.19	.001	3.04	3.05	.925	.017
Brand affect	2.61	3.09	.000	2.74	2.77	.820	.014

1 All measures used five-point scales. Mean values for all five variables were shown in the table.
2 Here "scandal" means that the participants were only exposed to the negative publicity without the defensive responses from the company. "Response" means that participants were exposed to both the scandal and the corporate defensive message.

3 p-values were based on independent sample t-test between scandal and response groups.
4 p-values were based on the interaction effect between types of negative publicity and whether a defensive response was presented to participants.

4.0 Discussions and Conclusion

From the analysis, we noticed that defensive responses had significant impact on consumers' post-scandal attributions. The changes in attributions in PRNP resulted in a significant revision of brand associations. On the other hand, the brand associations in VRNP also became more favourable, but the changes were not significant. We contend that the different types of negative publicity contribute to the discrepancy in the effectiveness of defensive responses. Participants relied more on attributions in processing PRNP and thus the change in attributions had more influence on brand associations. Although it requires further testing and eliminations of alternative explanations to suggest a rigid causal relationship between scandal types and effectiveness of defensive responses, the result here offers a demonstration on how the same response strategy can receive different effect in repairing consumers' brand associations. The improvement in brand associations was quite limited with the presence of a defensive response in VRNP. This result should not be interpreted as attributions having no influence on brand associations in VRNP. Actually the correlations between attributions and brand associations were significant in VRNP. It seemed that at least some participants did accept the defensive responses from the company as genuine and valid. However, such acceptance was not assimilated into the ratings of the brand. Since a between-subject design was used, the data actually suggested that participants still viewed Finci Valley as a less favourable brand even though the company was regarded as less culpable in the incidents. This again confirms that the consumer perception of VRNP is more informed by deontological principles rather than rigorous reasoning.

Several areas could be avenues for future research. First, we eliminate rather than study consumer heterogeneity in our model. Future studies can investigate the impact of age, gender, and personality. Second, as mentioned earlier, other information-processing routes in addition to attributions might exist. The identification of such routes can improve the understanding of the impact of corporate scandals on consumers, and . Third, we did not discuss the relationship between attributions and emotions in our paper because of the complexity and reciprocity between them. Future studies can adopt longitudinal designs to disentangle the connection. We measured the impact of negative publicity through CBBE, but negative publicity influences other stakeholders as well. Future studies can embrace a broader definition of brand equity to include responses from shareholders, employees, and competitors for example.

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Consumer-Generated Ads (CGA) vs. Traditional Ads:
Empirical Evidence on Measures of Effectiveness

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Abstract

It was not long ago that creating and broadcasting your own advertisements of internationally branded products seemed delusional. Now not only is it possible, but also achievable for anyone with access to the Internet. The networked environment inspired many individual consumers to reach millions of peers around the world and advise them on well-known brands through home-produced video-advertisements. The objective of this research is to examine the attitudinal, behavioural and recall effects of consumer-generated advertising (CGA) on viewer audiences. This was achieved by implementing a mixed method design, which included focus groups and two experiments. Findings suggest that disclosure of the consumer source is likely to enhance ad evaluations when CGA is professionally produced and product involvement is low. However, Source Salience (ad quality), Source Awareness and Product Involvement significantly affect only the Cognitive component of Attitude towards the Ad and the Attractiveness component of Credibility of the source.

Track 3: Advertising and Sales Promotion
Key words: consumer-generated ads, user-generated content, advertising, attitude, source effects

1.0 Introduction

Over the past decade, the networked information environment has markedly increased consumers' autonomy and brought radical change to the advertising industry. Social media, affordable digital gadgets and free editing software have enabled consumers to create their own ads for well-known brands and to distribute them online or submit them to advertising competitions (Berthon, Campbell, & Pitt, 2008). First known as vigilant marketing (Muñiz & Schau, 2007), consumer-generated advertising (CGA) was defined as consumer-created brand communication with "the look and feel of traditional advertising" (Ertimur & Gilly, 2012, p. 115).

For decades, advertising has been dependent on centralised mass media communication, where one-way marketing practices clearly dominated, usually from the company to the end consumer (Deighton & Kornfeld, 2009). However, new opportunities provided individuals with the option of not only passively watching advertisements produced by advertising agencies, but now also creating TV ads without the need for expensive equipment or cable access. Consumers embraced this new opportunity and transformed from passive viewers to creators and communicators. As a result, a large group of diversely-motivated individuals, not associated with relevant companies, can now reach millions of others around the world (Benkler, 2006) and advise them on well-known brands. These changes are exciting but also challenging at the same time. If previously brands were determined and controlled by a small group of marketing professionals, now brands are largely influenced by consumers who are actively co-creating brand meaning and brand value.

The emergence of consumer-generated advertising has been accompanied with the widespread belief that CGA can possibly outperform traditional advertising (Lawrence,

Fournier, & Brunel, 2013). The Super Bowl tradition of screening consumer-generated ads has shown that these have been consistently rated as top-favourites by the audience. On several occasions, consumer-generated ads achieved first and second places in the USA Today Ad Meter ratings, leaving behind advertising produced by corporations and their advertising agencies (Frito Lay, 2014). The goal of this research is to examine the attitudinal, behavioural and recall effects of consumer-generated advertising on viewing audiences.

2.0 Literature Review
2.2 Source Similarity and Opinion Change

Source of information is a multidimensional construct. Its conceptualisation has been extended significantly since its inception, when two dimensions of the source, expertise and trustworthiness, were identified by Hovland, Janis & Kelley (1953). McGuire (1985) expanded source characteristics with attractiveness and power. Being closely related to attractiveness (Byrne & Nelson, 1965), a similar source was found to be more influential for opinion change (e.g. Berscheid, 1966). A number of studies show that people tend to be persuaded more by similar, rather than dissimilar, communicators (Berscheid, 1966; Brock, 1965; Hilmert, Kulik, & Christenfeld, 2006; Mills & Jellison, 1968). In a networked society, the consumer source is pervasive within online media content and its similarity to the audience provides the capability to produce favourable attitude change and formation. Consumer-generated information was previously found to be more persuasive in various contexts compared to information provided by a company (Chang, 2011; Cheong & Morrison, 2008; Goldsmith & Horowitz, 2006; Senecala & Nantela, 2004).

2.1 Consumer-Generated Advertising

The need to integrate consumer-generated advertising within a company's marketing strategy has encouraged scholars to investigate the effects of CGA. Despite the recent academic interest in the CGA phenomenon, the results of past studies remain inconclusive. In particular, it was documented that individuals frequently respond to ads created by fellow consumers in a more favourable way (Lawrence et al., 2010; Lawrence et al., 2013). Yet other research has found CGA to cause potentially negative responses among the audience (Ertimur & Gilly, 2012; Steyn, Ewing, van Heerden, Pitt, & Windisch, 2011; Steyn, Wallström, & Pitt, 2010; Thompson & Malaviya, 2013). These two lines of research display an apparent inconsistency, which suggests that further study is needed that would not only clarify and integrate these two lines of investigation, but also provide a more cohesive model of CGA influence.

The present paper suggests that those inconsistencies may be linked to moderator variable explanations. For instance, so far there has been little research on how production quality of CGA impacts its outcomes. However, professional advertisers and filmmakers are becoming increasingly involved with creating consumer-generated advertising (Dijck, 2009; Ertimur & Gilly, 2012), so CGA quality ranges from amateur to highly professional. Factors like this potentially moderate the effects of CGA, and this research was intended to address this gap in the literature.

Therefore, the first specific research objective is to identify factors influencing viewers' responses to consumer-generated advertising. Meanwhile, a second specific objective is to identify under which conditions disclosure of the consumer source is likely to produce a more favourable response.

3.0 Methodology

This research was completed in three consecutive studies (one qualitative and two experimental), using an exploratory sequential mixed-method design. Mixed-method design

was implemented for a number of reasons. Firstly, for triangulation purposes in order to enhance the credibility of the research findings. Secondly, to increase the breadth and depth of understanding. Thirdly, to create a synergistic effect, which occurs when results from one method develop or inform the other method. Fourthly, both qualitative and quantitative studies may provide novel insights, which can lead to future research (Cresswell & Clark, 2011; Hesse-Biber, 2010).

4.0 Focus Groups

An initial qualitative stage was conducted to explore the phenomenon of consumer-generated advertising and also assist in creating a quantitative model of CGA effects. During this phase, two focus groups were conducted: one with CGA-viewers and another with CGA-creators. It was challenging to find and recruit ad creators, so specifically for this purpose an advertising competition was conducted among the students of Physical Education and Sport Coaching in a large urban university. The experience of these contestants is similar to other consumer ad competitions, while the demographic characteristics of participants match the typical Internet contributors, who are normally between 12 and 26 years old.

Data was analysed using thematic analysis performed in NVivo. Data coding was accomplished using the contrast-comparative method, which includes an open coding, axial and selective coding (Strauss & Corbin, 1990). The resulting node trees were visualised using NVivo models to help interpretation of the results. Thus, the primary thematic analyses conducted within the essentialist paradigm aimed to reflect the reality of the CGA concept (Braun & Clarke, 2006). Then, from a constructionist perspective, the analysis attempted to unravel the surface of the phenomenon and theorise antecedents, contexts and conditions, which enable individuals to exhibit certain attitudes towards consumer-generated advertising (Braun & Clarke, 2006). In total, seven variables potentially affecting CGA-effectiveness were identified. These are: recognition of consumer-generated advertising, advertising quality, product involvement, expertise of ad creators, motivations of ad creators, scepticism towards CGA and consumer's creativity.

During the last step of the analysis – selective coding, the data were integrated again at a higher, more abstract level of analysis (Strauss & Corbin, 1990). To do that, subsidiary categories were related around the core category (Source Awareness) using a paradigm: conditions, phenomenon, context, strategy and consequence (Strauss & Corbin, 1990). The resulting rich qualitative framework included all emerging themes. To make it suitable for quantitative testing, the model was further focused according to the interest of the current research. As a result, the Salience-Involvement model of CGA effects was suggested.

5.0 Conceptual Model

The proposed Salience-Involvement model of CGA effects is a moderated-mediation model. Source Salience is a focal predictor. For the purpose of this research, it was defined as a set of easily noticeable cues that provide recipients with a spontaneous awareness of the ad's consumer source. These cues might take a form of amateur production quality.

The model has two moderators: Product Involvement and Ad Source Awareness. The latter was defined as revealing information that is overly stated in the ads, often in a form of a subtitle or a label, and other signals to the audience that the particular advertisement was created by a consumer. The model also incorporates two mediators: Credibility and Creativity. The quantitative model specifies the overall Credibility variable instead of three different Credibility-related constructs identified during the exploratory stage: consumer expertise, motivations of CGA-creators and scepticism towards CGA.

The suggested model was tested in two subsequent empirical studies. Since present research is explorative, the convenience sample was used. Participants for the experiments were recruited through local universities and various Facebook groups.

All the measurements for dependent variables were adopted from existing published academic research. These include attitude towards the ad, attitude towards the brand, purchase intention, brand recall, etc. Each scale composition and item loadings were checked using a principle axis factor analysis, while internal data reliability was tested using Cronbach's Alpha procedure. Manipulations checks suggested that experimental manipulations were successful for both experiments.

6.0 Study One

The purpose of the first study was to find which responses salient CGA is likely to produce when advertising source is not disclosed to participants. The first experiment uses a 2x2, between-subjects experimental design in which levels of advertising Source Salience (consumer-generated vs. company-generated) and Product Involvement (low vs. high involvement) were manipulated. The sample consisted of 208 respondents: 102 females (49 per cent) and 106 males (51 per cent). Respondents' ages range from 18 to 65. The age groups 18-25 years old (30.3 per cent), 26-34 years old (37.5 per cent) and 35-54 years old (25.0 per cent) are nearly equally represented in the sample. The data was analysed using a series of ANOVA tests. Results reveal a largely negative impact of salient consumer-generated advertising when the consumer source was not disclosed ($F_{credibility}(1, 203) = 5.668$, $p < .05$, partial $\eta^2 = .027$). However, under high involvement conditions, amateur CGA was more entertaining (($F (1, 204) = 27.887$, $p < .001$, partial $\eta^2 = .120$) and more likely to be electronically shared with others ($F (1, 204) = 8.228$, $p = .005$, partial $\eta^2 = .039$). Meanwhile, under low involvement, brands from consumer-generated ads demonstrated higher levels of brand recall ($F (1, 204) = 4.929$, $p = .023$, partial $\eta^2 = .023$).

7.0 Study Two

The second study extends the results of the first one. The purpose of the second experiment was to investigate how the outcomes of professional and amateur CGA will change after source disclosure, under low or high involvement conditions. The second experiment uses a 3x2x2, between-subjects experimental design. Here, levels of Source Awareness (consumer-generated ads vs. company ads vs. no source indicated) were manipulated in addition to Source Salience and Product Involvement. The sample consisted of 600 respondents: 239 males (39.8 per cent) and 361 females (60.2 per cent). The age of the participants range between 13 and 65 years old, with the majority being between 18 and 25 years old (59.0 per

cent). Findings show that Source Awareness produces an interactive effect with Source Salience and Product Involvement, which is significant only on two variables: the Cognitive component of Attitude towards the Ad ($F_{(2, 587)} = 3.191$, $p < .05$, $\eta_p^2 = .011$) and the Attractiveness component of Credibility ($F_{(2, 587)} = 3.265$, $p < .05$, $\eta_p^2 = .011$). Based on significant results for Cognitive A_{ad} and Ad Attractiveness, the data suggest when disclosure of the consumer source may produce a more positive outcome. That is, disclosure of consumer source is likely to enhance ad evaluations when the CGA is professionally produced and involvement is low. Meanwhile, attribution of an amateur CGA to consumer source is likely to have a negative impact.

8.0 General Discussion

8.1 Discussion
The digital revolution enabled by Web 2.0 has created a shift towards a more 'participatory media culture' (Bruns, 2008; Jenkins, Ford, & Green, 2013). The line between producers and consumers is being blurred (Ritzer, Dean, & Jurgenson, 2012; Toffler, 1980), as has that between advertisers and consumers. Virtually anyone can now reshape, reframe and reposition well-known brands by creating their own advertisements. In a networked environment, individuals are therefore exposed to ads from different sources, not only the company itself, but also other consumers. While the number of consumers engaged in the process of ad co-creation is relatively small (Arnhold, 2010; Comor, 2011), the majority of consumers can observe and judge co-creations of other peers.

This research provides further insights into our understanding of the similarity between communicator and message receiver. Traditionally, a similar communicator is considered to be more persuasive than a dissimilar communicator (Berscheid, 1966; Mills & Jellison, 1968). However, this research demonstrates that in the context of CGA, the communicator-receiver similarity does not necessarily result in a positive response. Instead, the positive impact of CGA occurs only under certain conditions. This research contributes to the growing literature on CGA by exploring the moderating role of advertising quality (Source Salience) and Product Involvement.

Source Salience could potentially add another dimension to the traditional conceptualisation of the information source, which incorporates source expertise and trustworthiness (Hovland et al., 1953; McGuire, 1985), attractiveness (McCracken, 1989; McGuire, 1985; Ohanian, 1991), familiarity, power (McGuire, 1985) and similarity (McCracken, 1989; McGuire, 1985). Critical in the contemporary digital world, Source Salience specifically characterises the consumer source in the context of consumer-generated advertising and possibly other user-generated content. In CGA, it is often associated with amateurism, involving a loss of visual quality, poor acting and immature content. This research demonstrates that CGA-viewers prefer professionally produced (low salient) consumer ads possibly because they value mostly the symbolic value of brands (Fournier, 1998; Rosenberg, 1979) thus enhancing their self-image and a further opportunity to see the 'undressed reality' of what the product is.

8.2 Managerial Implications
This research might be interesting for marketing practitioners who seek a better understanding of consumer-generated advertising and wish to incorporate CGA in their marketing strategy. This study can offer several recommendations. The data suggests that marketing professionals may consider engaging with their audience through advertising contests only among professional filmmakers or advertisers. If the company acquires amateur CGA and is willing to distribute it, it might be better to do so without ultimately disclosing

the consumer source. The data also suggests that it might be more advantageous to use consumer-generated advertising for low involvement products, rather than for high involvement products in terms of overall effectiveness. In the end, it might be more sensible to use CGA as a supplementary tool together with other more established marketing practices.

8.3 Limitations and Future Research

Although the present research offers a robust set of studies to test the hypotheses, it is important to address potential limitations and suggest directions for future research. The experiments used a convenience sample, therefore the research would benefit from replication. In addition, participants were limited to a single exposure to the stimulus ads, which makes it more difficult to track changes in more enduring variables such as attitude towards the brand, purchase intention and brand recall. Potential directions for the future research comprise using a longitudinal research design, establishing partnership with a company conducting CGA contests, exploring the effects of consumer creativity restrictions and various types of CGA.

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ADVERTISING AND SALES PROMOTION

ABSTRACTS

The Daily Deal: An Experiential Perspective

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Abstract

There are now over seven billion internet users' worldwide (Internet World Stats, 2014), which makes it an attractive market for retailers. With a shift towards online shopping, we have seen a rise in online sales promotions such as the daily deal. Although, in recent years this has slowed down considerably (Tuttle, 2013). However, daily deal sites such as Groupon and GrabOne have continued to generate a profit so we should not discount the daily deal just yet. The premise of the daily deal is to offer products and services at significantly reduced prices, for a 24 hour period, usually on the basis that a minimum number of buyers will purchase the product. Past studies have explored daily deals (DDs) from various angles, for example Boon et al. (2012) compared DDs with other sales promotions; Eisenbeiss et al. (forthcoming) explored appropriate time constraints and discount levels; Parsons el al. (2014) looked at the impact DDs can have on quality perceptions; Boon's (2013) study investigated consumers' attitudes towards DDs; and Kumar and Rajan (2012) looked at social coupons from a marketing strategy perspective. The objectives of this exploratory study were two-fold: 1) to gain a greater understanding of consumers' DD experiences, and 2) to understand their motivations for participating in DDs. Seven audio-recorded interviews were conducted and thematic analysis was used to analyse the data. The preliminary findings revealed that some consumers experienced both tangible and intangible benefits when they participated on DD sites; and their motivations for partaking in DDs included thrill seeking, bargain hunting, novelty seeking, connecting with others, and experiencing instant and delayed gratification.

Keywords: Daily Deals, Sales Promotion, Experiential Consumption
Track: Advertising and Sales Promotion

Sharing the table: Social immersion in photographic food advertising

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Abstract

Eating with other people is a common food experience. This research introduces a new consumer mental phenomenon—social immersion—which occurs during an exposure to photographic food ads. Social immersion is—a subjective mental state when consumers imagine themselves sharing the depicted food experience with other people. This paper investigates the role of social immersion in visual food advertising persuasion. Results from an experimental study show that a food product depicted in a subtle sharing table scene significantly increases social immersion (compared to a non-sharing table scene), thereby heightening purchase intention. Social immersion significantly explains the effects of depiction types on purchase intention. Ad attitude and brand attitude cannot explain the effects of depiction types on purchase intention because the depiction types do not directly affect ad attitude and brand attitude.

Keywords: *Social Immersion, Photography, Food, Advertising, Persuasion*

Track: *Advertising and Sales Promotion*

QR code use in the consumer decision-making process:
The influence of utilitarian value

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Abstract

A contemporary marketing technology used to reach the empowered consumer of today is the Quick-Response (QR) Code. Despite the potential of this marketing technology, consumer acceptance and use are limited, due to the lack of perceived value. The objective of this study is therefore based on determining factors that contribute to consumers' perceived utilitarian value in order for the QR code marketing strategy to have an influence on the consumer's decision-making process. A conceptual model was developed based on relevant literature. The model was tested with the data of 402 respondents using SmartPLS 3. Results reflect that the task-technology fit of the QR code and the informative nature of the landing-page content are the strongest determinants of QR code utilitarian value. The utilitarian value derived from the QR code was proven a strong determinant of the perceived usefulness of using the QR code to collect information and evaluate alternatives.

Keywords: *Customer Utilitarian Value, QR-Code Marketing*

Track: *Advertising and Sales Promotion*

Exploring the Drivers of Customer Acceptance of SMS Advertising in an Emerging Market

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Abstract

The mobile channel has transformed into an important marketing promotion tool as it offers direct real-time communication with consumers, anytime and anywhere. Understanding how consumers' attitudes affect their behaviour and perception toward advertising messages on their mobile phones is crucial to support effective marketing communications. Thus, the purpose of this study is to explore the impact of attitude, perceived utility, utilization of context, perceived control, perceived sacrifice and trust toward consumers' willingness to accept SMS advertising. Using young consumers in Indonesia (n = 673), the study found that attitude, perceived utility, utilization of context, perceived control, perceived sacrifice and trust have significant effects on consumers' willingness to accept SMS advertising. The results show that trust is the strongest predictor of consumers' willingness to accept SMS advertising. The results have important managerial implications especially in the context of emerging markets.

Keywords: *SMS Advertising, Emerging Market.*

Track: *Advertising and sales promotion*

How Do Customers Respond to Word of Mouth on their Brand?

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Abstract

The impact of word of mouth (WOM) on currently owned brands is compared with the impact of WOM on other brands. Impact is measured as change in (re)purchase probability and the effect of both positive and negative word of mouth (PWOM, NWOM) is studied. PWOM has somewhat more impact and NWOM somewhat less impact on the purchase probability of current brands. This evidence is considered in relation to current concern about reach versus retention strategies.

Keywords: *Word of Mouth, WOM, Brand Loyalty, Customer Retention*

Track: *Advertising*

Can Social Media Campaigns Backfire? Exploring Consumers' Attitudes Towards Four Social Media Campaigns And Its Implications On Word Of Mouth

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Abstract

In response to unprecedented growth of social media, companies are continuously launching unique social media campaigns to encourage customers to share their advertising messages. Interestingly, many of these social campaigns end up backfiring. The purpose of this study is to examine consumer preferences towards four recent social media campaigns. Using a sample of 525 respondents from Australia, the results show that social media campaigns that contain negative messages are more likely to receive negative word of mouth whilst partnering with not for profits may help generate positive word of mouth. The results of this study will assist marketing managers to better understand consumer perceptions as well as their willingness to share four current social media campaigns.

Keywords: Social Media Campaign, Social Media, Word Of Mouth

Track: Advertising and Sales Promotion

How Engaging is a Brand's Social Media Content? Investigating engagement and scheduling on Facebook, Twitter, Instagram and YouTube.

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Abstract

Previous research that finds less than 0.5% of Facebook fans engage with a brand's posts (Nelson-Field and Taylor 2012), and 0.5% are active fans (Keller 2011), provides important benchmarks for marketers. However, the current social media landscape expands well beyond Facebook. To aid marketers understanding of engagement across platforms and content type, we replicate these studies for Facebook and extend to Twitter, Instagram, and YouTube, using a data set of 154,545 posts, from 228 international brands in 12 categories from 2014. Our findings replicate previous research, with low levels of engagement exhibited across all platforms and content types. YouTube had the highest level of engagement at 0.9%, on average, which is 10 times greater than Twitter and Instagram. Marketers should expect little engagement with their brand's content across these four platforms, indicating that the main value of social is in the reach the content may achieve rather than the 'engagement'.

Product Placement Efficacy in Television Drama: The Roles of Presentation Modes and Brand Familiarity

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Abstract

Due to the declining efficacy of traditional TV commercials, product placement has been increasingly used in business practice today. This paper investigates the effectiveness of product placement in television drama, focusing on how presentation modes and brand familiarity influence brand recognition. Results from a 3 by 2 within-subject experiment show that audio-visual is the most effective presentation mode of product placement in television drama as it achieves the highest brand recognition. This is followed by audio placement, and the least effective presentation mode is visual placement. Furthermore, contrary to our prediction, familiar brands are found to enjoy higher brand recognition than unfamiliar ones, suggesting that television-based product placement may be more effective for enhancing awareness of established brands than creating awareness of new brands.

Keywords: *Product Placement, Brand Recognition, Presentation Mode, Brand Familiarity,*   *Television Drama*

Track: *Advertising and Sales Promotion*

Measuring Advertising's Effect on Mental Availability: Can new metrics capture the effect of advertising exposure on consumer memory?

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Abstract

Few would argue advertising does not affect consumer memory. Far more contentious is how to measure this effect. This paper focuses on the memory construct *Mental Availability*, which is the propensity of a brand to be noticed, or come to mind in buying or consumption situations (Romaniuk and Sharp 2004). Romaniuk's (2013) set of Mental Availability (MA) metrics are tested to see whether advertising effects could be observed. At an aggregate level minimal change is evident. However, further investigation shows that mental availability is greater for consumers with claimed advertising exposure; in particular 44% more respondents could give at least one brand association (associative penetration), and more associations were provided for the brand (demonstrated by the difference of 22% for mental market share and 16% for association rate). This result is not due to the documented usage bias, as exposed nonusers have greater mental availability than the non-exposed non-users.

Keywords: *Advertising, Mental Availability, Memory, Brand Usage, Advertising Effectiveness Measures*

Track: *Advertising and Sales Promotion*

Analysing Frequency and Repeat Viewing in Online Magazines

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Abstract

Exposure, measured by reach and frequency, underpins media planning. This paper analyses reach, frequency and repeat usage to report on in-media usage within a digital context where media have proliferated and audiences are fragmented. A census of site-centric of subscriber activity for 11 weekly issues of an online edition of a magazine is analysed. Overall audience size is consistent from issue-to-issue with some 37% of subscribers reading the following issue. This finding is surprising as it might be assumed that the subscription nature of magazines would result in higher rates of viewing and more devoted viewing from issue-to-issue. These finding provide media buyers with an important insight into campaign reach, that is, the audience size exposed to a campaign, beyond circulation rates.

Keywords: *Repeat-Viewing, Audience Analysis, Exposure Frequency, Media Planning, Effective Reach.*

Track: *Advertising and Sales Promotion*

Viewing Preferences for TV Programs: Choices Across Different Platforms

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Abstract

The television industry worldwide is at an interesting point in history. Pay TV and digital media have altered the way consumers view television content, and changed the nature of an industry that was dominated by analog free-to-air television media. This change is also important for television advertisers who need to understand the viewing behaviour of consumers to assist in the selection of the right media vehicle for their advertising. This paper analysed the results of a survey of 367 people to discover what programs they prefer to watch on Pay TV, Catch-up TV, and online Streaming TV, compared to free-to-air TV. The findings indicate that there are programs and attributes preferred by the different forms of television, which provide an insight into TV program viewing at a time of widespread and ongoing changes for the industry.

Keywords: Television, Free-to-Air TV, Choice Modelling

Track: Advertising and Sales Promotion

Does Size Matter? IMC Antecedents, IMC Capability and Brand Size.

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Abstract:

Drawing on the Resource Based View (RBV) of the firm this research investigates how an IMC capability and subsequent brand communication performance is influenced by organisational antecedents of the firm's learning orientation, marketing orientation and brand orientation. The research also investigates whether brand size matters and has an influence on these relationships. The results show that an IMC capability is significantly influenced by a firm's brand orientation and firm size but not by its market orientation and learning orientation. The finding suggest that smaller brands need to focus on creating a brand orientation and consider improvements to the way they implement IMC in order to build it into a capability that delivers brand performance benefits.

Keywords: *IMC Capability, Antecedents, Brand Performance*

Track: *Advertising and Promotion*

The effects of sponsorship articulation message repetition: The moderating role of sponsorship clutter

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Abstract

This paper presents the results of a study where consumer purchase likelihood responses to sponsorship articulation stimuli were collected at four different points in time, before and after a sports event took place. Using an experimental approach where event-sponsor congruence and the presence of sponsoring competitors (i.e., sponsorship clutter) were manipulated, it was found that the effectiveness of sponsorship articulation generally improves as a function of the number of exposures to an articulation message in a cluttered environment, but deteriorates when competitors of the sponsor are absent. The results indicate that several exposures to sponsorship articulation messages lead consumer to stronger perceptions of event overexploited in a non-cluttered sponsorship environment.

Keywords: sponsorship, event-sponsor congruence, message repetition, sponsorship clutter

Track: Advertising and sales promotion

Disentangling Advertising Recall Among Users & Non-users of Co-advertised Brands

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Abstract

Advertising with another brand allows marketers to leverage the audience of the other brand to attract new buyers. However, little is known about how co-advertising strategies affect people's propensity to remember an ad, in particular brand users and non-users. This study uses online experiments to examine the audience effects of co-advertising on packaged goods and charity brands in Australia and the UK. Our findings suggest that adding a second brand to advertising potentially benefits a brand by reaching two unique audiences: users of both brands advertised and non-users that use the secondary brand advertised. We find that users of both brands have higher propensities to remember advertising than users of one brand, and non-users of the primary brand that use the secondary brand have higher propensities to remember advertising than non-users of both brands. We highlight the importance of the partner's brand size for marketers considering a co-advertising strategy.

Keywords: *Co-Advertising, Advertising Two Brands, Advertising Recall, User And Non-Users*

Track: *Marketing Communications*

Measuring Advertising's Effect on Mental Availability: Can new metrics capture the effect of advertising exposure on consumer memory?

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Abstract

Few would argue advertising does not affect consumer memory. Far more contentious is how to measure this effect. This paper focuses on the memory construct *Mental Availability*, which is the propensity of a brand to be noticed, or come to mind in buying or consumption situations (Romaniuk and Sharp 2004). Romaniuk's (2013) set of Mental Availability (MA) metrics are tested to see whether advertising effects could be observed. At an aggregate level minimal change is evident. However, further investigation shows that mental availability is greater for consumers with claimed advertising exposure; in particular 44% more respondents could give at least one brand association (associative penetration), and more associations were provided for the brand (demonstrated by the difference of 22% for mental market share and 16% for association rate). This result is not due to the documented usage bias, as exposed nonusers have greater mental availability than the non-exposed non-users.

Keywords: *Advertising, Mental Availability, Memory, Brand Usage, Advertising Effectiveness Measures*

Track: *Advertising and Sales Promotion*

How Emotions Affect Unplanned Buying Behaviour:
The Role of Valence and Arousal

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Abstract

Drawing from emotion regulation theory, this research aims to investigate how consumers' unplanned purchase behaviour is shaped by emotional components (valence and arousal) generated by internal and external motivators inside a store. Two experiments manipulate consumers' emotional states through exposure to movie clips that form part of a shopping scenario. The scenarios allow direct observation of the extent of unplanned buying. Findings show that consumers' unplanned purchase behaviour depends on the current levels of valence and arousal. Insights gained from the study can help retailers and marketers to enhance their marketing strategies where these relate to encouraging or limiting unplanned buying.

Probability-Based Loyalty Programs Increase Motivation

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Abstract

Within the context of a loyalty program, the authors investigated whether uncertainty regarding when a goal might be achieved increases goal pursuit motivation. More specifically, the authors compared the effectiveness of traditional loyalty card programs – for example, buy 5 coffees and get one free – with probability-based loyalty programs – for example, buy a coffee and get a 10% chance of winning a free coffee, with a guaranteed free coffee after buying 9 coffees. The expected number of free coffees given away was always equal between programs. We found that people were more motivated – that is, had higher program return rates, higher goal completion rates, and higher number of overall purchases – when participating in a probability-based loyalty rewards program. The effect was stronger when the probability of winning increased over purchases compared to remaining flat. The theoretical and practical implications of these important findings are discussed.

Keywords: Loyalty Program, Motivation, Goal Pursuit, Uncertainty.

Track: Advertising and Sales Promotion

RETAILING, RETAIL MANAGEMENT AND DISTRIBUTION CHANNELS

FULL PAPERS

Gender, age and occupation aspect of shopping time efficiency

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Abstract

Shopping efficiency receives a certain amount of attention in popular marketing media. However, only a limited amount of the rumors and suggestions made by pundits has been replicated academically. This paper aims to extend previous studies, and provide management implications based on the impact of gender, age and occupation on shopping efficiency. The analysis of data, collected from an Australian supermarket, is based on the graphical interpretation of regression lines and ANCOVA modelling in SPSS. The results indicate significant differences between male and female shoppers, and older and unemployed people shop less efficiently than younger and employed shoppers do. This implies for retail professionals that they should improve in-store navigation, cash-out zone performance and work on the store layout in order to increase shopper efficiency among the aforementioned groups. However, the small sample size and absence of important shopping trip attributes calls for further investigation on the topic.

Keywords: *Shopping Efficiency, Socio-Demographic Differences*

Track: *Retailing, Retail Management and Distribution Channels*

1.0 Introduction

The question of the impact of various socio-demographic attributes on the shopping efficiency has been of public interest for a long time. By shopping efficiency, we assume time dedicated in-store to purchase one item combined with the time to navigate around the store and wait before cash out. The blogosphere and periodicals are filled with mostly anecdotal articles about the comparison of gender differences in brain size (Sears, 2013) or the efficiency of men's shopping trips during Christmas shopping fever (Tyers, 2014). Another example is gender differences when it comes to purchasing a car (Kronenberg, 2015). In other studies, women were found to spend 63% more time shopping online and 62% more time in social networks than men, who appeared to be 32% more productive in terms of the time allocated to perform regular work duties (Low, 2010). However, the majority of the mentioned findings are based on secondary or academically invalid methods. Our paper compares shopper efficiency of male and female shoppers on a grocery trip based on the primary data collected using systematic sampling.

In retailing, the general attention to the time efficiency has been limited to evaluation of the impact of the basket size and store layout. As a result we know that the average time spent in-store equals approximately 17 minutes (Anderson, Bogomolova, Page, & Sharp, 2012) with almost 50% of all shopping trips consisting of 5 items or less (Sorensen, 2009) and 80% of shopper time is wasted by moving from one aisle/part of the store to another (Sorensen, 2009). Meanwhile, the gender and socio-demographic impact has received less attention. Chebat et al (2008) found that females tend to be more proficient in shopping mall navigation in contrast to men who finish shopping faster, purchase less items and spend more dollars per item (hence appearing less efficient). Lumpkin (1984) indicated the significant difference in shopping orientation between younger and elderly. However, the observed outcomes require further confirmation as various other factors, such as information sources and shopping values, considerably mediate the overall results (Chebat et al., 2008). The current research extends the previous knowledge regarding shopping efficiency: how does shopping efficiency differ between: RQ1 - gender; RQ2 - age, and RQ3 - employment status.

Our data was collected from a typical Australian supermarket in 2014 in a mall-intercept (before and after shopping) interviews (n=297), using questionnaires and transaction data. Graphical analysis has been applied to observe interactions between variables and provide visual interpretation of the results. ANCOVA modeling in SPSS supports the findings by measuring the significance of interactions between factors. For marketing researchers, our research provides a framework for future studies on the shopping time efficiency based on various socio-demographic characteristics of the customer. For retailers, the results of analysis calls for measures to address the observed differences within men and women, older people and employed/unemployed respondents shopping efficiency. We assume these measures to include improved in-store navigation, store layout and higher performance of cash-out zones, especially in the areas with high saturation of older population.

2.0 Literature overview

In the marketing literature, shopping efficiency has been investigated in a number of research areas. For example, factors like atmosphere, service and store convenience were found to significantly affect time perception of shoppers (Kim & Park, 1997). Therefore, time efficiency itself has been found important for evaluation of shopping mall experience/satisfaction among customers (Kim, 2002). Subsequent analysis on the topic emphasized the significance of retail outlet to allow accomplish the shopping task in a short amount of time with lowest expenses (Davis & Hodges, 2012). However, efficiency measurement has not been the primary focus of these research areas and the established instruments (interviewing or observations) have limited the potential application of the results into practice.

Some other research attention has been shifted towards the impact of gender, age and occupation factors on the shopping time efficiency. For instance, the general analysis of shopping time allocation in a male-female household, using national survey data, observed the tendency of women to perform majority of shopping trips in retailing (Blaylock & Smallwood, 1987) with a tendency of increase in the proportion of female shoppers with age of respondent (Dholakia, 1999). Moreover, time allocation has been found to be dependent on both gender and occupation of respondent (Blaylock & Smallwood, 1987). Later observations of shopping behavior (Sommer, Wynes, & Brinkley, 1992) indicated the significant importance of gender and age on shopping time, indicating that women and older people spend more time shopping than men and younger respondents. Mortimer et al (2011) supported the argument suggesting that men tend to finish shopping trip earlier, purchase less

items and spend more dollars per item. At the same time, analysis of shopping in-store navigation efficiency indicated that females tend to be more proficient than male respondents (Chebat et al., 2008), with occupation playing an insignificant role in efficiency. However, the scarcity of available sources on the socio-demographic impact on shopping efficiency and the contradiction in observed results provides room for further analysis into the topic.

3.0 Research methodology

The research data was collected in a typical suburban South Australian supermarket (approximately 1270 square meters), part of a major retail chain, over a period of three days (Thursday to Saturday) in February 2014. The data was collected using systematic sampling (n=297) and mall intercept interviews before and after the trip. The conditions and methodology of the conducted research has been previously described in the paper by Phua at al (2015), regarding the validation of Bluetooth data as the metric of consumer behavior.

Table 1: Sample characteristics

Attribute	Characteristic	
Gender	Male	26.15%
	Female	73.85%
Age	26-35 years	20.89%
	36-55 years	40.41%
	56+	38.7%
Occupation	Unemployed	33.68%
	Part-time	30.9%
	Full-time	35.42%

To observe the effect of each factor on the shopping efficiency, we use the regression line equations, with the number of items (basket size) on the X-axes and minutes spent shopping on the Y-axes. The intercepts indicate the "fixed" time dedicated to in-store navigation and register queuing, while the slopes of the regression line indicate the time spend to purchase one item. We then use ANCOVA in SPSS to test whether the intercepts and the slopes in the sub-groups (say males vs females) are statistically difference from each other. Time is included in the ANCOVA model as a dependent variable with basket size as a covariate and each attribute of gender, shopping trip and socio-demographic characteristic as the factor/independent variable. To avoid cross-interactions between the factors, each factor is included in the model separately.

4.0 Results interpretation

Figure 1 - Shopping efficiency based on gender factor

$y = 0,75x + 10$

$y = 0,44x + 13,2$
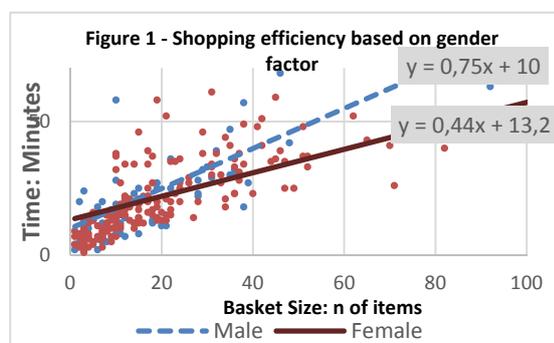
Addressing RQ1, graphical interpretation of the linear regression model, provided in the figure 1, indicates the significant difference in shopping efficiency. Men tend to spend 3 minutes less on browsing in the store and waiting for the cash out (Male intercept = 10 minutes; Female intercept = 13.2 minutes). Therefore, male respondents are more efficient when it comes to small basket size purchases. By small basket size, we assume 10 or fewer items in the basket. By contrast, women are more efficient in terms of time spent to purchase each item: 0.43 minute per item compared to 0.75 min per item for men (the slope of the curve). Therefore, females shop more efficiently on bigger trips, when purchasing more than 10 items. ANCOVA analysis

demonstrates high significance of interaction between gender (factor) and basket size (covariate) with a P value = .019.

Addressing RQ2, Figure 2 demonstrates that the oldest age group tends to spend 6.4 minutes more browsing the store and waiting for check out than 36-55 (56+ age group intercept = 13.9 minutes; 36-55 age group intercept = 7.54 minutes). At the same time, the amount of time dedicated to purchase one item is approximately similar between two groups (56+ age group slope = 0.63 minute; 36-55 age group slope = 0.58 minute). In contrast, the youngest age group (16-35) is deviating significantly from others. While the intercept of the curve ("fixed" shopping time) is non-significantly different from older age group (16-35 age group intercept = 13.72 minutes), 16-35 are approximately twice more efficient in terms of purchasing one item, spending 0.3 minutes less (16-35 age group slope = 0.31 minute) than respondents in other age groups.

The inclusion of age as an independent variable in the ANCOVA model shows that the interaction between the variables is significant (p = .004). This undermines the difference in slopes and intercept of regression lines within three age groups. However, the results of subsequent pairwise comparison confirms the previously observed results in figure 2. It indicates a non-significant difference between the slopes of 56+ and 36-55 age groups and high deviation of younger age group with 36-55 year old respondents.

Figure 2 - Shopping efficiency based on age factor

y = 0,63x + 13,9
y = 0,58x + 7,5
y = 0,31x + 13,72
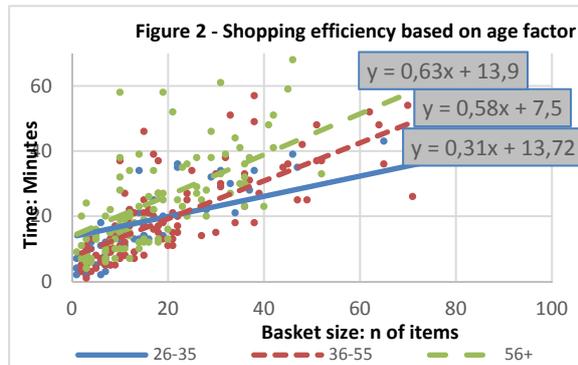
Addressing RQ3, graphical analysis of occupation demonstrates a similar pattern with age. Therefore, a separate graph for occupation has not been included in the analysis. Full-time working respondents spend 6 minutes less navigating around the store and checking out than non-employed ones (Full-time employed respondents intercept = 8 minutes; Unemployed intercept = 14.1 minutes). At the same time, the amount of time dedicated to purchase one item (slope of the curve) is identical: 0.62 minutes. In contrast, part-time workers are 68% more efficient then it comes to purchase one item (Part-time respondents slope = 0.37) with amount of time devoted to fixed shopping duties standing between full-time and not-working respondents (Part-time respondents intercept = 12.5 minutes). Therefore, for any basket size, part-time working respondents are more time efficient shoppers than non-employed ones.

The test of between objects effects in ANCOVA analysis indicates the difference in slopes between basket size and respondents' occupation status (p = .019). Nevertheless, the pairwise comparison test indicates that only the slopes of the part-time and full-time workers are deviating meaningfully from each other with interaction between others tend to be non-significant (p < 0.05)

5.0 Paper discussion and management implications

5.1 Discussion

The conducted analysis contradicts with previous findings (Mortimer & Clarke, 2011; Sommer et al., 1992) of men's higher shopping efficiency than women. When the shopping basket size consists of more than 10 items (58% of cases) women are found to be more shopping efficient than men. In our findings, females tend to spend more time on fixed

shopping procedures (that is, checking out, register queuing) because of the larger mean basket size (Female respondents = 20.4 item; Male = 17.3), which forces them to attend to more shopping areas and walk longer distances.

Employed respondents, either full or part-time, tend to be more efficient in shopping. This can be described by the fact that employed people tend to be more goal oriented, have less time to browse around the store and experience more time pressure, which forces them to shop more productively, buying more items in less time. They may also be less price-sensitive.

The analysis outcome of the age attribute demonstrates that older people spend more time on "fixed" shopping procedures than younger ones. Partially, this can be explained by the correlation between employment status and age group. The higher 84% employment rate among 36-55 year old respondents in comparison with 42% for 55+ considerably affect the shopping time efficiency metric. A higher share of small basket purchases (1-5 items) than in other age groups (26% against 16%) explains deviation in younger respondents' (16-35 year old) shopping efficiency. However, future analysis is required to analyze the impact of smaller basket size on the shopping efficiency.

5.2 Management implications

The results of analysis imply retailers should address the issue of time spent by respondents travelling around the store and register queuing. The previous study showed that shopper's preference for supermarket is based on the search for the best trade-off between money and time spent in-store (Messinger & Narasimhan, 1997). Therefore, the proposed measures aims to reduce overall shopping for each type of shopper, resulting in lower overall shopping costs and thus higher customer satisfaction. For shoppers under certain time pressure, namely employed people, we recommend improving the store layout by merchandising popular SKUs near the check-out zone and separate zones for small and large basket size purchases. These measures would allow minimizing the walking distance covered by shoppers. The relatively high amount of time spent by some group of respondents (e.g. male respondents) to purchase each item in a basket requires store personnel to pay more attention to their needs, placing additional information about products at points-of-purchase and personally supporting the product choice within high margin categories, like beauty, alcohol and healthy line products. In areas with a higher concentration of older people, store management should take into consideration their lower shopping efficiency while navigating the store and checking out. Therefore, in these regions we suggest more cash registers should be open than usual to reduce queuing times. More space between shelves and application of different color schemes for major store departments could also increase shopping efficiency of older people by improving their in-store navigation.

6.0 Conclusion and research limitations

The conducted analysis established the insights into the differences within the shopping efficiency among different gender, age and occupation groups. We found that females tend to be more shopping efficient for the majority of shopping trips, which confirms previous studies of gender differences in shopping mall navigation (Chebat et al., 2008). The analysis of the age factor supports previous research on the topic (Lumpkin, 1984; Sommer et al., 1992) indicating that older shoppers both spend more time shopping and do it less efficient than younger respondents do. However, the significant difference between 16-35 and 36-55 in terms of time spent to purchase one item (twice as long for 36-55) and perform fixed shopping elements (6 minutes more for 16-35) indicates the importance of the future analysis

on the topic. The analysis of occupation indicates higher efficiency of both part- and full-time employed respondents confirming that the time pressure and a busier lifestyle potentially increase shopping trip efficiency.

The limitations of the paper are based on the data sample and applied research method. Some shoppers can deliberately "waste" time (older, unemployed shoppers) or be more familiar with the store than others (women vs men) which bias the results. Only a limited number of shopping trip and demographic attributes has been collected and applied in the model. The inclusion of such important attributes of the shopping trip as shopping list, familiarity with the store, and socio-demographic factors as income and household size can provide a more comprehensive understanding of the time efficiency question. The expansion of the data set to shopping time efficiency within different product categories (grocery, daily, fresh produce) can provide valuable insights into the impact of the product range/matrix on the average time spent per unit and give retailers a new comparative benchmark to evaluate the category efficiency. Application of more precise technologies to track consumer behavior, like RFID or eye tracking, would provide more information about the duration of the trip, speed and areas covered (Fujino et al., 2014; Hui, Bradlow, & Fader, 2009). Overall, a larger sample, using data collected from more than one store, is required to verify the identified trends in shopping efficiency.

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Does loyalty influence a store's price-image?

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Abstract

Overall price-image is an important criterion for patronizing a store. Consumers make that decision in accordance with several pricing policies: price levels, special offers and other consumers' expectations, such as spending control. This research studies the overall price image about a generalist chain of stores and its dimensions. It highlights the heterogeneity of perceptions and the importance of taking into account individual determinants. Indeed, while price-image and its dimensions are directly influenced by price consciousness and customer loyalty, the research also shows that loyalty plays an important role in playing down the negative effect of customers' price consciousness.

Key words: price-image, retailer, loyalty, price sensitivity.

Track: Retailing, Retail Management and Distribution channels

1.0 Theoretical Framework

The overall store price-image (OSPI) of a store is defined as "a global representation of the relative price level of a given store prices" (Martineau, 1958). Price-image management is a major component of retailers' policies (Hamilton & Chernev, 2013). With the 2008 economic crisis and the development of internet price-comparators, the edge gained by a retailer through a competitive price-image has increased. In fact, consumers refer to it to compare brands and stores in a market area, in terms of price-judgment (Cox & Cox, 1990) and it has significant consequences on store brand purchase behavior (Diallo, 2012) and intention to buy (Zielke, 2010). To form his price-image, a consumer will compare competing stores (Ofir *et al.*, 2008) on various price components: product prices (Jara & Cliquet, 2012), promotional practices (Ho, Ganesan & Oppewal, 2011). A price-judgment comes from the comparison between price stimuli and reference level based on available information in the environment or stored in memory (Desmet & Zollinger, 1997). Therefore, price-image results from a dynamic process that incorporates information – supplied by the store or collected upon customers visit– into the synthesis of all prior shopping experiences (Rhee & Bell, 2011; Lourenço, Gijsbrechts & Paap, 2015).

Several researchers have tried to enable retailers to understand the relationship between their pricing policies and price-image, including the identification of categories of products with significant price effect (Coutelle & Desmet, 2006; Lourenço, Gijsbrechts & Paap, 2015). But there is room for improvement as to guiding the communication differentiation that requires an understanding of the individual determinants of a price-image, whether specific to clients (income, age...) or having to do with the store/consumer relationship, especially

loyalty (Hamilton & Chernev, 2013). The influence of brand loyalty on attitudes and behaviors has already been demonstrated: loyalty reduces the emphasis on the monetary dimension of the transaction to the benefit of the brand relationship (Krishnamurthi & Papatla, 2003; Pan, Sheng & Pie, 2012) and leads to positive behaviors (favorable word-of-mouth, repeat purchases, etc.) that are beneficial to the brand (Zeithaml, Berry & Parasuraman, 1996). The positive effects of loyalty to a chain have also been highlighted: loyal customers are less sensitive to price differences between stores and agree to pay more to avoid the costs of exploring a new store environment (Baltas, Argouslidis & Skarmeas, 2010).

By analyzing the results of an online survey in a generalist – predominantly food – store chain, this paper analyzes the relative contribution of the different dimensions of overall price-image formation. The main goal is to examine the influence of individual variables, whether behavioral (loyalty, basket size, etc.), attitudinal (price consciousness) or socio-demographic (age, gender, etc.) on the overall price level of a retailer and its subdimensions. The rest of the paper is organized as follows: The first section presents the literature review and introduces hypotheses, the second describes data and main results, and the third section discusses its scope and avenues for future research.

2.0 Literature review

2.1 Conceptualization of store price-image

Price-image is conceptualized as a global construct determined by different pricing policies, such as price level perception; perceived quality; promotions and retail price advertisements (Zielke, 2010, Diallo *et al*, 2013). Previous research has suggested different conceptualizations depending of price or nonprice drivers and price perception (Hamilton & Chernev, 2013). However, no consensus on the dimensions results from the literature and the concept is adapted (Zielke, 2014; Diallo *et al*, 2013). The definition of Coutelle (Coutelle, 1999) is well-appropriate to capture the strategies of store chains (low prices and promotion) and new consumer behavior (attention to prices and purchase power). According to Hamilton & Chernev (2013), we propose that a retailer's price-image is defined as a function of the weight consumers give to the price and non-price information. The overall store price-image (OSPI) measures the global representation of store prices level and results from the perceived gap along three dimensions: the price range of entry-level products (LPI, Low Price-Image), the importance of promotions (PPI, Promotional Price-Image) as well as the ability to spending control (BPI, Budget control Price-Image), and the relative importance of each dimension (Coutelle, 1999). First dimension (LPI): consumers consider only absolute price ranges of entry-level products. This is mainly true of consumers under strong budget constraint, hence hardly sensitive to quality. Availability of economical goods and inexpensive store-brands influences positively the price-image (Diallo, 2012; Lourenço, Gijsbrechts & Paap, 2015). Second dimension (PPI): consumers evaluate the savings they can make when buying special offers. The importance of the perceived promotional gain results either from the price difference between normal and reduced prices or special offers frequency (Gijsbrechts & Paap, 2015). Consumers are more value conscious as promotions are often offered for national brands with quality and prices highly compared to market averages. Third dimension (BPI): it is assumed the consumer's reference point is an average basket price and not price of a particular products. If spending is lower than this reference, the store's price level is perceived as acceptable (Mazumdar, Raj & Sinha, 2005). Exceeding the basket reference price is often caused by impulse purchases triggered by commercial stimulations in stores.

2.2 Individual determinants of price-image

Several individual factors influence price-image (Hamilton & Chernev, 2013). According to the theoretical framework of "human capital" (Becker, 1964), consumers do not have the same desire, the same capacity and the same availability to process information on prices before deciding they will patronize a store. Research confirms age and education levels significantly increase awareness, search and comparison of prices (Urbany, Dickson & Kalapuracal, 1996). The gender influences the importance given to the characteristics of a supermarket (Mortimer & Clarke, 2011) but has no effect on low price search (Urbany, Dickson & Kalapuracal, 1996). A combination of age and income allows identifying customer segments with different price perceptions (Mortimer & Clarke, 2011). Income influences the way information on prices is processed (Urbany, Dickson & Kalapuracal, 1996) and has a negative influence on price consciousness (Seiders *et al*., 2005). A price-conscious customer is more attentive to price information for its choice of a store (Lichtenstein, Ridgeway & Netemeyer, 1993; Zielke, 2014). So, we propose the hypothesis that price-conscious customers have a less favorable price-image.

2.3 Effect of loyalty on price-image

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specific individual variables, including price consciousness. So, we propose that the difference between customers with low or high price-consciousness is greater among loyal customers than occasional ones. Three hypotheses can therefore be made: a generalist retailer's OSPI is more favorable with loyal customers than with occasional ones (H1); the higher a customer's price consciousness, the less favorable the price-image (H2); loyalty tempers the effect of price consciousness on price-image (H3).

3.0 Data and Analyses

Data are collected via the Internet from a sample of 480 customers (household-heads) at a French generalist retailer. Individual variables are socio-demographic (age, gender, household size and income level) and behavioral (monetary value of the average basket transformed by logarithms). For OSPI and each dimension, three items are measured on a five point Likert scale. Factor analyses of scales by price-image lead to the elimination of two items (one for OSPI and one for LPI). Results from a regression show a positive effect of the three dimensions on the overall price-image (R^2=.40, F[3,476]=107.7, p<.01). For a generalist chain, OSPI is mainly influenced by the promotions (PPI, β=.44, p <.01) as well as, to a lesser extent, by spending control (BPI, β=.253, p<.01) and entry-level prices (LPI, β=.227, p<.01).

Price consciousness is the average of three items transformed by logarithms to correct non-normality. Scales internal validity is supported (Cronbach alpha >.7). A linear regression (F=6.10, p<.01, R^2=.129) confirms the individual determinants of price consciousness that have been highlighted in the literature (Hoch *et al.*, 1995): the main determinant is purchasing power, which combines annual income (F=9.41, p<.01) and household size (F=12.45, p <.01). The second determinant is age (F=14.97, p<.01). Gender and educational level have no significant effect. Price consciousness is positively related to patronizing hard-discount stores (F=3.94, p<.01). Store visit frequency is used to measure loyalty. It is positively correlated to main store choice (Chi²=36.3, p<.01), to holding the loyalty card (Chi²=11.41, p<.01) and to commitment to the retailer (F=79.61, p<.01). Loyal customers are regular customers who visit it at least weekly.

3.1 Influence of the individual variables on the overall price-image

A linear regression is performed to explain the overall price-image by price consciousness with a moderating effect of brand loyalty and individual control variables (F=6.76, p<.01, R^2=.103). A regular customer's price-image is significantly higher than an occasional one's (4.60 versus 4.22, F=14.55, p<.01, H1 supported). The higher the price consciousness, the more downgraded the overall price-image (F=5.28, p=.022, H2 supported). The moderating effect of loyalty on the effect of price consciousness on price-image (H3) is supported (F=4.69, p=.030): among regular customers, price conscious ones have a worse price-image than the less price conscious customers (4.40 versus 4.81), while, with occasional customers, price consciousness does not influence price-image (4.15 versus 4.14).

Figure 1: Price image by loyalty and price consciousness

3.2 Influence of the individual variables on dimensions of the price-image

The promotion dimension (PPI) is explained significantly (R^2=.087, F=4.99, p <.01) with visit frequency (F=11.40, p<.01) and price consciousness (F=5.94, p=.015), but the interaction was not significant. Women have a higher level (F=4.17, p=.041), household size has a positive effect (F=4.22, p<.01), whereas the positive effect of age is only marginally significant (F=2.78, p=.096). The budget control dimension (BPI) is significantly explained (R^2=.053, F=2.09, p=.020) by visit frequency (F=3.14, p=.025), price consciousness (F=7.78, p<.01) and their interaction (F=3.69, p=.012) as well as annual income (F=2.71, p=.044). The low price dimension (LPI) is significantly explained (R^2=.083, F=7.52, p<.01) by visit frequency (F=15.83, p<.01), by price consciousness (F=5.98, p=.015) and, marginally, by their interaction (F=3.40, p=.066) as well as gender (F=6.24, p=.012). Visit frequency (loyalty) and price consciousness therefore have a significant influence on the three dimensions of price-image.

4.0 Discussion

This communication contributes to the literature by combining two lines of research on price-image. It validates the overall price-image scale and its pricing policies (entry-level prices, promotion and spending control) for a generalist chain. It highlights two individual determinants (loyalty and price consciousness) that influence overall price-image as well as its different pricing policies. Price-image is better for loyal customers, supporting the idea that the dynamic process of price-image formation induces cognitive biaises, favorable to the main store (Hamilton & Chernev, 2013). The link between price consciousness and price-image shows low price-conscious customers not only confer less importance to price but also have a more positive store price perception. Another result is the low congruence observed between a retailer's price positioning and its customers: price perceptions are heterogeneous. High price consciousness, especially due to limited purchasing power, deteriorates the store's OSPI, even among loyal customers. For some loyal customers, relationship with the chain is based on a set of variables that go far beyond price (Jara & Cliquet, 2012) but, with others, the price criterion is decisive. This target may not perceive the efforts made by a store chain to increase its price competitiveness and customers' purchasing power, and the resulting price-image downgrading could undermine loyalty. Hence, promotional practices must be suited to customers (promotion type, frequency and size of price reductions) and must therefore act on prices (possibility to limit spending and increase low priced offerings) (Krishnamurthi & Papatla, 2003; Ho, Ganesan & Hoppewal, 2011; Mortimer & Clarke, 2011), and particular attention must be paid to the relative importance of the price-conscious customer-segment

among the loyal ones. The limitations of the study lead to discussing avenues for future research. Data collected on a generalist retailer could be extended to several types of stores, according to format (hypermarkets and supermarkets) or the importance of price in positioning (generalists, discounters, etc.). Understanding the moderating effect of customer loyalty by means of studying the mediation effects of overall price-image dimensions would lead to greater consideration of consumers' expectations.

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Does loyalty influence a store's price-image?

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Abstract

Overall price-image is an important criterion for patronizing a store. Consumers make that decision in accordance with several pricing policies: price levels, special offers and other consumers' expectations, such as spending control. This research studies the overall price image about a generalist chain of stores and its dimensions. It highlights the heterogeneity of perceptions and the importance of taking into account individual determinants. Indeed, while price-image and its dimensions are directly influenced by price consciousness and customer loyalty, the research also shows that loyalty plays an important role in playing down the negative effect of customers' price consciousness.

Key words: price-image, retailer, loyalty, price sensitivity.

Track: Retailing, Retail Management and Distribution channels

1.0 Theoretical Framework

The overall store price-image (OSPI) of a store is defined as "a global representation of the relative price level of a given store prices" (Martineau, 1958). Price-image management is a major component of retailers' policies (Hamilton & Chernev, 2013). With the 2008 economic crisis and the development of internet price-comparators, the edge gained by a retailer through a competitive price-image has increased. In fact, consumers refer to it to compare brands and stores in a market area, in terms of price-judgment (Cox & Cox, 1990) and it has significant consequences on store brand purchase behavior (Diallo, 2012) and intention to buy (Zielke, 2010). To form his price-image, a consumer will compare competing stores (Ofir *et al.*, 2008) on various price components: product prices (Jara & Cliquet, 2012), promotional practices (Ho, Ganesan & Oppewal, 2011). A price-judgment comes from the comparison between price stimuli and reference level based on available information in the environment or stored in memory (Desmet & Zollinger, 1997). Therefore, price-image results from a dynamic process that incorporates information – supplied by the store or collected upon customers visit– into the synthesis of all prior shopping experiences (Rhee & Bell, 2011; Lourenço, Gijsbrechts & Paap, 2015).

Several researchers have tried to enable retailers to understand the relationship between their pricing policies and price-image, including the identification of categories of products with significant price effect (Coutelle & Desmet, 2006; Lourenço, Gijsbrechts & Paap, 2015). But there is room for improvement as to guiding the communication differentiation that requires an understanding of the individual determinants of a price-image, whether specific to clients (income, age...) or having to do with the store/consumer relationship, especially

loyalty (Hamilton & Chernev, 2013). The influence of brand loyalty on attitudes and behaviors has already been demonstrated: loyalty reduces the emphasis on the monetary dimension of the transaction to the benefit of the brand relationship (Krishnamurthi & Papatla, 2003; Pan, Sheng & Pie, 2012) and leads to positive behaviors (favorable word-of-mouth, repeat purchases, etc.) that are beneficial to the brand (Zeithaml, Berry & Parasuraman, 1996). The positive effects of loyalty to a chain have also been highlighted: loyal customers are less sensitive to price differences between stores and agree to pay more to avoid the costs of exploring a new store environment (Baltas, Argouslidis & Skarmeas, 2010).

By analyzing the results of an online survey in a generalist – predominantly food – store chain, this paper analyzes the relative contribution of the different dimensions of overall price-image formation. The main goal is to examine the influence of individual variables, whether behavioral (loyalty, basket size, etc.), attitudinal (price consciousness) or socio-demographic (age, gender, etc.) on the overall price level of a retailer and its subdimensions. The rest of the paper is organized as follows: The first section presents the literature review and introduces hypotheses, the second describes data and main results, and the third section discusses its scope and avenues for future research.

2.0 Literature review

2.1 Conceptualization of store price-image

Price-image is conceptualized as a global construct determined by different pricing policies, such as price level perception; perceived quality; promotions and retail price advertisements (Zielke, 2010, Diallo *et al*, 2013). Previous research has suggested different conceptualizations depending of price or nonprice drivers and price perception (Hamilton & Chernev, 2013). However, no consensus on the dimensions results from the literature and the concept is adapted (Zielke, 2014; Diallo *et al*, 2013). The definition of Coutelle (Coutelle, 1999) is well-appropriate to capture the strategies of store chains (low prices and promotion) and new consumer behavior (attention to prices and purchase power). According to Hamilton & Chernev (2013), we propose that a retailer's price-image is defined as a function of the weight consumers give to the price and non-price information. The overall store price-image (OSPI) measures the global representation of store prices level and results from the perceived gap along three dimensions: the price range of entry-level products (LPI, Low Price-Image), the importance of promotions (PPI, Promotional Price-Image) as well as the ability to spending control (BPI, Budget control Price-Image), and the relative importance of each dimension (Coutelle, 1999). First dimension (LPI): consumers consider only absolute price ranges of entry-level products. This is mainly true of consumers under strong budget constraint, hence hardly sensitive to quality. Availability of economical goods and inexpensive store-brands influences positively the price-image (Diallo, 2012; Lourenço, Gijsbrechts & Paap, 2015). Second dimension (PPI): consumers evaluate the savings they can make when buying special offers. The importance of the perceived promotional gain results either from the price difference between normal and reduced prices or special offers frequency (Gijsbrechts & Paap, 2015). Consumers are more value conscious as promotions are often offered for national brands with quality and prices highly compared to market averages. Third dimension (BPI): it is assumed the consumer's reference point is an average basket price and not price of a particular products. If spending is lower than this reference, the store's price level is perceived as acceptable (Mazumdar, Raj & Sinha, 2005). Exceeding the basket reference price is often caused by impulse purchases triggered by commercial stimulations in stores.

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The promotion dimension (PPI) is explained significantly (R^2=.087, F=4.99, p <.01) with visit frequency (F=11.40, p<.01) and price consciousness (F=5.94, p=.015), but the interaction was not significant. Women have a higher level (F=4.17, p=.041), household size has a positive effect (F=4.22, p<.01), whereas the positive effect of age is only marginally significant (F=2.78, p=.096). The budget control dimension (BPI) is significantly explained (R^2=.053, F=2.09, p=.020) by visit frequency (F=3.14, p=.025), price consciousness (F=7.78, p<.01) and their interaction (F=3.69, p=.012) as well as annual income (F=2.71, p=.044). The low price dimension (LPI) is significantly explained (R^2=.083, F=7.52, p<.01) by visit frequency (F=15.83, p<.01), by price consciousness (F=5.98, p=.015) and, marginally, by their interaction (F=3.40, p=.066) as well as gender (F=6.24, p=.012). Visit frequency (loyalty) and price consciousness therefore have a significant influence on the three dimensions of price-image.

4.0 Discussion

This communication contributes to the literature by combining two lines of research on price-image. It validates the overall price-image scale and its pricing policies (entry-level prices, promotion and spending control) for a generalist chain. It highlights two individual determinants (loyalty and price consciousness) that influence overall price-image as well as its different pricing policies. Price-image is better for loyal customers, supporting the idea that the dynamic process of price-image formation induces cognitive biaises, favorable to the main store (Hamilton & Chernev, 2013). The link between price consciousness and price-image shows low price-conscious customers not only confer less importance to price but also have a more positive store price perception. Another result is the low congruence observed between a retailer's price positioning and its customers: price perceptions are heterogeneous. High price consciousness, especially due to limited purchasing power, deteriorates the store's OSPI, even among loyal customers. For some loyal customers, relationship with the chain is based on a set of variables that go far beyond price (Jara & Cliquet, 2012) but, with others, the price criterion is decisive. This target may not perceive the efforts made by a store chain to increase its price competitiveness and customers' purchasing power, and the resulting price-image downgrading could undermine loyalty. Hence, promotional practices must be suited to customers (promotion type, frequency and size of price reductions) and must therefore act on prices (possibility to limit spending and increase low priced offerings) (Krishnamurthi & Papatla, 2003; Ho, Ganesan & Hoppewal, 2011; Mortimer & Clarke, 2011), and particular attention must be paid to the relative importance of the price-conscious customer-segment

among the loyal ones. The limitations of the study lead to discussing avenues for future research. Data collected on a generalist retailer could be extended to several types of stores, according to format (hypermarkets and supermarkets) or the importance of price in positioning (generalists, discounters, etc.). Understanding the moderating effect of customer loyalty by means of studying the mediation effects of overall price-image dimensions would lead to greater consideration of consumers' expectations.

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Determining product categories for which buyers are willing to pay price premium to e-tailers for return policy

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ABSTRACT
The research was initiated to examine the product categories for which buyers are willing to pay (WTP) price premium to e-tailers for offering a return policy. The research used field experiments, an ideal methodology for determining WTP. The study concluded that shopping and unsought products should be complimented with return policy to acquire price premium.

Keywords: Price Premium, Retailing, WTP, Shopping, Unsought
Track: Distribution Channels and Retailing

INTRODUCTION

The B2C e-commerce sales has experienced a huge surge globally, from US$1,058 trillion in 2012 to US$1,505 trillion in 2014. The analyst predict the sales to reach US$2,357 trillion by 2017, with India and China as major contributing economies[1]. The anticipated business potential and enhanced competition in the e-commerce industry has brought new challenges and opportunities for both the academic and practicing world. It has called for prioritizing the focus on the overall e-service quality instead of a just focusing on competing with traditional price wars. Santos (2003) defined e-service quality as a holistic buyer evaluation and conclusion of e-service delivery in the virtual market. The e-service quality encompasses a wide gamut of services. One of many such e-business services includes the option of product returns. The imperative to design such services first originated because buyers from developing nations held a considerable reluctance towards e-buying. Their reasons included a perceived risk linked with online purchases. In order to enhance the buyer's recognition, one of the market penetration policies, namely product return, was operationalized. It allowed the buyers to return the product for a refund (Schmidt and Kernan, 1985; Hart, 1988; Davis et al., 1995; Moorthy and Srinivasan, 1995).

Positive customer return experiences extends a constructive relationship with the customer (Peterson and Kumar, 2009). However, though a return policy lessens the intrinsic buyer's risk, it is one of the most expensive problems (Bower and Maxham, 2012). Many industry papers have highlighted the fact that nearly 25 percent of the products sold each day in India are eventually returned, thus increasing the average cost of delivery by 50 percent[2]. Every year, it costs retailers billions of dollars (Hess and Mayhew, 1997). To respond to such a

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[1] E-marketer (2014), "Global B2C Ecommerce Sales to Hit $ 1.5 Trillion This year Driven by Growth in Emerging Markets" Home, Feb 3 2014 http://www.emarketer.com/Article/Global-B2C-Ecommerce-Sales-Hit-15-Trillion-This-Year-Driven-by-Growth-Emerging-Markets/1010575 accessed June 3 2015

[2] John Sarkar, "25% of online orders returned, study finds," Times of India, Jan 10 2014   http://timesofindia.indiatimes.com/business/india-business/25-of-online-orders-returned-study finds/articleshow/28614022.cms accessed June 3 2014.

challenge, e-tailers, such as Amazon.com, devised *"equity-based return shipping policies"* to dispense the extra costs among buyers if the e-tailer was not responsible for the reason of return. However (Bower and Maxham, 2012) established that segregating paid and free returns influenced the repurchase choice of the buyers. The paid returns reduced the probability of repurchase from that e-tailer. Inability to charge buyers and growing product returns (Bonifield et al., 2010) forced the organizations to reform their supply chain and logistic operations, so as to effectively manage the product returns and eventually decrease reverse logistics cost (Guide et al. 2006; Stock et al., 2002). The existing literature (Stock et al., 2006) reveals that managing product returns became a necessity in order to achieve competitive advantage.

Companies dispense the extra distribution (reverse logistics) cost of product returns on the entire product portfolio, thus increasing the initial selling price of the product. An e-tailor revoking the product return policy would allow them to lower the initial selling price, which may be only a small fraction. This extra charge by the e-tailer to sustain product return policy could be cited as a hidden "Price Premium." The literature review on price premium (Singh and Pandey, 2015a) highlighted many contexts that may leverage price premium to organizations. Singh and Pandey (2015b) examined the hypothesis that buyers are WTP price premium to e-tailers offering return policy in comparison to others who are not offering such a policy. The present research is an extension to work of (Singh and Pandey, 2015b) to determine the product categories for which buyers are WTP price premium specifically for return option.

RELEVANT LITERATURE

The product return policies in the B2C category, specifically in the e-commerce industry, has attracted limited attention in the academic research of marketing. The bulk of the present academic literature on product returns has been from the manufacturer – retailer viewpoint. Quite a lot of influential writings examined the retailer's response to manufacturer's return policy under different operating conditions (Pasternack, 2008; Emmons and Gilbert, 1998; Webster and Weng, 2000; Lau and Lau 1999; Mukhopadhyay and Setoputro, 2004). Several research studies (Lee, 2001; Choi et al., 2004; Chang and Pao, 2006; Chesnokova, 2007; Lu et al., 2007; Ding and Chen, 2008) examined return policy as a connecting means in a distribution system. Davis et al., (1998) and Mukhopadhyay and Setaputra (2007) examined the influence of return policy on retailer's profit. Wood (2001); Bonifield et al., (2010) and Pei et al., (2014) investigated the effect of the retailer's return policy on consumer behavior. While the majority of the research focused on reorganizing post-purchase supply chain operations to curb product returns, Bechwati and Siegal (2005) integrated customer prochoice process with the product returns.

Bower and Maxham, (2012) concluded that the return policy reduces the risk associated with the purchase, irrespective of the product categories. Singh and Pandey (2015b) examined that offering a return policy is a significant factor in attaining price premiums from customers, also independent of the product category. This study will try to determine the specific product categories for which e-tailers can charge a price premium from buyers for offering a product return policy. In the theoretical literature of marketing, products had been classified in a number of ways. The broad categorization filters included durability/tangibility, consumer/industrial (Lilien et al., 1992) and high-involvement/low-involvement (Krugman, 1965). The scope of this research only included consumer products. Consumer products have been classified into four further categories, namely convenience, shopping specialty and

unsought (Copeland's, 1923, Kotler et al., 1998). The examples have been mentioned in Table 1.

The study endeavors to test the following hypotheses.

H1 (a): For convenience products, buyers are WTP price premium to e-tailers offering product return policy.
H1 (b): For shopping products, buyers are WTP price premium to e-tailers offering product return policy.
H1 (c): For specialty products, buyers are WTP price premium to e-tailers offering product return policy.
H1 (d): For unsought products, buyers are WTP price premium to e-tailers offering product return policy.
To test the above hypotheses, the following experiment was conducted.

MODEL

Consider v to be the anticipated perceived value of the product during its lifetime. P_N is the retail price at which the product is sold with a return policy. The provision of returning the product enables the e-tailers to increase its selling price by a positive price differential, because of cost incurred in the reverse logistics. The revoking of the product return option by an e-tailer would eventually allow them to lower their selling price. Assume the reduced price be P_I i.e. price without return policy. The above information claims that $P_I < P_N$. Now, consider a wholesale price (W) at which the e-tailer purchases the product from the manufacturer or distributor such that $W < P_I < P_N$. As per the data received after interviewing ten practicing managers, W for the convenience and unsought product category is approximately 60 percent of the P_N ; for shopping and specialty, the portion increases to 70 percent. The perceived value (v) tends to vary from individual to individual on parameters such as price and time. In this model, the scope is limited to the price parameter i.e. it shows a static situation. We considered the total surplus to be maximized. Total surplus (z) comprises of the e-tailer surplus and consumer surplus, as explained below.

E-tailer Surplus

The e-tailer surplus (x) is defined as P_I - W considering no return policy and P_N - W with return policy. Assume the e-tailer surplus follows a linear function between W and P_N with surplus = 0 at $P_I = W$ and P_N - W at $P_I = P_N$. It is shown in figure 1.
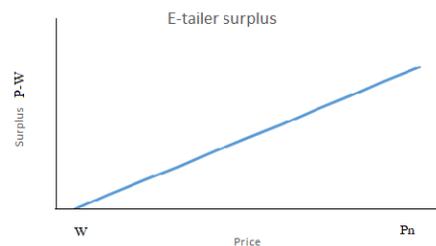
Figure 1: E-tailer Surplus

*Consumer Surplus*

The consumer surplus is defined as v - P_I. To decide P_I, the behavioral curve of price sensitivity was referred. The practicing managers revealed that consumer surplus follows a non-linear convex function, having a dipping effect as P_I tends towards P_N. Therefore, consumer surplus (y) follows the curve of the form $y = (1 - x)^n, x \in [0,1], 0 < n < 1$. The

consumer and e-tailer surplus are imposed on the graph having limits for x, such that $x = 0 \Rightarrow P_I = W$ and $x = 1 \Rightarrow P_I = P_N$.

Total Surplus $(z) = x + (1 - x)^n$

Since $x \in [0,1]$ and $0 < n < 1$

$Z \in [0,2]$

To determine WTP price premium for return policy, multiple values of P_I were compared with a fixed P_N. Each value of P_I was calculated such that the total surplus for both the stakeholders, i.e. e-tailer and consumer, is the maximum. To select specific values of P_I, three cases were considered, as shown in figure 2.

Case 1: $v - P_I$ follows the curve of $(1 - x)^n$ where $n < \frac{1}{2}$

Case 2: $v - P_I$ follows the curve of $(1 - x)^n$ where $n = \frac{1}{2}$

Case 3: $v - P_I$ follows the curve of $(1 - x)^n$ where $n > \frac{1}{2}$

The assumptions for the above three cases are as follows:

At $P_I = W, v - P_I = v - W$ i.e. maximum consumer surplus
At $P_I = P_N, v - P_I = v - P_N$ i.e. minimum consumer surplus

Assuming the e-tailer surplus follows the trend as shown in figure 1 for all three cases. The plot of the total surplus at n=1/5, n=1/2, n=4/5 for cases 1, 2, and 3 was shown in figure 2. For cases 1, 2, and 3, the total surplus is found to be maximum at $P_I = W + 0.8(P_N - W)$, $P_I = W + 0.5(P_N - W)$, and $P_I = W + 0.2(P_N - W)$ respectively, which is the optimal price 'without' a product return policy.

We observed that $P_I(case\ 1) > P_I(case\ 2) > P_I(case\ 3)$. Therefore, we selected $P_I(case\ 1)$ for experimentation, as this corresponds to the minimum willingness $(P_N - P_I)$.

Figure 2: Total Surplus, CS = Consumer surplus, RS = e-tailer surplus, X-axis- Price, Y-axis-Surplus
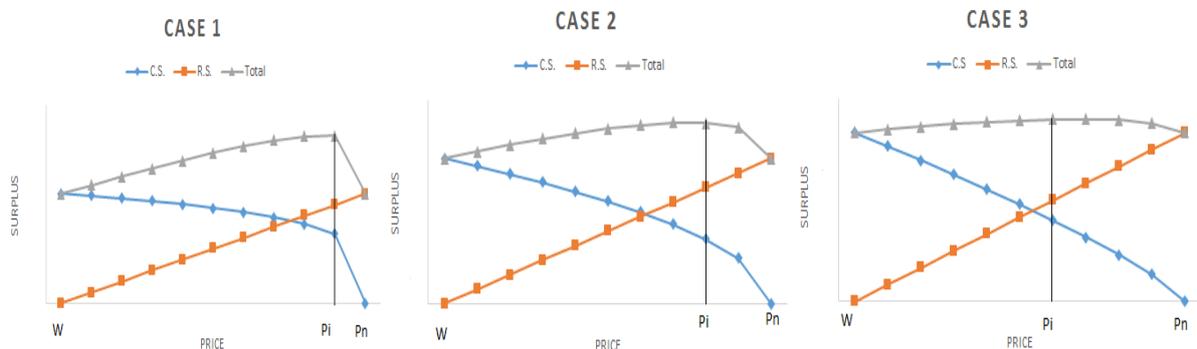
DATA COLLECTION AND EXPERIEMENT DESIGN

The literature provides an extensive array of methodologies to measure WTP (Breidert et al., 2006). At the uppermost level, the classification was based on the different data collection methods (Louviere et al., 2000, p.20) i.e. survey technique (stated preference) and actual or simulated price-response data (revealed preference). Off the many revealed preference

techniques, the research used field experiments to determine for which of the above product categories potential buyers are WTP price premium to e-tailers for the product return policy. The products were made available at two price points i.e. one with a return policy and the other without a return offer. The prices P_N (price with product return policy) and P_I (price without product return policy) were calculated using the model described above. P_N was taken from Amazon.in and W was taken as per the assumption mentioned above. P_I was calculated using the above model (case 1). The resulting price point matrix of all the product categories used for the experiment is shown in table 1

Table 1: Experiment Design

Product Category	Independent Variables							
	Convenience		Shopping		Specialty		Unsought	
Example	Umbrella		Laptop		Luxury Watch		Fire Extinguisher	
Price Points (INR)	P_I	P_N	P_I	P_N	P_I	P_N	P_I	P_N
	216	250	28736	32,000	1,05,000	1,50,000	648	750

The experiment was replicated for each of the product categories. The data collected for the experiment was in binary form such that when respondents chose a price point corresponding to P_N, it was coded as 1, and when the price tag representing P_I was selected, it was coded as 0. The respondents were also asked an additional question determining WTP between the two pricing strategies: initial higher selling price with product return policy, and initial lower price with no product return policy. This reveals WTP price premium for return policy which acts as a dependent variable. The respondents choosing the former strategy were coded as 1, and the latter as 0.

With dependent and independent variables both in binary form, the binary logistic regression in the SPSS package was used to analyze the data. The total sample size for study 1 was 347. The snowballing sampling technique was adopted to identify potential respondents. It was ensured that the respondent had made the online purchase within the 45 days before participating in the experiment.

RESULTS
   The results of the field experiment supports H1 (b) and H1 (d). It implies that buyers are WTP price premium to e-tailers shopping and unsought product categories, were they complimented with a product return policy (Table 2).

Table 2: Experiment Results

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	Convenience	.321	.263	1.497	1	.221	1.379
	Constant	1.140	.184	38.438	1	.000	3.128

Variables in the Equation

		B	S.E.	Wald	Df	Sig.	Exp(B)
Step 1[a]	Shopping	1.311	.615	4.540	1	.033	3.710
	Constant	1.201	.135	78.746	1	.000	3.324

a. Variable(s) entered on step 1: Shopping.

Variables in the Equation

		B	S.E.	Wald	Df	Sig.	Exp(B)
Step 1[a]	Specialty	.059	.424	.019	1	.890	1.061
	Constant	1.253	.401	9.765	1	.002	3.500

a. Variable(s) entered on step 1: Specialty.

Variables in the Equation

		B	S.E.	Wald	Df	Sig.	Exp(B)
Step 1[a]	Unsought	1.196	.384	9.687	1	.002	3.306
	Constant	.251	.356	.497	1	.481	1.286

a. Variable(s) entered on step 1: Unsought.

CONTRIBUTION AND DISCUSSION

The research contributes to the "when" domain of academic contribution desired from any theoretical study (Whetten, 1989). The contribution would substantiate the literature in two contexts. Firstly, it extends the study of (Singh and Pandey, 2015b) which made contributions to the "what" domain of theory creation by claiming that return policy influences the buyer's WTP price premium. The present study, by extending product categories, makes contextual contribution. Secondly, the results extended the conclusions of Allred and Chakraborty (2004), which revealed up to the extent that buyers generally preferred buying only shopping goods through e-commerce websites. Our study extended the literature that buyers were even WTP price premium for the shopping products when offered an option to return the product. The study also revealed that the unsought was also one of the preferred product categories for which buyers are WTP price premium if they are sold online with the option to return. This may be due to the intrinsic properties associated with the unsought category, which notably includes unawareness about the quality and brand of the product. Being a first time user, the product return policy on the unsought category would reduce the associated post purchase utility risk, thus giving buyers an appropriately balanced price-value tradeoff. Some of the studies (Li and Gery, 2000) excluded unsought category from the research study with the belief that internet buying was only appropriate for those products or services that have at least some acknowledged value to potential buyers. However, the authors believe that the product or service having unrecognized importance among potential buyers, when sold with the option to return, lowers the monetary and psychological risks associated with the purchase. Moreover, the preference and importance of the product return policy was further substantiated when the purchase was made online, because it eliminates the buyer's burden of

going back to the physical store and returning it especially for the unsought products which carry the high probability of post purchase return.

LIMITATIONS

The study has certain limitations as well. The P_I used in the experiment is for a particular P_N, while P_N in the real world is dynamic. Therefore, redesigning the experiment to account for a dynamic environment could be included in the future scope of work. The respondents chosen in the experiment were not mutually exclusive. It implied that they opined their view for every product category, despite the fact that they had not bought all the given products, but instead compulsorily shopped online for at least one of the categories. The existing literature highlighted that buyers only preferred buying their shopping goods online, but lately e-tailers are rigorously promoting the sales of other product categories. Therefore considering the opinion of potential buyers for all of the product categories would eventually help practicing managers in extending the scope of their return policies. In addition, testing the results beyond borders, with varied cross-cultural demographics, would generalize the results and also bridge the gap between a random argument of WTP and the ability to pay.

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THE ROLE OF STORE ENVIRONMENTAL STIMULATION AND SOCIAL FACTORS ON IMPULSE PURCHASING IN DEPARTMENT STORES IN JAKARTA

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Abstract

Impulse buying has been acknowledged as the essential in influencing retail store sales. This research aims to replicate the study conducted by Matilla and Wirtz (2008) on impulse buying. The context of this current research is high-end department stores. Quantitative research was utilized in the study. In total, there are 150 respondents involved. This paper aims to examine the factors that influence impulse buying of customers in the context of high-end department stores. The findings suggest that there are positive relationships between environmental stimulation, perceived crowding, and employee assistance towards impulse buying. The findings will be useful for retailers as insights to understand consumers better by acknowledging the factors that drives consumers towards impulse purchasing and how they can apply it to their business.

Keywords: department stores, impulse buying, perceived crowding, retailers
Track: Retailing, Retail Management and Distribution Channels

1.Introduction

Retailers are frequently required to create shopping environments that engage consumers. As markets become more fragmented, retail stores are required to continuously adjust their strategies in order to remain competitive. Retail stores have been known to spend significant amount of money to design, build and refurbish stores (Grewal, Krishnan, Baker and Borin, 1998). The growth of retail stores in Asia has also contributed to the growing competition. It becomes no longer sufficient for retailers to simply rely on provision of products to customers. To increase sales for example, many retailers have attempted to induce customers' impulse buying through different strategies; such as using display store design and other techniques (Hoyer and MacInnis, 1997 in Jones, Reynolds, Weun and Beatty, 2003).

The early definition of impulse buying associates it with unplanned purchasing (Cobb and Hoyer, 1986 in Beatty and Ferrel, 1998). It is characterized with speedy decision making and biases to possess something (Rook and Gardiner, 1993 in Kacen and Lee, 2002).Impulse buying plays an important role in the research related to retail store and consumer behavior (Ozer and Gultekin, 2015), because majority of buying decisions are made on store premises (Liljenwall, 2004 in Clement, Aastrup and Forsberg, 2015), and impulse buying is considered to be a persistent issue for customers (Yi and Baumgartner, 2011). Due to the importance of impulse buying, examination of mood's effect on consumer impulse buying decisions is critical in terms of determining the direction of investments to be made in marketing activities (Ozer and Gultekin, 2015)

Despite the seemingly intriguing evidences, not many studies have discussed impulse buying in retail store and its antecedents as well as its consequences (Yi and Baumgartner, 2011).

Furthermore, the growth of retail industry in Asia, especially in Indonesia suggests the increased importance on the study on retail and impulse buying due to fiercer competition. On the other hand, recent economic difficulties in some regions may have caused the customers to do fewer unplanned purchase, resulting in lower impulse buying tendency (Inman, Winer and Ferraro, 2009). This suggests that understanding of what drives impulse buying could be beneficial for retailers to maintain and even boost their sales (Kacen, Hess and Walker, 2012).

2. Literature Review

2.1 Perceived Stimulation

The effect of sensory stimulation on people and their environment is vital to designing an interior space (Song, 2010). The senses play critical roles in memories and emotions attached to human experience. Perceived stimulation as a part of store atmospherics are essential for any retailing strategy, because they help create a buying context that encourages consumer purchase behaviors (Poncin and Mimoun, 2014).

Well designed store environment can induce excitement and positive moods of the potential customers (Smith, 1989 in Mohan, Sivakumaran and Sharma, 2012); thus retail environment can create a more pleasant shopping experience (Kent and Stone, 2007 in Rayburn and Voss, 2013) and induce impulse purchase (Morin and Chebat, 2005) The pleasant fragrance of the store can make the customers to be more attentive (Spangenberg et al, 1996 in Mohan et al, 2012). Different fragrance can also induce different perception of density and purchase behavior (Madzharov, Block and Morrin, 2015). Furthermore, in general, the store atmospheres can contribute to the hedonic experiences fulfillment (Arnold and Reynolds, 2003).

2.2 Perceived Crowding

Perceived retail crowding consists of two dimensions; human crowding perceptions and spatial crowding perceptions (Machleit, Kellaris, and Eroglu, 1994 in Eroglu, Machleit and Barr, 2005). Previous studies have shown that individuals tend to feel that they have less control over a situation when they are in a high density environment (Madzharov, Block and Morrin, 2015).

Perceived crowding is also frequently associated with feelings of discomfort and irritation. Bennett (1998) indicated that the level of irritation caused by a retail store environment also varied by shoppers' personality. A crowded retail store may inhibit the goal attainment of a shopper; thus reducing their shopping satisfaction (Machleit, Eroglu and Mantel, 2000). In a crowded retail store, it is possible that the customers will change their original plan, thus spending less or even leaving without making any purchase (Harrell, Hurt and Anderson, 1980 in Pons, Mourali and Giroux, 2014)

The above discussions indicate that the understanding customers' emotional responses to crowding and the resulting shopping behavior under crowded situations are critically important to the design of a good retail physical environment to serve the retailer's target customers.

2.3 Employee Assistance

The behaviors and attitudes of retail employees can have significant impact on customers' experience and the service perceived quality (Babbar and Koufteros, 2008). Besides that, the emotional responses of customers to a service can frequently be attributed to their contacts with the service employees (van Dolen et al., 2002). Service encounters resulting in positive customer emotions increase the probability of customer loyalty and repeat purchase (Czepiel, 1990; Berry, 2000). The role of employee assistance is especially crucial as the employees act

as a bridge between the retailers and the customers (Pantano and Mogliarese, 2014). Salespeople are recognized as the primary source of communication and their overall behaviours can either attract more customers or reduce the number of customers (Pornpitakpan and Han, 2011).

The role of employees has been found to be associated with customer satisfaction and loyalty (Harter, Schmidt and Hayes, 2002). When employee assistance exists in the level of excellence and integrated it with the store level, it can create desirable customer outcomes; especially if the employees are facilitated with similar understanding of the norms, practices, and expectations in the organization (Dickson, Hanges and Resick, 2006).

2.4 Impulse Buying
Impulse buying plays a significant role in retailer turnover (Floh and Madlberger, 2013). The decision to purchase impulsively is closely related to the decisions made under high emotional activation and low cognitive control, thus is spontaneous in nature (Sharma, Sivakumaran and Marshall, 2010). It occurs after the urge to buy arises and usually happens without a deliberate thinking process or careful considerations (Sultan, Joireman and Sprott, 2011) and is usually done to get immediate gratification (Starck, Werth and Deutsch, 2006). Impulse purchase has been shown to have hedonic elements and is intended for the shopper's hedonic pleasure (Peck and Childers, 2006)

Thus, it can be hypothesized that:

H1: The higher the level of stimulation from store environment, the higher the level of impulse buying
H2: The higher the level of perceived crowding, the lower the level of impulse buying
H3: The higher the level of employee assistance towards customers, the higher the probability of impulse buying.

3. Research Methodology

Quantitative method was utilized in the study with non-probability sampling method. The survey method was utilized as the main data collection method. In the early stage of the research, qualitative method was utilized to narrow down the list of department stores to be used as the context of the study. High-end department stores were chosen as the research context since it offers customer assistance and are usually crowded.

3.1 Measurement
An exploratory factor analysis was conducted on all variables in the study and it shows that there is no overlapping among all variables, followed by a reliability check. As reflected, all scales exhibit a high degree of reliability with Cronbach α above 0.80 (Nunnally, 1978).
Scales were adopted from previous research by Mattila and Wirtz (2008) for variable perceived store simulation, perceived crowding, and impulse buying. For employe assistance variable, the measurement was adopted from Mattila and Wirtz (2008) and Pornpitakpan and Han (2013). Perceived environmental stimulation was measured using semantic differential scales whereas the other items were measured on a 6-point Likert scale, with 1 representing 'strongly disagree' and 6 representing 'strongly agree'. The first section comprised of a series of demographic items. Relevant issues related to the wording were solved through revision from the feedback of the reviewers prior to distribution to the actual sample.

3.2 Sample Characteristics

The sample collected in this study predominantly comprised of student sample under the age of 24 (80%), with expenses ranging from USD 100-200 (per month). The sample consists of 81 males (54%) and 69 females (46%), making up 150 respondents in total.

The unit of analysis for this specific research is individuals who have made an impulse purchasing in the past in high-end department stores in Jakarta area. The sample was selected to ensure that the researchers could gain better understanding and new perception from the individuals on how an impulse buying happens and what factor influenced them to make these unplanned purchases.

4. Findings

4.1. Regression Analysis

Simple linear regressions analysis was used to test hypothesis 1-3 in this study. The result had shown that "environmental stimulation" ($\beta = 0.563$, adjusted $R^2 = 0.312$, Sig. = 0.000) had a significant positive relationship with "impulse buying" (F= 68.606, $p<0.05$, Therefore, H1 was accepted. The next hypothesis was also tested using simple linear regression. The variable "perceived crowding" ($\beta = 0.336$, adjusted $R^2 = 0.107$, Sig. = 0.000) shows significant relationship with impulse buying (F= 18.825, $p<0.05$). Even though the relationship was significant, it shows different direction compared to the hypothesis. Perceived crowding was shown to positively influence impulse buying instead of the other way around. Hence, **the H2 was rejected**. Another result of simple linear regression analysis has shown that "employee assistance" ($\beta = 0.540$, adjusted $R^2 = 0.287$, Sig. = 0.000), had a significant positive relationship with "impulse buying" (F= 61.059, $p<0.05$). Hence, **H3 is accepted**

5. Findings and Discussions

The findings of the research suggest that there is clear evidence of direct linear relationship between environmental stimulation and employee assistance with impulsive buying, which suggests supports of the original findings of Matilla and Wirtz (2008). However, some contradictory result was also found in the current study with regards to perceived crowding.

Every retailer strives to entice consumers to enter their store to create an atmosphere where consumers can shop in a pleasant and visually appealing environment (Cant and Hefer, 2012). The knowledge on environmental factors driving impulsive buying is useful for retailers, especially since most of the environmental factors could be changed by the retailers themselves (Badgaiyan and Verma, 2015). The findings suggest that the retail environment should be exciting and stimulate the customers to be more 'awake', and happier.

The finding of the study is aligned with the research of Freedman (1975 in Li, 2004) which suggests that there is a positive relationship between the level of perceived crowding and the higher the level of people's enjoyment. Similarly, in the retail environment during festive seasons, the customers experience crowded stores, but seem to enjoy the crowdedness even though a situation may entail a high level of physical contact and may actually hinder the shopping activities. Culture may also play a part. Individuals from a collectivistic culture are more eager to create connections with their peers. They are more likely to seize opportunities that allow for proximate social interactions than individuals from individualistic cultures (Evans et al., 2000 in Pons and Laroche, 2007). This means that perceived crowding would actually be good for department stores in collectivistic countries such as Indonesia.

The previous research conducted by shows that the more people there are in a store (perceived as crowded) the less chances of impulsive buying to happen. This is because individuals from different countries might have a different perception of crowded. In our case, customers in Jakarta may prefer to look for crowded stores because they would see it as a good store whereby itprovides good quality and affordably priced products. It is also possible that low level of crowding can also lead to low shopping expectation and retail store attractiveness (Pans and Siemens, 2011).

In addition to that, according to Patterson and Sechrest (1970), personality differences can lead to different personal space preference. Other studies have also pointed out that perception of personal space is closely related to an individual's personality characteristics, such as impatience and aggressiveness (Stokols, 1972), and dominance and self-esteem (Cozby, 1973). Thus, it seems reasonable to assume that shoppers who have a strong desire for control over one's space in the crowded situation would have less tolerance for crowding. Shoppers with higher tolerance of crowding perceive lower retail crowding than do those with a lower crowding tolerance

With regards to enhancing the employee assistance, it would be advisable that the employees should be given proper rewards and adequate training which would facilitate them in providing assistance to customers. This would enhance the employee's motivation to provide better quality of service to customers.

Future study could include better distinction between shopper's category using control variable such as the age of respondents, the occupation of respondents, and average spending per month for respondents or the income as well as the location of impulse purchases. Future studies could differentiate the types of environmental stimulation into a few specific groups (i.e. lighting, scent, sound) to create a more comprehensive conclusion rather than generalizing all factors into one whole part of the retail store environment. It is also possible that future study can include other dispositional variables such as whether the individuals are impatience or not, and whether they are susceptible to outside influences or not.

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Exploring the effectiveness of endcap locations in a supermarket: early evidence from in-store video observations

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ABSTRACT

Endcaps are displays located at ends of a row of shelving in a supermarket store. Placing products on endcaps tends to increase the likelihood shoppers will notice and purchase those products. The prominent position along shopper pathways allows retailers to charge manufacturers for placing their products on endcaps. Yet, to the best of our knowledge neither party, nor academics have measured the effectiveness (foot traffic and visual attention) of different locations of encaps within a store (ie front vs back). This research analyses videos of real shopping trips (n=56) in two supermarkets coding foot traffic and visual attention devoted to endcaps at different parts of the store. Despite anecdotal evidence that manufacturers and retailers consider front of store endcaps as more enticing, our results show that back of the store endcaps have slightly more shopper traffic and are most often in the shoppers' field of vision during the shopping trip.

Keywords: Endcap, End of Aisle Displays, Location, Product Placement, In-Store Media

Track: Retailing, Retail Management and Distribution Channels

INTRODUCTION

A growing proportion of manufacturers' marketing budgets is being spent on in-store activations rather than on traditional out-of-store media (Bolton et al. 2010). Sorensen (2008) describes in-store media as anything, which communicates with the shopper in a supermarket. Endcaps or end-of-aisle displays are considered to be the most important in-store media due to their high prevalence relative to other in-store media such as pallet displays, floor advertisements, shelf talkers etc. This high prevalence is because supermarkets are usually laid out in aisles and endcaps are located at the both ends of most of shelf rows (Levy and Weitz 2009). Inman et al. (2009) conclude shoppers are more likely to purchase products displayed on endcaps than in the aisles themselves due to the path shoppers typically follow in the supermarket, which can be either u-shaped or follow the racetrack around the perimeter of the store, where most encaps are located. This logic allows retailer to charge slotting fees for the endcap placement. However, to the best of our knowledge, there is little empirical evidence regarding which endcap location (i.e. front or back of store) has more foot traffic and consequently more visual attention (the exception is Sorensen, 2008 who looked at exposure). This is the focus of this study.

BACKGROUND

Endcap Research

Academic research has sought to determine the sales uplift of endcaps in the supermarket (Buttle 1984; Chevalier 1975; Curhan 1974; Nakamura et al. 2014; Wilkinson et al. 1982). Research has covered a wide array of price changes, product categories, time periods, countries and methods. The effect of endcap sales is made all the more challenging as not all studies have attempted to disentangle the effects of price-promotion depth, brand size and, most importantly, endcap location.

The principal method of evaluating endcap effectiveness, employed by the previous studies, has been modelling of transaction data (e.g. store sales). While this method has strong external validity, reflecting the outcomes of the natural shopper behaviour, issues arise through the lack of variance in variables, and unavoidable correlations between variables, for example brand sales when competitor items are on sale (Hensher et al. 2005; Louviere et al. 2000). This could explain why sales increases in past research of items on endcaps show such large variations ranging from 24% (Nakamura et al. 2014) to 1197% uplift (Chevalier 1975).

An important aspect to take into account when considering the effectiveness of an endcap is the path shoppers take within the store and how this affects shoppers' exposure to endcaps. Sorensen (2009) has shown that the longer a shopper spends in a store the greater the chance of the aisles being entered. (Scamell-Katz 2012) describes that it was originally thought that shoppers travelled up and down every aisle in the supermarket. However, the results of in-store observations, specifically using the Audit PathTracker® method, have shown this not to be the case. In fact, shoppers travel only part way down an aisle before turning around and heading back the other way (Jung and Kwon 2011; Larson et al. 2005; Sorensen 2004). This suggests items placed in the middle of the aisle do not get as much attention as those near the ends (Sorensen 2004).

Empirical research has found that shoppers navigate their path through a retail format in a predictable way (Levy and Weitz 2009). The path shoppers take is either U-shaped (Figure 1) or follows the racetrack (Figure 2) around the outside of the store depending on the shopper's needs and the time they have available (Sorensen 2010).

Figure 1: U-Shaped Shopping Path   Figure 2: Racetrack Shopping Path
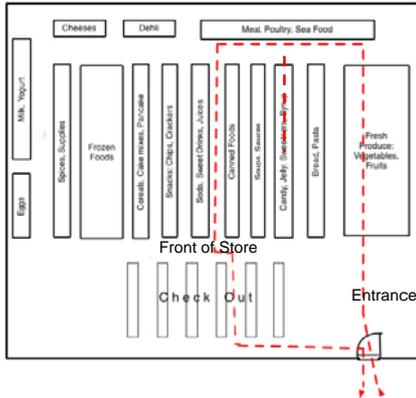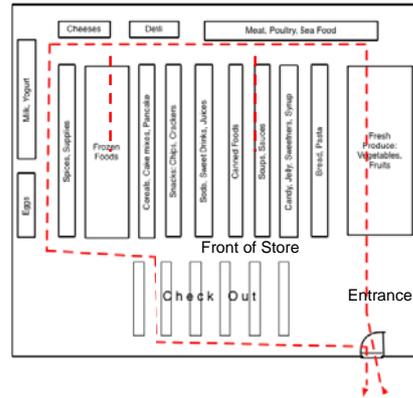
Areas within a Supermarket

There are areas within the supermarket that attract high traffic and gain customers' attention. These are known as feature areas (Levy and Weitz 2009). These include: entrances, endcaps, promotional aisles and checkout areas. Industry experts have long thought that placing products on the first few endcaps at the front of the store will yield the most attention, as this space is thought to have the highest traffic flow. Although, Underhill, (1999) suggests that shoppers are not prepared to evaluate merchandise or make purchase decisions in the first few metres when entering the store as it takes time to adapt to a new environment. Likewise, the traffic patterns identified by Levy and Weitz (2009) show that shoppers are less likely to walk past these endcaps at the front of the store.

To the best of our knowledge, Sorensen (2008) was the only researcher who has specifically documented how the location of endcaps within a store can influence its reach, defined as shoppers' visual attention (Figure 3). His results, indeed, show that endcaps located at different parts of the store associated with high or low traffic, have respective reach. The context of his work was a split aisle store format in the US, where the main store traffic went down the middle of the store and not the back. In the current research, we aim to replicate Sorensen's (2008) research and extend his findings to another two stores with a more traditional for the Australian market store format (no split aisle). Therefore, our research questions are:

RQ1. Which endcap locations in the supermarket (front or back) have the most foot traffic?

RQ2. Which endcap locations (front or back) receive the most reach (visual attention)?

Figure 3: Media Reach of Endcaps in a Supermarket
Source: Sorensen 2008
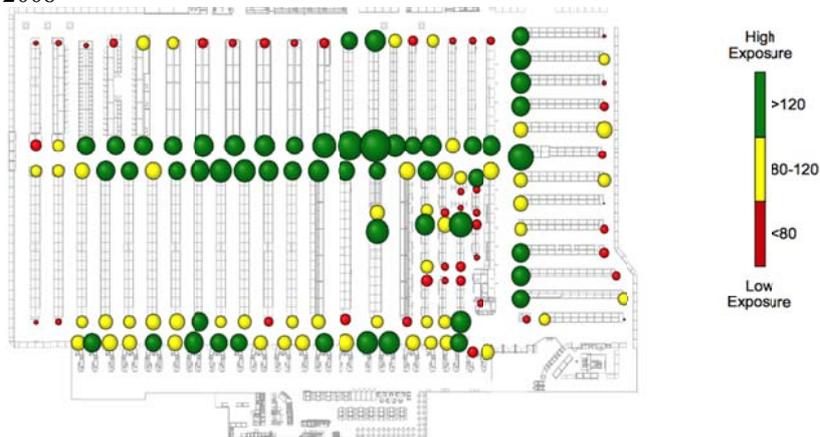
METHOD

Shopper Metrics

Metrics by Sorensen (2003) Nordfält (2011), POPAI (2012) have been developed and used in prior research to determine how influential different types of in-store media are at affecting shopper behaviour. Similar metrics will be used in this research to determine the foot traffic and visual attention of endcaps at different locations. Each metric is presented below along with an explanation. Consistent with Nordfält (2011) total traffic (number of shoppers) into the store will be used as a baseline as this provides a more sensitive measure which only counts the number of the passers-by in the endcap vicinity, similar to Sorensen's (2003) study. This method allows for an understanding of where high and low traffic areas are within the supermarket.

> *Traffic Ratio:* A measure of the number of shoppers who *walk past* an endcap within one metre as a ratio of the total number of shoppers who enter the store.
> *Reach Ratio:* A measure of the number of shoppers who *walk past* an endcap within one metre *and look (presence in field of vision) at* an endcap as a ratio of the total number of shoppers who enter the store.

This study re-analyses and re-codes a secondary data collected in Australia in 2013-2014 across two typical suburban supermarkets from a major chain. A total of 56 videos of shopping trips were used. Store 1 was a small-to-medium sized 13-aisle store, with a single entrance on the right hand side of the store, directly into a small produce section. Store 2 was a larger sized store with 12 aisles; the produce section of this store was much larger than Store 1. Store 2 had two entrances on the left and right hand sides of the store. 80% of shoppers used the entrance on the right hand side of the store.

Shoppers were intercepted before entering the supermarket over a 5-day period in one store and a 4-week period in the other. Shoppers were given wearable (glasses-looking with a camera between or just near one of the eyes) video recording devices that captured the field of vision of that shopper during the entire shopping trip. Shoppers were told that the researchers were interested in their normal shopping behaviour and no other priming or instructions were given. The cameras were taken off before payment to protect anonymity and financial details of participants. The study received University of South Australia ethics approval. The coding of the videos was done manually, using each endcap passed on a trip as the unit of analysis. The inter-coder reliability across the recording of 0.89 (Cohen's Kappa), which is an acceptable level of agreement (Lombard et al. 2004).

RESULTS/DISCUSSION

Traffic flow in both stores followed a predictable pattern; shoppers either followed U-Shaped or racetrack paths. Figures 4 and 5 (page 5) show traffic ratio of each endcap in the two stores analysed. On average, the most traffic is present at the back of the store. For example, 41% for 1F in Store 2 means, 41% of the observed shoppers (n=36) have passed within 1 meter of 1F endcap. Overall, there is 29% (i.e. 87%-58%) more foot traffic at the back of the store for Store 1, and 8% (i.e. 91%-83%) more foot traffic at the back of the store in Store 2. A number greater than 100% suggests shoppers walk past this endcap location multiple times as they do not shop the aisles in a logical order.

In Figures 6 and 7 (page 6), endcaps at the back of the store has the highest reach. Overall, 56% for each store, endcaps have 25% reach for the front of Store 1 and 34% for the front of Store 2. The lower reach compared to traffic figures at the front of the store is explained by

the checkouts which are located here, thus shoppers even though are waking past endcaps are no longer looking at products rather looking for a checkout to exit the store.

Figure 4: Endcap Traffic Ratio Store 1
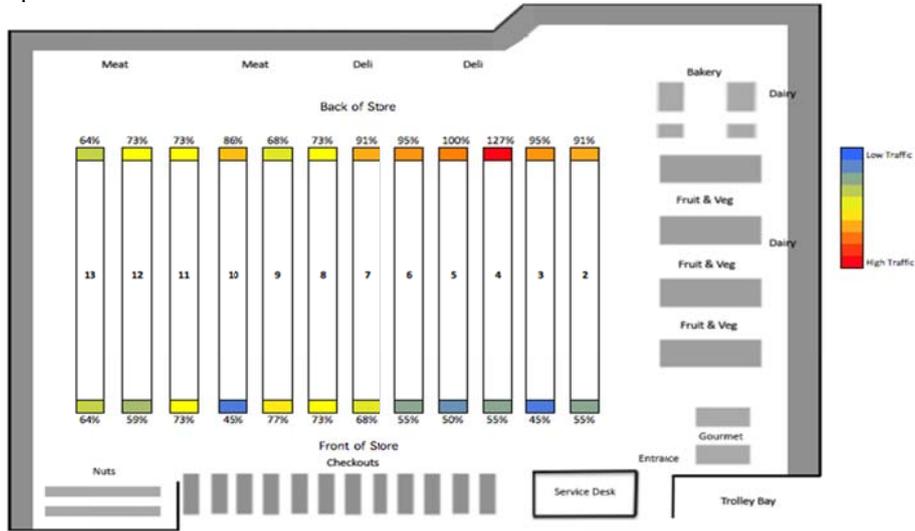

Figure 5: Endcap Traffic Ratio Store 2
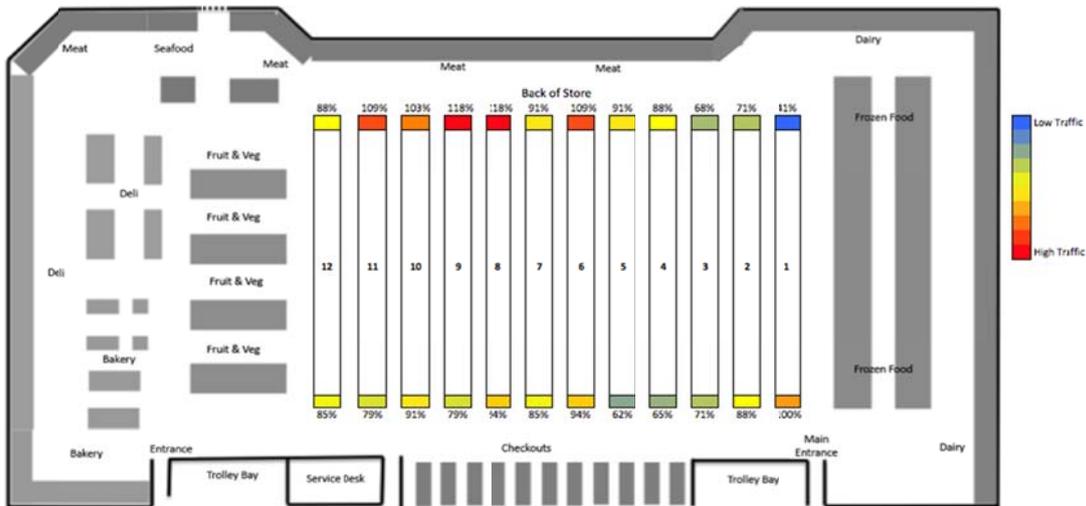
Figure 6: Endcap Reach Ratio Store 1
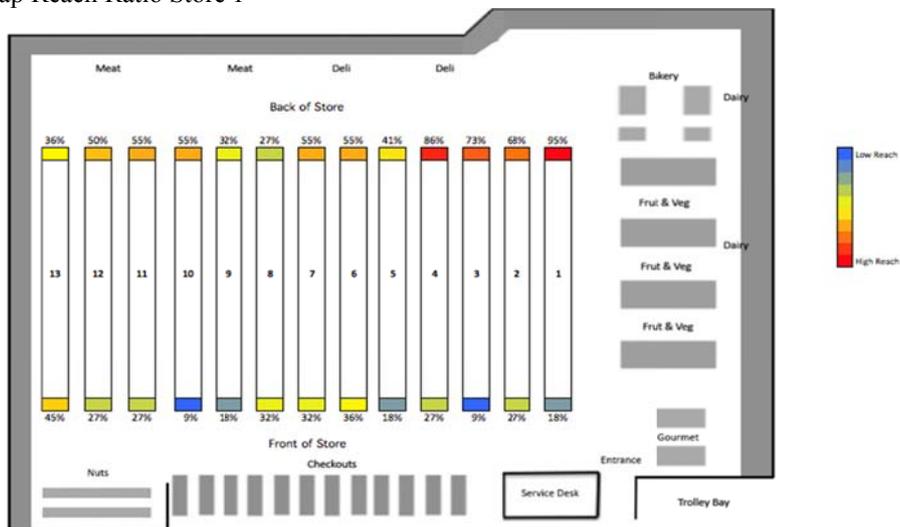
Figure 7: Endcap Reach Ratio Store 2
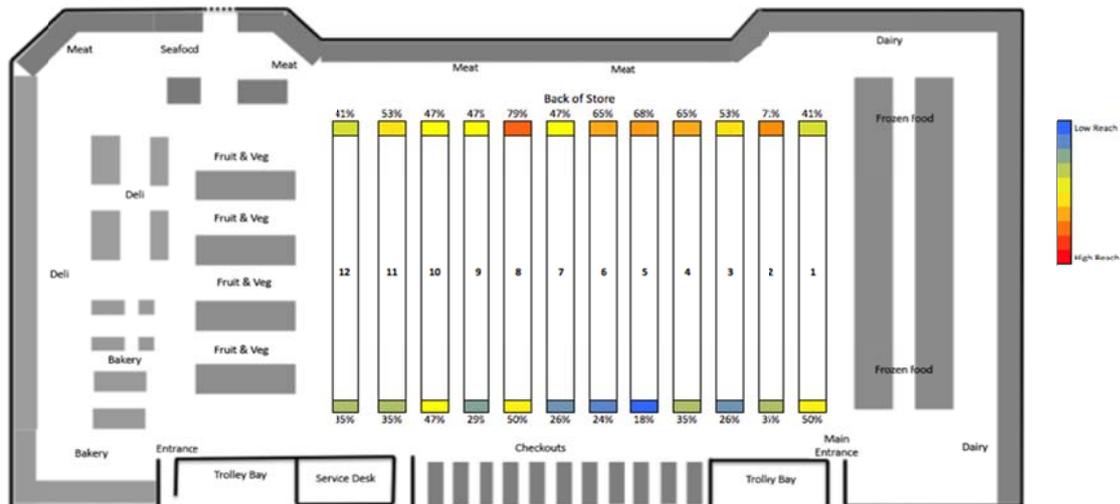
CONCLUSIONS, LIMITATIONS AND FUTURE RESEARCH

The findings for this research are consistent with Underhill (1999) conclusion that placing items in the first few metres when entering the store is not advisable, as it takes time for shoppers to adapt to a new environment upon entering a supermarket. It is clear that shoppers' visual attention in regards to endcap location follows this pattern. This indicates to manufacturers the better endcap space to obtain is that at the back of the store if they want to be seen by the most shoppers. Endcaps at the back of the store have almost double the visual reach than those at the front. While manufacturers will reach more shoppers at the back of the store, this won't necessarily result in more sales (Sorensen and Suher 2010). Other factors such as price discount, catalogue support, and purchase frequency of products affect purchases from endcaps regardless of location and must be taken into consideration when understanding endcap performance.

We acknowledge limitations of a relatively small sample size and only two stores. Future research will involve a larger sample size, other variables such as types of products on endcaps, purchases from each endcap location and potentially interviews with customers as not everything that is visually perceived is actually noticed and processed. This will help build an understanding of how shoppers interact with endcap space in a supermarket.

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The incidence of different types of planning behaviour in supermarket shopping

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Abstract

This paper examines the different types of supermarket shopping planning behaviour. Specifically, we examine (a) the incidence of planning across shopping trips, (b) how the list is constructed (category or brand-based) and (c) explore the incidence of mental planning - an area that has been almost entirely omitted in previous studies. The data covers in-store interviews conducted in a typical supermarket over two months, with 128 shoppers. 84% of shoppers planned for their shopping trip, with 33% of shoppers planning mentally. Of the purchases made, 73% have been planned, of which approximately half were planned mentally. Planning was typically on the product category level (87%). Far fewer shoppers planned to buy specific brands, and of those who did, approximately a third actually changed brands. These findings expand researchers' understanding of the incidence of shopper planning behaviour, especially about mental planning, a common occurrence, yet under-researched.

Keywords: supermarket shopping, planning behaviour, shopping list, mental planning

Track: Retailing, Retail Management and Distribution Channels

Introduction

In an average supermarket, grocery shoppers are typically presented with upwards of 30,000 different SKUs to purchase (Sorensen 2008; 2012). To avoid being overwhelmed with choice, shoppers can engage in planning their purchases prior to entering a store. When shoppers pursue a set number of planned items, they reduce their number of impulse purchases (Block and Morwitz 1999; Kollat and Willett 1967; Inman et al. 2009), which are instant purchases that are persuaded by in-store stimuli (Kollat and Willett 1967). Understanding the extent of different planning behaviours is important for marketers to determine their sphere of influence on in-store choices.

Prior studies have primarily classified purchases as either planned or unplanned. Planned purchases are purchases that are determined prior to entering the store and are usually written down as a shopping list. While unplanned purchases are those made in-store that were not planned prior to entering (Bell et al. 2011; Bucklin and Lattin 1991; Park et al. 1989). The reported incidence of planning has varied substantially across prior studies (see table 1). This includes the reported incidence of shopper planners and the proportion of purchases pre-planned. A major limitation of the prior studies has been the operationalisation of what is considered to be a planned purchase. The vast majority of the prior studies focus on using a shopping list (predominantly hand-written) as a proxy for "planning" (Abratt and Goodey

1990; Bell et al. 2011; Block and Morwitz 1999; Bucklin and Lattin 1991; Huang et al. 2012; Inman et al. 2009; Iyer 1989; Kelly et al. 2000; Kollat and Willett 1967; POPAI 1995). This method assumes the written list to be exhaustive, and does not allow a possibility that purchases could be mentally planned either fully (no list) or partially (some items listed and some kept in mind).

We argue, that mental planning is another type of common shopping planning behaviour that is not exposed in a physical form (e.g. a shopping list). Mental planning is where a shopper plans in their mind to buy certain grocery items before they enter the store. For instance, a shopper may mentally note in their mind that they need to purchase bread and milk. Hence, mental planning is an activity that also has an important influence on the grocery choices in-store (Thomas and Garland 2004). In a study of shopping list usage, of the shoppers without written lists, 70% still mentally planned for their shopping trip (Thomas and Garland 2004). Not accounting for mental planning can severely underreport the prevalence of planning behaviour and, hence, over-report the incidence of impulse purchases and the assumed influence of in-store environment. This study addresses this gap with a descriptive approach aiming to rigorously document the incidence of mental planning, along with the details of shopping list prevalence and composition. For instance, whether shoppers plan to purchase from a product category (e.g., pet food, washing powder or chocolate) or specific brands within the product category (e.g., Pedigree, Omo or Cadbury). Prior studies present conflicting results, as to whether category planning (Block et.al (1999), Inman et.al (1998) and Spiggle (1987)) or brand planning (Inman et.al (2009) and Abratt et.al (1990)) are more common. These vastly different findings warrant further investigation attempted in this study.

The aim of this research is to provide a deeper understanding of how shoppers plan for their shopping trips. To address this aim, intercept surveys (entry and exit) and a retrospective think aloud (RTA) method (Bergstrom and Schall 2014) is used to distinguish whether certain items were planned on the list, mentally planned or unplanned. The data covers a total of 3,923 purchases (including 1,539 purchases analysed using the RTA) from 128 real supermarket shoppers. The results provide implications for researchers, retailers, manufacturers and consumers. The prevalence of mental planning indicates that prior studies have been vastly under-reporting the extent to which shoppers plan prior to entering a store. The extent of planning to brand or category-level provides insight to the effectiveness of in and out store marketing strategies. Directions for future research along with limitations are also addressed.

Background and Research Questions
Numerous studies have reported figures on the use of shopping lists among shoppers (e.g., Abratt and Goodey 1990; Block and Morwitz 1999; Huang et al. 2012; Inman et al. 2009; Inman and Winer 1998; Thomas and Garland 2004). As per table 1, the proportion of shoppers with lists range from 37% to 67%. However, these studies are likely under-reporting planning, as the majority did not include mental planning. In the one study that did include mental planning, the behaviour was observed in 21% of shoppers (Thomas and Garland 2004). The first research questions addresses the prevalence of these planning activities:
> *RQ1 – What is the incidence of shopping list and mental planning across shoppers?*

Even when a shopper plans a shopping trip, they can still purchase a mixture of items that are planned and unplanned. Many studies have investigated the extent to which individual purchases are planned versus unplanned. (Abratt and Goodey 1990; Bell et al. 2011; Block and Morwitz 1999; Bucklin and Lattin 1991; Huang et al. 2012; Inman et al. 2009; Iyer 1989;

Kelly et al. 2000; Kollat and Willett 1967; POPAI 1995). As seen in table 1, the incidence of planned purchasing has been found to vary between 36 to 76 percent. However, all of these studies have classified planned purchases as being written on a shopping list. The next research question further investigates this issue and incorporates mental planning:

RQ2 - What is the incidence of shopping list and mental planning across purchased items?

Several studies, as seen in table 1, have investigated whether planning occurs at a product category-level or brand-level (e.g., Abratt and Goodey 1990; Block and Morwitz 1999; Inman et al. 2009; Inman and Winer 1998; Spiggle 1987). This is important for understanding the role that in-store activities can have on consumers' category and brands decisions. There is considerable variation between studies, with no consistent finding as to which mode of planning is more common. This disparity leads to the third research question:

RQ3 - What is the incidence of planning at a product category or brand level?

Table 1: Comparison of past studies on planned purchasing

Study	Country	Method	No. of Shoppers	No. of product categories	Use shopping list (% of shoppers)	Mentally plan (% of shoppers)	Planned Items (% of purchases)	Planned Category (% of planned items)	Planned Brand (% of planned items)	Switched Brands (% of planned brands)
Kollat and Willett (1967)	-	Store entry and exit interviews	596	64	-	-	50	-	26	-
Spiggle (1987)	US	Interviews	129	18	-	-	-	75	25	-
Abratt and Goodey (1990)	South Africa	As per Kollat and Willett (1967)	450	8	49	-	76	23	53	50
POPAI (1995)	Europe (Belgium, Denmark, France, Germany, Holland, Italy & UK)	Store entry and exit interviews	5,661	-	-	-	36	6	30	4
Inman et.al (1998)	US	Surveys from POPAI data	4,200	-	57	-	41	70	30	3
Block and Morwitz (1999)	US	Survey via mail	28	227	43	-	49	77	23	29
Thomas and Garland (2004)	New Zealand	Store entry and exit interviews	262	-	67	21	-	-	-	-
Inman et.al (2009)	US	As per Kollat and Willett (1967)	2,300	-	54	-	39	17	83	<4
Bell et.al (2011)	Europe	Interviews and self-reports	441	58	-	-	50	-	-	-
Huang, et.al (2012)	US	Store entry and exit interviews + eye-tracking	237	114	37	-	37	-	-	-
The Current Study	**Australia**	**Store entry and exit interviews + eye-tracking**	**128**	**37**	**52**	**33**	**73**	**87**	**7**	**29**

* This study only asked respondents who had a shopping list

Prior research has further investigated brand-level planning to understand the incidence of shoppers switching brands and the point of purchase after planning. Across three studies, switching brands was found to occur in less than 5% of cases (Inman et al. 2009; Inman and Winer 1998; POPAI 1995). When this level of switching has been substantially higher, effects of stock-outs and price promotions have been attributed (Abratt and Goodey 1990; Block and Morwitz 1999). This indicates that in-store activity has the potential to divert the shopper from their planned brands. The final research question investigates brand switching:

RQ4 – What is the incidence of switching from a planned brand (when planning is done on brand-level?

Data Collection and Method

To understand the incidence of the different planning activities, the method involved intercept interviews (before and after) and the eye-tracking followed by the Retrospective Think Out loud (RTA) interview. Entry and exit surveys were conducted on laptops using Qualtrics (an online survey software). Tobii glasses and software were used to capture the real-life behaviour of shoppers during the entire trip, which acted as a prompt during the RTA interview.

The study was undertaken in a typical suburban supermarket located in South Australia, over an eight-week period from October 2014 during peak and non-peak hours. The shopper sample was obtained through pre-recruitment (email followed by a media release in the local newspapers, and an advertisement on the notice board in-front of the store), and intercepting shoppers at the entrance of the store. Each participant was given a 30% off voucher to use in selected retail stores and a chance to win a $500 grocery voucher for the participating store. The screening criteria were that participants did not wear glasses or have any eye conditions (due to the eye-tracking equipment), were the main household shopper, and were 18 years of age or older.

A total of 128 shoppers participated in the study (71% were females; an average age was 52). The shoppers purchased a total of 3,923 items from various product categories including fresh fruit and vegetables. However, this study only analyses a sample of 1,539 purchases (fresh fruit and vegetables were excluded, and the time constraints and respondent fatigue during the RTA, meant only the first ten to fifteen items purchased on each trip could be investigated).

The entry survey asked whether a shopper had a physical or mental shopping list or no plan. If a shopping list was present (hand written or electronic), a photograph was taken to then compare with the actual purchases obtained from the receipt. After the entry survey was completed, shoppers were calibrated to the eye-tracking glasses and began their shopping (average length of the entry survey, equipment fitting and calibration was under five minutes). After going through the checkouts, the participants were asked further questions, including attitudinal and demographic scales. The receipt was also scanned to later compare what was purchased with what was planned on the list. Yet, relying on the shopping lists alone did not provide details about mental planning. Therefore, shoppers then were showed the footage of their own eye-tracking video, and encouraged to describe the behaviour they were observing on camera using a retrospective think aloud (RTA) method (Bergstrom and Schall 2014). If the shoppers failed to discuss planning behaviour, the interviewer prompted for whether each item was on the list, planned mentally or not. The exit survey and the RTA interview took approximately 20 minutes.

Results

In response to Research Question 1, the incidences of different planning tools across the 128 shopping trips are presented in table 2. The results show that the majority of shoppers (84%) engaged in some form of planning prior to entering the store. Over half (52%) used a shopping

list, either written or electronic (e.g., on a phone). Of particular note, is that a third of shoppers mentally planned their shopping trip. This is a substantial proportion of shoppers who would have been classified as non-planners in prior studies.

Table 2

Planning Tool	Shoppers (%) (n=128)
Written Shopping List	47.7
Electronic Shopping List	3.9
Mental Planning	32.8
No Planning	15.6
Total	**100**

Table 3

Planning of Purchases	Purchases (%) (n=1539)
Planned (Shopping List)	36.4
Planned (Mental)	36.7
Unplanned	26.9
Total	**100**

With regards to Research Question 2, 73% of the purchases analysed from the RTA interviews are classified as planned. This is split relatively evenly between purchased planned with a shopping list (36%) and planned mentally (37%). Mental planning is more prevalent when looking across purchases than shopping trips, as a shopper could have used a shopping list, but still mentally planned a portion of items.

Table 4

Planning of Purchases	Planned Items (%) (n=981, listed items only)
Product Category	86.6
Brand	7.4
Occasion (i.e. "kids snack")	1.4
Other	4.6
Total	**100**

The composition of the shopping lists were analysed to address Research Question 3. Table 4 shows a breakdown of the planning behaviours. The results demonstrate planning to a product category level (87%) to be far more common than planning to a specific brand-level (7%). Approximately 5% of planned purchases were categorised as 'other', where a flavour was planned (i.e. tandoori chicken) but a spice (i.e. tandoori) was brought.

Planning to a brand-level was investigated further to address Research Question 4. In 29% of brand-level planning instances, the consumers purchased a different brand than the one they had planned. This indicates that purchase decisions are still subject to change even when decisions are planned before starting shopping. However, caution should be taken before extrapolating this finding further, due to the small sample of brand-level planning (n items=72).

Conclusion and Implications
This study was conducted to provide a deeper understanding into how shoppers plan for their supermarket shopping trip. We find, the majority of shoppers plan their shopping trips (84%), and the majority of purchases are also planned (73%). Given the extent of consumer decision-making outside the store, the results further highlight the need for retailers and manufacturers to focus on out-of-store marketing.

Our key contribution has been in empirically investigating the incidence of mental planning. A third of shoppers plan their shopping trips mentally, and mental planning constitutes just over half of all planned purchases. Hence, ignoring mental planning – as has been done in the majority of prior research – could lead to severe underestimation of the extent of out-of-store decision-making.

Our further contribution is in describing the different types of planning activities. The vast majority of planning is about which product category to purchase (87%). Only 7% of planning is brand-specific, and of those, 29% of purchases was not the brand that was initially listed. These results indicate that in-store activities are likely to have greater scope at influencing brand-choices rather than category purchases.

Limitations and Future Research
While this research has provided valuable insights into planning behaviours, there are a number of limitations and avenues for future research. First of all, the study has been conducted with a sample of shoppers from only one store. It is unclear how representative these findings are to the wider shopping population. Certain store characteristics (e.g. size, location) and customer demographics (e.g., age, income) may influence planning behaviour. Future research should extend the study to wider array of stores and customers to determine generalisability.

Secondly, the researchers cannot rule out the possibility that the method biased shoppers' behaviour and responses. The pre-recruitment may have lead to participants to alter their regular behaviour knowing that they were to participate in a study about their shopping (although there was no mention of planning as being the focus). Additionally, the RTA method may be susceptible to overstating mental planning. This is because the method relies on the participant post-shopping answers. For instance, shoppers may over-claim due to false memory or provide social approved answers (e.g. wanting to portray how organised they are). Although, the presence of shoppers (16%) and purchases (27%) that were claimed as "unplanned", shows the evidence of shoppers feeling comfortable to report their unplanned behaviour.

One of the next stages of this research should be to determine factors than influence shopper's planning behaviour in regards to list, mental, category and brand. For instance, whether planning behaviour systematically differs across shopping trip types (e.g. trip length, basket size), purchase experience (e.g., prior category and brand usage), and customer characteristics (i.e. income, household size, store familiarity, shopping with others). For academics, researching mental planning in future studies can close this past gap of under-reporting planning behaviour. For retailers and manufacturers future research can assist in implementing innovative marketing strategies both in and outside the store. For consumers, researching further into planned behaviour can provide information into what planning method is most effective to avoid unplanned purchasing and, possibly, overspending.

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A typology of social media control in franchising

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Abstract

Despite the fact that the majority of Australian franchise systems are utilising social media, no best practice guidelines exist to guide their use. This exploratory research seeks to understand how social media systems are implemented and controlled within interdependent franchise systems. Analysis of results allowed development of a typology of Social Media Control in Franchising (SMCF). This showed that a combination of coercive and non-coercive sources of power elicit control mechanisms, which provide maximum value to the entire franchise system. Best practice guidelines are developed which centre on operational support provided to franchisees. This exploratory study develops a typology framework to understand social media control systems in franchises, and provides a stepping stone upon which to base further scholarly studies.

Keywords: social media, franchising, franchise relationship, online marketing, digital marketing

Track 4: Retailing, Retail Management and Distribution Channels

Introduction

Social media is constantly growing, changing and evolving (Korschun & Du, 2013; Perrigot, Kacker, Basset & Cliquet, 2012) becoming a landscape of ubiquitous connectivity, enabled through mobile devices (Labreque, vor dem Esche, Mathwich, Novak & Hofacker, 2013). Social media are online applications, platforms and media which aim to facilitate these interactions, collaborations and the sharing of content (Richter & Koch, 2007). Recognised as a dramatic shift in societal interactions, it has consequently been recognised as changing the way individuals interact with companies and each other (Korschun & Du, 2013). Corporations are increasingly relying on social media to enable peer to peer communication to engage consumers, employees and other stakeholders in compelling and ongoing virtual dialogs (Korschun & Du, 2013), as illustrated in research showing that 64% Australian franchises have a Facebook presence, while 59% utilise an intranet, and 39% are active on Twitter (Frazer, 2014). Social media use among consumers has proliferated and as such is increasingly being used by Australian franchise systems to connect with their customers. Practitioners are encouraged to use a portfolio of social media to 'extend their brands, engage their customers or even expand their businesses' (Ankeny, 2011; 116, in Perrigot, Kacker, Basset & Cliquet, 2012), allowing one to do so with less effort and cost than before (Kim & Ko, 2012). For this reason, social media use between a business and customer and potential customers will be the focus of attention.

With this proliferation of social media marketing, it is imperative to be able to monitor the social media strategy within the firm. However, and significant to this study, "not much consideration has been given to the question [of social media] in a franchising context" (Perrigot, Kacker, Basset & Cliquet, 2012: 543). Given the new social technology that is present, and the increase of interactions between stakeholders that this allows, there is a need for development of new theoretical approaches to investigate such relationships, followed by empirical studies to support such frameworks. To this end, this research seeks to understand social media brand use in Australian franchise systems, and to generate guidelines for best practice.

Unique problems faced by Franchise systems when using Social Media

While social media usage by the firm has been empirically investigated, this study seeks to delve into the franchising sector due to the unique challenges this business model encompasses. Franchising is a form

of relational exchange (Kaufmann & Stern 1988) in which franchise channel members are commercially interdependent and co-create value through ongoing negotiation and exchange (Palmatier, Dant, Grewal & Evans, 2006). This interdependency can often lead to concerns surrounding control over operations, the brand name and intellectual property. As such, control is a pertinent issue for franchise systems. Using agency theory as the theoretical underpinning in this study, previous research in this area has addressed control by examining the nature of power and its consequences for channel relationships. Within this relationship, both parties have an inherent interest in avoiding disputes (Giddings, Weaven, Grace & Frazer, 2011) and working cooperatively to contribute to the attainment of system-wide goals (Uncles, 2011). However, agency theory presupposes that one party (the principal) delegates work to another (the agent) (Quinn & Doherty, 2000). By definition then, agency theory implies control by the principal over the agent, and the operations undertaken. This relational concept of control (Brexendorf, Kernstock & Powell, 2015) contends that as control is relinquished from the franchisor (the principal), the franchisee (agent) gains more power and control. Additionally, agency theory asserts that the main source of power and control is through the enforcement of the franchise contract, which is a form of coercive power. On the other hand, non-coercive power includes acts such as providing training and support to the agent. Agency theory highlights the information transfer process (sharing information between the principal and agent), the information asymmetry problem (the agent having more information) and associated monitoring costs (Quinn & Doherty, 2000).

However, this top-down, centralised control system may not always be applicable when developing a social media strategy for use by a franchise system. The qualities of social media being organic, spontaneous and fluid do not necessarily fit well with the legal franchise contract and the rigid, inflexible operations manual. As presupposed by agency theory, information asymmetry suggests that agents, being involved in the day to day running of the firm, have access to detailed information on the operations, and are local area specialists and best placed to cultivate the existing relationships with their clientele through localised social media strategies. In the absence of scholarly research upon which to rely, short term social media management strategies have been implemented. In order to provide a theoretical understanding of how social media is controlled in franchise systems, and provide guidelines for franchise systems on social media best practice, the following research question was proposed: How do Australian franchise systems implement control over their social media systems?

Methodology

In order to answer this exploratory research question, a total of six focus groups were undertaken with marketing personnel in Australian franchise systems. A focus group has the advantages of attaining multiple in-depth responses in a short period of time, while allowing flexibility in the respondents' responses (Krueger, 1994; Liamputtong, 2009). Participants were solicited from a university database they had previously opted-into receiving marketing and franchising related information. This sample is highly convenient, though participants have self-selected (Onwuegbuzie & Collins, 2007) to attend the event and to increase their knowledge of franchise marketing. The sample comprised a total of 50 participants from 46 Australian franchise systems from a variety of small, medium and large franchise systems. Participants can be classified as being either franchise employees (n=47) and franchisees (n=3). Participants were highly homogenous, with respect to their occupations (franchisor, directly employed by a franchisor or franchisee). Therefore, these participants are directly involved with developing and implementing the marketing strategy of their franchise system, and are therefore likely to provide information that allows the research question to be addressed.

In essence, this research aims to gain an in-depth understanding of how franchisees broadly view the use of social media, and their experiences in using this media. Therefore, each focus group was asked one broad question to begin discussion "What role should franchisees play in developing, implementing and maintaining your social media communications?" While this question was expected to generate a wealth of responses that the participants may be willing to share, probing questions were used throughout the focus groups where necessary to elicit more information and to gain a depth of understanding on the topics of social media use, management and brand governance. Thus the research was flexible, allowing the direction of inquiry to change dependent on the participant's responses (Neuman, 2006; Yin, 2009). At the completion of six focus groups, information saturation was reached (Liamputtong, 2009), at which point no new information generated new understanding (Kitzinger, 2005; Morgan, 1997).

The focus groups were recorded, transcribed and a manual textual analysis was performed. In addition to the transcripts, researcher and research assistant reflection notes were included in the analysis. A thematic analysis of transcribed focus group audio was performed. Coding followed a cyclical process in which multiple passes through the data were conducted beginning with preliminary data analysis, further refinement of codes, leading to final codes being assigned to the data. That is, firstly broad codes were identified, which were further refined into sub codes, allowing theoretical abstraction to occur.

Discussion of Results

All but one franchise system representative in attendance reported they were active on social media, though the degree to which the participants regarded social media as a key component of their promotional strategies differed largely. Some systems were actively using social media with great success (self-reported), while others were yet to develop their social media strategy and put this into practice. Analysis of results showed that the biggest theme surrounding use of social media within a franchise system is one of control; the degree to which franchisors were willing to relinquish control to the franchisees, with regards to their social media communications. This control extended to discuss control over the choice of social media networks and platforms, development of individual social media accounts and development of content that would appear on social media. A recursive analysis of results allowed a typology of Social Media Control in Franchising (SMCF) to be developed. This resulted in three categories; high, moderate and low SMCF, a summary of which is shown in Table 1. Further discussion of each category is now provided to illustrate real life social media marketing strategies used by Australian franchises, as discussed in the focus groups. Following discussion of the typology, propositions are given to guide future research on the topic.

High Social Media Control in Franchising

Displaying coercive and non-coercive power are the means by which franchisors can control the behaviour of franchisees, with the franchise contract providing the primary means of control (Quinn & Doherty, 2000). A high level of SMCF delivered by the franchise system was characterised by coercive power, with social media policies written into the operations manual. These policies would prescribe control to the franchisor only, allowing streamlined social media implementation to the whole franchise system, nationwide. This level of control seemed to offer the most consistent form of monitoring with larger franchise systems having a specialised social media management position to develop and oversee social media implementation for the entire system.

The choice by the franchisor to exhibit a high level of SMCF, is due to the lack of skills franchisees possess, as well as the expectation that social media forms part of the contractual obligations of the marketing function of a franchisor.

> We have come across the issue of franchisees having their own social media accounts, it's tricky. Of course you want a franchise in your store to be more engaged in that local area marketing. The issue is, social media is a very specific, tough market as the franchises grow ….Unfortunately not everyone understands social media, that's nobody's fault…social media is an expected part of the brands role [focus group 2, participant 2].

A barrier to relinquishing control to franchisees that was cited was geographical territory issues. Being that social media, and indeed any online communication, is not geographically bound, this is an important consideration for a franchise system. One participant reported:

> I'm a social media retard too. It's all managed by marketing. Franchisees have no say, and we have to be careful because we are at their territories, so social media internet can be seen as advertising inside their territory [focus group1, participant 9].

As the above shows, this franchise overcame the geographical territory concerns by creating one national social media account for the franchise system, which is managed by the franchisor's marketing team.

Even though a high level of SMCF can mean the franchisor employed control over the social media implementation, in some instances franchisees had input into the content displayed on social media. As one franchisor stated "we encourage them to share some things that are going on". Additionally, another example showed franchisors involved in service recovery efforts concerning complains on social media. In this instance, the franchisor could oversee the social media account, but seek the advice of the local franchisee concerned with the complaint.

> We try to deal with that publicly and then take it offline and then push to the franchisee, to manage
> the feedback, in 24 hours, bring it back to us and we will deal with it [focus group 6, participant 10].

In summary, a high level of SMCF was borne out of the willingness to overcome geographical challenges, mitigate risks, due to a lack of skills among franchisees and the belief that contractually, the franchisor is obligated to provide this service.

Moderate Social Media Control in Franchising

In contrast to the coercive power utilised in the high SMCF, a moderate level of SMCF utilises a variety of non-coercive elements to deliver a strategic combined approach that integrates the idiosyncrasies within the system. Almost all participants (n=40, 80%) reported utilising a social media strategy that fell into the moderate SMCF categorisation. This makes sense considering when entering into a franchise agreement, the aim of the franchisee is to obtain some degree of autonomy but at the same time seek a support package from the franchisor (Quinn & Doherty, 2000).

This research provided numerous examples of non-coercive power in the form of support packages (initial and ongoing training, ongoing field support, technological help, and marketing support) that were given to franchisees. A primary consideration when implementing a social media strategy is training franchisees in how to take control over their social media operations. Training may take place to inform the franchisees of social media policies and procedures. This could be completed with franchisees during the induction or at a one day workshop for multiple franchisees, or one-on-one in the workplace, as one participant

Table 1. Typology of Social Media Control in Franchising (SMCF).
Source: Developed for this research.

Level of Control by Franchisors	Who creates & oversees social media accounts	National or Local social media accounts	Guidelines in Place	Who writes content	Monitoring of the social media accounts	Training offered to franchisees
High SMCF	Franchisor only	National only.	Yes. Written into the operations manual.	Franchisor writes all content. Often uses a promotional calendar and scheduling program to automatically post content regularly.	Accounts are monitored constantly by the franchisor. Bigger systems may have a specialised position to oversee this.	There is little need for training, as the franchisor oversees all social media.
Moderate SMCF	Franchisor has admin rights, but Franchisee can write and post own content.	Often a combination of both.	Some guidelines and systems may be in place. These may not be formalised.	Franchisor predominantly writes content, pictures and templates of responses to customers. The franchisees are then able to 'copy and paste' these onto their own social media channels/pages. Franchisee has the option to use their own social media, but often the franchisor will offer to do this as part of the marketing package.	Franchisee may predominantly monitor the account, however due to time restraints (e.g. the franchisee is more focused on actually servicing customers), it may be necessary for the franchisor to oversee things after hours and during busy periods.	Training takes place to inform franchisees of policies and procedures. Could be at a one day workshop for multiple franchisees, or one-on-one at the workplace.
Low SMCF	Franchisee	Predominantly local social media accounts.	Unlikely	Franchisee decides what to write, how often to write it.	Franchisee decides how often to monitor the account. Due to time restraints this is unlikely to be 24/7, despite this being the nature of social media.	Often little to no training is given to franchisees on how to oversee their social media account.

describes; "We also have our franchisees through a social media eLearning course, so they've learned a bit having guidelines, of using the system, that type of thing" [focus group 2, participant 3].

Whilst recognising training as an important consideration, many systems still try to make the monitoring of social media as easy as possible for franchisees. This was the case in instances where the franchisor had given the franchisee the rights to create and oversee their own social media accounts. This support was provided by giving suggestions on how to operate on social media, developing a resources bank, or providing ongoing assistance.

> We give them suggestions on what they should post. We have also built our main page, our branding page just got 2 000 likes on Facebook, so we share a lot of quotes on there, we post pretty regularly and we encourage them to share to their own pages [focus group 5, participant 10].

Another participant added to this idea with their practice of having built systems in place to guide franchisees;

> Its copy-paste, easy to do, and we find that in case of a better admin view, so it's more guided model. That being said, probably 95% of our admins have nothing to do with it, apart from having to post on that page [focus group 4, participant 4].

This shows franchisees needing a little prompting in the right direction with their social media. However, while some franchisors choose to allow a certain degree of autonomy, other franchisors provide a scaffold approach to the franchisee to the franchisee.

> We do a marketing campaign which is a bit more descriptive in case they don't want to think about themselves. It's available in our ordering system. Franchisees can go on and can pay for whatever artwork they want, personalised to their local store, and they can also download the Facebook approved download to post on the pages. So, they can download like Facebook posts, for promotion they've chose, through print and ordering system, and also like cover images for their Facebook pages, so it's personalised to their salon, but it's downloaded through the ordering system [focus group 5, participant 10].

A moderate level of SMCF was often exhibited by a franchisor creating the social media account as part of the marketing package delivered. That is, the franchisor would create a social media account and remain an administrator to this account.

> We allowed them to have social media in full, Facebook only, to be able to have access to their own Facebook page that we've created, we are the admin. They're just like a concept creator only [focus group 4, participant 6].

The franchisor requiring administration rights to the social media accounts is a key strategy to maintaining control over the social media, and allows the franchisor to take action in cases where this may be necessary.

> We are admin of it. If we see something, we just take that straight down or we reply to it quickly. Because I may not have time, or they may not be replying to some of it [focus group 4, participant 7].

No matter who created the account, or retained administration rights, one of the underlying characteristics of a moderate SMCF was the collaboration between the franchisor and franchisee to deliver value through their social media strategy. One such strategy included a franchisor-led private Facebook group for franchisees, which one participant described;

> I would have to say through our group on Facebook…I can jump on there if I have something to say…share ideas, that sort of thing, and we have adjusted who owns the group and she monitors it all and gives small feedback….we talk to each other about what works, what doesn't work, that always helps more than someone at the office talking about the same issue [focus group 5, participant 2].

This collaboration also extended to utilising a select group of franchisees for a social media trial;

> We've actually been working with those guys to develop some sets of guidelines, to come up with a really good library, to show some good and some bad things we've done. Then you can actually establish a case to push it with the rest of the franchisees saying "you need to be doing this now, look at the traction we've got over here, these guys have been doing this for 12 months" [focus group 4, participant 8].

Overall, many participants said they appreciated the support that was offered to them as they didn't think they could oversee all of the social media due to a lack of skills, time or resources.

The benefits of operational support for franchisees are evident. Absence of a sufficient support package restricts the franchisors ability to enforce controls on the franchisee. In addition to the non-coercive power described previously, many franchise systems also chose to formalise the social media guidelines, in order to provide a framework within which social media activities can take place.

> Having guidelines in place which were communicated to the franchise network…if they are aware what the guidelines are, if the franchisees are aware the guidelines exist, then it sort of helps your job….so if an employee is going onto Facebook page for instance and making negative comments, you need to have that discussion with the franchisee to say actually that's actually outside the guidelines [focus group 4, participant 1].

In summary, a moderate SMCF level showed franchisors employed an increased incidence of non-coercive elements including a great deal of support to franchisees. This included delivering training, creating downloadable content, collaborating to create guidelines and undertaking a trial of social media for the system. However, often guidelines were in place to restrict individual franchisees from performing in a negative way that would impact on the whole franchise system. In this way, a balance of coercive and non-coercive power was utilised to exhibit a moderate level of SMCF.

Low Social Media Control in Franchising
However, not all franchise systems saw the value in implementing moderate to high levels of control over the social media use. Instead, a low SMCF level was characterised by the franchisee being primarily responsible for creating and overseeing a social media account, which was often set out for the local individual franchise (e.g. McDonalds Surrey Hills, as opposed to a national McDonalds account). Guidelines are unlikely to exist to direct the franchisee in how to operate the social media accounts. Essentially, this level of SMFC allows autonomy to individual franchisees to administer localised marketing campaigns on social media. While some participants expressed that this strategy exhibits a high degree of risk, one franchisor employed participant said:

> So, it's pretty interesting for us, we haven't had any bad experiences so far, we've actually been
> trying to really push the creativity of the franchises to just go out and do your own thing. After,
> they return to us with a big tip. It's going well so far [focus group 4, participant 2].

This shows that the benefits to harnessing the creativity of franchisees seem to outweigh the risk of social media mismanagement for this participant, though only limited participants (n=3, 6%) adopted this approach. Additionally, franchisors should take into consideration that implementing low SMCF is likely to place the burden of overseeing the social media accounts on the individual franchisee, who may not have the resources to monitor the account 24 hours a day, as social media demands.

Summary of guidelines for best practice
Overall, franchise systems that report using social media successfully have:
- Chosen the most appropriate social media channels, most relevant to their customer base (e.g. Travel related franchise systems predominantly focus on Trip advisor, while a hair dressing firm has great success displaying visuals of their hair cuts on Instagram).
- Developed a social media marketing strategy that exhibits a high to moderate level of control.
- Tested their social media strategy. This was done through a trial of the most notable franchisees utilising social media successfully, who then add clout to the Franchisor's efforts when implementing this to the rest of their system.
- Added the social media strategy to their Operations Manual. This forms an important part of the systems of the franchise, and contains valuable intellectual property.
- Developed a training program to deliver to franchisees. This includes educating franchisees on the value of social media, how the franchisor prescribes it to be used, and proper crisis management tactics.
- Ensure social media is used consistently by all parties, whether that includes multiple franchisees displaying the same images, account names and having a similar 'voice'. One Franchise system discussed the benefits of utilising a bank of social media updates, images, and ideas for individualisation, all housed within an intranet [focus group 5, participant 10].

Implications for theory and practice

The results from this study exhibit a number of theoretical and practical implications. Theoretical understanding prior to this research centred on how to apply behaviour control mechanisms within the franchising system. Instead, this research adds to the understanding of how coercive and non-coercive behaviour control mechanisms are implemented in actuality, which can guide how to apply existing behaviour control mechanisms to social media management in franchises. Importantly, this study has identified a typology of different Social Media Control in Franchising (SMCF) strategies in use, and has discussed how to create or adapt new SMCF strategies to suit the individual needs of your franchise system. In addition to the theoretical contributions offered by this research, numerous practical implications are suggested. In the absence of timely marketing rhetoric, Australian franchise

systems have previously developed their own short term SM strategies, and implemented various SMCF strategies. This research has shown real, practical examples of how social media strategies are developed, implemented and controlled in franchise systems. Australian franchise systems would benefit from understanding how issues of control and autonomy are overcome in real world, and see examples of best practice. Therefore, it is important to broadcast such examples, and disseminate relevant research for the benefit of the fast-changing one billion dollar Australian franchising industry (Frazer, 2014).

Conclusion

This paper has explored the issue of controlling social media use in Australian franchise systems, and has presented a typology of types of control implemented. A moderate level of SMCF was found to be the most utilised approach, which makes sense considering that this provided the optimum level of autonomy craved by franchisees, and control required by the franchisor. It can be concluded that franchise systems utilising a combination of coercive and non-coercive elements of power delivered a support system that provided maximum value to the franchise system as a whole. This study was limited by the fact that the sample was restricted to Australian franchise systems only, and that franchisees were underrepresented. This was a cross sectional data collection, and further research is required to validate these findings and to make them more generalisable to all systems and environments. Further research could overcome these limitations by utilising a case study methodology, investigating which behaviour control methods for SMCF are appropriate for which new variables. For example, does this vary by industry, maturity of the system, experience of the franchisee? This research can be extended to a larger sample, in a larger number of worldwide markets. Longitudinal research would offer value in being able to see adaptations of social media strategy as systems grow and mature in size, intellectual property and operations.

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Investigating the Retailing Strategies of Vape-Shops in the UK

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Abstract

The aim of this working paper is to investigate the retailing strategies of 'vape shops' in the UK. These independent stores sell electronic cigarettes and vaporizers that are battery powered nicotine delivery devices. These devices are characterised as, mystique, novel, and risky with obscure benefits. The value and innovativeness of this study involves a new, niche retail sector that is serving customers with products that are highly controversial and even banned in certain countries including Canada and Australia. The contribution to marketing academics and industry practitioners is significant since there are interesting learning outcomes from this nouveau retail sector. Vape shops in the UK have become an influential retail outlet for customers seeking a healthier nicotine fix while being a viable community business that has sifted through negative publicity and a quagmire of stories and beliefs about the benefits and hazards of vaping.

Key words: Retail; E-Cigarettes, Vaping, Vaping Devices, Retail Strategies

Track: Retail

Introduction/Background

The aim of this paper is to explore and investigate the selling strategies used by the vape shops, which sell e-cigarettes, vaping liquids, and vaping products, which many customers feel are a healthier alternative to tobacco. The majority of the people vaping are (or were) tobacco smokers who have switched to vapor because they feel it is better for the environment, no recycled smoke, to wean themselves away from tobacco and to save money.

"E-cigarettes, also known as ENDS (electronic nicotine delivery systems), are a means of inhaling nicotine vapor, potentially eliminating the need to use smoked tobacco" (Dockrell et al, 2013, p.1). Vaping devices consist of a metal or plastic casing in which a battery-operated atomizer produces a vapour, eliminating the tobacco aspect of combustion cigarettes (Etter and Bullen, 2011). The term 'vaping' arose from self-organized group of electronic cigarette users, 'vapers', as they state they "inhale vapor, not smoke" (Borland, 2012, p 890). The market is best summed up with this quote, "E-cigarettes are benefitting from a vast amount of

entrepreneurial skill – new products, additional features and ingenious innovations are continually appearing. This is being backed by an extensive understanding of customer needs – whether those of smokers or non-smokers" (De Andrade, et al., 2013, p 5).

Customers have sparse information concerning the use or health risks associated to vaping therefore most customers rely on their neighbour vape shop for product information to de-mystify rumours about the perils of vaping.   The Financial times reported the number of vape shops and 'vape bars' in the UK increased 55% in 2014 (Felsted and Robinson, 2014). These vape shops are in competition with convenience stores and large grocery chains (Tesco) that have limited knowledge on the category and only sell branded e-cigarettes such as Blu, E-Lites, Nicolites, Skycigs. Purchasing e-cigarettes from these larger outlets is transactional and synonymous to buying a branded package of tobacco cigarettes.   In comparison, the vape shop has abundant product lines (including an excess of 500 different vape flavours, known as *'liquids'*) and a sales staff who can educate the customer. Other attributes of a vape store include, generally at least one staff member who vapes, thorough product knowledge, combined with a passion for the product ensures that the novice customer can be educated accordingly.

The UK e-cig market in 2014 is valued at £117m at retail sales and in a global context valued at £3.5bn (Shubber, 2014). Bauld et al, (2014) argue the industry has experienced rapid growth and is expected to be worth £340 million by 2015 after a huge 340% increase in 2013 alone. There are approximately 2.1 million adults in the UK using e-cigarettes and according to ASH (2014) one third of these users are ex-smokers whilst the other two thirds are using tobacco cigarettes along with e-cigarettes. Vranks (2014) argues e-cigarettes have become a multibillion dollar market forecasting that the e-cigarette sector will grow 29.3% compound annual growth rate to reach $23.4 billion in 2019 and $50 billion by 2030. A website, eCigdirectory.co.uk lists over 1,000 retail locations across the UK and aims to raise awareness of vaping as an alternative to tobacco.

Arnold and Reynolds (2003) suggest that a key motivator for people to go shopping is for hedonistic pleasure and have identified the six dimensions of shopping behavior as: adventure, idea shopping, role, value, social shopping and gratification. *Social shopping* allows for people to meet, interact and share their shopping experiences. *Gratification* focuses on relieving stress and the worries of everyday life and combines the elements of escapism and socialization (Ennis, 2015). These two dimensions, socializing and gratification have an important role for vape shops since many customers visit their neighborhood vape shop to exchange stories and seek product advice in a *'club-like'* environment. The entertainment aspect of retailing or *'entertailing'* has become a critical retail strategy for vaping shops that also incorporate the gratification aspects (Stoel et al., 2004). The fact that vaping customers gain gratification for their nicotine cravings, feel comfortable and accepted in vape shops while being surrounded by like-minded people is a strategic retail strategy.

Social shopping is a key motivator for the customer to sustain their patronage to a particular store (Arnold and Reynolds, 2003). Brennan and Lundsten (2000) argue that local merchants emphasize personalized customer service compared with larger chain stores. The smaller independent vape shops offer narrow, but deep product lines and are likely to attract similar clientele with comparable needs and interests that fosters a sociable community of interaction.

A key retailing strategy for UK vape shops is their *'localness'* and independence. To be successful vape shops must satisfy the *uniqueness* and *assortment* attributes customers are seeking (Noble et al., 2006). Having unique products is an important strategy since it demonstrates the vape shop's ability to customize products to meet customers' preferences. In addition researchers have found that a store's breadth of assortment is positively related to store patronage behavior (Broniarczyk et al., 1998). Assortment offers the customer option value and reduces search costs (Hoch et al., 1999). A third attribute, *convenience* has also been shown to foster customer loyalty (Eastlick and Feinberg, 1999) whereby the retailer minimizes time costs and maximizes shopping opportunities. Similarly offering longer operating hours and greater access lead to greater convenience. Customers' perceived expenditure of time and effort interacts to influence their perceptions of service convenience (Leonard et al., 2002) and retail shops can be designed to affect those time and effort perceptions. For vape shops, all of these factors need to be considered to formulate retail strategies.

A significant attribute of retail is the friendliness of salespeople which allow the human interaction and socialization outside the home. Customers generally experience a strong motivation to associate themselves meaningfully with groups of 'kindred spirits' to reduce feelings of boredom and loneliness (Tauber, 1972) and to share the emotional pleasures that unite socializing and shopping. The sales peoples' friendliness is a critical factor for vape shops due to their limited market share, competiveness and novelty of products.

Completing a sale depends on the ability of the salesperson to interact with customers to identify or create solutions. This involves learning to create value and learning about the customer's needs (Zhang and Glynn, 2015). The interaction in creating value in the buyer-seller relationship is a significant role for the salesperson. This role of value creation is strengthened by the salesperson's ability to listen to the customer, build trust, detailed product knowledge and demonstrate economic value (Hass et al., 2012). This is a paramount sales strategy for all retailers and particularly critical for vape shops due to the plethora misunderstandings and rumors about vaping.

Methodology
Fifteen in-depth interviews were conducted with managers from vape shops in two major UK cities. The interviews lasted approximately seventy-five minutes, and were conducted in April and May, 2015. There were also many opportunities to observe the selling processes and sales techniques of the salespeople. This observation "provided closer access to reality" (Gummesson, 2007, p 130) and the retail activities in the vape shops. Data collection, analysis and interpretation of the data was completed solely by the authors of this paper. A set of structured questions to elicit managers' responses describing the retail strategies were the cornerstone of the research. Interviews with the shop managers were aimed to learn about their selling environment and to understand the selling strategies. The interviews were transcribed verbatim and analyzed using the qualitative software package Nvivo10 as a data management tool. Interviews were adopted as an appropriate research design for the study which focused on understanding the dynamics present within a single setting (Eisenhardt, 1989). The main benefits of structured interviews is that researchers can move far beyond 'snapshots' of 'what' or 'how many' to probing questions relating to 'how' and 'why' type of questions and thus explore links between phenomena in real life settings (Miles and Huberman, 1994). In addition the interviews allowed the researchers to observe the dynamics and social interactions between the customers and the vape shop salespeople.

Findings and Discussion
Respondents provided a variety of responses, unsurprisingly many of the strategies focused on traditional retail values of product knowledge and good selling techniques. Four of the shops used loyalty schemes, and almost all of the vape shops have creative names (Vapor Frog; Bean Smoking; Dr Vapor). For Vape shops, the primary retail strategy is to provide phenomenal customer service exemplified by the following quotes:

"our salesclerks vape . . . they know the nicotine craving . . . they truly believe vaping is a healthier alternative to tobacco and have a passion for the products"
(Vaping Caterpillar Shop)

"We are ex-smokers, so understand nicotine reduction" (Vapour Lounge)

"our goal is to have a customer educated and ready to vape in five minutes . . .up and ready using the product" (Vaporized Shop)

Interestingly, the above quote was stated by eight of the respondents, which is a testament to the retail strategies of providing a local shop that is knowledgeable and able to provide customised products. The key word is, *'using'*, since the salesclerk does not want any dissatisfied customers. This selling strategy was repeated several times by salespeople emphasising the importance of educating and getting the customer 'up and running' with their purchase *in the shop*.

It was evident from all the respondents that survival of these independent vape shops depends on a continuous flow of new customers and providing valuable shopping experiences, socialisation and welcoming to the 'neighbourhood vaping club'. A key attribute to this experience is educating customers about vaping, the availability and quality of vaping liquids and products. It is the salesperson's ability to secure the sale within the "last 10 feet" at the point of sales with product knowledge. The salesperson provides an acceptance to the *'cult of vaping'* while adapting a sales role to meet the customer's needs that surpasses a transactional sale at a larger chain store. The salesperson's use of adaptive selling and boundary spanner role (Walter, et al., 2003) while explaining the advantages and disadvantages of vaping are essential retail strategies.

"Our strategy is to provide product information, allow customers to test and sample the products in the shop . . . we have a range of products from 'starter kits' to 'tanks'
(The Vape Lounge)

It was found that these independent, small businesses (less than six employees) are successful due to their *'localness'* and serving the immediate community with valuable customer service. All of the respondents had websites to further enhance not only sales but the proliferation of vaping. The use of online forums encouraging people to share their vaping experiences (see E-cig review.com) and to educate and lead potential customers in their buying decisions was also a popular selling strategy. Ten of the respondents had their own Facebook page used to create a *'vaping community'* where customers could interact and share their experiences. It was found that creating a *'club-like community'* was an essential sales strategy and this community bonding was carried through to the store design and the selling skills of the salespeople. Three of the shops served coffee and felt more like a café. Many of the shops encouraged their customers to host events at their shop.

"We are part of the local community . . .we have to be . . . we open up the shop for people to host meetings or discussion groups . . . they show up, conduct their business and vape while socialising . . . gives us the chance to get to know our customers . . . guess you could say we're asocial club that vapes" (Vaporized Shop)

The majority of respondents concluded that vape customers were initially focussed on two issues – price and education.

"It's all about cost and education . . . once those two factors are clarified we stress the quality of our (vape) liquids . . . we have two sources, one in the UK and the other from America . . . our customers want quality . . . none of those Chinese knock offs" (Emporium Vapour)

Other key quotes:

"we have found the gender split equally . . . it's the women who like the funky flavours and are more adventurous on taste . . . men can spend up to £100 on the vaping device, it's mostly the men who buy the high end devices" (Dr Vapour Shop)

"a lot of our sales are for zero nicotine liquids . . . it appears that some customers therefore use these products as placebos . . . funny, zero nicotine is our fastest selling product" (Vapor Frog Shop)

Respondents confirmed that quality, taste and availability of vape liquids were the single most important factors determining a purchase decision. Locality of the shop to the customer allowed a loyal following supplemented by their online offerings. The most significant finding was the need to create an informed community that socialised and felt part of an accepted community that just happens to vape.

Recommendations and Conclusions

This study has examined the retail strategies that allow vape shops to supply products and product education to their customers. The value of this working paper is discussing the retail strategies needed to survive in an emerging retail sector that is selling products with dubious health benefits. The basis of such survival can be found in the sales strategies these retail shops have not only exemplified, yet perfected. The foremost strategy combines 'localisation' and superior customer service with passionate salespeople. This recommendation is further strengthened by the salesperson's skills to support novice vaping customers and initiating customers to the '*community of vaping*'. As various levels of governments ponder legislation to restrict sales or even the usage of vape products local vape shops will continue to be a watershed of camaraderie and library of knowledge to support customers who are striving to maintain or lesson their addictions to nicotine.

Table of Recommendations:

1. Create a team of passionate salespeople who have detailed product knowledge
2. Ensure product availability, quality and choice
3. Form communities for socialisation and acceptance into the *'cult of vaping'*
4. Localisation: neighbourly 'café-like' and 'club/membership' culture
5. Design innovative communication opportunities for customers to share their experiences with a) sales staff b) customers in the shop c) on-line using the vape shop's Facebook pages, blogs and interactive web sites

The local vape shop has become a beacon of inspiration and hope for both the nicotine addict and the customer seeking an alternative to tobacco. These shops have proven to be a safe haven of community, choice, value and comradeship that continue to flourish. Vape shops provide an alternative to tobacco sales and their retail strategies must be applauded as they continue to surpass the demands of their dedicated followers.

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RETAILING, RETAIL MANAGEMENT AND DISTRIBUTION CHANNELS

ABSTRACTS

Understanding consumers' e-tailing activities:
The motivational influences of regulatory focus

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Abstract

The present study examines the moderating roles of regulatory focus orientations in consumer e-tailing activities. A laboratory experiment of 297 participants was conducted to test the theoretical propositions. Data were analysed using statistical techniques such as t-test. Results reveal that the consumers' perceptions of online product review, online purchase intentions, and spreading positive word-of-mouth vary from promotion-focused consumers to prevention-focused consumers. Results also reveal that there is no significant difference in spreading negative word-of-mouth by promotion-focused and prevention-focused consumers after encountering an unpleasant shopping experience. Finally, results show that both promotion-focused and prevention-focused consumers are encouraged by sales promotions such as price discount. Arguably, this is the first study to explore the moderating roles of consumer regulatory focus orientations in their e-tailing activities.

Keywords: Promotion Focus; Prevention Focus; Purchase Intention; Product Review; Word-of-Mouth.

Track: Retailing, Retail Management and Distribution Channels.

Customer service officers' appearance and its influence on customer experience in retailing services

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Abstract

This study endeavours to investigate the impact of the appearance of customer service staff on customer perceptions. This paper seeks to extend this analysis by pointing to the increasing importance of not just having employees with the "right" attitudes, but also "right look" and "sound right" in the service encounter in the retail setting. The study adopted a qualitative, inductive approach in data collection using a sample of customers from leading Australian fashion retailers. This study identifies three themes explaining the effect of staff self-presentation on customer perception. Mirroring appearance occurs when customers prefer to approach employees that look similar to them. Matching appearance refers to the situation when staff appearance is matched with customers' expectations of how a service worker should look like. Charming appearance indicates the attractiveness of staff physical appearance. Interestingly, staff appearance might affect customers' intention to revisit but does not guarantee sales.

Keywords: *Aesthetic Labour; Appearance; Customer Service; Retail*

Track: *Retailing, Retail Management and Distribution Channels*

Franchisee Adjustment: An Investigation of its Antecedents

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Abstract

This research examines factors associated with the adjustment of franchisees entering a franchise system. We review adjustment literature to gain a deeper understanding of how to support franchisees in their first years. Based on expatriate adjustment models and social learning theory, we develop a conceptual model of franchisee adjustment focusing on franchisor support variables. This model is tested against a matched sample consisting of over a thousand franchisees nested within 32 franchise systems. Results indicate that franchisors can facilitate franchisee adjustment through measures in the area of job design (autonomy, participation), knowledge management (knowledge transfer, prior self-employment), and attractiveness of the franchise (initial investments, royalty rate, reputation of the system).

Keywords: *Franchising; Franchisee Adjustment; Hierarchical Linear Modeling*

Track: *Retailing, Retail Management, and Distribution Channels*

Autonomy and Franchisee Performance: An Examination of Moderating Effects

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Abstract

The degree of autonomy granted to franchisees is a key strategic decision for franchisors. Therefore, for designing and operationally running a franchise system, the question that arises is under which conditions franchisors should grant which degree of autonomy to franchisees in order to optimize performance outcomes. Due to the limited research on a channel member's autonomy, this study examines the link between franchisee perceived autonomy and franchisee performance. Drawing on a sample of 2,724 individual franchisees nested in 52 franchise systems, results using multilevel analysis show that autonomy contributes to franchisee performance, while this relationship is moderated by informational-, structural-, and experience-related factors.

"Surcharges are not Included" – A Shopping Simulation on Drip Pricing

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Abstract

In drip pricing service companies and retailers advertise low prices for products or services and then tack on additional surcharges later in the purchase process. Yet, little is known on the consequences of this pricing tactic. In particular, it remains unclear how it affects purchase behavior and shop evaluations when companies are in competition. We address this gap with a study using a virtual shopping simulation with two competing online shops with different levels of shipping charges. Our results provide evidence that drip pricing can generate positive consumer responses in terms of shop visits and actual purchases. Yet, the picture is flawed given the negative shop evaluations by the consumers. The results suggest that consumers disrespect the shrouding of surcharges that suddenly occur during the purchase process, but surprisingly still make purchases with a company.

Keywords: Partitioned Pricing, Fairness, Surcharges, Drip pricing

Track: Retailing, Retail Management and Distribution Channels

The Sales Value of Differently Located Endcaps

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ABSTRACT

The effectiveness of various in-store promotions has been suggested to correlate with their location within the store because of their prominence in relation to shopper traffic. This paper examines the percentage changes in the quantity of items sold on endcaps or end-of-aisle displays located in different areas of a supermarket. The study uses the sales data from an Australian supermarket over 5 weeks period matched to in-store records of which items were on each endcap. Similar to past studies, the results indicate that when promotional items were placed on endcaps, they generated a higher sales uplift (313% increase in units sold) compared to when they were just price promoted. Furthermore, our preliminary findings suggest that endcaps located near the store entrance, at the front of the store, and on the same aisle as the parent category, generated the highest sales uplift compared to endcaps at different locations.

Keywords: *Endcaps; Sales uplift; In-store promotions*

Track: *Retailing, Retail Management and Distribution Channels*

Reconceptualising Customer Online Experience – Dimensions, Drivers and Outcomes

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Abstract

The paper reconceptualises Customer Online Experience (COE) as current literature on COE is limited to exploring the cognitive and affective dimensions only ignoring the social aspect that consumers may experience in online. Based on a qualitative research, this paper shows evidence that COE involves a social dimension. It identifies the key drivers of all the three dimensions and empirically shows the interrelationships among them which eventually leads to purchase intention. The paper offers a richer and better understanding of COE by offering a new comprehensive definition, offering seven propositions and a conceptual framework for further exploration. Finally, the paper highlights theoretical and managerial implications of the findings and provides further research directions.

Keywords: *Online Customer Experience, Online Retailing.*

Track: *Retailing, Retail Management, and Distribution Channels.*

The Effect of Online Chat Service on Consumer Attitudes and Repurchase Intentions in the E-commerce Retailing Sector

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Abstract

In e-commerce retailing (e-retailing) – where competitors are only one click away and prices easy to compare – providing superior customer service via a company's website is an important aspect of retaining customers. One increasingly popular solution to improve customer service is a "live chat" interface that allows consumers to have real-time conversations online with customer service agents. Since the literature on the impacts of chat service is currently very limited, this study develops and tests a model of the effect of chat-service on consumer attitudes and repurchase intentions. The data for this study were collected via an online survey (N=4,772) targeting the existing customers of five e-retailers that actively utilise live chats as a customer service tool. The results show that when consumers consider the provision of chat service to be useful, this leads to higher levels of perceived website interactivity, trust in the e-retailer, satisfaction and repurchase intentions.

Keywords: *Consumer attitudes, E-retailing, Online Chat Service, Two-way Communication, Website Interactivity*

Track: Retailing, Retail Management and Distribution Channels

Retailer Category Performance:
Expectations, Influences and Conditions

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Abstract

US research finds that for a retailer to improve their overall store performance they must gain more than their 'fair share' of sales in the various product categories they stock (Dhar et al. 2001). We replicated this research, with UK data covering eight retailers across 13 categories to determine: the relationship between retailer's size and its' product categories performance. We find: a positive relationship between a retailer's size and their share of category sales; that larger category assortments had a weak, yet positive effect on retailer performance in variety enhancers and fill-in categories; and niche categories benefit most from increased assortments but have no effect for staples. Finally, lower category prices slightly improved performance in variety enhancer categories.

Keywords: *Retailing, Performance, Competition, Category Management*

Track: *Retailing, Retail Management and Distribution Channels*

The Effects of Branded Variants on Distribution and Retailer Assortment

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Abstract

Retailers' in-store assortment and stocking decisions are affected by upstream manufacturer's product and distribution decisions. In particular, the strategic use of branded variants, that is, nationally branded products that assume non-equivalent forms across retail outlets. These can protect retailers from intrabrand price competition as well as assure product availability. The number of variants affects retailer assortment directly and indirectly through distribution coverage. This paper aims to answer the research question: how does the number of branded variants available by an FMCG manufacturer affect distribution coverage and retailers' assortment. In particular, it will test the "branded variants" theory using the Information Resources Inc. (IRI) dataset to examine if and how manufacturers' decisions on (1) the width of the portfolio of branded variants and (2) the depth of SKUs (stock keeping unit) within a brand affect the retailer's likelihood of stocking the brand.

Keywords: *Branded Variants, Distribution Coverage, Retailer Assortment*

Track: *Retailing, Retail Management and Distribution Channels*

MARKETING ANALYTICS AND MARKETING MODELS

FULL PAPERS

Testing a model of social media usage by a mean and covariance structures approach

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Abstract

Social media (SM) is gaining popularity among consumers worldwide. Nevertheless, businesses are slow in seizing this media to connect with stakeholders. A research model which explains adult consumer usage behavior of SM, by extending UTAUT2, was developed. Tests of moderating effects of users' demographic characteristics were conducted using data collected in Singapore. The mean and covariance structures (MACS) approach was utilized for testing moderation since it allows estimation of mean differences between latent variables. Analysis showed individual factors had more influence on SM usage when compared with social factors. Significant differences were found between means of latent variables for groups based on gender, age, annual income and education of respondents. Within the confines of the data set, initial evidence of moderating effects of demographics of adult SM users is presented. The contributions to theory, research methodology and practice of SM are highlighted in the paper.

Keywords: Social media usage, moderation, demographics, MACS

Track: Marketing Analytics and Marketing Models

1.0 Introduction

Social media (SM) is a global communication media with escalating social and economic impact (Berger et al., 2014), having recently grown exponentially (Chang, et al., 2012; Li, 2011; Zhou, 2011). The potential impact of these communications on customer decision-making processes cannot be under-estimated as these can exert more power than traditional WOM communications (Jeong & Jang, 2011). SM can enhance relationships with customers (Witkemper et al., 2012) and impact consumers' choices (Bronner & de Hoog, 2013; Hennig-Thurau et al., 2015). Novel ways of sharing information about businesses occur on SM (Lipsman et al., 2012). Organizational response to SM is still developing (Trainor, et al 2014) but not utilizing SM is perceived as lack of responsiveness to consumers (Kim & Ko, 2012). SM can be used for connecting and building relationships with customers (Lee et al., 2015). Research regarding the usage of SM by adult consumers and those residing

in a globally competitive city like Singapore is not common. This study aims to fill part of this gap by extending the UTAUT2 (Venkatesh, et al., 2012) to explain and predict SM usage. In addition, prior studies on SM typically include demographic profiles of respondents (e.g. Li, 2011; Xu & Quaddus, 2012; Yang et al., 2012). However, the effects of users' demographic characteristics on their behavior are rarely investigated. The effects of demographics on adult consumers' attitude and usage of SM can provide tangible guidance to marketing researchers and practitioners when selecting target segments. A conceptual model of SM usage is proposed to test for moderating effects of demographics using data collected in Singapore. This study adopts the mean and covariance structures (MACS) approach to test for differences between groups. This approach (Sörbom, 1974) makes it possible to test the differences in the means of latent variables across groups to reveal whether perceptions of these constructs defer across groups. Hence allowing a more direct response to the question of moderation. The more common approach to testing for differences between groups is analysis of covariance structures, which assumes means of observed variables are zero, thus precluding comparison of latent variable means (Byrne, 2010).

2.0 Literature Review and Theory

SM is a relatively new technology (Berger et al., 2014), hence this study will draw upon the adoption of innovation literature. The Theory of Reasoned Action (TRA, Ajzen & Fishbein, 1980) and Theory of Planned Behavior (TPB, Ajzen, 1991) have inspired many models in adoption of innovation studies and have to be proven valuable in explaining human behavior. TAM, an adaption of TRA, models an individual's acceptance of specific technology, within the context of an organization. The UTAUT2 is an extension of Unified Theory of Acceptance and Use of Technology (UTAUT). This extension shifted the context of acceptance and use of technology from the organization to the consumer (Venkatesh, et al 2012), which makes it particularly relevant to this study. The individual factors identified in previous research are performance expectancy (Venkatesh et al., 2012), hedonic motivation (Brown & Venkatesh, 2005), self-image (Yi et al., 2006), and experience (Venkatesh et al, 2012). Demographic factors were incorporated as moderating variables in this study. Online communications were reported to be affected by demographic factors; however, the direction of such effects is uncertain (De Bruyn & Lilien, 2008). Gender effects were found for online consumer communications (Bailey, 2005). Technology acceptance was significantly influenced negatively by age and positively by education (Igbaria, 1993). Consumer intentions were significantly affected: positively by income and education; and negatively by age and social status (Wei et al., 2011). Branca (2008, p. 254) showed "an increased importance of demographic profiles as an influence of adoption behavior". The authors investigated this extension of UTAUT2 and impact of adult consumers' demographic characteristics, namely gender, age, income and education, on their adoption of SM.

3.0 Research Model and Development of Hypotheses

Social factors address the concept of "normative beliefs" as theorized in TRA and TPB. These constructs, adapted from the literature in social networks and word-of-mouth referral behavior, consist of social bonding, homophily and peers. Social bonding expresses the influence of an individual's contacts and importance accorded to these contacts (Lewis et al., 2003). Homophily describes the similarity between people who interact (Rogers, 2003). Peers express the influence and encouragement (Talukder & Quazi, 2011) of friends. Thus:

Hypothesis 1a: Social bonding has a positive influence on attitude to SM.
Hypothesis 1b: Homophily has a positive influence on attitude to SM.
Hypothesis 1c: Peers have a positive influence on attitude to SM.

Individual factors incorporate the concept of "behavioral beliefs" as theorized in the TRA. These four variables are performance expectancy, hedonic motivation, self-image and

experience. Performance expectancy describes an individual's expectation of job improvement when adopting an innovation (Venkatesh et al., 2003) and has been extended to expected gain for a consumer (Venkatesh et al., 2012). Hedonic motivation captures the fun and enjoyment of using a technology (Brown & Venkatesh, 2005). Self-image captures the enhancement of status associated with use of an innovation (Yi et al., 2006) especially when important others concur (Venkatesh & Davis, 2000). Experience describes time from first use of an innovation (Kim & Malhotra, 2005; Venkatesh et al., 2003; Venkatesh et al., 2012). Experience was found to have "both strong direct and indirect effects on user acceptance" of technology (Igbaria, 1993, p. 87). Experience was found to be positively associated with usage of technology (DeLone, 1988; Lee, et al, 2006). Thus:

Hypothesis 2a: Performance expectancy has a positive influence on attitude to SM.
Hypothesis 2b: Hedonic motivation has a positive influence on attitude to SM.
Hypothesis 2c: Self-image has a positive influence on attitude to SM.
Hypothesis 2d: Experience has a positive influence on attitude to SM.
Hypothesis 3: Experience has a positive influence on usage of SM.

Attitude is a pre-disposition to respond favorably or unfavorably to an object, person, event, institution or technology (Talukder & Quazi, 2011). Actual use of SM is the degree to which SM is used (Yun et al., 2011). Thus:

Hypothesis 4: Attitude to SM has a positive influence on actual usage of SM.

Gender, age, income and education refer to self-reported characteristics of respondents. Thus:

Hypothesis 5: Female respondents have a more positive attitude towards SMs.
Hypothesis 6: Older respondents have a more positive attitude towards SM.
Hypothesis 7: Respondents with higher income have a more positive attitude towards SM.
Hypothesis 8: Respondents with higher education have a more positive attitude towards SM.

4.0 Data Collection and Screening

A survey of Singaporean consumers was conducted. Usage was measured by how often respondents used SM (Facebook, Twitter, YouTube, LinkedIn and Instagram) to post, browse and forward comments. Gender was measured with a 2-point scale. All other constructs were measured with a 7-point scale. Data set with 261 responses was analyzed by structural equation modeling using AMOS 21. Assumptions of multivariate data analysis were met.

5.0 Results and Discussions

5.1 Respondent profile

The respondents consist of 48.3% males and 51.7% females. 30.3% respondents were in the range 30 to 39 years. 42.9% respondents had a Bachelor's degree or its equivalent. 35.6% respondents earned between \$30,000 and \$50,000.

5.2 Measurement model

The following overall model fit was reported: χ^2 (314, N =261) =590.09, p =.00, CMIN/df =1.88, RMSEA =.06 (.05-.07), AGFI =.82, IFI =.96, CFI =.95. All fit indices exceeded their respective cut-off criteria: CMIN/$df \leq 2.00$ (Hair et al., 2010); RMSEA $\leq .08$ (Joreskog, 1993); AGFI $\geq .08$ (Chau & Hu, 2001); IFI and CFI $\geq .90$ (Bentler & Bonett, 1980). Interpolating from Table 4 of MacCullum et al. (1996), in this study having 261 cases and 314 degrees of freedom (df), power of .80 is achievable for test of close fit.

5.3 Structural model and hypothesis testing

For the structural model (Figure 1), overall model fit reported was: χ^2 (320, N =261) =603.45, p =.00, CMIN/df =1.89, RMSEA =.06 (.05-.07), AGFI =.82, IFI =.95, CFI =.95. All fit indices exceeded their respective cut-off criteria.

Figure 1. Research model for extending UTAUT2 and testing effects of demographics
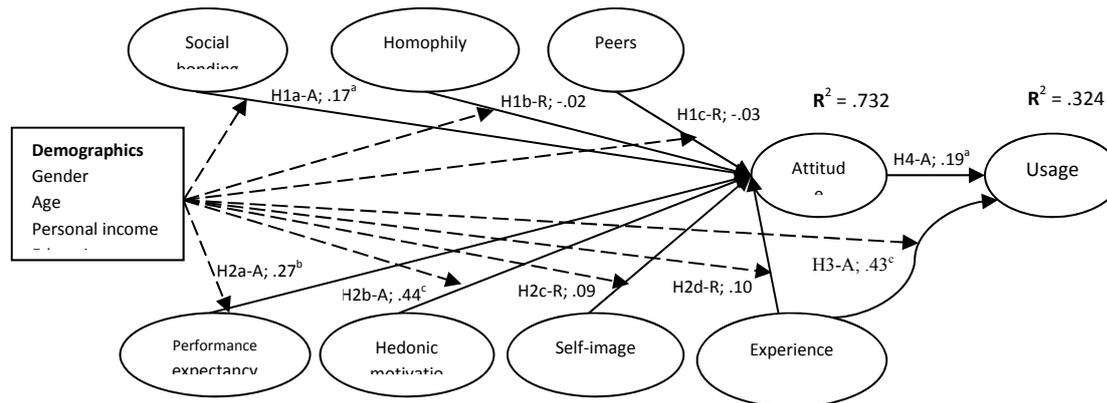
Note: Standardized loadings, [a] = significant at .05 level, [b] = significant at .01 level, [c] = significant at .001 level;
A= hypothesis accepted, R= hypothesis rejected

Hypothesis 1a is accepted while hypotheses 1b and 1c are rejected. Studies reporting positive influences of social factors include Farr and Ford (1990) and Yuan et al. (2005). Studies finding no significant relationship between social factors and perception of innovation include Ajzen and Fishbein (1980), Davis et al. (1989), and Lewis et al. (2003). Hypotheses 2a and 2b are accepted while hypotheses 2c and 2d are rejected. Individual factors have a higher impact on attitude to SM compared with social factors. These seven variables explain 73.2% of the variance in attitude to SM. This result corroborates other studies (e.g. Davis et al., 1992; Venkatesh et al., 2012) reporting a significant, positive impact of individual factors on attitude and adoption of innovation. Hypothesis 3 and 4 are accepted. Experience and attitude to SM explained 32.4% of variance of SM usage. This outcome corroborates previous studies (Ajzen & Fishbein, 1980, Talukder & Quazi, 2011).

5.4 Moderation using the MACS approach

Comparison between groups is an important aspect of research in the social sciences (Cheung & Lau, 2012). When measurement equivalence/invariance is established, meaningful group comparisons can be made (Cheung & Rensvold, 2002). The MACS approach makes it possible to test differences in the means of latent variables. The data set was separated into two groups for each demographic characteristic. The results revealed configural and metric invariance indicating the structural model was invariant across gender, age, annual income and educational attainment. Hence, it is possible to ascribe the difference in means of latent variables to the differences between the respective groups. All mean differences were highly significant and of an order of magnitude several standard deviations of their respective latent variable. These results provide strong statistical support for moderating effects of all four demographic characteristics (Arbuckle, 2012). Female respondents have higher perception of each latent variable compared to their male counterparts. Furthermore, older respondents as well as those with higher income and higher education respectively recorded higher perceptions of the latent variables. Hypotheses 5, 6 7 and 8 are strongly supported. The above findings are supported by prior research such as (1) female respondents' higher activeness with SM (Blank & Reisdorf, 2012; Duggan & Smith, 2014), (2) wealthy respondents' positive attitude towards technology (Igbaria, 1993), (3) respondents with higher income had positive intention (Wei et al., 2011), and (4) technology acceptance was impacted by education (Wei et al., 2011). To sum up, consumers' utilization of SM is significantly and positively influenced by individual factors while consumer demographics moderate these relationships.

6.0 Contributions and Conclusion
6.1 Contribution to theory, research methodology and practice

The data indicated that boundary conditions (Whetten, 1989) for UTAUT2 can be extended to the adult population in Singapore, contributing to empirical generalization (Tsang, 2014). Organizations can have more influence on the perceptions of SM users by improving the fun or enjoyment aspects and usefulness of using SM. Since their experience is closely related to their use of SM, any enhancements of SM experience will likely improve their usage of SM. The MACS approach offers a way to investigate moderating effects on means associated with latent variables, which is a more intuitive way of comparing groups than that afforded by analysis of covariance structures. According to Vandenberg and Lance (2000), and Byrne (2010) few studies adopting this approach to analyze real data have been published. This study contributes to the growing collection of MACS studies utilizing real data. Moreover, identification of demographic groups who have more favorable perception of SM, like female users as well as those with higher education and income, would lead to more accurate targeting of SM users. Information about the demographic characteristics of SM users are routinely collected by businesses and SM operators. This study points to potentially simple ways to identify target segments who have higher propensity to use SM based on their demographic profile. As an example, businesses could monitor usage differences between female and male users of their SM. Similarly, monitoring could be extended to differences in age, income and education profiles. When distinct patterns of usage are established, it will be natural to utilize different marketing schemes to connect with these various segments. For certain groups that display very low propensity to use SM, it might be expeditious not to target them. Businesses and SM operators can obtain a clearer understanding of the determinants of SM users' perception and use of SM.

6.2 Conclusion, limitations and future research

The results of this study indicate that individual factors, particularly experience with SM, are main drivers that positively and significantly influence individual perception and use of SM. Social bonding also impacts individual's attitude and usage of SM. Therefore, attempts to understand SM users and determinants of their behavior ought to focus on individual factors. To sum up, individual SM users' characteristics (namely, experience, hedonic motivation and performance expectancy) and attitude to SM are significant predictors of their actual usage of SM. Therefore, female, relatively older SM users with higher income and education should be the focus of marketing activities with the objective of improving customer relationships. Conversely, male relatively younger users with lower income and education should be targeted via SM when the marketing objective is to protect market share.

Future research would benefit from comparing these effects on various SM platforms since users may view these differently. Distinguishing influences of specific product categories and devices used to access SM may prove fruitful. Studies with a randomized sample beyond Singapore can test to ensure these results are not idiosyncrasies of this data set. These tests can validate the results and dis(confirm) the hypotheses. Adopting an approach informed by process theories (Elsbach et al, 1999) to investigate consumer engagement in SM would constitute a theoretical advancement in this area.

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The downside of diffusion:
Predicting the attrition of products based on superseded technologies

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Abstract

The emergence of a superior technology that offers advantages over earlier technology often rapidly changes the demand for impacted products. Predicting the attrition of superseded technology products is critical for firms planning responses to the emerging technology, but research is sparse, despite the substantial research on diffusion of new technology.

This preliminary investigation of methods for forecasting the attrition of superseded technology products looks at six product classes. Ranging from early industrial technology, through to modern consumer electronics, they all include products under substitution pressure from a successful innovation. Using the Fisher and Pry substitution model and early data, the study examines if it is possible to make useful long-term forecasts of declining demand. The results indicate that a simple fitted straight line works well sometimes and the Fisher Pry model works well at other times. Further investigation is required.

Keywords: diffusion modelling, substitution, discontinuance, forecasting

Track: Marketing Analytics and Marketing Models

1. Introduction

Successful diffusion of a new product impacts directly on the future of firms who have invested in the displaced product class. Blackberry and Nokia's virtual demise are examples of the potentially harsh consequence of the lack of foresight; in their cases, in the emergence of touch screen smart phones and the discontinuance of key driven phones.

Tellis and Fenech (2015) identified a handful of papers covering aspects of discontinuance in the marketing literature. Black (1983) says humans naturally focus on the positives in life. Fenech and Longford (2014) call this a pro-innovation bias.

Rogers (1995) described discontinuance as the natural outcome of substitution, and following a similar process to diffusion, discontinuance at a consumer level the recognition of the extra utility of an alternative, and the adoption of that product (Black, 1983). At the aggregate market level, discontinuance, sometimes called disadoption, generally follows the same S shaped curve as diffusion, except that growth is negative; for examples of this observation see Fisher and Pry (1971) and Tellis and Fenech (2015).

The Famous Fisher and Pry (1971) study illustrates the potential of substitution models in predicting the diffusion of substituting technologies and of the discontinuance of the substituted technology. Describing and predicting are different matters however, and while predicting diffusion with such models has been studied extensively, their potential to predict the rate of discontinuance has been the subject of few studies. So, it is unfortunate, given how important revenues from existing products are to marketers, and how critical is marketing planning for product replacements that we know so little of how to predict the fate of products when substituted by a superior innovation. This research undertakes an exploratory investigation to see if we can predict the discontinuance of product classes with the Fisher and Pry model, it is part of a larger project to fill some gaps on discontinuance prediction.

2. Substitution, Product Innovation and Discontinuance

Innovation research is based on the observation that innovations diffuse with an S shaped trajectory. This innovation diffusion growth is initially slow, because few consumers know and few can recommend the innovation. Then, in successful cases, the innovation's popularity rises over time, and word of mouth provides information to a wider and wider audience. This produces strong growth until such time as the majority of potential buyers have purchased, then growth slows as it goes on to approach the ultimate market share for the innovation.

Often diffusion happens via the substitution of an inferior technology with a superior one, early research on the substitution process focused on a single diffusion-substitution mechanism (Bass, 1969; Blackman, 1974; Fisher & Pry, 1971; Griliches, 1957; Mansfield, 1961). Figure one illustrates this pattern. To represent this process two types of model evolved. The first are, curve fitted models, which simply fit a function to the data, the most well-known being the Fisher and Pry substitution model (1971), which is easy to use and requires no understanding of the market forces at play , the curve when fitted to data provides a function for extrapolation. This model is anecdotally the most widely used model of this type for forecasting both diffusion and discontinuance in industry.

Figure 1: Growth of a population and a typical innovation substitution pattern.
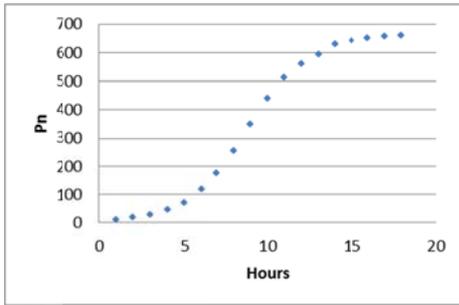
Yeast Population Growth; (Carlson, 1913)
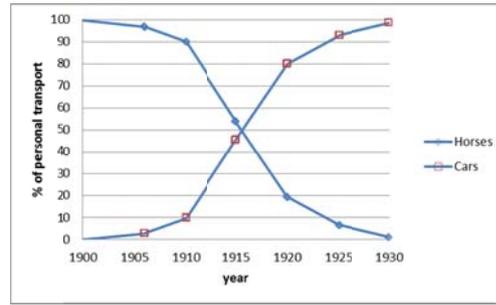
Diffusion and discontinuance: Cars replace horses (Marchetti, 1987)

The alternative approach is, with models that attempt to describe the growth with determinants derived from diffusion theory. Of these the Bass model (1969) is the most popular with industry, and can be interpreted as "innovators" reliant on information from the product marketers adopting independent of others, while a second group adopt reliant on word of mouth, initially from innovators and then from others like themselves.

The literature focusing on diffusion is substantial, and covers successive generation markets (Danaher, Hardie, & Putsis Jr, 2001; Islam & Meade, 1997; Norton & Bass, 1992) as well as the inclusion of market and product variables such as price (Danaher et al., 2001); this is extensively reviewed by Peres, Muller, and Mahajan (2010). However, few researchers have investigated discontinuance, and even fewer have attempted to forecast it, notable exceptions being Norton and Bass (1992) who didn't evaluate their forecast performance, Fenech and Longford (2014) and Tellis and Fenech (2015) the latter also review the discontinuance liturature. Practitioners do not seem to adopt these more "flexible" models.

3. A new use for a Simple Substitution Model

The Fisher and Pry substitution model is a form of the logistic curve and assumes that; technological innovations are competitive substitutions of one method of satisfying a need for another, and if substitutions progress to a few percent then they will progress to 100% share of category. This model is expressed in terms of market share using Pearl's Law: thus also assumes the fractional rate of (fractional) substitution of new for old is proportional to the amount of the old not yet substituted, thus avoiding the complications of market growth.

Fisher and Pry characterise this model as having two constants: the early growth rate, and the time at which substitution is half-complete. They transformed the logistic curve thus:

$$\frac{f}{(1-f)} = e^{2\alpha(t-t0)}$$

Where "t" is the time of interest, and "$t_{50\%}$" is the time to 50% substitution. Their transform allows the plotting of substitution data as $f/(1-f)$ against time on a log scale. Then by fitting a line α can be found because it is half the slope of that line, also t_0 can be determined from $f/(1-f) = 1$ and takeover time from $f/(1-f) = 0.11$ minus $f/(1-f) = 0.9$

While computers have made their graphical solution redundant, the model is still

attractive for its simplicity and is still used to see deviations from a logistic form in the transformed $\frac{f}{1-f}$ data. In our investigation, Fisher and Pry's model is expressed as a two parameter logistic:

$$Y = \frac{1}{1 + e^{-b(t-a)}}$$

In this study, an important feature of the Fisher-Pry model is its symmetry about the midpoint of substitution, given by the "*a*" parameter, as this sets a benchmark against which other more "flexible" models might be compared. The "*b*" parameter determines the speed with which adoption continues. "*b*" is a constant for any given Fisher-Pry adoption, and *t* is any time point of interest. Because there is no substantial empirical evidence to guide curve function selection for forecasting discontinuance situations, and aware of recommended practice to use simple models and the conservative "golden rule" of forecasting (Armstrong, Green, & Graefe, 2015), the Fisher and Pry model used with a negative growth coefficient seems appropriate.

4. Research objective, data, and method

The objective of this project is to determine if the Fisher & Pry model can describe a declining data series in a substitution. Their model assumes that the data represents a symmetrical S shaped curve without skew. The data for this study was normalised to market proportions (sources noted in Figure 2). Fisher and Pry logistic curves were fitted to data. As advised by Fisher and Pry, only data after the series had progressed to 3%, and was in monotonic decline was used. This became the start point for the in-sample data points used to estimate the parameters of the forecast model, with all data up to and including the first data point after the 50% share was reached, was included for estimation.

Model fit was achieved by minimising the Sum of the Squared Errors between the estimation data and the Fisher and Pry model, using the solver function in Microsoft Excel. The fitted models were then used to generate extrapolation forecasts for the out-of-sample data period, starting with the last period in the fitted data. The forecast errors were compared, with a straight-line "naïve" forecast fitted over the last three in-sample data points.

5. Results
Table 1: The forecast error and comparison with a naïve forecast.

	A single one period ahead estimate %age error		A single three periods ahead estimate %age error		Performance (five periods ahead)
	Fisher and Pry model	Straight-line model	Fisher and Pry model	Straight-line model	Best
US Unfiltered cigarette sales	-6.53%	-0.70%	-31.92%	5.54%	S-L
US Sailing-ship tonnage	-2.99%	0.57%	4.36%	0.74%	S-L
US Non-hybrid corn users	29.59%	0.60%	313.14%	788.89%	N/A
Global Fixed-line subscribers	-15.15%	7.24%	-35.87%	21.57%	S-L
US steam locomotives	6.79%	1.14%	10.63%	32.27%	F&P
Australian Dial up internet	4.71%	-3.26%	-11.49%	22.43%	F&P

Figure 2: Forecasts from fitting data to first half of the data plotted against actual data
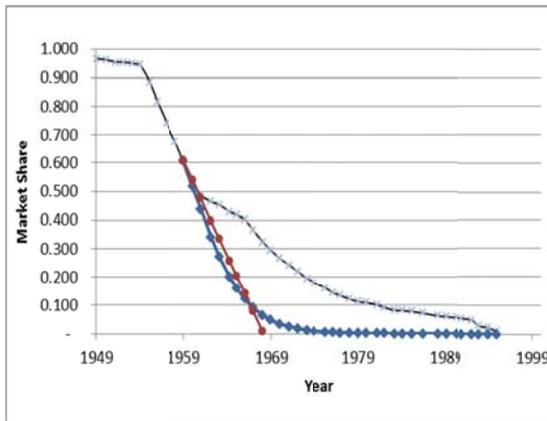
Unfiltered cigarettes in US (Maxwell, 1994)
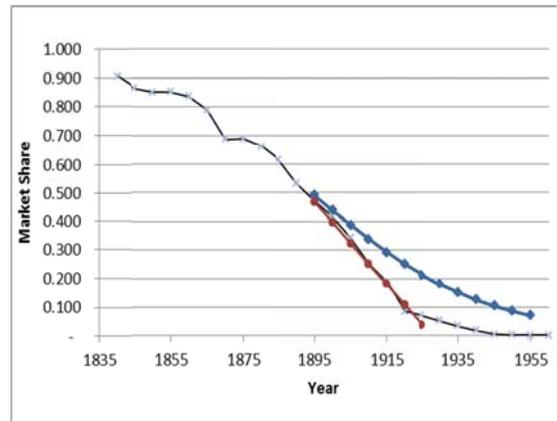
US sailing ships (tonnage) (US. Bureau of the Census, 1975)
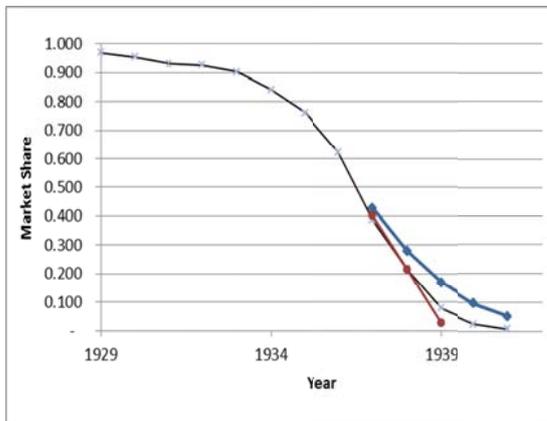
Use of non-hybrid corn seed – Iowa, USA (Ryan & Gross, 1943)
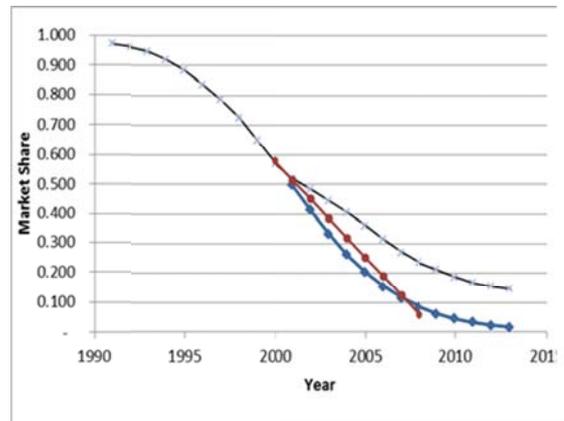
Global fixed line telephone subscriptions (International Telecommunications Union, 2014)
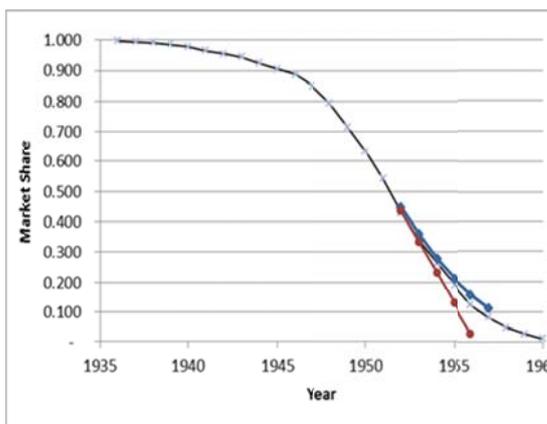
Steam locomotives in US (US. Bureau of the Census, 1975)
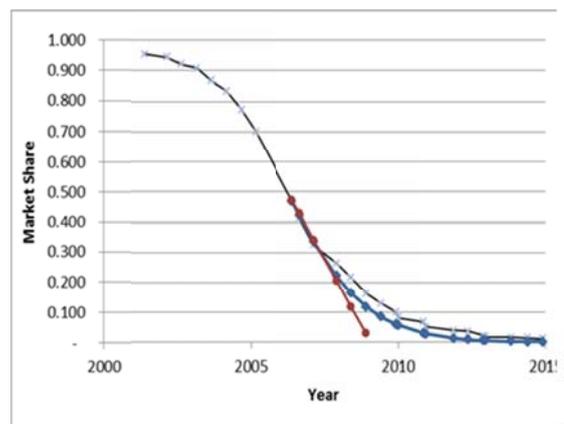
Dial-up internet in Australia (Australian Bureau of Statistics)

6. Discussion

The straight-line naïve model performed better than the Fisher and Pry model at one

period ahead in all six cases. At three periods ahead, the naïve model bettered the Fisher and Pry model only 50% of the time. At five periods ahead, the naïve model bettered the Fisher and Pry model in three of the six cases, one case not progressing for five periods. Because managers require the longest possible forecast and we have limited data points in our convenience sample of new technologies rolling forecasts were not performed. The intention is to investigate a larger sample of cases as no pattern has emerged that would support or disconfirm the use of S curve models in disadoption predictions.

This study sought to avoid complex model assumptions, by approaching the task from a view that simple S curve models are best for initial investigations. While there is no universal consensus, Green and Armstrong (2015), Makridakis (1986), and Mulaik (1998) all call for these simpler models. It might be argued, that an even simpler model; a regression on the slope of the data performs as well as the S Curve model. Much of the research to date has been in fitting curves to data, however, when used to forecast discontinuance, as in this study, the simple S curve showed little promise. It, however, remains of interest because; first, it models an unknown behaviour with a known pattern, and thus we get a potentially useful indicator of the shape of the discontinuance without the need for complex modelling, second it is possible that in larger studies a pattern will emerge.

Despite the general acceptance of S curve forecasting models, there are challenges. Both Putsis and Srinivasan (2000) and Van den Bulte and Lilien (1997) observe that when data has not reached the 50% completion point then adequate specification of growth models is difficult. Additionally, at the onset of substitution Modis (2007) observes chaotic or fluctuating data levels, so selection of the starting point is important. Additionally, in our data, deviations from the S curve happened soon after the estimation period. Fitting S curves to initial data is criticised as simplistic, and that the examples that justify it are the result of systematic blindness to those that do not follow such trajectories (Dattee, 2007). This initial work indicates potential support for this argument. Clearly, this study demands further work to confirm these inconclusive findings. Perhaps models that are more comprehensive are better.

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MARKETING ANALYTICS AND MARKETING MODELS

ABSTRACTS

Inter-temporal Complementarity in Market Basket: A Non-Parametric Approach

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Abstract

This paper aims to investigate the complementarity in inter-category and inter-temporal market baskets utilising a non-parametric approach. Purchase data from multiple stores on 31 different products from 2001 to 2011 are utilized for the analysis. We use associative techniques to capture the relationships in three different retail formats, viz. drug stores, grocery stores and mass merchandisers. Results show that in addition to expected co-occurrences of certain products, e.g., blades and razors, there are several inter-temporal purchases that are seemingly unrelated products (e.g., the purchase of toothpaste and a toothbrush now will lead to the purchase of razors a week later). Finding such associations is of managerial as well as academic significance. The inclusion of cross-temporal purchase in enhances existing non-parametric methods. Manufacturers as well as retailers can gain insights for extending their operations through cross selling and inventory planning. Furthermore, retailers can also make better decisions in terms of discount and promotion and shelf placement.

Keywords: *Association, Complementarity, Market basket, Intertemporal, Non-parametric*

Track: *Marketing Analytics and Marketing Models*

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Does economic growth lead to consumers purchasing more energy efficient appliances?

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Abstract

Conventional wisdom suggests that economic growth profoundly impacts consumer behavior. Recent research, in support of this conjecture, has shown that economic growth changes household expenditure. Surprisingly, little formal evidence exists on how household preferences for product attributes change with economic growth. Specifically, how do preferences for energy efficiency change with economic growth, and how does this translate into demand for energy efficient products? In this study, we conduct a systematic investigation of the evolution of preferences for energy efficiency, size, and price sensitivity, the three attributes that determine energy consumption, in four categories of major domestic appliances. We present evidence that attribute preferences vary with economic growth. The net impact on the demand for appliances depends on the evolution of both eco-consciousness (a preference for energy efficient appliances), and preferences for the size and price of appliances. Our findings suggest that taking an attribute-level view is critical for quantifying the evolution of the market for durables.

Keywords: *Energy Efficiency, Business Cycle, Household Appliances*

Track: *Marketing Analytics and Marketing Models*

Retaining Incomplete Data Records for Discrete Choice Estimation Using CART Interactions to Boost the Accuracy of Imputation Methods

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Abstract

Survey non-response is increasing in traditional and web-based marketing studies. Simply deleting missing respondents or replacing missing values with central tendencies will artificially alter the variance and change the relationship amongst the independent variables. To avoid such issues, parametric missing data recovery methods such as Multiple Imputation (MI) and Expected Maximization (EM) can be used. However, the multivariate nature to demographic characteristics, which are mixes of measurement scales, can prove challenging to parametric imputation methods. This paper investigates the use of a data mining algorithm (CART) that can use mixtures of measurement scales to find locally, unbiased interactions of demographics and add these hybrid interactions into a parametric imputation technique such as EM or MI in order to boost their accuracy. Datasets where missing values have been imputed by a hybrid of CART with EM or MI were more accurate and less biased than imputation performed otherwise.

Keywords: Missing Data, CART, Data Imputation, Data Mining

Track: Marketing Analytics and Marketing Models

Modeling Hybrid Behaviours of Inertia and Variety-Seeking Tendencies in Grocery Shopping with Hidden Markov Model (HMM)

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Abstract

We propose a new modelling framework utilising Hidden Markov Model (HMM) to investigate hybrid purchasing behaviour of consumers with the frequently purchased packaged goods. Extrinsic factors, such as price and promotion directly influence utility of the item, whereas intrinsic trait changes marketing sensitivities as well as shifts in utility function. With a scanner panel data of Ketchup, we provide interesting findings regarding hybrid behaviour of inertia and variety seeking. Our suggested HMM model with two-hidden states outperform traditional latent class models (Kamakura and Russell 1989) assuming more segments with additional parameters. With HMM specification, we found that inertia and variety seeking tendency increase first and decline over time. We also found that consumers are more sensitive to price and promotion in variety seeking state. However, consumers in inertia state tend to ignore deal or promotion activity and less likely to make category purchase decision.

***Keywords**:   Inertia, Variety Seeking, Hidden Markov Model*

***Track**:   Marketing Analytics and Marketing Models*

MARKETING RESEARCH METHODS

FULL PAPERS

Qualitative Evaluations of New Scientific Concepts: Accurate, Fast, Easy and Inexpensive

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Abstract:

Evidence confirming the robustness of qualitative methodologies in marketing research is scarce. Instead, quantitative methodologies dominate publications in marketing journals, a stark contrast to other academic disciplines where qualitative research is the dominant approach. This research reports a case where the findings of an independent qualitative study were clearly supported by subsequent quantitative research. Applied in the context of a new technological science, the qualitative phase treated climate engineering techniques as brands with core concepts and a range of related memory associations. Attributes associated with climate engineering were elicited using Kelly's Repertory Grid or choosing from a pre-determined list of 30 attributes during 30 depth interviews. The qualitative results illustrated an overall negative reaction to the four concepts tested with solar reflection techniques viewed more negatively than carbon dioxide removal techniques. Large online surveys across two countries gave strikingly similar results, verifying the robustness of the qualitative study.

Keywords: Qualitative Methodologies, Attribute Elicitation, Network Memory Theory, Science Communication, Climate Engineering

Track: Marketing Research Methods

1.0 Background

Qualitative research methods are often the single main research methodology used in many academic disciplines, for example: management, communication, media studies, education and philosophy. Commercial marketing research often relies on qualitative findings for reporting to corporations who invest heavily in expensive marketing campaigns based on these qualitative outcomes. Yet, academic marketers do not seem to have the same trust in qualitative based research. Instead, many marketing academics tend to publish work that uses solely quantitative methodologies or a mixed qualitative/quantitative approach.

A review of 1,195 academic articles, in three major marketing journals, between 1993 and 2002, determined that 46.3 % of the sample used quantitative methods, 6.5% used qualitative methods and 8.8% used mixed qualitative/quantitative methods. The remainder of the articles examined were theoretical or opinion based (Hanson & Grimmer, 2007). Similarly, a content analysis of over two thousand articles in nine marketing journals, between 2003 and 2009, confirmed a skew towards the use of quantitative methodologies (Harrison & Reilly, 2011). This study reported that only 7% of the articles used qualitative methodologies. Marketing is not without qualitative journals. Qualitative Market Research: An International Journal" was launched in 1998. However, journals in marketing that report

solely qualitative research are not common. Clearly, published support and evidence of the robustness of qualitative methodologies in marketing research is lacking.

The preference for quantitative based research may stem from its inductive-statistical orientation that enables defendable generalisations (Hanson & Grimmer, 2007). Quantitative methodologies are drawn from a school of thought known as logical positivism. Logical positivism embodies the idea that the extent of reality can be determined and described objectively, implying the observer and the subject being observed are independent (Amaratunga, Baldry, Sarshar & Newton, 2002).

In contrast, qualitative research is considered exploratory and insightful, rather than a specific measure of human behaviour. Qualitative research relies on words and images and concentrates on how something is said rather than focussing on how many consumers say it (de Ruyter &Scholl, 1998). The small samples typical of qualitative research are criticised for not being representative of larger populations however, careful target group selection and a classified sample can help ensure a wide variation of views and opinions are considered (De Ruyter & Scholl, 1998).

A third research approach in marketing is to use mixed qualitative and quantitative methodologies. A common justification for a mixed methods approach is that qualitative data has the ability to provide a better understanding of the phenomenon under investigation than purely quantitative studies (Hanson & Grimmer, 2002). The use of the mixed approaches provides validation, bias is reduced and confidence in the results is increased (Johnson, Onwuegbuzie & Turner, 2007).

While the reasons for using each of these three approaches is widely discussed in marketing literature, evidence where the qualitative outcomes clearly substantiate quantitative outcomes is rarely reported. Independent qualitative research shares a similar fate. More published evidence of robust qualitative research in marketing is required if confidence to use independent qualitative methodologies is to increase.

This research provides an example of a case where the robustness of the qualitative phase is validated by the strikingly similar outcomes of the ensuing quantitative phase. This suggests the value of qualitative work is overlooked and the results support the usefulness of qualitative research depth interviews for clarifying public perceptions of new phenomenon.

The context for this research stems from calls for urgent inter-disciplinary research on ways to inform and engage the public with climate engineering, a relatively new environmental science proposed to mitigate the effects of global warming (Bellamy, Chilvers, Vaughan & Lenton, 2013; Caldeira, Bala, & Gao, 2013; Keith, 2000; Linnér & Wibeck, 2015; The Royal Society, 2009; Vaughan & Lenton, 2011: Wright, Teagle and Feetham, 2014). Climate engineering may help cool the planet through two broad approaches. One approach is to sequester carbon from the atmosphere through techniques such as air capture and enhanced weathering and the other is to reflect sunlight away from the earth through placing mirrors in space or brightening clouds. These and other propositions are untested in the field; their exact side effects and impact on global ecosystems is unclear, therefore they are likely to invoke much public debate and controversy.

2.0 Conceptual Foundations

Given the scientific context, science communication methodologies were considered for this research. However, an examination of the literature in this field revealed little

consensus on which methodology best conveys an accurate representation of public opinion. Instead, this research utilises methodologies from marketing, as marketers have considerable experience in testing public reaction to new hypothetical product concepts and evaluation techniques.

The evaluative phase of the study draws on the Associative Network Theory of Memory (ANTM) developed by Anderson and Bower (1974). ANTM is considered useful for clarifying how human memories work, particularly encoding, storage and memory retrieval. In practice, presentation of a stimulus activates a cascading effect through a network of related memory nodes. The stimulus may be a specific brand, a new product concept or a scientific concept. The links between nodes indicate the memory structures associated with a concept. This network of information, stored in individual's memories, forms a mental picture of the concept (East, Wright, Vanhuele, 2013; Nenycz-Thiel, Sharp, Dawes & Romaniuk, 2010; Romaniuk, 2013). The attributes evoked to describe the concept are used to measure the evaluations of the brand or concepts in question. Therefore, it is an appropriate method to gauge likely reaction to climate engineering technologies.

3.0 Methodology

3.1 Qualitative Methodology

Brand and concept image measurement requires identification of relevant attributes. Attributes are elicited by various methods that prompt and identify related concepts from individual's knowledge structures (Steenkamp & Van Trijp, 1997). Previous research suggests that if instructions are held constant and focussed on choice then method effects are minimised regardless of which attribute elicitation method is used. Associated attributes are salient in participants' memories and easily evoked by all methods of attribute elicitation (Breivik & Supphellen, 2003).

Further research with a low involvement product compared five different attribute elicitation methods and found they were all considerably robust (Bech-Larsen & Nielsen, 1999). The choice of elicitation method however, is dependent on the purpose of the research. Since the purpose of this research is to determine public perceptions of relatively new scientific concepts, two elicitation methods that identify perceptual attributes were selected. A pre-determined list of attributes from a climate engineering content analysis and Kelly's Repertory Grid were used to validate the most common attributes associated with the climate engineering techniques presented.

Pre-determined lists of attributes require the researcher to generate a list of attributes. While this lessens the chance of idiosyncratic wording it increases the risk that the attributes will reflect the language of the researcher rather than the respondent. The task is easy to administer and relatively easy for the respondent to complete (Bech-Larsen & Nielsen, 1999).

Kelly's Repertory Grid is built on personal construct theory. This theory advances the idea that individuals personalise objects or brands as a construct. The construct is evoked by asking the respondent to choose a pair from three brands or concepts and say why the pair is alike yet different from the third. The process is repeated with all the brands or concepts until no new attributes are generated (Bech-Larsen & Nielsen, 1999; Rogers & Ryals, 2007; Steenkamp & Van Trijp, 1997). Participants are generally more engaged with this method as they have to decide on which pairs to select.

Kelly's Repertory Grid was chosen to minimise the weaknesses of pre-determined lists by identifying gaps in the terminology not listed, and allowed final language choices to reflect the respondent's vocabulary. Previous research has shown most brand associations are at the sub-conscious level (Supphellen, 2000). Attribute associations may not emerge if they are at a respondent's subconscious level, however a second advantage of Kelly's Repertory Grid is that it allows underlying constructs to surface when brand or concept similarities and differences are examined.

Focus groups were considered as a method of attribute elicitation but rejected in this case due to the risk of biased results from irrelevant debate or dominant individuals. Climate engineering techniques are controversial with many associated risks and unknown side effects and likely to produce robust debate where dominant individuals may supress others' views. Individual structured interviews are adopted for data collection in this phase as they overcome the bias inherent in focus groups and allow for the depth of discussion required to identify cognitive associations.

3.2 Field work procedures

Convenience samples consisting of 30 participants with an even gender split and a range of age, education, occupations, and inclusive of minority ethnic groups, were recruited and split across the two methods. Participants in both methods were given a verbal introduction to climate warming and climate engineering, and then presented four examples of climate engineering techniques on laminated concept boards, typically used for assessment of new products (Lees & Wright, 2004). The carbon dioxide removal techniques (CDR) included *biochar* and *air capture* and the solar radiation management (SRM) techniques included *stratospheric aerosols* and *cloud brightening*. Each of the four concept boards displayed a colour image, a brief description of the concept inclusive of a list of known advantages and disadvantages. The word matched descriptions drew on the climate engineering techniques presented in the Experiment Earth deliberative workshops (The Royal Society, 2009) and later work in this area (Parkhill & Pidgeon, 2011; Vaughan and Lenton, 2011).

For the attribute elicitation task, one group chose as many attributes as they associated with each concept from a group of 30 pre-determined attributes previously peer reviewed by climate engineering experts and pretested with four people known to the researcher. Each participant in the Kelly's Repertory Grid group viewed pre-tested and pre-planned combinations of three randomised and rotated concept boards at a time. They were asked to select a pair that was similar, discuss why they were similar and why the third concept board differed from the selected pair. After 10 completed interviews, no new attributes were generated thus the attribute list was exhaustive.

Both elicitation methods used in the depth interviews were fast to administer as all the interviews were completed within three weeks. Participants did not receive any incentives or rewards. If transcribing and analysis of the interviews are not carried out by the researcher then a cost is incurred. However, this type of interview usually involves only the cost of the researcher's time. In this case the qualitative work of arranging and carrying out the interviews, transcription and analysis took 70 hours.

3.3 Quantitative Methodology

The quantitative analysis used data collected from large on-line surveys conducted in Australia (n=1006) and New Zealand (n=1022). Participants were members of commercial

panels and the samples' demographic compositions were similar to census data. Recruitment bias is unlikely due to the large size of the panels (n= 75,000 in NZ and n = 189,000 in Australia) and with both countries having more than 80% of their population with Internet access, coverage bias is minimised (Wright et al., 2014).

Two further climate engineering techniques, *enhanced weathering* and *mirrors in space* were added to the four concepts tested in the qualitative stage. To minimise respondent fatigue participants randomly evaluated four of the six climate engineering techniques shown as an on-screen image and descriptions matched by length as well as positive and negative content. Twelve attributes most commonly mentioned in the qualitative phase were used to evaluate each climate engineering technique. To ensure relevance the language evoked in the Kelly's Repertory Grid method was selected over similar terms used in the predetermined list of attributes. For example, *eyesore* replaced the term *visually cumbersome*. For, comparison twelve attributes used in the qualitative analysis are retained and reported here. However, later work removed the two attributes *unpredictable* and *beneficial* as Kendall Tau-b correlation tests showed overlapping memory structures.

On-line surveys using commercial panel providers are also fast to administer, responses were collected within a week. Data retrieval into statistical programmes is quick and convenient. For this research questionnaire design, survey administration and analysis took 100 hours. However, on-line surveys incur a large cost; a sample size of 1000 respondents (survey duration 10-15 minutes) cost more than 5,000 New Zealand dollars.

4.0 Results

4.1 Qualitative Results

For each elicitation method, the number of associations with each attribute is counted. For the pre-determined list of attributes the maximum number of possible associations is 60 (15 respondents x 4 techniques). No attribute had more than 22 associations which indicates a reasonable spread of perceptions across attributes. For the Kelly's Repertory Grid method no attribute had more than 32 associations and it also demonstrates a reasonable spread of perceptions. Positive and negative attributes showed mixed popularity. Table 1 shows attribute association counts across both methods ranked in order of popularity.

Table 1:   Attribute Associations Across Both Elicitation Methods

Predetermined List   **Kelly's Repertory**

Attribute	Associations	Attribute	Associations
Good for the planet	22	Sustainability long-term	32
Risky	22	Natural	30
Ingenious	21	Risky	21
Beneficial	20	Artificial	21
Engineered	19	Proven	20
Artificial	18	Potential environmental impacts	18
Controversial	18	Least risk	17
Unpredictable	18	Environmentally friendly	12
Too expensive	17	Most beneficial	12
Feasible	17	Cost effectiveness	12
Understandable	16	Unknowns	11
Visually Cumbersome	15	Quick fix	10
Interfering	13	Eyesore	7
Reversible	12	Recyclable by-product	6
Constructive	12	Most likely to succeed	6
Effective	12	Local benefit	6
Quick fix	12	Treats source	6

To check if perceptions differ between climate engineering categories, association counts from the predetermined list of attributes is separated into the two broad classifications of climate engineering techniques in Table 2.

Table 2:   Qualitative Comparison of Association Counts by Classification

Carbon Dioxide Removal		**Solar Radiation Management**	
Good for planet	18	Risky	19
Controllable	17	Unpredictable	17
Beneficial	16	Artificial	14
Feasible	15	Too expensive	11
Ingenious	14	Controversial	11
Understandable	12	Engineered	11
Effective	10	Unbalanced	10
Constructive	9	Dangerous	10
Harmless	9	Unrealistic	10
Visually cumbersome	9	Interfering	9
Necessary	8	Quick Fix	9
Engineered	8	Band-aid	8

Table key: blue highlight represents negative attributes

This separation shows a striking result – the most popular associations for CDR are predominantly positive, while the most popular associations for SRM are all negative. While this preliminary finding indicates SRM techniques are likely to evoke more negative reaction than CDR technologies, proponents of quantitative research however, are likely to claim a

weakness of this qualitative research is that the significance of the outcomes lacks statistical validation.

4.2 Quantitative Results

Table 3 shows the association counts of the twelve most common attributes mentioned across the two elicitation methods used in the qualitative stage from the Australian sample. The NZ data showed the same pattern and provides evidence of the robustness of the samples.

Table 3:   Quantitative Comparison of Association Counts by Classification

Carbon Dioxide Removal		Solar Radiation Management	
Unknown effects	977	Unknown effects	1356
Unpredictable	649	Unpredictable	1102
Risky	592	Risky	959
Artificial	458	Artificial	701
Quick-fix	298	Quick-fix	503
Eyesore	489	Eyesore	285
Understandable	432	Understandable	294
Beneficial	483	Beneficial	237
Controllable	470	Controllable	241
Environmentally friendly	447	Environmentally friendly	240
Long-term sustainability	459	Long-term sustainability	168
Cost effective	297	Cost effective	191
Total Negative Associations	3463	Total Negative Associations	4906
Total Positive Associations	2588	Total Positive Associations	1371
Net Positive Associations	**-875**	**Net Positive Associations**	**-3535**

Table key: blue highlight represents negative attributes

The SRM techniques used in the quantitative evaluations show the same pattern apparent in the qualitative results. The total SRM associations are more negative than the total CDR associations. The CDR techniques show some variation in popularity of attributes compared to SRM techniques. Overall CDR techniques reflect less negative associations and almost twice as many positive associations than SRM indicating citizens are likely to react with less negativity towards CDR technologies.

5.0 Conclusion

Such similar results between the independent qualitative and quantitative methods were unexpected. Both the qualitative and quantitative results suggest public reaction to climate engineering is likely to be negative, although CDR techniques are perceived less negatively than SRM. This finding was clear in the much less expensive qualitative stage. By comparison the quantitative stage required a large monetary investment for data collection. This raises the question of why qualitative research, that is much cheaper to obtain, is not more widely used in marketing research. One could argue that qualitative research has small samples that do not allow a wide representation of public opinion and often lack statistical validation. However, the similarity of the results reported here suggests that exploratory attribute elicitation techniques can deliver findings that are both insightful and robust. These techniques also have the advantages of lower cost, faster implementation, and greater

flexibility in reaching and reacting with sub-groups. We hope that more prominence will be given to these qualitative techniques in marketing, as they offer the possibility of gaining rapid insights into important problems.

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http://www.nature.com/nclimate/journal/v4/n2/abs/nclimate2087.html#supplementary-information

Conceptualizing and Measuring Consumer Rights

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Abstract

Passage of President Kennedy's four-point Consumer Bill of Rights (i.e., right to safety, right to know, right to be heard, and right to choose) by the US Congress in 1962 and the subsequent addition of four more rights (i.e., right to redress, right to consumer education, right to basic needs, and right to healthy environment) by the International Organization of Consumer Union set the stage for the international consumer movement. However, there has been no attempt to date to conceptualize and measure these rights in an academic setting. The current research fills this lacuna by conceptualizing and developing a scale to measure consumer rights in a methodologically rigorous manner. The validated measurement scale will contribute to the advancement of research in this area of profound significance.

Keywords: consumer rights, consumerism, conceptualization, scale development, scale validation
Track: Marketing Research Methods

1.0 Introduction and Background

During the 1980s and '90s, protection of consumer rights, consumerism and consumer education received research exposure in terms of consumer attitudes to their rights and behavior, largely driven by the impact of the international consumerist movement (Fazal, 2011; Quazi, 2002). Consumerism, which has been popularly defined as a movement aimed at augmenting the rights of consumers over sellers (Kotler, 1972) has evolved from its nascent stage to its current matured institutionalization phase. Today, consumer rights are protected globally through the enactment and implementation of consumer protection regulation (Kaynak, 1985; Kaynak & Manrai, 2012). The current bureaucratization of consumer protection has resulted in consumerism issues being a routine exercise for both businesses and consumers (Quazi, 1994). However, there has been no attempt to formally conceptualize consumer rights and develop scales to measure them, and thus a gap remains unaddressed in the extant literature. Consumer researchers and activists are calling for the advancement of research on consumer rights (Fazal, 2011) and responsibilities (Quazi, Amran, & Nejati, 2015). This novel research initiative aims to address these areas by conceptualizing consumer rights and proposing and validating scales to measure these emerging concepts in a methodologically rigorous way. To this end, three main objectives are set: defining and conceptualizing consumer rights, developing a measurement scale, and empirically validating the consumer right scales.

Although consumer rights remain fairly ambiguous in the literature, some authors have defined the concept of rights. For example, Park and Sandhu (2002, p. 60) noted that "rights are privileges that a subject can hold on an object". Some authors linked consumer rights with consumer empowerment (Salzer, 1997), indicating that the power of consumers in the marketplace is triggered by their rights. In this study, we define consumer rights as privileges

that consumers exercise over manufacturers and sellers in the market to protect their interests as conscious citizens.

2.0 Theoretical Underpinning

The pioneering initiative to recognize consumer rights was taken by the former US President J.F. Kennedy who presented a four-point Consumer Bill of Rights to the US Congress in April, 1961 (Alsmadi & Alnawas, 2012). The passing of this bill provided formal endorsement of four consumer rights: right to safety, right to know, right to choose, and right to be heard. Consumers eventually received legal protection in the USA, which was subsequently followed by most developed countries and an increasing number of developing countries (Quazi, 2002). The growth of the consumer movement around the world resulted in the addition of four new consumer rights to the initial four: the right to redress, right to consumer education, right to healthy environment, and right to satisfaction of basic needs. These rights endorsed by the Consumer International (Fazal, 2011; Quazi, 1984) suggested that both consumers and corporations have an interface between their interests (de Medeiros, Ribeiro, & Cortimiglia, 2014). Reciprocal duties and responsibilities open up new venues for further exploration of this proposition. Some authors have suggested that "corporations are deeply involved in co-creating the meaning of responsible consumption" (Caruana & Crane, 2008, p. 22). In view of this evidence, it is argued that for consumers to exercise their recognized rights, they also have to accept complementary responsibilities to their rights as consumers (see: Quazi et al., 2015).

3.0 Methodology

To develop and validate the consumer rights scale, we utilized both qualitative and quantitative techniques. The qualitative approach comprised literature review, focus group discussion and expert opinion. The quantitative approach included principal component analysis, reliability, face validity, content validity, convergent validity, discriminant validity, and confirmatory factor analysis. This study adopted the standard procedures followed in scale development and validation by prior researchers, such as Ashill and Jobber (2010), Linderbaum and Levy (2010), Nejati and Nejati (2013), and Rosen, Slater, and Johnson (2013). Samples were drawn from the postgraduate student population based at the Universiti Sains Malaysia (USM), located in Penang using purposive sampling technique. Penang has a long history of consumer activism that witnessed establishment of a consumer organization in 1970. The former Chair of the Consumer International is also from Penang. Moreover, the school system in Malaysia has integrated consumer education programs (Fazal, 2011) towards creating conscious consumers. Therefore, it logically follows that students at the different stages of the education system - including the universities - are conscious of their rights. Prior research has supported using students as respondents subject to the fulfillment of such conditions as (1) the research is exploratory and (2) the scale items are relevant for the respondents (Ferber, 1977; Singhapakdi, Vitell, Rallapalli, & Kraft, 1996). Therefore, our selection of students as subjects is deemed acceptable.

4.0 Scale Development

Stage 1 was characterized by a literature scan pertaining to the concepts of consumer rights which revealed a number of clues as to nature and kind of consumer rights. These clues were then used in the formal discussion with a number of consumer activists such as eminent consumer advocate Anwar Fazal, the ex-president of the Consumer International who made a significant contribution by adding four additional consumer rights (see: Fazal, 2011) to the

initial four rights passed by the US congress. We then organized meetings with five experts who are active in the consumerism/consumer protection area. These experts provided additional feedback towards defining and conceptualizing consumer rights as well as the possible items that may represent the eight consumer rights constructs.

At stage 2, those rights were placed for further discussion in focus group which proved to be fruitful in terms of further refining the contents of all eight constructs to be used in the questionnaire. We then distributed a first draft of the questionnaires to ten doctoral fellows engaged in CSR/consumerism-related research to ensure the face and content validity of the instrument. The feedback was useful in terms of revising some wording and jargons towards making some items more understandable to respondents. Face validity was further ensured through obtaining feedback from ten academics engaged in consumerism areas. The research team then finalized the study instruments incorporating all amendments suggested by researchers, experts and focus group members. The finalized questionnaire was then pilot tested through 50 respondents consisting of postgraduate students at a public university in Malaysia.

Using principal component techniques the loading and cross-loading of items were evaluated and the internal reliability of constructs was tested using Cronbach Alpha coefficient. Additionally, the Eigen values of the items and the percentage of the total variance explained were assessed. Results from the principle component analysis without rotation revealed that four of the initial 56 items for the consumer rights scale were deleted for double or low factor loading, leaving only 52 items for further evaluation. Specifically, right to safety contained seven items, but all six experts suggested removing item five (*Goods/services I buy should be safe*). Hence, the six remaining items were used in the second pilot test. Results of principle component analysis showed that item five under right to know (*I reserve the privilege of seeking disclosure of information about products/service*) double-loaded, and therefore was removed. The remaining six items were retained. Under right to redress, item one (*I do have the privilege to lodge complaints to an appropriate body within a business*) was removed because the principle component analysis showed a low loading (0.44, which is lower than the critical threshold of 0.5), and the item also had low communalities (0.201). Principle component analysis identified item five under rights to healthy environment to have a double-loading, which was removed, and the results confirmed the constructs consisting of seven items. Results of principal component analysis revealed that item five under the right to satisfaction of basic needs had a marginal loading (0.49). Yet, as the item did not negatively influence the internal reliability and had a marginal loading, it was retained for further measurement in an exploratory survey.

4.1 Exploratory survey

To evaluate the dimensionality and internal consistency of the proposed scale, the finalized questionnaire was administered to a sample of 215 consumers of which 207 were returned and were used in principle component analysis using varimax rotation. We assessed the factorability of the data and the adequacy of sample size through Bartlett's test of sphericity (Bartlett, 1954) and the Kaiser-Meyer-Olkin (KMO) measure (Kaiser, 1970, 1974). The factorability of the data and sampling adequacy was confirmed, as the Bartlett's test of sphericity was significant ($p < 0.05$) and the KMO measure was 0.965 which exceeded the recommended threshold of 0.6 (Tabachnick & Fidell, 2001). When running the principle component analysis with varimax rotation, the criteria suggested by Chin, Gopal, and Salisbury (1997) were applied in terms of retaining items with a factor loading of 0.60 or higher. Additionally, items that had a high cross loading (when differences between the loadings across factors were less than 0.10) were discarded using the criteria set by Snell and

Dean (1992). Following these criteria, 27 out of 52 items of the consumer rights scale that loaded in four dimensions were retained.

4.2 *Confirmatory survey*

To further validate the factorial structure of the proposed scales for consumer rights, we collected 231 additional survey responses and performed confirmatory factor analysis using AMOS. Following the guidelines of Chiu and Wang (2008), we assessed the quality of measurement through convergent validity, discriminant validity, and reliability. Convergent validity was assessed using recommendations of Hair, Anderson, Tatham, and Black (1998) for item reliability, construct (composite) reliability, and average variance extracted, The results exceeded the threshold of 0.6 (Chin et al., 1997), and the *t*-values associated with each standardized loadings were significant ($p < 0.01$) for all items under their respective constructs. Additionally, the composite reliability for all constructs were higher than the recommended value of 0.6 (Bagozzi & Yi, 1988; López, Peón, & Ordás, 2004), and the average variance extracted (AVE) for each construct exceeded the acceptable threshold of 0.5 (Hair et al., 1998). Thus, convergent validity for all of the constructs was confirmed. Moreover, following the recommendations by Chiu and Wang (2008), discriminant validity we confirmed the discriminant validity of the postulated scales, as the diagonal elements (square root of the variance extracted) were greater than the off-diagonal elements (correlations among the constructs). While the level of discriminant validity seems not to be in line within the recommended range, as suggested in prior research, we argue that the values are very close and we are not at all surprised at this outcome because of the seminal nature of the research and the close characteristics of the investigated constructs. However, this minor issue could be overcome through further validation of the scale in future research, hence offering an avenue for further empirical validation with larger sample size over the time and space. Prior research has also come across similar issues (e.g., Öberseder, Schlegelmilch, Murphy, & Gruber, 2013). Therefore, we conclude that it is not unusual for a pioneering study to have some factors with close discriminant validity. Finally, the model fits the data well (CFI > 0.90; $\chi^2/df < 3$, p < 0.001) as all fit indices were within the recommended range. Thus, this research confirmed establishment of a new scale for empirically measuring consumer right under four dimensions: (1) right to safety and information, (2) right to basic needs and healthy environment (3) right to be heard, and (4) right to redress (Appendix 1).

5.0 Discussion, Conclusion and Implications

Despite research on many consumer issues, one potential area which has remained neglected in the extant literature and generated calls for insightful contributions is the measurement of consumer rights (Denegri-Knott, Zwick, & Schroeder, 2006). Towards addressing this research lacuna, this research has defined and conceptualized consumer rights and developed scales to measure the relevant constructs underlying consumer rights. Establishment of scales concerning four consumer rights through this research would guide marketers to design their consumer communication strategies aimed at assuring consumers of protecting their interests in the market place. Interestingly, three out of the four consumer rights emerging from this research were similar to the four rights passed by the US congress in April 1962. The reformation of consumer rights into four dimensions, based on exploratory factor analysis, makes sense theoretically. For example, the emergence of a combined dimension of rights comprising right to healthy environment and right to satisfaction of basic needs is consistent with the progression of consumer rights. Additionally, common sense

suggests that the tenet of these two rights represent nearly identical notions in principle. Only one right (the right to choose) from president Kennedy's bill of consumer rights was not confirmed in this research suggesting that the right to choose is deeply integrated into the capitalist economic system where competition between firms is the basis of survival, and the right to choose is ensured through legal frameworks. Consumers in developed and developing countries (such as Malaysia) are provided with alternative choices in the market, and as such the right to choose is an expected norm for both consumers and marketers. The Malaysian economy also represents competitive market system, where consumers' right to choose is protected through legislation. Therefore, consumers' preference for not taking this right as a stand-alone privilege is justifiable.

We also need to consider the time issue in analyzing the situation concerning the right to choose. Since president Kennedy's consumer rights bill was introduced nationally and then internationally during 1960s, the consumer rights movement has grown exponentially over the past five decades, especially in the Western world where consumer rights are protected by law which is reviewed and amended on a regular basis to ensure ongoing protection of consumer rights. Right to choose is inherent in consumers' mindsets because the right to make choice from a number of alternatives is well established in today's market place. This is why this right is not paramount in consumers' mind. Merger of the two rights (right to healthy environment and satisfaction of basic needs) as perceived by consumers makes sense both practically and theoretically. The basic premise on which respondents suggested these two rights to be merged into one would be that the right to a healthy environment is naturally dependent on the satisfaction of fundamental needs, because a healthy environment for consumers can only be ensured if the consumers are guaranteed satisfaction of essential needs, which are the primary requisite for consumers to enjoy their right to healthy environment. This reflects the reality that consumers face unhealthy and unsafe products and services at the micro as well as at the micro environmental levels, such as concerns of climate change which significantly impact their quality of life.

The validated scales would drive advancement of research in measurement mechanism of consumer rights over the time and space. The findings will guide design of business/marketing strategies based on a deeper understanding of consumer rights and their composition. Also the consumer rights can be used by consumer organizations, consumer strategists and governments to design and implement policies to better protect these rights. The merger of basic needs and healthy environment related rights into one implies that consumers expect all basic goods and services to integrate environmental issues into their production and marketing. Therefore, marketers need to combine these two rights to ensure environmental friendliness of all basic goods/services they offer.

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Appendix 1: Measurement scale for the four consumer rights
Right 1: Safety and Information
- I should be assured that products/services I buy are safe.
- It is reasonable for me to expect that the products/services I buy are hazard free.
- I have the privilege to raise questions about the safety of products/services that I consider buying.
- I have the freedom of purchasing safe products/services.
- I should have the option not to buy unsafe goods/services.
- I should be assured of the safety standards of the products/services I buy.
- I have the privilege to know the composition of the products/services I buy.
- I reserve the privilege of seeking disclosure of information about products/services.

Right 2: Basic Needs and Healthy Environment
- I have the privilege to see businesses address my essential needs.
- I should have the liberty to ask for adequate food, clothing, shelter, and healthcare.
- I can legitimately ask businesses to supply basic goods/services.
- Businesses are obliged to supply the vital goods and services.
- It is my privilege to question the impact of products/services on the environment.
- Businesses should assure me that their operations are free from environmental pollution.
- I reserve the right to live in a pollution free environment.
- I have the privilege to be assured that the products/services that I buy are environmentally friendly.

Right 3: Being Heard
- Businesses should give a patient hearing to my products/services related concerns.
- I should have the privilege to share my concerns about products/services with corporations.
- There should be a channel to express my dissatisfaction on products/services.
- I should be given the opportunity to have my concerns considered by businesses.
- Organizations should recognize my privilege to express concerns on products/services.
- There should be a forum to voice my product complaints.
- I should have the freedom to lodge my legitimate complaints to forums set up by businesses.

Right 4: Access to Redress
- My complaints about products/services should be addressed by businesses.
- I should have the freedom to ask for a remedy for the problems I have experienced.
- I should have the freedom to seek compensation.
- Businesses should develop a mechanism to register consumer complaints.

Appendix 2: Fit Indices for the Measurement Scales

Fit Index	Consumer Rights	Recommended	Source
χ^2/df	2.85	≤ 3.00	Barbara M Byrne (2001)
CFI	0.91	≥ 0.90	B. M. Byrne (1998)
RMSEA	0.08	≤ 0.08	Browne and Cudeck (1993)
NNFI	0.90	≥ 0.90	(Bentler & Bonnet, 1980)
PNFI	0.73	≥ 0.50	B. M. Byrne (1998)
PCFI	0.77	≥ 0.50	B. M. Byrne (1998)

Df = 318, χ^2 = 907.44, p-value = 0.000

Can we get more out of Net-Promoter data?

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Abstract

Net-Promoter Score (NPS), a loyalty measure, is used extensively in commercial market research due to its simplicity of use and ease of understanding, despite criticism of the metric. Given the widespread use of NPS commercially, it is important to understand whether applying alternative loyalty measures has any advantages over Net-Promoter. This paper aims to demonstrate whether a likelihood mean and Polarization Index, φ, provide different results to Net-Promoter. These three measures were applied to data collected from an on-line survey of 1,818 participants who evaluated brands in a service industry. The findings show that all three measures provided similar variations in loyalty across brands and regions. The likelihood mean and NPS are strongly correlated, indicating that no one measure is more superior to the other at measuring loyalty within a service industry in New Zealand. However, the Polarization Index appears to assess loyalty differently to the likelihood mean and NPS.

Keywords: Net-Promoter, Polarization Index, brand loyalty metrics

Track: Marketing Research Methods

1.0 Introduction

Net-Promoter was first introduced by Reichheld (2003) as an alternative loyalty metric to predict brand growth. Reichheld (2003) proposes that by asking a single "would recommend" question, loyalty is determined and growth predicted. To determine the Net-Promoter Score (NPS), customers are asked, "On a scale of 0-10, how likely is it that you would recommend [company X] to a friend or colleague?" Scores of 10 indicate "extremely likely" to recommend, 0 indicates "not at all likely" and 5 indicates "neutral". Those scoring 9-10 are classified as "promoters", 7-8 as "passively satisfied" and 0-6 as "detractors". The NPS is calculated by subtracting the percentage of "detractors" from the percentage of "promoters".

Within the majority of the industries examined, Reichheld (2003) found that there was a strong correlation between NPS and company growth. Reichheld also claimed that a twelve-point increase in NPS corresponds to a doubling of a company's growth rate (Reichheld, 2006). Other research has found that a seven-point increase in NPS produces a one-percent increase in brand growth (Marsden, Samson and Upton, 2005). However, the findings of Reichheld (2003) and Marsden et al., (2005) are considered flawed because their NPS's were correlated with past growth rates (Keiningham, Cooil, Andreassen and Askoy 2007).

To address the concerns about Net-Promoter, Keiningham et al., (2007) examined the relationship between NPS and company growth rates in a cross-industry longitudinal study.

They replicated Reichheld's study, but instead of using past growth rates they correlated NPS with company growth rates from identical time periods. They found no support for Reichheld's claim that Net-Promoter is the only question required to measure growth in customer surveys. By comparing correlations of both NPS and the American Customer Satisfaction Index (ACSI) with company growth rates, they determined that Net-Promoter performance is not superior to the ACSI.

Other researchers have identified further concerns with Reichheld's methodology as he broke the 11-point Net-Promoter scale into three categories and excluded the "passively satisfied" category from his calculations (Grisaffe, 2007). Grisaffe raises the concern that Reichheld's clustering of the scale results in different scenarios requiring diverse managerial actions being seen as similar (2007). For example, Company X may have 20 "promoters", 0 "passively satisfied" and 20 "detractors". Alternatively, Company Y may have 0 "promoters", 40 "passively satisfied" and 0 "detractors". Despite significantly different scenarios requiring different managerial actions, both companies have a NPS of zero. In this case, relying on NPS is likely to mislead marketing decisions as it is unclear which customer group requires more focus.

Further work by East, Hammond and Lomax (2008) revealed that Net-Promoter fails to directly measure negative word-of-mouth (NWOM). Instead, in Net-Promoter Score, NWOM is inferred from respondents who indicate low scores on the willingness to engage in positive word-of-mouth (PWOM), classified by "detractors" (East et al., 2008). Later work discovered that NPS is poor at capturing NWOM because "detractors" were shown to engage in both PWOM and NWOM (East, Romaniuk and Lomax, 2011).

Despite these criticism and weaknesses, Net-Promoter has been extensively adopted in commercial market research because of its simplicity of use and ease of understanding. NPS is being used in multi-national corporations including eBay, American Express and Apple (Reichheld, 2006). NPS is even reported to shareholders and used to determine pay in employment contracts (Creamer, 2006).

The lack of academic support, methodological concerns and extensive commercial adoption of NPS present an increasing need to establish whether calculating the NPS from "promoters" minus "detractors" is superior to the application of additional measures to the Net-Promoter question. This paper presents the first stage of research intended to test the performance of NPS. It applies two other loyalty measures; a likelihood mean and Polarization Index, φ, to the Net-Promoter question. The three measures are compared across a variety of service brands commonly known in New Zealand; however, the data used in this research did not allow correlations with company growth rates.

2.0 Methodology

Data for this research is drawn from a survey of service brands in one category in New Zealand during 2014. Participants were recruited by a commercial panel provider across five regions in New Zealand; Northland, Auckland, Central North Island, Lower North Island and South Island. The final sample contained 1,818 respondents of mixed demographics, close to those of New Zealand's census data.

In a randomized order, participants viewed the logos of six service brands tested and were asked, "On a scale of 0-10, how likely are you to recommend 'brand X' to a friend or

colleague?" A scale from 0-10 was provided with numerical descriptors at each scale point and verbal descriptors at 0 "not at all likely" and 10 "extremely likely". The six service brands tested varied in each region depending on brand presence. In total, eleven brands were evaluated across New Zealand with mixed sample sizes.

Using the eleven brands assessed, observed frequencies were generated for each Net-Promoter scale point. These frequencies allowed for a NPS, likelihood mean and Polarization Index to be calculated for each brand. The calculation of the likelihood mean is similar to that employed in assessing the variability in purchase intention scales (Wright and MacRae, 2007). The formula used for the calculation of the Polarization Index was consistent with that used by Corsi, Rungie and Casini (2011). It has been calculated as follows:

$$\varphi = \frac{1}{1 + S}$$

Once each measure was calculated, correlation coefficients were produced to assess whether the measures had any variations in assessing loyalty across brands. Potential variations in each measure were analysed across regions using the four brands that were surveyed in at least four of the five regions.

Biases common in survey data were minimized by presenting the brands in a randomized order. Internet coverage bias is unlikely as in New Zealand over 90% of the population have internet access (Gibson, Miller, Smith, Bell and Crothers, 2013). Recruitment bias in the on-line panel is unlikely as the panel size is substantial (n = 75,000).

3.0 Findings

Table 1 shows the NPS, likelihood mean and Polarization Index for each brand. NPS varied from -90% to -50% indicating that "detractors" significantly outweighed the "promoters" amongst all brands in New Zealand. The likelihood mean ranged from 0.40 to 0.59 and the Polarization Index ranged from 0.16 to 0.28, indicating that variation across brands was small. Additionally, the likelihood mean appears to show no significant discrimination beyond that offered by NPS, as brands with a higher NPS tended to also have a higher likelihood mean. The Polarization Index indicated that Brand B (φ=0.21), E (φ=0.28) and G (φ=0.24) have the greatest loyalty despite having a weaker NPS and likelihood mean compared to other brands. Each of these brands has a low market share in just one of the five regions analysed, and thus has a very small sample size. Larger sample sizes are required for accurate calculations of the Polarization Index, especially for brands with low market share (Kalwani and Morrison, 1980).

	Sample Size, n	NPS	Likelihood mean	φ
Brand A	849	-50%	0.59	0.18
Brand B	233	-62%	0.53	0.21
Brand C	1818	-69%	0.53	0.17
Brand D	1818	-71%	0.52	0.16
Brand E	244	-74%	0.43	0.28
Brand F	736	-75%	0.50	0.17
Brand G	146	-75%	0.43	0.24
Brand H	1428	-79%	0.47	0.18
Brand I	1818	-82%	0.46	0.16
Brand J	1672	-88%	0.40	0.19
Brand K	146	-90%	0.40	0.17

Table 2 shows the correlations between the three measures across brands. The likelihood mean and NPS have a strong correlation (0.904), which demonstrates that brands with a high NPS also had a high likelihood mean. This suggests there is no significant difference between which of the two measures is used to evaluate loyalty in this service industry within New Zealand. However, the Polarization Index has a low correlation with NPS (0.100) and a negative correlation with the likelihood mean (-0.304). This indicates that the Polarization Index provides an alternative evaluation of loyalty in contrast to the two other measures. A potential reason for this could be the large mid-point bias identified in the analysis. For all eleven brands, between 23% and 32% of respondents indicated their likelihood to recommend the brand to a friend as a 5, indicated by "neutral". The Polarization index is more likely to be influenced by the size of the mid-point bias, as the uncertainty associated with 50/50 probabilities has a substantial effect on the value of the index. While the mid-point bias may be affecting these results, this preliminary examination requires further testing across countries, industries and brands before such a conclusion can be drawn.

Table 2:   Correlation coefficients across brands

Correlation	*NPS*	*Likelihood Mean*	φ
NPS	1		
Likelihood mean	0.904	1	
φ	0.100	-0.304	1

The three measures were also analysed to assess variation across regions. Four prominent brands, surveyed in at least four out of the five regions, were selected for the analysis. Figure 1-3 displays the variation across regions for the NPS, likelihood mean and Polarization Index respectively. As shown below, the variation in all three measures is relatively minimal across regions for each brand. However, visual inspection suggests that the

Polarization Index shows less variation and so may be a more stable measure. However, the lack of variation could be due to other reasons. The next stage of this research will test other data sets to determine whether the Polarization Index is a more stable measure.

Figure 1: NPS across regions


Figure 2: Likelihood mean across regions
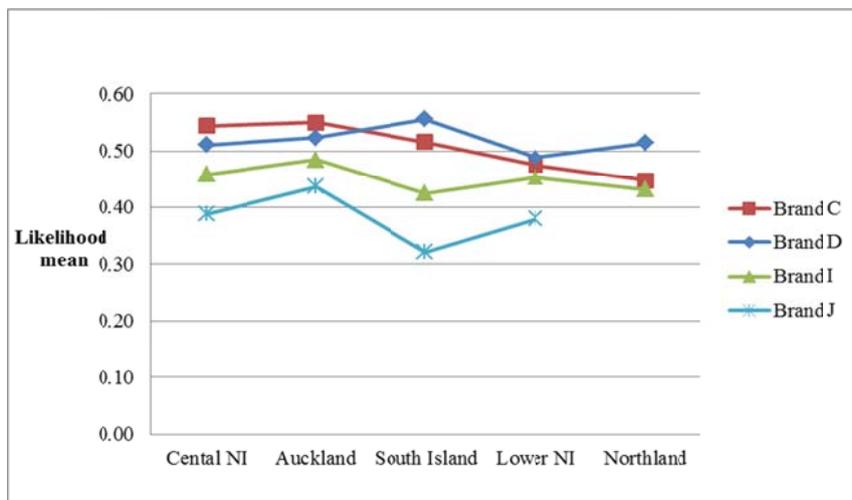
Figure 3: Polarization Index across regions
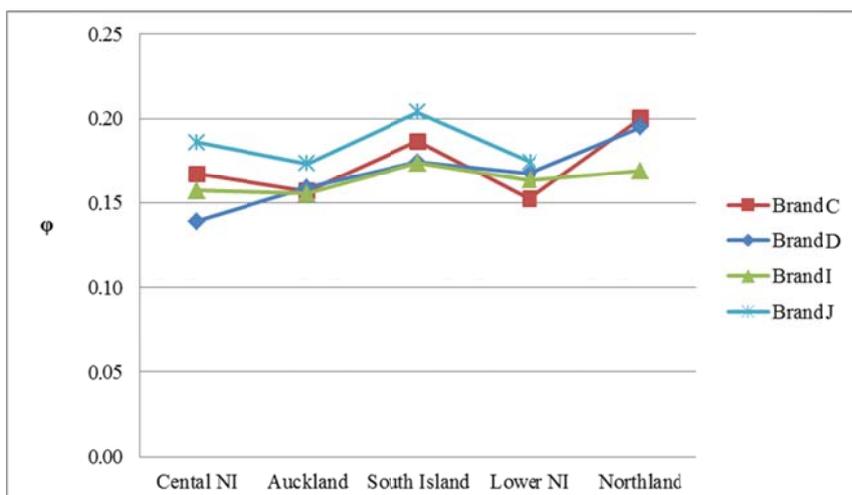
4.0 Conclusion

This research determined that when comparing brands across a service industry in New Zealand, no measure applied to the Net-Promoter question is superior at identifying variability in loyalty across brands. It also found that there is little variation in each measure across regions, with visual inspections of the Polarization Index showing slightly more stability. Additionally, the NPS and likelihood mean are highly correlated. This indicates that when conducting a comparative analysis of service brands, there is little difference in reported loyalty levels between the two measures used to evaluate the Net-Promoter question. However, the Polarization Index appears to assess loyalty differently to the NPS and the likelihood mean. As growth rates were not collected, this research was unable to correlate the three measures with growth to assess whether the contrasting Polarization Index is superior to NPS and a likelihood mean.

Further research will consider assessing the measures in alternative industries and countries. The additional research will investigate which measure is more accurate at predicting brand growth. Calculating correlations between the three measures and drivers of growth will establish which measure is superior when applied to the Net-Promoter question.

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Examining Consumer Purchase Judgment with Multiple Cue Judgment: Catching the Slippery Fish of Cognitive Process

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Abstract

In this paper the author argue for multiple-cue judgment to measure the cognitive process and consumer attitude at the same time with real time assessment. Previous studies in consumer behavior have focused on the outcome of a purchase rather than emphasizing the cognitive process behind the purchase. Further, the research of consumer behavior have used post-hoc measure to examine consumer attitudes, which could lead to data and interpretation biases. Multiple-cue judgment task experiments allow a more detailed description of which cognitive process consumer base their purchase decisions on and on the same time could indicate which kind of attitude the consumer has towards the object. The present proposal suggest novel methodological and theoretical knowledge of consumer attitudes and decision making.

1.0 Background

1.1 Post hoc measures are often used in consumer behavior research, measuring consumer attitudes, emotions, buying decision making, use of habits etcetera, where questionnaires or interviews are often used (Katona, 1951). Critics presented using these methods complain example interview sample biases (Catania, McDermott, & Pollack, 1986), measurement errors (Podsakoff et al., 2003), validity issues (Bagozzi & Yi, 1991; Jacoby, 1978), variance issues (Podsakoff et al., 2003), and response bias (Berg & Rapaport, 1954). Further, the response bias could occur because the decision or choice is unconscious for the consumer but is responded in a conscious way (Merikle, 1992; Merikle & Reingold, 1992). Previous research has shown different solutions to overcome these problems, for example models with guessing parameters (Buchner, Erdfelder, & Vaterrodt-Plunnecke, 1995), index with stimuli information (both information awareness and unconscious information perception) (Erdelyi, 1985; 1986).

Post hoc measures, where the cognitive process has been examined has focused on familiarity-based choice (Thoma & Williams, 2013) often explained by the use of recognition heuristic (Gigerenzer, Todd and the ABC Research Group; 1999; Goldstein & Gigerenzer, 2002). The familiarity paradigm is connected to experience-based learning (Hutchinson & Eisenstein, 2008), involving the development of "category knowledge": consumers have to uncover the relevant product discrimination attributes and their preferences regarding these attributes (Alba & Hutchinson, 1987). Szymanowski & Gijzbrechts (2013) show that consumer learning for new products is strongly driven by category factors of familiarity. Moreover, greater knowledge of relevant product attributes and better developed preferences for these attributes reduce the cognitive load and the (mental) cost of processing new signals (Broniarzcyk, 2008, Novemsky et al., 2007). But these product attributes has only been studied with post hoc measures, focusing on the decision outcome rather than the cognitive process behind the decision outcome.

Further, in cognitive psychology, categorization judgment tasks with binary cues have often been used to examine the underlying cognitive process similar to the choice studies that have been made within the consumer behavior research field. Discrete choice experiments are often used to examine consumer preferences and to show which attributes consumers consider before a buying decision (see for example Hoyos, 2010). However, those DCE data is also post hoc measures and made by trade-off choices where predetermined combinations of attributes are tested against each other. The tradeoff choices and attribute combination DCEs present is also suffering from framing biases. In contrast to DCE, Multiple cue judgment experiments are made by random weighting of cues and cue combinations. Further, the judgments are made trial by trial in real time avoiding the post hoc measure biases in all sense.

It is possible that the theories drawn from the post hoc data contain flaws of the description and explanation of the underlying cognitive processes of consumer behavior when post hoc measures are conscious responses by the participants, and the cognitive process almost always are unconscious to the individual. Because of this unawareness the individual is not able to give a correct response of how and which attributes he/she have used to make a buying decision. In this paper the author argues that there has been too much focus on the decision outcome to make interpretation on the cognitive process in consumer behavior research field using post hoc data. Therefore, the author introduce multiple-cue judgment with real time cognitive modeling data showing which cognitive process the consumer rely on in different purchase situations. Multiple-cue judgment experiments is one approach to overcome the biases of post hoc data and the false interpretations that follow.

1.2 Consumer cognitive processes
In previous studies consumer decision making has been associated with consumers' limited cognitive ability to process large amount of information that accompanies extensive choice sets (Iyengar et al., 2006). Given the amount of choices consumers make each day, consumers are not willing or even able to put in a lot of time and effort to each and every choice (Iyengar and Lepper, 2000, Schwartz, 2004a; Fasolo et al., 2007) and therefore use heuristics as mental shortcuts to minimize cognitive effort (Kahneman, 2011; Shah and Oppenheimer, 2008; Hilbig and Pohl, 2008). In the area of food choices alone, consumers are estimated to make over 200 choices per day (Wansink and Sobel 2007). The problem of consumer decision making is often explained by the number of products and in the number of attributes necessary for making a buying decision (Fasolo et al., 2007). Another strategy to

minimize the cognitive effort is to simply choose the product that has been chosen in the past. Jackson et al., (2006) argue that consumers follow established patterns of behavior and are rarely using conscious choice or rational deliberation. The discussion above shows that the cognitive effort consumers are willing to use during shopping are limited. Therefore, both contextual differences in the purchase situation and consumers cognitive ability must be considered to fully understand consumer decision making and choice.

One way of interpret cognitive processes is to assume that consumers use either exemplar memory or cue abstraction, or both, in their decision making process. The different cognitive processes imply different judgment results, where exemplar memory is interpreted as the most efficient way of making judgments and is often defined as fast, unconscious and similarity-driven which correspond to the limited cognitive ability, as cue abstraction resulting more accurate judgments in a conscious, controlled sense (see for example Olsson, Enqvist and Juslin., 2006). Further, cue abstraction is similar to the decision making process that occur in high involvement purchase situations when consumers strive for maximization of the product judgment (e.g. when the willingness of using the cognitive effort is high). Therefore, it could be assumed that exemplar memory should be the cognitive process to use more frequently during low involvement purchase situations, and that consumers are more willing to use cue abstraction during high involvement purchase situations that imply conscious considerations.

2.0 Multiple Cue Judgment task

A typical multiple-cue judgment involves the idea that people *mentally integrate cues* according to a linear additive rule, a consumer may rely on different economic or quality indices (cues) to make a judgment of the future interest rate (the criterion). It is further routinely claimed that the imperfections in people's judgments arise from cognitive capacity limitations, for example, in the attention span and short-term memory (e.g., Doherty and Balzer, 1988). The cognitive process of exemplar and cue abstraction models is distinctly different (Juslin et al., 2003). In exemplar memory the judgment is a weighted average of the criteria stored with the exemplars, where the weights are the probe-exemplar similarities (i.e., per a continuous version of the context model by Medin and Schaffer 1978) and the cue abstraction model implies representations of abstracted cue weights where the judgment is a weighted average of the cue values of the judgment probe across the cue dimensions, where the weights signify the importance of each cue.

The *cognitive processes* implied by a multiple cue judgment task are likewise different. Mental cue abstraction is commonly assumed to involve controlled mental processes that are constrained by working memory capacity. The representations are often assumed explicit cue-criterion rules that represent abstract knowledge, presumably retrieved from semantic memory (Schacter and Tulving, 1994). Exemplar memory is rapid, similarity-based and relies on holistic memory traces retrieved from episodic memory (Schacter and Tulving, 1994). These processes are routinely contrasted as qualitatively different in the cognitive science literature (Hahn and Chater, 1998; Logan, 1988; Sloman 1996; Smith et al., 1998).

The binary cues that is used in a multiple cue judgment task C_1, C_2, C_3, and C_4 take on values 1 or 0. The judgment c of a subgroup is a linear, additive function of the cue values:

$$c = 50 + 4 \cdot C_1 + 3 \cdot C_2 + 2 \cdot C_3 + 1 \cdot C_4. \qquad (1)$$

C_1 is the most important cue with a *coefficient* of 4 (i.e., a relative weight .4), C_2 is the second to most important cue with coefficient 3, and so forth. The continuous criteria for all 16 subgroups (i.e., possible cue configurations) are computed and summarized in Table 1. In a *training phase*, the participants encounter 11 subgroups. In a *test phase*, the participants make the same judgments as in the training phase, but for all the subgroup exemplars but without feedback.

A criticism of most studies that support exemplar models is that the (artificial) categories used essentially contain no structure at all. There is, in a sense, no other way to solve the task than to memorize the exemplars of each category (Smith & Minda, 2000).

2.1 Judgments

Cue abstraction model. The most straightforward application of the cue abstraction model to continuous criteria implies that during training the participants abstract the appropriate cue weights ω_i which are then used to compute an estimate $\hat{c}_R$ of the criterion c as detailed in Eq. 1. This essentially corresponds to the standard application of a linear additive equation to model multiple cue judgment (e.g., Brehmer, 1994).

Exemplar model. The exemplar model implies that the participants retrieve exemplars (subgroups) from memory. The estimate $\hat{c}_E$ of the criterion c is a weighted average of the criteria c_j stored for the exemplars, where the similarities $S(p, x_j)$ are the weights:

$$\hat{c}_E = \frac{\sum_{j=1}^{J} S(p, x_j) \cdot c_j}{\sum_{j=1}^{J} S(p, x_j)} . \qquad (2)$$

Eq. 6 is the context model (Medin & Schaffer, 1978) applied to a continuum (see Anderson & Fincham, 1996; Delosh et al., 1997; Juslin & Persson, 2002; Smith & Zarate, 1992). The application of an exemplar model to multiple-cue judgment is illustrated in Figure 2.

Predictions. First, consider the case where the participants are trained and tested with the complete set of 16 exemplars in Table 1. Predictions by the cue abstraction model are illustrated in Figure 2A for optimal weights ($\omega_1=4$, $\omega_2=3$, $\omega_3=2$, & $\omega_4=1$) and optimal weights multiplied by .8 to produce a slope typical of data (i.e., $\omega_1=3.2$, $\omega_2=2.4$, $\omega_3=1.6$, & $\omega_4=.8$).

With the complete training set, the two models thus produce indistinguishable predictions. Because the predictions by the (linear additive) cue abstraction model are well fitted by linear multiple regression, the identical predictions imply that the same is true of the predictions by the exemplar model. The reason is that the environment is a linear additive function and both the cue abstraction and exemplar models provide representations of this environment (Dawes, 1975). As long as the task is well described by a linear additive model, accurate fit of multiple linear regression to judgment data has no bearing on the issue of exemplar memory or cue abstraction.

Again, the constrained training set provides distinctive predictions. Whenever all cue weights are correctly identified as positive the cue abstraction model predicts that more extreme judgments should be observed for the subgroups with the most extreme continuous criterion than for the second-to-most extreme subgroups. In contrast, due to the exemplar models inability to extrapolate (Delosh et al., 1997) it predicts that subgroups should produce more

extreme judgments. The subgroups presented in training exclude the most extreme criteria and the linear weighting of these criteria can never produce a value outside the range.

Moreover, on average the judgment for the extreme subgroups will be *lower* than for subgroups. Subgroups benefits from retrieval of identical exemplars that receive a large weight. Because these exemplars have the highest criterion values in the training set, the judgment is high. For the extreme subgroups, the judgment is not dominated by identical exemplars and other stored exemplars with criteria in the range gain a larger relative weight. The most similar exemplars receiving the largest weight, serve to pull the judgment below. For similar reasons, the judgments for the extreme subgroups are *higher* than for subgroups. The predictions for the extreme subgroups clearly differentiate between the two models with extrapolation and interpolation effects. In regard to old-new interpolation comparisons, cue abstraction implies the same process for "old" and "new" subgroups and there should be no systematic differences. With the exemplar model, on the other hand, old subgroups benefit from retrieval of identical exemplars with the correct criterion. Judgments for new exemplars, however, are pulled towards lower criterion values because of the higher summed similarity to exemplars with criterion values below. This implies larger absolute deviations in the judgments for new exemplars. Altogether, the constrained training set affords distinctive predictions by the two models.

3.0 Methodology
Design and Procedure
 Often a stimuli set contain subgroups of an object varied in terms of four binary cues. For example, washing powder with package (white or black), quantity (little/much (amount of washing powder that is required for one washing session), environmental certification (environmental sustainable certification/non environmental sustainable certification) and capacity (high/low clean wash in low temperature) as four binary cues. The cues had the weights .4, .3, .2, and .1. The weights determine the portion of the judgment (for example, the judgment could include price level) that each cue adds to the total amount of the judgment. Adding the weights of all cues with positive cue values (1) to the intercept .3 gives the total judgment amount of each subgroups of washing powder.

The multiple cue judgment task experiment contains a training phase and a test phase. The training phase consisted of an omitted stimuli set, which is presented repeatedly till the training phase is completed. In the training phase, the participants receive continuous feedback. In the test phase, all exemplars in the stimuli set is presented in random order. The participants make the same judgment as in the training phase, but received no outcome feedback. The omitted training phase and the complete test phase compose the ability to examine if the participants rely on cue abstraction or exemplar memory in the shape of extrapolation and interpolation.

3.1 Cognitive modeling
The cue abstraction and exemplar memory are fitted to the last 110 judgments in the training block where performance is close to asymptotic. If mental cue abstraction is the appropriate description of the participants, fitting the model to the training data provides estimates of the four cue weights that have been acquired in the training with feedback. The cue abstraction model with these parameters is then used to predict the judgments in the test phase with all sixteen exemplars. If the participants are using exemplar memory, fitting the exemplar model to the training data provides estimates of the attention weights established at the end of the

training phase with feedback. The exemplar model with these attention weights (similarity parameters) is then used to predict the judgments in the test phase with all exemplars within the stimuli set.

The results in a multiple cue judgment task are presented by *performance measures* (achievement, consistency and RMSE), *exemplar indices* (old-new difference) and *model fit*. The achievement is the % of correct judgments in both training and test. The consistency is the consistency between the same exemplars in the stimuli set in the test phase and RMSE is Root Mean Square Error between the same exemplars in the training phase. The exemplar indices are the old-new difference between the exemplars in the test phase. If the participants are relying on Exemplar memory the old-new difference is negative and significantly different from zero. *Model fit*. The models in Eq's 1 and 2 are fitted to the mean judgments (mean value) computed for the training exemplars in the training phase across the last 110 training trials and is presented by RMSD (Root Mean Square Deviation).

4.0 Discussion

In three multiple cue judgment task experiments Nordvall (2014; 2015) examined if a different levels of involvement purchase situation (high and low) is dominated by a specific cognitive process. The results support exemplar memory use in low involvement purchase situations and cue abstraction use in high involvement purchase. The interpretation that different purchase situations themselves are strong enough to create a use of one or another cognitive process which supports the idea that multiple-cue judgment tasks are suitable to examine consumer decision making process implies a new interesting thought of consumer rationality of maximizing consumers´ purchases. In summary, the new insights with multiple cue judgment are important to advance the theoretical framework of consumer behavior research field and to emphasize the utility for industrial life. The use of real time data not only show the outcome of a purchase decision, it also show the process behind the purchase decision which extend the opportunity for companies and retailers to pinpoint their marketing to consumers of interest.

5.0 Expected Contributions

In Multiple cue judgment task experiments we could examine different judgment attributes which could relate to other characteristics of the product by analyzing the relative weights the participants give the presented binary cues in the stimuli set. One possibility could be that, depending on which attributes the consumer has to make a judgment about, the use of the cognitive process could vary or change depending on how important the consumer think the attribute is or how motivated the consumer is to consider that particular attribute. The weights could than help companies to strengthen their marketing strategies by the knowledge of which attributes consumers think is important and consider during a purchase for a particular product category.

Multiple cue judgment tasks could also be used to predict consumer attitudes in a more unbiased way than before. Previous research has shown that the same brain area are used when relying the decision on Exemplar Memory as in attitude learning, which means intuitive and belief driven decision making process. This implicate that the use of Multiple cue judgment in consumer behavior studies could allow marketers to predict the attitude of a consumer for a particular product if the product imply the consumer to use Exemplar Memory or Cue Abstraction.

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Reflecting on Ethics in Netnographic Research

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Abstract

Netnography uses a mix of unobtrusive as well as interactive methods of research to study consumer behaviour online. The evolving technology has created greater avenues for researchers to apply different ethnographic methods online. However, it has also posed a number of ethical debates. This paper provides a reflective account of ethical dilemmas that were faced by me (researcher) while working on an ethics application using the methods of Netnography. It uses the context of the researcher's PhD research ethics application, to highlight the issues of domain, consent and privacy encountered while working on the ethics application. This paper contributes through the use of reflexivity to highlight the processual dilemmas faced in detailing the Netnographic methodology.

Keywords: Netnography, Reflexivity, Ethical Research

Track: Marketing Research Methods

1. Introduction

Where traditional marketing research methodologies are being supplemented by qualitative understandings of consumer experiences and choices, Netnography (Kozinets, 1997) allows insight through application of various ethnographic methods online. With the advancement in technology, the researcher has transformed from being a passive observer studying textual discourses (Kozinets, 2002), to an active participant using different media such as audio, video, gaming etc. (Kozinets, 2015). Hence, this methodology is gaining traction amongst qualitative researchers as it easily adapts ethnographic methods to technology changes.

Recent advancements in technology such as GPS (Global Positioning Systems), mobile applications and mobile internet allow access to real time data which enables phenomenological research of lived experience through Netnography. Use of different media, such as video and photos as data forms allow plural understandings of material, cultural and social relationships (Mkono, Ruhanen, & Markwell, 2015). In other words, long term and continuous exposure to lived experiences through different media allow researchers to understand the fluidity and depth of human social interactions in any given context, which is expedited and easily accessed online.

Therefore, the post-phenomenological concepts of studying non-representational[1] modes of thought (Cadman, 2009), embodiment[2] (Csordas, 1994; Harrison, 2000; Rakić & Chambers, 2012) and performativity[3] (Büscher & Urry, 2009; Nash, 2000; Tumbat & Belk, 2013) can all be researched online by applying methods of auto-netnography (Kozinets & Kedzior, 2009) and observant participation (McGreen & Arnedillo Sánchez, 2005; Moeran, 2009). Auto-netnography, similar to auto-ethnography, captures researchers' personal experiences in the field that in this case is the online platform. The observant participant method requires the researcher to actively participate as part of the group/ as an insider so that their perceptions are shaped accordingly. Observant participation is also employed during auto-ethnographic research in cases where the researcher is part of a group.

With the increasing ease of conducting such phenomenological research online, qualitative researchers are faced with gaps in underdeveloped methodological details (Xun & Reynolds, 2010). With the consumers now able to express through different media as well as platforms, researchers have a varied pool of resources. However, it presents a highly complex jigsaw for manoeuvring around ethical issues. Issues of access, definitions of private and public, integration of different type of data, informed consent, timelines of research, number of participants etc., are all case specific and do not allow for a single strategy to be followed by the researcher.

Being case specific, reflexivity in detailing the process allows other researchers to learn about the nuances of fieldwork. Reflective writing is a paradigmatic shift from the traditional writing processes encouraging the researcher's role in the research (Ateljevic, Pritchard, & Morgan, 2007). Despite its adoption in different fields such as geography, anthropology and sociology, its application in marketing is limited (Hackley, 2003; Mason, Kjellberg, & Hagberg, 2015). Mason et al. (2015) argue that reflective accounts supplement empirical investigation of marketing theories highlighting the process of 'how' they perform in certain situations. In case of Netnographic studies, where the processes and methods being played out in the technology arena are so diverse, reflective accounts of the research process are crucial to enhance the underdeveloped methodological details. This paper highlights the manoeuvring and negotiation necessary for conducting netnographic research ethically. It contributes to the processual discourse on Netnography through a reflective summary on completing an ethics application.

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[1] A mode of thinking which seeks to immerse itself in everyday practices of consumption and is reflected through different bodily movements.

[2] Behaviour of the body prior to reflexive or cognitive thought used to decipher the mental processes related to an experience

[3] Performativity studies the interaction of people within a given context, expressed through their actions and manoeuvres in social situations. For example, portrayal of the self through clothes, behaviour and talk as a woman can be classified as the performance of gender.

2. Research context and Positionality: Studying Tourist Experiences on Themed Routes

Before starting my PhD journey, I was always interested in qualitative research. I was exposed to Netnography as a qualitative research method during my first year and was intrigued. However, I did not look into it till the time I was deciding on my methodology.

My PhD research aims at investigating the value derived from themed route consumption. Themed routes are routes of national/state significance that link key destinations through a unique and unified theme portraying distinct experiences (Olsen, 2003). Examples include Route 66 in U.S., Great Ocean Road in Australia, and Santiago de Compostela in Europe etc. Though themed marketing is not a new concept, it's not been studied much in literature. I am interested in understanding how theming creates value in context of tourist routes. While reviewing the literature I was fascinated by how value were enhanced by mobility (Butler & Hannam, 2012; Quinlan Cutler, Carmichael, & Doherty, 2014; Urry, 2004; Zakrisson & Zillinger, 2011), presence of other tourists (Tumbat & Belk, 2013), the experiences that were undertaken and the theme itself (Arnould & Price, 1993; Caton & Santos, 2007; Lego, Wodo, McFee, & Solomon, 2002; Lynch, 2010). The question of how all these aspects in conjunction created a distinct experience led me towards using post-structuralist methodologies.

Influenced by the post-structuralist ideas of multiple realities (Foucault, 1954; Giddens, Giddens, & Turner, 1987), I am fascinated by how different experiences of tourists affect perceived value. Experiences are created through an amalgamation of various social, material, functional and sensory relationships which are not only described but also embodied and performed (Minkiewicz, Evans, & Bridson, 2013; Tumbat & Belk, 2013). Therefore, studying experiences, from the phenomenological understandings of performativity and embodiment became imperative for me as a researcher. I was excited to learn and apply these principles in my research. Hence, while formulating my methodology I decided to use mobile research methods including auto-ethnography and videography along with qualitative interviews. I decided to do my fieldwork on the 3000km long route connecting Darwin to Adelaide themed as the Explorer's way. However not until my supervisors pushed me towards exploring extant data online before starting fieldwork, I realized the value of Netnography.

There is an abundance of user generated content on social networking sites, blogs, groups, videos, photos as well as tourism websites that illustrate tourist experiences on themed routes. Hence, I decided to add Netnography to my methods as an exploratory exercise to gain preliminary understandings of how people derive value from consuming/experiencing themed routes in the specific case of the Explorer's Way.

3. Navigating Ethics

Before getting into the method of Netnography, I decided to break my fieldwork into 2 phases, one that would include offline methods and the other to include online methods (Netnography). This helped in structuring the fieldwork in a way that I could have two separate ethics applications for both phases of the fieldwork. Hence, I started with Netnography. Kozinets (2010) describes interviews, observation and participation as the broad methods to conduct Netnography. However, all these methods are so intertwined and dependent on each other that it is difficult to discuss them as separate for the purposes of ethics clearance. Observation could be conducted alongside or followed by participation, which could be again conducted alongside or followed by interviews. One could observe the

discussions on a group that are ongoing, as well as observe archives of past discussions of the same group; participate through liking and commenting as well as by asking open questions on the group. Hence I decided to seek ethics approval for multiple Netnographic research methods simultaneously, which included observation and participation.

Further, in this case the potential candidates first needed to be identified for interviewing, which required observing and / or participating in a group as preliminary steps. Online, this would be regarded as preliminary gauging/data collection and would require ethics clearance separately. Hence, I decided to separate the interview method into another stage and remove it from my ethics application. Now, my research consists of two phases, of which phase 1 has two stages. Stage 1 comprising observation and participation and stage 2 comprising interviewing.

3.1. Who are the participants?

It is important to understand who the participants are to decipher ethical boundaries. The major dilemma in Netnography is that as a researcher, you do not know who these people are. Not only could most users use pseudo names, but there is a good chance that they would not acknowledge their real age or gender. As most websites allow members from 14 years of age, you are never sure whether you should apply ethical guidelines pertaining to interacting with a child or not. All the more, in Australia, there are strictly regulated procedures to deal with research on children and special guidelines need to be followed. This also means that the ethics application will go through the full human ethics research committee, which is a lengthier process and could delay the estimated research timelines.

Additionally, if the researcher is interested in participating in privately moderated groups one would need to seek access to the group only given by the moderator who acts as the gatekeeper for the group and needs to be informed first. Hence the standard participant information sheet will need to be sent to the moderator who will then inform and seek consent from the members of the group simply to provide access to the researcher. However, if it's a forum/group (for eg. TripAdvisor), which anyone is free to join, these access rules do not apply. Hence, I decided to have another set of participant information email/message to be sent only to moderators and treated the moderator separate to a participant. This did mean that I had more appendices and information to be shared than in a traditional application.

3.2. Access to Data

There is no standard way of defining the domain of research in the case of Netnography. One would be searching through websites, but with the variety of data ranging from blog, video, photo, tweet, location, interest, group posting, personal message, listserv entry etc. it is extremely difficult to discuss ethical usage of each of these data points in simple words with an ethics committee. Additionally, each of these may follow different privacy guidelines based on the individual websites that these have been picked from, adding to the ethical dilemma of privacy and data access. Without getting into the continuing debate on public and private, I decided to use the individual website/company's privacy laws to assess whether I could access the information (public information) and use it or whether I had to seek individual permission. This helped me define information dissemination and consent seeking strategy for ethics clearance.

Hence, I decided to use the most basic form of online data point and defined it as a 'post', which included all data points together. I then segregated them in terms of 'publicly accessible posts' which did not require privacy authentications from individuals or

moderators for usage and 'private posts' that did. Hence, defining (in layman language) terms and processes helped me reduce any chances of confusion over type and nature of data for the ethics committee.

3.3. Information and consent – what, when, where, how?

The problem with accessing different websites with different privacy policies is that one needs to follow different protocols as well as timelines to inform and seek consent from participants. In the case of public groups and archived discussions one can straightaway seek informed consent for data usage from individual group members while in private groups one would need to go through the moderator and seek access to the data and then seek individual consent of group members in case of specific data usage. This required me to delineate different timelines and ways to first inform and later seek consent, which is different from a traditional information sheet and consent form. Hence, I had to devise introductory posts to be used as an information sheet as my first post entry into the group.

Non-traditional participant information sheets and consent forms are a given in Netnography. Xun and Reynolds (2010) typed the consent into the chatbox and sent it to the participant. Kozinets (2015) suggests using emails, personal messages as well as group messages to seek consent which should follow the mood of the group in terms of language. Though there is a debate whether publicly accessible data can be considered as secondary data or not, I thought it was better to side with the views of Kozinets (2015) to seek consent from individual participants in case I was quoting them or using their pictures or videos.

A real issue is in reaching the individual participants for consent. As most of the members of the groups may or may not be sharing personal emails on the group, the consent request might involve further stages. For instance, the researcher could put up a consent request to a participant on the group, to which the relevant participant could respond positively or negatively. In case the participant requires more information, the consent email/message would need to be sent separately and specifically to the participant.

3.4. Risks to research

Other than the risks to the participant that are minimised by following website/company privacy policies, there are potential risks to research. As informed consent is sought to enter a private group, it is always possible that access will be denied, as some people do not want the hovering/ analysing eye of the researcher on their private messages (Kozinets, 2015; Xun & Reynolds, 2010). Hence, the research risks loosing data from private groups if the researcher openly declares his/her intentions. Similarly, the presence of the researcher may cause withdrawal of participants or silence in public or open groups. This needs to be resolved by contacting greater numbers of groups, expecting at least one out of ten groups contacted would allow for researcher's participation. Secondly this risk can also be minimised by supplementing research with different methodology such as qualitative interviews with individuals from private groups (some people might be willing to have one on one interviews rather than discussing in a group).

4. Discussion

The need for understanding consumer cultures through Netnography has converted the world wide web into a field of research (Kozinets, 2015) in itself. However, while technological progress allows the use of phenomenological methods, there is lack of implementation of such methods due to a gap in processual details of such practices (Mkono et al., 2015).

Methodological reflective accounts help in understanding specific details and give a first hand review of the methods used, which is helpful in the adoption of new methods. Also such methodological analysis supports a performative stance in empirical investigations of marketing theories (Mason et al., 2015). This reflective discussion on the ethical dilemmas faced during navigating through the ethical constraints of conducting Netnography provides details of issues faced when researching online groups, blogs and other content. It brings out concerns regarding research design, planning and targeting, required to start any Netnographic research. Such reflection is beneficial for Netnographic researchers seeking ways to make use of performative epistemologies online.

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Using NVivo and Leximancer to Analyse Blog Content

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Abstract

With the rapid proliferation of social media in the last decade, the importance of understanding the nature of online consumer behaviour, particularly with respect to how consumers are using social media, has increased. The techniques and tools used to study social media is a growing area of interest and some areas remain underexamined in the literature to date. This study explores the use of software tools NVivo and Leximancer to analyse beauty blog content (specifically product reviews) within the context of netnographic research. The findings reveal that NVivo is well suited to analyse blog data in detail and Leximancer is useful to provide an overarching view of concepts within a dataset. We suggest that it is useful to use both tools in conjunction with one another when studying blog content.

Keywords: Netnography, Blogs, NVivo, Leximancer
Track: Market Research Methods Marketing

Introduction

The influence of information communication technology (ICT) mediated communication on consumer and co-consumer resource integration is a viable avenue to explore given the proliferation of information and communication technology over the last ten years (Baron & Harris, 2008). With the rapid uptake of social media in online communication over recent years, new opportunities to study these interactions have emerged (Scott & Munslow, 2015). Due to the sheer number of activities and actors involved in social media activity, marketers must begin to find ways of understanding and analysing social media content (Ngai, Tao & Moon, 2015). Our research provides a review of NVivo and Leximancer in conjunction with analysing user generated content, specifically beauty blog content (and focusing on product reviews). The aim of this paper is to contribute to the under-researched role of software tools for marketing research in an online environment. Our purpose is to contribute to and build the best practices for studying blog content. Our specific research question is: *How do NVivo and Leximancer facilitate blog content analysis?*
In order to answer this research question, the following objectives have been developed:
1. To understand how NVivo can be used to analyse blog content.
2. To understand how Leximancer can be used to analyse blog content.
3. To understand how the use of both NVivo and Leximancer can be used together.

Literature Review

NVivo 10 is designed to deal with rich text-based data. Its functionalities allow the researcher to develop, merge, and cross-code data as it is being analysed (Ozkan, 2004). NVivo 10 has a storage feature for memos and journals; this feature allows the researcher to record ideas and thoughts that may be used later when developing the findings. A manual cross-analysis was conducted prior to the NVivo software analysis in order to ensure rigor and robustness (Ozkan, 2004). NVivo is a commonly used software tool that qualitative researchers are familiar with using in the marketing disciple; therefore, for the sake of brevity, this literature review will predominantly focus on providing an overview of Leximancer, since it is less well known.

Leximancer (Version 4) is a popular text mining tool that has been used in more than 753 academic publications (Leximancer, 2011; Ribière & Walter, 2013). A wide range of studies across a number of different industries have used Leximancer as a tool to analyse data (Cretchley, Gallois, Chenery, & Smith, 2010; Cretchley, Rooney, & Gallois, 2010; Grech, Horberry, & Smith, 2002; Martin & Rice, 2007; McKenna & Waddell, 2007; Ribière & Walter, 2013; Watson, Smith, & Watter, 2005; Young & Wilkerson, 2015). Past literature has illustrated the use of Leximancer in analysing online discussion groups (De la Varre, Ellaway & Dewhurst, 2005), suggesting that Leximancer may be a suitable tool to be used to analyse large unstructured bodies of text in an online format such as blogs.

The overarching function of Leximancer is the embedding of concepts within themes and generation of thematic maps. Specifically, Leximancer employs proximity values to automatically identify and map major concepts and themes that exist within textual data (Smith & Humphreys, 2006). The software identifies families of terms that are used together in a text by analysing the word frequency and co-occurrence data. Words that occur frequently form concepts, and concepts are identified in sets of texts by Leximancer. Concepts are thus automatically coded in a grounded fashion.

The concept maps, rank-ordered concept lists and text query options allow the researcher to read instances of particular concepts to gain an understanding of their relationships (Leximancer, 2011). Moreover, concept maps visually illustrate the strength of association between the identified concepts and provide a conceptual overview of the structures of the data. Leximancer generates concept maps by grouping themes into circles which are representative of main ideas in certain clusters. The more frequently a concept appears with the data set, the darker it appears in colour on the concept map. The size of the concept point shows "connectedness", concept points are bounded by circles and the proximity between the concepts indicates the strength of association between concepts (Leximancer, 2011).

The nature of this software allows for high levels of interactivity when creating a concept-map. The researcher is able to tailor the parameters of the software to suit the data by excluding irrelevant concepts and focussing primarily on the most important ones, which can then enable the researcher to anticipate the projected results depending on the focus and scope of the research (Leximancer, 2011). This level of flexibility to manage the conceptual structure of the data set allows the researcher to interpret the results in light of the research purpose and question.

Research approach

For the purpose of this study we used netnography, a methodology which enables researchers to utilise techniques similar to those of ethnography in order to analyse online communities in a systematic manner (Kozinets, 2002; Belz & Baumbach, 2010; Sandlin, 2007). We used a two stage approach. In the first stage we carried out a nuanced, detailed analysis of the blog-based product reviews using NVivo 10. Then in the second stage we employed a broader analysis using Leximancer (version 4) to check if the ideas detected in the first stage hold true in a much larger sample.

Product reviews on beauty blogs were selected as the research setting. With 35.8 million bloggers listed, as being a "beauty blog" (http://google.co.nz/blogsearch), the beauty blogosphere has declared itself an important space for the circulation and production of beauty discourse (Rocamora, 2011). Beauty blogs have become a key source of information and interaction in the beauty and fashion industry (Ho, 2007). Theoretical sampling was used to purposefully select a rich sample in the initial stages (Coyne, 1997). The blogs that were incorporated into the analysis were based on five key elements which are length, interactivity, content type, user type and other factors that covered Kozinets' (2002) criteria. The blogs

selected for analysis covered a variety of elements to ensure a high level of quality in the data (see Table 1).

Table 1: Beauty blog selection criteria

Kozinets (2002) criteria	Factor	Characteristics
3, 4	Length	Includes short and long blogs (all blogs were a minimum of 200 words).
1	Number of product reviews	Includes single product reviews and multiple product reviews on one blog.
2, 4	Popularity/interactivity	Includes popular blogs as these are impacted by readership and kept well updated to give rich data.
4	Content type	Includes blogs with text and text with pictures/photographs.
3	User-type/Number of authors	Includes single-authored and multi-authored blogs.
3	Gender of blogger	Includes blogs written by both male and female.
3	Age range	Includes a wide age range of bloggers (starting from 16 years of age).
3, 4	Valence	Includes both positive and negative product reviews.
1	Review of product type	Blogs with a variety of different beauty-related products were selected. E.g. lipstick, foundation brush and moisturiser.
3	Ethnic blogs	Includes blogs from a variety of ethnicities (European, Indian, Asian and African-American).
3	Geographical blogs	Includes blogs from a variety of geographical locations (India, Asia, USA, and Europe).
3	Industry expert	Includes blogs that are written by someone who is trained in beauty such as a make-up artist. Please note: this is not a corporate blog; it is their own personal blog.
3	Speciality type blogs	Includes blogs with a clear proposition or purpose e.g. broke beauty blogger, beauty traveller blog, health beauty blog, mother beauty blog (maybe this comes under age), organic beauty blog, natural beauty blogs, etc.
3	Giveaways or affiliate links	Includes blogs that offer giveaways on behalf of a brand or company or contain affiliate links that direct a reader straight to the website where the product being reviewed can be purchased.

We used thematic analysis to examine the entire data set. The ultimate goal of thematic analysis is to uncover the patterns of meaning and the issues that exist in the data set (Braun & Clarke, 2006). We used the six-phase approach to thematic analysis put forward by Braun and Clarke (2006) using NVivo 10 and Leximancer to aid analysis of data.

The first step of thematic analysis is to become familiar with the data. At the start of the research process we read a variety of beauty blogs and carried out a manual in-depth analysis of three beauty blogs from the 35 selected through the blog selection process to record general ideas or themes detected. We then re-read the 35 beauty blogs to pick up any

additional ideas and themes. It is vital for the researcher to immerse themselves in the data to an extent where they are familiar with the depth of the data collected (Braun & Clarke, 2006).

The second step of thematic analysis is to develop initial codes. These initial codes are used to systematically code the data across the whole data set for interesting features and collect data relevant to each code (Strauss & Corbin, 1990). Strauss and Corbin (1990) define coding as an essential component of transforming unanalysed data into theoretical constructions based on social processes. Braun and Clarke (2006) explain that coding allows the researcher to identify features of the raw data that can be assessed in a meaningful way. Some individual extracts were assigned more than one code and cross-coded throughout the coding process. Coding was conducted manually and with NVivo software to ensure the coding process was accurate and consistent. It was vital to code consistently and systematically throughout the 35 beauty blogs in order to organise the data into meaningful groups.

The third step of thematic analysis is to sort through the different codes in order to assign them to potential themes (Braun & Clarke, 2006). We collated all of the codes and assigned them into potential themes. We carried out this process by examining the relationship between the codes, the levels of themes and the relationship between the themes.

The fourth step of the thematic analysis is to review the themes. The themes must be reviewed against the entire data set and coding any extra themes that the researcher may have missed in the earlier coding stages (Braun & Clarke, 2006). The researcher must reconstruct and review themes in collaboration with another researcher and take note of any differences between themes. This step ensures accuracy and credibility of the data being collected. The researcher must then organise and categorises the resulting themes to construct a story based on the participants' perceptions and experiences (Braun & Clarke, 2006). During this stage we used abduction to inform the themes generated. The themes were developed inductively from the raw data and deductively from the relevant literature and theory (Taylor & Bogdan, 1984). The themes were classified at a manifest level (direct observations from the data) and at the latent level (categorisation of issues underlying the phenomena) (Boyatzis, 1998). Systematic comparison looks at the similarities and differences across the data set (Spiggle, 1994). Accordingly, we constantly compared and contrasted each individual blog post against the entire data set of blogs to ensure the data collected was accurate and consistent.

The fifth step of thematic analysis is to name and define themes. This ongoing analysis of polishing and refining each theme enables the researcher to create clear names and definitions of each theme that is reflective of the overall story (Braun & Clarke, 2006). The naming and defining of each theme is established when the data set has been assigned with an acceptable thematic map. For each individual theme, it was necessary to establish what the theme "tells" how this theme is related to other themes, and how this theme contributes to the overall story and the research question.

The sixth step of a thematic analysis is to produce a scholarly report of the thematic analysis that contains the final analysis and a written report (Braun & Clarke, 2006). Thematic analysis involves constantly moving back and forth between the raw data, the coded extracts and the literature. The written component of a thematic analysis offers sufficient evidence of themes that exist within the data set. The extracts integrated within an analytical narrative go beyond merely providing a description of the data by also telling a story. The theoretical freedom of thematic analysis is that it can provide flexibility and enable the researcher to develop a complex and rich account of the data (Braun & Clarke, 2006; Nicholas & McDowall, 2012).

After using NVivo as our main analytical tool, we carried out a Leximancer analysis on the data from 35 beauty blogs. The Leximancer map and corresponding text units that was initially generated provided the researcher with a result that was too broad for interpretation

given the research question and was therefore of limited use. The unfiltered and unstructured blog content made it difficult for us to create meaning from the data and consequently to create bridging theory between the original data and the theoretical frameworks set out in the literature review (see Appendix 1).

We therefore decided that it was necessary to deconstruct the map in order to interpret the different parts of it. We divided the most significant concepts in the dataset generated by Leximancer into their respective 'themes' identified through the NVivo analysis in order to create maps. The concepts were allocated to NVivo themes based on a comprehensive vocabulary list formed from four key sources that determined which category they belonged to. The four key sources were Roget's Thesaurus (Jarmasz (2003) shows that Roget's Thesaurus is an exceptional resource for measuring semantic similarity), the NVivo data set, and the two seminal texts for this study. The vocabulary list developed was similar to the approach used by Starr (2011) to develop an authenticity-related vocabulary to aid scale development. The vocabulary list created for each theme was then checked by a peer researcher. We then identified key concepts to be used in the analysis for each NVivo theme to develop representative maps (see Appendix 2). The role of Leximancer was then to visually support and provide additional insight into the themes identified in the NVivo analysis.

Discussion and Conclusion

A goal of this study was for the researcher to explore the use of software in data analysis. We encountered some difficulties with Leximancer at the very start of the data analysis process. Leximancer is designed to provide information or insight into the main themes or concepts in a data set. While this feature is extremely useful for many forms of qualitative research, such as or in-depth interviews or even literature reviews where data is often structured and filtered in some form producing cleaner results, the blog content fed into Leximancer was unfiltered and unstructured therefore became difficult to interpret. We used NVivo to determine what the key 'concepts' or 'themes' in the data set were before returning to Leximancer to run a more controlled analysis. This controlled analysis enabled us to develop more meaningful results to be interpreted based on the NVivo analysis. Therefore, it can be concluded that NVivo is a useful tool for coding small amounts of data in a nuanced manner, while Leximancer can be used to deal with larger, unfiltered sample sizes once the researcher knows what they are looking for. The most significant contribution that can be offered by this methodology is that Leximancer can be used to build verification and trustworthiness into qualitative research. Gapp, Stewart, Harwood and Woods (2013) support this finding by asserting that Leximancer assists in providing a fresh set of eyes to issues that arise out of human preconceptions thereby creating a level of verification and trustworthiness through its analysis.

Conclusion

This study has adopted a netnographic approach to analysing blog content. The study explores the use of NVivo through manually coding unstructured data in order to arrive at key themes. It then employs the use of Leximancer to validate those themes identified through the NVivo analysis. The study concludes by noting that NVivo and Leximancer are useful tools in analysing blog content as they provide a detailed analysis of the data as well as a big picture view of the data. Through the use of NVivo and Leximancer, this study illustrates that NVivo can be used for coding in a smaller sample to determine themes. Leximancer can then subsequently be used to visually support and provide additional insight into the themes identified in the NVivo analysis, on a larger sample size. The use of these tools in this research contributes to academia by demonstrating how two popular software

tools can be used together to analyse small and large amounts of online content. Qualitative researchers can use these software tools to approach data analysis in a different manner for future studies.

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Appendix 1: Initial Leximancer analysis map
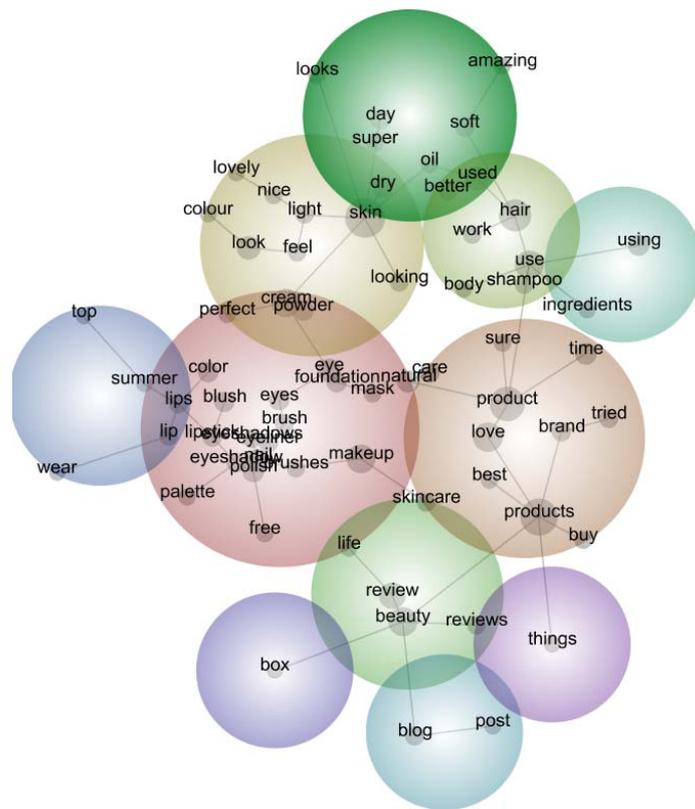
Appendix 2: Guided Leximancer analysis
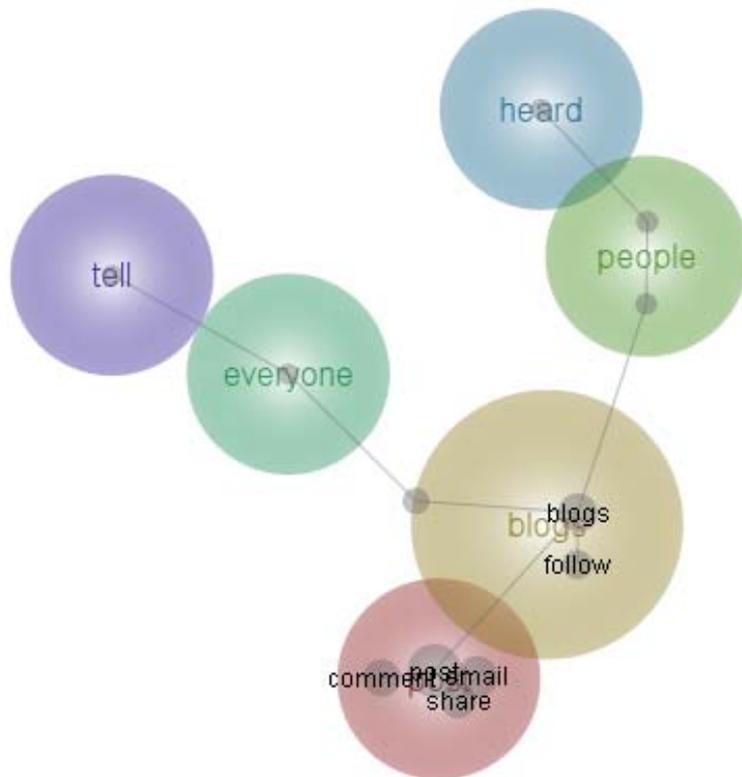
Whither PLS
Should calls for abandonment be taken seriously?

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Abstract

There has been recent debate regarding the validity of using Partial Least Squares for Path Modelling (PLS-PM). Reasoning and simulation evidence presented has lead some authors to believe that PLS-PM should be abandoned *completely*, in favour of more suitable alternatives, namely covariance based Structural Equation Modelling (CB-SEM). Proponents of PLS-PM have claimed to have refuted the charges, but (supposedly) independent judges remain unconvinced and have called for more simulation evidence.

This study heeds that call in two ways: (1) the author is genuinely disinterested; and (2) it includes experimental conditions that more closely resemble situations that most practising analysts deal with (i.e. complex models and discrete variables). Results indicate that PLS-PM model diagnostics perform worse than CB-SEM. However, more simulation studies are needed before anyone could justifiably claim that PLS-PM is definitely inferior to CB-SEM.

Introduction

Partial Least Squares (PLS) has gained popularity in recent years for those interested in modelling the relationships between latent or constructed variables, i.e. structural equation modelling (SEM), apparently in reaction to the (perceived) shortcomings of covariance-based structural equation modelling (CB-SEM). Using the PLS model for SEM is known in some circles as PLS-PM (path modelling).

One of the major attractive features of PLS-PM is its (claimed) lower sample-size requirements. This is due to the block structure of PLS-PM, where the relation of each latent variable to its associated manifest variables (the relation may be reflective, known as Mode A, or formative, known as Mode B) is estimated by OLS regression. So the required sample size is simply the value for OLS regression for a given effect size and power (Cohen, 1988) for the latent variable with the most indicators. It is also commonly assumed that PLS-PM is suitable when the observed data cannot be assumed to be drawn from a multivariate Gaussian distribution. Although CB-SEM can be used in the latter situation, available approaches typically require larger sample sizes. So the fact that PLS-PM has been claimed to be suitable for both low n and non-Gaussian data makes it a very attractive addition to the analytical toolbox of the practising market researcher.

However the claims of superiority of PLS-PM over CB-SEM in the case of small samples and non-Gaussian observed variables have not gone unchallenged. Recently an academic debate has erupted over the merits of PLS-PM. McIntosh, Edwards, and Antonakis (2014) summarised the debate between Rönkkö and Evermann (2013) and Henseler et al. (2014). The present article summarises those issues and offers some evidence from a simulation study that may help resolve some of the open questions.

Literature

PLS was invented by Herman Wold, the doctoral supervisor of Karl Jöreskog, the inventor of CB-SEM (Jöreskog & H. Wold, 1982) as an alternative to covariance-based CB-SEM for situations where the available data does not meet the requirements of CB-SEM, namely reasonably large samples (in the hundreds), and multivariate Normality. PLS was further developed by Herman Wold's son, Svante Wold (S. Wold, Sjöström, & Eriksson, 2001). PLS-PM is attractive for many practising researchers due its more close fit of the mathematical model with the data that many of us have to analyse. However, although it has been around for at least as long as CB-SEM, the statistical theory of PLS-PM, and methods of diagnostics and validation are much less developed that that for CB-SEM. Indeed, McIntosh et al. (2014, p. 211) claim that newer methods for model estimation and testing are "still in their infancy."

A PLS model can contain all Mode A (i.e. reflective) latent variables, all Mode B (i.e. formative), or a mixture, known as a MIMIC model. However a limitation is that an individual latent variable cannot have a mixture of formative and reflective indicators. Moreover, a single manifest variable cannot have a path to more than one latent variable. For more on PLS-PM, see Esposito Vinzi, Chin, Henseler, and Wang (2010), Abdi, Chin, Esposito Vinzi, Russolillo, and Trinchera (2013) and also Hair, Hult, Ringle, and Sarstedt (2013) for a managerial/marketing focused primer.

Some scholars have fiercely criticised PLS-PM, some even advising abandoning it completely (in favour of superior alternatives: CB-SEM). McIntosh et al. (2014) summarised the issues, especially the rather heated academic debated between Rönkkö and Evermann (2013) and Henseler et al. (2014). McIntosh et al. (2014) claimed to be dispassionate observers of the debate, and while they concluded that there some issues that were still open questions, they sided with the critics overall. It should be noted, however, that one of the supposedly dispassionate judges (Antonakis) had previously published on one side of this debate, writing "...there is no use for PLS whatsoever ...We thus strongly encourage researchers to abandon it" (Antonakis, Bendahan, Jacquart, & Lalive, 2010, p. 1103). The key issues discussed, and conclusions, are summarised in Table 1 in McIntosh et al. (2014). Readers interested in these and other issues may also wish to consult Marcoulides and Saunders (2006) and Hair, Sarstedt, Pieper, and Ringle (2012) for earlier summaries and guidelines for best practice. Space restrictions preclude a discussion of these issues here.

**(a)** Common   **(b)** Composite A   **(c)** Composite B
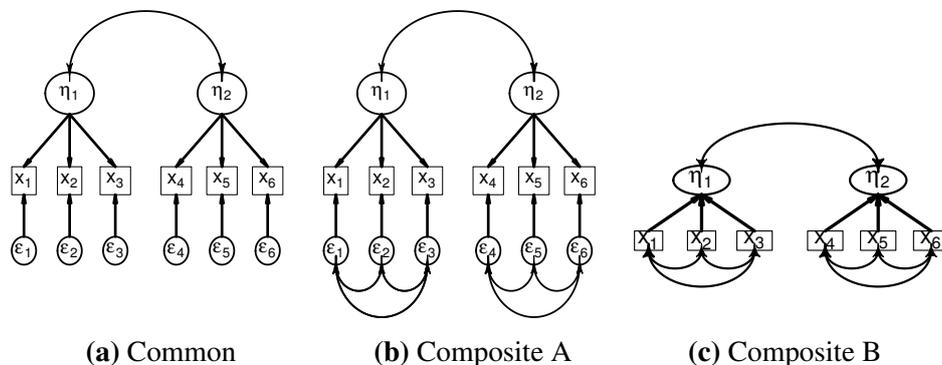
Figure 1: Common factor model, and Composite A & B

Many of the issues hinge upon the meaning of latent variables, and the relationships between each latent variable and its associated observed variables. Henseler et al., 2014

claimed to have refuted many of the claims about PLS-PM on the basis that the critics did not understand that PLS-PM is based on the concept of the *composite factor* model, and not the more familiar *common factor* model. Figure 1 illustrates the distinction between the common factor model and composite factor model, the critical difference being the correlation between manifest variables. Henseler et al. (2014, p. 185–186) explain that the core statistical model for PLS-PM is the composite factor model, which is a more general case than the common factor model, because it explicitly allows for correlation between the observed variables. In OLS regression, this is usually regarded as a problem—multicollinearity. However McIntosh et al. (2014) dispute that description of the composite factor model, and claim that the correct one is that depicted in Figure 1c, i.e what is normally known in the CB-SEM literature as a formative construct.

This debate may seem somewhat esoteric to some researchers, however other issues are core to the heart of the practising researcher, especially whether (a) the statistical model can unbiasedly estimate the parameters of the model; and (b) whether various statistics calculated from the estimates (e.g. χ^2-based fit indices, Composite Reliability, AVE etc.) have their claimed properties and uses, particularly their ability to detect mis-specified models.

These questions can only be answered by simulation studies. Both Rönkkö and Evermann (2013) and Henseler et al. (2014) summarise previous studies, but it is notable that most of them did not include realistic models in their experimental conditions. That is, models were simple in the sense that they usually included a very small number of latent variables (two or three) with a small number of indicators (three or four) each. Typical Marketing and Management models have at least twice as many latent variables and very often have more than four indicators. This issue was identified by Henseler et al. (2014), however in their simulation study they only included a model marginally more complex than those that they criticised (four latent variables with only one path between any pair, and all paths with the same coefficient).

However an important issue seems to have been overlooked by those involved with this debate. Most simulation studies generate real-valued variables from theoretical statistical distributions, e.g. multivariate Normal. However most data that practising researchers in the social sciences deal with are discrete, most commonly rating scales, which typically have only five or seven values, and that are often highly skewed (especially satisfaction studies). How well PLS-PM and CB-SEM perform under these conditions appears to be under-studied.

Hence the aim of the research described in this paper is to add to the body of simulation evidence by replicating and extending the results of Henseler et al. (2014) by including a real marketing model—The European Customer Satisfaction Index (Fornell, 1992) —and simulating data from a population that closely imitates real-world data. See Tenenhaus, Vinzi, Chatelin, and Lauro (2005) for an examples of previous analysis of these data with PLS-PM. In contrast with the studies cited above, the ECSI has seven latent variables and 21 (structural) paths.

Methods

This is a replication and extension study, but it does not aim to replicate *all* the results of previous research, merely enough to ensure that new results will be genuinely comparable. To that end, the same software that the original authors used was employed. Firstly, the simulation results presented in Rönkkö and Evermann (2013) and Henseler et al. (2014) were reproduced before attempting to extend them. **R** (R Core Team, 2015) was used for all analyses. The **R** packages plspm (Sanchez, Trinchera, & Russolillo, 2015) for PLS-PM and lavaan (Rosseel, 2012) for CB-SEM were used for the simulations in Rönkkö and Evermann (2013). (Since the publication of that paper, Mikko Rönkkö has developed a

new PLS package for **R**, matrixpls, (Rönkkö, 2014), which was used for the simulations reported in this paper.) Henseler et al. (2014) also used **R**, with the semPLS (Monecke & Leisch, 2012) package for PLS and the sem (Fox, Nie, & Byrnes, 2015) and lavaan packages for CB-SEM. There were some differences between their simulation results, and this may be due to the fact that they were using different methods of creating simulated data as well as different software (semPLS vs plspm). Neither paper describes their method of data generation in sufficient detail to be assured of data-level replication. However the lead authors of both studies, Mikko Rönkkö and Jöerg Henseler, have graciously supplied their data-generation code for use in this study.

For the first extension part of this study, new code was written to transform real-valued inputs from multivariate data-generation routines into discrete variables, in order to mimic the properties of semantic differential or Likert scales. Specifically, the inputs were cut at the values -1.25, -0.25, 0.25 and 1.25. It is acknowledged that this coding is somewhat arbitrary, however both graphical and numerical inspection and comparison of input and output distributions appear convincing.

For the second extension, data were simulated for the ESCI model. Coefficients were set as rounded values (to the nearest 0.05) from previous analyses (Tenenhaus et al., 2005). These paths are a mix of significant and non-significant, ranging from 0.05 to 0.56, with the lowest significant path value being 0.49. There are 12 structural paths in the ESCI model. The **R** package simsem (Pornprasertmanit, Miller, & Schoemann, 2015) was used to generate the data for this extension. The advantage of using simsem to generate the data, matrixpls to implement PLS-PM and lavaan to implement CB-SEM is that they can all accept lavaan syntax as input, reducing the chance of coding error and facilitating further replication by standardisation of known software, rather than writing custom code. All code used in this study is available on request.

Results

Various fit statistics proposed for latent variable modelling are designed to detect model misspecification. If their values are below/above the cutoff criteria, the model is usually deemed unacceptable and should be modified. The descriptive statistics of fit indices from the simulations of Model 1 of the previous studies (Rönkkö & Evermann, 2013; Henseler et al., 2014) and from this study are shown in Table 1, to assess replicability.

Model	n	Statistic	Cut	This study		R&E		Henseler et al.	
				Median	% OK	Median	% OK	Median	% OK
1	100	CR	0.7	0.940	98.8	0.940	98.9	0.844	97.4
		AVE	0.5	0.645	98.2	0.646	98.2	0.645	97.0
	PLS	F-L	0	0.562	100.0	0.563	100.0	0.563	100.0
		SRMR	0.08	0.090	11.8	0.090	13.6	0.091	–
	CB-SEM	$\chi^2 p$	0.05	0.464	94.0			0.469	94.8
		SRMR	0.08	0.044	98.6			0.045	98.5

Table 1: Replication of previous work

The cut-off criteria for acceptable model fit used to count the proportion of models judged "acceptable" are AVE > 0.5, CR > 0.7, AVE $- \max(r^2) > 0$ (Fornell & Bookstein, 1982) and SRMR < 0.08 (Hu & Bentler, 1999). It seems clear from these results that the current study has replicated previous work. Now the extensions can be evaluated with confidence.

Table 2 shows results the first extension of previous work: using discrete instead of real-valued data for the simulations, to more closely model real-world data.

Model	n	Statistic	Cut	Metric		Discrete	
				Median	% OK	Median	% OK
1	100	CR	0.7	0.940	98.8	0.924	95.4
		AVE	0.5	0.645	98.2	0.615	94.2
	PLS	F-L	0	0.562	100.0	0.529	100.0
		SRMR	0.08	0.090	11.8	0.098	5.2
	CB-SEM	$\chi^2 p$	0.05	0.464	94.0	0.463	94.4
		SRMR	0.08	0.044	98.6	0.045	97.8

Table 2: Model 1 with metric and discrete data (extension 1)

Comparing the proportion of models that are judged acceptable by the various quality criteria, we can see that PLS suffers from analysis of discrete data more than does CB-SEM for the model considered here. However, as noted, Model 1 of Rönkkö and Evermann (2013) is very simple and unlikely to be representative of many models that would be estimated in practice, and Model 4 of Henseler et al. (2014) is only slightly more realistic.

		Correctly specified				Incorrectly specified			
		Metric		Discrete		Metric		Discrete	
		Med	OK	Med	OK	Med	OK	Med	OK
	CR	0.74	79.4	0.71	64.4	0.70	53.4	0.69	35.0
	AVE	0.43	2.4	0.40	0.0	0.39	0.0	0.37	0.0
PLS	F-L	0.21	99.6	0.19	99.8	0.08	88.8	0.09	92.0
	SRMR	0.08	19.4	0.09	1.6	0.11	0.0	0.10	0.0
	RMS_θ	0.07	84.2	0.08	69.8	0.10	0.6	0.09	1.6
	SRMR	0.07	91.4	0.08	78.6	0.10	1.7	0.10	3.1
SEM	RMSEA	0.04	100.0	0.04	100.0	0.07	86.4	0.06	95.8
	$\chi^2 p$-val	0.10	64.0	0.07	57.2	0.00	0.2	0.00	1.8
	RMSEA p-val	0.88	100.0	0.83	99.8	0.02	35.7	0.08	56.7

NB: for the incorrectly specified models, lavaan failed to converge 21 times with metric data and 49 times with discrete data.

Table 3: ECSI models with metric and discrete data (extensions 2 & 3)

Accordingly, Table 3 shows results from the ECSI model estimation, but this time also comparing a correctly specified model with an incorrectly specified model. Again comparing the proportion of models judged acceptable by various criteria, we can see that both methods are less likely to judge a more complies (but entirely typical) model acceptable, but again CB-SEM is more likely to judge a correct model acceptable.

It is also critical that quality indices reject an incorrect model. Hence the ECSI model specification was alterered such that the measurement model was wrong: items 4–7 for Quality were allocated one each to Expectation, Value, Satisfaction and Loyalty. This model is shown in the "Incorrect" columns in the table.

We can see from the results summarised in Tables 1–3 that for a simple and correctly specified model, PLS-PM fit indices are more affected by discrete observed variables than are CM-SEM indices. For a more complex, but still realistic, model, the PLS-PM indices correctly reject the model, however the RMSEA based CB-SEM indices are disturbingly

high (i.e. they are false positives of model acceptability). The test of exact fit and SRMR perform much better, but they under-perform for the correct model. Note also that discrete data increases error rates in all four experimental conditions, i.e. it makes a correct model more likely to be rejected and an incorrect model more likely to be accepted, as expected. Although expected, now we have some evidence of the likely magnitude of the problem.

Discussion and conclusions

Simulation studies are inherently atheoretical and great care should be taken when considering whether the results of any one study can be generalised. But it is extremely important to perform them, and also to explicitly build upon previous work, in order for a true body of knowledge to accumulate. This study has built upon previous work, first replicating it to ensure comparability, and then extending it to remove unrealistic assumptions. The results indicate that, within the class of models and the single sample size reported here ($n = 100$), PLS-PM is no "silver bullet", in terms of the ability of the most commonly used heuristics to judge a correctly specified model as acceptable. If one adds to this finding the commonly known and widely accepted fact (even among PLS-PM boosters) that PLS-PM parameter estimates are biased and inconsistent, it is difficult to accept the supposed adavantages. One claimed advantage of PLS is that it requires no distributional assumptions on the observed data. More simulation work is needed to verify these claims, because it seems as though the theoretical advantages of PLS-PM may not be likely to obtain in practice. However PLS-PM has a lower rate of false positives than does CB-SEM (for these models), but how that should be interpreted is not clear (e.g. for SRMR, %OK was already low for the correct model). Space restrictions mean that only a small proportion of the results of this study can be reported here, therefore future publications will report on the distribution of both parameter estimates and fit statistics. The most important priority for other researchers, however, remains a large-scale programme of simulation research to investigate the performance of model fit heuristics under conditions likely to be encountered *in practice*.

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MARKETING RESEARCH METHODS

ABSTRACTS

Big Social Data and Social Media Analytics: Tools for exploring Social Media Engagement Behaviour

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Abstract

Social media has enabled hundreds of millions of people to share their opinions, thoughts and feelings with each other, as well as with brands, providing a trail of data detailing interactions and conversations for businesses to explore and understand. This data, termed 'Big Social Data' has enabled academics and marketing practitioners access to the conversations, images and videos that consumers create, upload and engage with through social media. Access to this data has disrupted traditional approaches to customer relationship management, causing organisations to carefully consider how to build insights from the large quantities of data available through social media. This paper explores two software programs designed to extract social CRM data from Facebook; Facebook Insights and NCapture, and demonstrates how they are valuable tools for social media data collection and analysis. We demonstrate how such data can be manipulated and analysed to enhance our understanding of social media engagement behaviour.

Keywords: Big Social Data, Social Media Analytics, Social Media Engagement

Track: Marketing Research Methods

Studying Marketing History to Determine its Future:
The Problem Solving Historical Analysis Marketing Model

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Abstract

Casting a critical eye over the history of marketing thought affords marketing scholars with the opportunity to evaluate the discipline and to enhance the academics', students' and practitioners' understanding of marketing. Applying an historical analysis model could lead to the development and evolution of the discipline particularly in terms of marketing theory with associated implications for the study, teaching and practice of marketing within organisations and society. This paper promotes the use of historical analysis in marketing through the development of the Problem Solving Historical Analysis Marketing Model.

Keywords: Marketing History, Marketing Research Methodology

Track: Marketing Research Methods

Discrete Choice Experiments in Marketing: A Meta Review

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Abstract

This paper reviews thirty years of research using Discrete Choice Experiments (DCEs) in marketing. The first journal to publish a DCE was the Journal of Marketing Research in 1983. Since then the "top four" marketing journals have published forty-three papers with empirical DCE studies. DCEs have become an established tool in the marketer's toolkit. This warrants a review of the method's usefulness, potential issues for empirical work, and areas for future research. We review each paper's research questions, empirical DCE design decisions, and analysis techniques. In total we assess twenty-three characteristics for all forty-three papers. Based on the review, the authors discuss the state of "best practice". We find that marketers have diverged from practice in other disciplines and identify areas for further research.

Keywords: *Discrete Choice Experiments; Choice-based Conjoint; Meta-Review; Marketing Research Methods*

Track: *Marketing Research Methods*

Personal computer, smartphone or tablet?
Differences in web survey device use, device preference and completion rates.

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Abstract

The market research industry is struggling to recruit representative samples of participants and to ensure that respondents who started a survey finish it. The paper investigates whether the availability of mobile devices to complete web surveys worsens the above problems or, rather, represents a key to solving them. Results from two independent studies – one based on observed past device use and observed past survey completion behaviour, and one on stated device preference – indicate that (1) the personal computer continues to be the dominant device for web survey completion, (2) stated device preferences point to an increased future demand for surveys that can be completed on smartphones and tablets, (3) survey completion rates vary across devices, and – critically for the validity of web surveys – (4) device use in the past, stated device preference and device-dependent completion rates are significantly associated with respondent's socio-demographic characteristics.

Keywords: *Survey Response Rates, Representativity, Mobile Device*

Track: *Marketing Research Methods*

MACROMARKETING AND MARKETING AND PUBLIC POLICY

FULL PAPERS

Marketing Systems: Back to the Future

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Abstract

The past has a significant impact on the structure, functioning and values of a contemporary marketing system. In order to advance the marketing literature there needs to be theoretically informed studies of marketing systems. The past is not simply background; path dependency shows us how events and choices made in the past dictate future possibilities. However, it is not enough to say history matters, the influence of power, social mechanisms and market structures need to be considered. This conceptual paper presents a framework for a theoretically informed analysis of marketing systems, combining Mechanism Action and Structure (MAS) Theory and path dependency.

Keywords: Marketing Systems, Path Dependency, Macromarketing

Track: Macromarketing

1.0 Introduction

> "where you can get to depends on where you're coming from, and some destinations you simply cannot get to from here. [It is important to understand] how history smooths out some paths and closes others off" (Putnam, Leonardi, & Nanetti, 1994, pp. 179, 181)

Why is it that some markets develop and proliferate, whereas others flounder or never really seem to grow? Similar questions were asked by Layton (2009) in his article on economic growth and quality of life and although we have some insight, the questions continue to be asked. Layton (2009) suggests that in order to understand the growth of marketing systems, one must consider issues such as: willingness to innovate, the evolution of trust and cooperation, specialisation and division of labour, the emergence of formal and informal institutions and the impacts of technology and knowledge. However, as suggested by the quote at the outset of this paper, history matters and has significant potential to enhance our comprehension (Sewell, 1996). Examining the history of a marketing system is key when considering how social norms, policies and business practices are formed and localised.

The marketing systems literature has become increasingly sophisticated in the way marketing systems are analysed. Specifically, it has advanced from a static perspective towards a dynamic viewpoint and now takes into consideration a wider range of influences than structure, function and economic rationality. Contemporary marketing systems theory,

specifically the Mechanism Action & Structure (MAS) Theory urges analysts to consider the social mechanisms and power dynamics at play in addition to the structure and function of a marketing system. The particular path taken in the evolution of a marketing system is influenced by many considerations, including the beliefs and norms held by the community, formal and informal rules, complex networks of exchange, governance structures and changes in technology. Opportunities and constraints are created by geography, the local resources, physical infrastructure, ease of access and of course, the cumulative effects of history (Layton, 2011). Hence the need for two simultaneous theoretical frames: path dependence and the MAS Theory.

First, path dependence seeks to connect the present to the past and demonstrate how decisions faced in any context are limited by choices made in the past (Raadschelders, 1998). Adopting a path dependency approach is an attempt to characterise the historical sequences in which contingent events set into motion patterns that have deterministic properties for a marketing system (Mahoney, 2000). Similar to studies of the history of science, the goal here is not historical completeness but clarification of the processes at work (Sloan, 1985). The path dependency approach is contrary to the Whig approach to history, which suggests that the past is a predictable progression towards enlightenment (Mayr, 1990). It was Kuhn (1962) who first challenged this thinking, in his seminal work that studied how progress occurs. Kuhn suggests instead that progress can be characterised by alternating phases of "normal" and "revolution". During the revolutionary phases there is turmoil, followed by breakthroughs, leading to normal phases, until turmoil strikes again. The second theoretical frame is MAS Theory, which studies the dynamics of exchange, with particular attention to the structure and functioning of the system, the power dynamics and the social mechanisms at work.

There will always be a time lag in the realization of consequences as a marketing system interacts with the environment or the community and the reverse. Time lags create the potential for path dependency, consequently it is important to study a marketing system over time. Time brings feedback loops into focus; which are important dampeners and amplifiers of behaviour. At the core of path dependence is the dynamics of self-reinforcing mechanisms (Sydow, Schreyögg, & Koch, 2009). MAS Theory provides a dynamic perspective, recognising that a marketing system is not a static thing - it has evolved, it is path dependent and it will continue to evolve. In particular, MAS theory pays attention to three key interacting areas (Layton, 2015b). They are:

1. The functions, structures, objects and relationships that demand, facilitate and are involved in the emergent networks of individuals and entities (actors), which are involved in exchange (marketing system)

2. The actors involved, their position in marketing and adjacent systems, the resources they possess and how they use them (action fields)

3. The interactions between people and things, created by the market system and action fields that continue to drive it to function in a particular way (social mechanisms)

This paper is structured as follows: first, a brief discussion of prior historical studies in marketing, followed by an explanation of path dependency and MAS Theory, finally a discussion of the implications. This paper shows how combined MAS theory and "lock-in", a metaphor for path dependency, advance our understanding of marketing systems.

2.0 Conceptual Development

Research on marketing systems, historical marketing studies and path dependency laid the foundation for this work. Collectively prior work reveals the interdependence between the present and the past and it's usefulness in determining future decisions (Miracle & Nevett, 1988). However, there is an absence of theoretically informed historical studies. In the following sections, the different historical approaches to marketing issues will be described revealing the key questions that have guided this paper and suggest a trajectory for future research.

Historical research in marketing is not a dominant stream of work. This is not to say that it is not important or of interest to marketing scholars, as there have been numerous calls for further work in this area (Cross, 2002; Goulding, Shankar, Elliott, & Canniford, 2009; Jones & Monieson, 1990; Savitt, 2009; Smith & Lux, 1993; Witkowski, Jones, & Belk, 2006). Marketing history has intrinsic value and can provide a new dimension for decision making, with the qualification that the past is not predictive (Savitt, 2009). There have been a number of studies that have provided analysis of the past, however this alone is insufficient. Rather there must be a contribution to future decision making, theoretical or conceptual development as well (Witkowski et al., 2006).

Examples include, a comparative history of self-regulation in advertising was conducted by Miracle and Nevett (1988), focusing on the US and Great Britain in an effort to identify what factors were important in determining their present position. This study situated the advertising industry more broadly within the political and economic context, demonstrating the significant influence of context on self-regulation. Unfortunately, the paper failed to deliver on its promise to tease out clear implications for future decisions. Goulding et al. (2009) conducted a study blending historical research with behavioural, cognitive and social studies. Similar to Miracle and Nevett (1988), the historical element of the study served to help understand how a particular community came to be the way it is. Although not strong on implications, this paper contributed theoretically, demonstrating how historical research can be useful in a multi-disciplinary approach. Historical research has often been used within a multi-disciplinary approach to understand how and why particular consumption communities have come to bear (Belk, 1984; Belk & Tumbat, 2005; Irwin, 1973; Thomas, Price, & Schau, 2013). More recently, Maixé-Altés and Castro Balaguer (2015) produced a fifty year study of Spanish grocery retailing, uncovering the endogenous and exogenous influences that contributed to modernizing food distribution. This study was an insightful analysis of what has occurred and why, however, perhaps due to lack of scope, it did not extend to consider what the past means for the future, or how the knowledge could be used to help current thinking or decision making.

Path dependency and the concept of lock-in, in particular has powerful explanatory ability for the study of marketing systems since it stresses the importance of history, sequencing and institutional context. It is important to highlight that Djelic and Quack (2007) distinguish between weak and strong path dependency. Weak path dependency is the idea that earlier events will affect later ones, whereas strong path dependency, the type of interest to this study is one, which "characterizes historical sequences in which contingent events set institutional patterns with deterministic properties into motion" (Djelic & Quack, 2007, p. 161).

Path dependency helps to explain how a set of decisions faced in any given context is limited by choices made in the past, even though that context may be irrelevant to the current situation (Sewell, 1996; Sydow et al., 2009). However, it is not enough to say that history matters, this is too broad. The work of Sydow et al. (2009) has identified three distinct stages of path dependency. Highlighting the importance of sequencing since, when things happen, affects how they happen (Abbott, 1983). That is, "the trajectory of change up to a certain point *constrains* the trajectory after that point" (Kay, 2005, p. 553). These constraints have been referred to as "lock-in". It helps to think of the three stages as a funnel, broad at preformation, narrowing to lock-in (Sydow et al., 2009):

1. Preformation – at this point the future is unclear and possibilities are broad, decisions made during this time, ignite the process
2. Formation – the dynamics of self-reinforcing processes begin to emerge, increasing returns will be a major driver, the range of options will begin to narrow
3. Lock-in – the dominant decision pattern becomes deterministic and choices are bound to a particular path

3.0 MAS Theory

MAS theory has been formulated to analyse the processes underlying stability and change in marketing systems to study the how and why of exchange processes that lead to formation, growth and transformation. This theory also addresses issues of agency and structure, seeking to uncover linkages between micro actions and meso or macro level phenomenon. Structure is critical to understand, since it is a key determinant of the performance of the marketing system and it shapes the choices made by participants (North, 1990). There have been calls from the literature for further empirical specification of this relationship between agency and structure, since to date much of the work is abstract and theoretical (Fligstein & McAdam, 2012).

The MAS Theory weaves together three key theoretical frameworks to form an integrated theory to explain this phenomenon (Layton, 2015b). The first prong of the theory, representing the 'M' of the name, is concerned with social mechanisms that underpin exchange. The 'A', is a theory of 'action' of the key actors, conceptualizing the system as an action arena. The third underpinning, the 'S', draws from marketing system theory and concerns the 'structure' and function of a marketing system which includes both tangible and intangible infrastructure of the system and the outcomes.

Until recently the marketing systems literature focused on: pinpointing multiple perspectives, identifying their influences, categorizing the structure and function and discovering the outcomes of the system, which often involves multiple outcomes depending on the focal system studied, the boundaries specified and the actors perspective adopted. Absent from this theory are the tools required for a more dynamic analysis. Although the studies in this tradition have given some attention to the processes at play, this has occurred to varying degrees and the approach has been fragmented. However, to advance the practical relevance of marketing systems theory to community and policy makers alike, we need to understand the consequences of interactions between actors with mutually inconsistent aims, 'how' a particular configuration of marketing system came to be, and due to the impact of path dependence, this needs to be studied over time – see Figure 1.
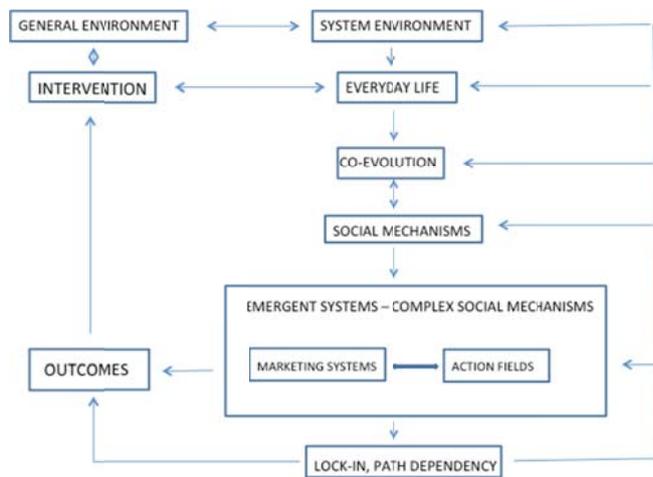
Figure 1. MAS Theory – Generalized Value Exchange Mechanism (Layton, 2015a)

Two key areas in particular need to be considered to enliven marketing systems theory and enable a dynamic analysis, after all a marketing system is comprised of people and things created by people. The first key area is the social mechanisms (Figure 1), arising from interactions co-evolved from everyday life that drive the system. Marketing systems are institutional structures that ultimately reflect beliefs accumulated over time (North, 1990). There are four primary social mechanisms critical for understanding a marketing system, they are co-evolution (of beliefs, ideas, behaviours and practices), trust (co-operation), exchange (specialization & scale) and emergence (the way patterns of self-organizing behaviour have come about) (Layton, 2015b). Identifying these mechanisms will help us trace how and why particular practices have emerged as evolving consequences of the actions of individuals, groups and resources. That is, social mechanisms seek to explain "why acting the way they do, they bring about the social outcomes they do" (Hedström, 2005, p. 14). The use of the term practice is to signal that we are referring to repeated behaviours at a micro level that accumulate to self-organize or form a practice at a meso level, not isolated, singular actions at the micro level.

The second area that is important for a dynamic analysis is consideration of the interplay between the individuals, institutions and resources identified once the boundary is established. This draws on field theory from sociology. In essence, field theory suggests that there is a field we can neither measure nor see except by its effects (Martin, 2003). Marketing systems theory identifies and classifies the workings of the structure that forms the "action field" where the individuals, institutions and resources act and react to one another in the pursuit of advantage (Layton, 2015b). It is important because, the structures humans erect, will define the economic and political game as well as who has access to the decision making process (North, 1990). Or in the words of Bourdieu "every field is the site of a more or less overt struggle over the definition of the legitimate principles of the division of the field" (1985, p. 734). In essence this body of work is focused on "the emergence, stabilization/institutionalization and transformation of socially constructed arenas in which embedded actors compete for material status and rewards" (Fligstein & McAdam, 2012, p. 4). This is important because it is often through this competition that a particular status quo is maintained through superior resources or challenged. If challenged, it is likely there will be subsequent effects for the structure and function of the marketing system. This perspective highlights the *collective* nature of fields, which is significant as often marketing studies have focused on dyadic relationships (Laamanen & Skålén, 2015). Path dependence and power and

marketing systems are entwined, since often the direction of institutional change will be consistent with the existing power structure (North, 1990).

Simply stated, the growth, adaptation and transformation of marketing systems is envisaged to occur as depicted in Figure 1. This process starts with an intervention in the general environment. The intervention could be abrupt or evolutionary; it may be a consequence of innovation, a change in public policy, market conditions or a combination of many factors. The process depicted is thought to be iterative and may occur rapidly or slowly. Further work empirically applying this model will shed much needed insight on the veracity of the theory and our understanding of marketing systems. Path dependency highlights the importance of understanding feedback and dynamics, in particular the interaction between micro, meso and macro level systems.

4.0 Conclusion

In summary, MAS Theory helps to understand the development of a marketing system in three ways, first by specifying the driving forces propelling the emergent structure of a marketing system, second by considering the internal dynamics as actors compete for advantage and third by highlighting the tangible and intangible elements that constitute a marketing system (Layton, 2015b). Through this understanding the questions posed at the outset of the paper may begin to be answered. MAS theory highlights the influence of key actors in shaping and influencing events, although, our understanding is still limited without attention to the past. However, the inclusion of path dependency overcomes this weakness. In particular, it is important to consider the three stages of path dependency (preformation, formation & lock-in) and the four classifications of lock-in: technological, behavioural, political and structural. Combining these theories can advance our knowledge by providing a conceptual schema and language for future historical marketing studies. The authors encourage empirical application of this approach with simultaneous feedback to theory.

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'Unfinished business' - Disconnects in the marketing system for financial services provision in remote Indigenous Australia

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Abstract

Financial exclusion, the lack of access to finance, is a growing global concern taking many forms in different marketplaces. Consumers in low-income, low-literacy and resource-constrained markets are more likely to be excluded, often reinforcing other socio-economic disadvantage. Understanding the nature and context of exclusion in such 'subsistence' marketplaces is important, as is the need to develop innovative, user-centred solutions.

The literature on financial exclusion describes user-specific issues such as affordability and low financial literacy, as well as system-level challenges including the lack of financial infrastructure. This paper explores how these issues interact with one another to exacerbate the financial exclusion of Indigenous Australians living in remote markets. We discuss policy implications for designing sustainable, user-centred solutions to promote Indigenous inclusion, which build on Indigenous strengths, whilst also addressing local constraints.

Keywords: *Indigenous exclusion, Indigenous markets, subsistence marketplaces*

Track: *Macromarketing and Marketing and Public Policy*

1.0 Introduction

More than 2 billion people are financially excluded (Demirguc-Kunt et al., 2014). Most of them live in developing countries, and are 'unbanked', lacking access to a basic bank account. In developed economies too, millions of households are 'under-banked', relying on higher-cost, informal markets not mainstream providers, to meet daily financial needs (Federal Deposit Insurance Corporation, 2014). This limits their ability to become more resilient against financial difficulty, smooth household consumption and secure a sound economic future for themselves, their family and community (Demirguc-Kunt et al., 2014). Left out of mainstream economic activity and neglected by those who design financial products, they also have fewer opportunities to develop financial and marketplace skills.

Globally, financial inclusion is complementing national efforts to alleviate poverty, ignite economic growth and entrepreneurship, and promote consumer well-being. Exclusion can be caused by system-level issues such as lack of access to well-regulated markets or appropriate financial products, as well as user-specific challenges such as low consumer awareness and financial capability (Center for Financial Inclusion, 2013). Emerging markets lacking reliable

infrastructure have necessarily prioritised access, using technology-led innovation to bring financial services to those hitherto excluded, particularly in rural/remote locations.

Yet access alone cannot ensure consumer well-being – inclusion must also be useful and relevant to the context of the users' daily lives (Singh, 2013). What are some theory-driven policy implications that marketing scholars can propose, to ameliorate financial exclusion in remote Indigenous Australia? This paper weaves together literature on development-oriented marketing, economics and sociology to consider this question. We first discuss learnings from the user and system-specific lenses, then describe how the interaction between these issues exacerbates financial exclusion in the context of remote Indigenous Australia.

2.0 Financial exclusion: User and system-specific issues from the global literature

Some user groups, such as those on low incomes, people from culturally diverse, non-English speaking backgrounds, women and the young, are more likely to be financially excluded, whether they live in emerging or developed markets (Kempson & Whyley,1999). User-specific issues such as psychological, cognitive and social factors, also influence financial decision-making (de Meza et al., 2008). Poverty may impede the ability to make sound financial decisions (Mullainathan & Shafir, 2013), and the poor may not fully understand the benefits of being included (Federal Deposit Insurance Commission 2014). Others (Collins et al., 2009) find that the poor can make sophisticated financial decisions and deal with a range of financial products, albeit more informally than the rich. Whilst the role of poverty has been studied, the link between culture, financial exclusion and capability remains under - researched (Lusardi & Mitchell, 2014).

At a system-level, Layton (2011) suggests that well-functioning 'marketing systems' which adapt to the 'social matrix' within which they are embedded, can provide 'assortments' (products, services, experiences, ideas) that fulfil consumer needs, enhance economic growth and quality of life. Markets which lack financial/digital infrastructure, cannot offer affordable financial products/services, have poor regulation/weak consumer protection, and institutional difficulties in assessing user credit-worthiness, can exacerbate financial exclusion (Demirguc-Kunt et al., 2014). Low resource, 'subsistence' marketplaces exhibit these weaknesses, hence are more likely to be associated with financial exclusion.

Subsistence markets function differently to those in richer contexts - market exchanges are influenced by community-level norms/values, whilst market relationships are characterised as informal and personal (Viswanathan, Rosa & Ruth, 2010). A mutual trust and empathy create a pervasive interdependence between buyers and sellers (Viswanathan et al., 2012). Despite the lack of resources and lower literacy/numeracy, users can make sophisticated choices, often leveraging social networks to achieve economic objectives (Viswanathan, Sridharan & Ritchie, 2010) and create surpluses for families and communities (Sridharan et al., 2014). The boundaries between business and family domains and/or buyers and sellers are porous in these marketplaces, and resources move fluidly across them, to manage daily needs (Viswanathan, Rosa & Ruth, 2010).

Policymakers find that community-based efforts where market-oriented goals combine with a communal philosophy, are particularly successful at enhancing consumer well-being in these markets (Gau et al., 2014). In particular, marketplace literacy programs which leverage local strengths to address local constraints, can enhance outcomes for subsistence entrepreneurs and consumers alike (Viswanathan et al., 2012).

3.0 Financial exclusion & remote Indigenous Australia

In Australia, Indigenous[1] people face chronic disadvantage, with lower than average health, education, literacy/numeracy, employment and income outcomes (Productivity Commission, 2014).They are over-represented amongst the financially excluded (Connolly et al., 2012), and those with lower financial abilities (The Social Research Centre, 2011).Table 1 shows that Indigenous Australians are less likely to make ends meet, feel in control of their finances, be aware of consumer rights or know where to get help, in case of financial difficulty.

Table 1: Comparison of financial exclusion and literacy levels between Indigenous Australians and the national average

Measure	National Average	Indigenous	Source
Financially Excluded (combined)	17.2%	43.1%	(Connolly et al., 2012)
Financial Literacy Score (FLS)	Mean FLS 83.1	Mean FLS 63.9	(The Social Research Centre, 2008)
Financial Knowledge & Numeracy (combined)	Mean score 91.9	Mean score 70.7	(The Social Research Centre, 2011)
Does not seek information on financial matters	50%	62%	(The Social Research Centre, 2011)
Does not seek advice on financial matters	10%	22%	(The Social Research Centre, 2011)

Despite the gaps in Indigenous vis-à-vis national financial outcomes, there is limited explanation of *why* this disadvantage persists. Few studies focus on money and Indigenous groups (Worthington 2013; Gerrans, Clark-Murphy & Truscott, 2009), explore their world-views on money (Russell et al., 2011) or their specific banking needs (Urbis Keys Young, 2006; National Indigenous Money Management Agenda, 2007). The lack of nuanced understanding and evidence on Indigenous needs restricts efforts to promote financial inclusion (Australian Securities & Investments Commission, 2014). We aim to address some of these knowledge gaps, by exploring how the interaction between system-level and user-specific issues in remote Indigenous contexts exacerbates financial exclusion.

4.0 Exploring user and system-related marketplace challenges in remote Indigenous Australia

This paper combines learnings from the literature with the findings of a sociological study on money, financial capability and well-being, conducted in two remote Indigenous communities in the Northern Territory between July 2011 and September 2013. Table 2 below illustrates the disproportionate socio-economic disadvantage faced by both these communities, vis-à-vis mainstream Australia. Elders invited us to conduct this research, and facilitated introductions to fifty-three participants through story-telling in public 'yarning circles', one on one interviews and participant observation (Godinho, Russell & Singh, 2015).

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[1] Refers to people of Aboriginal and Torres Strait Islander origin (Australian Bureau of Statistics, 2012)

Table 2: Context of Remote Sample Sites (Australian Bureau of Statistics 2011 data)

Community studied* (State)	Introductions via	% working-age Indigenous population	% Unemployed Indigenous (vs. non-Indigenous)	% Post-school qualifications Indigenous (vs. non-Indigenous)
InlandTown (NT)	Service provider & personal networks	92.83%	19.6% (vs. 0%)	4.56% (vs. 76.92%)
CoastalTown (NT)		84.84%	12.6% (vs. 0%)	14.72% (vs. 68.30%)
* Psuedonyms have been used for anonymity NT = Northern Territory, Australia				

Consumer experiences of vulnerability are often the result of multiple and simultaneous internal and external factors (Baker, Gentry & Rittenburg, 2005). In the context of financial services provision in remote Australian markets, multiple system-level challenges contribute to Indigenous vulnerability. The first is geographic isolation - Indigenous people are over-represented in remote and very remote areas, where the lack of infrastructure restricts access to essential services, employment and opportunities for wider socio-economic participation (Department of Broadband Communications and the Digital Economy, 2012). The lack of employment options in remote Australia is another challenge, which is also linked to welfare dependency and lower incomes (Australian Bureau of Statistics, 2012). The lack of banking infrastructure further restricts the ability of remote Indigenous users to access credit, save, accumulate assets and build financial capability (McDonnell & Westbury, 2002).

Layton (2011) suggests that historical, political and economic factors strongly influence the social matrix within which marketing systems are embedded, and the associated market exchange. This applies to financial services provision in remote Australia - studies find that the Indigenous history of colonisation and dispossession has contributed to their exclusion. Colonisers declared Australia 'terra nullius', dispossessing Indigenous people of their lands. Past policies of forced removal and cultural assimilation saw many Indigenous people moved onto missions, where their labour was recompensed in rations, not cash (Martin, 1995). These policies also damaged traditional ways of life, and Indigenous cultural identity. This history of marginalisation and being denied opportunities to manage their own money, has contributed to poor money management practices among Indigenous people, and a lack of trust in institutions (Demosthenous et al., 2006).

More recent policies such as income management introduced under the Northern Territory Emergency Response, and changes to public service provision, may have exacerbated these issues. Income management quarantines half of many welfare benefits via BasicsCards, restricting purchases and retail outlets. Dictating the use of money may compromise Indigenous financial capability (Russell et al., 2011). Centralising public service provision in 'hubs' may worsen remote exclusion, as it restricts Indigenous access to digital infrastructure, local content and usage of online/mobile banking options (Australian Communications Consumer Action Network, 2011). Our study also finds that these factors have resulted in an inter-generational lack of knowledge about money, especially amongst community elders

(Godinho, Russell & Singh, 2015). This restricts their ability to role-model how to use money wisely, and help young people to develop financial skills.

Many user-level issues including socio-cultural factors, also compromise the ability of Indigenous users to access affordable financial products/services, and acquire financial skills (McDonnell, 2003; National Indigenous Money Management Agenda, 2007). These include lower literacy and numeracy, cultural barriers including language difficulties, kinship obligations and in remote areas, limited exposure to a monetised society. A preference for face to face servicing and lower consumer awareness have also led to a reliance on more expensive, informal 'fringe' financial services providers (Urbis Keys Young, 2006).

Money in Indigenous hands, is not a generalised medium of exchange with a fixed monetary value - instead its value can be variable, based on social considerations (Sansom, 1988). Similar to strong social networks and porous boundaries between personal and business domains observed in subsistence markets, Indigenous users sustain kinship relations by maintaining a flow of 'valued' items (including money) and acts between kin (Martin 1995). Our participants prioritise money for sharing, and find it difficult to separate personal money from business money. Sharing can hinder efforts to save money (Senior, Perkins, & Bern, 2002). Participants also mention 'demand-sharing' ('humbug') where extended family can demand that money (in the form of cash, bank keycards, Personal Identification Numbers or BasicsCards) be shared with them (Peterson, 1993). Failure to share causes tension, pitting individual desires to control one's own money against cultural obligations. Similar moral imperatives to share money with extended kin and clans are found in Africa (Singh, 2013).

The interaction between system-level and user-level issues can also exacerbate exclusion. We find that the relatively recent introduction of cash into previously non-monetary Indigenous cultural contexts, has resulted in a perception amongst participants, particularly elders, that money has been 'imposed' on them from the 'outside' (Godinho, Russell & Singh, 2015). Participants say that money, introduced as recently as the late 1960's without much education on how it related to Indigenous world-views, is disconnected from their cultural knowledge systems. The lack of complete knowledge about money restricts the elders' role as custodians of traditional knowledge. Cash also causes tensions between older and younger men (Martin, 1995) since neither its access nor its use needs to be mediated by the elders, unlike other traditional resources. Women are more likely to be pressed to share cash, compromising their ability to attain financial independence. These findings resonate with Maori/Pacific Islander studies in New Zealand (Fleming et al., 1997).

Sharing with extended family and kin extends to personal banking information – as other studies (Singh et al., 2007) also find, this can raise privacy/security concerns about money in bank accounts, and lead to repeated account balance enquiries. The lack of banking options also mean that many participants use ATMs to check account balances – this can incur high fees, further exacerbating Indigenous disadvantage (Financial Counselling Australia, 2010).

Financial institutions hold limited information on Indigenous users, compromising their ability to determine their credit-worthiness (McDonnell, 2003), which may result in more Indigenous people being excluded from mainstream finance. Their staff often lack an awareness of Indigenous cultural norms, making it difficult to service Indigenous clients, or design products that meet their needs. Lower socio-economic status means that Indigenous users in remote areas are unlikely targets for marketing, which also restricts their access to

product-related information. Their lack of trust in banks means they may also choose to self-exclude from mainstream service providers (McDonnell, 2003).

The general lack of evidence on the needs of Indigenous users restricts policymakers' ability to design user-centred policies including financial education and/or marketplace literacy programs, as Indigenous participants prefer customised, local educational content which suits their cultural views (Brimble & Blue, 2013). It also compromises the ability of public/social marketers to incorporate cultural 'triggers' into campaign design, a technique which has been particularly effective in influencing longer-term financial behaviour amongst other community groups (Lee & Miller, 2012).

5.0 Conclusion

We have discussed how the interplay between system-level and user-specific factors in the social matrix that surrounds the marketing system for financial services provision in remote Australia, has created a multi-faceted disconnect between Indigenous users, and efforts to enhance their financial inclusion. This disconnect, compounded by the limited evidence on Indigenous needs, may be at the heart of *why* Indigenous people in remote communities have greater difficulty in developing financial knowledge, and the confidence to apply these skills in everyday financial decision-making and market exchanges.

More nuanced and 'bottom-up' studies into the daily financial lives of Indigenous people living in remote contexts are needed to provide robust evidence on user needs. Future research can build on the multi-disciplinary approach adopted by our study, to further inform the design of Indigenous-centred and culturally-appropriate 'assortments' including financial products, services and capability-building programs.

Similar to the lessons learned from other subsistence marketplaces, promoting Indigenous financial inclusion in remote Australia will require collaborative and community-based, rather than individual-focused, policy initiatives. In particular, financial education programs which leverage local cultural strengths to address both system-level and user-specific constraints, can enhance financial outcomes for remote Indigenous users, whilst also promoting greater consumer well-being.

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Exploring the key motivations for reducing meat consumption in the UK and the public policy implications

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Abstract

The impact of overproduction and consumption on the environment and the need for more sustainable solutions is a concern for public policy makers. In our research we explore consumer attitudes towards the consumption of red meat products, the alternatives and the impact of overconsumption on health and the environment. In a study of consumers in the South East of UK and South West Wales, we explore the influence of consumers' sensory experience, health, environmental concerns and the psychological motivations and influences on their eating behaviour. We found that while consumers in our study were aware of the health risks of a meat based diet they had less concern for the impact on the environment over which they had little control. The paper discusses the public policy implications and recommendations to communicate the health risks of a red meat diet and the associated environmental benefits to consumers of reducing their consumption.

Key words: Consumer motivations, red meat consumption, health, environment, public policy implications

Track: Macromarketing and Marketing and Public Policy

1.0 Introduction

Increased food consumption and production has been reported as having a detrimental effect on climate change (Schacht, Filho, Koppe, Struksnaes, & Busch-Stockfisch, 2010) and the increasing amount of water, oil and land used to produce, in particular animal based food, are environmentally harmful (Dagevos & Voordouw, 2013). Greenhouse gas emissions could be reduced by up to 40% if Europeans halved their meat and dairy consumption (Vaughan, 2014). Firms are often regarded as the focus for sustainability and the impact this has on profits given the highest priority (Huang & Rust, 2011). However, with consumers' growing concern for the environment and evidence linking high red meat consumption with potential long term health risks, means it is important for public policy makers, society and firms to understand and encourage better consumption decisions and to explore consumer motivations for over consumption (Schaefer & Crane, 2005). Poor diet and excessive consumption of, for example, saturated fat is 20% higher in the UK than the recommended levels (Food Standards Agency, 2009) and medical research has identified excessive consumption of saturated fat with heart disease (Lea & Worsley, 2001). While individuals may be able to make their own

decisions about the food they eat there is an argument for public policy interventions as a result of failings in the market. Consumers could make sub-optimal decisions due to the complexity, diversity and inaccuracy of material communicated in, for example, food-company advertisements and the media and they face cognitive constraints and failures in processing the information to make the right choices (Lea & Worsley, 2002). Thus, public policy is required to regulate markets and addressing these food related health issues is a key British government policy objective. Initiatives such as providing information on the nutritional value or health consequences of unhealthy foods, regulation of advertising and the sale of unhealthy foods, and taxes on food and inputs into food processing have been tried (Griffith & O'Connell, 2010). However, there is a relative lack of research of consumers' food-related environmental beliefs and behaviour and reducing meat consumption (exceptions Lea & Worsley, 2008; Tobler, Visschers, & Siegrist, 2011). Hence our research aims, through the lens of psychological theory, to contribute to the understanding of consumer motivations for eating red meat (Lea & Worsley, 2001) and to offer public policy recommendations in a study of the behaviour of UK consumers. To meet our research aim we seek to answer the following research question: *What are the key influences of consumers' attitudes, motivations and behaviour towards meat consumption in South East England and South West Wales and how can this knowledge inform public policy making?*

2.0 Development of the Propositions

Research in developed nations such as the UK, US and Australia, identifies a key psychological motivation for eating red meat as the sensory appeal (Korzen & Lassen, 2010). Meat eaters feel there is a lack of meat replacement foods that are comparable to the sensory appeal of meat (Hoek, Luning, Weijzen, Engels, Kok, & de Graaf, 2011), making a reduction in meat consumption less attractive. Improved meat substitutes are important in achieving a reduction in meat consumption targeting meat eaters and meat reducers, not vegetarians (Hoek et al., 2012). The sales of meat substitutes have risen in recent years due to the increase in meat reducers, driven by health concerns and increased awareness from campaigns (Taylor, 2012). One of the challenges of reducing meat intake is sourcing and getting information about how to prepare or cook new meals using alternative ingredients, and what can be used as substitutes for meat (Tucker, 2014).

P_{1a} - The appeal to the consumers' sensory experience is an important influence on their intention to increase their meat consumption.

P_{1b} – Consumers are willing to reduce their red meat intake but find there is a lack of information on and few enough alternatives to a red meat based diet.

Meat consumption has been linked to serious health issues such as cancer, diabetes, heart disease and obesity (Zur & Klockner, 2014). While a vegetarian diet was once considered unhealthy, the health benefits of a low meat diet are being recognised due to the increased consumption of nutrient rich, plant based foods (Lea & Worsley, 2001; Sabaté, 2003). Further, while people may care about the environment, they feel powerless in having an effect on such a big issue over which they have little control. Further, consumers seem to be unaware of the environmental impact of meat consumption (Lea & Worsley, 2008) and eco-friendliness of food products does not have a significant influence on food choice (Tobler et al., 2011). However, as consumers are motivated in their food choices by many other non-environmental considerations, such as the benefits of seasonal and locally produced food, which are perceived by consumers to be of a high quality in terms of freshness and taste (Chambers, Lobb, Butler, Harvey, & Traill, 2007) and personal well-being may be more effective in encouraging them to behave in a more environmentally and sustainable way (Carrington, Neville, & Whitwell, 2010).

P₂ – Personal concerns such as consumer health and locally produced food may be a more effective means of persuading consumers to reduce their red meat consumption and lead to more sustainable farming.

For many people, what motivates them to eat meat on a daily basis is that it is an habitual and heavily routinized food choice behaviour which are conscious, automatic, habitual and subconscious actions (Schösler, de Boer, & Boersema, 2012; Zur & Klockner, 2014). Changing habitual behaviour in areas such as health and environmental consumption is very difficult to achieve as it requires consumers to overcome such barriers as modifying embedded lifestyles. Meat is most commonly eaten in the evening as the most important meal of the day and often has special meanings for the family as 'a socially significant act' (Tucker, 2014, p. 175). Additionally individuals are influenced by significant others such as family and friends in their attitudes towards meat consumption (Zey & McIntosh, 1992).

P₃ - Consumers in the UK are influenced by socio-cultural factors such as parental food choices during upbringing and habitual red meat consumption behaviour which is difficult to change.

3.0 Research Methods

Although a positivist approach has allowed researchers to test, for example the motivations of meat consumers, there is little in-depth understanding of their underlying behaviours and habits (Zur & Klockner, 2014; Dagevos & Vourdoow, 2013). A qualitative methodological design was deemed appropriate to address the research question, enabling the probing and exploring of the influences and motivations of consumer behaviour through open ended questioning. Our study is deductive with propositions used as orienting constructs developed from the literature which were then evaluated inductively from the empirical data (Miles, Huberman & Saldana, 2013). The sample consisted of male and female consumers aged between 18 and 65 categorised as either rural or urban-dwelling. Of the twenty four participants, thirteen were female and eleven were male. The mean age of the participants was 40, although 42% were aged between 25 and 34. The proportion of rural and urban-dwelling consumers was 50/50. Participants were recruited and selected through snowball and purposive sampling. Two data collection methods were used for this research: Face to face interviews and asynchronous email interviews which in comparison to an instantaneous response from an online chat room (synchronous) gives respondents more time to reflect on a question to give a more considered response (Lewis, 2006). Seventeen email interviews were carried out over a period of two weeks, divided into three stages. The first stage was the confirmation of participation with a demographics and screening question, to be answered and sent back to initiate the start of the interview. The second stage was the answering of the twenty-one questions regarding the participants' meat consumption and eating habits. These were to be answered within a suggested three to four days in order for the participants to think about their answers, and also for them to consider their eating habits over the few days. The final stage was set out over three days, with a new task each day. The participant was given a sheet with information regarding the environmental and health effects of meat production and asked three questions about their feelings towards the information given. Seven face-to-face interviews were conducted using the same semi-structured questions as the email interviews. Descriptive coding was used initially to store information about each interviewee. In order to achieve theoretical sensitivity, immersion in the data was reached before formally coding, enhancing sensitivity and understanding to the meanings in the data (Seale, 2012). Following this, the data was organised into codes and then themed in order to identify, analyse and report patterns within the data (Braun & Clarke, 2006).

4.0 Analysis and Interpretation

The analysis is summarised in table 1 using 4 themes: sensory experience of meat and alternatives; influences on meat consumption; health, nutrition and the environment; cultural norms and social influences and meat consumption and; gender roles and meat consumption.

Table 1 Thematic Analysis	
Thematic codes: U = Urban; R = Rural; f= female; m = male; number = number out of 24 respondents	
Theme 1: Sensory experience of meat and alternatives Propositions 1a and 1b	'The traditional British meal is 'meat and two veg'. This is the primary appeal of meat – it's what we're used to. Specifically both taste and smell are appealing.' (Um24) 'Yes, I have tried veggie sausages and mince substitutes. Didn't like the taste or texture though.' (Uf17) 'I eat fish once or twice a week – this can have a similar sensory appeal. Tofu and nuts probably don't.' (Um24) 'It's sometimes difficult to think of what to cook without meat. I tend to cook meals with meat as the main ingredient so find it difficult to think of non-meat combinations that would be interesting and taste good.' (Uf15)
Theme 2: Influences on meat consumption; health, nutrition and the environment Proposition 2	'I think the reason why we eat it is because we have kids and I know that it has a good iron source in comparison to what else they might eat which will have the same levels so that is a factor.' (Rf2) 'Major cancer history in the family and if there is a chance something could reduce this risk in myself and my other family members I would consider eating an exclusively plant-based diet.' (Uf17) 'The first paragraphs do make sense with health issues over time however there are different factors in diet and lifestyle that affect health such as sugar intake and exercise. As I believe these contribute a great deal more than simply eating less or no meat this would not affect my decisions.' (Um22) 'Yes this information makes me feel even more that we should reduce meat production and quite drastically as it appears to have such a detrimental effect on our environment.' (Rm6) 'No, I don't see how changing my own individual habits for these reasons could lessen the environmental impact.' (Uf17)
Theme 3 Cultural norms and social influences and meat consumption	'Parents were big meat eaters – my mothers' father was a butcher and is very knowledgeable on meat and how to cook it. This has been passed on to me and my own eating habits are a reflection of theirs.' (Uf17)

Proposition 3	'I do all of the shopping and cooking so I am the main influence although would probably eat less meat if I lived on my own.' (Rf8)
	'If it is a main meal then it is generally based around what our children will eat.' (Rm11)

For theme 1, respondents cited a number of reasons for the appeal of meat, including its texture, nutrition and the full feeling that is enjoyed after consuming it. The most commonly cited answer however was taste, with almost all respondents naming this as the main reason they find meat appealing. There was a general consensus in the rural group that vegetarian meals were equally appealing as meals that contained meat. However this was not the case in the urban group, with the majority stating that they found a meatless meal unappealing, leaving them less satisfied or full. The appeal also depended on the structure of the meal, for example if a traditional meat and veg meal was missing the meat then the meal would be less appealing. If the meal however was intentionally vegetarian, for example a meal based mainly on plant based proteins that is not in the traditional meal format, then the meal was equally appealing (Schösler et al., 2012). Some participants said that only certain meals felt incomplete when they contained no meat, for example the evening meal traditionally contains meat (Blake, Bisogni, Sobal, Jastran, & Devine, 2008) so if this meal did not contain meat it may seem less appealing. On the other hand breakfast or lunch may be equally appealing with no meat. Almost all of the participants from both groups had tried alternatives to meat but most found that none had a similar sensory appeal. This was particularly the case when meat substitutes such as quorn were suggested as examples that had been tried but found that the taste and texture were unpalatable and certainly not similar to meat. The most commonly used alternatives to meat were other animal products such as fish, dairy and eggs (Schösler et al., 2012). Participants who found meatless meals the most appetizing were those who were using alternative ingredients such as other animal products and vegetables and pulses, rather than instant meat substitutes. Most of the respondents acknowledged that they would be likely to cook more meatless meals if there was more information available to them (Tucker, 2014). A meat avoider participant also pointed out that if there was more information available regarding the nutritional, health and environmental issues surrounding meat intake then this would have deterred him much earlier. On the whole, the sensory appeal of meat was the strongest predictor in meat consumption and although participants had searched for alternatives to meat, they found none to have a similar or even appealing sensory experience, apart from other animal products such as fish. These findings lend credence to Propositions 1a and 1b.

For theme 2, the influences of habit and nutrition were cited along with convenience for participants with dependants. Many suggested that they find meat an easy way to get nutrients into their children. Further, many respondents divulged that their meat intake was higher than they would like due to influences from their spouse or partner. The majority of participants believe that meat and dairy are essential parts of a balanced diet which are nutritious and beneficial to health, but are also aware that these nutrients can also be found in plant-based foods. On reading the information sheet regarding the health effects of an animal-based diet in comparison with a plant-based diet, many respondents confirmed that they were aware of some of the health risks of a high meat content diet. Almost all of the respondents indicated that the information would and does influence them to reduce their red meat intake. In contrast to the impact the health implications had on the participants, the environmental effect had little salience as it is seen as too abstract for people to be concerned with. There was slightly more concern for the environmental damage caused by the livestock industry

from the rural participants, as well as more awareness of the information given. This may be due to more of an affinity with nature which has resulted from an upbringing with an appreciation for the countryside and living things. The majority of the urban group was unaware of the information provided and both groups were shocked at the significance of the damage caused. Whilst the rural group were divided equally in the influence to reduce meat consumption, the majority of the urban group would not reduce consumption due to this information. The main reason for this was cited as being that one person cannot make a difference and therefore it would be pointless. Personal benefits such as health concerns have a strong influence on meat consumption, whilst abstract environmental issues have less of an impact and therefore lends credibility to Proposition 2.

For theme 3, cultural and social norms influenced the majority of both groups who cited that their parents had cooked meat often when they were growing up and that this had influenced their own cooking and eating habits into adulthood (De Backer, 2013). The respondents spouse or partner was the most commonly cited influence on meat consumption along with children. Spousal influence was equal in both groups and most commonly it was the female being influenced by the male's desire to eat meat. However, influences from children were most common in the rural group. The main reason for children influencing meat consumption was that of convenience, allowing the cook to serve the same meal to the whole family. Therefore Proposition 3 has some credence.

5.0 Findings and Policy Implications

Our study finds that the sensory attraction of red meat is evident and the respondents feel that "veggie" meat alternatives do not have the same appeal. The finding that there was limited information on the alternatives and if it had been available they would cook non-meat meals (proposition 1). Our findings confirm that red-meat eating is habitual and perceived as nutritional and convenient, but respondents were aware of the health risks which may influence them to change their consumption behaviour. On the other hand respondents even though shocked by the environmental harm of over consumption of red meat few would reduce their consumption on environmental grounds (proposition 2). Thus public policy should emphasize the health risks of red-meat consumption and alternative diets and in an indirect way reduce the environmental harm. Social, cultural norms and significant others had a strong influence on eating habits where eating habits are intergenerational and gender effect traditional with the female making the food shopping decisions influenced by the male and the children (proposition 3). Consequently policy initiatives should focus on communicating information to the female gatekeeper. Product labelling information which emphasizes the nutritional and health benefits as well as the environmental friendliness of non-red meat food products in a simple and understandable way for consumers could encourage consumers to change their food choices.

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Teenage Addiction in the Digital Playground: A Preliminary Review of Digital Social Casino Games

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Abstract

The past few years has seen the ascent of a new category of digital and social games such as *Candy Crush* and *Mindcraft* that we identify as Digsogames (Digital+Social+Games). A sub-category of Digsogames are Diġsinos (digital+social+casino) such as *Slotomania* and *Big Fish Casino* that may partially simulate casino or gambling style games, but are without the financial risks or rewards of gambling. Critics argue that Diġsinos are socially and morally contentious products and a 'first principles' approach to public policy should be taken. In addition detractors argue that Diġsinos target teens and will increase levels of commercial gambling and problem gambling. This paper draws from a sample of over 12 million players to show that only 0.004% of the total Diġsino players and 0.56% of paying Diġsino players were under the ages of 18 years. In policy and business terms, the teen segment is insignificant.

Key Words: Addiction, Social Games, Casino, Gambling, Internet, Public Policy

Track: Macromarketing, Marketing and Public Policy

Welcome to the Digital Playground

Digital technology is increasingly being used to socialize, entertain, educate and raise teenagers. Indeed, teens use "the web differently, they network differently, and they learn differently... [and are] used to networking; its members work collaboratively, they execute several tasks simultaneously, and they use the web to acquire knowledge" (Ulbrich, Jahnke and Mårtensson, 2010, p.ii). Teens are members of generation C, which is "…a global group of consumers who thrive on creation, curation, connection and community" (Google, 2014). Digital and social media are fundamental to the interactions of Gen C, X, Y, and Z (Browning, Gerlich and Westermann, 2011; Google, 2014).

The nature of parent-teen interaction is also changing with both parents often working, and working increasingly long hours (Ginott, 1969). Concomitantly, there is a shift in culture that requires teens to be under constant adult surveillance (Zamosky, 2014) that sees mobile and digital technology being described as the "world's longest digital umbilical cord" (Mullendore, 2010). Many parents seem to consider their teens to be safer in the digital

playground than in traditional recreation areas such as parks, friends' homes and sporting fields (Grall, 2009).

Associated in this cultural change in parenting and teen behavior, the digital social game category has risen from obscurity in the early 2010s to have approximately 1.55 billion players globally in 2015. People of all ages, genders and professions can be observed on public transport, coffee shops and in restaurants playing digital social games. In order to clearly identify digital social games from other games products, we call this new category *of digital+social+ games = Digsogames as*:

> *".....a recreational activity characterized by organized play, competition, two or more players (or player versus a device), criteria for determining the winner, and agreed-upon rules that is played using digital technology. These games are distinct from gambling games, and do not have any financial or monetary payout." (Harvest Strategy 2014)*

The main driver to play Diġsogames is "fun". Player enjoyment is improved through the concept of dynamic balancing whereby game challenges are adjusted to better match player skills. An interesting feature of many Diġsogames is that consumers are able to play for free with research suggesting only 6% to 10% of players report spending money on a Diġsogame the last time they played (Harvest Strategy, 2014).

Within the Diġsogame category, are a type of game we call Diġsinos that often resemble real-world gambling games. However, by definition, Diġsinos are not forms of gambling *because nothing of monetary value can be won and money is not required to play*. Moreover, many of drivers and motivations in real money gambling games are absent in Diġsinos, replaced by product attributes such as new online social interaction and relationship building within existing social networks (Griffiths and Parke, 2010). The Diġsino market is estimated to have grown by a factor of 10 from approximately US$200 million in CY09 to over US$2bn in 2013.

Despite the clear difference between real money gambling and Diġsinos, critics allege that Diġsinos may be a public health concern, particularly among the young and vulnerable. This paper reviews relevant and emerging literature related to Diġsogames and Diġsinos and addiction. It then draws insights from a summary dataset provided by industry to provide an overview of this category's real consumer behaviour and inform the policy debate.

Does Playing for Free Result in Addiction for Free?

The literature discussing the composition of disorders associated with video games (some consider video games similar to, but an older form of electronic play) and Diġsogames can be grouped into three generic themes. Arguably, the most prolific body of literature discusses potential problems is the issues of violence and aggression. The topic of violence is not covered herein because there are no apparent claims that the Diġsogames or Diġsino category is linked to violence or aggression.

A second stream of literature investigates whether video games, and Diġsogames, can somehow be addictive. This literature appears an extension of research that new technology based products may be "addictive". For example, decades ago the popularity of television prompted many studies investigating the effects of television and claims of excessive consumption (Kubey and Csikszentmihalyi, 2002). Similarly, there was concern that coin-

operated arcade games (Shotton, 1991) and early video games (Keepers, 1990) may be addictive. More recently, as the Internet became pervasive, it was speculated that the Internet was a cause of addiction (Young, 1996). Despite the fears about the addictive capacity of new technological products, the literature is equivocal about the cause of addiction in technology based games (Sublette and Mullan, 2012). Indeed, research suggests that playing electronic games in childhood for up to an hour can result in superior sociability and satisfaction (Przybylski, 2014).

The third theme of research most salient to Diġsinos pertains to speculation that Diġsinos may somehow be associated with gambling, problem gambling or lead to some form of disordered consumption. In theory, it is claimed that any form of gambling has the potential to cause harm (Blaszczynski & Gainsbury, 2012) and underage gambling is widespread with an estimated 90% of teens gambling at some time in their lives (Welte, Barnes & Wieczorek, 2002). It is claimed youth problem gambling is a severe public health issue (Horn, 1997) with over 28% of problem gamblers becoming regular gamblers while below the legal age (Productivity Commission Report, 1999). Moreover, the ratio of under-aged problem gamblers outstrips the adult population. For example, as many as 14.82% of U.S. adolescents may be problem gamblers (Shaffer & Hall, 1996) and the rate of problem gambling among teens is estimated may be as high as 4% (Holden, 1998).

Critics suggest that Diġsinos are not substantially different from traditional gambling games (free or otherwise) found on commercial online gambling sites (Derevensky, Gainsbury, Gupta & Eller, 2013) and freely interchange the various different products of "social gambling-style games", "social-casino gambling", "casino-type games", "non-monetary gambling-style games" and "social gambling" (Derevensky et al., 2013). Indeed, a comparison of the literature on commercial gambling and licensed free-to-play games on real money sites reveals the lexicon and principles used in commercial gambling are widely misapplied to the discussion on Diġsinos. This implies critics may be aligning Diġsinos with gambling in order to delegitimize Diġsinos.

Within the Diġsino category, there are some games that share similar characteristics with slot machines (e.g. graphics & music). In context with the problem gambling debate, harm is considered as "difficulties in limiting time and/or money spent on gambling which leads to adverse consequences for the gambler, other, or for the community" (Gambling Research Australia, 2005). Lesieur (1979) observes that for a proportion of gamblers, harm develops as a result of chasing losses. Further, several questions on the American Psychiatric Association's DSM-5 and the Canadian Problem Gambling Index's screen used to define problem gambling contain several questions specifically related to money. The literature is unequivocal that harm emanating from problem gambling is related to financial loss, and particularly, losses relative to resources. However, money is not required to play Diġsino games and as no money can be won, losses cannot be chased. Indeed, it has been contended that Diġsino games are structured to encourage consumers to win rather than lose.

An Exploration of Diġsino Consumption

The researchers were provided a one-month summary (May, 2014) of real consumer data from several different Diġsino games operating across four markets: the US, UK, EU and Australia under conditions of strict confidentiality. The data were provided in the form of an aggregated summary from each of the games for the markets, age categories (13 through to 18 year olds, and over 18's), expenditure (if any), and free and paid playing time. These data

"snap-shots" present insight into real Diġsino player behavior. It should be noted these data represent a convenience sample because these data are readily available and convenient. Accordingly, while the insights from these data are valuable in identifying real-world consumption from approximately 12 million players (although it is likely an unknown number of customers play multiple games and so there may be a smaller number of discrete players), the sample may not be representative of the entire population. By comparison, however, most of the research in this field has so far drawn conclusions using small and or localised samples.

Table One is an overview of the players' age groups, and whether they pay to play. Approximately 0.74% of total pay to play Diġsino player numbers are under the age of 18 years, and only 0.56% of players under the age of 18 years paid to play Diġsino games. By comparison, 2.7% of all adults paid to play the Diġsino games (i.e. there was a 480% higher paying participation rate among consumers 18+).

Table One: Number of Adult versus Teen Diġsino Players

	Pay to Play	Free Play	Total Play
<18 years	505	90,150	90,655
18+ years	327,810	11,849,650	12,177,460

The amount of money spent in each market was converted to US$ based on the market rates from August 6, 2014. Per day, each of the teens who paid to play Diġsogames in May spent on average US$3.96 per day ($122 pcm) compared with adults who spent US$6.16 a day ($191 pcm). Overall, across all Diġsino players under the age of 18 years, the per capita average expenditure was US$0.68 for the month. Thus, the 99.4% of players over the age of 18 years on average spent 56% more than players under the age of 18 years. When combined with the very low levels of teen play, the teenage category is very small in comparison with the upside presented by players over the age of 18 years.

Only 99.4% of players aged <18 years and 97.31% of players aged 18+ years only played for free. Thus, while this sample's consumers who do pay to play Diġsinos spend longer periods of time playing than free players, only a very low percentage of overall consumers actually play. In context, adults paying to play spent approximately 1.09% of the overall minutes available in May 2014 paying to play, and youth aged less than 18 years spent approximately 0.7% of the overall minutes available in May paying to play. The number of minutes spent playing Diġsino games does not appear high relative to the available time.

Because there were such low levels of expenditure, it is interesting to note the effect that two paying players in 15-year-old category (n=110) inflated overall levels of expenditure and averages. In this case, the two players spent on average approximately US$2,257.50 each in the month of May in 2014. If we deduct these high expenditures from two 15 year olds, then the overall youth expenditure amount falls to US$2.95 per day (US$91.45pcm). However, we are unable to make any conclusions whether this sort of play is affordable, regular or predictive of any problems. But, we know higher levels of expenditure were very rare.

Conclusions

This paper provides a valuable real-world insight into Diġsino play. While there is the potential for a level of disordered consumption to be apparent in nearly every category of

goods and services, the amount of money spent and frequency of play in teens and adults suggests Diġsinos do not seem to present little or no threat to players, or society. It can be argued that playing a Diġsino game that is fun and rewarding, and may stimulate the desire to engage in real world gambling. This is a speculative and empirically unsupported view and as the legal age to gamble in Australia is 18years, gaining access to casinos and slot rooms is problematic without proof of age. It could similarly be argued Diġsinos may be used to promote gambling "brands" (e.g. Casears Casinos) or promote real-money gambling on the Internet. Another possibility is that Diġsino games could be used as a substitute for real money gambling and be used to help people withdraw from or better manage their gambling. However, this is speculation and this paper is drawn from real player data.

Diġsinos are not forms of commercial gambling: they are a form of play using a technological interface. There is inadequate theory or data to support claims Diġsinos can cause addiction similar to gambling or consumer related addiction, and there is a lack of credible evidence to establish that youth play of Diġsinos is a substantive problem. Nonetheless, it must be acknowledged that there may be an element of disordered consumption in Diġsogames and Diġsinos.

A number of factors can impact on teen well-being, such as family functioning, social dynamics and material deprivation. In context, the possible impact from Diġsinos is practically insignificant (Przyblski, 2014). These data provide a real world touch point for a broad range of stakeholders who consider the topic of youth consumption of Diġsino games. This analysis shows there is no meaningful relationship between Diġsinos and any form of commercial gambling (including free play on commercial gambling Internet sites).

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Methodological Propositions for Marketing Systems Research

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Abstract

The paper discusses the four methodological propositions for marketing systems research: a) marketing systems are a variation of a public good; b) marketing systems are in need of relevant degenerative institutions; c) morality is indispensable for the emergence and development of marketing systems; and d) the maximisation of simple metrics must be avoided in the design and regulation of marketing systems.

1.0 Introduction

The domain of this theoretical discussion is the body of knowledge on the emergence of marketplaces, markets, and more generally marketing systems (Kadirov & Varey, 2011; Layton, 2007; 2009). It appears that

> *"…we know very little about the factors influencing the staging, timing, and structural or functional details associated with the emergence of marketplaces, markets, and more generally marketing systems… we know relatively little about the ways [market participants'] choices cumulate to create the complex, emergent patterns, and structures called marketing systems"* (Layton, 2009, 360).

Market systems research requires sound methodology, i.e. the philosophy and principles of understanding how markets and marketing systems emerge and operate. The lack of adequate methodology in this domain is evident, while simply borrowing and applying micromarketing (e.g. econometrics, consumer research) techniques may not provide relevant answers.

We currently face a profound methodological question: how should marketing systems be seen and understood? Creating foundational premises for developing a relevant understanding of marketing systems and of how they emerge and operate is vital for the further development of the macromarketing discipline.

2.0 Proposition I

Marketing systems are collectively constructed (Layton, 2009; Granovetter and Swedberg, 1992; Gilles and Diamantaras, 2005). Granovetter and Swedberg (1992) argue that

economic actions are a) a form of social action; b) socially situated; and c) social constructions. Layton (2009) notes that marketing systems emerge as a distinct constructed system from the interaction of choices made by decentralised decision makers. According to the "parallel process" view, at the individual exchange level market actors are engaged in the coproduction of value, while at the collective market level the actors' interactions coproduce marketing systems and generate assortments (Layton, 2009). Moreover, Gilles and Diamantaras (2005, 51) contend that "a market system could explicitly be recognized as a multi-faceted collective good . . . chosen collectively in view of its benefits and costs to the society as a whole.'' Hence, I propose that

P1: marketing systems represent a variation of a public good.

According to Samuelson (1954), the collective consumption good refers to [goods] "which all enjoy in common in the sense that each individual's consumption of such a good leads to no subtractions from any other individual's consumption of that good" (p.387). There are two properties of a public good: non-rivalry (one's use does not reduce the good's availability to the others) and non-excludability (no one can be excluded from use). However, these are normative expectations while the properties can vary in practice.

In the same vein, Vargo & Akaka (2012) show that, from the service ecosystems perspective, there are no consumers or producers *per se*, and that all actors are resource integrators. Accordingly, a service ecosystem refers to "open systems (1) that are capable of improving the state of another system through sharing or applying resources (i.e., the other system determines and agrees that the interaction has value), and (2) capable of improving its own state by acquiring external resources." Businesses, firms, and customers are hence all viewed as socio-economic actors who connect through value propositions within "complex service systems". They perform actions aimed at reaching desired outcomes, such as mutual value creation through co-created solutions and experiences. Actors (e.g. firms, consumers) construct, perpetuate, and develop marketing systems. In this sense, they all are producers. Also, these actors consume the services of marketing systems. They are able to pursue their marketing ends within the system. In this sense, they are all consumers.

The "free rider" dilemma emerges when actors/users take advantage of a public good without contributing sufficiently to its maintenance. The free rider problem depends on purely rational and also purely selfish—extremely individualistic action. Opportunistic behaviour cripples the system's capacity to serve market actors. The cases of market failure (Redmond, 2005, 2009, 2013) attest to this effect. For example, the taxpayer paid more than $US 600 billion to bailout the US financial system.

3.0 Proposition II

The existence of opportunism necessitates the existence of appropriate mechanisms that counter-react and neutralise harmful tendencies (e.g. seeking self-interest with guile) (Williamson, 1985). Bateson (1991) discusses schismogenetic processes in complex systems and argues that a complex system can be characterised by regenerative causal circuits. Exchanges within a marketing system can be seen as one of such regenerative processes that may turn into vicious cycles. The cumulative effect (e.g. social, environmental, economic) of such cycles may increase in intensity to the extent that the general health of the system may become endangered. Hence, complex systems would always need degenerative causal loops

that discourage generative processes if such processes exceed a given, communally defined limit.

P2: Marketing systems require degenerative institutions to continue to operate at a steady (sustainable) rate.

Degenerative institutions are societal arrangements that are designed to thwart, counter-react, and reverse the cumulatively consolidating, potentially harmful tendencies and consequences of market actions. The examples of degenerative institutions are: government laws and regulations (e.g. anti-trust regulation), industrial self-regulation, social norms and expectations, societal movements, marketing system actors with specific regulative functions. For example, the role of rating agencies in the US housing market crisis must be re-evaluated from this perspective as these agencies could have discouraged toxic security trade by realistically and honestly (re)assessing the ratings of mortgage-based securities.

4.0 Proposition III

Self-interest seeking annihilates the conditions necessary for the development and existence of a public good (Sen, 1977), while commitment (good faith) promotes these conditions. Market systems are as old as human society (Watson, 2005), hence, the need for marketing systems has always been as vital as fresh air (i.e. a public good). In turn, market systems would not exist without profound trust and good faith (i.e. morality). This view is based on Anthony Gidden's (1991) theory of ontological security. Ontological security refers to the sense of the continuity, reliability, and consistency of oneself, other people, and things. A person must learn to trust or develop a generalized sense of trust in the nature and stability of the social and structural environments they inhabit.

P3: Morality (commitment, trust, good faith) is indispensable for the emergence and development of marketing systems.

Even if individuals pursue self-interest at a micro-level, they will need to simultaneously make judgment about whether such an action is consistent with the accepted norms of morality (which is a macro-level judgement).

5.0 Proposition IV

The maximisation of any purposefully chosen metric is linked to negative chrematism and such an approach is undesirable (Kadirov et al. 2016). Ashby (1945), as discussed in Bateson (1991), shows that the sustainability of a complex system depends upon preventing the maximisation of any given variable. Unchecked increase in any variable is shown to result in irreversible changes in the system which might jeopardise the very existence of the system.

P4: The design of marketing systems must prevent the maximization of simple variables, such as the profit, power, status, excessive activism, consumerism, materialism, biased public interests, and so on.

6.0 Discussion and Conclusions

Marketing systems provide not only assortments but also services: opportunity to pursue individual economic ends, opportunity to enhance one's individual circumstances, provisioning needs and wants, and maintaining ontological security. Marketing systems as a public good are susceptible to the free rider problem. The term "a public good" does not mean that governments must be fully responsible for marketing systems, and must thoroughly take care to design and provide them to publics; conversely, it is the responsibility of every market actor. The perspective of marketing systems as a public good has a number of implications for theory, individual practice, and public policy.

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Insights into the Causes of Product Avoidance and Supportive Purchasing Actions as Consumer Reactions to Product Contamination Risks after Widespread Environmental Pollution

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Abstract

This article extends the literature on consumer reactions to product contamination risks after chronic technological disasters causing widespread environmental pollution. Based on data from six countries and two product categories for the context of the Fukushima nuclear accident in Japan, this study shows that not all consumers intend to decrease, but many consumers intend to increase, their purchases of potentially contaminated products after disasters. Purchase reductions derive from objective media risk assessments and consumers' own contamination risk knowledge, which depends on the observed behavior of other consumers, objective media information, and past opposition to the use of the disaster-related technology. Technology hazard expertise reinforces the effects of consumers' risk assessments. By contrast, as predicted based on collective resilience theory, purchase increases derive from empathy and salient social identity shared with disaster victims, which is triggered by affective media reports, past disaster-related consumer experience, and disaster involvement of the social network.

Keywords: chronic technological disaster, consumer behavior, environmental pollution, product contamination risk, radioactivity, sustainability

Track: Macromarketing and Marketing and Public Policy

1.0 Introduction

Disasters frequently cause large-scale environmental pollution and consequentially create risks of product contamination affecting consumer decision making. For instance, the 2010 Deepwater Horizon oil spill created uncertainty whether fish from the Mexican Gulf are safe to eat. Likewise, large-scale chemical accidents create worries about freshwater pollution. Similarly, the 2011 Tohoku earthquake and tsunami damaged the Fukushima Daiichi nuclear power plant and thus led to widespread radioactive contamination of regions supplying food and other products to eastern Japan and the Tokyo metropolitan area. These disasters are characterized as chronic technological disasters because loss of control over technology is the source of contamination and product safety hazards. Moreover, they are characterized as national disasters because their large-scale nature affects many people and draws attention from media and people across the nation (Dube and Black, 2010). The marketing literature on chronic technological disasters with consequential product contamination has illuminated consumer purchase reductions, but not purchase increases, as a response to product health risks. By contrast, the marketing literature on national disasters has focused on situations not involving any product health risks. For contexts such as the 9/11 attacks, it has highlighted purchase increases in economic support of disaster victims or of regional reconstruction efforts (Dube and Black, 2010). Recent studies by Frank and Schvaneveldt (2014, 2015) merged these two streams of literature by investigating effects of the Fukushima nuclear accident in Japan, which was both a national disaster and a chronic technological disaster causing product contamination.

Figure 1: Conceptual Framework and Research Hypotheses
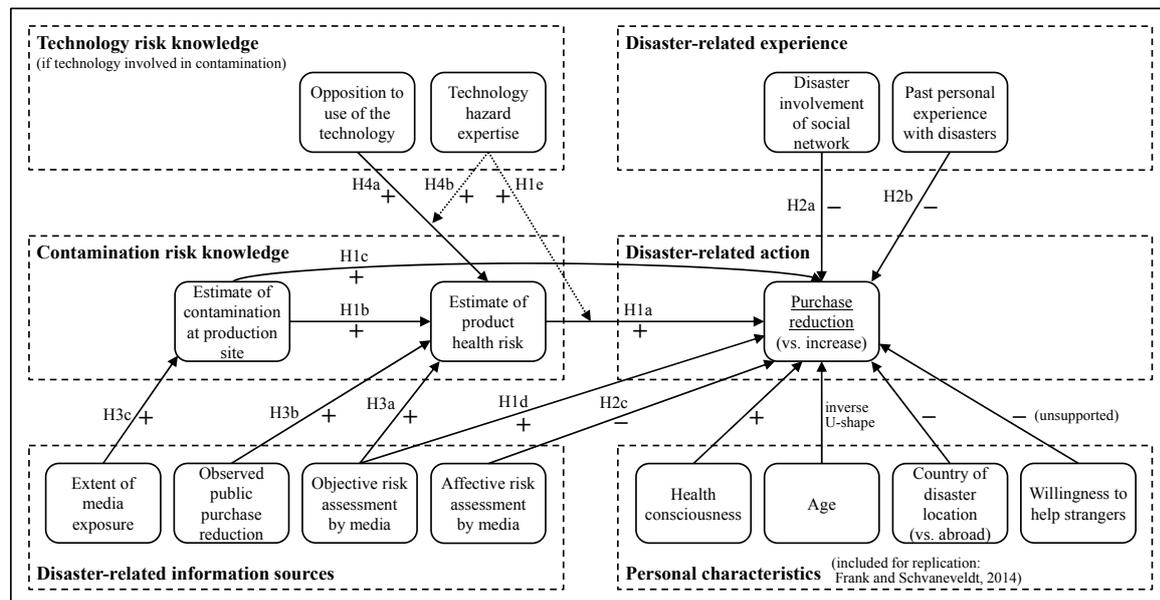
Notes: Drawing on collective resilience theory, this research develops and tests hypotheses about the conditions causing consumers to reduce or increase purchases of products when these products have been manufactured in a region contaminated radioactively after a chronic technological disaster in the aftermath of a national disaster. Consumers associate these products with a contamination risk and with a region affected by the national disaster, leading to a trade-off between self-preservation and economic support through purchasing actions.

Drawing on the conflict between self-preservation and economic support of disaster-struck regions, they highlighted that not all consumers decreased, but many increased, purchases of potentially contaminated products. Extending their study of who engages in purchase reductions vs. increases, our study explores with new data what causes consumers to reduce or increase purchases of potentially contaminated products after national disasters. We develop hypotheses to examine the direct and indirect effects of contamination risk knowledge, technology risk knowledge, disaster-related information sources, and disaster-

related experience on consumer purchase adjustments. Moreover, we seek to replicate findings by Frank and Schvaneveldt (2014, 2015).

2.0 Development of Hypotheses

Consumer purchase reductions of potentially contaminated products have been reported by many studies in the literature and can be explained intuitively by self-preservation instincts (Grande et al., 1999). By contrast, purchase increases of such products despite health risks are counter-intuitive and more intriguing. To explain purchase increases, Frank and Schvaneveldt (2014) used collective resilience theory, which in turn is based on self-categorization theory and predicts that national disasters cause social identity shared with disaster victims to become salient and, thus, to trigger behaviors in support of disaster victims (Drury et al., 2009). Frank and Schvaneveldt (2014) suggested that while consumers naturally would decrease purchases of potentially contaminated products, they might increase such purchases after disasters in order to support disaster victims and regional economic reconstruction efforts when they empathize sufficiently with disaster victims. From collective resilience theory (Drury et al., 2009), they deduced that such empathy is strongly reinforced when social identity shared with disaster victims becomes salient. While Frank and Schvaneveldt (2014) explored the nature of purchase reductions (vs. increases) in response to product contamination risks after disasters, our research is the first to highlight, based on independent data, the role of knowledge, experience, and information sources as possible causes of such purchase reductions (vs. increases). We posit that drivers of self-preservation and thus purchase reductions are estimates of product health risk (H1a, strengthened by technology hazard expertise: H1e), estimates of contamination at the production site (H1c), and objective risk assessments by the media (H1d). Moreover, we posit that drivers of collective resilience and thus purchase increases are disaster involvement of the social network (H2a), past personal experience with disasters (H2b), and affective risk assessments by the media (H1c). As described in detail in our conceptual framework, we further posit contamination risk knowledge to depend on disaster-related information sources (H3a-c) and technology risk knowledge (H4a-b).

Table 1: Correlations and Descriptive Statistics

Variables	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1 Purchase intent reduction: mobile phones														
2 Purchase intent reduction: apparel	.48*													
3 Health consciousness	.05	.11*												
4 Willingness to help strangers	.02	.02	.26*											
5 Past personal experience with disasters	-.08*	-.17*	.06*	.05*										
6 Disaster involvement of social network	-.03	-.07*	.02	.08*	.08*									
7 Technology hazard expertise	.03	.02	.09*	.08*	.18*	.02								
8 Opposition to use of the technology	.10*	.16*	.18*	.08*	.21*	.08*	.31*							
9 Estimate of product health risk	.22*	.33*	.12*	.05*	.05*	.05*	.15*	.34*						
10 Estimate of contamination at production site	.10*	.15*	-.02	.02	-.04	-.04	.01	-.02	.12*					
11 Extent of media exposure	-.05	.03	.02	.02	.03	-.01	.02	-.02	.02	.13*				
12 Affective risk assessment by media	.05	.03	-.02	.03	.07*	-.04	.26*	.18*	.23*	.01	.04			
13 Objective risk assessment by media	.09*	.19*	.11*	.04	.08*	-.01	.22*	.27*	.33*	.02	.05*	.56*		
14 Observed public purchase reduction	.09*	.18*	.10*	.06*	.06*	.05*	.22*	.25*	.47*	.04	.06*	.36*	.44*	
Mean	.98	1.71	6.30	6.65	2.27	.52	3.81	3.02	4.03	.00	15.2	4.71	4.40	3.97
Standard deviation	2.92	3.02	2.03	1.82	1.55	1.32	1.83	1.52	1.55	.83	44.7	1.65	1.63	1.68

Notes: $^*p < .05$ (two-sided p-values). Variable 10 based on standardized items.

Figure 2: Distribution of Purchase Intent Reductions (vs. Increases)

Mobile Phones: Purchase Intent Reduction (vs. Increase). No change: 23%. Purchase increase: 26%. Purchase reduction: 51%. Number of respondents. Purchase reduction [difference between two 10-point scales].

Apparel: Purchase Intent Reduction (vs. Increase). No change: 18%. Purchase increase: 21%. Purchase reduction: 61%. Number of respondents. Purchase reduction [difference between two 10-point scales].
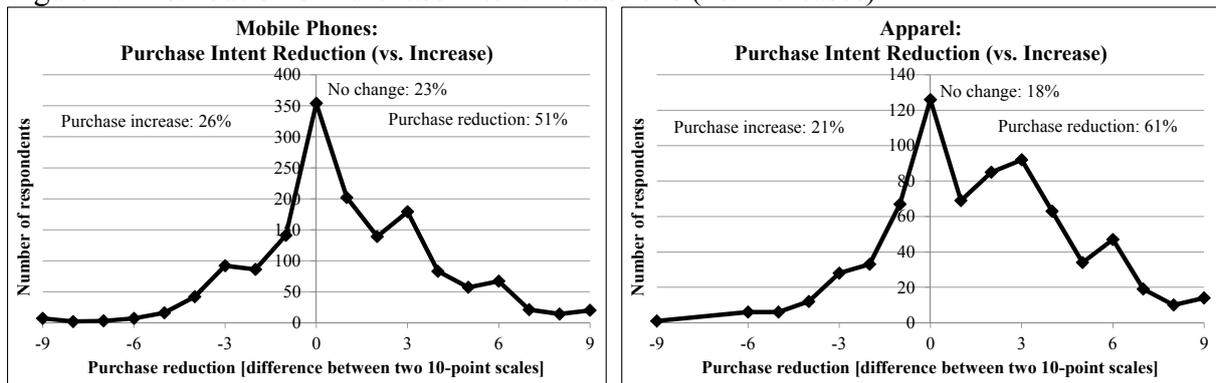
3.0 Methodology

To test our hypotheses, we designed the questionnaire summarized in the appendix.

Table 2: Determinants of Contamination Risk Knowledge and Purchase Intent Reductions

Independent variable	Purchase intent reduction			Contamination risk knowledge		
	Mobile phones β	Apparel β	Hypo-theses	Estimate of product health risk β	Estimate of contamination at production site β	Hypo-theses
Personal characteristics:						
Country of disaster location (Japan: 1; abroad: 0)	-.121 *	-.065	F&S: -	-.008	-.008	
Sex (female: 1; male: 0)	-.018	.031		.028	.034	
Age	.024	.254 ***		-.031	.021	
Age²	-.045	-.249 ***	F&S: -	.000	-.065 †	
Health consciousness	.013	.029	F&S: +	.059 **	-.016	
Willingness to help strangers	-.013	-.011		-.019	.021	
Disaster-related experience:						
Past personal experience with disasters	-.081 **	-.152 ***	H2b: -	-.004	-.012	
Disaster involvement of social network	-.027	-.082 *	H2a: -	.010	-.044 *	
Technology risk knowledge:						
Technology hazard expertise (THE)	-.022	-.003		-.024	.017	
Opposition to use of the technology	.039	.003		.214 ***	-.003	H4a: +
Contamination risk knowledge:						
Estimate of product health risk	.187 ***	.301 ***	H1a: +			
Estimate of contamination at production site	.069 **	.091 **	H1c: +	.094 ***		H1b: +
Disaster-related information sources:						
Extent of media exposure	-.036	.033		-.009	.130 ***	H3c: +
Affective risk assessment by media	.014	-.101 *	H2c: -	-.001	-.022	
Objective risk assessment by media	.033	.116 *	H1d: +	.137 ***	.022	H3a: +
Observed public purchase reduction	-.011	.012		.350 ***	.027	H3b: +
Hypothesized interaction effects:						
THE × Estimate of product health risk	-.001	.063 †	H1e: +			
THE × Opposition to use of the technology				.037 *		H4b: +
Error variance:						
Respondent-specific residual	7.513 ***	7.054 ***		1.627 ***	.656 ***	
Country-specific residual	.120	.061		.036	.019	
Brand-specific residual	.319 †	.064				
Fit statistics:						
HLM Pseudo R²	.121	.227		.322	.051	
Sample size	1525	707		2102	2102	

Notes: Hierarchical linear modeling (HLM). †$p < .1$; *$p < .05$; **$p < .01$; ***$p < .001$ (two-sided p-values).

F&S = results by Frank and Schvaneveldt (2014) on effects of personal characteristics on purchase intent reduction

As scenarios invoking perceived risks of product contamination, we chose consumer decisions to repurchase two types of owned products (mobile phones, apparel) from the same brand if the new products turn out to be produced in the proximity of the Fukushima Daiichi nuclear power plant, where the 2011 accident caused widespread radioactive contamination of adjacent regions of north-eastern Japan. We collected consumer data from Japan (disaster

location), USA, France (developed), Ecuador, Bolivia, and Sri Lanka (developing). After removing responses with missing values, we had data from 2102 consumers (Japan: 153; USA: 335; France: 333; Ecuador: 612; Bolivia: 449; Sri Lanka: 220), which includes 1525 responses on mobile phones and 707 on apparel. In Japan, 142 consumers provided responses on both mobile phones and apparel. Table 1 contains the correlations and descriptive statistics of our constructs. In combination with Table 1, the appendix indicates that our multi-item measures fulfill standard criteria of convergent and discriminant validity: Cronbach's $\alpha > .6$, average variance extracted (AVE) $> .5$, and AVE $>$ squared construct correlations.

4.0 Results

Figure 2 portrays the degree of purchase intent reduction (vs. increase) as a reaction to product contamination risks. While most consumers intend to decrease their purchases of potentially contaminated products, many consumers (apparel: 21%; mobile phones: 26%) intend to increase their purchases. Based on HLM of data pooled across brands and countries (levels 2/3), Table 2 shows the results of our hypothesis tests. They support all of our product-related hypotheses (H1a, H1c-e, H2a-c) for apparel and show somewhat weaker support (H1a, H1c, H2b) for the case of mobile phones, which are not as likely to suffer from product contamination and to consequentially affect consumer health. Our results support all of our product-independent, general hypotheses (H1b, H3a-c, H4a-b).

5.0 Discussion

While it is intuitive to presume that consumers shy away from potentially contaminated products, our research confirms that many consumers are actually willing to take the risk of demanding more of these products in order to support economically suffering regions (Frank and Schvaneveldt, 2014, 2015). As a secondary contribution, our study extends these findings by showing that the effect of health consciousness on purchase intent reduction is mediated by the estimate of product health risk. The primary contribution of our study is to explore the causes of purchase intent reductions (vs. increases) through the mechanisms of self-preservation and collective resilience. We find that purchase reductions are caused by contamination risk knowledge and disaster-related information sources, whereas purchase increases are caused by disaster-related experience and information sources. In turn, contamination risk knowledge derives from information sources and technology risk knowledge. The specific details are valuable to managers of exporting businesses and to public policy makers. Future research will need to replicate the results for different contexts.

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Appendix: Construct Scales

Purchase intent reduction (10-point Likert type: absolutely yes/no; Frank and Schvaneveldt, 2014)
  Formative scale calculated as (item 1 - item 2). Analogous item text for apparel.
  Please name the brand of your primarily used cell phone.
  1. Are you planning to buy your next cell phone from the same brand?
  2. If you assume that your cell phone brand produces all cell phones 30 km west of the Fukushima
     nuclear power plant, are you planning to buy your next cell phone from the same brand?

Health consciousness (10-point Likert type: absolutely yes/no; Frank and Schvaneveldt, 2014)
  - Do you actively consider the health consequences of every purchase decision?

Willingness to help strangers (10-point Likert type: absolutely yes/no; Frank and Schvaneveldt, 2014)
  - Do you always help immediately when you see a stranger in need?

Past personal experience with disasters (7-point Likert type: completely agree/disagree)
  - I am used to experiencing disasters (e.g., natural disasters, etc.).

Technology hazard expertise (7-point Likert type: completely agree/disagree)
  - I know a lot about the dangers of radioactivity.

Opposition to use of the technology (7-point Likert type: completely agree/disagree; AVE = .73; α = .63)
  - For many years, I have been strongly opposed to the use of nuclear energy.
  - To protect my health, I have always tried to avoid taking X-rays at the hospital.

Disaster involvement of social network (open question: number of persons)
  - How many of your current and past acquaintances have been somehow involved in nuclear disasters?

Estimate of product health risk (7-point Likert type: completely agree/disagree; AVE = .88; α = .94)
  - In my opinion, products from 30 km west of the Fukushima power plant are very dangerous.
  - Products from 30 km west of the Fukushima power plant may severely damage my health.
  - Products from 30 km west of the Fukushima power plant may cause major health problems.

Estimate of contamination at production site (open question: times; AVE = .69; α = .78)
  - How many times is the current radioactivity level 30 km west of the Fukushima nuclear power plant
    higher than in Paris?
  - Spending a full year 30 km west of the Fukushima nuclear power plant exposes a person to how many
    times the radioactivity of a flight from Paris to Tokyo?
  - Spending a full year 30 km west of the Fukushima nuclear power plant exposes a person to how many
    times the radioactivity of a chest X-ray examination?

Extent of media exposure (open question: minutes)
  - How much media coverage on the Fukushima nuclear power plant have you watched on TV last month?

Affective risk assessment by media (7-point Likert type: completely agree/disagree)
  - The media portray the radioactive contamination caused by the accident as deeply frightening.

Objective risk assessment by media (7-point Likert type: completely agree/disagree)
  - The media show with objective data that health consequences of the accident are very severe.

Observed public purchase reduction (7-point Likert type: completely agree/disagree)
  - As far as I have seen, most people avoid products from near the Fukushima power plant.

Notes: AVE = average variance extracted. α = Cronbach's alpha.

MACROMARKETING AND MARKETING AND PUBLIC POLICY

ABSTRACTS

Big Data Revolution: Witnessing a New Era of Consumer Vulnerability

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Abstract

Evidently marketing's advocacy of consumer centricity is not without its own problems of enterprise's enduring self-need for market control. On closer examination concepts like market orientation, relationship marketing, and more recently *Big Data* strategies, begin to appear like fronts operationalised by firms, to extract more and more economic value from wider consumer groups. This type of market orientation is fraught with issues of invasion of privacy and ethical breaches. The news is not all bad, with obvious benefits of using big data tools to improve service delivery outcomes in certain sectors of the economy. In spite of this, contemporary market orientation is akin to 'consumer entrapment' rather than 'consumer empowerment'. More needs to be done to protect and empowering wider consumer groups that seek to play the role of a true consumer or more recently that of a prosumer.

Track: *Macromarketing, Marketing and Public Policy*

Online Trolling: A Practice Theoretical Perspective

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Abstract

What is trolling? When managing online communities, should trolling be avoided, ignored, or controlled? Our practice-based analysis of trolling offers three main contributions to the nascent literature on trolling within online communities. First, we highlight important conceptual distinctions between trolling and other anti-social online behaviours, such as cyber-bullying, hacking, and flaming. Second, our findings reveal that trolling is broader than discrete instances of disruption undertaken by antagonistic individuals, thereby representing a more complex nexus of social dynamics within online communities. Third, we find that practices of trolling can have a dual pro-social and anti-social impact within online communities. The paper concludes with resulting ethical principles and implications for online community management.

Keywords: *Trolling, Practice Theory, Online Community Conflict*

Track: *Macromarketing, Marketing and Public Policy*

The Shopping Stress and the BOP consumer: An Emergent Perspective

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Abstract

Previous studies portray a picture of the customers at the bottom of the pyramid (BOP) as being generally loyal to their local retailers due to dependence for their daily consumption needs. In a pioneering attempt, the present study aims to develop a framework of the stress factors that determine the selection of a particular retail store at the BOP, and its impact. Based on in-depth interviews of sixty BOP customers in India, we have analysed the qualitative data using three levels of coding: descriptive coding, interpretative coding and aggregate coding to develop a conceptual model that explains BOP shopping experiences and how the poor consumers feel about the retailer. The study has put forth some important dimensions of customer-retailer relationship at the BOP level and thereby could be used by the marketers as well as policy makers for planning interventions as well as innovations in distribution policies for BOP.

Keywords: *Choice stress, shopping, retailer, bottom of pyramid*

Track: *Macromarketing, Marketing and Public Policy*

When and How to Intervene:
Conceptualizing the Viral Life Cycle of Wicked Consumption Behaviour

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Abstract

Based on cases from the tobacco and soft drink industry, this paper proposes a viral life cycle of wicked consumption behaviour. The paper suggests that wicked consumption behaviour follow a systematic pattern multiplied or limited by the existence or absence of social engineering measures. It conceptualizes the viral life cycle and offers a systemization for calibrating social engineering strategies in terms of timing and dose.

Keywords: *Viral Life Cycle; Social Engineering; Wicked Consumer Behaviour; Macro-Social Marketing*

Track: *Macromarketing, Marketing and Public Policy*

Explication of Smallholder Market Participation using the MOA framework

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Abstract

The case for the smallholder farmer has occupied a central place in the liberalization efforts of most governments in Africa. Smallholder agriculture faces acute pressure, as it suffers from lack of resources and skills, as well as long-held patterns of underinvestment by developing country governments. This article begins by considering the extant knowledge on the subject thus setting a foundation for understanding and clarifying market participation's construct domain. The paper integrates various streams of scholarly thought from economics, marketing and development economics domain in an effort to study market participation at an experiential level. This paper, offers a fresh perspective to chronic challenges that tend to facilitate or hinder smallholder market participation in agricultural marketing systems in Zimbabwe. Using a tripartite meta-framework – Motivation-Opportunity-Ability (MOA), the study proposes that market participation is dependent on a behavioural set of factors relating to the smallholder's market orientation, market access and marketplace literacy.

Keywords: *Smallholder Farmer, Market Participation, Market Orientation*

Track: *Macromarketing and Marketing and Public Policy*

Integrating apathy and myopia into a green purchase intentions model for low involvement products

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Abstract

Daily low involvement purchases have a negative environmental impact potentially greater than those of high involvement consumption. However, surprisingly, most environmental research focuses on high involvement purchases. Research has tended to predominantly examine factors that motivate green behaviour rather than aspects that impede consumers becoming more environmentally responsible. This research integrates two negative forces--environmental apathy and myopia--into a model investigating environmental attitudes, environmental locus of control and perceived environmental impact in regards to purchase intentions. This is undertaken in a low involvement product situation of Turkish consumers. The results suggest that environmental apathy, myopia and environmental attitudes have a significant influence on attitude and behaviour and may thus need to be considered into future green marketing mix strategies relating to low involvement products.

Keywords: *Green Consumption, Apathy, Myopia, Low Involvement Products.*

Track: *Macromarketing and Marketing and Public Policy.*

Prescribing Under the Influence: The case of breastmilk substitutes

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Abstract

Concerns of pharmaceutical marketing practices on the influence of doctors and hospitals continue to be an important topic in breastfeeding substitutes because of health-related consequences. Understanding the factors that drive over-prescription of infant formula can help policy makers better target the activities that lead to this medically-undesirable behaviour. We draw on a general theoretical framework that comprises the person (doctors), the moral issue characteristics, and the situation (hospital policy, pharma company promotions, and mother's beliefs regarding breast feeding) in explaining why doctors over prescribe infant formula. Path Least Square results indicate that organization environment both hospital policies and company promotions have the most influence on medically-undesirable prescription behaviour of breastmilk substitutes, followed by mothers' attitudes and beliefs toward breastfeeding. Only the magnitude, probability and temporality components of moral intensity of the issue have significant impact on prescription behaviour.

Keywords: *Hospital Policy, Pharma Company Promotions, Prescription Behaviour, Breastfeeding*

Track: *Macromarketing, Marketing and Public Policy*

Marketing Systems Mapping: A Participatory Action Research Approach

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Abstract

In the macromarketing literature, marketing systems thinking has been shown to be extremely useful approach for understanding marketplaces that involve intricate social, cultural, economic and marketing exchange relationships. The purpose of our paper is to describe and explain a marketing systems mapping activity that was undertaken within an informal settlement community by way of a participatory action research (PAR) process. A total of 19 households participated in a household-level marketing systems mapping activity. The household-level systems maps and related data were used to construct a de-identified aggregated marketing systems map (and accompanying narratives). We report on how the community used the systems maps to inform local planning and marketplace actions. We conclude by suggesting that participatory marketing systems mapping is a useful activity to generate credible systems information, particularly for community-based marketplaces.

Keywords: *Marketing Systems, Participatory Action Research, Participatory Mapping*

Track: *Macromarketing and Marketing and Public Policy*

Assortment, Location and Price Differentiation and Impacts on Macro Patterns of Efficiency and Effectiveness: An Experiment through Agent-based Models

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Abstract

Many pieces of research have interests in the efficiency and effectiveness of marketing systems at the micro, meso, and macro levels. With a few empirical studies recently, it is not clear how the performances at levels link to each other in the marketplace. This paper studies an agent-based simulated market system where various companies adjust their offerings and price with the different promptness in different experimented customer settings. Results indicate several critical linkages from customer preference and manager micro price decision to the meso differentiation on marketing elements, and further to consumers' macro accessibility, affordability, and procurability.

Understanding Continued Use of Green Products – The Role of Habit in the Expectation-Confirmation Model

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Abstract

This paper examines the role of habit on consumers' intention to use green products on a continuous basis. It explores the effects of perceived value, confirmation of expectations, satisfaction, and habit on the continued use of green products. Data were collected from 311 respondents through intercept technique using a self-administered structured survey. The findings revealed that unlike confirmation, perceived value positively influence satisfaction. Satisfaction is found to positively influence habit and continued use of green products. Habit is also found to positively influence continued use of the green products. The mediation tests revealed that satisfaction partially mediates the relationship between perceived value and continued use; and, habit partially mediates the relationship between satisfaction and continued use. Thus, this study extends the expectation confirmation model by focusing on the mediating role of habit in relationship between satisfaction and continued use of the green products. Managerial implications of the findings are discussed.

Keywords: *Green product, Expectation-confirmation, Habit, Perceived value, Confirmation,*

    Satisfaction.

Track: *Macromarketing and Public Policy*

Is bigger always better?
The unit effect in carbon emissions information

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Abstract

According to Pandelaere et al. (2011), bigger numbers of units in quantitative attribute information lead to greater perceived attribute differences, making it more likely that consumers will switch to a higher-attribute option. We replicate this "unit effect" for the carbon emissions metrics displayed in car advertisements, and extend it to show that highly numerate individuals, who are supposed to be more effective decision-makers, may actually be more prone to numerosity heuristics.

Keywords: *Unit Effect, Numeracy, Carbon Emissions, Ecological Image, Numerosity Heuristics.*

Track: *Macromarketing, Marketing and Public Policy*

The Role of Religious Referents on Digital Piracy Intention

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Abstract

The purpose of this study is to examine the role of religious referents in affecting people's digital piracy intention. The theory of planned behaviour is used as the underlying research framework. The data analysis of 400 usable responses from a Christian mega-church in Indonesia provided several significant relationships. The analysis found that attitude towards digital piracy and Subjective norm have a negative, significant relationship with intention to purchase pirated digital media. On the other hand, perceived behavioural control was found to have a positive, significant relationship with intention to purchase pirated digital media. . The more a person believes that he/she has the ability to get access to pirated digital media, the more the intention to engage in this behaviour. The findings of this study suggest that policy makers could involve religious referents (i.e. religious leaders in particular) in their effort to combat digital piracy.

Keywords: *Digital piracy, Indonesia, Religion, Church, Theory of Planned Behaviour*

Track: *Macromarketing, Marketing and Public Policy*

Managing Complex Stakeholder Ecosystems –
The Role of Stakeholder Marketing Capabilities

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ABSTRACT

With the advent of New Media and the increasing importance of society in business, stakeholder management has become more complex and regained attention in science and practice. Resulting changes in communication and interaction are leading towards a strong interconnectedness of stakeholders. As a consequence, stakeholders are able to influence companies and other stakeholders directly and indirectly within the value creation process. For managing this stakeholder ecosystem, companies need specific marketing capabilities. To determine these stakeholder-specific marketing capabilities, we conducted 13 qualitative interviews with experts (e.g. CEOs, Vice Presidents, and Corporate Communication Managers) from varying industries in Germany. Our main results show that there is a high degree of stakeholder orientation in companies. Moreover, we identified stakeholder-specific marketing capabilities which are essential for cross-industry stakeholder management. Issue management and the role of conflicts are key elements in this process. Additionally, our study identifies industry-specific capabilities and organizational requirements supporting stakeholder management.

Keywords: *Stakeholder, Stakeholder Management, Marketing Capabilities, Ecosystems*

Track: *Macromarketing and Marketing and Public Policy*

THE MITIGATION OF PSYCHOLOGICAL DISTANCE PERCEPTION IN PROENVIRONMENTAL BEHAVIOR: THE ROLE OF CONSUMER OPTIMISM

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Abstract

This study investigates the role of consumer optimism in the mitigation of psychological distance perception in proenvironmental behavior. More precisely, the influence of optimism is caught through its effects on two variables: consumer tendency to consider the future consequences of their behavior (CFC) and generativity. Those variables are considered as likely to mentally mitigate consumer psychological distance perception toward environment. The paper tries to test firstly, to which degree optimism could explain individuals CFC and generativity in a pro-environmental. Secondly, what is the nature of the relationship that could exist between optimism and CFC, and between optimism and generativity and how these different interactions between those variables could explain the individuals' ecological attitude.

Keywords: *Psychological distance, CFC, Generativity*

Track: *Macromarketing and Marketing and Public Policy*

INDUSTRIAL AND BUSINESS RELATIONSHIP MARKETING

FULL PAPERS

Environmental Uncertainty and Supply Chain Flexibility: A survey in China

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Abstract

In principle, supply chain flexibility aims to cope with complex and turbulent environments. Yet, empirical findings about the effects of environmental uncertainty on supply chain flexibility are inconclusive. This study addresses this question by differentiating between objective and perceived environment uncertainty as well as between logistics and relationship flexibilities. In a case study of four companies in two industries, it develops propositions about how objective and perceived environmental uncertainty and the consistency between these affect logistics and relationship flexibilities. It then tests these propositions in a survey of 212 manufacturing firms. The results show that: (a) objective environmental uncertainty only has a marginal effect on logistics flexibility; (b) perceived environmental uncertainty has a significant positive effect on logistics flexibility; (c) the effect of perceived environmental uncertainty on relationship flexibility is inverse U-shaped.

Key words: Objective environmental uncertainty; perceived environmental uncertainty; consistency; logistics flexibility; relationship flexibility

Track: Industrial and Business Relationship Marketing

1.0 Introduction

To the extent that flexibility constitutes an adaptive response to environmental uncertainty, it is important to understand when and how such a response actually arises in real business environments. However, the results in the empirical studies are inconclusive, some showing a positive effect (e.g., Patel et al., 2012; Swamidass & Newell, 1987), others revealing mixed effects (e.g. Sánchez and Pérez, 2005; Vickery et al., 1999), or even no effect (e.g., Pagell and Krause, 1999). To address the inconsistency in the empirical findings, the present study distinguishes between objective and perceived environmental uncertainty as distinct concepts and not merely as distinct measurement modes. As such, objective and perceived environmental uncertainty could have distinct effects on supply chain flexibility.

Moreover, while the existing literature often treats supply chain flexibility as a uni-dimensional concept, the distinctiveness of multiple dimensions of supply chain flexibility can help clarify how it arises as a response to environmental uncertainty. For example, in a sample of automotive suppliers, Sánchez and Pérez (2005) found that volume flexibility is a response to perceived demand uncertainty and launch flexibility is a response to perceived uncertainty about competitors. Such previous studies focus on the dimensions of intra-firm flexibility; however, the effects of objective or perceived environmental uncertainty on intra-firm logistics flexibility could differ from its effects on inter-firm relationship flexibility. The present study also aims to address that question.

2.0 Literature Review

2.1 The Definition and Dimensions of Supply Chain Flexibility

Following Upton (1994) and others, the present study adopts a definition of flexibility as a capability in response to environmental uncertainty. Different flexibility types involve different resources. For example, logistics flexibility involves physical resources and relationship flexibility involves relational resources (Yu, Cadeaux, & Song, 2013). Logistics flexibility is unilateral and refers to the ability of the organization to respond quickly to customer needs in delivery, support, and service (Zhang, Vonderembse, & Lim, 2002). It is resource-based in that logistics flexibility involves processing material and information flow between the focal firm and its supply chain partners. For instance, to make such adjustments requires a sufficient quantity and quality of information as a resource.

In contrast, relationship flexibility defines a bilateral expectation of willingness in a trading relationship to adapt, change, or adjust to new knowledge without resorting to a series of new contracts and renegotiations (Richey, Adams, & Dalela, 2012; Young, Sapienza, & Baumer, 2003). It is norm-based, in the sense that relationship flexibility is built upon the quality of the inter-firm relationship. From a supplier's perspective, it represents an assurance that the relationship will be subject to good-faith modification if a particular practice proves detrimental in light of changed circumstances (Johnston et al., 2004).

2.2 Effects of Environmental Uncertainty on Supply Chain Flexibility

Objective environmental uncertainty describes the state of the organizational environment (Milliken, 1987), which is determined by attributes of the environment. Dess and Beard (1984) suggest that environmental uncertainty consists of three basic dimensions: (a) complexity, which is the heterogeneity or the number and diversity of external factors facing an organization; (b) munificence, which is the availability of resources or the ability of the environment to foster the growth of firms within it; and (c) dynamism, which is the degree of instability or the turbulent nature of the market in which a firm competes. It can be viewed as a concept at the industrial-level. The present studies also follow this definition (e.g. Patel, 2012). The main theoretical argument supporting the direct effect of objective environmental uncertainty on flexibility is the core of a traditional contingency theory of adaptation which suggests that high performing firms choose strategies consistent with their environments (Chakravarthy, 1982). Thus,

H1a: Objective environmental uncertainty has a positive effect on logistics flexibility;
H1b: Objective environmental uncertainty has a positive effect on relationship flexibility.

Perceived environmental uncertainty (PEU) is defined as the state of a person such as a manager who perceives himself or herself to be lacking critical information about the environment (Milliken, 1987). It thus can be considered as a firm-level concept. The same set of stimuli from the environment can foster different levels of perceived uncertainty in different individuals or organizations depending on the previous level of knowledge of the individual and on cognitive processes. Lawrence and Lorsch (1969) suggest that environmental uncertainty is composed of three elements: (a) lack of clarity of information, (b) general uncertainty of causal relationships between decisions and the corresponding results, and (c) time span of feedback about the results of the decision. Organizational information processing theory suggests that high levels of information processing are

required when the organization lies in a rapidly changing environment with low quality information (Daft & Huber, 1987; Galbraith, 1974; Leblebici & Salancik, 1981; Nonaka & Nicosia, 1979), and thus flexibility that effectively process environmental information can help organizations adapt to a changing environment.

H2a: Perceived environmental uncertainty has a positive effect on logistics flexibility;
H2b: Perceived environmental uncertainty has a positive effect on relationship flexibility.

The empirical picture, however, is not as good as the theoretical one. In spite of the strong theoretical argument, researchers who used measures of perceived environmental uncertainty (PEU) when testing the relationship between uncertainty and manufacturing flexibility found inconsistent results (Corrêa, 1994; Gerwin, 1993; Slack, 1987; Swamidass & Newell, 1987). For instance, Swamidass and Newell (1987) found only moderate support for the hypothesis that perceived environmental uncertainty has a positive impact on production flexibility. Similarly, Gerwin (1993) presented a model that posits that environmental uncertainty leads to manufacturing strategy and hence the flexibility requirements of the system. Replicating the measures of Swamidass and Newell (1987), Pagell and Krause (1999) did not find a significant relationship between perceived environmental uncertainty and operational flexibility. We argue that such mixed empirical findings may be due to the non-linear, rather than linear, relationship between PEU and flexibility, so:

H3a: The effect of perceived environmental uncertainty on logistics flexibility is U-shaped;
H3b: The effect of perceived environmental uncertainty on relationship flexibility is U-shaped.

3.0 Method

3.1 Data Collection
According to Patel (2012), there are three dimensions of environmental uncertainty, which are complexity, munificence and instability. The data to calculate these dimensions came from *The National Bureau of Statistics of Chinese Manufactures* as well as industry-specific sources from 2005 to 2009. However, the perceived measures of uncertainty and flexibility relied on a large-scale survey of companies in business-to-business environments using key informants since information on most variables of interest, was relationship-specific and not available from published sources. This data collected from cities in these regions and industries well represents China's manufacturing sector. As a result, a total of 262 executives responded to the request for information about their company. The follow-up screening process revealed that 212 questionnaires were usable, yielding a pure response rate of 46%.

3.2 Measures
Environmental complexity was measured by using the MINL formulation, which is an approximation of industry concentration. We used four firms in each rank in 2009 and assumed that the market share of all firms in the industry was equal. MINL (complexity) is measured as follows:

$$MINL=MIN+ (a_1+a_2)^2[(N_i)^2-1]^2/(3N_i)$$

$$MIN=\sum_{i=1}^{n}(ai)^2$$

where: MIN=minimum value of H which is 1/N; A_1=average market dare of the 4 largest firms in the industry; A_2=average market share of the next 4 largest firms; N_i=number of firms in each rank.

Environmental munificence (growth) and instability (demand uncertainty) are both calculated by regressing the previous five years' sales (the manufacturing industry) as dependent variable against time (from 2006 to 2009) as independent variable, the basic equation is given by:

$$Y_t = b_o + b_1 t + a_1$$

where: y= industry sales or industry operating income; t= year; a= residual.

The specific measure to address munificence is the anti-log of the slope of the regression described above and the specific measure to address instability is the anti-log of the standard error for the regression slope coefficient.

The measures for logistics flexibility, relationship flexibility and perceived environmental uncertainty are selected from Swafford et al. (2006), Heide and Hohn (1992) and Wang and Wei (2007), and Kumar et al. (1992), respectively (some items were dropped due to low factor loadings). Each scale uses multiple, 5-point Likert-type items. The CFA model fit indices indicate a good fit (χ^2/df=1.403; RMR=0.036; GFI=0.961; IFI=0.976; CFI=0.975; RMSEA=0.044). As is shown in Table 3, all the CR values are above the cut-off value of .70 (Fornell & Larcker, 1981). In addition, the AVE of each construct exceeds the variance attributable to its measurement error cut-off value of 0.50 (with the single exception of relationship flexibility which falls slightly below 0.50) (Chin, 1998; Fornell & Larcker, 1981).

Table 1: Assessing Reliability and Validity of the Measurement Model

Construct and items	Std. Loading	CR	AVE
Logistics flexibility (from Swafford et al. (2006))		0.767	0.527
LF1: Adjust storage capacity if demand fluctuates	0.653		
LF2: Adjust delivery capacity to meet volume for delivering	0.835		
LF3: Make flexible use of multiple transportation modes to meet the schedule for delivering	0.676		
Relationship flexibility (from Heide and John (1992), Wang and Wei (2007))		0.723	0.471
RF1: Expect to be able to make adjustments in the ongoing relationship	0.625		
RF2: Revalue the ongoing situation to achieve a mutually satisfactory solution when disagreements arise in transactions	0.818		
RF3: Modify the working agreement rather than hold each other to its original terms when an unexpected situation arises	0.593		
Perceived environmental uncertainty (from Kumar et al.'s (1992))		0.810	0.519
Demand uncertainty	0.695		
EU1: Customers' demand is changing	0.795		
EU2: There are a number of changes taking place in customers' preferences	0.783		
Competition uncertainty	0.879		
EU3: The level of competitive activity is changing (e.g. number or strength of competitors is increasing)	0.633		
EU4: There are a number of changes taking place in competitors' sales and promotional strategies	0.656		

4.0 Data Analysis and Results

4.1 Objective uncertainty and supply chain flexibility

As objective uncertainty is an industrial-level variable and logistics and relationship flexibilities are both firm-level variables, we tested the effect of each dimensions of objective uncertainty on logistics flexibility and relationship flexibility, with software MPlus. Table 2 presents the results of six cross-level models, each of which has one dimension of supply chain flexibility at Level 1 (firm-level), and one dimension of objective uncertainty at Level 2 (industry-level). Only complexity has significant and negative impact on both logistics and

relationship flexibilities (B = 0.000, p < 0.001, and B = -.001, p < 0.001, respectively). Hence, we did not find support for H1.

Table 2: Regressions of objective uncertainty on supply chain flexibility

DV	Logistics Flexibility			Relationship Flexibility		
IV	M1	M2	M3	M4	M5	M6
Level 1:						
Age	0.108*	0.128**	0.136**	0.031	0.048	0.055
	(0.043)	(0.045)	(0.048)	(0.043)	(0.041)	(.040)
Employee	-0.007	-0.011	-0.016	-0.032	-0.038	-0.043
	(0.039)	(0.025)	(0.034)	(0.024)	(0.028)	(0.034)
Sales	-0.003	-0.003	0.004	0.011	0.012	0.019
	(0.045)	(0.030)	(0.040)	(0.022)	(0.030)	(0.040)
Assets	-0.022	-0.022	-0.023	0.008	0.008	0.007
	(0.028)	(0.030)	(0.029)	(0.024)	(0.021)	(0.024)
Level 2:						
Complexity	0.000***			-0.001***		
	(0.000)			(0.000)		
Munificence		0.061			0.069	
		(0.040)			(0.045)	
Instability			0.193			0.312
			(0.572)			(0.606)

$^{*}p<0.1,\ ^{**}p<0.05,\ ^{***}p<0.01$

4.2 Perceived uncertainty and supply chain flexibility

As perceived environmental uncertainty is at the firm-level, as the same as logistics and relationship flexibilities, we tested the effects of perceived environmental uncertainty on logistics flexibility and relationship flexibility. As shown in Table 3, the effect of perceived environmental uncertainty on logistics flexibility is positive and significant (β=0.169, $p<0.01$), which supports H2a. However, the square of perceived environmental uncertainty has no significant effect on logistics flexibility (β=-0.022, *ns*), which confirms the linear rather than the non-linear effect, failing to support H3a. The test also showed that the effect of perceived environmental uncertainty on relationship flexibility is positive and significant (β=0.172, $p<0.01$), supporting H2b. Furthermore, the coefficient of the square term of perceived environmental uncertainty is negative and significant (β=-0.101, $p<0.05$), which indicates a reversed U-shaped relationship between perceived environmental uncertainty and relationship flexibility. Hence, H3b is supported.

Table 3: Linear and Non-linear Regressions for Perceived Environmental Uncertainty

DV	Logistics Flexibility			Relationship Flexibility		
IV	M7	M8	M9	M10	M11	M12
constant	3.466***	3.434***	3.455***	3.620***	3.587***	3.682***
	(18.469)	(18.580)	(17.871)	(21.942)	(22.230)	(22.019)
Age	0.130***	0.133***	0.131***	0.057	0.059	0.052
	(2.719)	(2.819)	(2.765)	(1.347)	(1.441)	(1.257)
Employee	-0.023	-0.013	-0.013	-0.070***	-0.060**	-0.057**
	(-0.793)	(-0.462)	(-0.440)	(-2.777)	(-2.429)	(-2.337)
Sales	-0.002	0.002	0.003	0.001	0.005	0.010
	(-0.054)	(0.048)	(0.080)	(0.042)	(0.162)	(0.338)
Assets	0.001	-0.005	-0.007	0.062**	0.056**	0.048*
	(0.043)	(-0.148)	(-0.197)	(2.111)	(1.934)	(1.658)
PEU		0.169***	0.158**		0.172***	0.120**
		(2.871)	(2.383)		(3.341)	(2.095)
PEU^2			-0.022			-0.101**
			(-0.373)			(-1.988)

R^2	3.8%	7.5%	7.6%	5.2%	10.1%	11.8%
Adjusted R^2	2.0%	5.3%	4.9%	3.4%	7.9%	9.2%
ΔR^2	3.8%[*]	3.7%[***]	0.1%	5.2%[**]	4.9%[***]	1.7%[**]
ΔF	2.064	8.243	0.139	2.856	11.163	3.950

[*]$p<0.1$, [**]$p<0.05$, [***]$p<0.01$

5.0 Discussion and Implications

Responding to the inconclusive findings on the effect of environmental uncertainty on supply chain flexibility, this study first distinguishes between environmental uncertainty as an objective state of the environment and as a subjective perception of the managers. To the extent that the decision-making process is closely connected with the manager's perception, we found that perceived environmental uncertainty affects both logistics flexibility and relationship flexibility significantly as shown in the survey results; while only one dimension of the objective environmental uncertainty (environmental complexity) has negative effect on industrial average supply chain flexibility. Thus, for managers, flexible strategies could be more quickly developed based on their proactive judgment of the external environment rather than by reactive responses followed by complex processing of objective environmental information. Second, this study finds that different dimensions of supply chain flexibility also appear to contribute significantly to the distinctive results. Logistics flexibility, which relates to the focal firm's ability to process information for logistics activities, would be generally higher than relationship flexibility in response to uncertainty in the environment. In contrast, relationship flexibility, which is norm-based rather than resource-based, has a nonlinear relationship with perceived environmental uncertainty. If environmental uncertainty perceived by managers is too high, their willingness to get a modification of relationship norms may be weakened to the extent that they might re-consider whether the relationship would be sustainable when it is shown to require great effort to make changes.

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A Cultural Perspective of Customer Value in Business Solutions Procurement

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Abstract

Intensive social interaction is an important characteristic of business solutions implementation. This gives rise to a series of implicit social norms that shape the perceptions and interactions of key individuals. Failure to understand the impacts of these social norms has important consequences which can include cost over-runs and negative value perceptions. Few studies consider the nature of social norms in a business solutions setting. In this study, we consider key episodes within the business solutions implementation process in terms of specific procurement decisions. To understand the influence of implicit social norms in this process, we conduct a cross-cultural comparison between an Australian case and a South American case of business solutions procurement instances. From the interview data (n=23), key differences are evident in terms of signalling, requirements definition, customisation and integration, deployment, post-deployment support, inter-process management, and, overall market trends.

Keywords: business-to-business, marketing, buyer-supplier, interaction, social norms

Track: Industrial and Business Relationship Marketing

1.0 Introduction

Culture underpins many of the dynamics that emerge through buyer-supplier exchange. In business markets, supplier firms try to establish and maintain complementary organizational cultures with their customers so as to achieve positive information flows and joint profits (Dawes et al., 1998; Vanpoucke et al., 2014; Wuyts and Geyskens, 2005). National and ethnic cultures also influence industrial procurement. This is particularly evident in multi-national buyer-supplier relationships (Jia and Zsidisin, 2014; Tadepalli et al., 1999; Zhuang et al., 2010).

Business solutions involve the provision of a suite of products and services that address specific customer needs (Nordin and Kowalkowski, 2010; Tuli et al., 2007). A series of relational processes underpin the implementation of business solutions. These give rise to inter-personal interactions between boundary-spanning members of both buyer and supplier firms (Gebauer et al., 2013; Storbacka et al., 2011). Consequently, business solutions implementations involve a mix of cultural interactions. While several studies examine business solutions implementations in multiple contexts (Biggemann et al., 2013; Roehrich and Caldwell, 2012), the effects of different cultures on procurement approaches receives

little attention at present. This is particularly important, because many business solutions-intense industries (e.g. mining, defence, professional services, manufacturing) involve multiple international interactions.

The purpose of this exploratory study is to describe the influence of culture on business solutions procurement. We consider business solutions procurement as involving buyer-supplier interactions that align with stages in an implementation process (Töllner et al., 2011; Tuli et al., 2007). Many of these stages require interactions with members of a broad network of supplier firms (Cantù et al., 2012; Cova and Salle, 2008; Frankenberger et al., 2013). To understand how culture influences procurement processes, we draw on case studies from Australia and South America.

Our findings are among the first to show how culture influences procurement processes in business solutions implementation. This is particularly important for multi-national business solutions implementation. It also highlights the importance of cultural context in this setting.

2.0 Literature Review

Buyer-supplier interactions involve cultural dynamics. This relates to the nature of social ties that exist between members of both the buyer and the supplier firms (Wuyts and Geyskens, 2005). Social ties form the basis for information exchange and a common understanding. They also create mutual values between exchange partners and can, therefore, shape knowledge exchange and innovations (Bagozzi, 2006; Hewett et al., 2002; Wuyts and Geyskens, 2005). The degree of mutuality between buyer and supplier cultures and/ or their complementarity can determine the success of the relationship (Hewett et al., 2002).

Several studies suggest that buyer-supplier relationships in business markets provide a social context which contributes to the social construction of knowledge (Blois, 2003; Edvardsson et al., 2010). Through repeated interactions, a set of 'norms' develops (Blois, 2003). These norms comprise a series of implicit rules that govern key elements of the relationship (Blois, 2003; Edvardsson et al., 2010). As such, they have become an important aspect of inter-firm relationship management (Cannon, 2000; Heide and John, 1992).

Social norms have important influences on what customers perceive. At least some of the expectations that members of the buyer firm have of suppliers derive from their understanding of group expectations (Edvardsson et al., 2010). These expectations have an central role in shaping customer perceptions and, as such, account for some of their interpretations of value (Epp and Price, 2011; Flint, 2006; Kohtamäki et al., 2013). Similarly, individuals tend to behave in socially acceptable ways (Berger and Luckmann, 1967; Gergen, 1994). This influences the actions and activities in which individuals engage in a social setting. We suggest that culture is an important way to understand the influences of social norms. Many studies consider national cultures as an important influence in consumer decision-making and perception (Coskuner-Balli, 2013; Jean et al., 2010; Morgan et al., 2014). Similarly, we argue that culture has an important influence on business solutions procurement.

3.0 Methodology

Our goal in this study is to uncover the influence of national cultures on business solutions procurement. For this purpose, we use an exploratory, qualitative approach and an embedded case design (Yin, 2009). This approach is particularly appropriate since the study

focuses on an under-researched topic and our goals centre on generating new insights and building new theoretical interpretations of complex, real-life phenomena (Yin, 2009). Through multiple cases, we are also able to compare findings, thus aiding in robustness (Stake, 2006).

Our unit of analysis is the procurement approach of the buyer firm. We employed a theoretical sampling, and four main criteria informed our case selection (Eisenhardt and Graebner, 2007). First, we identified firms in the mining industry, which is particularly appropriate given the prevalence of solutions procurement (Biggemann et al., 2013). Second, we identified firms from two geographic locations that are likely to offer different cultural perspectives. For this purpose, we selected Australia and South America. These contexts have important differences in relation to language, cultural rituals, history and economic setting. Third, we identified potential buyer firms who were operating in these markets, and had prior experience in purchasing solutions. Specifically, we focused on customers who had experience in purchasing a dewatering plant1 (or technologically similar offering). To identify these firms, we drew on the contacts available to us from a Finnish mining supplier. Fourth, since customer data is often sensitive in nature, we identified potential customers who would be willing to participate in this study, and share their experiences freely. The customers in South America were interviewed during a sales roadshow in Chile and Peru in October 2014, and customers in Australia at their local offices or via telephone in December 2014.

Overall, we conducted 20, semi-structured field interviews with 23 key decision makers with each of the identified customer organizations. This is consistent with sample sizes recommended for exploratory research (Eisenhardt and Graebner, 2007; Yin, 2009). We employed semi-structured interviews with open-ended questions to obtain the data for the study (Lincoln and Guba, 1985). The interview guide focused on how and why customers purchase solutions (i.e., motivations, criteria), and what kinds of benefits and sacrifices customers expect, experience, and perceive related to the procurement of solutions. In addition to the interview data, we employed several sources of secondary data (Eisenhardt, 1989; Yin, 2009). These include notes, feedback, and documents from several meetings with the mining technology supplier, two workshops with a larger managerial audience, and observations from the sales meetings between the supplier and its customers in South America. In addition, we had interactions with the local sales managers in both market areas, where we discussed a range of confidential issues relating to customer needs, experiences of purchasing process, and perceptions of solution implementation.

The data analysis began with a within-case analysis of individual customers, which proceeded in two stages. First, we identified activities, decision, and challenges related to the purchasing process from the data to understand why and how individual customers purchased solutions. Second, we identified potential benefits and sacrifices that individual customers experienced and perceived during the purchase, implementation and usage of solutions. We employed the Tuli, Kohli, and Bharadwaj's (2007) framework as a loose thematic frame that guided the second stage of the within-case analysis. After constructing an understanding of

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1 Dewatering is a part of the value chain from ore to metal, and it is focused on separating solid and liquid materials to optimise the processes in mineral slurry dewatering, process water reuse and by-product handling in metals and chemical processing as well as in industrial water treatment.

each individual customer, we moved to a cross-case analysis, where we analysed and compared emerging patterns within firms in the same market areas, and also contrasted them against the literature (Strauss and Corbin, 1990).

4.0 Findings

Our empirical inquiry into the procurement of business solutions in Australia and South America sheds light on the differences in characteristics, value perceptions, and customer engagement between these two geographically and culturally different business contexts. Due to space constraints, our analysis is limited to summaries of the key findings without illustrative quotations. The empirical data indicates that in Australia, mining industry customers tend to look for complex solutions that are applied to fix their perceived business needs. They are usually willing to invest in high quality or technologically advanced, albeit more expensive, solutions if it reduces their overall long-term costs. Customers in Australia are usually aware of their own requirements, and able to articulate and evaluate the content of expected solutions, but expect to benefit from the supplier's specialist knowledge and market insight. They want to be usually very involved in the design, integration, and implementation of the solution, but often feel that a supplier's reluctance to share data, control, and specialist expertise are unnecessary costs that hinder the procurement process. Furthermore, they are usually able to operate and maintain the solutions on their own, but expect to have access to the suppliers' resources if needed. Overall, the empirical data suggests that the mining industry customers in Australia prefer total solutions that allow suppliers and customers to combine their resources, i.e. products, services, and knowledge, to jointly design and co-create a solution that solves the customer's perceived business needs. Customers expect to be involved in the solution development process, but are also increasingly willing to outsource non-core operations to the supplier, if it will result in better long-term performance or cost savings.

In contrast, our empirical data indicates that mining industry customers in South America tend to look for less complex product bundles that that are customized to fit to their experienced problems. They are usually driven by short-term costs, and hence prefer cheaper and less technologically advanced solutions that fulfil only the minimum requirements. Customers in South America did not usually have a lot of internal expertise to define their needs or evaluate alternative solutions, and hence they often expect that the supplier will help them to understand their needs and find an appropriate solution. Similarly, due to the lack of in-house engineering expertise, the customers expect to delegate most of the design and integration to the supplier, and need help when implementing and operating the solution after purchase. Overall, the empirical data suggests that mining industry customers in South America prefer leaner solutions, or product-service packages, which are less expensive, require less internal expertise to develop, install, and operate, and are usually designed to solve a specific technical problem experienced by the customer. Customers tend to have relatively low resources and capabilities to procure solutions, thus they tend to expect that suppliers will take on most of the responsibility for the development and implementation of the solution. The special characteristics and the differences between the market areas are summarized in Table 1.

Table 1: Summary of the specific market characteristics for a solution procurement process

Theoretical phases in solution procurement	Specific characteristics of a solution procurement process in Australia, where customers:	Specific characteristics of a solution procurement process in South America, where customers:
Signaling	Expect an integrated solution, and look for signals of the potential suppliers' complex engineering skills and solution delivery capabilities	Expect a product/service bundle, and look for other suppliers who have delivered a similar bundle before
Requirements definition	Perceive a problem, and are usually able to understand and articulate the corresponding needs and the required solution that will solve the problem. Seek innovative and/or technologically advanced solutions that will reduce long-term operating costs	Experience a problem and usually need a supplier's help to diagnose specific needs and propose potential solutions to solve the problem. Seek low purchase price and minimal technical requirements
Customization & integration	Are highly involved in the customization and integration, and are willing to make the necessary changes needed to produce an optimal solution	Tend to delegate customization and integration to the supplier, and seek simple solutions that will require the least amount of change to current operations
Deployment	Have internal expertise to do the implementation, but expect support with specialist tasks	Lack internal expertise, and need a lot of technical support and training to implement the solution
Post-deployment support	Are able to operate and maintain the solution, but expect access to suppliers' resources when needed	Lack internal expertise, and need ongoing support to operate and maintain the solution optimally
Inter-process management	Want information when asked, but feel that too much contact is unnecessary burden	Want constant support and feel that every contact creates social capital and relationship equity
Overall market trends	Seek total solutions that are co-created with the supplier and which aim to solve broader business problems perceived by the customer	Seek cheaper and leaner solutions that are produced by the supplier and which aim to solve the specific technical problems experienced by the customers

5.0 General Discussion
5.1 Theoretical Implications

Overall, our study contributes to the industrial buying and procurement literature. This literature has a long history in considering social dynamics as they affect procurement decisions (Jackson et al., 1984; Lewin and Donthu, 2005; Venkatesh and Kohli, 1995). While much of this literature focuses on the relative influence of buying centre members, there is little consideration of the role of culture. Dawes et al., (1998) suggests a suite of cultural elements relevant to buying centres. While these observations are insightful, they do not consider the current notion of business solutions as relational, complex processes (Tuli et al., 2007). Our study complements this earlier work by identifying a series of important procurement decisions that unfold according to the stage of implementation. This is important since it considers a procurement process beyond a single interaction. The multi-stage approach is more appropriate for large-scale, multi-stage procurements that require significant customisation. Our study also suggests that culture has a pervasive influence across multiple procurement stages. This is important since our study shows how culture is important rather than simply observing culture as important (Pagell et al., 2005; Ribbink and Grimm, 2014).

5.2 Managerial Implications

This study alerts managers to the ways in which culture shapes business solutions procurement. By identifying the cultural differences that emerge and their effects, the study could form the basis of sales approaches for supplier firms that operate across national boundaries. In Australia, our study suggests that business solutions vendors must acclimatise to a more distant, economic dynamic than in South America.

6.0 Conclusion, Limitations and Future Research

In conclusion, our study offers some important insights for both scholars and practitioners involved in business solutions procurement, particularly as many such processes involve multi-national collaborations. Through the investigation of case studies in Australia and South America, our findings show that culture is relevant at multiple stages through the procurement process. While our study offers important insights, it also has limitations. First, our empirical data does not include comparisons with other national cultures. Further studies that involve large cultural groupings such as Russia, China and India may yield alternative findings. Therefore, we suggest these are worthwhile avenues for further research. Second, our focus is on the mining industry. Again, alternative industries may also reveal alternative procurement approaches, particularly since the nature of business solutions are likely to differ across these contexts. Last, our study focuses on the role of culture in the procurement process. Further studies in business solutions environments may also focus on inter-cultural and cross-cultural dynamics in business solutions implementations, so as to complement existing work in this area (Biggemann et al., 2013).

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Understanding business networking processes through a time perspective

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ABSTRACT

Change in a business network is understood through processes, which are often unpredictable and develop in an irregular manner. Handling change in a network involves a process of joint actions between technological, business and other actors in order to succeed. This notion of process needs to be extended with a relevant temporal lens that elaborates how joint activity and processes proceed. The conceptual paper offers a dynamic approach to scrutinize and develop current understanding about change and development in networks.

Key concepts: Business networks, process research, event networks, constructivism, innovation process

Track: Industrial and business relationship marketing

1.0 Introduction

Research on industrial networks continues to grapple with the theoretical issues involved in handling process and dynamics (Abrahamsen, Henneberg and Naudé, 2012; Anderson et al., 1998; Chou and Zolkiewski, 2012; Guercini and Runfola, 2012; Halinen, Törnroos and Elo, 2013). A main issue in conceptualizing network processes is the treatment of time (Halinen, Medlin and Törnroos, 2012). In this paper we seek to add a more nuanced and specific time focus to understanding network dynamics. We conceptualize time as a tensed phenomenon that forms a significant backdrop to the processes in a joint networking viewpoint. We seek to take seriously the irregularity of human and flow time in change processes (Adam, 2000). Our research question focuses on how irregular temporal flow can be conceived and grasped by human actors when a networking process unfolds. The paper is structured in the following manner. First, we present briefly the elements of the network approach and then we follow this with an elaboration of four key time conceptualizations. Next we present a time framework for capturing dynamics, in which the four conceptual ideas of time are connected. Thereafter we present a re-analysis of a time-line in a published case to exemplify our time lens on process. In the final section a critical discussion with suggestions for further inquiry is made of the presented framework.

2.0 Conceptual development

2.1 Network and change

The interaction and network approach (Håkansson, 1987; Håkansson and Snehota, 1995) is inherently dynamic in its nature and offers novel conceptual tools for understanding change as a networking phenomenon (Håkansson et al., 2009; Halinen, Medlin and Törnroos, 2012).

The IMP network approach to change is based on sets of connected processes that occur within interactions and business relationships (Håkansson, 1987; Matthyssens, Vandenbempt and Van Bockhaven, 2013). The approach places processes of change and development between actors, within the business relationships, where the firms co-create value through interdependent exchange processes (Lacoste, 2015). These interaction processes are connected to those in other business relationships and so change, emergence, and development are occurring in a networking business context. Exploiting resources in a network relies on joint activities between actors (Håkansson and Snehota, 2006; Medlin and Törnroos, 2015). At the same time actors are involved in exploring for potential relationships to access new resources, and equally for innovations there are exploring processes focused on gaining future network-technology fit (Medlin and Törnroos, 2015). Thus, networks are dynamic structures of evolving relationships, where actors collaborate to seek their self and mutual interests. As the network changes some former relations are terminated or left idle.

2.2 Time and change

Time conceptualizations are human constructions for understanding social change as interpreted by human actors (Bluedorn, 2002; Halinen, Medlin and Törnroos, 2012). Further, research on change is apprehended and narrated by the human actors of the investigated process and then captured by researchers according to abstract processes and events that delineate time (Pettigrew, 1997). Thus, studies based on time perspectives are necessarily constructivist.

Understanding dynamics requires clear conceptualizations of time. Ancona, Okhuysen and Perlow (2001) present time through many different but complementary viewpoints. Time and change can be understood in the form of clock time (regular intervals), cyclical time (repeated periods), event time (apprehended, predictable and unpredictable occurrences) and as life cycles (from emergence to completion). However, clear conceptualization also demands that the linkages between time ideas are elaborated.

As actors, humans note and deal with time-components. Conceptually, time is first socially noted as change and flow (Halinen, Medlin and Törnroos, 2012). Next socially important events are noted and the flow becomes periods. These periods are connected to each other so that they follow each other, and from the present the periods are socially noted as tensed (Halinen, Medlin and Törnroos, 2012). Thus, clock and calendar develop as a social construction accepted by most actors as an 'objective' reality.

Combining these conceptual time ideas in a networking approach demands that researchers take the view of the actors and then re-construct processes according to both actor and a theoretical lens. The result is almost an inversion of the pure conceptual time ideas above. Thus, we propose four distinct but complementary views on time and networking to develop a dynamic approach for the study of change and processes:
1. The overarching dynamic network concept, where time is defined as an *event-network* with sets of connected events unfolding and apprehended by actors over time (Hedaa and Törnroos, 2008). To the event-network we add the concept of networking actors so that the dynamic network captures three complementary time concepts.
2. *Kairotic time* composed of critical moments and phases when change is apprehended very strongly, e.g. technological and/or innovative moments and phases when processes thrive and develop in favour (or negatively) of the actors involved (Dawson, 2013; Hedaa and Törnroos, 2002).

3. *Tensed or relational time*, which comes to terms with the process, developing and changing according to views of the past and possible futures (Dawson, 2013; Halinen and Törnroos, 2005), but from the perspective of an actor/s specific present where there is also emergent process from yet other actors (Medlin and Törnroos, 2015). Both past events and potential future outcomes matter when dealing with issues in a specific situation.
4. Finally, a *human irregular flow time* is used as a framework for the unfolding of the process from the past to present and with future expectations (Medlin and Törnroos, 2015).

Table 1 presents an elaboration of each time idea and how they are connected to networking processes. Table 2 presents a re-analysis of a published case study where the time conceptualizations are noted and analysed.

Figure 1 presents the connections between these time ideas. Actors in emerging business networks are apprehending change through events and their connected nature. These connected events form trajectories that guide their action, adaptation and interaction processes with others of the network. The Kairotic time deals with notable events that have a bearing on event time and vice-versa because these events are critical and might change a current situation. The tensed time deals further with how the past trajectories have a bearing on i) how to deal with a Kairotic event, and ii) how the expected future and actions and interactions are affected by events that are apprehended by the actors of the network. Time as flow, always irreversible, contains and structures understanding of the other times. The ribbon presentation notes that the other times exist simultaneously, although not all as strong, within time flow.

Table 1: Time conceptualizations elaborated and connections to networking processes

Time idea	Elaboration	Connections to the networking processes
Event-network	Humans apprehend time through connected events that create meaning and form trajectories in the form of event networks. Events in a emerging network perspective form "temporally specific outcomes of performed acts by the actors" (Hedaa & Törnroos 2008, 324). These events can either be self-created or through joint activities in the network or being induced by somebody from an external human or natural source. Event networks are defined as "time-based connected event relationships" (Hedaa & Törnroos 2008, 324).	Actors of the network apprehend and deal with event time as they interact and exchange ideas, investments, joint collaborations and technological and other resources. Events form the actor's trajectories in time, connecting their processes in the network space that is being creating and emerges through these events. The event network concept therefore forms the basic spatio-temporal idea for network change as a temporal process.
Kairotic time	Time as irregular fluidity and flux, where unpredictable experience is dominant, e.g. a turning point in favour of a specific process or strategic intent. The God of Kairos was the God of good fortune in the Greek mythology	Critical events for actors in the network– either positive or negative – form a situation that demands joint action or inaction. Actors interact in order to deal with specific objectives and interdependencies and mutual value mechanisms. The Kairotic issues also set the irregularity process in motion a Kairotic moment can give a leap forward to a process towards goal attainment or form a negative spiral halting or stalling a process.
Tensed time	Tensed time deals with two reality views. The untensed (A-theory) is treated as an objective approach noting that time is not 'tensed' by relations to the past and/or the future but just a position (a-historic and a-futurist) in time. In contrast tensed time (B-theory) exists where "determinations are restricted to deal with relations *between a perceiver and a position in time."* ... The distinction between A-theory and B-theory is metaphysical. According to the A-theory, the passage of time is real, and, thus, tense determinations (such as being present, past, and future) are genuine features of reality".	For the actor in an industrial network tensed A-Theory time is objective and real as clock and calendar, and so objectives and plans are made and joint activities are coordinated. But actors in the network also apply B-Theory tensed time when they reflect and consider cause-effect between events and when socially constructing their network space. For the researcher, looking across flow time through a theoretical lens, tensed time is as for B-theory.
Flow time	Flow is the first and most elemental characteristic of time. The flow of time is continuous but irregular in nature. Flow is ongoing but apprehended through numerous events. Flow time is directed towards the the future i.e. it is irreversible (Adam, 2000). Finally, "the rate of time flow can appear to move quickly or slowly and the rate of time flow can also change at a point in time. These three elemental properties of time as flow (i.e. ongoing, irreversible and varying in rate) are inherent in all forms of human time." (Halinen, Medlin and Törnroos, 2012, 217)	Flow time provides networking processes with their irreversible nature, and so even cyclic processes are each necessarily different from prior cycles. But the irregularity in this flow might be interrupted and even paused by processes reversed or halted even though time flows further. Here the irreversibility of flow time and exact clock time collides with how human time is constructed.

Table 2: Biofuel development process with time concepts exemplified

| Phase	Objective/s of key actors	Times and the process of human event time and networking
1 < 2007 > Two researchers in an emerging network	Application for funding from the Asian Pacific APP scheme (not successful)	*Kairotic time*: A noted new investment opportunity by aligning know-how of the actors *Tensed time B-Theory*: Sensing the past knowledge and potential future of the key human actors *Flow*: The process comes into being
2 < 2008 > An extended research network	Second application for Asian Pacific APP scheme (successful)	*Kairotic time:* A trigger from the APP scheme forms a new chance for funding *Tensed time B-Theory:* The research continues and the ideas are developed for the future *Flow time*: The process gets a take-off leap and new opportunities – the seeking for new actors and competencies starts through previous acts in the flow
3 2009 – late 2013 (Periods 3 and 4 overlap) The network for fitting and testing the separate technologies	Test a pilot plant in an outdoor, open-air environment	*Kairotic time:* Successful use of local actors in northern Australia as also new research networks emerge *Tensed time A-Theory:* The experiences are put into practice in a small test environment for future investment and commercialization *Flow time*: A practical step from past and present flow towards technological development
4 < 2012 – February 2013 > Preparing a major grant for testing the technology	Prepare a grant application for the Australian Renewable Energy Agency in conjunction with AOC Pty Ltd.	*Kairotic time:* Timing for new finance and collaborative network competencies gained for testing *Tensed time B-Theory:* The former events and relations are used as a platform for new financial and plans for development and actors for the future *Flow time*: a new situation emerges where new actors and resources and locations form a novel flow of events to be handled
5 < 2013 – 2014 > Building and operating a demonstration plant	Test a demonstration plant at Coppermania. Plant not fully integrated	*Kairotic time:* The test is successful and the technology is promising *Tensed time A-Theory:* Previous plans implemented and coordinated have become a functioning technology. *Tensed time B-Theory:* Commercialization plans are developed according to past and future. *Flow time*: Connecting and developing relationships in the new location and with the network actors including potential biofuel market actors
6 < Proposed 2019 > Proposed commercial plant	Build a commercial size and fully integrated plant.	*Kairotic time:* The sudden and sharp drop in oil prices globally *Tensed time B-Theory:* past and future loaded expectations are disrupted by changing conditions on fuel markets *Flow time*: A new situation emerges with a change in the previous plans due to the Kairotic events, and irregular flow thrives.
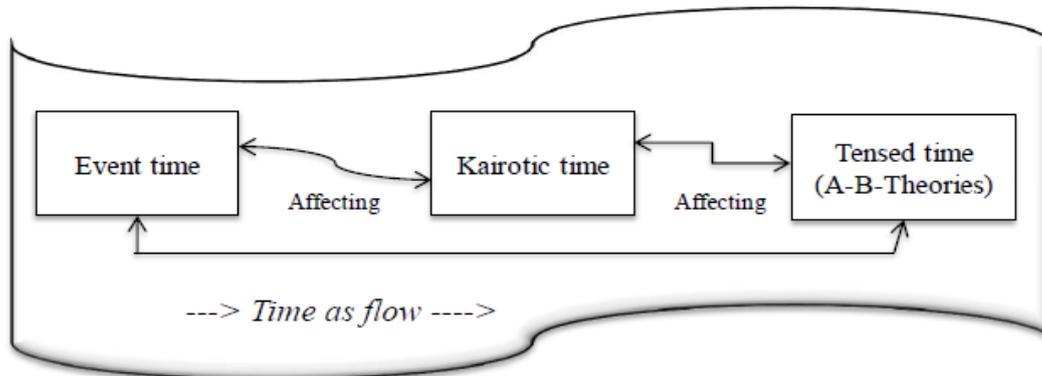
Fig. 1. A model of human time concepts in process research

3.0 Discussion and conclusions

Processes are human understandings and constructions that link events in and over time. Processes are shaped according to the elemental nature of human times. For example, networking processes are irreversible according to flow time. The concept of cycle processes should also be understood as incomplete and ever-changing repetitions in process. Further, networking processes are formed from and through events and in turn the processes allow actors to apprehend events and so creating the networking time-space. In addition, chance events and events transmitted by the network from other actors arrive as Kairotic moments, which shape and change the pace of networking processes. Finally, tensed time according to A and B Theories operates alongside and with the other elemental times to shape how processes are undertaken (A and B-Theory) and created (B-Theory). This beginning exploration of process nature requires further research. The conceptual ideas can be grasped more closely when data can be gathered having the 4 temporal constructs more clearly addressed by the researchers. Also the combination between the event time and the Kairotic and tensed time constructs need to be elaborated and analysed more in detail.

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A conceptual model of the required network effects for commercialization of highly innovative technologies.

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Abstract: To innovate successful, new, technologically advanced and commercially viable products firms undergo a series of steps, often with support from network partners, which then gradually leads to commercialization. Previous research explains the contribution of network members and their activities to the initial stages of innovation process. However there is limited information about the influences of these surrounding business networks on the commercialization stage. This paper summarizes current knowledge on the influence of business networks on the commercialization of highly innovative new technologies and suggests the focus for future research. This study contributes to both organizational innovation management and academic network theory through a model that is expected to guide future commercialization activities.

Keywords: Innovation, Commercialization, Networks, Technology Innovation

Track: Industrial and Business Relationship Marketing

Introduction

The high-technology sector is under increased scrutiny for the lack of commercialization success in a number of countries (Gertler and Levitte 2005; Glenda Korporal 2013). For example several American and Australian high-technology firms have broad research spectrums, well-developed technological innovation and interconnected networks. However these firms were incapable of commercializing these innovations (Hage and Hollingsworth 2000). During a study of the Canadian Biotech industry by Gertler and Levitte (2005) it was acknowledged that these firms have good infrastructure, technology, research skills and network associations but the challenges faced by these firms included lack of local markets, investment partners and lengthy and risk-oriented commercialization processes. Hence the growth of this sector combined with the problems related to moving from innovation to commercialization is the major sector of significant importance.

Innovation is a non-linear process (Foxon et al. 2005) and for the development of innovations an organization requires major breakthrough ideas (Gans & Stern 2003), experience (Cohen & Levinthal 1990), enhanced knowledge bases (Vowels et al. 2011), diverse resources (Walsh 2012), skills (Gilbert & Hayes 1996) and funds (Graff et al. 2010).

Commonly, most firms lack the financial resources, experience and technology internally (Story et al. 2009). Further specific skills are required for specific innovations that are mostly unavailable within the firms; hence different types of collaborations are considered in such situations (Story et al. 2009). Research also suggests that the innovation performance is network dependent (Hakansson & Senhota 1995). Commercialization is the concluding and the most crucial phase of the innovation process (Norlund, Luoma & Passi 2008), as it legalizes the potential capability of an innovation and launches the product in a manner that is sustainable in the market. This requires huge investments and other types of resources such as knowledge, research and development capabilities and people, consequently increasing the risk and market uncertainties regarding the adoption and success of the new innovation in the market (Norlund, Luoma & Passi 2008; Graff et al. 2010). In addition, it has also been acknowledged by Montaguti, Kuester and Robertson (2002) that the process of commercial acceptance of a radical innovation has been ignored and is not well grounded theoretically.

There is an increasing interest in commercialization, due in part to the low success rates compared with the rates of success of innovation to the prototype stage (Gertler and Levitte 2005; Glenda Korporal 2013). Monaguti et al. (2002) recommend further research to examine strategic actions that regulate the commercialization strategy and technological characteristics that can help in accelerating the commercialization process. This paper proposes a conceptual model to understand the role that networks may play in commercialization. Initially an overview of the role of networks in innovation and commercialization is presented. Then existing literature on network theory, innovation management and commercialisation is explored and the current gaps in the existing literature are highlighted. By identifying the links between network involvement and innovation success, and replicating this for the commercialization process, a model is developed that suggests areas for future research.

Method

To examine the current network influences on the commercialisation of high technology innovations, inductive content analysis of 66 academic and business journal articles was conducted (**See Table 1**). The method of content analysis eliminates researcher interference during the study of the phenomena and allows easy handling of large amount of data (Krippendroff, 1980). An inductive approach is used due to the lack of prior knowledge about the phenomenon (Yin 2009). The motive of the analysis was to gather information on different network components and their relationship with the commercialization process.

The process began with the search for papers that covered research specifically in commercialisation, innovation or networks in high-technology areas. The papers were analysed using the open coding method (Elo & Kyngas 2007) where relevant information was marked under heading and notes were made on article margins. Specific information was collected under emerging codes (Burnard 1996, Elo & Kyngas 2007). The coding was developed and collated using an excel spread sheet. Based on the researcher's interpretation, the data was classified (**See Table** 1) into 18 different codes under three different categories (Networks (1st), Network Influences (2nd) and Network Outcomes (3rd)). A sample of 30 articles were initially coded and then checked by each researcher, the initial coding showed an 87% agreement which was improved to 94% as the conceptual model was developed.

Table 1: Network effects and its components

Categories	Networks	Network Influences	Network Outcomes
Components/ Codes	1. Actors 2. Resources 3. Activities	1. Configurations 2. Relationships 3. Position 4. Complexity 5. Control 6. Interdependencies 7. Limitations	1. Technology transfer Strategy 2. Capital 3. Ownership 4. Market Intelligence 5. Regulations 6. Patents 7. Licensing 8. Policy Changes
Number of References	31	14	21

Innovation and Commercialization Networks

Innovation does not occur in isolation (Aaboen et al. 2013). It has been observed that varied and distinct network alignments can cohabit in an innovation network (Corsaro, Ramos, Henneberg and Naude, 2012). These networks lead to the development of commercially viable innovations. Innovation networks are organizational relationships between different actors in the external environment and the internal organizational hierarchy, which provide complementary assets, which help in innovation development through conjoint learning (Koschatzky et al. 2001). Using the Activities-Resources-Actors framework (Hakansson and Senhota, 1995) a business network contributes three layers of interaction to an organization (Ford and Mouzas, 2008) involved in innovation. These interactions include actors that have direct or indirect influence over various business activities of an organization in a mutual exchange relationship with each other (Ritter et al. 2004), resources that can complement an organization's capabilities and activities that support innovation and commercialization.

There are strong links between technological innovation, the new product development process and the network components of actors, resources and activities (A-R-A) (see for example Kollmer & Dowling 2004; Rampersad, Quester, and Troshani 2010). Key network outcomes emerge as a result of the network influences on the innovation process such as the availability of resources, ownership of the innovation, activities related to reputation building and policy making. It has been observed that these network outcomes mainly affect the ideation to product development stage of the innovation process (For examples see Montaguti et al (2002) and Graff et al (2010)).

Commercialization is the last stage of the new product development process and in itself is a complex process (Roosenberg 1994). It starts when the potential innovations are compatible with a lucrative market (Pellikka & Lauronen 2007). This process involves finding and evaluating markets, licensing or validating products, launching products and gaining market acceptance. As a result of network interactions, crucial government and legal outcomes such as regulations, patents, licensing and policy changes influence the commercialization process at some stage (see for example, Audretsch & Aldridge (2010); Walsh (2012)). Some technology-based industries have well-established processes for taking radical innovations through to their commercial success in the market (Pellikka and Lauronen

2007) fusing "*systematic processes, blueprints and roadmaps*" Cooper (2000), while other sectors lack similar commercialization patterns (Nevens et al. 1990).

Business networks are important for commercialization (Miles, Miles & Snow 2005), and organizational capacity for innovation and commercialization capacity is enhanced when operating within a multiform network (Snow et al. 2011). Some network studies have been conducted to understand the impact of certain components of the ARA network theory on commercialization (**See Table 2**) although the information is very specific and limited.

<div align="center">Table 2: Impact of ARA Network Components on the Commercialisation Process</div>

Network Components	Impact on commercialisation
Network Actors • Government R&D Support, Early stage venture capitalists (Jolly 1997; Fielder & Welpe 2011). • TTO (Siegel et al 2004). Customers, suppliers, competitors (Cooper & Klienschmidth 1986). • Network champions (Woodside & Biemans, 2005). • Multinational Corporation (Agmon & Von Glinow 1991).	• Quick Market take-offs for new innovations (Woodside & Biemans 2005). • Lack of actor commitment modulates value of the patent (Siegel et al 2004). • TTO & MNC's facilitate global technology and knowledge transfer (Siegel et al 2004). • Weak network links hinder rapid commercialisation (Harryson 2008).
Network Resources • Information, Intellectual Capital; Knowledge (Bourelos et al 2012). • Grants (Datta et al 2014). • Negotiation Power and social networks (Brugmann & Prahlad 2007). • Social Capital (See 2003). • Licensing, Patents, IPR's (Harryson 2008)	• Collaboration is a constructive process for commercialisation (Bourelos et al 2012). • Enhances access to extended markets and new opportunities (Brugmann & Prahlad 2007). • Multi-firm network generates social capital that allows shared integration (See 2003). • Networking promotes global exploitation and increases innovation standards (Harryson 2008).
Network Activities • Coordination amongst internal network members (Siegel et al. 2004). • Marketing Activities (Vowels et al 2011) • Reputation building (Varey 2008)	• Innovating organisations benefit from network activities such as market analysis and market search activities that help in analysing market opportunities (Siegel et al. 2004). • Networks help in developing new ideas for marketing strategies and help in reputation building (Varey 2008). • Network suppliers enhance product adoption (Vowels et al 2011).

The conceptual model (**See Figure 1**) shows the commercialisation stage of the innovation process which has three distinct phases (Pre-commercialisation, commercialisation and Post-commercialisation). The commercialisation process has eleven overlapping stages (imaging, incubation, demonstration, innovation disclosure, market assessment, innovation protection, prospecting, resourcing, licensing, adoption, diffusion and sustaining).

It has been observed that network involvement is crucial for all the stages of the innovation process. The established literature on commercialisation network (See table 1) shows some links between the first category (i.e. Networks and its three components which are the actors, resources and activities) and the stages of innovation disclosure, innovation protection, adoption and diffusion. It has also been observed that the third category (i.e. Network outcomes) is linked with the innovation protection and licensing stage of the commercialisation process via regulations, patents, licensing, Policy changes. However the network influences and network Outcomes and the technology transfer strategy, capital, ownership and market intelligence components have not been clearly linked with any stages of the commercialisation process.

This indicates that the concentration of network studies related to commercialization have

been more inclined towards understanding the legal aspects of commercialization such as government policies and offices(Patents, Copyrights and Trademarks), investments and funding opportunities, transfer strategies for commercializing innovations between partners and licensing (Hall et al 1992; Allen 2003; Kasch & Dowling 2008 & Aldridge & Audretsch 2010). The business focus has traditionally been more concerned with overcoming legal and bureaucratic barriers (Dorf & Worthington 1987, Link et al. 2011). This is because organizations obtained potential benefits from protection such as competitive advantage, and control over the innovation, copyrights and further technology development (Datta et al. 2014).

Figure 1: Impact of Network effects on the Commercialization Process
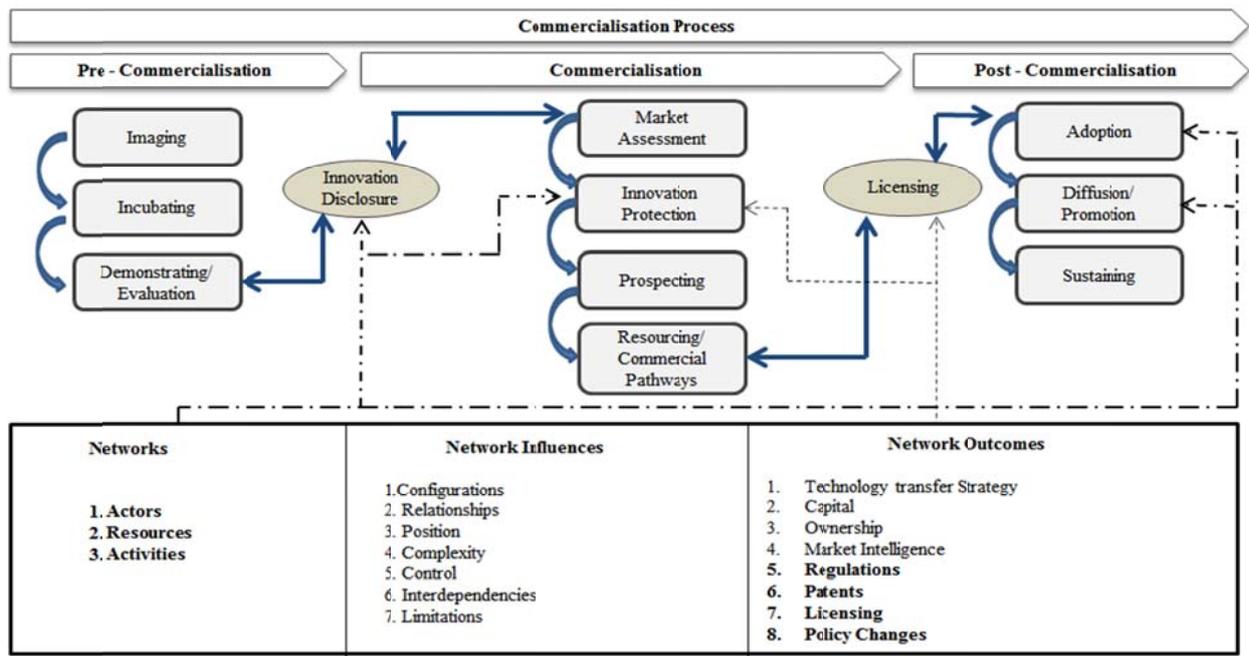
It has been suggested that network alliances may assist with the evaluation and/or access to markets, but again this subject to interpretation as current research is limited. It has also been argued that strong network associations with customers and between customers are needed for adoption and diffusion (Aaboen, Dubois and Lind 2013). On the other hand it has also been observed that these networks have also created barriers due to differences in stakeholder motives and behaviors, and different organizational needs and culture (Siegel et al 2004). The process of network formation and network involvement during innovation and commercialization processes have also been identified as a challenge for innovating organizations (Snow et al 2011) and the full role of networks has not been clearly defined at all stages of the process. Therefore it becomes important to understand the impact of different network effects such as network influences and outcomes on the different stages of the commercialization process.

Implications and Contribution

Networks currently have a defined influence on innovation disclosure and the innovation protection stage of the commercialization process. As the innovating organizations that are keen to find a solution for successful commercialization of high technology innovations this study opens area for future research. The conceptual model developed here suggests that networks may influence during the market assessment, prospecting, resourcing, adoption and diffusion stages of the commercialization process. The future research involves investigation of the type of networks involved during the commercialization process. What type of companies do the innovating organizations involve within their network and do these networks change or remain the same during the transition from innovation to commercialization. The contribution to the industry is expected to be a model that would help the high technology organisations to facilitate the innovation process and taking the successful innovations all the way through commercial success. Academic contribution is expected be a model that would help in understanding the importance of business networks and the influence during the commercialization process. Overall this study is expected to expand the knowledge on network behaviors and build upon the theoretical aspect of understanding the influence of networks on commercialization.

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OUT OF THIN AIR? BUSINESS RELATIONSHIPS AS INSTITUTIONS, AGENCY AND PRACTICE

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Abstract

The theoretical foundations of IMP related business relationships research date back to the late 1970s and early 1980s when the first interaction frameworks became established. Since then theoretical and conceptual developments have been fast-paced as research on business relationship dynamics has taken major leaps. Along the way more fundamental questions about ontology and human nature have been lost sight of. In this paper we elaborate three fundamental ontological approaches to business relationships that are typically taken-for-granted by researchers without explicit consideration. We illustrate how the three approaches (institutions, agency and practice) will yield different answers to the question 'What are business relationships?'. Our research contributes to B2B marketing theory by structuring past research and directing future research.

Keywords: Business relationships, networks, interorganizational theory, institutional theory, practice theory

Track: Industrial and Business Relationship Marketing

Introduction

Research on business relationships evolved rapidly during the eighties as the interaction model (Håkansson, 1982), relationship development frameworks (Ford, 1980; Dwyer Schurr & Oh, 1987) and interaction behavior types (Campbell, 1985; Möller & Wilson, 1988) became the legitimized foundations for research. In the nineties research expanded to networks and the ARA model (Håkansson & Snehota, 1995) bypassed previous models in popularity. In the twenty-first century philosophical questions surfaced as researchers debated whether business networks, made up of business relationships, could be managed or whether they were naturally emerging (Håkansson & Ford, 2002; Möller, Rajala & Svahn, 2005; Ritter, Wilkinson & Johnston, 2004). This quarrel indicated the inconsistencies in the ontological foundations of Industrial Marketing and Purchasing Group (IMP) related business relationships and networks theory. While some researchers viewed networks intentionally developed or 'orchestrated' (Dhanaraj & Parkhe, 2006) by a hub firm in the form of 'strategic nets' (e.g., Möller & Rajala, 2007; Parolini, 1999) other researchers (e.g., Ford, 2011; Håkansson & Ford, 2002) considered networks organically emerging and beyond the control of a single company. This ambiguity was not out of thin air, but it was misleading; the problem was not in the misinterpretation of networks, but in the ontology of business relationships.

While the various IMP related frameworks, models and theories have increased our understanding of the processes (interaction model), development stages (stage models), contents and effects (ARA) and behavioral types (interaction orientation) of business relationships, they have delayed the inevitable questions of the nature of business relationships. What we need is a fundamental metatheory and ontological discussion about the nature of business relationships. We need to ask: what is a business relationship? Is it a social structure, social system, an institution, or a social space for the buyer and seller to define? These types of questions are seldom asked in B2B marketing, even though in sociology and philosophy of science they are most fundamental (c.f. Bourdieu, 1989; Foucault & Miskowiec, 1986). Why? Because these questions are cumbersome as they relate to the classic question on the precedence of structure or agency in shaping human behavior (Battilana et al., 2009; DiMaggio & Powell, 1983; Weik, 2011). A typical example of this challenge in business relationships and networks research is in the unit of analysis; which either has not been clarified explicitly, or the researcher implicitly refers to a 'company' perspective. This company perspective selected in secrecy does not give much latitude for ontological considerations (cf. Medlin, 2012; Medlin & Törnroos, 2007).

A commonly referred to definition of relationships is provided by Holmlund and Törnroos (1997, p 305): "a relationship is defined as an interdependent process of continuous interaction and exchange between at least two actors in a business network context". Many researchers rely on this definition, yet few clarify the pillars it rests on. Yes, we all agree to the interconnected and processual nature of relationships, but an understanding of its ontological bases requires us to take our analysis a step further. The purpose of this paper is to illustrate three approaches to studying business relationships and networks, which will have a bearing on ontology and unit of analysis. These approaches can be refined in time to metatheoretical approaches in B2B marketing. The first approach is titled business relationships as institutions. It reflects the dominant approach in B2B marketing where a company perspective is adopted implicitly by studying CEOs and other high-ranking positions and generalizing their behavior to the rest of the organization. This perspective views business relationships as stable and long-term (Delbridge & Edwards, 2013) comprising various forms of structures (such as schemes, rules, norms and routines) that create inertia resisting change. These structures are expected to become established as guiding principles for individual's behavior leading to triviality of individuals' acting. We will elaborate this on institutional theory built approach in detail and identify its ontological underpinnings. The second approach refers to business relationships as agency. This individual or 'micro' perspective represents a rather unexplored but insightful approach to studying business relationships (cf. Medlin, 2012; Medlin & Törnroos, 2007). It seeks to study individuals on various organizational levels and to understand their capability to instigate change and influence business relationships and networks. The third approach is labeled business relationships as practice and relates to practice theory that could have a central role in developing B2B marketing theory in the future. In this research we illustrate that an ontological discussion is an important and necessary part of the development of a theoretical paradigm such as IMP related B2B marketing. These metatheoretical considerations are not out of thin air, but a *de rigueur* step for IMP theory to become true episteme in its own rights.

Business relationship as institutions

The dominant scientific perspective on IMP related business relationships research has been informed by structure-based schools of thought. These and other objectivist studies

assume a reality external to human minds and are coined by structure-based or deterministic assumptions about human nature in which humans and their experience are seen as products of their external social environment (Burrell & Morgan, 1979). Such a social environment consists of, on the one hand, formal institutions reified through regulative and normative institutional forces. On the other hand, a social environment is formed by informal, cognitive institutional forces (see North, 1990; Scott, 2008; Delbridge & Edwards, 2013) in the form of routinized, taken-for-granted sets of ideas, beliefs, and actions within it (Jennings et al., 2013). In other words, the social world is seen to embed and surround human beings as structure of recurrent patterns of social interaction that become institutionalized over time through being immersed into people's everyday life and activities (Reed, 2003). Berger and Luckmann (1966) described the emergence of institutions through the habitualization of social patterns; the repetition of these guiding patterns over generations leads from simple habitualization to their profound institutionalization (ibid.).

While institutions are originally the product of human interaction (cf. Barley & Tolbert, 1997), they are by large recognized as guiding and even restricting elements in human life; they direct the interaction within societies with high degrees of resilience to change from outside or within (Delbridge & Edwards, 2013). The resilience of institutions can be explained through their restricting and limiting function, enacted through values related to socially appropriate and expected behavior and constructed rules and meanings (Bruton et al., 2010, p 423) that entail the taken-for-grantedness of an institution. That means that alternatives to prevailing institutions become unthinkable or even irrelevant and, in case of their emergence, face high resistance during their societal acceptance process.

The assumed dominance of institutions, i.e. guiding and restricting patterns of human interaction, in structure-based 'macro' social science reduces human agency to its product. Human agency, hence, is but reactionary behavior (Coleman, Brudney & Kellough, 1998). Actors occupy positions in a structure of institutions and enter relations which depend on these positions; their existence and ability to interact in the structure is determined prior to any interaction (ibid.) and limited to re-action. To put in a simplified way, agency in the (social) construction of an objective world external to individuals' mind and accepted by individuals (Berger & Luckmann 1966) is but the *a priori* determined fulfillment of structural assignments located in resilient and taken-for-granted institutions.

The early focus of sociology-rooted institutional theory was on the explanation of institutional effects on organizational processes (cf. Tolbert & Zucker, 1996). Specifically, institutional theory sought to shed light on "the conforming behavior of organizations, the adoption of a limited range of socially approved organizational templates, and the resilience of institutional prescriptions" (Greenwood & Suddaby, 2006, p. 27). We conclude that also business relationships, as one such organizational template, can be understood as stable and taken-for-granted structural element of organizing the interaction of firms. Business actors assume positions within these relationships and, restrictedly, fulfill the prescribed patterns of interaction that are guided by certain norms, rules or routines characteristic of the business relationship. This structural or institutional perspective has led, too, to a rather homogenous and over-simplified understanding of organizations' business relationships. Following the 'one size fits all' principle, marketing researchers may be tempted to deductively presume characteristics of a firm's many business relationships when studying dominant and institution-setting key positions within a firm such as upper and top management. From a methodological point of view this deterministic approach leads researchers to look for universal laws specifying the causal relationships between antecedent conditions and their

consequences materialized in input-output models of business relationships (see Halinen & Törnroos, 1995; Van De Ven, 1992). The unit of analysis is at the organizational level, which enables a reductionist move to simplify the real world and avoid any conflicting perspectives derived from the agency of individuals. Thus the "inevitably messy human experience of time, place, space and others" (Reed, 2003) is removed from analyses.

Business relationship as agency

In contrast to an institutional perspective, the business relationships as agency approach stresses the role of humans in organizations. This individual level perspective is built on the dissatisfaction of company level analysis on business relationships within the IMP framework. As Medlin and Törnroos (2007, p 1) state there has been a "lack of distinction between the firm and individuals as actors so that the role of humans has been underplayed". Thus, the capability of individuals to instigate change and seek autonomy by breaking free from stable and rigidified social relationships (Rindova et al., 2009) has not been fully elaborated in IMP business relationships theory. An agency perspective would require focusing again on the processes constituting interaction and moving away from description of the outcomes of an interaction process. The latter distracts from the fundamentally dynamic nature of business relationships and misleads to snapshots such as the ones created through the ARA model (see e.g., Håkansson & Snehota, 1995; Håkansson et al., 2009).

Based on Weber's (1978) idea of individuals and their causal efficacy on social phenomena in the 1920s, the agency perspective views individuals as self-contained, self-motivating human agents who act on and influence their external environment. In these conditions it is interesting to study the boundaries of agentic creativity in business relationships in different contexts. This 'micro' perspective on interaction (Goffman, 1982; Fine & Hallet, 2014) yields an interesting standpoint on the analysis of business relationships. Instead of defining business relationships as stable and rather homogenous structures stripped from human influence, business relationships are perceived as methodologically individualistic means (Chia & MacKay, 2007; Ingold, 2000) for individuals to (inter)act in an autonomous, empowered and heroic manner (Hwang & Powell, 2005, p. 223). In for example social constructivist informed research (see Berger & Luckmann, 1966), individuals are assumed to be initiators of activities and processes in their environment, relying on teleological and purposeful action (Chia & MacKay, 2007).

This perspective contributes to business relationship process models (e.g., Håkansson, 1982; Ojansivu, Alajoutsijärvi & Salo, 2013; Wilson, 1995) by considering the human perspective on various interorganizational levels. Viewing organizational change not from top-down, but as an individually induced activity or process may, however, lead to overly voluntaristic and heroic acts by individuals, too (Hwang & Colyvas, 2011). The complex ties between humans and the structures they are embedded in require an interwoven, dualistic view on business relationships. This perspective is closely connected to the practice approach, which offers alternative answers to ontological, epistemological and methodological challenges in business relationships research.

Business relationship as practice

The 'practice turn' that has emerged in philosophy and social theory (e.g., Bourdieu, 1977; De Certeau, 1984; Foucault, 1977, 1985; Giddens, 1984) and made its way to management and strategic management studies (e.g., Orlikowski, 1992; Whittington, 2006; Jarzabkowski et al. 2007; Chia & MacKay, 2007) is yet to reach the field of business-to-

business marketing. There have been some initiatives to follow this turn via introductions of 'marketing-as-practice' (Araujo, 2007; Kjellberg & Helgesson, 2007; Schau, Muñiz, & Alnould, 2009) and 'project-as-practice' (Blomqvist et al., 2010; Hällgren & Söderholm, 2010). For instance, in 2011, Scandinavian Journal of Management published a special issue concerning 'marketing-as-practice' in order to promote practice-based research in the field of marketing. The purpose of the special issue was to "re-energise empirical study in marketing and consumption and also [to engage] with critique of marketing studies on an ontological level, since practices are constitutive of the field and connect the intra-organizational with the extra-organizational" (Skålé & Hackley, 2011).

Following the post-processual approach to theorizing 'strategy-as-practice' (Chia & MacKay, 2007; Carter et al., 2008), we see the true potential of this movement lying in the possibility of re-grounding business relationship research in a social theory of practice that eschews both agentic creativity and structural constraint and allows us to focus on social practices themselves as the basis for explaining business relationships and their development. Drawing on different tall (e.g., Giddens, Foucault) and flat (Latour, Schatzki) social ontologies, ontological priority is given to practice and actors are considered dependent on practices to carry out practice or 'praxis' that is referred to as the whole of human action (Whittington, 2006; Whittington & Seidl, 2014). Actors in turn, enact different practices in differing ways. Hence, practice theory offers an interesting view on the agency-structure debate (e.g., Reed, 2003), where this tension is played out as a dialectical relation (Skålén & Hackley, 2011).

The business relationship as practice approach enables an understanding of business relationships as diverse social practices, or implicit and shared rules and routines. According to Reckwitz (2002, p. 250), practices are a "routinized way in which bodies are moved, objects are handled, subjects are treated, things are described and the world is understood". In this view, the actor is seen as the 'carrier' of practices rather than the agent that initiates all action (Reckwitz, 2002, p. 256). Hence, the unit of analysis shifts from structures or individuals to practices, as events, individuals, and doings are "manifest instantiations of practice-complexes" (Chia & MacKay, 2007). Instead of actors and agents, ontological priority is given to an immanent logic of practice. In fact, it is this immanent logic emerging through practice that constitutes a business relationship.

Conclusions

In the introduction we argued that different ontological approaches to business relationships would yield specific answers each to the question 'what is a business relationship', and that this would guide researchers to specific methodological directions. The institutional approach provides an analytical lens to view business relationships as 'macro' phenomena constituted through deterministic institutional structures. Thus, a business relationship is a stable structure that provides continuity and stability to economic exchange and guides the behavior of actors. In the contrary, the agency approach stresses the human perspective, the voluntarist role of individuals in mediating change in complex inter-organizational settings. In this thinking business relationships are a means for individuals to act within and change the given context specific environment. The practice perspective has been in the making for quite some time (e.g., Bourdieu, 1977; De Certeau, 1984; Foucault, 1977, 1985; Giddens, 1984), but more recent developments in this stream (e.g., Chia &

MacKay, 2007; Carter et al., 2008) have new relevance to B2B marketing, too. Through the 'practice' lens business relationships are seen to be about social routines that hold the immanent logic of practice. For business relationship research this means that the focus shifts away from actors, structures and superficially visible activities towards culturally and historically shaped and transmitted regularities of such activities (Chia & MacKay, 2007; Schatzki, 1996, 2001). Practices are trans-individual, and as such embed also institutionalized constraints as a factor explaining human doings (Rasche & Chia, 2009). Instead of engaging with micro-macro activities of individuals and organizations, B2B marketing research could and should move towards the field of practices; the areas of interests will shift from time, agency, structure, context, and operations towards social practices, shared rules and routines that constitute a business relationship (see Chia & MacKay, 2007). The addition of this third perspective provides an alternative to institution and agency focused approaches of business relationship research; it gives business relationship scholars more tools to tackle the complexity and dynamism of relationships as change and transformation – production and reproduction of the practices – lies in the core of this approach.

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Industrial Tweeting: A Critical Review on the Use of Social-Media in B2B Marketing

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Abstract

We review the literature on the use of social-media in business-to-business (B2B) marketing over the past fifteen years and provide a critique of both theory and practice in order to speculate why there has not been greater use of social media in B2B marketing. We use Diffusion of Innovation (DoI) Theory to explain this phenomenon. We provide an alternative viewpoint on a relatively poorly understood area of marketing and help readers to understand the situation of social media use in B2B marketing; outlining some of the changes in thought that marketing will need to adopt for greater social media practice.

Keywords: Social Media Technology, B2B marketing, Critical literature review

Track: Industrial and Business Relationship Marketing

Introduction

Although previous research has shown that social media has been extensively used in contemporary consumer marketing; not only facilitating word-of-mouth (WOM) for branding, but also enhancing interaction and collaboration with consumers for marketing research or new product development (Aral et al., 2013), its use in the business-to-business (B2B) environment however, has enjoyed far less attention. There is little guidance on how B2B marketers can engage with stakeholders through social media (SM) to advance their strategic objectives and they continue to encounter problems in integrating social media technologies (SMT) into their firms' marketing efforts (Järvinen et al., 2012; Fisher et al., 2014). In fact, there are even calls for academic B2B researchers to disseminate their research using SM in order to bridge the theory-practice divide (Brennan et al., 2014). This paper intends to answer the following research questions: what motivates marketers to apply SMT to B2B activities? What might be the reasons for SMT's underrepresentation in B2B marketing research? What are the determinants of SMT adoption in B2B marketing? What can researchers do to enrich the literature on SM-based B2B marketing? Applying content analysis technique, we conducted a survey of the literature and performed a critical literature review to address these research questions from the following aspects: 1) the characteristics of SM, based on communication theory and network theory; 2) the development of B2B marketing, based on relationship marketing theory; 3) the relationship between marketing and IT/IS.

The characteristics of social media – "Social" & "Media"
There is no universal definition of what social media is (Berger et al., 2014; Kane et al., 2014) despite there being a consensus of its fundamental features (Laroche et al., 2012; Aral et al., 2013; Habibi et al., 2014; Kane et al., 2014). *Social* is the key feature of SM, which differentiates it from traditional media. Its functions, including communication, collaboration, and sharing, are built on the social interactive capability.

The development of B2B marketing– "web" & "Web"
B2B marketing has experienced the evolution from exchange to relationship marketing

(Grönroos, 1994; Gummesson, 1987), and to network management that goes beyond dyadic customer or supplier relationship management (Ritter, 1999). There have been many different perspectives of network management such as network competence (Ritter, 1999), network capabilities (Walter et al., 2006), and networking capability (Mort & Weeravardena, 2006; Mitrega et al., 2012). Sood and Pattinson (2012) argue as much in their call for SM to be incorporated into the interaction model of B2B/industrial networks; a model whose constituent components, actor bonds, resource ties and activity links is in dire need of a 21st century overhaul. The same argument is made for the inclusion of SM into the study of B2B selling (Schultz et al., 2012; Moore et al., 2013). Michaelidou et al (2011) comment on the paucity of research on SM in a B2B context and illustrate the use of social networking sites in the context of B2B branding.

The relationship between Marketing and SMT – MarkeITng
Brady et al (2002) suggest that the spelling of marketing should be changed to MarkITing to reflect the widespread use of ICT in contemporary marketing practice. There is an extremely close relationship between marketing/B2B marketing and information system/technology. It is pivotal for businesses to adopt an effective and efficient tool to assist in the information processing so as to facilitate decision-making processes. The most successful marketing organizations in this era will be those that make the most effective use of IT tools, such as SMT, in developing their marketing strategies (Holland & Naudé, 2004). Thus, it stands to reason that businesses could and should incorporate SM into their B2B practices. Based on their analysis of Infosys' use of SM, Heath et al (2013) develop a framework for building thought leadership with key stakeholders through B2B SM engagement.

Diffusion of Innovation and SMT Adoption in B2B Marketing
Rogers' (1995) model of diffusion of innovation (DOI) is widely accepted by researchers as useful in examining the critical characteristics of technology adoption (Mustonen-Ollila and Lyytinen, 2003). DOI theory has been adapted to examine the critical factors affecting intermediary web site adoption (Harrison & Waite, 2005). It was also used to explore the patterns of B2B e-commerce use in SMEs (Sila & Dobni, 2012). DOI theory is comprised of several components such as compatibility, relative advantage, complexity, observability, and trialability that may affect firms' decision to adopt IT – or in this case, SMTs. We focus on two technological factors (compatibility and relative advantage), and two organizational factors (organizational size and industry). It would seem reasonable to focus on compatibility and relative advantage, given that relative advantage and compatibility have been shown to have an impact on the adoption of IT whilst trialability and observability have not been addressed widely in studies at an organizational level (Beatty et al., 2001).

Method
To address the topic of SM use in B2B, we selected four relevant journals in marketing discipline, including three industrial marketing journals and one general marketing journal, which is closely related to industrial marketing, and searched articles published in the last fifteen years through Business Source Complete. The four journals are Industrial Marketing Management, Journal of Business and Industrial Marketing, Journal of Business to Business Marketing, Journal of Relationship Marketing. The search terms include social media, online community, online social network, Web 2.0, Enterprise 2.0, digital marketing, Web, and Internet. These terms are either popular sub-constructs of SM or interchangeable terminology of SM. A total of 37 articles were identified (27 empirical and 10 conceptual). So as to not exclude relevant published research outside of the main B2B journals, we also located 39 articles, using the same search terms, in the Journal of Marketing, Marketing Theory, Journal

of Marketing Research, and Journal of Research in Interactive Marketing, as well as MIS Quarterly, Information and Organization, and Information System Management.

Findings

"Low speed" of social media diffusion
After reviewing the 76 articles, it was found that the terminology of Social Media or sub-constructs like Social Networking Sites, and Online Community, explicitly appeared *after* 2008 (Mishra & Li, 2008; Michaelidou et al., 2011; Al-Weshah et al., 2013; Bruhn et al., 2014; Pardo et al., 2013; O'Relly & Eckert, 2014; Rollins et al., 2014; Swani et al., 2014; Barreda et al., 2015). It seems that the adoption and development of "social-media-based B2B marketing" terminology has been very slow. Articles were identified as addressing SMT if the technology had the following characteristics: 1) based on Web 2.0 technology; and 2) allows the creation/exchange of information and user-generated content (Ratliff & Kunz, 2014). Accordingly, we found that SM use does exist, but it is often hidden under different terminologies, e.g., Web, Internet, Electronic (E-), and Online. We conclude that 1) SMTs have been used in B2B context from the very beginning, but in a largely invisible manner and 2) there is no unified terminology/classification of SMT in the industrial marketing area. Rollins et al. (2014) mentioned that SM includes web-based communities, hosted services, and web applications such as social-networking sites, video-sharing sites, wikis, and blogs; Michaelidou et al. (2011) suggested that SM includes social networking sites (SNS), blogs, chat-rooms, rating websites, video and photo sharing websites, and podcasts. The technologies are evolving rapidly with new features; often blurring the distinctions among different SMTs. It is difficult to articulate clearly which technologies are "social media" and which are not (Kane et al., 2014). Given that B2B marketers have started to use social media for various purposes (e.g., 71% of B2B were likely to increase their use of LinkedIn (Stelzner, 2011)); and that SM has proven to have enormous potential in business marketing (Swani et al., 2013), academic research on the topic has lagged behind practice.

Factors affecting social media diffusion speed
In this section, we illustrate the case of SMT adoption and use in B2B context, based on Roger's (1995) innovation diffusion model where the reasons for lack of adoption mainly relate to two technological factors (compatibility and relative advantage), and two organizational factors (size of organization and type of industry).

Compatibility - "relationship marketing" or "transactional marketing" in costume?
Our analysis reveals that although it is widely believed that B2B marketing has entered the relationship marketing era or the information/networking era, most companies are still stuck in a 'transaction' mentality with respect to their SMT where the focus is on how the Web can reduce transaction costs, thereby facilitating more efficient exchanges and markets and where the predominant discourse relates to "transaction costs", "inexpensive", "cost savings", and "transaction facilitation" (Berthon et al., 2003; Jalkala & Salminen, 2009).

The ritual of "having a sophisticated professional system"
The ritual of "having a sophisticated professional enterprise-owned system" rooted in B2B may lead to the unpopularity of public SMT adoption. The value of public SMT is overlooked in industrial marketing. Inter-organizational systems (IOS) like EDI and intra-communication systems like Yammer/Connector are perceived to be a perfect match for the B2B context. However, IOS is significantly more expensive than public Internet-based technology, which relies on open standards and public access network (Bunduchi, 2008). Thus, it is not clear why SMT, with low complexity, ease of use, and higher trialability, is not considered and

used more.

Relative advantage - do we really know social media?
Compared with traditional IT applications, SMT is quickly adopted and used by many individuals because of its ease of use and very low / or no cost. Unfortunately, there are some inaccurate or outdated perceptions about the use of SMT. Iyer and Bejou (2003) note that computer-mediated communications, such as e-mails, are perceived by users to be less valuable for developing social relationships as compared to offline communication methods, such as face-to-face contact and telephone conversations despite face-to-face contact and telephone conversations having been largely replaced by social media conversation. According to O'Reilly and Eckert (2014), SM (e.g., YouTube, Facebook, Twitter) is a good channel for out-of-the-box thinking and creativity generation. Berthon et al. (2003) mentioned that collaborative networks (e.g., Linux.com, Symbian.com) largely contributed to businesses' creative process. Unfortunately, the number of studies related to social media's role in creativity generation and collaboration is still very limited. Michaelidou et al. (2011) investigated the use and barriers of SM marketing in small and medium B2B brands in UK. They found that the main reason for firms' reluctance to use SNS included the perceived irrelevance of SNS within that context, and the uncertainty as to the use of SNS to support brands (Michaelidou et al., 2011). It is ironic that SNS's *low complexity* and *high observability* become the *perceived high complexity* and *perceived low observability* for B2B marketers. These false perceptions and unfamiliarity affect industrial managerial mindsets regarding the use of SMT. The uncertainty as to how social media can be used to support their brands leads to the misconception or ignorance of SM's relative-advantage in B2B context.

Organizational factors
According to Traynor and Traynor (2004), medium-sized firms rated Web-based advertising as of lesser importance to their promotional efforts than large firms. In a more recent study of SM marketing industry, Stelzner (2011) indicated that 82% of large companies with 1000 or more employees recognized SM as a key growth area. In terms of the particular SM tools, Ratliff and Kunz (2014) mentioned that larger businesses were more likely to use YouTube or other video platforms, and less likely to use blogs. These results both pointed to the differences existing between large and small and medium companies in SM marketing strategies. Moreover, large-sized B2B companies also attach greater importance to SMT. Brennan and Croft (2012) found outstanding firms in terms of the use of Web 2.0 tools also tended to be the largest. Several researchers have highlighted the differences in SM throughout the product and service sectors in areas like brand strategy, message appeals, information search, and message content (Swani et al., 2013). Some initial empirical findings indicated relevant linkages between technology deployment and type of industry (Brady et al., 2008). Utilizing Foster's (2005) framework, we find that service-oriented companies are more likely to use public Web level tools like SNS (e.g., Facebook, Twitter) or content community (e.g., YouTube) for branding/advertising/distribution purposes. Product-oriented companies, on-the-other-hand, are more likely to develop extranet level tools to share information, communicate, and provide access to key information application processes with suppliers, partners, or customers. The questions about why this difference/preference exists, and whether these trends are beneficial for B2B marketing's development have yet to be addressed.

Conclusion and Discussion
In conclusion, we firstly note the inconsistent and interchangeable use of terminology which

makes classification of social media marketing in a B2B context difficult, which is one of the possible reasons for the underrepresentation of SM research in the B2B context. As such, we propose adopting 'social-media-based B2B marketing' as the concept in order to clarify its utilization. We analyzed the factors potentially affecting adoption and use of SMT in a B2B context, from an innovation diffusion perspective. Accordingly, some possible misconceptions and outdated assertions related to technological factors, i.e., compatibility and relative advantage, and organizational factors, i.e., firm size and industry were discussed. It is our hope that this paper will foster interest and more research into social-media-based B2B marketing. That said, this study and its findings are limited by the scope of the literature reviewed and the data source. As mentioned, the papers included in the literature review on which the study is based was limited to secondary data in 4 English marketing academic journals. The research (model) is based on a single theory, i.e., DOI. Future research can further address the research questions by 1) broadening the literature reviews by including more sources such as journals, conference proceedings, and books; 2) formulating a research model drawing on other theories; and 3) testing the model with primary data.

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INDUSTRIAL AND BUSINESS RELATIONSHIP MARKETING

ABSTRACTS

Towards a Model of Contract Negotiation Fairness and Contract Implementation Fairness in Business-to-Business Relationships

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Abstract

Although researchers have acknowledged that fairness is an important element in many business-to-business transactions, studies have not differentiated between effects and influential relationships of fairness perceptions during the preceded negotiation phase and the subsequent implementation phase of a contract completion. Based on the distinction of both phases of a transaction with its fairness perceptions, we develop a conceptual model that features the ex-ante and ex-post perspective of a negotiated contract. Acknowledging the importance for ongoing relationships in business markets, repeat business intentions are also included in our considerations. To establish a better understanding about the research phenomenon of interest, we conducted 29 in-depth interviews with negotiation experts from sales and purchasing functions. We suggest that fairness is not only an isolated important element in contract negotiation and contract implementation, but that negotiation fairness often sets the stage for the implementation and hence influences repeat business intentions.

Keywords: *Business-To-Business Relationships, Contract Negotiation Fairness, Contract Implementation Fairness, Contract Completion, Repeat Business Intentions*

Track: *Industrial and Business Relationship Marketing*

The effect of employee engagement on customer experience in business-to-business relationships

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Abstract

This paper investigates the effect of employee engagement on customer experience in Business-to-Business relationships. It is hypothesized that an employee's level of work engagement directly affects customer experience. We use the established notion that employee' perceived autonomy and the level of support received from supervisors drives three components of employee engagement. The association of employee engagement with the customer experience of employee performance (CESEP), and with an overall measure of customer experience (OCE) and ultimately with customer loyalty (CL) is considered. Data were collected from 106 employees and 1,216 customers in a focal firm operating in the Southern Africa construction and mining industry. SEM results shows a significant negative relationship between employee absorption and CESEP, while CESEP drives overall customer experience. Overall customer experience mediates the relationship between CESEP and customer loyalty. This paper contributes to understanding the employee-to-customer interaction and its implications for customer experience management.

Keywords: *Customer Experience, Employee Engagement*

Track: *Industrial and Business Relationship Marketing*

Value Creation and Customer Effort – The Impact of Customer Value Concepts

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Abstract

Over the last decades many concepts have been developed addressing the questions how value is created for customers, which components this value comprises, and what the characteristics of value are. These approaches see value creation from a supplier's perspective, even if the value is created for the customer. In contrast thereto, recent research has turned towards a more customer focused view of value creation. Here, the customers and their activities, further actors and the context in which value is created are considered to be the focal point. This raises the questions like what customers motivates to participate in joint value creation processes, to what extent they are aware of their contributing role and how they assess their own contribution for value creation. This paper analyses on a conceptual basis how different customer focused value concepts, are interlinked and what impact they have on customer inputs and efforts within value creation.

Keywords: Relationship Value, Value-In-Exchange, Value-In-Use, Value-In Context,
*   Customer Effort*

Track: Industrial and Business Relationship Marketing

Reconfiguring Resources when Resuming Business

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Abstract

In this paper, we elaborate on a relatively little researched issue: resuming business following business closure. The purpose of the paper is to further our understanding of business resumption by highlighting the role of resource reconfiguring in a changing network context. We see resource-reconfiguring competence to include: envisioning relationships, use of previous business experience, and rebuilding on relationship remains. Equally we argue that re-configuring relationships is essential to resource becoming. We base our discussion on two case studies: a re-opened Swedish iron-ore mine after twenty years of closure, and an Australian car manufacturing plant where resources are applied to different purpose.

Keywords: *Business, Closure, Resuming, Resource, Reconfiguring, Competence*

Track: *Industrial and Business Relationship Marketing*

The dark side of customer participation

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Abstract

Fierce competition in many industries has prompted many firms to participate in supplier development by sharing information or improving suppliers' capabilities. However, managers are unsure about how much to participate to avoid opportunism behaviour and narrow down relationship value gap in exchanges between two firms. From an analysis of 116 matched buyer-supplier dyads, this study reveals that both customer participation as information sharer (CPI) and customer participation as capability developer (CPD) have U-shaped links with relationship value gap. The results of this study provide important theoretical implications and specific managerial guidelines as to how to manage customer participation in order to balance relationship value for both customers and suppliers.

Keywords: *Customer Participation, Relationship Value, Curvilinear*

Track: *Industrial and Business Relationship Marketing*

Co-creating Effective and Profitable Customer Solutions in Business-to-Business (B2B) Markets

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Abstract

Customers in B2B markets are increasingly demanding solutions rather than stand-alone products. However, suppliers are struggling to extract profits from customer solutions even if they deliver effective solutions to their customers. We introduce the concept of 'co-creation orientation', which we propose helps suppliers plug this gap. Data collected from matched supplier-customer dyads provide evidence that co-creation orientation is the main driver of the effectiveness *and* profitability of customer solutions. Evidence of co-creation orientation's impact on solution effectiveness and supplier firms' profits will guide supplier firm managers to focus on building the attitude and competencies that foster co-creation orientation, and to select the right customer firms to develop mutually beneficial relationships.

Keywords: *Customer Solution, Co-Creation Orientation, Dyadic Investments, Customer-Based Profits*

Track: *Industrial and Business Relationship Marketing*

Out of the Channel Loop: Antecedents, Consequences, and a Moderator

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Abstract

Being out of the loop implies that a person feels excluded from or ignored in information sharing and resource allocation, compared with other members of a network. This phenomenon traditionally pertains to interpersonal relationships, but a growing concern for firms is the potential to fall out of the channel network loop, such that the firms feel excluded or ignored by their suppliers. Such a perception triggers mixed responses that have potentially detrimental impacts on the channel relationships. This study offers an initial attempt to conceptualise the out-of-the-channel-loop phenomenon as a form of ostracism; drawing on group value theory, it identifies several antecedents and consequences of being out of the channel loop, as well as demonstrating that psychological entitlement acts as a moderator.

Keywords: *Out of the Loop, Group Value Theory, Channel Networks, Entitlement*

Track: *Industrial and Business Relationship Marketing*

Effect of Category Management Practices, Relational Governance and Resource Deployment on Category Performance in FMCG Retailing: A Moderated Mediated Study.

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Abstract

In today's highly competitive retail environment, organisations are increasingly facing pressure to improve profitability, minimise costs, and provide an enhanced value proposition to customers. Category management and relational governance mechanisms are viewed as important tools in enhancing the performance of both retailers and suppliers. Research has also found inter-organisational alignment, category strategic importance, and resource deployment to also affect performance of organisations in the retailing sector. However limited empirical work has focused on how these factors influence category performance from both suppliers and retailers perspective. Semi-structured interviews were used to explore the role of these factors in category management within the Australian retail sector. The study has implication for theory, managers, and policy makers.

Keywords: *Category Management, Category Performance, Retailing*

Track: *Industrial and Business Relationship Marketing*

INTERNATIONAL AND INTER-CULTURAL MARKETING

FULL PAPERS

Culture, Negative Brand Information and Consumers' Intention to Search

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Abstract

Information search is an important stage in consumer decision-making process and the impact of information search on consumer behaviour has been well documented in consumer literature; however, limited research has attempted to examine the influence of culture on information search. This study examines Australian and Chinese consumers' intentions to search internal and external information related to the affected brand after they are exposed to negative brand information. Results show that Chinese consumers have a significant higher intention to search both internal and external information about the affected brand than their Australian counterparts. The risk nature of the information also influences the search behaviour in both cultures. Theoretical and practical implications on brand management are discussed.

Keywords: information search, negative information, Hofstede, culture, cross-cultural.

Track: International and intercultural Marketing

1.0 Introduction

Consumer decision-making is a complex process and information search has been identified as one of the most important stages which may ultimately influence a purchasing decision (Peterson and Melina 2003). Most of the reported studies on information search focus on western consumers, whereas little research attention has been paid to consumers in other cultures, and even less research has examined the relationship between culture and information search. Negative information is prevalent in today's market place (e.g., Ahluwalia, Burnkrant, & Unnava, 2000) and may cause detrimental consequences on the affected brands. This study attempts to bridge a number of research gaps by investigating Australian and Chinese consumer's intentions to search information under the exposure of negative information. The study will also examine the impact of the risk nature of the negative information on consumer search intentions.

2.0 Theoretical Development

2.1 Information Search

The concept of search dates back to Stigler (1961) Theory of the Economics of Information which proposes that consumers will not stop searching information until the "point where the marginal cost of acquiring additional information equals or exceeds the marginal benefit". Consumers' primary motivation to search information is to satisfy their information needs which are related to product knowledge (Grant et al., 2007). In order to make better purchasing decisions, consumers are very likely to engage in information searching before their purchases. Liang and Huang (1998) and Turnbull et al. (2000) argue that consumers search for information before making a purchase because they wish to

minimize the transaction or other types of risk. Peterson and Merina (2003) find that information search impacts consumer brand engagement which influences consumer purchasing intentions. Shim, Eastlick, Lotz, and Warrington (2001) present empirical evidence that intention to search information has a direct and positive influence on consumers' purchasing intentions at an online environment. In other words, consumers are more likely to make a buying decision if they have spent time and effort on information search.

Two types of information search have been identified in the consumer behaviour literature: internal and external search (Engel, Blackwell, & Miniard, 1995). Internal search happens when a consumer uses his or her own memory to search relevant information, including consumers' previous experience and past information searches (Money & Crotts, 2003). The other type of search is called external search which refers to searching information through any kind of source except the consumer's own memory (Jepsen, 2007). Money and Crotts (2003) identify four major sources of external information: personal, marketer-dominated, neutral, and experiential. However, internal and external search are often related because memory is the starting point for both of them (Peterson and Merino 2003). The extent of information search depends on situational and individual differences factors. For example, business-to-business buyers are more willing to use external search than retail consumers. Mazursky and Hirschman (1987) argue that this is because individual consumers consider the cost of external search higher than organization consumers, so individual consumers depend on internal more than external search. Consumers may engage in little external search for some important decisions such as health care providers for children and nursing home selection for elderly relatives because for those they prefer to reply on their own experience and knowledge (Dove, 1986).

2.2 Negative Information and Culture

Despite of a wealth of literature on information search, few studies have examined the relationship between information search and negative information (e.g., Shaw & Steers, 2000). Consumers have been found to increase their information search after being exposed to negative rather than positive information in order to avoid unsatisfied consumption in the future (Kim & Song, 2010; Ong, 2011; Pan, 2011; Stroebe, Barreto, & Ellemers, 2010; Wright, 1974). Furthermore, Shaw and Steers (2000) find that external information search is moderated by the extremity of the negative information. If the negative information is perceived to be of higher risk or serious consequences, a consumer will be most likely to do external information search on the affected brand as compared to that under the exposure of moderate risk or consequence. Shaw and Steers (2000) also claim that external information search may be influenced by cultural variables; however, their study has not explored this aspect.

Information search has been rarely examined along with culture or cultural values, despite acknowledgement that culture is an important factor in consumer decision making (Hsieh, Pan, & Setiono, 2004). Hofstede's cultural dimension framework has been widely adopted in the marketing field to understand the impact of culture on consumer behaviour (Steenkamp, 2001), and its cultural dimensions are easy to follow when comparing national cultural differences (Van Oudenhoven, 2001). Hofstede's cultural dimensions help researchers understand the characteristics of the markets in different cultures, and gain insights on marketing activities such as market segmentation, targeting, product positioning, and promotion (Ndubisi, 2004). Dahl (2004) has a similar view that Hofstede's framework is useful because it decreases the complexities of cross-cultural research. Past research also acknowledges that not all cultural dimensions are relevant to a specific marketing phenomenon (e.g., G. H. Hofstede, 2001).

Collectivism/Individualism is one of the most often investigated cultural constructs in marketing. Collectivism refers to the level of interdependence between an individual and a group. In collectivist countries individuals are more likely to focus on group norms as compared to those from less collectivistic countries (Hofstede, 2010). Compared with consumers from low collectivist cultures, consumers from more collectivist cultures are more willing to search information before making purchasing decisions because they are more likely to rely on their family or friends and that they do not want to be in an ambiguous situation (Kachenchart, 2006). Chen (2000) also discovers that travellers from less- and more- collectivistic countries appear to rely on different sources of external search. Money and J. C. Crotts (2004) also find that tourists from low collectivistic are less likely to accept the information offered by commercial sources such as travel agencies because they are more willing to do other types of external information search such as speaking to a friend or family member. In a study of library users' information search behaviours, Steinerova and Šušol (2005) find that users from high collectivistic countries prefer published channels for information search due to their reputation, but users from low collectivistic countries are more willing to choose electronic information sources because they emphasize on the low cost and fast speed. Doran (2002) finds that consumers from a high collectivist country (China) are more likely to search from private information sources like friends or relatives than consumers from a low collectivist country (US). More precisely, consumers from high collectivist cultures prefer to accept the suggestions from reference groups than making individual decisions while consumers from low collectivist cultures are more willing to rely on themselves to make decisions. In a study on discussion boards, Fong and Burton (2006) find that Chinese consumers are more willing to do external information search, such as posting questions in the discussion board and engaging in electronic word-of-mouth communication, if they are uncertain about the product or service which they intend to purchase. Similarly, Xue and Zhou (2010) find that Chinese consumers are likely to search for information and be involved in WOM communication before making any purchasing decision.

H1: Consumers from a high collectivist culture will have a significantly higher intention to do internal (H1a) and external (H1b) information search under the exposure of negative brand information, as compared to those from a low collectivist culture.

Perceived risk associated with the negative information may also influence consumers' intention to search information. When consumers perceive risk to be high, they will seek out information from sources that they perceive to be similar to themselves, as such information will be more diagnostic with respect to what their reference group expects (Bearden & Etzel, 1982). It may also seem profitable to consume if they spend more time and resources on acquiring information before decision making in order to reduce risk (Aaker, 1992). Hornibrook, McCarthy, and Fearne (2005) suggest that if perceived risk exceeds the tolerable level, then a number of risk-reducing strategies will be invoked, including seeking information. Culture may influence consumer perceptions of the risk associated with the negative information. For example, consumers from higher collectivist cultures are more likely to have subjective perceptions of risky options (Weber, Hsee, & Sokolowska, 1998). Bontempo, Bottom, and Weber (1997) find that the risk perceptions were higher in high collectivist cultures (Taiwan and Hong Kong) than those from low collectivist cultures (US and Netherlands) under the same risk exposure.

H2: Within the same culture, consumers will do more internal (H2a) and external (H2b) information search under the high-risk condition than under the low-risk condition.

H3: Under the same risk level, consumers from the high collectivist culture will have a significantly higher intention to do internal (H3a) and external (H3b) and information search, as compared to those from the low collectivist culture.

3.0 Research Methodology and Data Collection

Past literature on information search has focused on the western consumer while little research attention has been paid to consumers in other cultures. Australia and China were selected as the two countries for this study. Based on the G. Hofstede (2010), Australia is a high individualist country with a score of 90 on individualism while China is a low individualistic culture with a score of 20. Banking was chosen as the category because it is often affected by negative information (Liu & Yu, 2013). Banking is also a category that receives high level of consumer complaints, so consumer satisfaction becomes a focus of the banking-related research (Narteh & Owusu-Frimpong, 2011). A leading Australian and Chinese bank was selected for the Australian and Chinese study respectively.

Undergraduate students from two leading universities in Australia and China were selected as samples. Students suit cross-cultural studies because they tend to be similar in terms of age, income and market experience; also there is "no real advantage of real people over students-assuming the student's behavior falls within the domain of the theory" (Lynch, 1999, p.371). Furthermore, university students are applicable to provide feedbacks to bank services due to their frequent relationships with banks (Furrer, Liu, & Sudharshan, 2000). Two scenarios of the negative information, low-risk and high-risk, were developed based on extensive analyses of the news reports related to negative information at the banking industry in major Australian and Chinese newspapers respectively. The low-risk scenario contains information about a consumer complaint of excessive waiting time at the bank whilst the high-risk scenario contains information about a consumer complaint of losing money due to an incorrect transfer by the bank. To control for the believability of the news, both designs included a statement that the consumer protection authority body in the respective country has confirmed that the reported case is true. The scale for internal search was adopted from (Ha, 2002) and includes two statements that were each rated on a seven-point Likert scale. The 3-item scale for external information search was also adopted from an existing scale (J. Crotts, 1999; Mason & Scammon, 2011; Verplanken, 1993). A pre-test was carried out among a small sample of Australian and Chinese students in order to check the clarity of the questionnaire as well as the manipulation of the two negative information scenarios.

A total of 352 valid questionnaires were collected from China and Australia respectively. The questionnaire was originally developed in English, and then translated into Standard Written Mandarin by two independent bilingual experts in Australia, using back-to-back translation. All of the participants were undergraduate students aged between 18 to 23 and majored in Business. The study used a quasi-experimental design and all participants were randomly assigned into one of the two scenarios, low-risk or high-risk scenario, in each country. The study was conducted at quiet university venues with no interruption. A total of 181 Australian participants (52%) were exposed to the high-risk design whilst 171 (48%) participants were exposed to the low-risk design. A similar ratio was obtained from the Chinese sample (48% at the high risk group and 52% at the low-risk group). All of the subjects in both groups reported they were familiar with the bank studied. Confirmatory factor analyses were conducted for internal and external search. The two items of internal search were loaded as one single factor for both samples (92 % of the total variances for Chinese and 75% for Australians). The reliability scores (Cronbach alpha) was 0.913 for the Chinese sample and 0.670 for the Australian sample. Similar results were obtained for external search (75.66% of variances for Chinese and 83.11% for Australians. Reliability: Chinese-0.839; Australians-0.898).

4.0 Results

Australian consumers were less likely to search either *internal* or *external* information about the affected brand than Chinese consumers under the exposure of negative information. Independent t-tests showed that Australian consumers had a significantly lower intention to search *internal* information about the affected brand than Chinese consumers when exposed to negative information (Australia M=3.29 vs. China M=5.09, t=14.91, df=672.41, p<0.001). Australian consumers also had a significantly lower intention to search *external* information as compared to the Chinese sample (Australia M=2.86 vs. China M=4.08, SD=1.54; t=9.98, df=696.19, p<0.001). Thus, both H1a and H1b were supported.

Australian consumers had a significantly higher intention to search *external* information under the high-risk condition than under the low-risk condition (high-risk M=3.34 vs. low-risk M=2.36, t=5.81, df=318.08, p<0.001). However, they had a significantly lower intention to search *internal* information under the high-risk condition than under the low-risk condition (high-risk M=2.65 vs. low-risk=3.97, t=-7.58, df=350, p<0.001). Similarly, Chinese consumers intention to search *external* information was significantly higher in the high-risk condition (high-risk M=4.35 vs. low-risk M=3.82, t=3.24, df=337.14, p<0.001), whereas their intentions to search *internal* information were not significantly different (high-risk M=5.11 vs. low-risk M=5.08, t=0.19, df=350, p=0.85). Thus, H2b was supported whilst H2a was not. Further, Australian consumers had a significantly lower intention to search in both the high and low risk conditions than Chinese consumers. Specifically, in the high-risk condition Australian consumers had a significantly lower intention to search *internal* (Australian M=2.65 vs. China M=5.11, t=16.06, df=345.12, p<0.001) and *external* (Australian M=3.34, China M=4.35, t=5.37, df=347.25, p<0.001) information as compared to Chinese consumers. Similarly, in the low-risk condition Australian consumers also had a significantly lower intention to search *internal* (Australia M=3.97 vs. China M=5.08, t=6.40, df=350, p<0.001) and *external* (Australia M=2.26, China M=3.82, t=10.22, df=350, p<0.001) information search about the affected brand than Chinese consumers. Thus, both H3a and H3b were fully supported.

5.0 Conclusion and Limitations

The current study examines Australian and Chinese consumers' intentions to do internal and external information search under the exposures of negative information. The results show that consumers at a less collectivist culture like the Australian sample studied have less intention to search either internal or external information about the affected brand than consumers at a more collectivist culture such as the Chinese sample studied. Therefore, this study suggests that the collectivist/individualist dimension may have a strong influence on consumers' search behaviour. This finding was similar to the finding obtained by Doran (2002) that consumers from collectivist cultures are more likely to search for and reply on suggestions from others This study also explores the impacts of the risk nature of the negative information and finds that the risk nature significantly influence consumers' intention to search both internal and external information. The results show that the risk nature of negative information has a significant influence on both internal and external information search of the Australian consumers; however, the influence is positive for external search while negative for internal search. For the Chinese consumers, the risk nature of negative information has a significant and positive influence on their external information search but not on their internal information search. Finally, the results show that irrespective the low- or high-risk nature of the negative information, Australian consumers had less intention to search either internal or external

information about the affected brand than the Chinese consumers. This supports that the impact of the risk perception is strong for consumers from a high collectivist culture than for consumers from a low collectivist culture (Weber et al., 1998).

This study has a number of limitations. For example, the study did not control for the nature of the subject. Although all subjects are well aware of the brands studied, some of them are current customers of the banks whilst some are not. Winchester and Romaniuk (2008) find that among past, current and non-users, past users are most likely to be influenced by negative information about the brand, followed by current users and non-users. Therefore, further research should examine various types of consumers. Future studies should also investigate market factors such as market structure. The Chinese banking sector is dominated by state-owned banks whilst the Australian sector is dominated by private banks. Consumer attitudes towards the banking sector may be different across the two countries Future study should also include other cultural dimensions, such as uncertain avoidance, which may be strongly related to the collectivism dimension. Moreover, this study examines Australian and Chinese consumer who are typical low and high collectivist consumers. More insights may be offered if a culture with moderate collectivist nature is included in the future. In conclusion, this research contributes to the limited literature information search with relations to culture and negative information. It is hoped that the findings also help develop better understanding of the factors that influences consumers' responses to negative information across different cultural systems.

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A transnational study to identify consumer motives to buy regional products

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Abstract

The aim of this paper is to identify motives behind consumers' purchase of regional branded products. Understanding customers' motives to purchase regional products can enable marketers to better target their customers with emphasis on appropriate unique selling points of their products. For academics, this paper delivers a contribution to literature. The currently underlying assumption in the literature which will be investigated in this work is that the CETSCALE covers the motives to predict why consumers purchase regional products. To do so overall 20 semi-structured interviews were conducted in Germany and 20 in England. From the 40 interviews seven main consumer motives areas emerged for purchasing regional products. Those seven motives are: Support and feel regional, environment, quality and trust, familiarity, healthier, unique - authentic, convenience. Only one of those motive areas is closely linked to the CETSCALE.

Keywords: regional products, consumer motives, Germany, England, CETSCALE

Track: International and Inter-cultural Marketing

1. Introduction

In the United Kingdom, phrases such as "sourcing with integrity", "making a positive difference to our community" and "support your region" are used by large supermarket chains such as Tesco, Sainsbury's and Morrison's and brands such as Carling, John West and Walkers to reflect their local purchasing policies (Mintel, 2013). Likewise, in German supermarkets such as Edeka and Real use slogans such as ": Good from home" [English translation], Lidl "A good piece of home" [English translation], Rewe "regional" [English translation] to emphasise their regional purchase policies in order to attracted consumers wanting to purchase regional goods (Nestlé, 2012; Handelsblatt, 2012; Erste, 2014). Many global companies, such as Mueller, offer products which are sourced from the regions within which they are sold (Mintel, 2012). For example, a fast food chain called "Chipotle Mexican Grill" with restaurants in the USA, UK, Canada and France reflects this trend by emphasizing "food with integrity" which is regionally sourced (Chipotle Mexican Grill, 2012).

Despite this trend, and while much has been published regarding drivers and barriers to local and national food, less focus has been on consumers' motives for buying regionally-branded products. Indeed, there is a considerable body of research on consumer ethnocentrism and "the appropriateness, indeed morality, of purchasing foreign-made products" (Shimp and Sharma, 1987: p.280). In other words, the highly ethnocentric consumer believes it is inappropriate to purchase foreign-made products even if they are cheaper or better quality as that would have a negative effect on the domestic economy and jobs (Sharma et al., 1995). According to Balabanis et al. (2001), ethnocentrism has a "powerful

influence on consumers' preference for domestic and foreign products" (Balabanis et al., 2001: p.159). The term 'consumer ethnocentrism' was adapted from the general term 'ethnocentrism', introduced by Sumner around 1906 (Shimp and Sharma, 1987).   Shrimp and Sharma (1987) developed the CETSCALE, because the classic sociological conceptualisation of ethnocentrism is not applicable to consumer behaviour. The CETSCALE was first developed to evaluate American consumers' perceptions towards the purchase of imported products (Teo et al., 2011). Since its origin in 1987, the CETSCALE has become widely accepted for measuring ethnocentric consumer behaviour, and its validity and reliability have been tested across various countries (Teo et al., 2011; Siemieniako et al., 2011; Thelen et al., 2006; Balabanis and Diamantopoulos, 2004; Nadiri and Tümer, 2010; Evanschitzky et al., 2008).

However, some academics have used the "Consumer Ethnocentric Scale" (CETSCALE), developed by Shimp and Sharma (1987) to measure the level of ethnocentrism and to draw conclusions about consumers' purchase intention towards regional branded products. For example, Schnettler et al. (2011) applied the CETSCALE at the regional level in two cities in Chile when evaluating habitual supermarket shoppers. They concluded that people with a high level of ethnocentrism are more likely to buy regional branded products rather than imported products (Schnettler et al., 2011). More recently, Fernandes Ferrin and Bande-Vilela (2013) reached a similar conclusion, being the CETSCALE can not only explain preferences for national or non-national products but also for regional and non-regional products (Fernández-Ferrín and Bande-Vilela, 2013) additionally Fernandes Ferrin and Bande-Vilela highlight the importance for future studies to "…analyse consumer ethnocentrism at a regional level…" (2013: p.306) and point out that the CETSCALE "…consumers moral obligation to support the regional business…"(2013: p.306) is "…an underlying facto when it comes to purchasing decisions" (2013: p.306) draw intention to a research gap for further research to evaluate the other factors which motivate consumer to purchase regional products. (Fernández-Ferrín and Bande-Vilela, 2013). Both of these studies concluded that consumers who experience purchasing imported and non-regional products as inappropriate would rather buy regional products.

So, on one side, there is an emerging body of literature highlighting the importance of further investigation into consumer motives to purchase regional products, paired with anecdotal evidence from a national survey called "Mintel" (Mintel is a Global Market Intelligence agency) which evaluated, in one of their projects, factors influencing consumers' buying intentions of food and non-alcoholic drinks in March 2013 (N:1,500 internet users aged 16+). The survey found that consumers were influenced by many other factors, such as animal welfare standards, freedom from pesticides, regional origin, environmental friendliness and traceability (Mintel, 2013). However, none of the factors from the Mintel survey have to date been integrated with those from the CETSCALE. This seems like a particular gap when applying the CETSCALE to evaluate consumers' intention to purchase regional products. Those neglected factors lead to the possibility that there might be more motives than those covered by the CETSCALE involved when consumers make a regional product purchase, and these potential additional motives must be examined to gain an effective understanding of why consumers buy regional products.

This gap in the CETSCALE literature will be filled by challenging the underlying assumption that the CETSCALE is sufficient to evaluate consumer motives to purchase regional products. Therefore the purpose of this paper is to identify the motives of consumers to purchase regional products.

2. Methodology

Forty semi-structured interviews were conducted in Germany and England the reason to choose than one country and region, it shows that the findings are not country specific and enables the research to

achieve high topic coverage. Each of the ten interviews achieved theoretical saturation therefore not more interviews were collected in any of the regions.

The interviewees were from the selected regions, with three defined age groups and both genders included in each region to achieve high topic coverage (Saunders et al., 2012). Each person was asked the same set of questions regarding their shopping behaviour and what motives they could think of to explain why other consumers would or would not buy regional products. This was done in order to overcome the potential problem of interviewees' tendency to mention topics which are socially acceptable and therefore desirable and hence discuss what they actually desire (Rallis and Rossman, 2011; Maxwell, 2005). This pitfall can be avoided by rewording the question to "What do you think motivates other people to buy regional branded products?" (Miles and Huberman, 1994).

Conducting research in different countries needs particular care when translating questions, instructions and final results, as a literal translation does not guarantee that the question really means the same in another language (Massoubre et al., 2002). The interview schedule was designed in English, translated by two bilingual experts, and then back-translated into English by two native speakers. Translated interviews were subsequently pre-tested and after the first two interviews, a slight adjustment was found to be required (Tran, 2009).

3. Data Analysis

The most suitable way to analyse data to generate motives for consumers purchasing regional products is classic content analysis. This is because, unlike content comparison analysis, classic content analysis does not group codes together (Herring, 2010; Krippendorff, 2004; Easterby-Smith et al., 2008). This is important for this study, as the interviews were conducted to identify as many motives as possible for people buying regional products. Based on this decision, the data analysis proceeded as follows.

The interviews were recorded; transcribed and every motive mentioned was collected. The majority of the interviews proceeded smoothly, with various predicted and also unpredicted topics emerging, as will be shown later in greater detail (Detmar et al., 2006; Elo and Kyngäs, 2008).

4. Findings

40 interviews have been conducted, 10 in each of the four regions studied. Two of these regions were in England and two were in Germany. Respondents' profiles: fourteen of the interviewees were under 35, twenty-one were between 35 to 54 years and five were above 55 years old. Out of the 40 interviews 26 interviewees were female and 14 male. Majority of interviewees (fifteen) earn more than £40.000 per year before tax, eight interviewees earn £28.000-40.000, six interviewees earn between £16.000-28.000, and eight participants earn less than £16.000 and three refused to answer. The education level was not mentioned by one interviewee, fourteen interviewees went to secondary school, two went to college, fourteen have an advanced degree and overall nine got a university degree.

From the interviews, seven main topics emerged, which will be described further in detail in the following sub-sections. The first topic is similar to the characteristics described in the CETSCALE, while the others are additional, and could therefore be useful for future studies on the consumption of regional products.

A summary of all topics and the subtopics are presented in the table 1. It gives a brief overview of the sub-topics which are similar to ones on the CETSCALE, followed by the seven additional topics and their sub-topics.

Each row in table 1 lists one of the seven main motive areas and is further divided into two rows. The top rows show the number of responses which emerged from the content analysis in more detail. First are the collated answers from England and the overall total of the motives Germans gave why they buy

regional products. In the row below are the sub-areas which constitute each of the main motive areas. These sub-areas were derived from the results described above.

Table 1: **Summary of the topics raised from the 40 interviews**

	England- N	England-S	England	Germany - N	Germany- S	Germany
Support and feel regional	17	9	26	6	7	13
	• Buying regional products saves local jobs. • I buy regional products to support local industry. • I buy regional products to feel the local connection. • I buy regional products for the regional identity. • I only want to buy regional products (patriotic motives).					
	England- N	England-S	England	G - N	G- S	Germany
Environment	10	3	13	22	16	38
	• Regional products are more environmentally friendly (e.g. reduce carbon footprint air miles). • I buy regional products to avoid long transport ways for my products. • Regional products have better standards (e.g. no chemicals used in the production). • Regional products are more organic.					
	England- N	England-S	England	G - N	G- S	Germany
Quality & Trust	4	3	7	8	17	25
	• Regional products are of high quality. • Regional products have a good reputation. • I buy regional products because I trust the regional official seals more. • Regional products taste better. • Regional products are better in general. • Regional products are easily traceable • I buy regional products because I know where they are from.					
	England- N	England-S	England	G - N	G- S	Germany
Familiarity & Habit	1	9	10	3	5	8
	• I buy regional products because I grew up with them. • I buy regional products because I have a personal closeness to them. • I buy regional products because I was always told to buy them.					
	England- N	England-S	England	G - N	G- S	Germany
Healthier	0	1	1	2	0	2
	• Regional products are healthier (e.g. no harmful substances).					
Unique -	England- N	England-S	England	G - N	G- S	Germany

authentic	3	0	3	0	0	0
	• Regional products have distinct attributes (e.g. taste, look, design) • Special regional products are not available from other regions.					
Convenience	England- N	England-S	England	G - N	G- S	Germany
	3	0	3	1	2	3
	• It is more convenient for me to buy regional products.					
TOTAL	**38**	**25**	**63**	**42**	**47**	**89**

5. Discussion

The purpose of this study was to identify the motives for consumers purchasing regional branded products. Seven motive areas were identified which are: Support and feel regional, environment, quality and trust, familiarity, healthier, unique - authentic, convenience. These were the motives which emerged from the 40 interviews. Then the study sought to compare these motives to those from the CETSCALE of Shimp and Sharma (1987). The topic 'Support & Feel regional' included the subtopics: I buy regional product to support local industry; I buy regional products to feel the local connection; I buy regional products for regional identity; I only want to buy regional products for patriotic motives those subtopics are close related to the motives of the CETSCALE. However, another six motive areas were generated in the interviews, indicating that there are other motives for consumers purchasing regional products.

In the North of England, the main motives were based on 'Support & Feel regional', whereas in the South of England, the main motives appeared to be linked to 'Familiarity & Habit' and 'Support & Feel regional'. In North Germany, the main motives centred around the 'Environment', while in South Germany, the motives to purchase regional products based on this study sample seem to be 'Environment' and 'Quality & Trust'.

Regarding future studies, it would be insightful to conduct a quantitative study to test generalisability of these results to evaluate if the prediction power of the CETSCALE is lower than the motives derived from these interviews and to what extend regional cultural value differences might be linked to potential regional motive differences for consumers to purchase regional products. These regional cultural value differences could be an explanation for the variation in consumer motives to purchase regional products. Another aspect for future research would be to look into the impact specific product categories or product types have on consumer motives to purchase regional products.

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The Role of Self-Construal in Shifting Preferences for Modernity

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Abstract

An important variable by which culture affects the way people think and act is their self-construal. Within the independent self-construal, the self is seen as different from others, a way of defining the self, prominent in Western societies. Interdependent self-construal, more typical of Eastern cultures, emphasizes the connectedness of the self to others. This difference in self-construal is thought to affect behavior, and acceptance of social values. This paper manipulates self-construal of consumers and investigates its effects on adopting market offerings that may be perceived as inconsistent with their self-construal in an Eastern culture. The research recommends strategies for policy makers for successful advocacy of initiatives of national importance by applying self-construal theory.

1. Background

The growth and prosperity in the GCC (Gulf Cooperation Council), and other developing countries brings along challenges of achieving a balance between keeping cultural traditions as well as accepting modern practices. For instance, the state of Qatar aims to hold a successful Football World Cup in 2022 and intends to encourage females to participate in the sport to have a strong female football team participate in the event. However, such endeavors can only be successful if a thriving female sports culture is perceived as consistent with local cultural norms and values. Prior research in psychology has established that an important variable by which culture affects the way people think and act is their individual view or construal of self (Singelis & Sharkey, 1995; Singelis, Triandis, Bhawuk, & Gelfand, 1995). This line of research has identified two distinct perspectives on the self. Within the independent construal, the self is seen as different from others, a way of defining the self, prominent in Western societies. The interdependent perspective which is typical for Eastern cultures emphasizes the connectedness of the self to others. The degree of independence-interdependence is thought to affect behavior, and acceptance of social values. Thus, building on prior research (e.g., Gardner, Gabriel, & Lee, 1999; Markus & Katiyama, 1991), this paper investigate whether priming independent versus interdependent self-construal within a traditional culture could lead to changes in the rates of acceptance of practices such as consumption of large scale sports events, increased female participation in physical activities and sports.

2. Conceptual Foundation

A number of cultural distinctions have been identified in the literature with implications for consumer motivation and judgment (Triandis, 1989). One difference akin to independent and interdependent self-construal across cultures is represented by the constructs of *individualism* and *collectivism*. People in individualist cultures tend to prefer independent relationships to others and subordinate in-group goals to personal goals. In contrast, individuals in collectivist cultures tend to prefer interdependent relationships to others and subordinate personal goals to those of in-group goals (Hofstede 1980, 2001; Triandis 1989). This difference between Eastern and Western cultures represented by the constructs of *individualism* and *collectivism* (INDCOL) can be measured or manipuated.

2.1. Independent and Interdependent Self-Construal

An individual's self-construal has been identified (Markus & Katiyama, 1991; Triandis, 1989) as a psychological variable, conceptualized as between thinking of the self as an individual and one that is part of a larger social set-up (Fiske, Kitayama, Markus, & Nisbett, 1998). Furthermore, self-construal has also been demonstrated to influence consumers' behavior within a culture (Gardner et al., 1999). Thus, the current research investigates the impact of independent versus interdependent self-construal on consumers within a collectivist culture. Prior research has demonstrated that consumers display both kinds of self-construal, interdependent and independent, with varying degrees depending on their upbringing and acculturation in a Western or Eastern culture (Brewer & Gardner, 1996; Trafimow, Triandis, & Goto, 1991; Triandis, McCusker, & Hui, 1990). More importantly, prior research has shown that situational primes can shift the degree of independent versus interdependent self-construal of an individual (Trafimow et al., 1991; Gardner et al., 1999). For instance, a number of studies (Trafimow et al., 1991; Gardner et al., 1999; Brewer and Gardner, 1996) demonstrated that conducting a writing task or reading a story with an independent or interdependent theme increased theme-consistent self-construal. Thus, while culture may determine whether independent or interdependent self-construal is chronically accessible to an individual, self-construal may shift while s/he responds to situational accessibility (Gardner et al., 1999). Furthermore, since differences in self-construal are thought to shape cultural differences in preferences (Markus & Kitayama, 1991), priming independent (versus interdependent) self-construal should lead to greater likelihood of accepting social values observed in a culture linked with the respective self-construal momentarily primed. In turn, it is proposed here that, the priming should then lead to a greater likelihood of consumers' adoption of consumption practices which may be consistent with the primed self-construal even if predominantly incongruent with the consumers' cultural norms or their chronic self-construal.

We test this proposition in this paper. Because most Arab cultures chronically encourage an interdependent self-construal (Hofstede, 1980; Triandis, 1993), independence priming of respondents from GCC countries should increase the likelihood of choice preference generally observed in individualist cultures. We test this prediction with a sample of GCC respondents in the first study reported next.

3. Methodology

3.1 Study 1

The goal of the study was to investigate whether self-construal priming led to an increase in preference for accepting the offerings that may be incongruent with local cultural norms.

One hundred and forty undergraduates at a large Qatari University were primed with an independent or interdependent self construal with a priming task as follows. In the independent (interdependent) priming condition, students wrote down for five minutes about an assignment that they completed individually as a group). They read the following instructions: "Please think of the last time that you worked on a project all by yourself (in group), and you were successful at it. What happened? What was the project? What did you (all) do? Why did you think you were successful at completing the project all by yourself (in a group)? How did it make you (all) feel?" In the control condition, no priming task was presented.

After completing the priming task, all participants completed a values inventory (Schwartz, 1992; Triandis et al.,1990) and INDCOL scale (Triandis and Gelfland, 1998). The values inventory presented a 20 subset of 56 values. Participants indicated the extent to which each value represented a guiding principle in their lives, on a scale from 1 (*not important*) to 7 (*supreme importance*). According to Triandis et al. (1990), subsets of these values differ across cultures. The examples of individualist subset of values include *freedom, independence, choosing one's own goals, living an exciting life, living a varied life*. These values are endorsed strongly in the individualist cultures such as that of the United States. The collectivist subset of values include *belongingness, friendship, family safety, national security, respect for elders* that are endorsed strongly in the People's Republic of China and other Eastern cultures such as the GCC countries. If self-construals serve as an interpretive tool for making judgments, then shifts in self-construal should also shift the relative importance of these values. And thus, in turn, preference for offerings that may be consistent with accessible self-construal should increase.

3.2.Dependent Variable

After completing the social values inventory, participants responded to a number of questions that elicited their likelihood of making a number of consumption choices on a 7-point scale (7 = highly likely, 1= Not at all likely). Using a pretest, consumption choices were selected that were considered inconsistent with local norms and culture, yet may be useful in achieving individual and societal goals, particularly, those related to physical activities and a healthy lifestyle. A separate group of students from the same population revealed the extent to which a choice was deemed consistent/inconsistent (7 = consistent highly, 1 = inconsistent highly) with local values and cultural norms. These choices included *joining a fitness club, attending a game at a local sports stadium, studying at a co-education university, moving to the UAE for a job opportunity, participating in a sports league, moving to another country for higher education, and signing up for a local marathon.* On 7-point scale all these choices were rated as 3 or below on the scale of consistency/inconsistency with the local norms, 7 being the most consistent. Thus, if independence (vs. control) priming increases participants' preference for these choices, this result will be supporting our proposition. Finally, as a manipulation check, all participants completed a 16-item INDCOL scale (Triandis and Gelfland, 1998) which measured the effect of self-construal priming.

3.3.Results and Discussion

Prime Results. As a manipulation check of the self-construal prime, the averaged collectivistic self-orientation subscale was subtracted from the individualistic self-orientation subscale to form an overall measure of individualism and collectivism (INDCOL). Higher (lower) scores on this measure indicated greater individualism (collectivism). As expected, participants who were primed with an independent self-construal scored higher ($M = -0.28$) on the INDCOL scale than those primed with an

interdependent self-construal ($M = -.79$), $t(149) = -2.62$, $p < .05$. Thus, the self-construal priming was effective.

Preference Results. The subsets of values that were found (Triandis et al., 1990) to be more highly endorsed in individualist and collectivist cultures were first averaged, and then score on individualist values were subtracted from the score reported for the collectivist values to produce a values index. A repeated measure ANOVA with value type (individualist vs. collectivist) as a within-participants factor and prime of self-construal (independent vs. interdependent vs. control) as between-participants factors was conducted on endorsement of values. The ANOVA revealed an interaction between value type and prime type, $F(1, 99) = 9.67$, $p < .01$. Pair-wise comparisons showed that participants gave higher endorsements to individualist ($M = 5.38$) than collectivist ($M = 4.92$) values after the independence primes, $F(1, 55) = 4.33$, $p < .05$, and higher endorsements to collectivist ($M = 5.62$) than individualist ($M = 5.08$) values after the interdependence primes, $F(1, 43) = 5.49$, $p < .05$. Participants receiving no prime endorsed two subset of values equally ($Ms = 4.95$ vs. 4.89, respectively). Thus, priming independence in this sample from a collectivist culture appeared to shift values to reflect more individualist goals.

Finally, the results for the choices were also supportive of our hypothesis. Given the reliability measure (Alpha = .76), all choices were averaged to construct a single measure. Consistent with our proposition, independent self-construal increased the likelihood of accepting the choices ($M = 5.18$) more than the control ($M = 3.83$) or interdependent self-construal did ($M = 3.95$), $t(127) = 3.90$, $p < .01$. Thus, together these results support our proposition.

Overall, these results demonstrate that the situational activation of an independent self-construal within a collectivist culture leads to increased preferences for choices that may not be congruent with the culture. Moreover, people who are primed with an independence self-construal may endorse individualist values to a greater degree than the control condition. In contrast, those who are primed with an interdependence self-construal endorse collectivist values no more than the control condition in a collectivist culture.

4. Social Self-Identity

In the next study, we test whether social self-identity works as a boundary condition for the effect we found in Study 1. Social identity theory (Tajfel and Turner 1986) proposes that each individual has a repertoire of identities that includes one's individual-level identity and various social identities. The theory advocates that one of the aspects of identity most likely to drive behavior is dependent on the context. That is, an individual can respond to a given situation in ways that are consistent with one of many possible social identities (e.g., female student in a university, Qatari, family oriented ; Brewer 1991; Tajfel and Turner 1986). Moreover, prior research suggests that people with interdependent self-construal (i.e., mainly those in collectivist cultures) access a repertoire of social identities to find support when faced with incongruent choices (White, Argo, and Sengupta, 2012). Thus, an individual with a stronger sense of social self-identity is less likely to be influenced strongly by independent self-construal priming. Conversely, an individual with a weaker sense of social self-identity is more likely to be influenced strongly by independent self-construal priming. The next study tests this proposition.

5. *Study 2*

The goal of this study was to investigate whether our purported effect was more pronounced for individuals with low (vs. high) in social self-identity. Eighty nine undergraduates at a large Qatari

University participated in Study 2. Participants were presented with independent or interdependent primes before they revealed their preferences for offerings that were considered inconsistent with their cultural norms. Study 2 used the same self-construal priming as that used in Study 1. Moreover, the same choices were used as those used in Study 1. However, in Study 2, as a first task of the study, participants reported their social self-identity score (Nario-Redmond et al., 2004) to test whether it works as a boundary condition of our purported effect. The scale includes a series of statements assessing the extent to which the respondent endorsed social levels of self as important to a sense of ''who they are'' on a 9-point scale (not at all important to who I am (1); extremely important to who I am (9). The examples of some of the scale items include, "The similarity I share with others in my group, "My being a citizen of my country", and "My family nationality or nationalities".

5.1.Results

Prime Results. As in Study 1, participants primed with an independent self-construal scored higher (M = -0.18) on the INDCOL scale than those primed with an interdependent self-construal (M = -.77), $t(87)$ = -2.62, p < .05. Thus, the self-construal manipulation prime was successful.

Choice Results. Similarly, as in Study 1, all choices were averaged to construct a single measure (alpha = .89). Choice measure was regressed onto self-construal prime (1 = interdependent, -1 = independent) and social self-identity measure (continuous). The two-way interaction between social self-identity and self-construal was significant (β = .98, p < .001). The spotlight analysis at 1 standard deviation above the mean and 1 standard deviation below the mean on the social self-identity score revealed that the effect of self-construal priming was significant for participants with low social self-identity score (β = -.551, p < .001), but not for those who scored high on this measure (β = .086, p < .5). Thus, these results suggest that social self-identity is a boundary condition for the effect of self-construal priming on adoption of choices that are incongruent to local norms and culture.

6. General Discussion

This paper manipulated self-construal of consumers from Qatar and examined its causal effect on endorsement of values and choice preferences. Specifically, the finding suggests that preferences in collectivist cultures such as the one in Qatar can be influenced through increasing the salience of certain perceptions. The choices presented to participants in the study were determined to be culturally incongruent. However, when the respondents were primed with an independent self-construal, their accessible self-construal shifted accordingly, and increased their preference for choices considered incongruent with local norms and culture.

This research demonstrates through a priming mechanism that specific cultural orientations can be increased to promote certain practices in society that while considered culturally incongruent but may be beneficial for public health and advancement of other national goals. The finding suggests that this shift in judgment is likely to occur if the alternative self-construal (independent) is made more accessible. The current study also suggests that shifting the relative independent self-construal in Qatari consumers can increase the importance of values generally observed in individualist cultures such as accepting diversity or placing high emphasis on individual accomplishment (e.g., running a marathon). We were able to increase the choice likelihood for accepting similar choices that promote achievement by an individual in our predominantly collectivist respondents.

The findings of this research have important implications for countries with populations predominantly following traditional cultural norms and values. For instance, most of the GCC

countries and, particularly, Qatar face a huge problem of overweight and obesity. Among, many other reasons, one of the main reasons for the problem is lack of physical activity or participation in outdoor sports and activities that are not considered culturally congruent in general for females. Nevertheless, governments in GCC have been trying to promote such activities both in males and females to address this important aspect of the obesity and overweight problem. Our research suggests that by making consumers' independent self-construal more salient, some of the goals related to promoting healthy behavior in population can be achieved. Thus, our research recommends strategies for policy makers in Qatar for successful advocacy of initiatives of national importance by applying self-construal theory. Through advertising campaigns and public health messages, independent construal could be made more salient before asking consumers to join a fitness program or participate in a marathon on National Sports day.

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Does culture impact consumer expenditure on leisure and recreation? An examination of Hofstede's culture dimensions on recreation expenditure in 50 countries

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Abstract

It is widely accepted that the influence of culture on expenditure becomes increasingly evident as countries become wealthier; when consumers have enough income to satisfy their basic needs and wants, they will then spend their additional income on goods and services that reflect their value systems. In order to better understand consumption behaviour on non-essential goods and services we examined the impact of Hofstede's cultural dimensions on recreation and leisure expenditure within different income deciles across 50 countries. Our analyses suggest that uncertainty avoidance interacts with long term orientation and indulgence to significantly impact the proportion of expenditure on leisure and recreation at the country level. Interestingly, there were differences in these relations when we examined the effects across income deciles, with culture having a lesser impact on the wealthiest 20%. Marketers may consider segmenting according to cultural dimensions and income deciles, as opposed to country or geographical region.

Keywords: culture, recreation expenditure, income deciles, indulgence, power distance, long term orientation, uncertainty avoidance

Track: International and Intercultural Marketing

1.0 Introduction

Hofstede's (2001) original cultural dimensions are the most widely used indicators of culture in the field of business. They are argued to be most comprehensive and robust in terms of the number of national cultures studied (Soares et al., 2007; Smith et al., 1996) and replications have shown the country rankings remain valid (de Mooij & Hofstede, 2011). As income converges in various regions of the world, researchers have suggested that culture may replace income as an explanatory variable for consumer expenditures (Nowak & Kochkova, 2011). The influence of culture on expenditure becomes increasingly evident as countries become wealthier; when consumers have enough income to satisfy their basic needs and wants, they may then spend their additional income on those goods and services that reflect their value systems (de Mooij & Hofstede, 2002). Additionally, convergence of consumption between countries may be observed only at the macro level for some durable products and new technologies (de Mooij & Hofstede, 2002); these authors argue that Hofstede's cultural dimensions can explain most of the variation in consumption across countries. However, people within countries experience their normative culture in different ways. In order to better understand consumption behaviour, it would be useful to take account of potential differences. A major factor that impacts people's consumption behaviour is their level of income. People with higher income levels within a country are likely to have more choice. It has been suggested by some authors that those with higher levels of income are likely to be more strongly impacted by their culture (de Mooij & Hofstede, 2002), whereas others suggest that wealthy people have more in common with each other than with those with lower incomes in their own country (Williams, 2002; Gherasim, 2013). In the current study, we examine the impact of Hofstede's cultural dimensions on recreation and leisure expenditure within different income deciles across 50 countries.

2.0 Literature review

2.1 Hofstede's cultural dimensions

Hofstede's (2011) six dimensions of culture are described below.

Power distance reflects the power inequality amongst members in society, especially the acceptance of inequality by those with less power. High power distance cultures are characterised by hierarchical rules, where one's social status must be clear so that others can show respect.

Individualism/collectivism refers to the relationship between people in society. In individualistic cultures, people look after themselves and immediate family members whereas in collectivist cultures, people are expected to look after the groups to which they belong in exchange for loyalty.

Uncertainty avoidance refers to the extent to which people feel threatened by, and try to avoid, uncertainty and ambiguity.

Masculinity/femininity reflects the extent to which men and women's values differ. In masculine cultures, the dominant values are achievement and success, with men being more assertive and competitive than women. In feminine cultures, the dominant values of caring for others and quality of life are important for both men and women.

Long/short-term orientation refers to the extent to which a culture is future oriented rather than short-term and past-oriented.

Indulgence/restraint is a relatively new dimension (Hofstede, 2011). Indulgence reflects gratification of basic and natural human desires related to enjoying life and having fun, whereas restraint reflects control of gratifications through strict social norms. This dimension has been rarely studied in empirical research (Zhou et al., 2015).

2.2 Hofstede cultural dimensions in marketing

According to de Mooij and Hofstede (2011), the implications of Hofstede's dimensions for marketing and consumer behaviour are widespread. For example, they suggest that in collectivist culture, people are likely to prefer an indirect style of communication in order to avoid loss of face. In high power distance cultures, there may be demand for global brands that are perceived to represent social status. In high uncertainty avoidance cultures, people may be more inclined to purchase insurance. In masculine cultures people may prefer brands that show brand personality of ruggedness. In long-term oriented cultures, people may prefer larger present investment for greater return at a later time. However, the vast majority of research has examined Hofstede's original four dimensions, with far fewer studies exploring the impact of long-term orientation (LTO) and indulgence in consumer settings. We explore the impact of these newer dimensions on expenditure in the context of recreation and leisure.

Indulgence reflects a societal emphasis on enjoying life and having fun rather than restraint (Hofstede, 2011). Norms in these countries are likely to support the more hedonistic pursuit of leisure and recreation, which should increase the proportion of expenditure on these activities. LTO reflects a societal emphasis on planning and saving for the future, whereas STO is related to an emphasis on the past or present, leading to more immediate gratification (de Mooij & Hofstede, 2011). Norms for saving and planning are likely to support larger amounts being spent on more significant purchases, including recreation and leisure, rather than smaller amounts to gratify daily urges.

H1: There will be a positive relationship between indulgence and the proportion spent on recreation and leisure.

H2: There will be a positive relationship between LTO and the proportion spent on recreation and leisure.

It is also possible that these factors may interact with other norms, such as uncertainty avoidance. Uncertainty avoidance has been found to be related to recreation and leisure expenditure. Uncertainty avoidance has been found to be negatively related to recreational expenditure in Western Europe (Nowak & Kochkova, 2011) and to gambling across 42 countries (Lee, 2012). De Mooij (2003) and Hofstede (2011) both suggested that low uncertainty avoidance and high indulgence cultures tend to spend more on leisure. As such, we expect that uncertainty avoidance will reduce the influence of indulgence and of LTO on recreation and leisure expenditure.

H3: Uncertainty avoidance will reduce the impact of indulgence on the proportion spent on recreation and leisure.

H4: Uncertainty avoidance will reduce the impact of LTO on the proportion spent on recreation and leisure.

However, it is important to acknowledge that consumer expenditure is not entirely volitional, it is resource constrained. Researchers have criticised studies that only focus on country level differences in behaviour, as other important groupings exist within countries. In this paper, we explore the impact of culture at different income levels by examining the hypothesized relationship by income decile. It has often been argued that people at very high income levels are more similar to each other in their purchasing behaviour than they are to

others in their country (e.g., Williams, 2002; Mihić & Čulina, 2006; Gherasim, 2013). If this is true, we might expect a lesser impact of culture at these decile levels.

H5: The effects of culture on recreation and leisure expenditure will be lower for the most wealthy income categories.

3.0 Method

To compare culture's influences on proportion of expenditure in different income groups, we examined income deciles, adjusted for purchasing power parity (PPP) per household in US dollars. Cultural scores were obtained from Hofstede's cultural website (http://geerthofstede.nl/ research--vsm). Data on consumer expenditure on leisure and recreation were retrieved from Euromonitor Global Market Information Database (GMID) for 2014. Leisure and recreation consumer expenditure data included expenditure on audio-visual and information processing equipment, recreational items and equipment, gardens, pets, recreational and cultural services, package holidays, newspapers, magazines, books, and stationery. We calculated the proportion of expenditure that was allocated to recreation and leisure as our dependent variable. This takes into account differences in income within deciles across countries. In addition, GDP data were also obtained from GMID as a control variable.

4.0 Results

A series of hierarchical regressions were used to assess the impact of GDP (Step 1), Hofstede's cultural dimensions (Step 2) and interactions between cultural dimensions (Step 3) on consumers' proportion of expenditure on leisure and recreation. Data were available for the following 50 countries: Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chile, China, Colombia, Croatia, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, Hong Kong, Hungary, India, Indonesia, Iran, Ireland, Italy, Japan, South Korea , Latvia, Malaysia, Mexico, Netherlands, New Zealand, Norway, Pakistan, Peru, Philippines, Poland, Portugal, Romania, Russia, Serbia, Singapore, Slovenia, Spain, Sweden, Taiwan, Thailand, Turkey, U.S.A., and Venezuela. The analysis was conducted at the country level and also at 10 decile levels across the 50 countries.

4.1 Country level analysis

At the country level, GDP explained 60% of the variance in proportion of expenditure on leisure; main effects of and interactions between cultural dimensions accounted for an additional 13% of variance. Interactions of uncertainty avoidance and indulgence (β=-1.04, p=.004) and uncertainty avoidance and long term orientation (β=-.92, p =.02) (see Figure 1), and main effects of uncertainty avoidance (UA) (β=1.34, p=.001), long term orientation (LTO) (β=1.05, p=.001) and indulgence (IDG) (β=1.14, p=.001) significantly impacted on proportion of expenditure on leisure and recreation. The negative coefficient of the interaction of UA x IDG on proportion of expenditure on leisure and recreation can be illustrated by Figure 1(a); for low UA countries, IDG was strongly related to expenditure on leisure and recreation, whereas for high UA countries, IDG had no effect. In contrast, Figure 1(b) shows that for moderate to high UA countries, LTO had a stronger effect than in low UA countries.

(a)

(b)
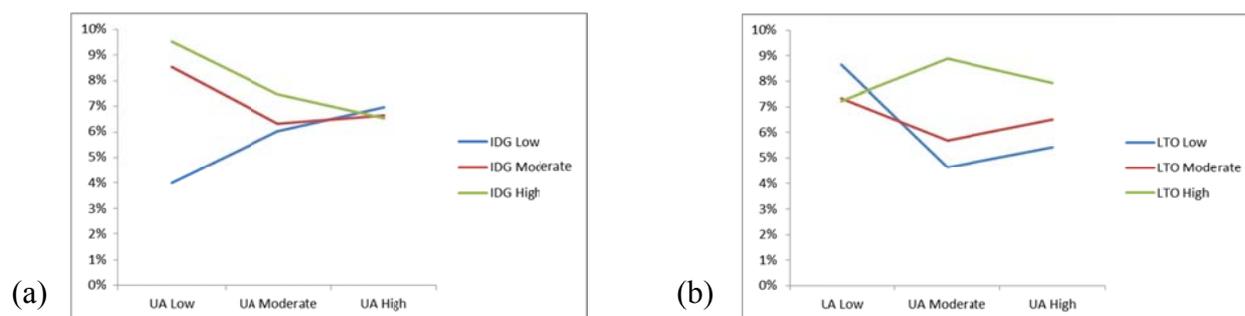
Figure 1. Interaction effects of (a) uncertainty avoidance and indulgence (left) and (b) uncertainty avoidance and long term orientation (right) on proportion of expenditure on leisure and recreation.

4.2 Income decile analysis

Table 1 presents descriptive statistics of consumers' proportion of expenditure on leisure and recreation for each income decile level, and the regression coefficients for the impact of GDP and the cultural dimensions across deciles. At the decile level, the variance in proportion of leisure and recreation expenditure explained ranged from 57% to 74%. For most deciles, the proportion of expenditure on leisure and recreation activities are impacted by interaction effect of uncertainty avoidance and indulgence ($-1.16 \leq \beta \leq -.71$, $.001<p<.05$), interaction effect of uncertainty avoidance and long/short term orientation ($-.95 \leq \beta \leq -.87$, $.01<p<.05$), and main effect of GDP ($.66 \leq \beta \leq .74$, $p<.001$), uncertainty avoidance ($.58 \leq \beta \leq 1.42$, $.001<p<.05$), long/short term orientation ($.28 \leq \beta \leq 1.07$, $.001<p<.05$) and indulgence ($.28 \leq \beta \leq 1.16$, $.001<p<.05$). These income decile results are directionally similar to the country level, however as expected, there were fewer cultural effects at the highest income decile levels (D9 and D10).

Table 1. Cultural influences on proportion of leisure and recreation expenditures across income deciles

	D1	D2	D3	D4	D5	D6	D7	D8	D9	D10
Mean %	4%	5%	6%	6%	6%	7%	7%	7%	8%	8%
SD	.02	.03	.03	.03	.03	.03	.03	.03	.03	.03
GDP	.67***	.66***	.67***	.69***	.71***	.76***	.70***	.70***	.74***	.67***
UA	.67**	.69**	.59*	.58*	1.35**	.13	1.42**	1.38**	.15	.15
LSO	.31**	.31**	.28**	.28**	.95**	.28*	1.05**	1.07**	.39***	.39**
IDG	.96**	1.01**	.88*	.81*	1.16**	.17	1.19**	1.14**	.23*	.23
UA x IDG	-.85*	-.89**	-.74*	-.71*	-1.09**	-	-1.16**	-1.09**	-	-
UA x LTO	-	-	-	-	-.87*	-	-.95*	-.92*	-	-
Adj R^2	.68*	.69**	.66*	.68*	.74*	.64*	.72*	.73*	.69**	.57**

* $p<0.05$, **$p<.01$; figures above are standardised coefficients and the model adjusted R^2
Note: Mean % = mean proportion of expenditure on leisure and recreation; SD = standard deviation; GDP = gross domestic product; UA = uncertainty avoidance; LTO = long-term orientation; IDG = indulgence;

5.0 Discussion and conclusion

We found that uncertainty avoidance interacts with long term orientation and indulgence to significantly impact the proportion of expenditure on leisure and recreation at the country level. However, there were differences in these relations when we examined the interaction

and main effects at different levels of income across the 50 countries. Perhaps the most interesting and novel findings were the effects of the interaction of cultural dimensions on the proportion of expenditure on leisure and expenditure. This is the first study to examine the impact of such interactions on non-essential spending behaviours.

The analyses demonstrated that for most income deciles, except the very wealthiest 20% of consumers, high uncertainty avoidance was related to a greater proportion of spending on recreation, after accounting for the interaction with indulgence and long term orientation. This is counter to findings previously reported with main effects only models, (e.g., Lee, 2012; Nowak & Kochkova, 2011), most of which focus on developed nations. Further analysis of our data revealed that the effect of uncertainty avoidance on leisure and recreation was non-significant in a main effects only model; however this was qualified by a negative effect for developed nations and positive effect for emerging nations. Clearly, culture is complex.

Interestingly, the interactions with uncertainty avoidance did not exist for the wealthiest 20% of consumers. Furthermore, the interactions between uncertainty avoidance and long term orientation only occurred in the upper middle income categories. Generally, indulgence was positively related to expenditures on leisure and recreation, especially when uncertainty avoidance was low; our findings support the proposition that cultures that value indulgence and have a tolerance for ambiguity place higher importance, and therefore spend more, on leisure (Hofstede, 2011). Long term orientation was also related to higher leisure expenditures, especially for upper, middle income categories. That is, as the orientation toward preparing for the future increased in countries where ambiguity does not cause anxiety, so too did leisure expenditure.

Our findings have marketing implications for recreation-based industries. Marketers may segment according to the particular cultural dimensions that impact consumer expenditure. Along with GDP, cultural dimensions and their relationships accounted for up to 74% of the variance in the proportion of expenditure spent on leisure and recreation. High indulgence and long term orientation were associated with higher levels of recreation expenditures across almost all income deciles, whilst uncertainty avoidance impacted the recreation expenditures of the middle class and wealthy consumers across countries. Culture is complex; this study provides an examination of between-country differences, but does not take into account cultural heterogeneity within countries, as each country is only represented by one set of country-level cultural dimension data. The main limitation of the current study was that expenditure data for the income deciles in each country were only available at the broad industry level; that is, we could only access data for 'recreation expenditure', but we do not know the breakdown of expenditure within that category, for example on package holidays, newspapers and magazines, or audio-visual equipment. This means that without data on specific expenditures, we can only offer possible interpretations of our analyses. Future research should obtain expenditure data for specific recreation types to determine whether our interpretations are accurate for particular recreation expenditures.

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The influence of extended family on high involvement purchases in emerging economies: Tensions with tradition

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Abstract

This study examines the impact of the extended family on family purchase decision making. Past research has examined the decision roles and the influence of nuclear family members. However there is a lack of knowledge pertaining to the impact of extended family despite evidence from other disciplines, such as family studies and psychology, which suggests that extended family has a significant influence on the nuclear family in many other contexts. This study presents the findings from eighteen depth interviews from six families in an emerging economy, Vietnam, capturing the perspectives of both the nuclear and the extended family members. Findings indicate that extended family members have a significant influence on the family decision making, especially in relation to transferring cultural values and fulfilling traditional patriarchal roles. Further, the rapid changes in the emerging economy have resulted in tensions for the younger generation as they grapple with respecting tradition and fulfilling their own aspirations.

Keywords: extended family, family decision making, cultural influence, emerging economies

Track: International and Intercultural Marketing

1.0 Introduction

The family has been traditionally defined as "*a social group characterized by common residence, economic cooperation and reproduction*" (Murdock 1949, p.1) and the concept of 'family' as a consuming and decision making unit has long been a focal research area in marketing and consumer behaviour (Commuri & Gentry, 2000; Epp & Price, 2008). This research has primarily developed an understanding of decision roles and influences of nuclear family members on family purchase decisions (Commuri & Gentry, 2000). However, there is only a limited understanding of the impact of extended family members on this process (Epp & Price, 2008; Kerrane, Bettany, & Hogg, 2012). Scholars in the family, social and psychology disciplines have demonstrated the significant impact that extended family have on many aspects of family life, for example providing tangible and non-tangible support, assisting with childcare, and influencing the health, emotional development and academic achievement of children (Bengtson, Biblarz & Roberts, 2002; Lamborn & Nguyen, 2004). Thus, a deeper exploration of the influence of the extended family on purchase decisions is warranted to address the gap in the literature and to provide both academics and practitioners with a better understanding of this influence.

The purpose of this paper is to present the preliminary findings of a study which draws on depth interviews with two generations of family members in Vietnam to examine

the impact of extended family in high involvement purchase decisions in the context of an emerging economy. Our findings indicate that, firstly, extended family members have a significant influence on family purchase decision making, especially in relation to transferring cultural and traditional values and expectations. Secondly, the traditional patriarchal role of the father or father-in-law has a significant impact on the way that families make decisions, particularly when purchases influence the collective well-being of the family. Finally, the findings capture and reflect the tensions between the traditional roles and values and the aspirations of the younger generation fuelled by the rapid cultural, economic and technological change occurring in an emerging economy.

2.0 Literature Review

A nuclear family has been traditionally conceptualised as including a mother, a father and their children (Albuquerque, 2009). The extended family is defined as "*an interactive and mutually supportive unit consisting of multigenerational kin and non-kin members, living in a same household or connected households dispersed geographically*" (Hannah, 1991, p.35).

Much of the research on family decision making has focused on the role and influence of nuclear family members. Assael (1987) identified various roles that these family members can take on during the purchasing process such as the initiator, influencer, information gatherer, gatekeeper, decision maker and purchaser. Other studies (e.g. Davis & Rigaux, 1974) have noted that role specialisation occurs in many family purchase decisions, however, given a number of changes in the economic, social and cultural spheres over the past decades, researchers have also identified shifts in decision roles, for example, women making more decisions (Ruth & Commuri, 1998). Studies have also explored various types of influence that can take place during the purchase decision making process such as direct vs. indirect influence (Rossiter, 1978), implicit vs. explicit influence (Qualls, 1988) and intergenerational vs. intra-generational influence (Cotte & Wood, 2004). Additionally, researchers have investigated the influence strategies and tactics used by family members relating to this process (Palan & Wilkes, 1997). In summary, substantial studies on family purchase decision making have investigated the impact of nuclear family members however, little consideration has been given to the impact of extended family members (Commuri & Gentry, 2000).

Within the discipline of family and social studies, research has indicated that extended family members play an important role in the family. For example, they can provide both tangible and non-tangible economic, social and emotional support for family members (Bengtson et al., 2002; Lamborn & Nguyen, 2004) or provide a sense of belonging, solidarity and protection (Fleischer, 2007). Despite the extensive research on extended family in other of contexts, there is a limited understanding of how the extended family might influence family purchase decisions (Kerrane et al., 2012).

However, the literature on consumer socialisation has explored intergenerational influence which can be defined as "*the within family transmission of information, beliefs and resources from one generation to the next*" (Moore et al. 2002, p.17). Research has examined specific relationships between parents and children in the context of consumption, for example parental influence (Caruana &Vassallo, 2003), parental role (Eccles,1993), parental style (Baumrind, 1968), parental control (Baurmind, 1968) and family communication style (Moschis, 1985). In this context, influence can take place both between and within generations. As an intra-generational relation, siblings can be important role models for each other in the family and in some cases they can become a relevant peer group for comparison

and modelling (Cotte & Wood, 2004). However, existing research has focused mostly on the relationship between parents and school-age children and not yet on the relationship of parents with their adult children. Additionally, there is limited research examining the intergenerational and intragenerational influence on the decision making process of the family.

In addition to the above influences, there are a number of external influences that can affect the impact of extended family on the decision making process. The three most dominant external influences are economic, social and cultural. In an emerging country, the rapid economic growth often drives an increase in consumption. Social influence is referred to as conformity and looked upon as the simple act of following or agreeing with a visible majority. Another important influence is culture which is the collective mental programming that distinguishes one society from another (Hofstede, 1991). Past research has also shown that cultural values play a crucial role in child-parent relationships and in particular on parental style, parental control and parental communication (Wimalasiri, 2004). Therefore, it is important to explore how these external influences affect family members in the family decision making process.

In summary, existing literature has highlighted the need to examine the influence of extended family members on family decision making considering both internal influences and external influences.

3.0 Context of the Study – Vietnam

Vietnam is an appropriate context for this study for three key reasons. Firstly, Vietnam is a rapidly developing country with a population of more than 90 million people and an annual GDP of around 121 US billion (Vietnam Statistics Office, 2012). Vietnam has been, and continues to be, going through a transition period with a number of shifts in economic, social and cultural aspects. Therefore, it is important to understand this context when considering the impact of extended family on family purchase decision making. Second, extended family is an important source of social and emotional support in Vietnam (Hirschman & Loi, 1996). Extended households are prevalent throughout the country and regardless of the living arrangement, in both traditional and modern Vietnam; the family has always been seen as the foundation of society.. Third, the regional differences between North and South Vietnam provide some important insights for East and the South East Asia respectively regarding the impact of extended family on decision making. Further, Vietnam has a long history of maintaining a 'double life' with more than 1000 years under foreign domination by China, France and America and therefore it has incorporated and absorbed many Eastern and Western social and cultural values. As a result, it can be seen as a nice bridge between the East and the West for studying family decision making.

4.0 Method

An exploratory research design was adopted in order to capture in-depth insights into the dynamics between family members (Palan & Wilkes, 1997). This study employed an exploratory qualitative research design to gain a rich understanding of the impact of the extended family on the nuclear family's decision making process in the context of a high involvement purchase (Corbin & Strauss, 2008). This study also adopted a grounded theory approach (Charmaz, 2014) to formulate theoretical advancements in the area of extended family influences in family purchase decision making. In addition, a 'family perspective' was utilized which meant that the interviews were conducted with several members of each family in order to gain a more holistic perspective (Cotte & Wood, 2004; Epp & Price, 2008). This

study sought to capture rich details on the perspective and experiences of different nuclear and extended family members, including both intra-generational and inter-generational interactions. Therefore, depth interviews were conducted with the husband and wife and at least one extended family member who had some influence over the nuclear family's purchase decision making (Kerrane et al., 2012). The purchase of a home was used as a key contextual element in the discussions as it represented a high involvement purchase for all families. The purchase of a home is a useful context as it is a durable good that requires extensive thought and information search due to its higher price, as well as its high degree of economic and social risk.

In line with other interpretivist studies on family decision making (Kerrane et al., 2012), purposive sampling was used in order to identify a group of informants who have experienced a family decision making process which at some point in the process has had the involvement of extended family members. The anticipated sample size for the completed study is 18 families with nine families in Ho Chi Minh City and nine families in Ha Noi. The preliminary findings presented here are based on interviews with six families across both cities. The inclusion of informants from different geographic locations allows regional differences to be explored.

5.0 Findings & Discussion

The three most dominant themes are the role of extended family in transferring cultural and traditional values, the patriarchal role of older males and finally the tensions within the nuclear family as they attempt to adhere to both traditions as well as their own aspirations in the context of a purchase which stimulates both collectivist and individualistic family goals.

5.1 Transferring cultural and tradition values

It is evident from the study that extended family members, especially the older generation, play an important role in imparting values and a philosophy of life. In the case of the purchase of a home, the older Vietnamese generation maintains the view that buying a home is the most important priority in life. This philosophy is conveyed through several popular and oft-repeated Vietnamese proverbs, for example "*Settling in the house first then the career will take off*" and "*Building a house, buying a buffalo and getting married*". The findings clearly demonstrate that both the extended family and nuclear family members all share the same priority of a house purchase. It was also apparent that extended family members, in particular the parents, have an important role in initiating the purchase and providing the financial support to the nuclear family. This form of influence is seen as an expression of a parent's love for their child - *I love my children, and I do everything for them. Love is conveyed through responsibilities and actions. I always do the best for them. ... We have to save money for him to buy a house after he got married (HCMC, Family 2, Bac, Husband's Father).*

The findings also demonstrate that a philosophy for life is transferred intergenerationally. That is, the older generation tend to take a long-term view and therefore they play an important role in making sure the younger generation do not make short-sighted decisions. For example, the older generation views buying a house or land as a better and more valuable investment in the long term compared to an apartment. As such, they attempt to influence their adult children to adopt that perspective - *Both my family and I always want to buy landed property (HCMC, Family 1, Hang, Wife); So we just live here a couple of*

years, try to earn some money and then will move to a landed property (HCMC, Family 1, Duc, Husband).

Additionally, the findings also highlight the importance of having strong respect, which is influenced by Confucian principles. Children in particular tend to have a high level of respect and obedience to parents and the traditions of family in many life decisions - *Children always asks for the parents' advice before doing anything (HCMC, Family 3, Tu, Wife); My children follow parents' decision…I stick to traditional culture (HN, Family 5, Tien, Husband's Father).*

5.2 Patriarchal Roles and Responsibilities

It is evident that cultural values play a significant role in the family decision making process. The findings show that patriarchal roles and responsibilities have a strong impact on the way that families make decisions in relation to high involvement purchases. Vietnamese families are heavily influenced by Confucian philosophy thus involving patrilocality and patriarchy (Hirschman & Loi, 1996). The findings from this study show that male family members are the main decision makers in the housing purchase, consistent with the well-known Vietnamese proverb "*Men make house. Women make home*" - *It was mostly my father and me make the decision. My father and I decided everything about this land (HCMC, Family 2, Duong, Husband).*

Aligned with this tradition, the findings also revealed an issue with who is considered the leading male in the family and how this role is transferred on an intergenerational basis. From the study, it is clear there is a turning point where the elderly parents, in particular the father, come to a realization that their life needs to transition to a new period. It can happen when there is an important life event such as retirement, ill health or on the achievement of some milestone e.g. having grandchildren. At this point the father seeks to shift power and decision making to the next male generation, but does so by being instructive and supportive - *My parents decided to retire and sell this house and then they gave each of us the budget to buy our own houses. We had to look for the house by ourselves (HCMC, Family 4, Vu, Husband).*

5.3 Tensions with tradition

Living in an emerging economy, Vietnamese people have experienced rapid change in economic, social, cultural and technological development. As the results suggest, the younger generation has experienced a lot of change which creates tensions. In particular, the younger generation is challenged by how they see their role and their self-interest with what is expected traditionally from the older generation and their culture. The findings indicate that large purchases, such as buying a house, are a collectivist decision where all family members, from the husband and wife to the couples' parents and sometimes siblings or cousins, participate actively in the decision making process and contribute to the final decision - *After visited any house, we would have dinner together and discuss what we thought about that house (HCMC, Family 4, Vu, Husband)*. However, despite the collectivist decision-making process, the house purchase was seen by various family members as central to facilitating family goals, although these goals may differ by generation. The goals of the older generation are centred on the cohesiveness and longevity of the family and on facilitating intergenerational interaction and bonding. For the younger generation, the purchase pertains

to facilitating the growth and development of the family and has an aspirational component. For all, given the importance of the purchase to the family, it was important to have their collective involvement in the purchase, again for varying reasons. For the older generation, they want to ensure harmony in the family and also their children's security and future. For the younger generation, it is about seeking advice, expertise and minimizing risk. Where there is financial support provided by parents, there may also be a sense of obligation and responsibility to engage them in the purchase. Therefore, these multiple goals result in tensions felt by the younger generation as to whether to follow the older generation's goals, values and what is expected traditionally versus their own perspective and goals. For example, different beliefs such as Feng Shui could lead to conflict - *I did not care much about the house direction and Feng Shui. But my father and my sister did care about this factor while choosing a house… But, finally, I was the one that made the final decision…my mom said that this was my house so that as long as I felt comfortable with this house, it would be ok (HCMC, Family 4, Vu, Husband).*

6.0 Conclusion

In summary, the significance of the extended family has been established in a number of other disciplines, yet largely ignored in the realm of consumer decision making. The findings outlined in this paper contribute to the literature on the influence of extended family members in the family purchase decision making process. The findings from the study indicate that the extended family have a significant impact on family decision making in high involvement purchases as they have an important role in transferring cultural and traditional values. Additionally, the study also demonstrates the tensions with tradition derived in family decision making as a result of the rapid change in economic, social and cultural influences in an emerging country. This tension is likely to escalate as emerging economies develop. From a practical perspective, this study will help business and marketers to have throughout understanding of family decision making, the dynamics of decision making process especially on the role that extended family members play and their influence on high involvement purchase decisions. Future research needs to examine the impact of cultural values on decision making. This can be done by comparing the findings from different cities and countries. In addition, the perspectives from different family members should be further compared and examined in depth to understand the nature and dynamic of family decision making.

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Why do consumers in developing countries prefer foreign brands? A planned study of Japanese brands in Vietnam

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Abstract

The effect of consumer identification with a nation on brand evaluation has received limited attention in the international marketing literature. This paper draws on social identity theory and identification literature to develop a conceptual model and associated hypotheses to capture the impact of 'consumer identification with a nation' on consumers' brand evaluations. The model, which will be tested with data from Vietnamese consumers regarding Japanese products, contributes to identification theory. It indicates the different ways identification impacts on consumer perceptions and evaluations of products. The planned research aims at advancing branding theory and practice by incorporating identification as an important antecedent of consumer-based brand equity.

Keywords: country image, consumer identification with a nation, brand credibility, brand equity, social identity theory.

Track: International marketing

Introduction to country of origin (COO) effects

A number of researchers have explored consumers' judgments for domestic and foreign products in an international context (Josiassen, 2011; Pappu et al., 2006, 2007; Verlegh, 2007). Several key factors are thought to determine consumer purchasing behaviour in the global market place. Firstly, *consumer ethnocentrism* - a belief that it is inappropriate to buy foreign products, and that consumers should support domestic companies through the purchase of domestic goods (Verlegh, 2007)– often results in a positive bias toward domestic products.

Secondly, *attitudes* toward the country in which a product was made, i.e. its country of origin (COO), affect reliability and quality perceptions of a product (Han, 1989; Roth & Romeo, 1992). A COO cue is similar to price, brand name, or warranty in that none of these directly bear on product performance (Peterson & Jolibert, 1995). Just like product brands are critical to organizational success and resilience (Farquhar, 1989), the COO 'brand' of a product may represent an important source of competitive advantage (Erickson et al., 1984; Han & Terpstra, 1988). For example, the COO cue 'made in Italy' represents a strong brand image for clothing products. These attitudes towards a COO represent the *consumer's image* of the country or the **consumer-based country image** (**CCI**). CCI refers to the experience and knowledge the consumer holds about the COO and to the political, economic, technological, and socio-cultural associations made by the consumer in relation to this country (Amonini et al., 1998; Martin & Eroglu, 1993; Nagashima, 1970).

Most recently, **consumer identification with a nation (CIN)** has been introduced as a complementary but distinct factor in consumers' purchasing decision making for international products (Verlegh, 2007). CIN captures the emotional and value significance a consumer attaches to a country, such as 'pride', 'loyalty', 'special privilege' and 'social recognition (Verlegh 2007; Feather 1981). CIN is an important concept since it strongly influences consumers' evaluations of their home nation and of other nations (Verlegh, 2007). Therefore, it is of growing interest to researchers and marketing practitioners (Doosje, 1998; Feather, 1981, 1994; Verlegh, 2007).

Background to CIN – identification theory

CIN has its origins in **social identity** theory. According to social identity theory, the "social identity of individuals is linked to their awareness of membership of certain social groups, and to the emotional and evaluative significance of that membership" (Tajfel, 2010, p. 86). The theory proposes two identity components: A number of *social* identities and a *personal* identity – the latter being a unique self-identity. Both components are important parts of social identity theory. A person's self-concept derives from the person's knowledge of his/her membership of one or more social groups, together with the emotional and value importance attached to his or her membership (Tajfel, 2010). People's identities often appear from their information awareness and cognition of social groups - in-group or out-group. For instance, when members define themselves with properties of an organization, they also identify with the organization (Dutton et al., 1994).

Research into **identification** covers a range of themes: Consumer identification (Dutton et al., 1994), organisation identification (Bhattacharya et al., 1995), consumer company identification (Bhattacharya & Sen, 2003), customer brand identification (Lam et al., 2010) and consumer identification with a nation (Verlegh, 2007). The use of identification theory applied to marketing was first considered in a conceptual paper by Bhattacharya et al. (1995). The authors proposed that customers identify with an *organisation* as its members. In line with this research, Bhattacharya and Sen's (2003) investigated a customer-company identification model to explain the relationships between consumers and firms where consumers often are members of the companies. Consumer identification may also be conceptualised as an acquired and cognitive response of consumers' personal experiences with specific *products* (Bhattacharya & Sen, 2003; Lam et al., 2010).

CIN has been described as a socio-psychological construct, reflecting a consumer's desire for a positive national identity, created by a need for self-enhancement (Verlegh, 2007); Verlegh (2007) indicates that consumers identify with their home country, and show a positive in-group (local) bias toward this group (their home country) and prefer domestic products. However, the level of CIN varies between consumers (Feather, 1994), which in turn leads to consumer differences in the extent to which judgments of the home nation (versus other nations) are biased in favour of the home country (Doosje, 1998).

Impacts CIN (a COO effect) on brand evaluation

This paper explores a hitherto under-researched area, namely the nature of CIN and how it influences consumers' brand evaluation in an international marketing setting, i.e. how consumers perceive and identify with a nation other than their home country. This line of investigation aims to extend the meaning of the CIN concept to consumer preferences for foreign products (over domestic products). Extant research has investigated the antecedents and consequences of consumer purchase behavior with a certain COO (Martin & Eroglu, 1993; Nagashima, 1970; Pappu et al., 2006, 2007; Verlegh, 2007; Verlegh & Steenkamp, 1999; Verlegh et al., 2005). It is understood that situational variables influence CIN and marketing communication enhance CIN in an international setting (Verlegh, 2007). However, few studies have studied the consequences of CIN.

Verlegh et al. (2005) posit that CIN influences **consumer-based brand credibility (CBC)**. CBC can be conceived as a two-dimensional construct consisting of trust worthiness (e.g. ability to deliver on promises) and expertise (e.g. reminds of someone who is competent) (Spry, Pappu and Cornwell 2011). CBC is an important key to consumers' brand evaluation -it believed to enhance the value of the brand by providing consumers with a believable promise.

CIN is also thought to influence the values a consumer identifies with a brand and its origins (Josiassen, 2011; Verlegh, 2007). Consumers' brand evaluations are determined by

their subjective evaluation (memories and associations) of a brand. These evaluations represent **consumer-based brand equity (CBE)**, which may be captured in four dimensions: Brand loyalty (e.g. preferred brand), brand awareness (through aided and unaided recall), brand association (e.g. brand personality) and brand quality (e.g. reliability, features, durability) (Aaker, 1991; Keller, 1993; Pappu et al., 2006).

Verlegh (2007) has demonstrated that CIN is positively related to the perceived quality of and preference for *domestic* products but has no influence on the evaluation of *foreign* goods. However, Un (2011) found that in *developing* countries consumers' perceptions of foreign products may be favourable. Consumers in developing countries might prefer foreign goods (from a developed country) versus domestic products, because foreign products/brands are viewed as technologically superior. Positive feelings towards foreign goods/brand can occur in consumers' purchasing behaviour in developing countries as consumers view it as right and appropriate to buy foreign products. The social-psychology role of CIN means that researchers should be cautious when discussing in-group ratings. Evaluation of the in-group involves a balance between bias and reality, implying that consumers will not always prefer the domestic products. In many cases, in-group bias might not be so strong as to compensate for other shortcomings in some product attributes, such as price or quality or interest groups/country image (Josiassen, 2011; Verlegh, 2007). Thus, consumers (especially those in a developing country) may prefer the foreign products in some cases as opposed to the domestic ones. Developing countries' governments or institutions tend not to conduct the same 'buy local' campaigns as may be found in developed countries. A case in point is Vietnam, in which consumers have a large range of choices regarding goods, features and product brands, etc. (Lantz et al., 2002).

Extant research on strong foreign brands/products in developing countries is limited (Alden et al., 1999) – it has concentrated on consumers from developed countries and the impact of their local bias in product judgments (Doosje, 1998; Josiassen, 2011; Verlegh, 2007). Little is known about developing country consumers' identification with nations and related brand effects. Therefore, in the current investigation, CIN focuses on how consumers identify with other countries, not their home country. It assumes that consumers with a high level of CIN will be biased towards consumer evaluations of foreign products, without necessarily rejecting home goods. This extends the meaning of national identification concept and identification theory. Consumers who strongly identify with the nations might seek to express their national identity through purchasing behaviours. They love other countries as their home nations. Expressions of national identity may range from complying with ads using 'made in (foreign country)' labels to favouring products from these foreign nations.

Modeling the brand evaluation-related consequences of CIN

While CIN, CCI, CBC and CBE have been conceptualised in the literature, empirical research into the interactions between these concepts is limited. Limited attention has been given to the effect of CIN on brand evaluations (Josiassen, 2011; Lam et al, 2010; Press & Arnould, 2011). The research outlined in this paper aims to address the before-mentioned knowledge gaps in three ways. Firstly, extends consumer identification to the broader context of international marketing. Secondly, it captures the impact of CIN on consumer brand evaluations. A third contribution is that it looks at CIN for consumers from developing country and the influence this has on their product brand evaluations. The central proposition advanced is that, in order to be successful in positioning as a global brand, managers and practitioners need to understand: *How does their consumers' identification with a nation affect consumers' evaluations of the brand?* The remaining paper is set out as follows: A theoretical model capturing pertinent concepts is advanced; relationships between the

concepts are hypothesised; the method for testing the model is highlighted; implications of the study are outlined.

To address the research question, the before-mentioned literature was drawn upon to develop the conceptual framework of CIN impacts model presented in Figure 1. The framework aims to predict consumers' dispositional responses to local and foreign products. It integrates research from the areas of identification, branding, and country of origin effects, in order to explain the impacts of CIN on consumer-based country image (CCI), consumer-based brand credibility (CBC) and consumer-based brand equity (CBE) in an international marketing context. This section presents the discussion of the proposed relationships between the previously defined constructs appearing in the theoretical model.

Figure 1 Theoretical framework of CIN impacts
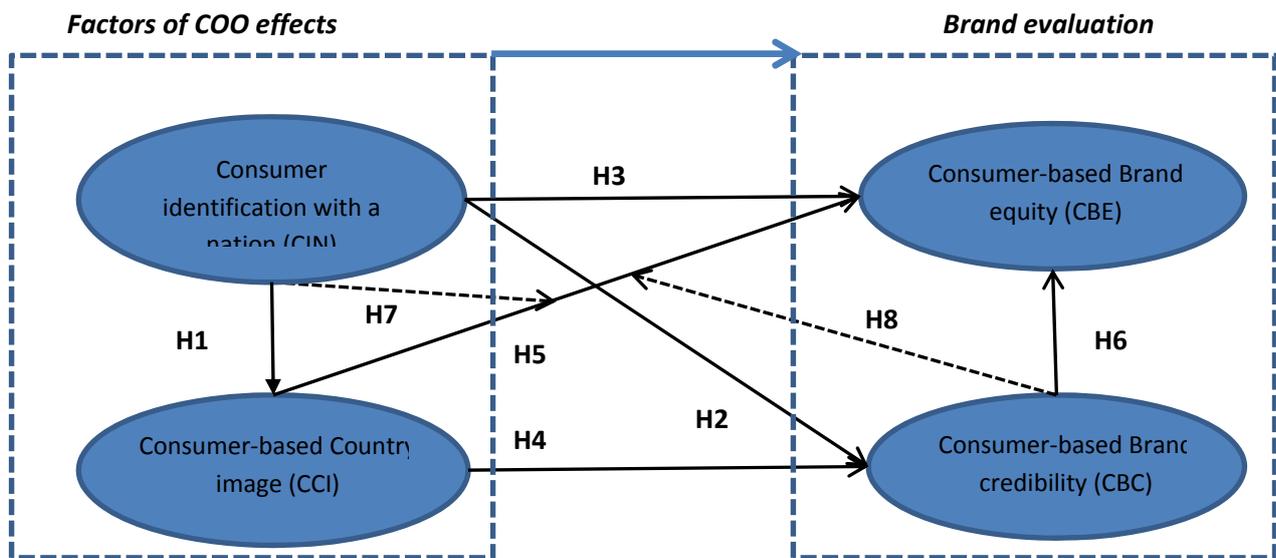
CIN-CCI are related (H1)

As suggested by identification theory, consumers have the ability to identify with various entities in their purchasing behavior, such as with countries of origin, places, brands, products and consumers' nation. For instance, consumers will normally have a significant emotional attachment (i.e. CIN) to their country of birth. This emotional attachment will influence the consumer's image of the COO. Hence, the first hypothesis is as follows:

H1: Increased CIN is related to higher levels of CCI.

CIN-CBC are related (H2)

Several studies have established that consumers' perceptions and feelings about a nation (i.e. CIN) influence their perceptions of brand credibility (i.e. CBC) (Shin, 2006; Verlegh et al., 2005; Winit et al., 2014). Furthermore, Verlegh and Steenkamp (1999) suggested that the consumers' perceptions of countries ("which are captured by the cognitive component of country image") influence consumers' beliefs about brands/products from these nations. In addition, Verlegh (2007) and Josiassen (2011) argue that if the level of consumers' identification with the home country is high, consumer credit and a belief in the value of domestic products versus foreign products exists. Thus, when a consumer identifies with nations and perceives different information about the countries, then he/she can know, infer and believe a variety of product positions that are contained in a brand. The following hypothesis builds on this logic:

H2: Increased CIN is related to higher levels of CBC.

CIN-CBE are related (H3)

According to social identity theory (Tajfel, 1978, 2010), CIN can build CBE by indirectly adding national values to the brand with which they identify. When a consumer identifies positively with the brand as well as the nation with which it is principally associated, the consumer perceives more quality and a greater willingness to buy that product (Josiassen, 2011; Verlegh, 2007). For example, if a consumer identifies positively with Australia and Holden (car brand), he or she will add Australia's values (e.g. good economy, developed country, low inflation, high GDP) to the Holden brand. The consumer will then perceive the Holden car as good quality and be more willing to buy that product. Similarly, a customer who identifies with a brand and a specific company will be more aware of, familiar with and associated with the brand if the customer also recognises the country of the brand (Lam et al., 2010). Thus we propose as follows:

H3: Increased CIN is related to higher levels of CBE.

CCI-CBC are related (H4)

Verlegh et al., (2005) upheld findings of previous studies (Goldberg & Hartwick, 1990; Keller & Aaker, 1992) about the role of CBC in consumers' judgments of advertising and other marketing tools. The researchers found that for a given product category, CBC is low when consumers have an unfavourable image of the country, and high when the CCI is favourable. It is, therefore, hypothesised as follows:

H4: Increased CCI is related to higher levels of CBC.

CCI-CBE are related (H5)

Pappu, et al., (2007) state that macro and micro country images (CCI) affect consumer-based brand equity (CBE). Verlegh (2007) also proposed that CCI affects consumers' evaluations about brands. Hence, we hypothesise that:

H5: Increased CCI is related to higher levels of CBE.

CBC-CBE are related (H6)

In brand credibility theory CBC is believed to enhance the value or CBE by supporting consumers with a believable promise (Erdem & Swait, 1998). CBC is seen as a significant signalling factor related to consumers' brand evaluations (Erdem & Swait, 1998). It has been shown that greater clarity and credibility of brands (as signals of product positions) increases perceived quality, decreases consumer perceived risks and costs and enhances consumers' views and commitment to the brands (Erdem & Swait, 2004). Such a signalling theory of brand effects suggests that the believability of product positioning information contained in a brand is related to consumer perceptions of brand value or consumers' brand evaluations. By saving the cost of searching for additional brand information and reducing the uncertainty of the perceived risks involved (Erdem & Swait, 2004). If CBC is high, customers identify with and strengthen their trust in a brand (Erdem et al., 2002). From this brand signalling theory and an associated network memory model, Spy et al.(2011) demonstrate that CBC has a strong effect on CBE. Thus we hypothesise that:

H6: Increased CBC is related to higher levels of CBE.

CIN moderates the CCI-CBE relationship (H7)

Social identity theory provides strong evidence for the moderating role of CIN in consumers' brand evaluations (Verlegh, 2007). Consumers' brand evaluations - based on their inferential and informational beliefs about the nation - can change, depending on the degree of their identification with the nation of the brand. For example, a consumer can describe, infer and inform how trusting he/she is of the United States. He/she knows and can evaluate this,

transferring this to his/her perception of the Apple brand. However, his/her evaluation of Apple will be different depending on the level of his/her identification with the United States (e.g., the degree to which he/she perceives the country positively or negatively). Thus we propose as follows:

H7: CIN moderates the relationship between CCI and CBE.

CBC moderates the CCI-CBE relationship (H8)

CBC mediates the relationship between endorser credibility (equivalent to CCI) and CBE (Spry et al., 2011). Erdem and Swait (2004) observed that CBC influences consumers' brand choice and consideration of other relevant purchasing choice information, e.g. costs saved, perceived risk and perceived quality constructs (i.e. CBE). However, this can change depending on the degree of consumers' perceived credibility of the brand (CBC). For example, consumers can describe how trusting they are of South Korea and will, therefore, know how to evaluate Samsung. However, consumers' evaluation of Samsung will be different depending on the level of credibility they associate with Samsung (i.e. the degree to which the consumer likes Samsung or considers Samsung's promises to be reliable).

Moreover, CBC depends on the quality of the information presented by a brand. High CBC is necessarily related to high quality brands. A consumer will uphold his or her belief in a brand if the consumer also recognises the nation associated with the brand (Josiassen, 2011). For example, a consumer who trusts Nike clothing, may identify with the United States by frequently advocating the benefits of this country to his/her friends and family. In this way the consumer validates his/her belief and may even continue to keep faith in the brand by being an active member of the Nike online communities, either believing or actually knowing that other people associate the brand and the United States with him or her. Therefore, our final hypothesis is that:

H8: CBC mediates the relationship between CCI and CBE.

Conclusions and further research

This paper outlined a theoretical framework intended to extend the research stream on CIN to international marketing. The model contributes to international marketing theory in a number of ways. (1) It applies a branding perspective to the study of CIN within the international marketing context. (2) It demonstrates the antecedent role of CIN in developing customer based brand equity. (3) It advances social identity theory by providing a conceptual framework which aims to explore the interactive effects of identification characteristics (e.g. CIN), country-product category association (CCI) and brand product category association (e.g. CBC) on consumers' brand judgments (CBE). Hence, the theoretical model of CIN impacts addresses calls by previous researchers for more comprehensive models of identification process.

The main delimitation of the conceptual model is that it focuses on four main factors only (CIN, CCI, CBC and CBE). Other factors that may affect the success of brand evaluations, such as type of brand, marketing support and retailer acceptance, are not considered.

Preliminary support for the model was found in a pilot study with 40 Vietnamese consumers. For a confirmatory test, around 400 Vietnamese consumers in Vietnam are currently being surveyed in relation to two Japanese brands, which are well known in Vietnam. The results from this research will be useful and provide guidelines for managers responsible for (1) establishing an identification nation image for their brands, (2) assessing consumers' identification with their nation to extending their brand marketing strategies, and (3) selecting effective strategies to increase their country images and brand equity to enhance their brand position related consumers' evaluations.

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Towards Understanding the Motivations of Individuals to Donate to International Disaster Appeals: A Multi-cultural Study

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Abstract

Individuals' motivations for donating to charity appeals are often complex, dynamic and linked with personal emotions, values, expectations and experiences. In spite of research in many disparate disciplines, giving behaviour is still inadequately understood, particularly across cultures. Understanding this behaviour along with increasing funding demands on donors, a highly competitive charity market and changing shifts in global giving patterns, create both challenges and opportunities for charity marketers in their targeting and tactics. With a focus on international natural disaster relief appeals, and using qualitative data gathered from a sample of 617 donors drawn from both developed and developing countries, we explore why individuals' choose to give to particular appeals. From our analysis, we identify eight primary motivations that lead individuals to donate and suggest a number of implications for marketers to consider in raising funds for disaster appeals from different parts of the world.

Keywords: disaster appeals, donation behaviour, individuals, cross-cultural

Track: International and Inter-cultural Marketing

1.0 Introduction

The non-profit sector is financially large and highly competitive in seeking funds for worthy local, national and international causes. In the USA alone there are over 960,000 registered public charities, raising annual contributions from individuals of around $230 billion (NCCS, 2014). Although there is a substantial literature on donor behaviour from a variety of disciplines including marketing (Sargeant &Woodliffe, 2007), there is a need for greater understanding of the disparate motivations for donating to charity which are often "complex and inter-related and suggest both altruistic and selfish motives for giving" (Sargeant, 1999, p.227).

Literature on why individuals choose to give to particular types of charity has generally been sparse (Bennett, 2003) and only a few contributions have specifically focused on donating to international disaster relief appeals (Bennett & Kottasz, 2000; Oosterhof, Heuvelman & Peters, 2009). This is despite the fact that, over the last decade, around half the world's population has experienced a natural disaster at some stage and disaster-related

deaths and levels of physical destruction resulting from them are on the increase (Christian Aid, 2014).

What makes international disaster relief appeals particularly challenging for charities is the unexpected nature of disasters, often in poorer and more politically unstable regions of the world, the subsequent urgent need for funds to provide immediate aid and rescue, and having to gain extra funds from donors on top of their normal giving. Although governments, corporations, wealthy celebrities and philanthropists all contribute, charities still heavily rely on private individuals who provide around a third of charities' total income (Bagwell et al., 2013). A key change in giving patterns over the last decade is that individuals from many developing countries are now donating significantly to charity (CAF, 2014). Only limited research on donation behaviour however has focused on these countries (see Cheung & Chan, 2000) or on cross-cultural comparisons (Nelson et al., 2006). Thus as Sargeant and Woodliffe (2007, p.299) point out, "any attempt to understand why people give and how individuals might be encouraged to offer higher levels of support to the voluntary sector could be greatly informed through developing an understanding of why national differences in generosity might exist."

This study seeks to address some of these gaps by focusing on one particular type of cause, natural disaster appeals, gathering data on giving from a multi-cultural population across the globe, and contributing to the knowledge of individuals' primary motivations to donate. In the highly competitive scramble for funds, the need for charity marketers to understand better these key behavioural triggers may help them create more effective messages and targeting in future appeals.

2.0 Why do people give?

Although literature on donor behaviour has identified a wide range of factors on why people give and what influences their giving, there is still limited agreement and a need for more research (Clayton, 2009). A number of studies distinguish between *intrinsic* motivations for giving based on individual values, moral traits, personal experiences and personality characteristics and *extrinsic* factors such as demographics, marketing effectiveness, trust in a charity and social group influences (White & Peloza, 2009).

Intrinsically, people may be motivated to donate for altruistic reasons, out of compassion, kindness, gratitude, empathy or efficacy (wanting to make a difference) for example (Batson & Shaw, 1991). Others are motivated by more egoistic reasons, gaining some personal psychological or physical reward for donating (Harbaugh, 1998). This might include feelings of warm glow or easing of guilt (Andreoni, 1990), or gaining recognition by peers and social esteem (Winterich, Mittal & Aquino, 2013).

Extrinsically important factors that have been identified include family influence and upbringing (Schervish & Havens, 1997), influences of peer group norms (Macaulay, 1970), and community influences which might include workplaces, clubs, or religious institutions (Lohmann, 1992).

For charity marketers, understanding donor behaviour is crucial in developing effective promotional strategies (Bendapudi et al. 1996). Prior studies have identified the importance of understanding the demographic differences of donors, creating highly visible awareness of need (and additionally in the case of disaster appeals, urgency of need), the

mode of ask, use of media, and the framing of messages and images (Sargeant & Woodliffe, 2007). As making charitable donations usually means giving to strangers with no visible acknowledgement that the intended recipients have received or gained any benefit from the donation, the importance of trust in a charity is also highlighted in the decision of whether or not to donate (Sargeant & Lee, 2004). Donor confidence in an appeal can be strengthened by the involvement of celebrities or national figureheads who help create a social norm which legitimizes and encourages giving behaviour (Krebs & Miller, 1985). This technique is now regularly used to front disaster appeals in many countries.

3.0 Research methods

To explore the motivations of individuals for giving to disaster appeals, a questionnaire using predominantly open-ended questions was designed to establish why people donated to particular disasters. Whilst no research method is flawless, it was considered that the exploratory nature and behavioural focus of this research would be best served initially through gathering rich data which might then also account for any significant cultural differences (Silverman, 2010).

Respondents were given a list of eight major international disasters that had occurred over the last decade or so and asked to identify which ones they had donated to, the reasons for donating to those particular appeals, and the emotions felt at the time of giving. The questionnaire was distributed by final year undergraduate marketing students from a broad mix of nationalities who found respondents using their own personal networks in both their home and overseas countries. The only criterion for identifying participants was that they needed to have contributed financially to at least one of the named disasters.

In total, 617 completed questionnaires were returned from respondents in 64 countries, including 31 developing nations. There was a good balance in the sample of age groups between 18-75 years, gender, and employment status (professional, working non-professional and studying/unemployed).

Questionnaires findings were evaluated using thematic analysis, coding the data to identify, analyse and report patterns of responses (themes) (Braun & Clarke, 2006). From this analysis, 8 key donor types and motivations for donating to disaster appeals have emerged as can be seen in Table 1. Illustrative quotes from respondents are also provided in the table. Further analysis is to be carried out between responses from developed and developing countries to assess further differences in donation patterns.

4.0 Findings

Our findings suggest that donors are very particular as to which disaster appeals they contribute to with few of the sample giving to more than two or three of the disasters. In some cases, this was because of concerns about whether a contribution would reach the needy in certain countries, because it was felt the country was rich enough to look after its own

Table 1: Donor Types and Primary Motivations to Donate

The Altruist - Motivated by compassion, sympathy, humanity and kindness	"Because many people were rendered homeless and hungry, I felt the need to save a life." (American female) "I wanted to share something, because I had the luck to be born in a rich country." (German male)
The Egoist - Motivated by guilt, self-interest and self- image	"It's hard to say no to campaigners when asked to donate to disasters. I don't want to appear tight-fisted or like I don't care." (British female) "If I donate, people think I am a nice person and it makes me feel good" (Taiwanese female)
The Social Belonger - Motivated by friends, family, work colleagues or local communities	"My mum and dad used to give to charity so I always do now and then to what I think is a good cause. I make my kids give too; only a little bit, of course, to make them understand that helping people is important." (British female)
The Good Citizen - Motivated by a duty or desire to make a difference	"This is a human need to stretch out to people who are less fortunate than yourself. It's a feeling that makes you uncomfortable when you are not doing so. If you have the ability, physically or economically, you feel the need to help. This is just about being human." (Turkish female)
The Devotee - Motivated by religious beliefs, teaching and communities	"In my religion we are taught to have stewardship. Stewardship means to take responsibility in life and look after the things on earth. People are a part of this earth so therefore we should take care of each other." (Pakistani male) "As a practicing Muslim I believe that any act of charity will benefit me on the day of judgment. Charity gives me a feeling of inner peace." (Algerian male)
The Empathist - Motivated through personal experience of disasters/suffering or through having friends/family in affected countries	"The Asian tsunami wiped out my whole hotel. The memory of being surrounded by victims, and through luck my family and I were not victims, means that I now do all I can to help those who were there." (Thai male) "I donated because I am from Africa and I have seen with my own eyes the suffering in these countries, and hunger is a terrible thing…" (Ghanaian male)
The Culture Loyalist - Motivated through close links to a country, region or race	"As an Australian national, the Queensland floods were very close to my heart. Many Australians were affected by the floods and it is difficult for anyone with a conscience to not give to a cause which has directly affected your country." (Australian female) "If they are Christian or African I help more because they are my people!" (Nigerian male)
The Media Consumer - Motivated by media coverage, charity marketing or celebrity	"I can be quite persuaded by adverts that pull at the heart strings." (British female) "The involvement of national personalities and celebrities with

appeals	particular charities influences me to give as I feel like my money will get to the charities as the celebs wouldn't be associated with them if they weren't genuine." (British male)

people, or because donors' priorities lay more with domestic rather than international causes. For others, it was a lack of finances at the time of the appeal, limited access to media coverage, or sometimes donation fatigue coupled with feelings of helplessness in the face of so many natural disasters. Most donors seem to contribute out of goodwill expecting no reward or recognition although many feel some personal psychological gain from giving. Some talked of their satisfaction and pleasure in at least attempting to make a positive contribution to an often tragic situation, while others considered donating as a duty or expectation for having the good fortune of living in a wealthier or less disaster-prone country. In many responses, donors expressed particular sympathy and empathy for those suffering in poorer countries, for families with children, and for those who had lost their homes and possessions.

It was surprising how many respondents had personal experiences of natural disasters or connections to people in affected countries and this commonly determined the type of disaster as well as the country to which they gave. In the developing world, many individuals seem to feel a particularly close attachment to disaster victims related to their continent, race or creed. So many West Africans had contributed to the famine relief appeals in East Africa, for example, and many Muslims to those suffering in the Pakistan floods.

The influence of religion and religious institutions in both the developed and developing countries in encouraging charitable giving generally was evident and donors tended to respond to the particular appeals highlighted by their place of worship. Other social institutions including schools, workplaces and friendship circles could also determine which appeals were contributed to and family influence/example was commonly mentioned by younger donors as instrumental in terms of cultivating a giving mentality to help those in need.

Nearly all respondents had been strongly influenced by media coverage of disasters and visual images of the suffering had moved many to donate. The use of celebrities in fronting appeals received a mixed response with some arguing it enhanced trust in an appeal or charity, while others felt the celebrity's involvement was merely self-promotion and could actually deter them from contributing. Respondents in some developing countries claimed television and press coverage of international natural disasters was limited and they only learned about more recent disasters through social media. A number of people claimed that while the broadcast media created awareness of the problems, it was a direct approach from a charity and the ease of being able to donate that finally resulted in the donation.

5.0 Implications & conclusions

Our research has shown that individuals give to natural disaster appeals for a wide range of reasons - because they care or are concerned about others' suffering and want to help in some little way; because they feel an obligation or expectation to give; because they can afford to give; because they might gain some small personal or social benefit for themselves; or because they follow the lead or encouragement of others.

With the number of climate-related disasters on the increase, charities have to prioritise which need the most funding support and promotion, often having to make such decisions quickly and without the full picture of the scale of disasters. It seems clear from our research that media coverage of these disaster tragedies brings out the best in many people across cultures and makes them want to contribute something to help, whatever their financial circumstances allow. Too many appeals, however, from too many different charities, can lead individuals to focus on funding needs closer to home and there is not a limitless pot of funds.

For charity marketers, our research identifies challenges and opportunities in fundraising in both the developed and developing world. In more developed countries, images of suffering are the most important trigger for individuals' donations with social media becoming a significant way of spreading these in addition to television news and appeals. Busy lives mean that many individuals need constant reminders to donate and thus campaigns need to activate a range of personal approaches and not over-rely on television influence. There is also a need for more follow-up to show the positive effects of their contributions which will enhance greater trust in the charitable effort. Disasters occurring in developed countries are likely to be more challenging for raising funds from non-nationals, particularly as many countries seem too proud to want to ask for international assistance.

With growing numbers of individuals with disposable income, the developing world offers charities the opportunity to significantly grow their funds, albeit through many giving small amounts. There is a need for charities to work more closely with governments and local broadcast media to ensure that the more significant disasters get coverage and it seems that a focus on causes linked to culture and continent is more likely to be successful. Religious influence and teaching is still significant on donation patterns and charities should consider how they can reach individuals, and with which appeals, through their places of worship.

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The Influence of Culture on Persuasion in Online Reviews: A Content Analysis

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Abstract

Online reviews are an important tool for consumers to share and gain brand-related information and make purchase decisions. Writing style, language and textual nuances determine how consumers perceive and use these online reviews. Since culture plays an important role in shaping an individual's communication, it is important to understand cross-cultural differences in the content of online reviews and their persuasiveness. The objective of this study is to assess the differences in the persuasion strength of online reviews depending upon the cultural orientation of the reviewer. The results support the hypotheses that members from individualistic cultures are more overtly persuasive in their online reviews than those from collectivist cultures and members from low-context cultures are more overtly persuasive than those from high-context cultures. This study suggests that managers must actively provide promotional benefits to help generate more persuasive reviews from members of collectivist and high-context cultures.

Keywords: Online Reviews, Cross-Culture, Persuasion, Content Analysis

Track: International and Intercultural Marketing

1.0 Introduction

Consumers have traditionally relied on word-of-mouth (WOM) information from friends, family and acquaintances to know more about the product attributes and service quality while making purchase decisions. However, with an increase in the Internet activities and a surge in social media connectedness, this information collection and sharing process has been significantly altered. Electronic WOM (eWOM) has become an important way for consumers to share and gain brand-related information (Chen & Xie, 2008). Due to its increasing importance, eWOM has attracted considerable attention from both researchers and practitioners (Bickart and Schindler, 2001; Brown et al., 2007; Dwyer, 2007). Online reviews constitute the bulk of eWOM and the two have often been used interchangeably in the literature. Extant literature has shown the importance of online reviews as powerful recommendation agents. Consumers seek and rely extensively on information shared in the form of online reviews, thereby significantly impacting the decision making process of consumers (Hung and Li, 2007).

Previous research has shown culture to be an important factor that affects consumer behavior (Mooij & Hofstede, 2011) and impacts consumers' engagement with WOM. It is found that culture plays a key role in customer perceptions (Schumann et al., 2010), decision-making, choice evaluation process (Money, Gilly & Graham, 1998; Lam, Lee & Mizerski, 2009) and also in WOM referral sources (Money, 2000). However, very few studies have looked at cross-cultural differences in online communications and none have investigated the impact of cultural differences on online reviews.

While eWOM and WOM have numerous similarities, King et al. (2014) highlighted several dissimilarities that arise due to differences in strength of ties between sender and

recipients in the two forms, textual nature of eWOM, influence of existing eWOM on future eWOM and anonymity of the electronic media. Because of these intrinsic dissimilarities, online reviews may or may not replicate cross-cultural differences, which are otherwise observed in WOM or general written communications. Developing an understanding of how cultural factors affect the content and transmission of online reviews would help managers deploy product-focused online review strategies to develop and strengthen consumer engagement with their brands (Smith, Coyle, Lightfoot and Scott, 2007). However, cross-cultural studies attempting to understand generation, transmission and impact of eWOM are limited. Cook and Finlayson (2005, p15, 23) have commented that "From a management perspective, the importance of understanding the impact of cultural rifts on website usability has been grossly underemphasized. The sooner cultural attentiveness is incorporated, the quicker the benefits of increased persuasiveness and consumer trust will be reaped."

Hence, in this study, we attempt to examine whether the differences in cultural orientation impacts the content of online reviews. In particular, we intend to analyze whether the degree of persuasion in online reviews varies with the cultural orientation (high vs. low-context and individualistic vs. collectivist culture) of individuals posting reviews. In other words, are persuasive appeals more prevalent in one kind of cultural orientation as compared to the other?

2.0 Literature Review/ Theoretical Background

2.1 eWOM and Online Travel Reviews

Hennig-Thurau et al. (2004) defined eWOM as "any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet". Authors have previously studied the antecedents and consequences of both receivers and senders of online reviews and have analyzed their various characteristics and dimensions. Research has shown that online reviews impact purchase/usage intention and attitude towards the brand (King et al., 2014). The writing style, the language used and the articulation of nuances in online reviews determine how consumers perceive and act upon them (Archak, Ghose and Ipeirotis, 2011). Similarly, reviews that are helpful are usually more comprehensive, communicate usage experience, provide strong argument support and contain strong emotions (Li and Zhan, 2011). Online travel reviews form a very important category within the online consumer review segment, influencing more than US$10 billion in online travel purchases annually (Schmallegger & Carson, 2008). Gretzel (2006) showed that nearly 80% of the online users are influenced by online reviews when making a decision on "where to stay". Travel and stay recommendations provided by other travelers have been found to be the most preferred and influential source in travel decision-making (Pan, MacLaurin & Crotts, 2007). From a hospitality firm's perspective, these travel reviews can help them better understand the needs and requirements of their customers. Previous research reveals that the influence of user-generated online reviews on online sales is significant, with a 10% increase in traveler review ratings boosting online bookings by more than 5% percent (Ye et al., 2011). An understanding of what determines the degree of persuasiveness and effectiveness of these reviews will positively contribute to both literature and practice.

Also, the recent literature synthesis on eWOM/online reviews (King et al., 2014; Cheung and Thadani, 2010) has highlighted that there is a lack of investigation on how consumers from different cultures write and seek/process eWOM. The few cross-cultural studies that have happened in the online context are limited to understanding web usage behavior. Marcus & Gould (2000) and Robbins & Stylianou (2010) have used Hofstede's dimensions in the web-design context, Tsikritsis (2002) studied it in the context of website

quality expectations and Wilson et al. (2002) found that individualism and collectivism influence the perception of online group activities. There also appears to be a strong positive correlation between individualism and Internet usage (Ess and Sudweeks, 2005). Sparks et al. (2013) showed that the degree of persuasiveness of online travel reviews is determined primarily by the message content (which includes attributes discussed, communication style, and degree of specificity) and reviewer characteristics (past travel experience and credibility). However, they didn't explore the impact of cultural orientation of the reviewer on the degree of persuasiveness of the reviews. Few studies (e.g. Fong and Burton, 2008; Cakir and Cagitlay, 2002) have looked at cross-cultural differences in online communications and none that focus on online reviews. Hence, as mentioned above, we intend to analyze whether the degree of persuasion in online reviews varies with the cultural orientation (high vs. low-context and individualistic vs. collectivist culture) of individuals posting these reviews.

2.2 Theories of Cultural Differences

Culture has an intricate bearing on both communications and consumer behavior. Hofstede's Cultural Dimensions Theory (1991) is a framework for understanding cross-cultural communications. Among the six dimensions, Individualism vs. Collectivism (IC) has been most widely used in analyzing cultural differences (Sharma, 2010; Aaker and Maheswaran, 1997). In individualistic cultures "the ties between individuals are loose; everyone is expected to look after him/herself and the immediate family only"; whereas individuals in collectivistic cultures "from birth onwards are integrated into strong, cohesive in-groups, which throughout people's lifetime continue to protect them in exchange for unquestioning loyalty" (Hofstede, 2001, p. 225). Individualists are direct, tacit and can tolerate deviance or diversity. In contrast, individuals from collectivist cultures will communicate in an indirect or implicit manner. Members of individualistic cultures are likely to engage more in self-promoting / self-serving communication as compared to those from collectivist cultures. Members of collectivist cultures tend to form attitudes on the basis of both dispositional traits and contextual factors. However, members of individualist cultures form attitudes solely on the dispositional traits (Cousins et al., 1989).

Edward Hall's (2000) high-context and low-context classification of culture also facilitates the understanding of cross-cultural communication differences. High-context cultures are relational, collectivist, intuitive, and contemplative. They give importance to trust, collectivism, group harmony and consensus. Communication tends to be indirect, formal and with background context. In contrast, low-context cultures are logical, linear, individualistic, and action-oriented. Communication is expected to be straightforward, concise, and efficient.

Since communication characteristics, including language, writing styles and use of emotions and arguments vary by culture (Hofstede, 1991), the content of online reviews by individuals from different cultural background is likely to be different. These differences in the cultural context can significantly influence the way people write, share and perceive online reviews. In addition, Burgoon et al. (1982) have shown that both the persuasion style as well as the effectiveness varies with culture. For example, people from individualistic cultures are more likely to use logic and information to make their reviews more persuasive as against those from collectivist culture. Similarly, individuals from high-context cultures are likely to be indirect and implicit in their persuasion. Similarly, in high-context cultures, persuasion is often viewed with skepticism and hence members of these cultures may not be overtly persuasive. Thus, we hypothesize that members from different cultural orientations will have different persuasion styles while posting online reviews, which will be in tandem with their cultural values. We posit,

H1: Individuals from individualistic cultures are more overtly persuasive in the online reviews than those from collectivist cultures

H2: Individuals from low-context cultures are more overtly persuasive in the online reviews than those from high-context cultures

3.0 Data and Methodology

3.1 Data

Park and Lee (2006) have shown in their research that the impact of eWOM is greater for experience goods than for search goods as it helps reduce ambiguity. Hence, we have looked at online reviews for hotels (an experience product category) to understand the cultural differences. In addition, the platform plays a very important role in giving confidence to both receivers and writers of online reviews (King et al., 2014). Therefore, data from TripAdvisor, a reputed website, has been used in this study. 482 reviews across eight hotels were studied. The list of top three traveler's choice destinations for 2015 was retrieved from this list: http://www.tripadvisor.com/TravelersChoice-Destinations as of June 1st, 2015. Marrakech was dropped since most reviews were from low-context travelers. Instead the #1 destination in India (according to TripAdvisor) - Jaipur was selected as the third city. Reviews of the top three hotels in Siem Reap and Istanbul was chosen. In addition, two high ranking hotels of Jaipur were also studied. For each of the hotels, the reviews for the months May and June 2015 or 50 reviews, whichever was higher, were analyzed. Reviews that didn't mention the country of the reviewer were omitted from the analyses. Similarly, reviews in any language other than English were omitted. Finally, 451 reviews were content analyzed to examine the overtness in persuasion.

3.2 Methodology

We used content analysis technique to analyze the online travel reviews. Content analysis is a reputable and widely used tool for conducting objective, systematic, and quantitative analysis of communication content (Kassarjian, 1977; Babbie, 1992). We used standard content analysis guidelines by Potter and Levine-Donnerstein (1999), James et al. (1995) and Hseih and Shannon (2005) for coding. Two independent coders were asked to judge the online reviews on Biber's "Overt Expression of Persuasion" textual dimension. The following operational definition for persuasion as well as guiding examples were given to the coders for the coding.

- **Overtly Persuasive –** where the reviewer's intention / argument style is to persuade the addressee with the speaker's point of view. It's the degree to which the persuasion or argument is marked overtly. E.g. *"Highly recommend it to everyone"; "Must stay in Jaipur"*

- **Non-overt Persuasion** – where the reviewer is informing about his/ her experience rather than recommending. Persuasion is indirect or implicit. E.g. *"We will miss coming back after a long day under the hot Cambodian sun and seeing a friendly smiling face with those cold face towels!"*

4.0 Results and Discussion

The data was analyzed using Chi-Square test, which is a non-parametric statistic or a distribution-free test that can be used when the sample sizes are unequal (McHugh, 2013). Of the 451 online reviews analyzed, 87 belonged to individuals from collectivist cultures and 364 belonged to reviewers from individualistic cultures. More than 62% of the reviews from

collectivist cultures were not overtly persuasive as compared to more than 49% of the reviews from individualistic cultures (i.e. 51% were overtly persuasive). The data supported our prediction made in hypotheses 1 (χ^2 [df=1, N=451)] = 4.674, $p<. 05$), thus suggesting that individuals from individualistic cultures are more likely to be overtly persuasive if they like a product/experience.

Of the 451 online reviews coded, 102 reviews belonged to individuals from high-context culture and 349 to individuals from low-context culture. 51% of the reviews from individuals from low-context culture were overtly persuasive as compared to 38% from high-context culture. Our prediction made in hypotheses 2 is supported by the data (χ^2 [df =1, N=451)] = 5.386, $p<.05$), thus suggesting that individuals from low-context cultures are more overtly persuasive than those from high-context.

The findings bridge literature gap on cross-cultural differences in terms of persuasive power of online consumer reviews. In addition, the results of this study provide useful marketing implications for managers of these hotels/other experience-based product categories. Reviews on third party websites provide both positive and negative points about a firm's service and/or products. They also remain on sites for a longer period of time, thereby having long-lasting effect on its reputation (Hennig-Thurau et al., 2004). Hence, managers must make efforts to increase the WOM/eWOM contribution and persuasion, especially from members of collectivist and high-context cultures. This is extremely important because as culture impacts the writing of reviews, it also impacts the way individuals from different cultures read and process reviews. Managers can use tactics like reward points, promotional schemes and complimentary benefits for customers from high-context and collectivist cultures to encourage these customers to write recommendations to their friends/family and other online review users. Similarly, marketing managers of these hotels may also use the reviews from members of individualistic cultures as testimonials in their marketing collaterals. In addition, online reviews from customers of different cultural backgrounds can provide managers with valuable insights on specific needs. Integrating these findings within the overall CRM system and taking timely action to rectify any service failures can significantly help the firms in the tourism sector gain popularity and drive sales.

5.0 Limitations and Future Research

First, in this study, the country of the reviewer has been taken as the proxy for his/her cultural orientation. In a few instances, this may mean that a person can originally belong to a different culture, but has been assigned a culture, which is determined by his country of residence. Such individuals are more likely to exhibit a mixed cultural orientation. However, the information available on TripAdvisor is inconclusive to identify them. Second, the study analyzed only top ranking hotels, most of which had favorable ratings by individuals from different cultural orientations. Studying mid to low ranking hotels, where there is expected to be a higher degree of difference in framing/valence can provide further nuances to the results. Finally, the study focuses only on the individualist-collectivist and high-low context cultural dimensions. More cultural variables can be considered for future research.

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INTERNATIONAL AND INTER-CULTURAL MARKETING

ABSTRACTS

A Memory Theory Explanation of Country-of-Origin Effects

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Abstract

Traditional country-of-origin (COO) research has established that a country-image halo can cue product beliefs, but little is known on whether product beliefs can inversely engender country image. . If product beliefs can influence country image, then organizations, such as government trade bodies, can target product users to promote the country and its products at a national level. Exporters can transfer a favorable product-image, via a country-image, onto other products. The findings of a survey with Chinese tourists in Australia show that product beliefs influence country image, but the influence weakens with increasing country familiarity and exists only when the product and country are congruent. Moreover, the influence appears to operate outside of conscious awareness. We draw on the associative network theory of memory to explain our findings. Our findings extend current theoretical understanding of how country and product image halos operate.

Keywords: *Country-of-Origin, Halo Effects, Associative Network Theory of Memory, Product-Country Congruence.*

Track: *International and Intercultural Marketing*

Exploring the Impact of Millennials' Religiousness on Digital Piracy: Does It Matter?

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Abstract

Online digital piracy continues to rise globally. The issue is worsening among millennials especially in the context of emerging markets due to lack of laws and regulations. Interestingly, emerging markets are also home to some of the highest religious followers. Thus, the purpose of this study is to investigate the impact of consumers' religiousness on their attitude and intention toward digital piracy which should negate consumers' tendency to pirate. Using a sample of millennials in Indonesia, the current study shows that religiousness has an impact on attitude and intention toward digital piracy, but that impact is very limited. The results of this study will have several important implications for managers and especially religious leaders on how to combat digital piracy.

Keywords: Digital Piracy, Religiosity, Millennials

Track: International and Intercultural Marketing

Global Expansions "To" Versus "From" Emerging Markets:
An Empirical Study of the Completion of Cross-Border Mergers & Acquisitions

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Abstract

While cross-border M&As involving emerging markets have been increasing in recent years, a high percentage of them collapse before completion. This study investigates how the completion of cross-border M&A involving emerging markets depends upon the direction of global expansion, i.e., investment inbound to a developing market or investment outbound to a developed market. Analysis based on 30 years of data from the two largest-emerging markets, China and India, reveals fundamental differences in the predictors of inbound vs. outbound M&As completion. Inbound transactions are found to be most influenced by country-level factors reflecting differences in political, trade, and legal environments. By contrast, outbound transactions are most influenced by firm-level factors such as the initiator's size and experience. Furthermore, deal-level factors, (e.g., percentage of stake sought by the acquirer, whether the deal size is disclosed, and whether the deal is a cash transaction), have significantly different effects on inbound and outbound M&As.

Keywords: *Emerging Markets, International Corporation Expansion, Cross-Border Mergers and Acquisitions, Foreign Market Entry, Marketing Strategy*

Track: *International and Intercultural Marketing*

The Impact of Positive Emotions on Products from a Country Inflicted with a Natural Disaster

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Abstract

In this study the authors examine the impact of a natural disaster on the purchase of and word of mouth about products from the inflicted country. Using evidence from a cross-sectional study about a recent earthquake hitting Nepal several interesting findings are reported. The study finds evidence the knowledge about the earthquake leads to sympathy towards Nepal. This sympathy is positively associated with positive emotions anticipated from buying Nepalese products, which is then positively associated with an intention to both purchase and engage in positive word of mouth about Nepalese products. This study contributes to the country of origin literature by (1) examining the impact of a natural disaster on products from the inflicted country (2) examining the impact of sympathy toward another country on products from that country.

Keywords:　　*Country of Origin, Sympathy, Emotions, Natural Disasters*

Track:　　*International and Intercultural Marketing*

Quadratic effects of export decision-making on innovation orientation: evidence from Chinese exporting firms

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Abstract

This study integrates the attention-based view of the firm and decision theory to examine quadratic effects of three export decision-making approaches (planning, creativity and spontaneity) on innovation orientation, and direct effect of innovation orientation on export market performance. The model is tested on a sample of Chinese exporting firms using structural equation modelling technique. Findings indicate that while a greater proclivity to innovate is beneficial for export market performance, a more complex web of relationship is revealed between the three export decision-making approaches and innovation orientation. Specifically, results show that while an increasing level of export planning reduces an exporter's inclination to innovate, a greater degree of creativity cancels out the innovation benefits of creativity. An increasingly high level of spontaneous export decision making is found to be useful for facilitating an exporter's innovation orientation. We discuss theoretical and export managerial implications of these findings.

Keywords: *Export Decision Making Approaches, Innovation Orientation, Export Market Performance, Quadratic Effects*

Track: *International and Inter-cultural Marketing*

Conceptualizing and Validating the Social Capital Construct in Consumer-initiated Online Brand Communities

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Abstract
Social capital plays a significant role in understanding online community relationships in marketing field. The construct of social capital has not been studied in the context of consumer-initiated online brand communities (COBCs). This paper develops a model of social capital in COBC as a higher order reflective latent construct having four first-order dimensions. Responses of 353 members from 35 Volkswagen COBCs in China were obtained and analyzed using Structural Equation Modelling. The data supports our model of social capital in COBCs. Our model provides a greater understanding of social capital in COBCs that will help Chinese marketers utilize COBCs more effectively.

Interpreting Muslim Women's Consumption of Western Luxury Fashion Brands

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Abstract

This paper aims to introduce the concept of 'symbolic-substitution' (consuming symbols to substitute for a lack in certain practices). The context explores the consumption of western luxury fashion brands among Muslim women in Kuwait. Twelve semi-structured depth interviews were conducted in Kuwait as part of ongoing research on Muslim women and consumption. The findings illustrate how Muslim women symbolically-substitute the practice of sexuality taboos through the consumption of western luxury fashion brands. Implications for marketing theory are addressed.

Keywords: *Symbolic Substitution, Identity, Luxury Brands, Muslim Consumers, Kuwait*

Track: *International and Inter-Cultural Marketing*

MARKETING OF SERVICES AND INFORMATION GOODS

FULL PAPERS

Joining motives and online community engagement: An explanation from self-determination perspective

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Abstract

There is an increasing interest in understanding community engagement in online environment. Prior research in the consumer engagement literature shows that such engagement has important implications for the co-creations and interactions between consumers and businesses. However, still very few studies examined the notion in this computer-mediated setting. Drawing on self-determination theory, we attempt to study the impact of knowledge learning, online presentation self-efficacy and group norms as joining motives on psychological engagement and how this relates to community-related behaviors.

Keywords: online community engagement, knowledge expertise, knowledge learning, presentation self-efficacy, group norms

Track: Marketing of Services and Information Goods

1.0 Introduction

In recent years, the notion of consumer engagement has aroused the interest of both marketing scholars and practitioners. In the last decade, the term ''engagement'' has been used in a wide range of academic disciplines such as political science, sociology, psychology and organization behavior literature (e.g., Harter et al., 2002; Resnick, 2001). Despite its fundamental roots in relationship marketing, engaged consumers display tendencies that go beyond conventional consumer behaviors according to the co-creation philosophy of consumer engagement (Vargo & Lusch, 2004).

In spite of the increasing importance of the notion, current academic understandings on consumer engagement are confusing. First, there is a scarcity of common ground on the meaning of consumer engagement. For example, Brodie et al. (2011) depict consumer engagement from psychological view whereas van Doorn et al. (2010) construe the concept from behavioral perspective. Second, the dimensionality of consumer engagement is inconsistent in current literature. In the papers presented by Sprott et al. (2009) and van Doorn et al. (2010), the uni-dimension of consumer engagement focused on behavioral aspect

is addressed. On the other side, Brodie et al. (2011) provide a broader view and encompass both affective and cognitive dimensions of the concept.

In light of the situation, the proposed model aims to provide a more comprehensive understanding on online community engagement (OCE) based on the self-determination theory (SDT) perspective. The paper aims to: 1) understand the nature and dimensionality of consumer engagement in online communities, 2) examine the motivational antecedents of engagement in online communities and 3) investigate the interacting role of knowledge expertise in the online engagement model.

2.0 Literature review and hypothesises development

With the emergence of online communities, organizations are co-creating with various stakeholders to develop new products and to gain consumers' support through the new business model (Ren et al., 2012). Besides, online communities offer affiliated members a platform for discussing and exchanging useful information, seeking emotional support as well as expanding their online social networks (Ren et al., 2012). Notwithstanding, theoretical understanding of consumer engagement in online communities are limited. Only a few researchers have empirically explored the issues in online communities (e.g., Brodie et al., 2013; Ray et al., 2014).

Although different aspects of consumer engagement have been proposed, the current paper conceptualizes consumer engagement from two perspectives encompassing psychological and behavioral commitment in online communities. The psychological aspect of consumer engagement features the active and long-lasting mental state experienced which is cognitively and emotionally conceptualized. In particular, absorption and enthusiasm constitute the psychological dimension of online community engagement. Absorption concerns the indicative of the inability to detach oneself once interacting with the online brand community whereas enthusiasm reflects a consumer's intrinsic level of excitement and interest regarding the discussion (So et al., 2014).

Behavioral consumer engagement refers to actual behavioral manifestations on online communities which results from motivational drivers and beyond purchase (MSI, 2010). In online communities, this behavioral aspect is made up of two sub-processes including knowledge sharing and referral behavior. Knowledge sharing is considered as the extent to which individuals are willing to share the acquired or created knowledge with others (Bock et al., 2005). Referral behavior is associated with members' positive word of mouth or recommendation concerning evaluations of products/services on specific brand (Stein & Ramaseshan, 2015). In line with Vargo and Lusch (2004)'s crucial study on co-creation, the exchange of experience, content and ideas in online communities is largely due to behavioral engagement.

The present paper uses the self-determination theory (SDT) (Deci & Ryan, 1985) as the theoretical basis of the research model. Since online community members are often motivated with different psychological reasons to engage in online communities (Ray et al., 2014), self-determination theory provides the most relevant theoretical approach to vitalize members' inner motivational resources as the key step in facilitating online engagement. The theory identifies three psychological needs: (1) autonomy-the need to experience behavior as derived from and as controlled by the self, (2) competence-the psychological need to be competent in one's goals and interplay with the surroundings and (3) relatedness-the need to create and maintain intimate associations and assure relationships with others (Reeve, 2012). Building on these three psychological needs, the paper argues that online community

engagement arises when users fulfil their basic needs- that is, when people satisfy the need for knowledge learning (autonomy), perceive online presentation self-efficacy (competence), and internalize the group norms (relatedness). Such fulfilment of needs is expected to motivate positive psychological and behavioral engagement. The following figure presents the conceptual framework:
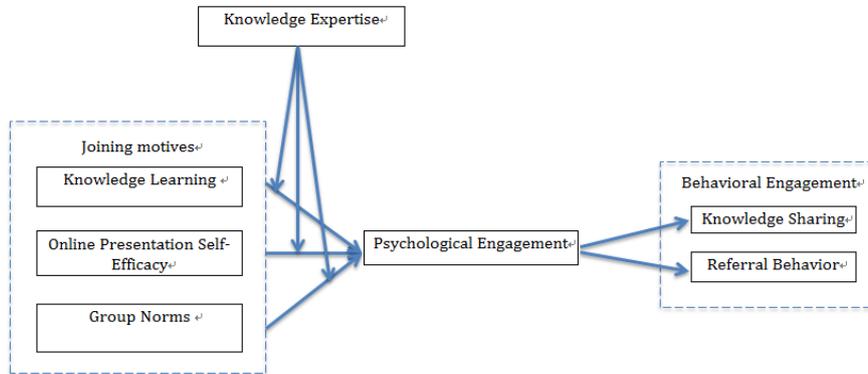
2.1 Joining motives of online community engagement

Knowledge learning refers to the act of searching for useful information from others in online communities (Phang et al., 2009). This is a crucial aspect of consumer motivation as users frequently post their questions voluntarily and seeking advice from knowledgeable members (Zaglia, 2013). In online communities, members volitionally seek for relevant and timely information in this voluntary and anonymous environment (Adjei et al., 2010). Consistent with SDT, the learning literature has also suggested that fulfilling people's need for autonomy greatly enhances their engagement outcomes (Chen & Jang, 2010). Therefore,

Proposition 1: Stronger need of knowledge learning leads to higher level of psychological engagement in online community.

In addition to receiving useful information from community members, the efficacy of self-presentation also serves as an important motivation to influence online community engagement. Online presentation self-efficacy is regarded as individuals' confidence in their own competence to present a desired image in online community of interest (Kim et al., 2012). Consistent with SDT, beliefs in self-efficacy are decisive sources of human main impetus in that people are attempt more to complete tasks when they perceive themselves comfortable and capable of implementing, thus fulfilling their needs for competence. In particular, self-efficacy increases confidence and reduces the difficulty of carrying out the aimed goals (Venkatesh, 2000). Furthermore, people with a strong online presentation self-efficacy are psychologically energized because people have a tendency to maximize value through engagement in subjects at which they consider they can achieve (Thaler, 1985). Thus,

Proposition 2: Stronger online presentation self-efficacy leads to higher level of psychological engagement in online community.

Other than fulfilling information needs and self-efficacy needs, the acceptance of community's group norms allows individual users to psychologically engage oneself as a fully-fledged member. Group norms are especially salient in online communities since members are primarily bounded together by a common sense of interest and values instead of a formal obligation (Ray et al., 2014). It is conceptualized as an understanding and

commitment by the individual member to a set of values and conventions commonly shared with others (Dholakia et al., 2004). Once the member has learnt and accepted the online community's norms, he or she will feel that their prosocial actions not only reflect personal values but also express communal values (Algesheimer et al., 2005). In this regard, strong group norms develop implicit consensus among members which in turn satisfy their needs for relatedness. Taken together,

Proposition 3: Stronger group norms leads to higher level of psychological engagement in online community.

2.2 The interacting role of knowledge expertise in online community engagement

Perceived knowledge expertise reflects the degree to which an individual regard oneself to well informed and experienced in many subjects or one particular domain (Adjei et al., 2010). Consumers who tend to perceive themselves as more knowledgeable will place less value on the expertise advised by others no matter in online or offline (person-to-person) setting. In contrast, consumers regarding themselves as less knowledgeable should put more worth considering the information contributed by others.

Proposition 4a: Among online community members with high (low) level of knowledge expertise, those who place less (more) value on knowledge learning by other members are less (more) psychologically engaged.

Expertise is itself a powerful determinant of self-motivation in general (Bandura & Schunk, 1981). It is argued that knowledge expertise influence the effect of online presentation self-efficacy on psychological engagement. Research suggests that members with high knowledge expertise tend to be more engaged in general, whereas members who are lack of knowledge self-efficacy tend to engage little (Kankanhalli et al., 2005). However, even members with less topical knowledge but with strong competence for self-expression can have greater motivation to engage. Thus, it is argued that self-efficacy is an important variable that affects how members with low knowledge expertise instigate their psychological engagement in online communities. In contrast, the efficacy of self-presentation will have little effect on the strong psychological engagement of members with high knowledge expertise.

Proposition 4b: Among online community members with high (low) level of knowledge expertise, those who have low (high) level of presentation self-efficacy are less (more) psychologically engaged.

In online communities, group norms become recognized to members in several approaches (Postmes et al., 2000). One happens upon entering the community, where the new participant ardently looks for the community's values and goals. In other situations, the individual gradually uncovers the community's norms by means of socialization and repeated joining over a period of time. The last feasibility is that the participant acquires information about the community's norms in advance and joins the community due to the overlapping of one's personal value with the community's one. In line with Tsai and Bagozzi (2014), group norms refers to "the adoption of common self-guides in an attempt to meet idealized values or goals that coincide with the person's own goals" (p.147). It is argued that members with strong knowledge expertise are less likely influenced by group norms as members are more confident with their ability. In contrast, less knowledgeable members are more influential by community's values and beliefs since they are more passive when making decisions.

Proposition 4c: Among online community members with high (low) level of knowledge expertise, those who are less (more) influenced by group norms are less (more) psychologically engaged.

2.3 Psychological engagement and Behavioral engagement

In online communities, the experience of absorption and enthusiasm motivate members to maintain the positive states. According to Schaller and Cialdini (1990), individuals experiencing a positive mood lead to an enhanced drive to helping behaviors since happy people view the environment as rich and rewarding. They are less concerned with the self and devote more focus on the community. As knowledge sharing and referral behavior are considered as behaviors "doing good" to others, members who are more enjoyable on the community are more prone to helping behaviors. Besides, these psychological states of engagement are the result of a user's satisfaction with the community and its members (Bhattacharya, 1998). Community members are motivated to engage in sharing and referral behaviors as a way to give the community "something in return" for a good experience (Hennig-Thurau et al., 2004). To the "helpers", these supportive behaviors are intended to reduce others' distress (Price et al., 1995).

Proposition 5: Higher level of psychological engagement leads to greater *(a)* knowledge sharing and *(b)* referral behavior in online community.

3.0 Conclusion

In conclusion, the paper contributes to a growing literature on community engagement in several ways. First, it outlines community engagement from two perspectives including both psychological and behavioral commitment in online communities. Second, it provides an explanation of how joining motives drive members' contributing and advocating behaviors from self-determination theory perspective. Third, the paper shows that the interacting role of knowledge expertise in the relationship between joining motives and psychological engagement. Empirical research is suggested to test the proposed model through both survey and experiment.

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Does Customers' Emotion Regulation Affect The Service Failure Evaluation?

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Abstract

This study aims to examine the role of customers' emotion regulation strategies in managing and regulating the emotional responses evoked in a service failure. More specifically, the study aims to understanding the role of suppression and reappraisal strategies in the relationship between perceived injustice, emotional responses (anger and pleased) and behavioural outcomes (satisfaction, conciliatory behaviour. and retaliatory behaviour). Using a quantitative research approach, responses of 229 consumers were obtained. Data was analysed using structural equation modelling. Anger and pleased emotional responses evoked by perceived injustice in a service failure encounter influence post-failure behavioural outcomes. Customers' emotion regulation moderates this relationship through reappraisal and suppression determining customers' degree of retaliatory and conciliatory response to service failure. The novel findings are that customers experience greater satisfaction when deploying reappraisal to manage anger and at low levels of anger, reappraisal results in lower retaliation and higher conciliatory responses.

Key words: Emotion regulation, suppression, service failure, perceived injustice

Introduction

Emotion regulation has attracted considerable recent attention in the area of service employee research. A number of studies have examined emotion regulation of service employees as reflected in the 'display rules' service organizations employ in employee-customer interaction (Groth, Hennig-Thurau & Walsh, 2009). In meeting such display rules, service employees often actively regulate their emotions during customer interactions to express organization-desired emotions. Literature on service employees' emotion regulation process, motivations, and consequences has been explored (von Gilsa et al., 2014). While such studies have provided evidence for emotion regulation of service employees, research into customers' emotional regulation during a service encounter has remained relatively sparse. This is surprising as service interaction is both dyadic and reciprocal. As service employees regulate their emotions in service interactions, customers also will need to regulate their emotions evoked in a service encounter such as service failure.

The present study addresses the above research gap by exploring emotion regulation from customers' view point, and examines how customers' emotion regulation affect the behavioural outcomes (satisfaction, conciliatory, and retaliatory actions) following a service failure encounter. Extant literature suggests that service failures are inevitable and when they occur it evokes emotional responses (Harrison-Walker, 2012). These responses create an evaluation bias, leading to customer dissatisfaction and undesirable behavioural outcomes. However, there is a growing appreciation that customers use a wide variety of strategies to manage the emotions evoked during service encounters. For instance, Medler-Liraz and Yagil (2013) have shown that customers use deep acting and surface acting emotion regulation strategies to manage the emotional responses evoked during the service employees'

ingratiation. As emotion regulation determines which emotion customers have, when they have, and how they express them (Gross, 1998), it is expected that customers' emotion regulation strategies would influence post-failure behavioural outcomes. As previous research studies have seldom considered customers' emotion regulation in service failure evaluation, this study attempts to broaden the services marketing literature by exploring the role of customers' emotion regulation strategies in managing emotions and shaping behavioural outcomes following an incident of service failure.

Literature review
Emotion regulation

According to Webb et al. (2012, p. 775), the concept of emotion regulation refers to the "set of automatic and controlled processes involved in the initiation, maintenance, and modification of the occurrence, intensity, and duration of feeling states." Gross (1998) has suggested that individuals can regulate their emotions through either suppression or reappraisal. In emotion reappraisal, individuals regulate their emotional responses by reevaluating or positively construing the stressful event (e.g. putting an event into perspective). This perspective taking or positive focus alters the cognition and modifies the behaviours through internal change. Thus, when individuals use reappraisal strategy, they are more likely to show a genuine display of emotions. Reappraisal is also referred to as deep-acting (modifying inner feelings), as it involves changing one's underlying experienced emotions. Suppression involves regulation of the expression of emotions, even though the internal feelings remain unchanged (Gross, 1998). It is called surface-acting (modifying facial expression) as individuals modify their behaviours by suppressing and faking the expression and display of emotions not actually experienced.

Based on the Gross's (1998) Emotion Regulation theory, the hypotheses related to perceived injustice, emotions, satisfaction, conciliatory behaviours, retaliatory behaviours, and emotion regulation strategies are proposed and explained below.

Perceived injustice and post-failure outcomes

Perceived injustice refers to the extent to which customers evaluate the service encounter as being unfair or unjust. There has been a great deal of research which examines the relationship between customers' perception of service failure and satisfaction (Keiningham et al., 2014). These studies report that perceived injustice directly and negatively affects the customer satisfaction levels. Customers evaluate the service failure encounter as stressful and perceive a loss of equity in terms of time, cost, and feelings. They feel disregarded and perceive betrayal as service failure violates the psychological contract and trust they had with the service provider (Weun, Betty, & Jones, 2004).

H_1: The greater the perceived injustice in a service failure, the lower the customer satisfaction levels.

In this study, we consider both retaliatory and conciliatory actions in examining the post-failure behavioural outcomes. Retaliatory behaviours represent the effort made by customers to punish or cause inconvenience to the service provider for the service failure (Grégoire & Fisher, 2008). These behaviours may include exit, vindictive complaining, negative word-of-mouth, and reduce patronage. Conciliatory behaviours are efforts made by customers to seek or promote a resolution for the problem. Grégoire and Fisher (2008) found that perceived betrayal caused by the fairness violation affects the customers' retaliation behaviours (negative word-of-mouth, vindictive complaining, and third-party complaining for publicity) and reparation behaviours problem-solving complaining, third-party complaining for

dissolution. More recently, Balaji and Sarkar (2013) have demonstrated that the perceived severity of the service failure impacts customers' retaliatory and conciliatory actions such that greater the perceived severity of the failure greater the likelihood to engage in negative word-of-mouth and lower the loyalty intentions.

H₂: The greater the perceived injustice in a service failure, the greater the retaliatory behaviours.

H₃: The greater the perceived injustice in a service failure, the lower the conciliatory behaviours.

Mediating role of emotions

Extant literature indicates that perceived injustice triggers emotional responses. Of the wide range of negative emotions related to service failure, we focus on anger, which frequently has been studied in the literature. Ozgen and Kurt (2012) demonstrated that service failure triggers pre-recovery negative emotions such as being angry. Angry customers feel less satisfied and are more likely to engage in hostile and retaliatory behaviours than less angry customers. Gelbrich (2010) showed that anger was related to vindictive complaining and vindictive negative word-of-mouth behaviours. Although a number of service failure studies focus on negative emotions, little work has been done regarding the role of positive emotions in service failure evaluation. We consider the role of being pleased, a positive emotion in understanding its role in post-failure behavioural outcomes. Algoe and Haidt (2009) have shown that positive emotions trigger people's desire to engage in pro-social behaviours. It may be argued that positive emotions are associated with greater satisfaction, lower blame attribution of others, high certainty and lower risk taking behaviour. This appraisal is associated with the belief of cooperation and being trustworthy. Thus, we argue that pleased customers are more likely to engage in conciliatory behaviours than retaliatory behaviours following a service failure. Based on the above discussion, we propose that:

H₄: Anger and being pleased will mediate the effect of perceived injustice on satisfaction.

H₅: Anger will mediate the effects of perceived injustice on retaliatory and conciliatory behaviours.

H₆: Pleased will mediate the effect of perceived injustice on conciliatory behaviours.

Moderating role of emotion regulation

As emotion regulation influences how customers manage and express emotions (Gross, 1998), it could be related to customer satisfaction. Previous research in organization behaviour provides some empirical support for the relationship between emotions, emotion regulation strategies, and satisfaction. For instance, Cote and Morgan (2002) found that suppression of negative emotions decreases job satisfaction and reappraisal leads to amplification of positive emotions and greater satisfaction. Similarly, Judge, Woolf, and Hurst (2009) found that suppression is related to negative affect state and emotional exhaustion. Based on the research that suggests that customer satisfaction is strongly influenced by the emotional response evoked in a service encounter and the differential impact of emotional regulation strategies on individual's emotions and satisfaction, we argue that suppression and reappraisal emotional regulation strategies will influence the relationship between emotional response and satisfaction.

Individuals who engage in suppression to regulate the emotions in a negative encounter will have difficulty to focus on conciliatory behaviours, as they perceive breach of psychological contract (Bal, Chiaburu, & Diaz, 2011). Moreover, while suppression temporarily reduces the negative affect state it does completely eliminate them. In other words, the source of negative emotions would remain and this could be problematic in the long run. Thus, suppression may lead to a possible vicious cycle of deviant behaviours. When

customers use reappraisal strategy, they try to seek meaning in the service encounter. Consequently, they are likely to use cognitive changes to better deal with the breach in psychological contract. Gross and John (2003) noted that cognitive changes make individuals more optimistic about the situation and create favourable attitudes by reducing the negative emotions. This reduces the negative perceptions related to the situation and increases the conciliatory behaviours among the customers. In other words, when customers deploy reappraisal they reconstruct the situation and this may lead to greater conciliatory responses such as complain to company, provide suggestions and repurchase intentions.

H₇: Suppression and reappraisal emotion regulation strategies will moderate the effects of emotional responses (anger and pleased) on customer satisfaction.

H₈: Suppression emotion regulation strategy will moderate the effects of emotional responses (anger and pleased) on retaliatory and conciliatory behaviours.

H₉: Reappraisal emotion regulation will moderate the effects of emotional responses (anger and pleased) on conciliatory behaviours.

Methodology

A total of 229 usable responses were obtained using a survey questionnaire. A scenario-based experiment was used to elicit the responses from study participants. The participants were instructed to read a service failure scenario in the hospitality setting. The scenario adapted from Yuksel, Kilinc and Yuksel (2006) study was pretested with 15 respondents for realism and comprehension before administration in the main study. Emotion regulation was measured along the two dimensions of suppression and reappraisal using a 10-item scale adopted from Gross and John (2003). Perceived injustice was measured using the three-item scale adopted from Oliver and Swan (1989). The emotional responses anger and pleased were measured using six-items adopted from Laros and Steenkamp (2005). Satisfaction was measured on a three-item scale adopted from McCollough et al. (2000). Retaliatory behaviour was measured on a four-item scale adopted from N'Goala (2007) and Gelbrich (2010). Finally, three-items adopted from Weun, Beatty and Jones (2004) and Vorhees and Brady (2005) were used to measure conciliatory behaviours. The sample consisted of 45 percent females and 55 percent males. A vast majority of respondents (69 percent were between 21-40 years of age. All participants had experienced service failure in the last six months and more than half of the respondents (56 percent) had been exposed to service failure in the hotel services context in the last six months. The scales used to measure the main constructs of this study were adapted from previous research. Structural equation modelling (SEM) approach is used to analyse the data.

Results

A confirmatory factor analysis (CFA) using AMOS 20.0 was performed on the eight-factor model consisting of perceived injustice, positive emotions, negative emotions, satisfaction, retaliatory post-failure response, conciliatory post-failure response, emotion suppression, and emotion reappraisal. The results provided a satisfactory overall model fit ($\chi2$ =534.11; df = 349; $\chi2$/df = 1.53; CFI = 0.951; IFI = 0.952; TLI = 0.943; RMSEA = 0.048). All items loaded significantly onto their respective constructs and the item loadings along with the overall model fit indices suggest acceptable unidimensionality and convergent validity of the measures (Bagozzi, 1991). The average variance extracted (AVE) for each construct was greater than the recommended threshold level of 0.5, thus providing further support for the convergent validity of the measures. Each construct's composite reliability was greater than the threshold level of 0.6 as recommended by Bagozzi (1991). Moreover, the Cronbach's alphas indicate satisfactory reliability of the constructs (Bagozzi, 1991).

Furthermore, the results reveal that the constructs are distinct and thus confirming discriminant validity.

The proposed research model is estimated using the structural equation modelling. Overall, the model showed a good fit to the data, with all fit indices deemed acceptable ($\chi2$ = 243.00; df = 142; $\chi2$/df = 1.71; CFI = 0.960; IFI = 0.961; TLI = 0.952; RMSEA = 0.056; AIC = 339.02). Perceived injustice was found to be negatively related to customer satisfaction (β = -0.19, p< 0.05), supporting H_1. We did not observe any significant relationship between perceived injustice and post-failure behavioural outcomes. Thus, both H_2 (perceived injustice → retaliatory behaviours: β = 0.03, p = 0.67) and H_3 (perceived injustice → conciliatory behaviours: β = -0.15, p = 0.06) were not supported. Further analysis revealed that satisfaction mediates the effects of perceived injustice on conciliatory behaviours (satisfaction → conciliatory behaviour β = 0.31, p<0.01) and not retaliatory behaviour (satisfaction → retaliatory behaviour β = 0.01, p = 0.94).

The hypothesized mediation effect of emotions in the relationship between perceived injustice and behavioural outcomes is tested using the bias-corrected confidence interval procedure (2000 samples) in SEM. The results suggests partial mediation in the perceived injustice, anger and satisfaction relationship. The findings provide support for H_4, H_5 and H_6. We used hierarchical regression analysis as suggested by Aiken and West (1991) to test the moderation. The hierarchical regression analysis results show that suppression moderates the influence of pleased on satisfaction (Interaction term: β = -0.25, p<0.01). This supports H_7. H_8 proposed the moderating effect of suppression in the emotions and behavioural outcome linkages. The results of the hierarchical analysis did not support the hypotheses as suppression did not moderate the effects of anger and pleased emotional responses on retaliatory behaviours. H_9 predicted that reappraisal of emotions affects the conciliatory behaviours. The results show that reappraisal moderates the effect of anger on retaliatory behaviours (β = 0.13, p<0.05). This provides support for H_9.

Discussion

Recognizing service failure encounters as an important phenomenon affecting customer behaviour in the market place (Varela-Neira, Vázquez-Casielles and Iglesias-Argüelles, 2008), a number of prior studies analysed the various facets of service evaluation issues and found that customers' emotional responses evoked in service failures will determine their subsequent behaviours. However, no studies have known to test whether and how customers' emotion regulation strategies affect the assessment of the service failure and the nature and level of post-failure behavioural outcomes. Through addressing this research lacuna, the present study explores the role of customers' emotion regulation in service failure encounters.

The present findings support the notion that in a service failure encounter customers will try to regulate the emotions either by changing (reappraisal) or faking (suppression) the emotions experienced. Furthermore, emotion regulation strategies were found to modify the emotions, evaluation, and behaviours of customers in a service failure encounter. The findings contribute to the 'emotional' or 'affective' responses in the service failure literature (Varela-Neira, Vázquez-Casielles and Iglesias-Argüelles, 2008; Harrison-Walker, 2012), and to the paucity of the literature on the customers' emotion regulation in service encounters (Medler-Liraz and Yagil, 2013). While the notion of emotion regulation has been extensively researched in the service employee context (Groth, Hennig-Thurau and Walsh, 2009), our study adds to the emotion regulation literature by focusing on the customers' emotion regulation in service failure encounters. Also, our study addresses the recent call for research into developing process-oriented approach to service research (Tronvoll et al., 2011). The findings of this study using emotion regulation theory has important implications for further

research on service failure and service recovery, particularly given that customers' emotion regulation strategies determine their behavioural outcomes.

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A multi-valenced perspective on customer engagement; and its impact on consumer well-being within the social service sector.

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Abstract

This study explores how three valences of engagement, namely positive engagement, disengagement and negative engagement operate within the social service sector; and their impact on well-being. A qualitative methodology was employed to uncover how these valences manifested within a focal social service relationship; and to explore the impact of these valences on well-being, an outcome which has yet to feature within in CE research. The study revealed that positive CE is highly reciprocal, social and communal in nature, and strongly enhanced well-being. Customer disengagement was found to be a passive and detached state which precipitated a more active and negative state of NE depending on the prior customer relationship. Negative engagement entailed feelings of anger and contempt; and complaint behaviour; and had a significant and detrimental impact on well-being. Lastly, this model was applied within a social service context, namely local government, a context in which an understanding of customer sentiment and engagement is critical for effective service performance.

1.0 Introduction

Services marketing has moved from a traditional, dyadic view of the service experience towards a more encompassing, 'eco-system' perspective that considers a broader range of service networks, environments and outcomes (Chandler and Lusch 2014; Anderson et al. 2013). The networks developed among consumers, organisations and the wider society are increasingly important, as these relationships hold the key to enhancing service value and consumer well-being (Chandler and Lusch, 2014; Anderson et al. 2013). These network connections are dynamic; and provide a feedback loop into the future development of the focal relationship, as well as the future propensity for engagement (Chandler and Lusch, 2014). Customer engagement, or CE, operates within this eco-system perspective, and is considered a multidimensional concept that explores how value is created throughout the range of interactions during customers' service experiences (Chander and Lusch, 2014; Jaakkola and Alexander, 2013). CE contains affective, cognitive and behavioural dimensions (Brodie et al., 2013) that manifest through relational connections that evolve in response to stakeholder/actor inputs and exchanges; and how these networks create value outcomes within service relationships.

Despite the advancements made within engagement research, many theoretical gaps remain. Firstly, CE has predominantly been framed in light of its positive manifestations including its favourable cognitive, affective and behavioural brand-related expressions such as repeat purchase behaviour and positive WOM (Hollebeek and Chen, 2014). Very limited research has investigated its negative expressions (e.g., Hollebeek and Chen, 2014; Bowden, Gabbott and Naumann, 2015) and its impact on service eco-system networks. Similarly, limited research has explored related transitory states of dormant and inactive, passive engagement and whether or not this precipitates relationship termination (e.g., Brodie et al. 2013). This is

despite the fact that service relationships are not always positive, and that "negative brand relationships are in fact more common than positive relationships" (Fournier and Alavarez, 2012, p.253).

This paper therefore aims to address these gaps in the engagement literature by exploring two negatively-valenced expressions of engagement. The first expression is that of *customer disengagement,* which is defined as a passive, yet slightly negative, orientation towards a service relationship causing customer to neglect a relationship (Bowden, Gabbott and Naumann, 2014). The second valence investigates *negative customer engagement,* which is defined as a goal-directed process of active and persistent expressions of negativity that adversely affects the service relationship and type of value created within the service experience (Hollebeek and Chen, 2014). In particular this paper focuses on understanding the nature and outcomes of these relationships (Anderson et al. 2013).

Secondly, CE has almost exclusively been explored within a commercial setting and under a Service-Dominant logic framework. Research to date has largely neglected how CE operates within the context of social services and research is required to advance our knowledge of engagement within service relationships *across* contexts. This paper will firstly examine CE within a social sector setting. Service interactions within this sector have a heightened potential to facilitate/influence well-being outcomes pertaining to consumers' happiness, health, social and community interactions, emotional state and financial/career situation (Anderson et al. 2013; Sirgy et al. 2008).

This study will also apply a transformative service research framework (TSR). TSR is a general theory framework focusing on the role that consumers play in co-creating well-being outcomes throughout all aspects of the service process. This broadened focus allows the authors to examine engagement within a range of networks, including both the horizontal networks developed between consumer entities; and vertical networks between consumers and service entities (Fennema, 2004). This is because TSR examines how the interactions between consumer entities (individuals, collectives [communities] etc.); and service entities (host organisations, employees etc.) impact the well-being outcomes of both (Anderson et al. 2013).

The theoretical contributions of this paper are twofold. First it conceptualises three different valences of engagement within a focal service relationship; and secondly it examines how these valences impact a new outcome, consumer wellbeing, an outcome which has not yet been explored within the existing engagement research (Anderson et al. 2013; Brodie et al. 2011).

2.0 Method

This study adopted a discovery orientation, using focus groups to analyse the meanings and normative perceptions of the respondents (Creswell, 1998). Four focus groups of ten citizens were conducted by one of the authors, who used word and image association tasks. The sample included rate-paying citizens of a large, urban municipality within a major Australian capital city, aged between 18-55, from various ethnic backgrounds, split equally male and female. A range of local councils were included in the sample. The authors analysed the data using NVivo 10. This enabled coding and thematic development and allowed the data to be linked to specific ideas identified from literature and transformed into overall themes. It also allowed the authors to categorise the data into two focal relationship types found within local government services, which are the horizontally-based networks developed between consumer entities (C2C); and the vertically-structured networks between consumers and

service entities (B2C) (Fennema, 2004). The objective was to how explore how positive CE, CD and negative CE manifest within these focal service relationships in a social context; and explore how they influence well-being.

3.0 Findings and Discussion

3.1 Positive customer engagement within social service
Engagement has largely been explored within the commercial context, as such, little is known of its operation in other service environments. The authors were seeking to discover if and how positive CE operated differently within a social sector. The focus groups revealed positive CE to operate within citizens' *horizontal (C2C)* networks through affective, cognitive and behavioural dimensions. This is not surprising, as engagement within social services is largely realised at the collective/ecosystem level rather than between the individual and the organisation exclusively (Anderson et al. 2013). Positive CE was found to operate differently and through new, more socially-orientated concepts within the social sector compared to on traditional constructs such as satisfaction, self-brand connections and involvement.

Cognitive Dimension: Respondents' knowledge and though-processing regarding their community members involved norms of reciprocity and trust. *"There's a level of respect for the community that you're in and people want to contribute." "I feel safe and trust my neighbourhood."*

Affective dimension: Respondents engaged through affective dimensions revolving altruism, feelings of belongingness and community identification *"We all look out for each other. That's the heartbeat of our community."*

Behvaioural Dimension: Whereas previous research revealed how behavioural expressions of CE manifests through sponsored co-creation, the findings from this study show CE to be more communal and social in nature, as it operated within the wider social and horizontally-based networks outside their direct interactions with service entities (i.e. the host organisation and employees). As such, the citizens' co-creation was largely autonomous (Zwass et al. 2010); and they co-created service value by sharing resources, volunteering ideas and helping others (Kaltcheva et al. 2014). This is a new and important finding, as it shifts the focus of CE towards the more socially-based networks and interactions occurring within customers' service experience *"The community group put money together for a building project. That's the heartbeat of our community." "Once you start meeting people in the community it becomes your community."*

3.2 Relationship between positive customer engagement and well-being

The authors were also interested to discover if positive CE influenced well-being. This is important, as previous literature focuses on commercial-based outcomes such as repeat purchase and brand equity, yet the impact of CE needs to be understood in terms of holistic outcomes such as well-being within the social sector (Anderson et al. 2013; Rosenbaum et al. 2011). The findings revealed that customers' positive CE with their service experiences enhanced a range of well-being outcomes. This confirms recent research suggesting that collaborative engagement between a variety of service actors – including employees and other customers – can enhance the psychological and social well-being of all stakeholders

within the service ecosystem (Ramaswamy and Chopra, 2014). By engaging in altruistic behaviours such as organising social events and collaborating for common projects, customers were able to create value through by being a positive 'citizen' of their service community (Fountain, 2001); which enhanced their well-being by providing a sense of social relatedness, security and belonging (Luoma-aho, 2008). Thus, when customers engaged with other consumer entities throughout their focal service experiences, it provided them with a sense of purpose, pride, self-efficacy and control which in turn enhanced their sense of well-being across a number of life domains including their health, happiness and social and community experiences, all of which are important goals for social services (Anderson et al. 2013). *"I think that's a part of the puzzle of overall wellbeing. I enjoy living here and have established that relationship over ten years and that's nice to know you can trust people." "I got to know people in the area and they organise social events together now I'm a lot happier now. So it's a good social vibe." "Just the general fitness in the area, morale, community spirit. I love it. It sort of gives you sort of tranquil feeling - I think it's peaceful." "It gives you a feeling of connectedness." "When you go into that neighbourhood you feel you're at peace."*

Importantly, and in line with a TSR perspective, the benefit of citizens' positive CE entity extended beyond their individual interactions to enhance the collective sense of goodwill and well-being of the larger community 'ecosystem' as well as the host organisation (Anderson et al. 2013). Thus, the benefits of CE were realised on both an individual and collective level, as they had a ripple effect throughout the service ecosystem and to benefit other citizens, the community at large and the host organisation. *"I think those initiatives are fantastic for residents, but also it brings a lot of people into the area so it's great for business, it's great for goodwill, and it's great fun."*

3.3 Customer disengagement as a precursor to negative engagement within social services

Previous research has focused heavily on exploring positive manifstations of CE at the expense of its more negative expressions. This study offers an expanded view of engagement by examining NE; and introducing CD as a transient state that customers may pass *before* becoming more negatively engaged within a service relationship (Bowden, Gabbott and Naumann, 2014). The findings revealed a number of respondents were currently experiencing, or had passed through a through a state of CD within their local government experience. Unlike positive CE which was contained to the horizontal relationship *between* customer entities, CD was found to occur mainly within respondents' vertical relationships with service entities. This finding may have been influenced by the nature of the highly bureaucratic and often forced nature of service relationships within the social service sector (Luoma-aho, 2008), which appeared to increase their sense of resentment, frustration and annoyance in the wake of service failures.

Cognitive dimensions of CD: Respondents were also cynical and distrustful towards their local government (Evanschitzky et al. 2012). *"I think that there's a culture in Councils that is they have power, 'I can abuse it and get away with it'." "I don't see them looking out for people, I don't rely on them."*

Affective dimensions of CD: Respondents appeared disillusioned and frustrated towards their local government (Bowden et al. 2014). *"I've gone to them about the issue and it was difficult, it wasn't enjoyable, it wasn't pleasant, it was a battlefield and the awful thing is it was an expected response from them." "You get frustrated because you live there and the management needs to be stepped up."*

Behavioural Dimensions of CD: Along with this distinctive negative affective and cognitive disposition towards their service provider, a number of customers also identified as more

'passive offenders' who sought to behaviourally neglect interactions their local government (Yi and Baumgartner, 2004; Goode, 2012). *"We've been through a period of Councils becoming anonymous and losing their community interface." "I had come to be accustomed to having no particularly close relationship with Council." "The red tape prevents you, I think, from getting more involved because everything's so difficult on a day to day basis." "I have no involvement." "A lot of people like myself now are going 'I can't be bothered'."* CD appeared to act as a precursor to NE as it created a cycle of detachment within the citizens' focal service relationships. This is an issue for social services, which are often long-term and require direct inputs form customers in order for customers to gain their maximum benefits i.e. government, welfare and charitable services (Anderson et al. 2013). The respondents' sense of detachment negatively impacted upon their overall perceptions, attitudes and opinions of their service experience, and well-being, which placed them on the 'precipice' of becoming actively negatively engaged given the magnitude of future service failures is such that triggers a significant, negative emotional reaction leading to NE.

3.4 Negative customer engagement within social services

Not all customers will remain in a dormant state of CD, and given the strong presence of CD within this context, negative manifestations of engagement need to be understood along with their impact on well-being. As with CD, the discussion of negative CE revolved around the *vertical* interactions between customers and service entities, which can include the host organisation, its service processes and employees (Anderson et al. 2013). However, negative CE was more extreme than CD in that it involved premeditated, activated and dedicated expressions of negative thoughts, feelings, and behaviours throughout the service experience (Luoma-aho, Bowden and Naumann, 2015; Hollebeek and Chen, 2014).

Cognitive dimensions of Negative CE: Respondents perceived their local government to be largely redundant and perceived an imbalance of control appeared to heighten responses blame attribution in times of service failures (Luoma-aho, 2009). *"Councils are filled with people too lazy to work for themselves." "Why are they building all the high rises? It's their fault, isn't it?" "It is their fault. They make that decision."*

Affective dimensions of Negative CE: The affective components of anger and contempt were a prominent theme throughout the groups, supporting the finding that displays of negative emotion typically have the strongest valance within non-profit sectors (Luoma-aho, 2009). *"I've just got a flush of anger about it still because I was the one who lost out." "It infuriates the community."*

Behavioural dimensions of Negative CE: Respondents who are negatively engaged may demonstrate a range of service 'misbehaviours' (Gebauer, Fuller and Pezzei, 2013) which included excessive complaining, deliberate service misuse and spreading negative WOM; venting anger and frustration; showing hostility towards the service; and boycotting the host organisation entirely. (Miller, Fournier and Allen, 2012; Gebauer, Fuller and Pezzei, 2013; Luoma-aho, 2009). *"I've worked for years trying to get council to listen. That's how I've developed my anoyance."*

3.5 Relationship between negative customer engagement and well-being

It was apparent that respondents' NE had a detrimental impact on a range of well-being outcomes. The experiential and emotional content of NE entailed anger, frustration and contempt which prompted consumers to display a range of misbehaviours. The stress of these negative emotions, thoughts and behaviours were not only contained within the direct interactions within this focal negative service relationship, but also 'spilled over' to affect their sense of well-being within other life domains i.e. community, and social lives (Sirgy et

al. 2008). Respondents felt these negative interactions significantly impacted upon their lives, both as a customer; as a collective citizen of community; and in other aspects of their life (e.g. their family). *"There is masses of stress and sleepless nights." "It's a lot of pressure, you don't want to be there fighting all the time. You don't want your kid to be brought up in a very stressful situation." "The local residents feel jaded and we don't feel cared for. The council do not care about our everyday lives here and the increased pressure and stress on all of us."*

In line with a TSR perspective, it was apparent that the impact of citizens' NE was detrimental to the well-being of both the consumer and the service entity. The emotional contagion associated with NE spread within the service ecosystem; which further damaged the reputation of the focal organisation. NE also extended beyond the direct relationship between customers and their local government to impact their individual sense of well-being.

4.0 Implications

This study revealed that firstly, customer engagement can manifest positively, passively and negatively within a focal social service relationship. This represents a new and important contribution to engagement research, as there three states have not been studied concurrently; nor within a social service. Positive CE was inherently communal, and operated through concepts such as reciprocity, trust, altruism, belongingness and helping behaviours. CD was inherently passive, and manifested through concepts such as cynicism, passivity, distrust and relationship neglect. It entailed a higher propensity to eventuate into a more active state of NE, which manifested through anger, frustration, contempt, complaint behaviour and revenge seeking-behaviour.

Secondly, this study diverged from traditional research by applying a TSR framework to the operation of engagement. This highlighted how different valences of engagement manifest within interactions between consumer (e.g. other citizens, communities) and service (e.g. the host organisation) entities. Positive CE was found to be largely contained within the interactions occurring *within* consumer entities; whereas CD and NE were contained to interactions *between* both consumer and service entities. However, all three valences have the potential to cause a ripple effect that extends beyond their original interactions to other aspects of the service ecosystem. Lastly, it examined the impact of these three engagement valances on well-being of consumer and service entities, revealing positive CE to enhance, and NE to diminish well-being on an individual, collective, organisational and ecosystem level.

In light of this, managers of social services must create strategies that both enhance CE; and decrease CD and NE within the all aspects of service ecosystem. This requires managers to look beyond their direct relationships with customers towards all networks in the service experience. Social services should aim to appear open and willing to co-create with their customers; and in the specific case of local governments, managers should redistribute a sense of community ownership back to the citizens given their ability to autonomously co-create valued community services. However, this may prove challenging as a large proportion of customers were revealed to be to disengaged, meaning they neglect their relationship with the host organisation and thus are not actively engaged in sponsored co-creation. In addition, these disengaged customers, who represented the majority of the customer base, may eventuate into a more active state of NE over time in response to multiple negative service failures. Thus whilst CD is largely passive, if left untreated it may hinder the ability for organisations to deliver valued services through sponsored co-creation, which may exacerbate the cycle of service failure leading to more active states of NE. Thus strategies

should revolve on firstly identifying and secondly, trying to re-engage this disengaged segment to minimise the risk of it eventuating into active NE, which may have harmful any spillover effects on the well-being of other customer engagement segments; as well as the service ecosystem as whole.

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Effect of exceeding expectations on future service encounters in B2B relationships

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Abstract

This paper investigates above-expectation service outcomes in a business to business (B2B) setting. Knowledge gaps in our understanding of such service outcomes are identified and a model of perceived performance and service performance evaluation and an extension to the zone of tolerance theory model of customer expectations of service are proposed. An initial validation of the model is undertaken by drawing on the case of a focal supplier of manufacturing services in Australia and service encounters with four of its Australia-based business customers over two years. The process of primary data collection through semi-structured in-depth interviews with five participants from four customer business is described. Selected findings are presented regarding participants' views on service expectations, changes in service expectations and longer term effects on delivering service above expectation. The results provide support for the posited new model and the model extension, i.e. for a model of exceeding customer expectations.

Key words: services marketing, customer expectations, customer satisfaction, service encounters

Track: Marketing of services and information goods

1. Introduction

Due to the competitive challenges faced by businesses today, there is a greater awareness of customer service and customer satisfaction, with an increasing push towards satisfying and even exceeding customer expectations. It is generally accepted that higher levels of service will lead to customer satisfaction, increased customer loyalty and, ultimately, higher profits (Chow-Chua & Komaran 2002; Ghobadian, Speller & Jones 1993; Storbacka, Strandvik & Gronroos 1994). Oliver, Rust and Varki (1997) coined the term 'customer delight' to capture the case where an organisation exceeds customer expectations by a surprising degree. Rust and Oliver (2000) proposed that "consumers' initial expectations of quality are raised by a delight program with a nontrivial cost to the firm" (p. 92).

However, our understanding of customers' actual service expectations following enduring above-expectation service encounters is limited, especially in the case of B2B relationships. Business markets differ from consumer markets in several main ways: Transactions are less frequent and higher in value; interorganisational relationships tend to be fewer (than B2C) and more enduring.

To help address these gaps in knowledge, a study was undertaken to develop a greater understanding of service situations in which long-term business customers receive service performance above their expectations. The consequences of exceeding expectations were explored with reference to the effect on the customer. The research also considered how exceeding expectations affects expectations of service at future encounters. The study aimed to provide business managers with critical information to enable the decision about whether or not to consistently exceed business customers' service expectations at future encounters.

This paper presents key findings from three of the study's research questions related to business customers' perceptions. The paper is structured as follows: The theoretical framework necessary to understanding these questions is outlined, the research methodology is summarised, research results are presented, discussed and conclusions are drawn.

2. Research questions arising from extant theory

Identifying customer expectations

Customer expectations refer to a customer's pre-purchase belief about a product or service, and are the basis on which performance is judged (Oliver 1980a; Zeithaml, Berry & Parasuraman 1993). In general, a customer sets expectations about a particular service before the service delivery. These pre-existing expectations are set as a result of numerous influences, including past experience with the organisation, word of mouth, advertising or public information, service promises, situational factors, personal needs and alternative service offerings (Parasuraman, Berry & Zeithaml 1991; Zeithaml, Berry & Parasuraman 1988; Zeithaml, Berry & Parasuraman 1993).

Satisfying customer needs is predicated on understanding customers' expectation of service delivery (Parasaruman, Berry & Zeithaml 1991). The Australian Standard AS 3906-2004 'Quality of service - guide to customer expectations' (2004) provides the scope of possible expectations, namely those relating to performance, features, conformance, aesthetics, reliability, durability and maintainability. The Standard acknowledges: "Needs and preferences are conceived by the customer and translated into a personalized wish list associated with the proposed transaction. Expectations are rarely well defined and may evolve as the transaction progresses" (p. 7). Hence, the first research question in the study at hand was:

RQ1: *What are the long term service expectations of business customers within the manufacturing service sector?*

Identifying changes in customer expectation levels

Customer expectations may change during a service encounter in response to elements of the service. These service elements may change because service is fundamentally heterogenous, that is service performance – even when designed to meet customer expectations - varies across service providers, across employees from the same provider and even with the same service employee (Wilson, Zeithaml, Bitner & Gremler 2012). To understand how business customers may change their expectation levels in the course of ongoing service encounters, the second research question was developed:

RQ2: *What perceived performance adjustments do business customers make during service delivery?* We posit that perceived-performance adjustments are the modifications that customers make to their perception of actual performance once a service has been delivered or during the service delivery. The Perceived-performance and Service-performance Evaluation Model represents the continual process of assessment and evaluation by a customer in response to service encounters. This concept is visualised in Figure 1 below.

Figure 1. Perceived-performance and Service-performance Evaluation Model
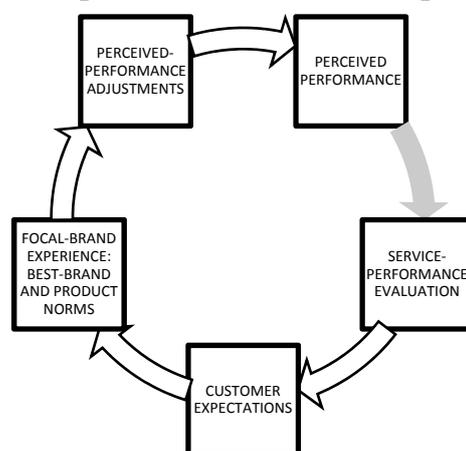
Determining the impact of exceeding customer expectations

The dominant model in satisfaction research is the disconfirmation of expectations paradigm (Lovelock, Patterson & Walker 2007). It holds that any difference between customer expectations and customer perceived service performance gives rise to disconfirmation – negative if the expectations exceeded performance (leading to dissatisfaction) or positive if performance exceeded expectations (leading to satisfaction).

Another psychology theory – assimilation contrast theory – proposes that zones of tolerance exist in customers' perceptions. Small variations from expectations will result in the customer assimilating the difference by rating it in line with expectations. However, significant variations will result in the customer magnifying the variation between actual and expected performance (Anderson 1973). Customers will accept variations between expectations and actual performance to a point; however, any disparity beyond that point will not be accepted (Anderson 1973; Olshavsky & Miller 1972). Hence, "customers' service expectations are characterised by a range of levels between desired and adequate, rather than by a single point of expectation" (Lovelock et al. 2007 p. 80), as suggested in the disconfirmation of expectations paradigm.

Lovelock et al. (2007) observe that the zone of tolerance can expand or contract, depending on circumstances, such as individual-level factors and previous experience. The authors posit that frequent customers are likely to have a narrower zone: Because they have first-hand experience, their adequate service expectations (minimum tolerance level) are elevated. This thinking is based on levels of service provision designed to meet current customer expectations. However, it is unclear from the services marketing literature how customers' zones of tolerance respond to service providers *exceeding* customer expectations. Lawrence and Buttle (2009) suggested that companies need to build customer development plans around increases in revenues in order to achieve outstanding performance, further, service providers may sometimes strive to actually deliver service performance, which exceeds customer expectations, i.e. delight customers (Rust & Oliver 2000).

Hence the third research question examined in the study (and this paper) is:

RQ3: *How does exceeding business customer expectations affect their view of future service encounters*? We posit that exceeding customer expectations narrows the zone of tolerance for future service encounters and increases the desired level of service to the level which exceeded previous expectations. This logic is visualised in Figure 2 below.
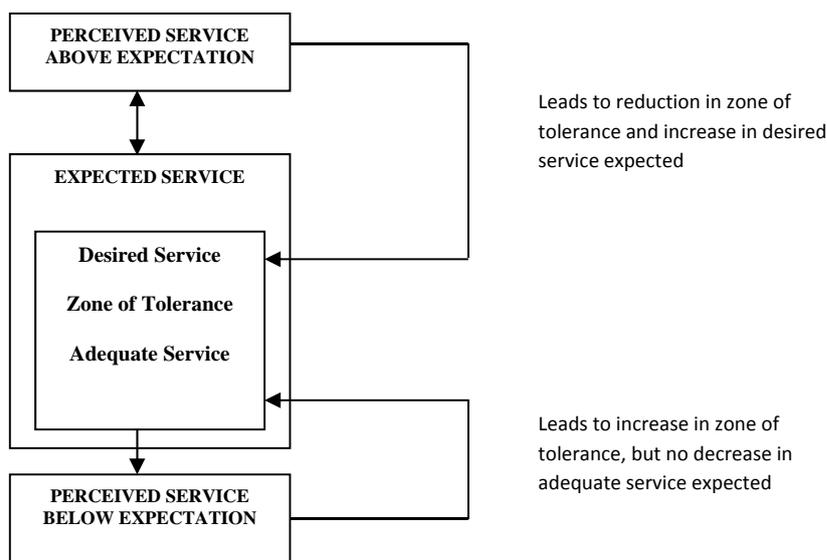

Figure 1. Model for exceeding expectations

3. Research Methodology

Case-study research was utilised as the primary methodology for this research, allowing the investigation of issues in customer expectations within a real-life context (Chetty 1996). The

case study comprised one focal business and four of its business customers.

The focal business is a small business of 50 staff operating in the manufacturing sector, with operational branches in Sydney, Melbourne and Brisbane (Australia). The Brisbane facility is the head-office location. The business provides manufacturing services (specifically thermal processing) to local, national and international customers. Services provided are primarily thermal processes for hardening and softening metals in preparation for installation in machinery, or use in infrastructure or other similar applications. Treatments range from a minimum charge of AU$55 to thousands of dollars, depending on the process required and quantity and weight of the components treated. Processes can vary in length from a matter of hours to a number of weeks, again depending on the treatment required and the quantity and weight of the order.

This supplier business has approximately 1,400 business customers worldwide, which represent a wide range of manufacturing sectors, including mining, agriculture, tooling, automotive, aviation, construction and government. Relationships with these customers vary from one-off service encounters to long-established customers with thousands of interactions. For the purposes of this research, the customer businesses to be researched needed to meet predefined selection criteria, regarding the nature of the B2B relationship, namely:

✓ The service encounter must be a standard encounter—one-off or unique service encounters will not allow for comparison of expectations at future service encounters.

✓ There must be evidence of repeat service encounters—the customer identified is a repeat user. Repeat service encounters over a two-year time period are required to test the proposition that exceeding customer expectations has a positive effect on expected/desired service for future service encounters.

✓ Data must be accessible —the case study can be easily accessed for interviews, observations, recording and document gathering.

In addition, given the researcher's location (in Brisbane), limited budget and the need to conduct interviews face-to-face, the eligible business customer needed to be based on the East-coast of Australia. Accordingly, a limit on the number of case-study subjects was necessary for the research to be completed within a realistic timeframe. This screening of eligible customer businesses yielded four organisations. A summary profile of these customer businesses is provided in Table 1. As can be seen, the customer businesses are quite diverse: Two are local, and two are national divisions of multi-national organisations. The four businesses represent different sized organisations in terms of sales, number of staff and physical size.

	A	B	C	D
Location	Brisbane	Brisbane	Newcastle (Aust-wide)	Australia-wide
Employees	32	40	200 in Newcastle	1200
Ownership	Private	Private	Public (ASX listed)	Private
Business inception	1949	1988	1988	1948
Operations	Manufacturing & engineer services	Distribution for outdoor power-equip.	Steel manufacturing & distribution	Diversified manufacturing
First service encounter	1995	1995	2007	2007
No. of service encounters 2009-2011	153	100	560	50
Order value	$66 to $1,500	$2,000 to $3000	$66 to $4,000	$70 to $2,000
Order frequency (p. month)	6.4	4.2	23	2

Table 1. Overview of the supplier's four customer businesses

Interviews were the primary data-collection technique used in the research. Within each organisation, staff members with in-depth knowledge of the services provided by the supplier business to the customer business were interviewed to obtain a rounded view of the

company's expectations and the areas important to satisfaction. The number of interviews was limited by the number of people with the relationship expertise and familiarity to the situation in order to respond adequately to the interview questions. In addition to five customer interviews, interviews were conducted with seven staff employed by the supplier organisation. Therefore, in total twelve people were interviewed.

The interviews collected data relevant to the relationship to the customer businesses and the extent to which they could offer insight into the customers' expectations, and any detail they could provide about their observations of customer service. The interview protocols were developed from information collected in the literature review (see Table 2). In addition to the data collected from the interviews and internal staff, secondary and quantitative data were compiled on each of the case-study businesses. These data were used to gain a greater understanding of each business and support the qualitative interview data.

Concepts of interest	Sources
Scope and determinants of customer expectations	Zeithaml, Berry & Parasuraman 1993; Winer 1985; Johnson et al. 1995; Ghobadian, Speller & Jones 1993; Dotchin & Oakland 1994; Kandampully 1997; Ferguson, Salazar & Alvarez 1999; Lee, Lee & Yoo 2000; Antonacopoulou & Kandampully 2000; Walter & Germunden 2000; Chow-Chua & Komaran 2002; Australian Standards 2004
Focal-brand experience	Woodruff, Cadotte & Jenkins 1983
Perceived-performance adjustments/changing expectation levels	Fisk 1981; Walker 1995
Disconfirmation of expectations	Oliver 1980a; Churchill & Surprenant 1982; Walker 1995
Zone of tolerance	Parasuraman, Zeithaml & Berry 1985, 1988

Table 2. Model constructs and sources

4. Results

The data collected during the interviews were analysed in terms of the five research questions. This paper presents key results from three of the research questions. In relation to RQ1 (what are business customer expectations), we found that all four customer businesses have similar expectations, as shown in Table 3. Five areas (conformance, promptness, value, responsiveness and reliability) were most important to each of the customer businesses.

Service areas of importance	A	B	C	D	Average
Conformance—compliance with pre-established specifications, standards	1	1	1	1	1.00
Promptness—timeliness of delivery, punctuality	1	1	1	1	1.00
Value—perceived quality relative to price	1	1	2	2	1.50
Responsiveness—ability to react to specific needs; awareness, willingness, alertness	2	2	1	2	1.75
Reliability—ability to meet criteria consistently; dependability, trustworthiness	1	3	2	2	2.00
Information—instructions, data, facts, knowledge, communications	3	3	2	1	2.25
Aesthetics—appearance	2	3	2	4	2.75
Confidence—reputation, assurance, credence	3	3	3	2	2.75
Image—sum of experiences, beliefs, knowledge and impressions	3	4	3	2	3.00
Performance—primary operating characteristics	4	5	3	2	3.50
Durability—useful operating life; endurance, hardiness, toughness	4	5	4	3	4.00
Features—supplements, attributes, distinctiveness, differences	4	5	3	4	4.00
Safety—safe operation of product or safe delivery of service	5	5	5	2	4.25
Consideration—recognition, regard, thoughtfulness	4	4	4	5	4.25
Maintainability—ease and convenience of repair/rectification	4	5	5	4	4.50
Product-recall procedures—effective recall procedures	5	5	5	4	4.75

Table 3. Four customer businesses' service expectations*

* 1 = most important; 5 = least important

The findings from RQ1 are supported by participant interview data. Respondents from the customer businesses commented on their identification of the service areas of importance:

- '*value and turnaround time are critical*' (Business A).
- '*our parts must meet purchase order specification*' indicating that without conformance to specification the service was useless (Business B).
- '*we need our jobs back on time and as per our requirements*' (Business C).

Once a service encounter occurs, the customer will compare actual service outcomes against their pre-set level of expectations. RQ2 was aimed at understanding the change in expectations of the customer businesses based on the same areas of assessment and during the two year period of service encounters. Outcomes above expectations are said to exceed consumer expectations, while outcomes below expectations fall short of delivering the expected level of service. The Conceptual Model of Service Quality (Parasuraman, Zeithaml & Berry 1985, 1988) sees a customer's assessment of service quality as a comparison of service expectations with actual performance, in particular when dealing with Gap 5 (see Figure 1). Table 4 reports the results of RQ2, providing an indication of the important service areas seeing increased expectations over a two year observation period. Three of the four case-study business noted increases in expectations, in particular in expectations of promptness (cases A and C) and of responsiveness (cases A and C) – see Table 4. Each of these three businesses experienced a difference between perceived and expected service, equivalent to Gap 5, and that the experienced outcomes were above their expectations. This resulted in an increase in their expectations. This finding is supported by participant interview data. Participants from the three businesses reporting increases in service expectations explained that:

- '*service is better*' and that the ability to access staff when required is a positive outcome (Business A).
- '*deliveries are now faster*' and there a positive feeling towards the increased expectations (Business C).
- '*representation has improved and is very helpful and adds value to our relationship*' (Business D).

These comments show that above-expectation deliveries are viewed in a positive light by customers. In this situation, the customer receives a service that is above the predicted level of service, and they have a positive or favourable reaction to the service encounter. This is consistent with the theory of positive disconfirmation.

Table 4. Change in four customer businesses' service expectations*

Service areas of importance	A	B	C	D
Conformance—compliance with pre-established specifications, standards	∧			
Promptness—timeliness of delivery, punctuality	∧		∧	
Value—perceived quality relative to price				
Responsiveness—ability to react to specific needs; awareness, willingness, alertness	∧		∧	
Reliability—ability to meet criteria consistently; dependability, trustworthiness			∧	
Information—instructions, data, facts, knowledge, communications				∧
Confidence—reputation, assurance, credence	∧			

* 1 = most important; 5 = least important
∧ = increase; service areas with no reported changes are not included in the table

RQ3 sought to determine the longer term effects of delivering service above expectation. Business B was excluded, as it noted no change in service levels. When the other three businesses were asked whether their expectations of the service encounter will remain at the new, higher level, the response was affirmative in two cases. Business A observed that a good

service cannot be offered for a short time, and that they will expect a similar service at future service encounters. Business C had a similarly affirmative response, noting that the new level of service is now expected. Business D did not specifically state that the new level was now expected, but commented that the new level of service was a positive for the relationship between the businesses, suggesting an ongoing positive consequence.

5. Conclusion and contributions
The case study data gathered for this research shows that customers will increase their expectations following a service encounter that delivers above the service level they expect. Once customers increase their expectations as a result of above-expectation service, they retain those higher expectations for future service encounters. An effect of decaying memory traces (Rust & Oliver 2000), was not found. Hence, the study adds knowledge to our understanding of customer perceptions and evaluation of service performance. The research also confirmed that exceeding customer expectations narrows the zone of tolerance for future service encounters and increases the desired level of service to the level which exceeded previous expectations. With regard to changes in customer expectation levels, the case study data supports the clear identification of changing expectations by respondents, resulting in a gap between expected service and perceived service.

We hope that the outcomes of this research will assist small and medium business owners and managers to understand customer expectations with a view to managing and planning future service encounters. Businesses that are better able to understand the concepts related to this research and develop contingency strategies to deal with the outcomes will potentially have a greater ability to develop loyal and satisfied customers. Further research is required to test on a larger scale the theory that – in B2B markets - delivering service performance at a level which exceeds customer expectation will lead to a narrowing of zones of tolerance.

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An Exploratory Study on Incorporating Faith-Based Practices in Healthcare Service Quality

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Abstract

This study was initiated to explore Muslim patients' religious concerns toward healthcare service provision, which shall later be incorporated as items to measure service quality of healthcare. SERVQUAL measurement is sensitive to cultural differences and nature of the service industry, thus adaptation is needed to provide a better picture on service quality. This study shed lights that provision of religious care incorporated as faith-based practices in hospitals and clinics are important elements in healthcare service quality that should not be ignored. Undertaking interviews in a Muslim-dominated nation, this research has identified (i) gender sensitivity, (ii) prayer considerations, and (iii) religious support service as the basis for *religious therapeutic* in healthcare for Muslim patients. This study provides a better understanding that religious elements incorporated into healthcare may help enhance the spiritual wellbeing of individual and boost their physical and mental health.

Keywords: healthcare, service quality, Muslim, religious concern

Track: Marketing of Services and Information Goods

1.0 Introduction

Undoubtedly high-end technological diagnostic equipment is pivotal to provide excellent services in the healthcare industry; however, it is also essential to recognise that one's faith, belief and trust are the backbones of psychological well-being of individuals seeking medical attention. Studies have shown that religious involvement and spirituality play important roles on one's physical and mental health, as well as lifestyle, attitudes and wellbeing (Chatters, 2000; Hill et al. 2000). Evidences highlighted the significant role of religious and spiritual values and practices in helping patient's deals with their health problems. However, there lacks evidence of patients' religious needs in healthcare.

Religion influences have been found to affect myriad of consumers' affairs. Study on the effect of religion on consumers span from usage of credit card to political stands, and recycling behaviours. Yet there is no report on marketing study which tested religious influence on consumer expectation and satisfaction in healthcare services. Not only is there growth of studies on religious involvement on patients' coping with illnesses as well as healing, the reported increase in Muslim patients' religious conservatism and identification provides another strong

basis to understand possible influence of religion's influence on patients' expectation and satisfaction of healthcare services.

2.0 Healthcare Service Quality

Assessments on quality of healthcare are often challenging due to the complexity on medical technicality, and high interactions between patients and medical staff. From the marketing perspectives, the manner by which healthcare service is performed (functionality quality) gives better insights into patients' quality perceptions compare to their assessment on accuracy of medical diagnosis and treatment (technical quality) as patients often lack medical knowledge (Donabedian, 1980, 1982).

Hult and Lukas (1995) distinguished between medical care and healthcare, where the former primarily involves diagnosis and treatment of illness and disease while medical, social, cognitive and emotional factors are taken into account for the latter. Swartz and Brown (1989) reported differences between patients' and physicians' perceived service quality of healthcare. Quality evaluation of healthcare service provider, on top of technical care, hospital or clinical environment also plays a crucial role such as physical facilities and equipment, presence and interactions with healthcare service providers and even reading materials (McAlexander, Kaldenberg & Koenig, 1994).

SERVQUAL comprised by five dimensions (i.e. reliability, responsiveness, assurance, empathy and tangibles) developed by Parasuraman, Zeithaml and Berry (1988) remains the most widely used measurement tool to determine service quality and is also recognised as a quality management model. The healthcare industry is complex, and many studies revealed different service quality determinants within this industry. Some researches have applied and adapted the SERVQUAL instrument to explore healthcare service quality dimensions, investigate perception and/or expectation towards healthcare or examine relationship between service quality and satisfaction; and mixed findings were reported (e.g. Brown & Swartz, 1989; Choi et al., 2005; Dean, 1999; Gunawardane, 2011; Jun, Peterson & Zsidisin, 1998).

This study acknowledges that some researchers argued that SERVQUAL is inadequate as a measurement tool for healthcare due to the uniqueness of health services (Haywood-Farmer & Stuart, 1988; Sohail, 2003; Vandamme & Leunis, 1993), and it has also been criticised as weak on reliability, unstable in its dimensionality and the small number of items are insufficient to measure each dimension. Nonetheless, the scale remains an important measurement for service quality across different sectors (Buttle, 1996), provides reliable and valid results on functional service quality in the hospital environment (Babakus & Mangold, 1992) and is often the preferred model to measure service quality and provide indications on satisfaction towards health service providers.

2.1 Muslims' needs in healthcare

Culture has strong influence on consumers' evaluation, preferences and purchase criteria when patronising service organisations (Mattila, 1999; Smith & Reynolds, 2001). Gayatri, Hume and Mort (2011) identified "Muslim-specific" attributes during service quality evaluation; which are: (i) *halal* (lawful) vs. *haram* (unlawful) business transactions; (ii) attention to Muslims' religious activities; and (iii) honest behaviour of service provider. The authors added that humaneness and trustworthiness have important effects on Muslims' judgments on quality of service providers.

Some studies suggest that service providers have to be culturally sensitive to be more effective to influence consumers' perceptions and satisfaction towards healthcare. Padela et al. (2012) reported that Muslims expressed the need for gender-concordant care, availability of *halal* (permissible) food and prayer space in healthcare service providers. Yosef (1998) suggests that nurses need to be sensitive to religious and cultural factors during their care to Arab Muslims in the United States. His study reported that Arab Muslims are of the opinion that modesty, gender preference for healthcare service provision, and misconceptions of illness causation hindered their access to the American healthcare system. Accommodating and understanding one's need according to one's faith is critical to deliver quality service, especially in healthcare where there are high interactions between patients and physicians or health workers.

Relatively, Islamic religion tends to have significant influence over Muslim consumers' everyday life activities. For example, Muslims fast in the month of Ramadhan, have specific expectations for allowable degree of interactions for inter and intra genders, and tend to prefer products approved by Islamic rulings. Islamically defined lifestyle of Muslim patients could call for additional customisation of healthcare services.

2.2 Objectives and Significance of Study

This study is part of a larger study which aims to empirically test a modified/extended healthcare SERVQUAL framework by inclusion of a 'religious concern' dimension in a Muslim society. Islamic religion pervasively governs Muslims' life affairs both spiritual and behaviour perspectives (Kim, Miller & Erdogan, 2004), and accordingly rewards and punishes behaviours according to its framework. Normative norms and internal religious motivation drive Muslim consumers to be more wary of adopting religious teachings (Muhamad & Mizerski, 2013) than other religious groups (Wilkes, Brunett & Howel, 1996). Thus this religious group stands out as a potential cohort in exploring the influence of religion on healthcare services.

Quality measures are highly subjective to cultural differences and adaptation is necessary to suit specific cultural setting and condition. In the marketing discipline, the role and impact of religion in service organisations remains an understudied area (King & Koenig, 2009), and there also lacks empirical evidence of service quality applications across cultures (Espinoza, 1999). Gayati, Hume & Mort (2011) pointed out that no study has been carried out to examine Muslim consumers' evaluation of service quality, as previous studies mainly assessed the Confucian influence in Chinese-speaking countries. To date, no study has been conducted to explore and/or validate the effect of religion in healthcare service quality within the Muslim community.

Service quality studies often focused on establishing determinants of quality to provide suggestions to practitioners (Dean, 1999), and these dimensions tend to be industry-specific (Asubontent, McCleary & Swan, 1996). Henceforth, an assessment of SERVQUAL for healthcare in the Muslim community is deemed relevant for this research as (i) it would assist healthcare managers to recognise the role of religious involvement on patients' wellbeing and satisfaction towards health provision; (ii) contribute to the literature of service quality and healthcare by testing the reliability and validity of a religious dimension to improve healthcare service quality; (iii) extend knowledge in the cultural and service aspects; and (iv) previous studies mainly evaluated healthcare using SERVQUAL measure.

In general, this research hopes to attain items that represent Muslim patients' religious needs towards healthcare service provision, which subsequently help to develop a religion-based dimension as part of the SERVQUAL model for testing at a later stage.

3.0 Methodology

This study engaged in-depth interviews by probing respondents on their needs, expectations and/or experiences toward healthcare services along the Islamic perspectives. Thematic analysis was adopted in search of patterns within the interviews' contents. The method deems as a flexible instrument applicable to various academic research theories and approaches (Braun & Clarke, 2006), and enables the rich interview data to be minimally categorised and interpreted (Braun & Clarke, 2006; Fereday & Muir-Cochrane, 2006).

The research was conducted in Brunei Darussalam, a Muslim-dominated country with a population of 393,162 in 2011 (Brunei Government, 2012). Islam is the official religion of the country, and sixty-seven percent of the population are Muslims, while the remaining people practice Buddhism, Christianity, Hinduism or are free-thinkers. Brunei is moving towards transforming into a *Zikir* nation (one that upholds *Allah*'s laws, instilled good moral values in its citizens and approach to other countries) (Saim, 2013), and has recently called for greater attention into Islamic medical practices.

A total of fifteen participants residing in Brunei Darussalam were probed for their opinions, expectations and experiences with local healthcare services. They are of the Islamic faith, ranged from twenty to fifty-year-old, and received religious studies for at least six years. The interviews follow a semi-structure format, last for at least one hour and were conducted in English, Malay or both languages; while the interviewers are fluent in both languages allowing interviewees to be at ease when expressing their opinions, needs or expectations on service quality in Islamic healthcare.

4.0 Findings

All participants agreed that their faith or spirituality help them cope with illness or life's difficulties. They are also of the opinion that healthcare service provider should observe the role of religion in healthcare provision for Muslims. Three themes on their needs or expectations towards healthcare services emerged from the interviews:

4.1 Gender preference on healthcare service personnel

Although some participants recognised that due to circumstances like lack of female doctors in a particular medical field, nevertheless, many females expressed greater need for female doctors during medical consultations, maternity or female health-related treatments. Concern was also raised on gender preference for nurses attending to patients, especially for in-patients wards. This is primarily due to their concerns on covering of *aurat* (religious ruling on covering female body parts), and privacy issue. They would feel more secure and be more comfortable with a same-gender doctor or nurse.

4.2 More attention on prayer considerations

In this aspect, many participants expressed that healthcare provider should put in more considerations on (i) prayer time, (ii) prayer space, and (iii) prayer before surgery. At times, patients spend long hours whether to seek consultations, to visit relatives or to accompany someone at outpatient clinics and inpatients; thus, some participants felt that it is important that healthcare observes the importance of prayer breaks and provide appropriate prayer space for Muslim patients, visitors and hospital staff. *Du'a* (religious supplication) before surgery plays a crucial role to ease one's anxiety prior to an operation. Hence, many participants would like Muslims staff to provide this religious ritual as part of healthcare's attention on patients' wellbeing, and not just their physical health.

4.3 Provision of religious support service

Religious support services for patients, especially for terminally ill patients, plays important roles on their psychological health. Some participants believe that an in-house religious counsellor helps patients better cope with their medical concerns, provide appropriate methods to handle stress and anxiety, and importantly, helps one to be motivated and boost their spirit at times of difficulty. A participant with a chronic illness shared the importance of one's spiritual being to be motivated. She has circle of friends who support her by continuously reminding her about *Allah* (god), and it gave her strength and motivation to fight the disease and healthcare should adopt a similar approach.

Interestingly, from the perspectives of the participants, they voiced out that Islamic values incorporated into healthcare services help doctors, nurses and health workers to be more compassionate and respectful, greater dedication and integrity in their work, and be more empathetic and kind towards patients. One interviewee also voiced out her concerns on availability of *halal* (permissible) drug for medical treatments.

5.0 Discussion

One's faith and spirituality plays a crucial role on his/her mental wellbeing, as well as physical health, and incorporating faith-based practices into hospitals and clinics are beneficial to both service providers and patients/visitors. Greater understanding on patients' religious needs would help healthcare providers develop and incorporate appropriate practices and facilities attending to their needs, and which may subsequently enhance perception on service quality (practical implication). This study revealed three elements (gender sensitivity, prayer considerations and religious support service) representing *faith-based practices,* desired by patients in hospitals and clinics, are identified by this study as potential items to be developed and incorporated as a *religious therapeutic* dimension to be tested in an extended SERVQUAL model in a subsequent study later.

This study makes a theoretical contribution to the literatures of the Muslim world, and healthcare service quality. Empirical findings in this research add to the lack of study pertaining to religious influence on service quality perception of healthcare providers. Consistent with the study by Gayatri et al. (2011), this research found that Muslims believe that Islamic practices incorporated into healthcare would lead to higher level of humaneness within the organisation.

Finally, the study acknowledges that the small pool of participants may not be generalisable to Muslim patients' religious needs toward healthcare. In addition, as participants in this research reside in a Muslim country, the needs of Muslim patients in non-Muslim society would differ (for instance, availability of *halal* food in hospital is a concern by Muslim patients in the United States, but this is not a problem for residents in a Muslim country).

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Service orientation, market performance and firm size –
An examination of differences between micro firms and small and medium-sized firms

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Abstract

Given the increased importance of services across industries, service orientation has become one of the key factors in explaining business success. Prior literature conceptualizes service orientation through four subcategories, namely 1) service leadership, 2) service encounter, 3) service systems and 4) human resource management. Focusing on two of these subcategories, namely service systems and human resource management, the authors hypothesize that their effect on market performance is moderated by firm size. Specifically, it is suggested that they become more relevant as firms grow and develop a need for formal systems and processes for consistent service delivery. Testing this assumption, the authors analyze a data of 329 effective responses from Finnish SMEs, using structural equation modeling. Surprisingly, the results do not support the above hypothesis. It appears from the findings that service systems and human resource management play only a minor role in enhancing market performance.

Keywords: Service orientation, service systems, human resource management, market performance, firm size, moderation, SMEs

Track: Marketing of Services and Information Goods

1.0 Introduction and Study Rationale

According to Lytle et al. (1998, p. 459), service-oriented firms "engage in service-giving practices (attending customer needs, sharing, helping, assisting, giving) that reflect the belief that service excellence is a strategic priority and that service significantly impacts the creation of superior value, customer satisfaction, competitive advantage, growth, and profitability". The positive performance effects of service orientation are regarded as unrelated to specific industries (Lynn et al., 2000); therefore, all firms despite their characteristics are believed to be able to enhance their success via developing a service orientation. For example, the results by Lytle and Timmerman (2006) show that service orientation has a positive effect on firm performance in retail banking. Lytle et al. (1998) conceptualize service orientation as consisting of four subcategories, namely (1) *service leadership*, (2) *service encounter*, (3) *service systems* and (4) *human resource management*. These categories are further divided into ten specific elements, such as *service training* (human resource management) and *service failure recovery* (service systems). However, as service orientation includes a large number of elements, each with different emphasis, one may ask whether all of them are equally important for business success. Also, it is not well-known whether their relevance in fact vary depending on firm characteristics, such as firm size. This study addresses these questions.

Specifically, we investigate whether firm size moderates the effect of service orientation on market performance. Importantly, instead of treating service orientation as a second-order

construct, we study it through its respective elements. However, we focus only on a subset of service orientation categories, namely service systems and human resource management. While all four subcategories play a role in enhancing business success, service systems and human resource management can be seen as the most critical managerial practices for ensuring that the employees have both an adequate skill set and motivation towards serving customers. Service leadership and customer treatment, on the other hand, are more concerned of ensuring an appropriate organizational mindset and culture (Lytle et al., 1998). We hypothesize that the importance of these elements may, however, depend on firm size. Understanding whether this indeed is the case helps firms to decide whether they should reallocate their resources between different service orientation elements when the firm size changes.

2.0 Literature Review and Research Hypotheses

Service systems. Lytle et al. (1998) note that proper functioning of the service creation and delivery system is crucial for ensuring consistent service quality. The purpose of service systems is to ensure that the organization operates in a systematic and well-organized manner, thus minimizing the risk of unpredicted service quality failures. A service system includes 1) service technology, 2) service failure prevention, 3) service failure recovery and 4) service standards communication. The benefits of technological tools include, for example, lower prices to customers, customized services and 24-hour service provision (Lytle et al., 1998). For example, customer relationship management (CRM) tools, such as computer-assisted customer databases, offer firms a means of improving customers' experience with them. Ideally, a CRM system helps in ensuring that each customer can be identified and treated as an individual (Stringfellow et al., 2004). Moreover, having service failure prevention practices in place, such as ensuring that customer feedback is both actively recorded and analyzed to support service development (Antioco et al., 2008), is a proactive means of reducing the risk of customer dissatisfaction. A service system also needs to involve service failure recovery practices that can help to alleviate negative customer feelings if something goes wrong (Smith et al., 1999). Finally, the aim of service standards communication is to ensure that every employee adopts these standards and behaves accordingly. It is crucial for firms to be specific what they expect from their employees with regards to service standards, procedures and behavior (Lynn et al., 2000). While service systems are useful to virtually any firm, we argue that their help becomes even greater as firms grow bigger. Larger firms often have more complex organizational structures, making service systems and processes important for ensuring service consistency and quality which, in turn, affects their success. Smaller firms, on the other hand, may tackle these issues without establishing formal service systems, given the short distance between the management and employees that allows more informal means of managing and ensuring service quality. Thus, we hypothesize:

H1: The effect of service systems on market performance is stronger among larger firms than among smaller firms

Human resource management. A great part of services are produced in a direct interaction between the customer and the service provider. Consequently, the behaviors of service employees have an impact on customers' perceptions of service quality. Prior research shows that by paying attention to recruiting, training and rewarding of employees, firms can improve service quality and support a consistent brand image (Punjaisri et al., 2009). In the service orientation framework, with regards to human resource management, special attention

is paid to service training and rewards. Training is regarded as a basic tool with the help of which firms try to 1) develop employees' understanding of the firm's strategy, 2) lead their attitudes relating to the strategy and its implementation to a positive direction and 3) enhance their skills with regards to communication, sales and providing services (Grönroos, 2000). Service rewards, on the other hand, guide employees towards the goals of the firm because through them the firm communicates what is important (Miles and Mangold, 2004). Consequently, service rewards motivate and strengthen employees' commitment to firm goals (Oliveira and Roth, 2012). Importantly, similarly to service systems, we assume that the importance of human resource management as to market performance is greater among larger firms than among smaller firms. As the number of employees grows, firms need to put incresing emphasis in ensuring that employees are being trained properly and that the reward system acknowledges the differing motivations of employees, so that all of them are interested in offering high quality service. Thus:

H2: The effect of human resource management on market performance is stronger among larger firms than among smaller firms

3.0 Data Collection and Measurements

The data was collected using an online questionnaire directed to Finnish companies whose contact information was available in public company registers. Altogether 8,735 firms were sent an email including a cover letter and a link to the survey. The total number of responses was 487, of which 329 were eligible for this study: only those firms were selected who (1) employ at least two persons, excluding sole proprietors as many of the service orientation elements might be irrelevant for firms with no employees besides the owner, and (2) employ less than 250 persons, representing SMEs in the classification system offered by the European Union. The data includes no missing values. The 35-item scale used for investigating service orientation was derived from Lytle et al. (1998). This scale has been further developed by Lytle and Timmerman (2006), who include one new item for measuring service failure recovery. We use the updated 36-item version of the scale with altogether five items used to measure service failure recovery. With regard to the other elements in the service system category, service failure prevention and service technology are both measured with three items, and service standard communication with five items. As for human resource management, service training and service rewards are measured with three items and two items, respectively. A seven-point Likert scale (1=*Totally disagree* to 7=*Totally agree*) was used for measuring the service orientation elements. Regarding market performance, we use a three-item scale from Laukkanen et al. (2013). The scale measures a firm's success in relation to its competitors in 1) acquiring new customers, 2) gaining customer satisfaction and 3) retaining current customers. A seven-point scale was used to measure market performance, with 1=*Clearly poorer* and 7=*Clearly better*.

4.0 Research Results

4.1. Non-Response Bias

We tested for non-response bias in order to ensure that the non-respondents do not differ from those who did return the survey. The extrapolation method (Armstrong and Overton, 1977) was followed. The respondents were categorized as either *early respondents* (the 1st quarter) or *late respondents* (the 4st quarter) based on the response order. The results show that the early and late respondents differ (p<0.05) in relation to four items. Given the small number of items where differences were found, it can concluded that non-response bias does

not represent a major issue in this study. We nevertheless urge that the readers acknowledge these findings when reviewing the results below.

4.2. Confirmatory Factor Analysis

We conducted confirmatory factor analysis in order to establish a measurement model and validate the latent research constructs. The measurement model included altogether seven latent constructs, measured with 24 items. The initial model yielded a good fit with χ^2=616.99 (df=231, p<0.001), χ^2/df=2.67, CFI=0.933, RMSEA=0.071 (Hair et al., 2010). Next, the average variance extracted (AVE) and shared variance of each construct were calculated in order to test for convergent and discriminant validity (Fornell and Larcker, 1981). AVE values greater than 0.50 are considered as indicating sufficient convergent validity. This requirement is satisfied in this study in respect to all but one construct, namely service failure recovery (Table 1). Given the low internal consistency of this construct, together with its high correlations with other constructs in the model, we omitted it from further analysis. The construct reliabilities (CR) of all the remaining constructs surpass the recommended 0.70 threshold (Hair et al., 2010). Finally, discriminant validity is similarly supported as the AVE value of each construct is greater than its shared variance (Fornell and Larcker, 1981); that is, the amount of variance a latent construct explains in observed variables related to another latent construct (Farrell, 2010). Omitting the service failure recovery construct also improved model fit (χ^2=312.29 (df=137, p<0.001), χ^2/df=2.28, CFI=0.962, RMSEA=0.062).

Table 1: Convergent and discriminant validity

	Composite reliability (CR)	Service training	Service rewards	Service failure prevention	Service failure recovery	Service technology	Service standards comm.	Market perform.
Service training	0.919	**0.793 [A]**						
Service rewards	0.822	0.471 [B]	**0.698 [A]**					
Service failure prevention	0.847	0.206 [B]	0.251 [B]	**0.649 [A]**				
~~Service failure recovery~~ [C]	~~0.787~~	~~0.585~~ [B]	~~0.602~~ [B]	~~0.588~~ [B]	~~0.429~~ [A]			
Service technology	0.945	0.132 [B]	0.073 [B]	0.145 [B]	~~0.133~~ [B]	**0.851 [A]**		
Service standards communication	0.912	0.487 [B]	0.523 [B]	0.504 [B]	~~0.916~~ [B]	0.126 [B]	**0.651 [A]**	
Market performance	0.800	0.147 [B]	0.246 [B]	0.301 [B]	~~0.434~~ [B]	0.004 [B]	0.336 [B]	**0.580 [A]**

Note: [A] Average variance extracted (AVE); [B] Shared variance (i.e. squared interconstruct correlation). [C] Construct omitted from further analysis due to lacking convergent and discriminant validity.

4.3. Common Method Bias

We used Harman's single factor test for testing for common method bias. The final CFA model was altered so that all the measure items were specified to load on the same latent construct. This one-factor model was then compared against the hypothesized multiple-factor model. The model fit of the one-factor model is significantly weaker than that of multiple-factor model ($\Delta\chi^2$=1791.39, Δdf=15, p<0.001), implying that common method bias is not a major concern here.

4.4. Measurement Invariance

Next, we examined measurement invariance in order to ensure that the measurement instruments yield the same representation across the two moderator subgroups (Steenkamp and Baumgartner, 1998). Three steps were taken to establish 1) configural invariance, 2) metric invariance and 3) factor variance invariance. The two moderator subgroups compared against each other were *micro firms* (firms employing 2-9 persons; *N*=247) and *small and medium-sized firms* (firms with 10-249 employees; *N*=82). The results support configural invariance, as the two-group unconstrained model shows a good fit with χ^2=554.35 (df=274, p<0.001), χ^2/df=2.02, CFI=0.942, RMSEA=0.056. Metric invariance is similarly supported, given that constraining factor loadings equal across micro firms and small and medium-sized firms does not significantly weaken model fit compared to the baseline (configural) model ($\Delta\chi^2$=13.81, Δdf=13, *ns*). Finally, the results lend support to factor variance invariance as well ($\Delta\chi^2$=5.47, Δdf=6, *ns*).

4.5. Step 1 - Multigroup Structural Model (H1-H2)

Multigroup structural equation modeling was used for testing the research hypotheses. Contrary to the expectations that service orientation would play a major role in enhancing market performance (e.g. Lytle and Timmerman, 2006), the results reveal only a limited impact. Specifically, in micro firms, only service standards communication has a positive effect on market performance (β=0.530, *t*=3.767), whereas in small and medium-sized firms no such effect exists. Importantly, moderation analysis shows that this difference is statistically significant ($\Delta\chi^2$=6.14, Δdf=1, *p*=0.013). Regarding small and medium-sized firms, only service failure prevention contributes to market performance (β=0.557, *t*=3.027). Among micro firms no such effect exists. This difference is again statistically significant (although at a less strict confidence level of 90%), supporting the moderating effect of firm size ($\Delta\chi^2$=3.28, Δdf=1, *p*=0.070). No other statistically significant paths appear from the results. Overall, the results seem to lend no support to H1 or H2. Table 2 summarizes the results.

Table 2: Research results (Step 1)

Dependent variable	*Micro firms*		*Small and medium-sized*		*Moderation analysis*		
	β	*t*	*β*	*t*	*Δχ²*	*Δdf*	*Sig.*
Market performance							
Service failure prevention	0.163	1.563 ns	0.557	3.027 **	3.28	1	0.070
Service stds. communication	0.530	3.767 ***	-0.250	-0.852 ns	6.14	1	0.013
Service technology	0.022	0.348 ns	-0.060	-0.357 ns	0.19	1	ns
Service rewards	0.129	1.332 ns	0.363	0.933 ns	0.38	1	ns
Service training	-0.125	-1.379 ns	0.050	0.160 ns	0.26	1	ns

Note: *** p<0.001, ** p<0.01, *ns* = non-significant (p>0.10)

4.6. Step 2 - Post-Hoc Testing with Single Outcome Variables

Given the surprising results reported in section 4.5., we divided the market performance construct into its constituent elements in order to study whether different service orientation elements affect only specific domains of market performance. Table 3 reports the results. It appears that among micro firms, service standards communication drives all three performance dimensions, while the effects of service failure prevention and service training are less clear. As for small and medium-sized firms, all three performance dimensions are contributed to by service failure prevention, while the other service orientation elements either have a negative effect or no effect at all. Table 3 also includes the results of moderation analysis.

Table 3: Research results (Step 2)

Dependent variable	Micro firms		Small and medium-sized		Moderation analysis		
	β	t	β	t	Δχ²	Δdf	Sig.
1) Acquiring new customers							
Service failure prevention	0.019	0.185 ns	0.590	3.387 ***	4.66	1	0.031
Service stds. communication	0.222	1.705 *	-0.559	-1.934 *	7.22	1	0.007
Service technology	0.086	1.343 ns	0.251	1.549 ns	0.74	1	ns
Service rewards	0.026	0.276 ns	0.564	1.499 ns	2.17	1	ns
Service training	0.244	2.710 *	-0.075	-0.248 ns	1.40	1	ns
2) Gaining customer satisfaction							
Service failure prevention	0.117	1.184 ns	0.423	2.482 *	1.96	1	ns
Service stds. communication	0,423	3.321 ***	-0.143	-0.507 ns	3.94	1	0.047
Service technology	0.046	0.744 ns	-0.082	-0.506 ns	0.51	1	ns
Service rewards	0.145	1.557 ns	0.361	0.957 ns	0.30	1	ns
Service training	-0.123	-1.418 ns	-0.005	-0.017 ns	0.15	1	ns
3) Retaining current customers							
Service failure prevention	0.178	1.792 *	0.507	2.924 **	2.36	1	ns
Service stds. communication	0.486	3.778 ***	-0.177	-0.628 ns	4.56	1	0.033
Service technology	-0.033	-0.539 ns	-0.128	-0.791 ns	0.28	1	ns
Service rewards	0.079	0.858 ns	0.135	0.364 ns	0.02	1	ns
Service training	-0.173	-2.004 *	0.162	0.534 ns	1.02	1	ns

Note: *** $p<0.001$, ** $p<0.01$, * $p<0.10$, *ns* = non-significant ($p>0.10$)

5.0 Conclusions

This study examined whether the performance effects of two subcategories of service orientation, namely service systems and human resource management (Lytle et al., 1998), are moderated by firm size. The results show that the effect among Finnish SMEs is weaker than what earlier research would imply (e.g. Lytle and Timmerman, 2006). First, we used market performance (Laukkanen et al., 2013) as the dependent variable. Among micro firms, only service standards communication has a positive effect on market performance. This is in accordance with, for example, Gotsi and Wilson (2001), who emphasize the importance of ensuring that employees are being told how they should behave. We may also speculate that constantly referring to service standards is beneficial not only for ensuring proper employee behaviors, but also for making it explicit to the management itself what are the central goals of their business. However, interestingly, this effect is not significant among small and medium-sized firms. This result is surprising, as service standards communication appears to be something that would be especially important when the number of employees grows and different people within the firm may interpret service quality differently if not being instructed what is required from them. This result requires further research, as there exists no clear explanation for it. For example, researchers could study whether the effect is not linear, but instead curvilinear (e.g. quadratic), so that there is a 'sweet spot', after which the effect turns negative.

On the other hand, among small and medium-sized firms, only service failure prevention appears to have a positive effect on market performance. This effect is insignificant among micro firms. Even though being highly speculative, one potential reason for this finding may be that customers are not that forgiving towards larger firms than towards smaller ones. That is, customers may find a larger firm as 'faceless' and for that reason take on a more critical stance towards service failures, whereas in the case of micro firms they may even personally

know the business owner and hence are more forgiving. For larger firms, it is more beneficial to try to prevent mistakes proactively.

Finally, we investigated the effect of service systems and human resource management separately on the constituent elements of market performance, namely 1) acquiring new customers, 2) gaining customer satisfaction and 3) retaining current customers. The findings offer largely similar insights than when market performance was treated as a latent construct. That is, service technology and service rewards, for example, seem to have no effect on market performance, or on its constituent elements. Thus, while these results offer managers important insights into how they may allocate resources between different elements of service orientation, we also call for additional research to explain these findings and test whether they can be repeated. Besides studying curvilinear effects, future research could consider whether the statistically insignificant paths we found are a result of missing mediators. Different service orientation elements may contribute to market performance (or its constituent elements) only indirectly via mediating factors. Such mediators may relate to, for example, employee behaviors or success in employee-customer interaction.

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Internal Branding and Employee Performance: A Cognitive-Effective-Behavioural Model

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Abstract

Internal branding efforts are essential in improving employee performance in services marketing. This conceptual paper develops a cognitive-affective-behaviour model of internal branding via the integration of brand knowledge, employee-brand identification (EBI), brand citizenship behaviour (BCB), customer oriented behaviour (COB), and employee performance. We reviewed the extant literature on internal branding and built on three aspects of internal branding (i.e. cognitive, affective, and behaviour) to develop a conceptual framework and propositions. Research implications of the paper were then discussed.

1.0 Introduction

In services marketing, employees play a major role in influencing customer brand perceptions (Ind, 2003). The higher level of brand knowledge the employee has, the more effective the employee is in promoting services to customers and the better will be the performance because of this knowledge (Ambler, 2003; Aurand et al., 2005; King & Grace, 2010). Baker at al. (2014) propose that internal branding be seen as occurring when meaningful and relevant brand information is disseminated to employees in order to aid in the provision of higher levels of customer service. Recent research in internal brand management suggests that brand promise delivery works better with customers and depends on how well frontline employees convey the brand values, as well as their attachment to, and identification with the brand or organization (Baumgarth & Schmidt, 2010). However, the little internal branding literature that does exist has focused primarily on the outcomes associated with internal branding activities with little effort made to explore the mechanisms by which the relationship between internal branding activities and outcomes occurs.

In this paper, we posit that internal branding can encourage brand building behaviour. Employees can utilize internal branding activities to promote customer oriented behaviour (COB) and positive brand citizenship behaviour (BCB). The ultimate goal of any internal branding initiative is to ensure the behaviours exhibited by frontline service employees lead to a level of service consistent with that expected by both the firm and its customers (Baker et al., 2014). In keeping with the nascent literature on the topic, we believe that internal branding activities (i.e., brand knowledge disseminated by the firm) will enhance BCB, COB, and employee performance. We address three aspects of internal branding activities (i.e. cognitive, affective, and behavioural) to build theory and propositions concerning the means by which brand knowledge (the cognitive aspect) influences frontline employee BCB and COB (the behavioural aspect) and the contingency effect of employee-brand identification (EBI - the affective aspect), and ultimately employee performance.

2.0 Literature Review and Research Model
2.1 Internal branding: a cognitive-affective-behaviour model
Advocates of internal branding propose that internal branding activities enhance service delivery (de Chernatony and Cotam 2006) and lead to sustainable competitive advantage (Thompson and Pringle 2001). Indeed, internal branding focuses on engendering a shared brand understanding among employees to ensure that their brand attitudes and behaviours are in support of effective delivery of brand promise to customers (Punjaisri et al., 2008). Therefore, internal branding is associated with less tangible outcomes such as enhancing employee cognitive and effective engagement with the brand (Foster et al. 2010) and employee behaviours toward the brand (Punjaisri et al. 2009). Prior research however has largely ignored how cognitive, affective, and behavioural aspects of internal branding work together toward enhancing employee performance. The present study proposes the cognitive-affective-behaviour model to explain how employee brand knowledge drive brand citizenship behaviour, and customer-oriented behaviour that, in turn, influence employee performance—and how these relationships are moderated by employee-brand identification (see Fig. 1).
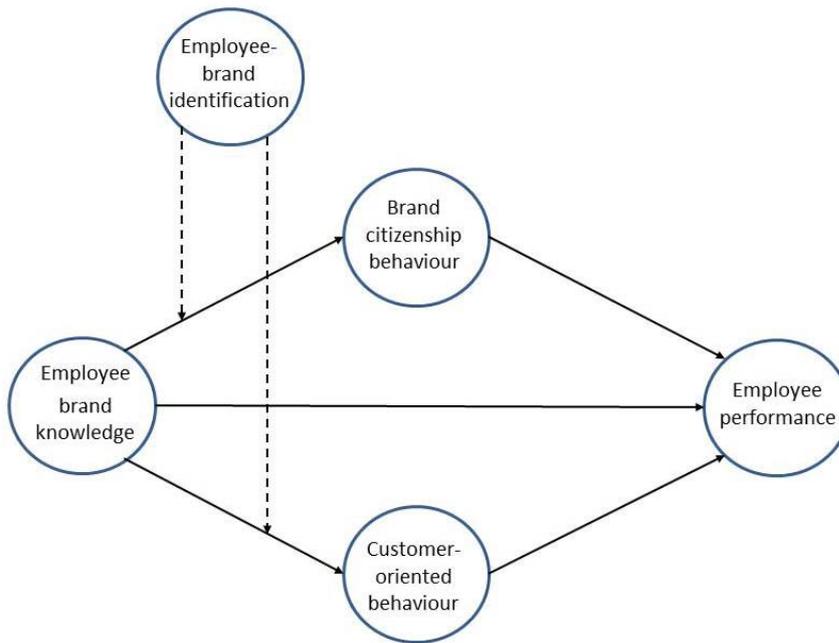
Fig.1

2.2 Employee brand knowledge

Brand knowledge relates to the cognitive representation of the brand (Peter & Olson, 2001). According to Keller (1998), brand knowledge is "a function of awareness, which relates to consumers' ability to recognize or recall the brand, and image, which consists of consumers' perceptions and of associations for the brand." Backhaus and Tikoo (2004) state that brand knowledge is the foundation that influences organizations to build brand equity. Understanding consumer brand knowledge is the driving force to creating brand equity, which helps a firm advance branding theory and strategy (Keller, 2003). Employees' brand knowledge is defined as 'the sense of how do employees acquire organizational knowledge to help them carry out their roles and responsibility in accordance with the brand promise' (King & Grace, 2008). Keller (1993) introduces the cognitive approach, which is based on cognitive psychology and argued that an individual understands, remembers, makes decisions, and performs based on the information he/she has received, of consumer-based brand equity. Consistent with Keller's (1993) cognitive approach of consumer based brand equity, employee brand knowledge is formed based on human cognitive activity. King and Grace (2009) assert that employees' brand knowledge of an organization is hard to identify, explain, and therefore influence or shape, as each employee has his or her own different personal experiences, intuition, and judgment. They defined employee knowledge as "a form of subjective knowledge that is difficult to formalize". If the employees have a high level of brand knowledge, they will be better at performing their roles as employees and deliver the brand promise (Ambler, 2003; Aurand et al., 2005; King & Grace, 2010). According to Kotler and Keller (2006), brand promise is defined as "the marketer's vision of what the brand must be and do for consumers". With high level of brand knowledge, employees can reduce the role ambiguity that is highly associated with their job performance (Babin &

Boles, 1996). Moreover, brand knowledge makes the employees the citizens of the brand under consideration.

2.3 Brand citizenship behaviour

Brand citizenship behaviours (BCB) focuses on the brand and employee behaviour that "brings a brand to life" and goes beyond the internal focus of organizational citizenship behaviours to include externally targeted behaviours (Burmann and Zeplin 2005). BCB explained how employees could enhance their brand delivery performance by aligning their attitude and behaviour to the organization's brand (Shaari et al, 2015). As customers' brand knowledge would lead to brand awareness, loyalty and satisfaction (Keller, 1993), it is also assumed that employees' brand knowledge hold in their mind also could contribute to brand success through their attitude and behaviours that is consistent with the brand. Thomson et al. (1999) highlight that employees could live the brand, employee first need to aware and have a clear understanding of brand meaning. Employees' brand knowledge is the sense of how do employees acquire organizational knowledge to help them carry out their roles and responsibilities in accordance with the brand promise (King and Grace, 2008). Prior research shows that employees' knowledge also positively influences employees brand citizenship behaviour as such the more employees are aware of their brand behaviours the more they will exert extra efforts which leads them be considered as the citizens of the brand under consideration. In line with the extant literature, we believe that employees with high level of BCBs demonstrate an external focus, making them more inclined to deliver service that meets or exceeds customer expectations (Baker et al, 2014). We expect that committed employees that exhibit positive BCB are more likely to have high level of employee performance.

Proposition 1: Brand citizenship behaviour mediates the relationship between employee brand knowledge and employee performance.

2.4 Customer-oriented behaviours

According to Saxe and Weitz (1982), customer oriented behaviour is defined as the ability of the salespeople to help their customers by engaging in behaviours that increase customer satisfaction. Some initial researches (e.g., Sharma 1999) suggest that customers can "pick up" the emotions and attitudes of salespeople independently of specific customer-oriented behaviours. Researchers have been considered COB as an important outcome of the dissemination of employee brand knowledge and also as resultant of employee effectiveness and productivity (Lee et al., 2006; Winsted, 2000) because "employees who are inclined to meet customer needs will go beyond the call of duty" (Donavan et al., 2004.) Once employees know the overall brand concerns of their company they will be able to help their customers by engaging in behaviours that increase customer satisfaction in delivering these concerns to the final users, customers. Many researchers report a positive effect of COB on employee performance (e.g., Boles, Babin, Brashear, and Brooks 2001; Brown et al. 2002). Therefore, it is expected that employee brand knowledge can lead to customer-oriented behaviour and, in turn, can enhance employee performance level. Hence:

Proposition 2: Customer-oriented behaviour mediates the relationship between employee brand knowledge and employee performance.

2.5 Employee-brand identification

Devasagayam et al. (2010) argues the need of uniform understanding of the brand among the employees. Drawing on definitions of organizational identification (Mael and Ashforth, 1992; Dutton, et al., 1994) EBI is defined as the perception of a connection with the brand, where the employees define themselves with the attributes that they believe define the brand. EBI, which is a psychological connection between the employee and the brand, brings out the good attitude for customer facing staff that will keep longing to customers' retention. In addition, Heaton and Guzzo (2000) noted that employees are unable to deliver the brand promise because of several barriers such as (1) inadequate staffing and training, (2) inefficient business processes, (3) lack of brand information, (4) misaligned incentives, and (5) poor communication. But they assert that the main reason is about failure to provide adequate brand-related information/knowledge to employees. Therefore, given the importance of EBI in a service context, both customers and employees might perceive each other more favourably due to the connection with brand. With the recognition of previous discussion, following propositions are proposed

Proposition 3: Employee-brand identification moderates the relationship between brand knowledge and brand citizenship behaviour.

Proposition 4: Employee-brand identification moderates the relationship between brand knowledge and customer-oriented behaviour.

3.0 Research Implications and Conclusion

This paper sheds light on the internal branding activities that influence employee performance. In particular, this paper explores the impacts of brand knowledge, EBI, COB and BCB on employee performance. Although this paper is rather limited and exploratory in nature, it is among the first in an interesting research area that focused primarily on the outcomes associated with internal branding efforts with efforts made to explore the mechanisms by which the relationship between internal branding activities and outcomes occurs. To address this gap, our current study investigates the relationships among employee brand knowledge, COB, BCB, and employee performance; and how these relationships vary with EBI. To what extent brand knowledge, EBI, BCB, and COB influence employee performance. Firms should also consider the importance of employee knowledge, EBI, COB to develop effective employee management strategies with the goal of enhancing employee performance. Future research should focus on empirical work to empirically test our propositions.

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A Study of Customer Experience towards Customer Satisfaction and Revisit Intention: Moderating Effect of Switching Cost in Malaysia's Budget Hotels

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Abstract

This study investigates the impact of customer experience towards customer satisfaction and revisit intentions using the EXQ framework developed by Klaus and Maklan (2012). In addition, the variable of switching cost was also adopted as the moderating factor within the construct, to link customer satisfaction to customers' revisit intention in the context of budget hotels. The conceptual model and the defined hypotheses are tested within a sample of 152 respondents. Results show that outcome focus is the strongest predictor of satisfaction, followed by sensory experience and moments-of-truth. Furthermore, analysis also shows that there is a significant relationship between customer satisfaction and revisit intention, moderated by two out of three types of switching cost.

Keywords: customer experience, customer satisfaction, revisits intention, switching cost

Track: Marketing of services and information goods

1.0 Introduction

The growth of the Malaysia's tourism industry has gone hand-in-hand with the growth of budget hotel industry. Typically defined as hotels with three stars or below, Malaysian budget hotels have seen a more significant growth compared to the upscale hotels (Khalid, 2013). Coupled with the growth of budget airlines and the opening of what has been dubbed the world's largest airport for budget airlines (traveller.com.au, 2014), the total number of potential international hotel-stayers in Malaysia reached nearly 27.5 million people in 2014, or around 10.4% of the global tourism market (UNWTO, 2015). Given this increase in competition, it is no longer enough for budget hotels to rely on price as their primary competitive advantage. In this research, we are going to focus on the experience economy in the Malaysia budget hotel industry since as mentioned by Pine and Gilmore (1999), experience economy is a new economic era in which all businesses must orchestrate memorable events for their customers. We will investigate how customers' experience with Malaysian budget hotels influence their satisfaction and revisit intentions. In particular, we are interested to see whether hedonic factors also play a significant role in contributing to satisfaction in the context of budget hotels as opposed to utilitarian factors alone. In addition, given the seemingly ubiquitous nature of budget hotels, we take into account customer's perception of switching costs as a moderator of revisit intentions.

2.0 Literature review and hypotheses development

2.1 The Customer Experience Quality (EXQ) model

Literature has stressed upon the importance of avoiding service commoditization and the need for businesses to go beyond providing services into providing unique experiences (Nasution et al., 2014; Pine & Gilmore, 2011). Contemporary consumer seeks more than competent services but also experiences that are "engaging, robust, compelling and memorable" (Gilmore & Pine, 2002). In response to these calls, the Customer Experience Quality (EXQ) Model was developed by Klaus and Maklan (2012) as a customer-focused alternative to the more provider-oriented SERVQUAL instrument. It consists of the following dimensions with their respective attributes. Peace of Mind (PoM); Outcome Focus (OF); Moments-of-Truth (MoT); and Product Experience (PE). We use this framework in this study, and substituted PE with Sensory Experience (SE) from Barnes, Mattsson, and Sørensen (2014). The EXQ model was constructed in the context of professional services, and as such the items to measure product experience (*e.g* cross-product comparison, account management), may not be relevant in the context of budget hotels. Secondly, we aim to investigate whether customers also seek hedonic experiences when staying at budget hotels. Thus, SE is included for better consistency and explanatory power of the model in the context of budget hotels.

PoM is the assessment of customers of all the experience with service provider before, during and after purchase (Klaus & Maklan, 2012). Positive PoM put customers "at ease" (Bendapudi & Berry, 1997) by providing expertise and guidance throughout the entire process. According to Anderson and Srinivasan (2003) , the lower the level of a customer's individual emotional experiences from the perceptions he or she values, the less secure the customer is. By having lower level of security, customers would not be able to enjoy peace of mind and therefore satisfaction is unlikely to be achieved. In the context of customer experience, MoTs are brief interactions between a customer and provider that present a long-term positive or negative impression on the customer (Beaujean, Davidson, & Madge, 2006). In the hospitality context, variables that contribute to the positive moments-of-truth are interactions such as booking the room, check-in, check-out, dinner reservations, in-room dining, and responses to requests (W. G. Kim & Cha, 2002). The definition of OF is often stated as the customer's focus on achieving goals when consuming a service. Providers should make the customer's transaction costs as effortless as possible in order to achieve good levels of OF which will lead to customer satisfaction (Maklan & Klaus, 2011).

2.2 Sensory experience(SE)

According to Hultén, Broweus, and Van Dijk (2009), the five human senses which includes hearing, taste, sight, touch and smell are significant predictors for customer experience and marketers should put greater emphasis on a holistic approach to sensory marketing. Vargo and Lusch (2004) found that sensorial experiences help in the development of behavioral, emotional, cognitive and relational values toward the products or services offered. In the context of hospitality, SE are linked to physical environments such as ambience, spatial layout, signs and symbols (Ali, Omar, & Amin, 2013) which evoke sensory sensations that contribute to the overall experience which leads directly to customer satisfactions and positive behavioral intentions (Han & Ryu, 2009).

2.3 Revisit intention and switching cost

The link between customer satisfaction (CS) and revisit intention (RI) is robust (Grönroos, 1984; Um, Chon, & Ro, 2006), with findings generally agreeing that customer satisfaction is positively linked to revisit intention. What is not known in the context of budget hotels is the role of switching costs (SC) in the relationship between satisfaction and revisit intentions. Switching cost is defined as the monetary and non-monetary expenditures of switching providers of products or services. This includes economic risk costs, evaluation costs, learning costs, setup costs, benefit loss costs, monetary loss costs, personal relationship loss costs and brand relationship loss costs (Burnham, Frels, & Mahajan, 2003), which is then classified into three sub-dimensions of procedural SC, financial SC and relational SC. We argue that SC will play a significant role in moderating the relationship between satisfaction and revisit intention in the context of budget hotel customers. This is due to the low-cost nature of budget hotels and the ubiquitousness of tools available to compare budget hotel options. The research model and the hypotheses of this study are stated below:

Figure 1. Research model
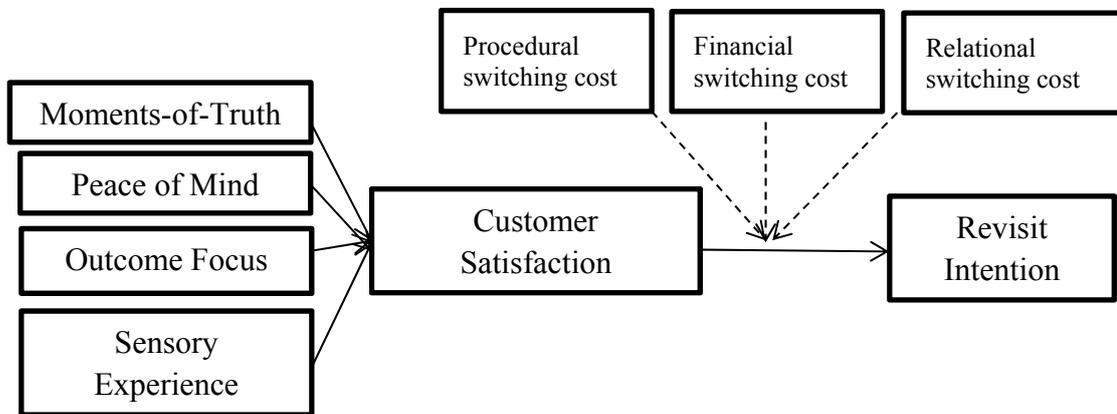
H1.Peace of mind positively relates to customer satisfaction in budget hotels
H2. Moments of truth positively relates to customer satisfaction in budget hotels
H3. Outcome focus positively relates to customer satisfaction in budget hotels
H4. Sensory experience positively relates to customer satisfaction in budget hotels
H5. Customer satisfaction positively relates to revisit intentions in budget hotels
H6a. High procedural SC moderates CS and RI
H6b. High financial SC moderates CS and RI
H6c. High relational SC moderates CS and RI

3.0 Methodology

Self-report questionnaires were gathered amongst budget hotel customers from different states or federal territories of Malaysia. The questionnaire consists of measures of CS (6 items; α = .92, *SD* = 0.96), MoT (5 items; α = .88, *SD* =1.027), PoM (6 items; α = .82, *SD* = 1.01), OF (4 items; α = .79, *SD* = 0.951), SE (2 items; α = .71, *SD* = 1.034), procedural SC (12 items; α = .80, *SD* =1.23), financial SC (4 items; α = .90, *SD* =1.38), relational SC (5 items; α = .88, *SD* = 1.19), and RI (2 items; α = .90, *SD* =1.23). A total of 182 questionnaires were distributed through online and pen-and-paper surveys, with 152

returned and eligible to be analysed (15.6% dropout rate). Majority of the respondents (60.8%) are reported to be from the 19-28 year old age group.

4.0 Findings

Multiple linear regression was used to test the hypotheses regarding the main effects of the customer experience variables towards the DV. Analysis indicated a significant regression equation ($F(6,152) = 60.48$, $p<.01$) with the overall model explaining 62% of the variance. Outcome focus was the strongest predictor of satisfaction towards budget hotels (B=.36, $p< .01$), followed by sensory experience (B=.21, $p< .01$), and moments of truth (B=.18, $p= .03$). Peace of mind was not a significant predictor of satisfaction (p = .2). Overall, predicted DV was .96 + (.36*OF) + (.21*SE) + (.18*MoT). Thus, H1 is not supported, while H2, H3, and H4 are supported.

Linear regression was used to analyse the relationship between satisfaction and revisit intention, and found a significant ($F(1,152) = 54.61$, $p<.01$) regression equation which indicate that revisit intention = 1.64 + .66*satisfaction ($p <.01$), explaining 26% of the variance. Thus, H5 was supported.

Moderation of the three switching cost variables was tested with an SPSS macro developed by Hayes (2012) that allows for indirect effects to be tested using a bootstrapping procedure. Analysis indicated that procedural switching cost significantly moderated the relationship between satisfaction and revisit intention ($b= -.14$, $p= .02$). Figure 2, which depicts the relationship at -1 and +1 standard deviation of the predictor variable can be used to illustrate the moderation. The effect can be interpreted as a buffering effect of high procedural switching cost. At high procedural switching cost, a low satisfaction score decreases the revisit intention at a much modest rate than if procedural switching cost was low. Financial switching cost was also found to significantly moderate the relationship between satisfaction and revisit intention ($b= -.11$, $p= .04$). Figure 2b illustrates this moderating relationship. Similar to procedural switching cost, a high financial switching cost buffers the impact of low satisfaction scores towards revisit intention, and a low financial switching cost predicts a more severe drop in revisit intention when satisfaction scores are low. Lastly, relational switching cost was found not to significantly moderate the relationship between satisfaction and revisit intention ($b= -.04$, $p= .43$). Therefore, H6a and H6b was supported, but H6c was not supported.

Figure 2. Moderation of procedural and financial switching cost towards revisit intentions
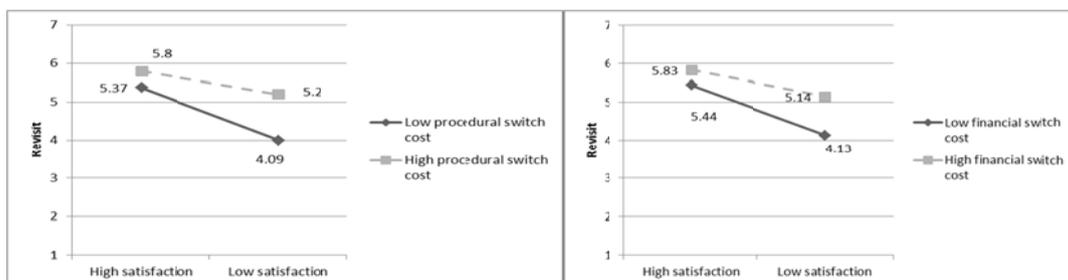
5.0 Discussion

5.1 Direct relationship of peace of mind on customer satisfaction

The results from this study have not found support for the relationship between PoM and CS. This finding could perhaps be explained by the results from several past studies. Several findings (Anderson & Srinivasan, 2003; Medintz, 1998) pointed out that peace of mind correlates strongly with trust towards a service provider, and it is an important factor in predicting satisfaction only when the transaction or the nature of the service is seen as risky or high-involvement. In this sense, the ubiquitousness of budget hotels and the apparent reliability that the industry might have rendered PoM as an insignificant predictor, because customers take for granted that hotels would deliver their core service reliably. Lastly, Mittal (1999) argues that peace of mind is a complex and abstract intangible benefit of a service, which might not be so easily defined. Thus, there is a possibility that the items we used in this study did not sufficiently capture the PoM construct. Thus, future research should reconsider the usage of PoM in the context of the budget hotel industry.

5.2 Predictors of satisfaction

The analysis shows indication that outcome focus is the strongest predictor of customer satisfaction in budget hotels. This contrasts somewhat with the findings of Maklan and Klaus (2011) who found only a medium effect of OF towards CS. However, several research (Boyne & Law, 2005; Murfin, Schlegelmilch, & Diamantopoulos, 1995) have argued that outcome focus is a highly significant predictor of satisfaction in a utilitarian service setting. As Maklan and Klaus (2011) themselves have stated, OF is concerned primarily with enabling customers to effortlessly consume the service to fulfil their needs. In this sense, it is logical to conclude that in the context of budget hotels where the customer may deprioritize hedonic benefits of staying at a hotel, outcome focus becomes the main predictor of satisfaction. However, the findings also imply that customers of budget hotels also seek hedonic sensory experience, as it is the second largest significant predictor of customer satisfaction. This is then a significant addition to the body of literature. Our findings carry over the notion of sensory experience from primarily luxury services such as ski resorts and cruises (Barnes et al., 2014; Hosany & Witham, 2009) into the budget hotel context.

5.3 Moderating Effect of Switching Cost toward Revisit Intention

The analysis of this research found that two types of switching costs significantly moderate the relationship between satisfaction and revisit intentions to a budget hotel. Procedural switching cost, which revolves around the time and effort needed to switch service provider, provides a significant barrier for customers to exit and switch budget hotels. In other words, our results show that despite the ubiquitousness of alternatives and tools to choose budget hotels (such as booking.com or Airbnb.com), customers would still prefer not to expend energy and face the uncertainty of selecting a new budget hotel. The same pattern could be observed in terms of financial switching cost, which deals with losing accrued benefits and sunk cost into the existing budget hotel. However, our findings also imply caution for budget operator. A high barrier to exit may stop unhappy customers from leaving, and thus creating a segment of 'dissatisfied loyalist' customers. Such segments are prevalent in other industries such as financial services and telecommunications (Kim, Park, & Jeong, 2004; White & Yanamandram, 2004). Thus, budget hotel operator needs to be wary of this segment as they may spread negative word of mouth despite being frequent visitors.

Lastly, the finding that relational switching cost is not significantly moderating between satisfaction and revisit is telling of the nature of budget hotels. Contrary to luxury hotels, budget hotels do not typically employ intensive customer relationship management and first-class employee hospitality. However, this could also be seen as an opportunity for

savvy budget hotels to differentiate themselves. By providing good interpersonal service, the operator may tap into an unserved segment of budget-conscious customers who are looking for both utilitarian and hedonistic sensory experience, as our results have indicated.

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Regular Medical Check-Ups (MCU) Behavior and the Barriers: Indonesian Context

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Abstract

The awareness for the importance of Medical Check-Ups (MCU) in Indonesia have not been followed by the understanding that it has to be taken regularly. This study investigates factors that drive and impede the intention to take regular MCU. Prior research studying MCU behaviour mostly segmented consumers based on socio-demography. This study found that segmentation should be based on whether the consumers are at preventive or curative stages of their health. A quantitative research was conducted specifically for the preventive segment, divided into unhealthy and healthy lifestyle groups. Even though both these sub-segments have no sense of urgency to take regular MCU, the differences between them are quite interesting. The unhealthy lifestyle group is greatly driven by social deviance when deciding to take regular MCU. As for the healthy lifestyle group, they are significantly impeded by the high cost, time scarcity, and too much effort in taking up regular MCU.

Keywords   : Medical Check-Up Behaviour, Health Belief Model (HBM),
Segmentation, Indonesia

Tracks   : Marketing of Services & Information Goods

1.0 Introduction

Along with a health care paradigm shift from reactive action to preventive action, it is necessary to determine the extent to which the concept of preventive action through regular medical check-ups (MCU) is already known, understood, and applied actively in certain society. In developed countries, many people embrace the preventive purpose of MCU, with or without regulation. In contrast, in Indonesia, there is no strict regulation of MCU.

Indonesian people still lean more toward curative (healing) than preventive measures. Most people wait until their pain is in later stages before they are willing to agree to a medical examination. Health care providers have been implementing many activities to educate people about the importance of regular MCU, but the penetration of regular MCU is currently low (Ulfah, 2015). What are the barriers to regular MCU?

In the world of consumer behavior research, many studies have captured many factors related to Indonesian MCU behavior. However, most studies use quantitative research and model testing. This study aims to fill in the research gap by conducting a mixed-method approach combining both qualitative study and quantitative survey. It investigated further the

determinant factors that influenced the regular MCU behavior. Using an ethnography method as an insight-generation tool, the first stage of this study intended at a more in-depth exploration of many aspects that have not been detected in past studies. The qualitative study results were further researched by conducting quantitative survey.

This research digs deeper into the triggers and barriers associated with these preventive MCU services. (1) What determinant factors might motivate someone to get regular MCU when they are still healthy? (2) Conversely, what determinant factors might hinder someone from getting regular MCU?

2.0 Literature Review

Chandoko (2013), Oppusunggu (2014) and Salubongga (2011) are a few studies that have explored this MCU regular behavior in Indonesian context. In his research Chandoko (2013) found that perceived behavioral control is the dominant factor affecting people's interest in using MCU services. Oppusunggu (2014) explored whether service quality and location accessibility have a positive effect on customer satisfaction. Salubongga (2010) studied simulation models and customer loyalty for MCU services with an Structural Equation Modeling approach and a dynamic system. This study focuses on the problem of the number of customers who were lost in one Clinical Laboratory between 2008 and 2009.

This study adopted The Health Belief Model (HBM) to understand the regular MCU behaviour in Indonesia. HBM is a behavioral change model for psychological health that was developed to explain and predict health-related behaviors, particularly in the context of health services (Stretcher and Rovenstock, 1997).
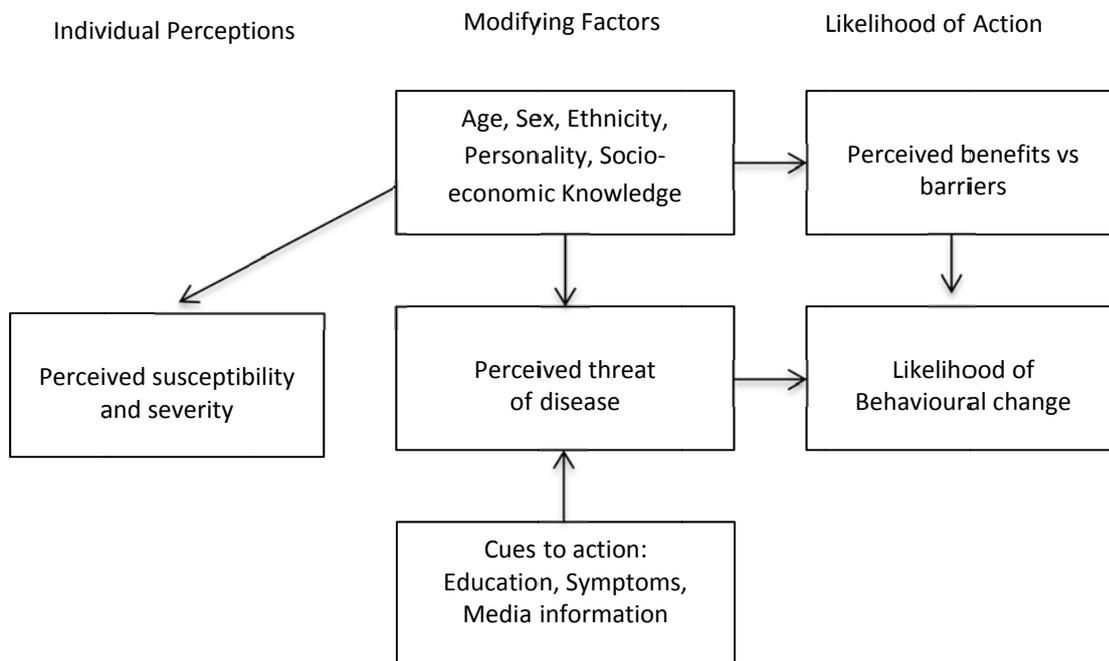
Figure 1. The Health Belief Model (Glanz, K., Rimer, B.K. & Lewis, F.M., 2002).

The Health Belief Model (HBM) has been broadly applied in predicting health-related behaviors. The HBM suggests that people's beliefs about health problems, perceived benefits of and barriers to action, and self-efficacy explain their engagement (or lack thereof) in health-promoting behavior (Carpenter, 2010). In HBM, an individual's health-related behavior depends on the perception of several critical areas: Perceived susceptibility to illness, Perceived potential severity of illness, Perceived benefits, Perceived barriers, Cues to action and self-efficacy (Glanz, Rimer and Lewis, 2002).

3.0 Methodology

Creswell (1999) popularized the mixed methods and has only been widely accepted for the last decade. Mixed methods research takes advantage of using multiple ways to explore a research problem. One of the strengths of mixed method is interpretation is continual and able to influence stages in the research process.

This study started with conducting netnography research – a short but deep exploration of consumer perceptions and any insights of health-related behavior through the internet (Kozinets, 2002). Various websites and social media health care providers were accessed and analysed. Many consumer experiences, perceptions and consumer expectations regarding MCU behaviour is recorded and analysed.

An ethnographic approach helps reveal many things that remain hidden and provide a more complete and holistic understanding of the problem. Insights were collected from direct observations at various places that have a MCU service in 12 different locations (8 hospitals and 4 Diagnostic Laboratories). The research was extended with various in-depth interviews with 30 respondents, whom all were the users and prospects of MCU. The respondent profile is 50% men and 50% women with different educational backgrounds from high school to college. For triangulation purposes, this study was completed with direct obervation of the interaction that occurs between actors (medics and patients) in the diagnostic laboratory/hospitals, and in-depth interviews with 8 medical staffs and 6 General Practitioners.

Regular MCU determinant factors were originally collected via qualitative study, later confirmed through quantitative survey. A questionnaire was distributed to people at the sport centers, in hospitals and clinical laboratories. This research collected 104 responses. Of these, 94 were usable, yielding a response rate of 88%. Female respondents are slightly higher than male respondents (55% and 45%, respectively). Respondents are divided into two groups of healthy and unhealthy lifestyle as much (50% each). The age range was 25-29 years (24%), 30-35 years (41%), 36-45 years (31%) and> 46 years (4%).

The main variables - Regular MCU Behaviour - is operationalized by two questions: (1) I do Regular MCU although in a good shape (healthy) and (2) I take the medical examination (MCU) corresponding to the period of the schedule. A Factor analysis and Reliability analysis were conducted for each construct to ensure that the questions (items) suited the variable being measured (Variance above 70% and Chronbach Alpha above 0.70).

4.0 Discussion and Implications

Segmentation is the process of dividing the market into groups of people with similar needs (Lamb, 2003). It divides a market into smaller groups of people with distinct needs, characteristics, or behaviors who might require separate products/services or marketing mixes.

The qualitative study via ethnography in this research provided interesting findings. While many MCU behavior research are still using socio-demographic variables as the predictors (e.g. Eke *et al*., 2012), this study suggested differently. The underlying reasons why people take or don't take regular MCU, could not be explained by those socio-demographic factors (education, income level, gender, age, etc) because these variables are still potraying heterogenous needs. It should be viewed from the homogeneous needs such as occasion-based behaviour segmentation. This is in line with Goyat (2011) critical review on the market segmentation literature. People with the same demographic factors may differ greatly from each other based on their belief, attitude and behaviour towards certain product category/industry.

The rational to take regular MCU is not the same when someone is in a healthy condition (preventive) compared to in an ill condition (curative). Therefore, we could not generalise the MCU behavior issues without addressing the occasion/health condition. Factors such as Perceived Susceptibility of illness, Perceived potential severity of illness does not appear in the context of preventive health segment. Both of these variables are more suitable for curative condition.

Such findings underlied the design of the follow-up quantitative study, which was more focused on the preventive condition only. This segment is more substantial in number and investigating the behavior in this segment will provide greater benefits.

This study found that Regular MCU as preventive action is not as well-accepted as the other ways that people are familiar of health-realted activities (such as eating a healthy diet, regularly exercising, getting sufficient sleep and rest, increasing consumption of supplements such as vitamins and honey, and avoiding cigarettes). People consider doctor visits and laboratory examinations unnecessary if they are already in good shape. In their views, preventive measures are limited to maintaining what a person consumes or uses. As long as a person does not feel sick, they think that there is nothing to worry about.

This study provided new understanding of the reasons why people take or don't take regular MCU in preventive situation. It was thought that regular MCU will be more appealed for the group categorized as a healthy lifestyle: sufficient exercise and select healthy foods. Naturally, they should be the ones who opt to a comprehensive MCU as part of the totality of their health status.

In contrast, the group of people who take regular MCU in Indonesia is more prevalent in those who are categorized as unhealthy lifestyle (smoking, consume a diet containing sugar, have high cholesterol diet, and/or rarely exercise). They get regular MCU with the aim of knowing the extent to which their behavior adversely affects their health.

The qualitative study collected the triggers and barriers to take regular MCU.
- *Triggers*: Perceived benefits of action, Social deviance, Disease heritage, Feel responsible as family leader, Pressure from Institutions and Discount availability.
- *Barriers:* No sense of urgency to take MCU, Belief in traditional medication, Lack of trust with medics, High cost perceptions, Time scarcity and Too much effort, Fear of Personal health problem.

Of all these variables, the ones which typical of Indonesian culture are: No urgency to take MCU, Belief in traditional medication and Fear of personal health problems. Regression analysis of regular MCU behavior for healthy lifestyle and non-healthy lifestyle and for total respondents were conducted using SPSS software.

Table 1. Regression Analysis of Regular MCU Behavior

Determinant Factor	Healthy Lifestyle		Unhealthy Lifestyle		All Respondents	
	beta	sig	beta	sig	beta	sig
Perceived Benefit of Action	.115	.371	.062	.699	.132	.167
No Sense of Urgency	**-.319**	**.029**	**-.325**	**.058**	**-.350**	**.001**
Belief in Traditional Medicine	-.058	.568	-.034	.864	.014	.872
Lack of Trust to Medical Staff	-.038	.730	.120	.480	.026	.763
High cost perception	**-.476**	**.002**	-.193	.265	**-.378**	**.001**
Time scarcity, Too much Effort	**-.286**	**.021**	-.054	.722	-.123	.163
Social Deviance	-.033	.977	**.346**	**.046**	.135	.162
Fear of Personal Health Problem	.127	.356	-.151	.374	.062	.544
Disease Heritage	.095	.468	.109	.488	.100	.272
Responsible as Family Leader	.104	.398	-.134	.396	.056	.536
Pressure from Institutions	.187	.105	-.013	.936	.057	.541
Discount Availability	.036	.773	-.054	.737	.058	.566
Adjusted R square	*65%*		*31%*		*56,6%*	

Dependent Variable: Regular MCU Behaviour

The regression analysis results show that No sense of urgency (β = -0350; p <0.001) and the high cost barrier (β = -0378; p <0.001) significantly influenced regular MCU behaviour. However, perceived of benefit to action, Belief in traditional medication, Lack of trust in medics, Fear of personal health problems, Disease heritage, Feeling responsible as the family leader, Pressure from Institutions and Discount availability suspected of being to be the determinant factors proven otherwise, not strong predictors for regular MCU.

A similarity found between the Unhealthy and the Healthy Lifestyle groups is that both group thought that there is no urgency to take MCU. This is the blocking factor which makes them procrastinate to go to a clinic or hospital to check their health condition.

The differences between the two groups is quite interesting to learn. The Unhealthy lifestyle group, in addition to no urgency to take MCU, have a regular MCU behaviour that is influenced signifiantly by social deviance (β= 0.346; p <0.05). This is an indication that if the group is driven by word of mouth and the pressure from the social network, it will speed up and simplify the decision process for regular MCU.

As for the healthy lifestyle, the barrier factors besides No sense of urgency (β=-0.319, p<0.05), are the high cost perception (β=-0.476; p<0.05), Time scarcity and Takes too much effort (β = -.286, p <0.05) to take the MCU behavior.

5.0 Conclusion

Prior research studying MCU behaviour mostly segmented consumers based on socio-demographical variables. This study found that segmentation should be based on whether the consumers are at preventive or curative stages of their health. The Health Belief Model should be revisited in the context of preventive-health segmentation. And, it is likely this is not only for Indonesian perspective. Further study is suggested to do empirical generalization in a global perspective.

A quantitative research was conducted specifically to study the behavior of consumers who are at their preventive stage of health, the preventive segment. Results show that the preventive segment is divided into two different sub-segments, the unhealthy lifestyle and the healthy lifestyle groups. Even though both these sub-segments have no sense of urgency to take regular MCU, the differences between them are quite interesting. The unhealthy lifestyle group is greatly driven and encouraged by social deviance when deciding to take regular MCU. As for the healthy lifestyle group, they are significantly impeded by the perception of high cost, time scarcity, and the need for high effort in taking up regular MCU.

Health service providers need to create an industry association that can addresses issues, educate consumers, as well as increase regular MCU penetration and acceptance. Such an association will have more of an impact than any health service providers who attempt to do so independently.

It is necessary to implement the results of this study for community development program, especially for the government who deal with public health. The proverb 'Better to prevent than cure' must be revived in public service campaigns. The current perception that MCU is not urgent should be scrapped in the socialization of health care workers. The public should be reminded that early detection is a reflection of the 'urgency'. Refrain from all kinds of diseases accumulation is more important than delaying for regular MCU (Nakanishi, Tatan and Fujiwara, 1996).

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Examining the Antecedents of shopping Excitement and Affiliation Intentions   in Shopping Malls

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Abstract

In response to our limited understanding of the role of servicescape and socialscape in influencing customer-to-customer interactions (Nicholls, 2010), this paper examines the effect of servicescape, socialscape, personal aspects (i.e. involvement) and other mall-related factors (i.e. tenant variety) on shopping excitement and affiliation intentions. A total of 403 valid responses were collected by the means of a survey, using a systematic sample from four regional shopping malls to avoid the single-site limitation in the extant literature. The data was analysed by the means of PLS-SEM. The findings showed that shopping involvement, tenant variety and ambient, rather than design and social, aspects were found associated with shopping excitement. Interestingly, pleasantness of music, design and social aspects were found to encourage affiliation intentions, while perceptions of other ambient factors (e.g. lighting, scent) were found to discourage these intentions. Shopping excitement was found to be the dominant driver of affiliation intentions.

1.0 Theoretical Background

Shopping malls have been playing a central role in consumption experience of millions of customers (Bloch et al., 1994). They are not only seeking acquisition of goods and services, but also a pleasurable experience (Reynolds et al., 2002). With growing competition among different shopping channels, shopping malls need to find ways to make the shopping experience more exciting (Baker & Wakefield, 2012). Many approaches were identified in this regard. First, performing changes to ambient factors (e.g. music) (e.g. Dube & Morin, 2001). Second, radical remodeling can be performed to stores and shopping malls (Bloch et al., 1994). Third and more recently, a growing attention has been paid to social aspects (Tombs & McColl-Kennedy, 2003) and management of customers' portfolio (Brocato et al., 2012) in a way to positively enhance customers' shopping experience. Out of the three approaches, the social aspects received the least attention by prior research. Although mall shopping has been described as a social activity (Brocato et al., 2012) and a venue to reduce feelings of loneliness (Baker & Wakefield, 2012), social aspects have received limited research attention in this growing literature. Prior research was concerned with perceptions of social interactions with service employees in the store context (e.g. Baker et al., 2002) or crowding effects of other customers (Eroglu & Machleit, 1990). Servicescape research was primary interested in store context (Reynolds et al., 2002) rather than "more complex and

multi-functional consumption settings such as shopping malls" (Nisco and Warnaby, 2014:212). According to Donovan and Rossiter (1982), approach-avoidance behaviour consists of four aspects: patronage behaviour, exploration (i.e. likelihood to stay active and move around versus inactive and stay where you are), willingness to affiliate with staff and other customers and lastly, satisfaction and loyalty perceptions with the task performed. Approach behaviours were examined by prior research either on a global level (e.g. Brocato et al., 2012) or separately (e.g. affiliation behaviour) (Jang and NamKung, 2009). Out of approach behaviours, affiliation behaviour received limited research attention (Sweeny and Wyber, 2002). Prior research has employed Stimulus-Organism-Response (S-O-R) framework (Mehrabian and Russell, 1974), to examine the effects of atmospheric elements on emotional (e.g. excitement) (Wakesfield & Baker, 1998) and then, on approach behaviour (Donovan & Rossiter, 1982). The conceptual framework is depicted in Figure (1).

2.0 Research Hypotheses

2.1. Organism: Shopping Excitement

In line with S-O-R framework (Mehrabian and Russell, 1974), environmental psychology research asserts the influence of atmospheric elements on customers' emotional reactions to the service environments (Jang and NamKung, 2009). Compared to arousal and pleasure emotional responses, Baker & Wakefield (2012) noted that excitement did not receive much research attention that it deserves from retail studies. They argued that excitement levels may hold more predictive power of consumer behaviour than arousal and pleasure. Accumulated research evidence has established the influence of positive affect (i.e. arousal and pleasure) (Walsh et al., 2011) on approach (Donovan et al., 1994) and affiliation behaviour (Jang & NamKung, 2009).

H1: There is a positive association between excitement and affiliation intentions

2.3 Stimulus

Baker et al. (1994) classified stimulus factors into three categories: social (store employees and customers), ambient (music, light, noise, temperature, scent) and design (layout, colour, architecture, furniture style) factors.

Servicescape: Ambient, Design & Layout Factors

Ambient factors include noise, temperature, air quality, music and scent (Bitner, 1992), out of which music and scent received major research attention from prior research (Oakes, 2000; Michon et al., 2005). Baker (1987) asserted that design factors include functional (e.g. layout, signs) and aesthetic (e.g. colour, decor, style) factors. It is well established that pleasant store atmosphere (e.g. music, décor) resulted in excitement (Wakefield and Baker, 1998), enjoyment of shopping, willingness to talk to employees (Donovan and Rossiter, 1982), and higher return intentions (Donovan and Rossiter, 1982; Baker et al., 1992). In short, the pervious discussion concludes with the following hypotheses:

H2: There is a positive association between ambient factors and shopping excitement
H3: There is a positive association between design factors and shopping excitement
H4: There is a positive association between ambient factors and affiliation intentions
H5: There is a positive association between design factors and affiliation intentions

Figure (1): The Conceptual Framework

Socialscape
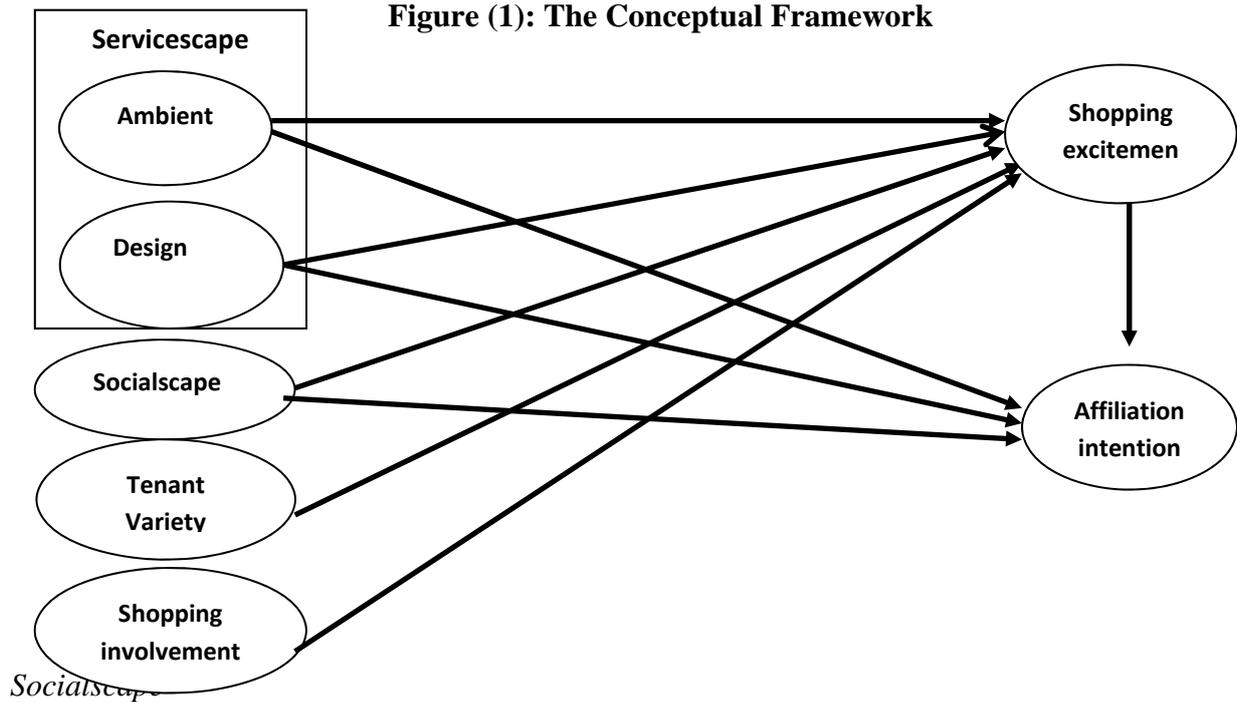
Social impact theory proposes that people get influenced by the presence of others around them (Latane, 1981). It is noteworthy that prior research primary focused on perceptions of social aspects as related to service employees (e.g. attractiveness, friendliness) (Darden and Babin, 1992) rather than other customers (Reynolds et al., 2002). It is well established that shopping malls can be perceived as venues to relief broaden and feelings of loneliness (Bloch et al., 1994) and sometimes considered as a social activity (Baker & Wakefield, 2012). It is proposed in the literature that customers are likely to get influenced by the presence of other customers in terms of their appearances, friendliness and helpfulness, which was found to enhance customers' approach behaviours (Brocato et al., 2012). Affiliation behaviour, as a subset of approach behaviours, is expected to get influenced by presence of other customers (i.e. socialscape aspects). In light of stimulus-organism framework, presence of other customers, in terms of appearance, friendliness and helpfulness, is expected to increase one's shopping excitement.

H6: There is a positive association between social aspects and shopping excitement
H7: There is a positive association between social aspects and affiliation intentions

2.3 Tenant Variety

It is a crucial element of retail mix for any shopping mall (Reynolds et al., 2002) and a key strategy to enlarge share of wallet of hedonic shoppers in a hyper competition of retail environment (Baker & Wakefield, 2012). It is well established in the mall shopping studies that tenant variety in terms of stores, restaurants and entertainment facilities, is likely to influence customers' emotional reactions such as excitement with shopping experience (Wakesfield & Baker, 1998).

H8: There is a positive association between tenant variety and customers' excitement

2.0 Involvement with shopping

Involvement with shopping refers to enduring, rather than situational, personal interest in shopping experience itself rather than outcome (Wakefield & Baker, 1998). Accumulated research evidence demonstrated that recreational shoppers, who are more involved with shopping experience tend to feel more excited (Baker & Wakefield, 2012), stay longer, visit mall more frequent (Roy, 1995) and have greater desire to affiliate with others (Baker & Wakefield, 2012).

H9: There is a positive association between enduring involvement with shopping and excitement

3.0 Methods

The majority of prior research suffered from single-site limitations (e.g. Michon et al., 2005). To avoid this limitation, data was collected by the means of systematic sample that was drawn from four regional shopping malls located in Cairo, at different days and times of a particular week. Participants were qualified by being above 18 years old, who are either leaving the site after completing their shopping or they had completed most of their shopping day. Around 1300 customers were approached, out of which 450 agreed to participate (34% response rate). The data editing process resulted in 403 valid responses. The sample consisted of 50% of females, which was dominated by highly educated mall patrons (63% hold a bachelor degree). Around 35% of the sample aged between 24 and 34. It is noteworthy that 82% of the sample does not come alone to the shopping mall. In terms of measurement, excitement (5 items) and involvement with shopping (4 items) were borrowed from Wakefield & Baker (1998). Affiliation intentions (3 items) were borrowed from Donovan & Rossiter (1982) and Sweeny and Wyber, (2002). Tenant variety (3 items) was adapted from Nasico & Warnaby (2014). Social aspects as related to other customers (3 items) were adapted from Baker et al. (2002). Scales of layout (4 items), ambient factors (5 items), and design factors (3 items) were captured by a mix of items adapted from Wakefield & Baker (1998) and Ruiz et al. (2004). The scale items were back-translated by two marketing academics and the survey was collected in Arabic. The questionnaire was pre-tested on a sample of fifteen shoppers.

4.0 Data Analysis

The measurement items were first subjected to principle component factor analysis (Barlett's test of sphericity ($P = 0.000$) and KMO =0.878), inter-item and item-to-total reliability tests. Consistent with Baker (1987), it is noteworthy that measurement items related to design loaded on two factors: aesthetics (5 items) (i.e. decoration, interior design) and functional (5 items) (i.e. signage and layout) aspects of design. Consistent with Ruiz et al. (2004), ambience factors loaded on two factors: music (2 items) and ambient factors (3 items) (i.e. temperature, scent and lighting). Lastly, the rest of items loaded as expected on their respective constructs, with a total of 71.3% cumulative variance (Hair, 2006). Next, all remaining measurement items were subjected to confirmatory factory analysis using Partial-Least Square- Structural Equation Modelling approach with 5000 bootstraps. All values of AVE and composite reliability were above cut-off values of 0.5 and 0.7 respectively (Hair et al., 2006). The discriminant validity was supported. In specific, the square root of the AVE of constructs exceeded the correlation values of all possible pairs (Hair et al, 2006) (see Table 2)

Table (1): The Square Root of the AVE & the Correlation Matrix

	1	2	3	4	5	6	7	8	9	10
Aesthetics	**0.83**									
Ambient factors	0.56	**0.85**								
Design	0.36	0.30	**0.80**							
Music	0.35	0.35	0.25	**0.93**						
Accessibility	0.23	0.30	0.30	0.18	**0.92**					
Affiliation	0.11	0.13	0.35	0.31	0.17	**0.84**				
Excitement	0.31	0.32	0.26	0.32	0.18	0.33	**0.86**			
Involvement	0.20	0.21	0.28	0.14	0.15	0.13	0.41	**0.80**		
Social	0.32	0.30	0.34	0.29	0.20	0.31	0.29	0.23	**0.80**	
Tenant variety	0.49	0.43	0.37	0.34	0.31	0.18	0.35	0.23	0.27	**0.86**

The diagonal represents the sq. root of AVE

Table (2): Structural Model

	Beta	*t*-value	R^2
Music → excitement	**0.14****	**2.783**	
Ambient factors → excitement	**0.10****	**1.935**	
Layout → excitement	0.04	0.736	
Aesthetics → excitement	0.01	0.282	**28.7%**
Social aspects → excitement	0.05	1.194	
Involvement with shopping → excitement	**0.32****	**6.618**	
Tenant variety → excitement	**0.14****	**3.068**	
Music → Affiliation intentions	**0.16****	**3.243**	
Ambient factors → Affiliation intentions	**-0.11***	**1.847**	
Layout → Affiliation intentions	**0.17****	**2.929**	
Aesthetics → Affiliation intentions	-0.01	0.304	**18.3%**
Social aspects → Affiliation intentions	**0.12****	**2.354**	
Excitement→ Affiliation intentions	**0.22****	**4.481**	

5.0 Discussion of Results

The findings demonstrate the role of servicescape, socialscape, shopping involvement and tenant variety in stimulating shopping excitement and affiliation intentions (i.e. willingness to interact with other customers and employees). As depicted in Table (2), the results indicated that involvement with shopping was the dominant cause of shopping excitement. More involved shoppers are more likely to have positive emotions associated with shopping than others who are less involved, because they "tend to get more excited about things that they enjoy doing" (Wakefield & Baker, 1998). In order of effects, perceptions of the pleasantness of music played in the mall were found influential in stimulating excitement levels of the mall shoppers. This was followed by variety of tenants (i.e. stores, restaurant and entertainment facilities) and other ambient factors (e.g. lighting and scent). These results are consistent with Wakefield & Baker (1998), exceptions being that design aspects were not significant in the development of one's excitement. It seems that instant shopping excitement is more related to ambient factors rather than design (e.g. layout and decoration) factors. Interestingly, social surrounding was not found associated with shopping excitement levels. This may be justified on the grounds that presence of other customers could improve or deteriorate (e.g. crying babies) experience for other customers (Grove and Fisk, 1997). With respect to affiliation intentions, excitement levels were found to be dominant driver of customers' tendency to interact with other customers, followed by layout aspects of the mall, pleasantness of music and perceptions of social aspects (e.g. friendliness and helpfulness) of other customers. These results coin the role of companies, as an environmental engineer (Bitner, 1990; Pranter and Martin, 1991) to facilitate inter-customer interactions. Unexpectedly, other ambient factors (e.g. lighting and scent) were found to discourage tendency to interact and affiliate with other customers. It seems that various aspects of servicescape may not all work in the same direction. These results are in line with claims that customer-to-customer interactions are not always spontaneous and uncontrolled, but they can be managed by marketing managers (Ekpo et al., 2014). Interestingly, pleasantness of music

was found to directly and indirectly (via shopping excitement) influence affiliation intentions. Marketing managers have to pay attention to the music preferences of mall patrons, who may differ by times of the day. To create an exciting shopping experience, they need to wisely plan for the variety of the stores, restaurants and entertainment facilities, which in turn, facilitate affiliation tendencies among mall patrons. It seems essential to target highly involved customers, who are personally interested in shopping. Mall managers could encourage customer-to-customer interactions by making a good use of mall layout. Cross-sectional nature of the study may set limitations on the findings. Intentions were used as proxy for actual affiliation behavior, which can be avoided by the future research.

6.0 Contributions

This paper contributes to the extant literature in three ways. (1) It examines the role of socialscape in enhancing shopping excitement and affiliation intentions, given the limited research attention to the social aspects in the shopping malls studies. (2) It contributes to customer-to-customer interactions literature (Nicholls, 2010) by examining the role of servicescape (e.g. music) in facilitating such interactions, as argued in the extant literature (Bitner, 1992). (3) Although the relationships between shopping excitement and other approach behaviors (e.g. desire to stay) were established (Wakefield and Baker, 1998), the association between shopping excitement and affiliation behaviors, in particular, was not examined by prior research.

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The Role of Affective States and Needs in Reference-Dependent Judgment

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Abstract

This paper examines whether a customer's affective state and need alter the extent to which reference-dependent judgements matter when choosing to buy a travel service. Our empirical results offer several insights: First, customers' affective states influence reference price judgements. Price gains are observable when prospective customers are in a positive affective state, and price losses are stronger for those in a neutral affective state. Second, these effects of affective states interact with related personality traits, i.e. an individual's need for affect as well as need for cognition. For example, a higher need for cognition softens perceived gains and losses for those in a neutral affective state. A higher need to avoid emotions amplifies gains for all customers except those in a heightened affective state. The results call for a careful analysis of target customers when setting prices and shifting reference prices.

Keywords: Reference-dependency, affect, need for emotion, need for cognition

Track: Marketing of Services and Information Goods

Introduction:

Although we know that both a customer's feeling states and prior experience with a service influence their behaviours and evaluations (Liljander & Mattson, 2002; Bolton, 1998), existing understanding is sparse in two aspects: First, while emotions such as anger have been studied in the context of service recovery (McColl-Kennedy & Sparks, 2003) and emotions in general mediate service recovery perceptions (Chebat & Slusarczyk, 2005), research focuses on service encounter episodes but not on how feelings influence the <u>initial</u> choice to purchase a service (i.e., pre-consumption). Second, while we know that customers' reference-dependent judgements influence their purchase choices (Mathies et al, 2013), and that a person's affective state influences their preferences and evaluations (Bagozzi et al, 1999), there is little evidence (e.g. Mano, 1994) as to whether perceptions of gains and losses are modified by the affective state of the customer at the time of making their choice. Hence, this paper aims to examine whether a customer's affective state alters the extent to which reference dependency, operationalised as reference price effects, influences purchase choice. Specifically, we seek to evaluate *(i)* whether reference-dependent service purchasing choices are conditional on the magnitude and valence (i.e., positive or negative) of the affective state a prospective customer occupies; and *(ii)* whether these effects are influenced by the individual's need for approaching or avoiding affect and their need for cognition.

Conceptual Foundations and Hypotheses:

Customer choices are a pervasive part of customer's daily lives, and are traditionally assumed to be a conscious, deliberative process. However, research in customer behaviour has shown that a large part of decision making occurs outside of conscious awareness and is affected by (partly) subconscious factors such as perceptions and affect (Fitzsimons et al. 2002). Affect, which we use as an umbrella term for the experience of feeling or emotion, plays an important part in customers' behaviours and decisions (e.g. Isen 2001; Bagozzi et al. 1999; Hirschman and Holbrook 1982; Ackert et al. 2003).

There is a vast body of marketing and psychological literature that deals with affect and emotions. The areas that have received the most attention are advertising, in particular affective responses to advertising, and also the influence of affect on cognition (Cohen and Areni 1991). Affective states are known to influence an individual's recall, evaluative judgments, decision rules in choice tasks, and the absence of emotion leads to suboptimal decisions (Cohen and Areni 1991; Bechara 2004).

Whereas consumer behaviourists have studied affect on customer choices extensively (e.g., Garg et al, 2007; Loumala and Laaksonen, 2000), random utility models of customer choice assume that the easily observable and measurable explanatory variables such as a product's price, or a person's age or gender dominate the choice process (McFadden 1986; Ben-Akiva et al. 2002). However, there is evidence in the psychological, marketing and economics literature that choice behaviour is adaptive and context-dependent, and is also influenced by latent factors, such as affect, perceptions and personality (Ben-Akiva et al. 2002; Thaler 1980; Cohen and Areni 1991; Fitzsimons et al. 2002; Bagozzi et al. 1999; Isen 2001).

Reference dependent judgements, where customers compare service/product attributes, most commonly price, to their subjective reference point or point of neutral response, are a well established concept in modelling purchase choice. The literature examining reference price is extensive, and covers both the determinants and effects of reference prices. Munro and Sugden (2003) and Kimes and Wirtz (2003), for example, model an individual's reference price as his or her recent, rational expectations about outcomes. Bolton et al. (2003) argue that reference prices reflect past prices, competitor prices and vendor costs, while Kahneman et al. (1986) find that market prices, posted prices and the history of previous transactions serve as reference prices. Generally customers use both internal and external reference prices, such that both past and present experiences define the level of a neutral response (Kalyanaram and Winer 1995; Mazumdar and Papatla 1995; Erdem, Mayhem et al. 2001). Internal (or temporal) reference prices are based on previous experiences with a brand and/or product category, and past exposure to other price information. Briesch et al. (1997) consider a brand's past prices as the best inputs to operationalize internal reference prices. External (or contextual) reference prices, such as publicized list prices, usually at the time of purchase, can also be manipulated through marketing communication to make customers perceive a price as a gain (Biswas and Blair 1991).

Reference-dependent judgments imply that customers compare a purchase option to their reference point, leading to perceived gains (positive deviation) or losses (negative deviation). This is an application of prospect theory, where individuals assess outcomes that deviate from their reference prices as either gains or losses, and typically react more strongly to perceived losses than to perceived gains (Kahneman and Tversky 1979). Reference price studies confirm this pattern; customers respond more to price increases than to price decreases relative to their reference prices (Kalyanaram and Winer 1995). In accordance with loss aversion, customers should prefer positive (gains) over negative deviations (losses).

Reference price research follows the convention of viewing affect as something that ensues after cognitive processing (Zajonc, 1980). Reference price studies which incorporate affect usually look at affective responses of a reference point comparison, e.g. as gratitude (Heath et al, 1995), and "feelings of unease or guilt when the inequality is to his or her advantage, but feelings of anger or outrage when the inequality is to his or her disadvantage" (Xia et al, 2004, p. 2).

It is widely accepted that affect, in particular positive, influences decision making. Though the evidence over whether this effect is disruptive or facilitative is conflicting (Isen 2001), most studies report it as a facilitator. An individual's emotional state can influence various aspects of information processing, including the encoding and retrieval of information, different information processing strategies used, evaluations and judgments, and creative thinking (Bagozzi et al. 1999). There are many studies that report the facilitating effects of positive feeling states on cognitive processing, including evaluative judgments (Cohen and Areni 1991). Isen (2001) reasons that as long as the situation is interesting or important to the decision maker, positive affect facilitates creative problem solving and enhances cognitive processing, which makes decisions more efficient, thorough, flexible and innovative. A large body of literature supports the theory that positive affect enhances cognitive abilities and facilitates efficient and thorough decision making (e.g. Kahn and Isen 1993; Bagozzi et al. 1999; Cohen and Areni 1991; Lewinsohn and Mano 1993).

Although there is also conflicting evidence regarding the effect of negative affective states on choices, the general finding is that intense negative feelings restrict attentional capacity (Mano 1999), resulting in less time deliberating and a thin or shallow processing strategy that oversimplifies the decision process (Lewinsohn and Mano 1993). Stone and Kadous (1997) add that high negative affect increases decision makers' use of scanning strategies, i.e. quickly but indiscriminately examining information, which increases choice accuracy in easy tasks, but impairs it in more involved tasks.

High negative affect is also associated with a preference for avoiding losses, whereas neutral feelings may lead to more risky choices (Mano, 1994). Isen et al (1988) found that losses loom larger for individuals with high positive affect compared to those with neutral feelings.

As reference dependent judgments add to the complexity characterising customers' decision making, we posit:

H1: Individuals in a positive (negative) affective state refer more strongly (less) to reference points in their decision making than individuals in a neutral affective state.

H2a: Individuals in a positive affective state value relative price gains (losses) more (less) than individuals in a neutral or negative affective state.

H2b: Individuals in a negative affective state value relative price losses (gains) more (less) than individuals in a neutral or positive affective state.

The previous section theorised how affect might influence the degree to which individuals will engage in reference dependent judgments when making choices. The strength of reference comparison effects might however not solely depend on the strength and valence of the feelings, but also on the individual's need for cognition and need for emotion. Need for cognition is an individual's predisposition to think and enjoy thinking, and influences choice behaviours in many ways (see Wood and Swait, 2002). Most relevant for our study are the findings by Inman et al (1990) that individuals with a high need for cognition react to sale

promotions only if a price cut is explicitly communicated – a tactic commonly used to shift reference prices. Need for affect, on the other hand, is a motivational concept which captures an individual's tendency to either approach or avoid emotion-inducing situations and actions. Those with a high need for emotion are more likely to embrace emotional information (Appel et al, 2012). Gains and losses invariably induce positive (e.g., gratitude for gains) or negative (e.g. guilt for gains; anger for losses) emotions (Xia et al, 2004), which implies that a high need for emotion will accentuate their effects on the choice outcome. However, individuals generally aim to achieve a positive affective state:

H3: A greater need for cognition will amplify the reference dependent gain and loss effects.

H4a: A greater need to approach emotions will strengthen the reference dependent gain effect for individuals in a negative affective state.

H4b: A greater need to avoid emotions will strengthen the reference dependent gain effect for individuals in a positive affective state.

Methodology:
To test our hypotheses and measure the varying reference price effects, we selected air travel as a suitable scenario, because fares consistently vary, though people have a good understanding of a typical fare. A total of 273 valid responses were obtained through an online panel. We screened respondents to only include those who had taken a flight at least once during the last 12 months. 54% of respondents were female.

Respondents first completed the PANAS scale (Watson et al, 1988) to capture their affective state, and questions about their air travel experiences over the last 3 years. Respondents had taken an average of 4.63 domestic and 3.82 international flights, and 48% had previously flown from Sydney to the Gold Coast (on average 2.6 times), which was the experimental scenario for our study. To establish reference prices, respondents then indicated the typical, lowest and highest fare a) paid and b) seen for a flight from Sydney to the Gold Coast, and as how accurate they judge their price recall. The typical fare paid (mean $127, std 66.34) was slightly higher than the typical fare known (mean $118, std 69.24).

Respondents were then asked to complete a choice task for a travel service, i.e. choose their most preferred option for a holiday flight from Sydney to the Gold Coast. A 2 (seat) x 4(brand) x 4(price; $39-$99) x2 (departure time) orthogonal within-subject design resulted in 8 choice sets with four alternatives each. The online survey concluded with measurement scales to capture need for affect (ten items from Appel et al, 2012, e.g. "Emotions help people to get along in life"; "I find strong emotions overwhelming and therefore try to avoid them") and need for cognition (five items from Wood and Swait, 2002, e.g. "I only think as hard as I have to"), and demographics.

To evaluate the choices among various flight options, we used McFadden's (1976) conditional logit model, in which choice is a function of the attributes that describe the alternatives. Reference prices for each respondent were calculated based on his/her survey responses about average prices paid and known. Customer- and alternative-specific reference-dependent price gains and losses were calculated as the difference between a person's reference price and the price of the flight alternative.

Results:
The results from our estimations are displayed in Table 1. To examine whether reference-dependent effects are conditional on affective state we evaluate the price gain and loss effects

for four different affective states, based on the factor scores for positive (PA) and negative affect (NA): Negative Affective State (NA>0, PA <0), Neutral Affective State (PA < 0 and NA <0), Positive Affective State (PA >0, NA <0), and Heightened Affective State (PA>0 and NA >0).

The results show that reference dependent judgments are only significant in the positive and neutral affect sub-samples. Negative affect does not produce any significant reference dependent judgments. In particular, a price gain effect is only observable when prospective customers occupy a positive affective state; and the price loss effect is stronger when prospective customers occupy a neutral affective state than compared to the results for the overall sample. Thus, affective state appears to condition reference price effects largely in line with Hypothesis 1. An additional interesting finding is that those in a heightened aroused state, both positive and negative, focus on the absolute price and do not engage in significant reference price comparisons, indicating that negative affect offsets any facilitative effects that positive affect might have on more complex decision making heuristics such as reference dependent judgments.

Table 1. Results

Attribute	Overall Sample	Subsamples with emotional states being…			
		Negative	Positive	Neutral	Heightened (pos.+neg.)
Main Effects					
Seat choice (Base: pre-allocated)	0.166*	0.243	0.216**	-0.008	0.312**
Brand - Virgin (Base: Tiger Air)	1.166*	0.838*	1.124*	1.558*	1.075*
Brand -Qantas	1.477*	1.120*	1.387*	1.963*	1.275*
Brand -Virgin Australia	0.780*	0.626*	0.775*	0.927*	0.754*
Departure Time between 8am and 6pm (Base: before 7am or after 9pm)	1.124*	0.678*	1.106*	1.580*	0.888*
Price (AUD)	-0.043*	-0.038*	-0.038*	-0.054*	-0.041*
Reference Price Effects					
Price gain	0.064	-0.114	0.213*	0.017	0.031
Price Loss	-0.195*	-0.198	0.001	-0.460*	-0.224
Interaction Effects					
Gain x NFC	-0.069	0.020	-0.080	-0.235*	0.119
Loss x NFC	0.153*	-0.071	0.089	0.241**	0.134
Gain x NFEAP	-0.013	-0.146*	0.095	-0.029	-0.107
Loss x NFEAP	-0.039	-0.013	-0.007	-0.236*	0.076
Gain x NFEAV	0.176*	0.234*	0.296*	0.250*	0.074
Loss x NFEAV	-0.154*	0.029	0.029	-0.298*	-0.161
Sample Size	273	41	100	92	40
Pseudo R^2	.329	.267	.306	.417	.341

* $p< 0.05$; ** $p< 0.1$

Regarding the asymmetrical effect of gains and losses (Hypotheses 2a and b), we observe that losses loom larger than gains, in accordance with prospect theory. More specifically, we

expected those in a negative affective state to be more averse to losses than those in a neutral or positive state; however this could not be confirmed. Positive affect maintenance (e.g. Isen 2003), i.e. the desire to retain one's positive feelings by realising a reference price gain, might help to explain this result.

Furthermore, the interaction effects – interpreted as changes in the slope of the significant main effects that we have found – show three interesting patterns. Without distinguishing affective state (overall sample), the slope for price loss effect becomes less negative with a greater need for cognition and more negative with greater affective need for avoidance. Different patterns emerge when accounting for the affective state: For individuals displaying a positive affective state, the slope for the price gain effect becomes more positive with a greater affective need for avoidance. We therefore have to reject Hypothesis 4a, as a greater need to approach emotion reduces the perceived gains for those in a negative affective state.

In contrast, Hypothesis 4b is largely supported, because the need to avoid emotions heightens the effects of gains on travel service (flight) choice for all respondents, except for those in a heightened emotional state. Finally, we found the opposite effect as assumed in Hypothesis 3, in that a high need for cognition dampens reference dependent losses and gains, but only for those in a neutral emotional state. Overall, it seems that affect overrides the effects of an individual's innate needs for affect or cognition, because interaction effects are particularly prevalent in the neutral affect sub-sample.

Finally, we observe an unexpected finding: Individuals in a neutral affective state are especially influenced by their cognitive as well as emotional predispositions: For individuals in a neutral affective state, the slope for the price loss effect becomes less negative with a greater need for cognition, more negative with a greater affective need to approach, and more negative with a greater affective need for avoidance.

Conclusions:
Affective states influence reference price dependence in consumer's decision making. They interact with personality trait measures, both cognitive patterns, i.e. need for cognition, as well as emotional patterns, i.e. need for emotional avoidances. Hence, the effect of reference-dependent gains and losses can vary greatly across different situational and personal characteristics. Hence, the pricing of services should be mindful that reference-dependent effects likely change with customers' affective state, their need for cognition, as well as their need for emotional avoidance/approach. This calls for a careful analysis of targeted customers when implementing price schemes for services for which, because of their intangibility, determinants of reference points, in particular prior experiences but also published prices, matter.

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Forms of Value Creation through Social Media for Music Festival Participants

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Abstract

Event organisers' use of social media to communicate with target audiences is growing. However, it is unclear how value is perceived by festival participants and what value they gain from engaging with social media in this service industry. The main purpose of this paper is to identify the forms of value festival participants gain, while seeking to extend existing knowledge of effective social media communication. Qualitative, face-to-face interviews were conducted with young adults who attended an annual music festival in New Zealand. Analysis of the interview data identified five value concepts - functional, social, emotional, interactive and visual value. The findings suggest different segments perceive different combinations of these value types and engaged with the festival's main social media platform differently. All segments co-created value, however, not all participants were co-producing value, as only one segment expressed the requisite heightened engagement and interaction with the platform.

Keywords: Value co-creation, social media, music festival

Track: Marketing of Services and Information Goods

1.0 Introduction

Use of social network sites (SNS) to communicate with festival participants has become more widespread (Paris, Lee, & Seery, 2010) as event organisers recognise the potential to engage and collaborate with participants (Hudson & Hudson, 2013). In the case of annual festivals, social media channels encourage frequent, regular online engagement, user-generated content and word-of-mouth recommendations (Slack, Rowley, & Coles, 2008). The high involvement nature of festivals requires a high level of emotional investment from participants (Crompton & McKay, 1997). Thus, attendees are likely to be positively predisposed to festivals (Bloemer & de Ruyter, 1999; Crompton & McKay, 1997), and willing to invest time engaging with the festival through SNS outside the actual event. However, there is a lack of understanding about ways to build engagement with participants and the perceived value they obtain through social media. For younger consumers, social media is becoming the dominant digital communications channel (Chappuis, Gaffey, & Parvizi, 2011), yet, little is known about how they engage with it and the value they gain from their online experiences of music festivals.

As a cornerstone of marketing theory and practice, customer value has been studied extensively. Yet, important gaps remain about its application in different types of consumer experiences. The high-involvement music festival industry is one segment of the economy that has been neglected, despite its growing importance. Millions of fans attend a variety of festivals each year (Hudson, Roth, Madden & Hudson, 2015), which involve high levels of participant socialization, positive atmospheres, enjoyable entertainment and an element of rarity due to their infrequent occurrence (Crompton & McKay, 1997). Rather than purchasing an organisation's offerings consumers buy anticipated benefits which satisfy particular needs. Therefore, festival organisers need to discover these benefits in advance to execute their marketing efforts effectively (Crompton & McKay, 1997). This paper addresses the need to understand how music festival participants create and obtain value through social media.

2.0 Literature Review

Social media is an emerging marketing tool that offers many benefits which traditional forms of media do not. On social media websites consumers can become engaged in online communities (Goetz & Barger, 2008), partake in active and transparent conversations with organisations (Constantinides, Romero, & Boria, 2009), and converse with other customers (Mangold & Faulds, 2009). This platform allows organisations to listen and talk with their audiences rather than delivering a one-way message (Constantinides et al., 2009; Mangold & Faulds, 2009) and facilitate two-way activities including ideas for new product development and customer service, via active customer participation (Constantinides et al., 2009). Social media encompasses a large number of applications (micro-blogs, blogs, content sharing, and SNS). Among them, Facebook is one of the most popular SNS used to connect and interact with contacts (Ellison, Steinfield, & Lampe, 2007). Facebook users spend time on the platform keeping up to date with contacts and group organisations, sharing photos and using applications (Joinson, 2008). Facebook's many functions are also being used to motivate customers to participate with organisations and encourage co-creation of customer value (Marandi, Little, & Hughes, 2010). However, there is limited guidance as to how participants engage with the application, and therefore how they can enhance their online experiences by engaging with music festivals' social media. Therefore, the objective of this research is to determine what forms of value music festival participants obtain through SNS. More specifically, the research focused on two questions: 1) How do participants engage with a specific SNS (Facebook)? and 2) How do they perceive specific features within a SNS?

The literature on value and the service dominant (S-D) logic of the firm is valuable to assess value from the SNS users' perspective and understand the ways organisations can facilitate value co-creation. Woodruff (1997, p. 142) argues that value is derived from customers' 'learned perceptions, preferences, and evaluations'. Vargo and Lusch (2004) discuss the impacts of the S-D logic on customer value and conclude that value is not only perceived, but also co-created by the customer. Their definition of co-creation entails interaction between producer and consumer, the combining of resources in addition to a personal determination of value. Further, Vargo and Lusch (2004) acknowledge the role of co-production; customers' actual participation in the development process of the core offering; but recognise that this does not occur in all offerings. This view of customers as both co-creators of value and potential co-producers of offerings is appropriate to study the music festival industry, where there is a high level of participation from attendees. Customer participation can be defined as the extent to which a customer is involved in any aspect of an offering: pre, during, or post sale (Ippolito, 2009) and can contribute to and increase the perceived value of offerings.

Customer value can be categorised into different types of perceived value. According to Sheth, Newman, and Gross (1991) consumer choice behaviour is determined by five different types of value; functional, social, emotional, conditional and epistemic. This consumer value typology is highly cited and is chosen as a framework to examine existing value constructs (Sweeney & Soutar, 2001). Functional value encompasses the physical function or performance of an offering and relates to the actual use of the offering (Sheth et al., 1991). Social value encompasses consumption regarding public perception and influence of other people; often these offerings are highly visible to others (Sheth et al., 1991). Emotional value involves feelings of arousal or emotive associations that consumers have with offerings. Epistemic value encompasses fulfilling curiosity and desire for new things and experiences which break habit. Finally, conditional value encompasses offerings which are particular to a circumstance and the value may only be perceived when it occurs (Sheth et al., 1991).

Mathwick et al. (2001) discuss the value gained by the consumption experience. They believe that there are four factors which result in the type of value experience gained by consumers: intrinsic versus extrinsic value, and active versus reactive value. Intrinsic value is gained through the purchase experience itself, whereas extrinsic value is only gained from attaining the desired outcome of the consumption process. Active value exists as heightened levels of collaboration between the consumer and provider, whereas reactive value is the passive response to an offering. They conclude that these four value criteria combine to result in four types of experiential value; consumer return on investment, service excellence, playfulness and aesthetics (Mathwick et al., 2001). Consumer return on investment (active and extrinsic value) involves gaining the desired offering at reasonable economic expense (Mathwick et al., 2001). Service excellence (extrinsic and reactive value) addresses passive appreciation for the provider's service process. Playfulness (intrinsic and active value) is the enjoyment of active engagement in the experience; hence collaboration is necessary. Finally, aesthetic value (intrinsic and reactive value) is appreciating visual and entertaining elements of the consumption experience. The two value typologies (Sheth et al., 1991; Mathwick et al., 2001) are appropriate to frame this study. What has not been explicitly stated is that co-creation of value is inherent in each value type. All consumption experiences require the consumer to interact with the provider at some level, in addition to determining perceived value (Vargo & Lusch, 2004); hence each value type involves co-creation of value. Some of these value types also include co-production of value. For example, playfulness involves co-production as it requires consumers' active participation and interaction (Mathwick et al., 2001).

3.0 Research Setting, Methods and Data Analysis

The Rhythm and Vines (R&V) festival is the focal event of this research. This New Year's festival is a three day music event attracting 25,000 patrons from NZ and overseas (Rhythm And Vines, 2010). It is the largest New Year's celebration in the country and has been voted one of the top five New Year's festivals in the world (NZ News Online Limited, 2010). Face-to-face interviews were conducted with individuals aged between 18 to 22 years of age who attended the 2011 R&V festival. A purposeful sampling method, the snowball technique, was used to recruit participants and was appropriate since the researcher needed to identify people who had attended a specific event and who would otherwise be difficult to access. Interviews continued until a saturation of themes was achieved. This saturation occurred after 16 interviews. The average length of the interviews was 40 minutes. Interviews were structured into two sections: 1) a semi-structured question session encouraging free-flowing responses; 2) an elicitation session to discover features of the R&V Facebook page that participants valued but could not recall. A laptop was the elicitation stimulus, displaying Facebook pages

(R&V and Coromandel Gold) which they could navigate, commenting on their likes and dislikes. The differences between the two pages stimulated participants to recognise aspects that they valued about the R&V page. The interview protocol included memo writing to record participants' engagement and enthusiasm for the festival. Each interview was audio-recorded and transcribed. Thematic content analysis of the data followed six steps suggested by Braun and Clarke (2006): 1) becoming familiar with the data, 2) generating initial codes, 3) searching for themes, 4) reviewing themes, 5) defining and naming the themes and 6) finally producing a report. Participants were given pseudonyms and profiles were built from their social media usage habits, festival motivations and the memo of participant behaviour.

4.0 Discussion of Findings

None of the participants were aware of the festival's social media applications other than their official Facebook page. Only when directly probed did some state that they assumed the festival would have Twitter, but were unaware of it. Three of 16 participants were entirely unaware of the festival's Facebook page until the interview and two had not seen it, but were aware that it existed. The majority of participants had seen the Facebook page before with eleven participants being connected to the page either through 'liking' it or 'attending' the event. As participants were shown the Facebook page during the elicitation session they all had the opportunity to evaluate its perceived value. Overall, the findings revealed that the different segments perceive different types of value from the SNS, namely: functional, social, emotional, interactive and visual value. Different features of the Facebook page were perceived to offer different benefits, hence different forms of value. Functional value was perceived if the participant could gain physical and practical benefits from the page, such as access to timely information, updates and purchasing tickets. These functional benefits were driven by an immediate need and contributed to getting to the festival.

Participants identified social value to derive from being able to see other people attending the festival and personally connecting with them, through becoming a member of the R&V Facebook community, and enabling others to see that they were also attending the festival. Social value exists as these aspects involve the participant wanting others to see their actions. The high visibility of being connected to the Facebook page contributes to the participant's public image as it provides members of the R&V community information about the participant's personal interests. Social value was perceived from features such as: friend activity, the total number of 'likes' (or members in the Facebook community) and the option to click 'attending' the R&V event. Participants also obtained emotional value through the R&V Facebook page. Using the Facebook page is a very different experience than attending the festival; however some participants could feel the festival's atmosphere when using the R&V Facebook page. This was considered valuable as participants felt that the application initiated excitement despite the fact that they were far removed from the actual event. Emotional value was perceived from features such as the atmosphere generated through the Facebook page and the shared excitement developed through presence of others on the page.

Interactive value is based on 'playfulness'- a value concept encompassing intrinsic and active value (Mathwick et al., 2001). Participants who perceived interactive value displayed heightened collaboration and were highly engaged with the R&V Facebook page. They considered value to reside not only in the functional uses of the application, but also their personal involvement with the application – for example, posting their opinions and thoughts. Interactive value was perceived from features such as: voting on polls, competitions, and commenting on the Facebook page. Visual value is based on the concept of aesthetic value - a

combination of visual appeal and an entertainment factor (Mathwick et al., 2001). In the context of this research, visual appeal was generated through features such as the photos of the event and the layout of the Facebook page. Entertainment value originated from viewing the videos on the page. However, this value can also be considered visual as participants noted that watching the videos was visually stimulating. Hence, this value type was named 'visual value' as this was the dominant form of value that participants experienced. Visual value was perceived from features such as: the photos, videos and the R&V profile picture.

The majority of participants engage with the Facebook page by observing the page as a passive viewer or information seeker. Their actions would involve searching the tabs for information, viewing photos and videos, and viewing their friends' activity within the page. Participants did not consider this to be active engagement with the page. However, several participants did acknowledge that they had elected to be connected to the page either through 'liking' the page or 'attending' the event. This connection required the decision to click the button enabling them to receive automatic notifications and updates in addition to showing others that they are connected to the event. Through this connection to the page, participants express greater engagement than those who were not connected. Participants at a higher level of engagement (3 out of 16) actively commented on the page by posting their opinions and thoughts, or voting on polls. They were enthusiastic about the festival and more engaged with the page, using its interactive features. In contrast, some participants who did not actively engage with the Facebook page considered some of the interactive features annoying.

The 16 participants were divided into four segments according to the combinations of forms of value that they perceived to obtain from using the R&V Facebook page and their corresponding level of engagement with the SNS. Three participants were grouped in segment one. They are highly engaged Facebook users who are willing to connect with the organisations' SNS. They are connected to the R&V Facebook page via electing to be a 'fan' or by clicking 'attending' the R&V event. They are highly enthusiastic about the festival and had several reasons for attending the festival (including the influence of friends, musical acts, location, festival atmosphere and reputation). These participants were all first-time R&V attendees. Participants in this segment perceived that they obtained all five forms of value from the R&V SNS. Their high engagement levels and willingness to be connected to SNS meant that they were more open than the other segments to gain the different forms of value. In particular, they emphasised the importance of functional value as they appreciated the constant updates that the R&V Facebook page provided. They also perceived visual value as they saw the professional photos as an exciting opportunity to see themselves at the festival. As first-time festival-goers, they perceived social value by viewing others who were attending as they could share accommodation or transport others and meet more people at the event.

The two value types that this segment perceived that other segments did not were interactive and emotional value. This can be partly attributed to their first-time festival attendance; hence their interest and excitement levels appeared higher than repeat festival-goers. This would have resulted in them actively seeking more information, engagement and social benefits, all evoking strong emotional responses. Their high engagement levels with Facebook contributes to their perception of interactive value, as they appear eager to be involved in what the R&V page offers them in terms of personal involvement. Emotional value was perceived as these participants were new to the festival experience, hence they had heightened anticipation and excitement pre-event and wanted to prepare for the event or relive their experiences. There were seven participants identified as belonging to segment two. They can be described as

slightly conservative, but savvy Facebook users. They spend a lot of time on Facebook and are relatively open to being connected to company pages. However, this is something they consider carefully before doing. These participants are connected to the R&V Facebook page via electing to be a 'fan' or by clicking 'attending' the R&V event. They are enthusiastic about the festival, and the major motivating factor for attending the festival was the music. These participants are repeat festival-goers and are predominantly connected to the R&V Facebook page to gain information. These participants perceived functional, social and visual value. They were highly influenced by which artists were playing at the festival; hence their perception of functional value was paramount (i.e. seeking artist and line-up updates).

The three participants in segment three are unconfident and uninterested Facebook users. They are not open to connecting with company pages and are not connected with the R&V Facebook page. These participants are unenthusiastic about the festival, their sole motivation for attendance was their friends' attendance. These participants have a general preference for the official R&V website as opposed to other sources of information. Visual and social value were the only forms of value perceived by this group. Three participants were categorised in segment four. These participants spend little time on Facebook; mostly basic social contact.

5.0 Conclusions

From a theoretical perspective, this research suggests that social media marketing has the potential to offer several types of value to consumers. Five value types were identified in this study and different segments were defined that perceive value from social media efforts differently. Hence, festival marketers could specifically target social media communications for the different segments. In addition, festival organisers could try to heighten interaction as a means of building elevated enthusiasm toward the festival throughout the year. On the other hand, it is unknown if these social media value types apply beyond the participants interviewed in this study. In addition, the time when the interviews were held could present a limitation. As interviews were held in July participants may have had different requirements for the SNS than they would have had immediately before or after the event.

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Investing in internal customers:
The power of employee gratitude in employee-organisation relationship

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Abstract
This study aims to demonstrate that employee gratitude plays an important role in the understanding of how employees' perceived organisational support can enhance employee affective commitment and customer orientation. To achieve this, we synthesise knowledge from internal market orientation and psychology literature and expand the scope of 'affect theory of positive emotion' to develop an 'Employee Gratitude Model' (EGM). Self-administered surveys were conducted using panel data. Our research suggests that firms should invest energy and resources to design organisational support programmes that stimulate gratitude in their employees in order to build strong employee–organisation and employee-customer relationship. This paper is one of the first to conceptualise and examine the emotion of gratitude in the context of employee-organisation relationship and test its role in enhancing key favourable organisational outcomes.

Key words: Internal market orientation, Customer orientation, Employee gratitude, Employee affective commitment, Perceived organisational support

Track: Marketing of Services and Information Goods

Introduction/Background
The concept of internal market orientation emphasises the importance of employee relationships in the service organisations as much as customer relationships (Ahmed & Rafiq, 2003). Progressive organisations design strategies and invest in fulfilling their internal customers (employees)' needs and desires believing they will then be in a better position to deliver the quality desired to satisfy external customers (Brooks, Lings, & Botschen, 1999).

Although such investments help organisations to increase service employee productivity and capability, they do not always result in employees' pro-organisation and pro-customer outcomes such as employee affective commitment and customer orientation respectively (Görg, Hanley, & Strobl, 2008). While focusing on the economic nature of the designed benefits, the role that employee affect mechanisms can play in the productivity of the organisation is often overlooked.

With this limitation in current research in mind, this paper investigates the roles of perceived organisational support and employee gratitude on employee affective commitment and customer orientation. The next section of the paper outlines the hypotheses under investigation before the empirical study is outlined and the results presented and discussed.

The paper concludes with a discussion of the findings and their implication for practice and theory.

Literature Review
Employee gratitude
In line with Fredrickson (2004), this paper defines employee gratitude as a positive emotional response to actual or anticipated benefits from the employing organisation. Gratitude can be distinguished from other emotions as it is 'other' directed (Emmons, 2007). For example, one cannot feel grateful to oneself, while one can feel happy, angry, love, and proud of oneself. Although organisational support can be determined from the personal benevolent intentions of their immediate supervisor, it is difficult for an employee to identify the true source of the support. It is likely that employees will attribute organisational support benefits to the policies and regulations of the organisation. Further, the context of exchange relationship in this paper is between employees and organisation (abstract). Therefore, focus on the organisation (abstract) as the object of employee gratitude appears to be appropriate. Harpham (2004) posits an approach to the mechanism by which gratitude is stimulated thus separating it from indebtedness. Gratitude is likely to be elicited when a beneficiary perceives that the benefit is given with benevolence, without any expectation of personal or organisational gain in return.

Perceived organisational support: a key antecedent to employee gratitude
Perceived organisational support is defined as any form of extended organisational benefit that is beyond agreed and entitled remunerations or rewards and employees perceive them benevolent (Eisenberger, Huntington, & Sowa, 1986). Implicit in this definition is that perceived organisational support; 1) is not an obligation for the organisation, 2) does not obligate employees to reciprocate the benefit, 3) is beyond the agreed remuneration package or entitled rewards, and 4) can be provided in the form of financial and non-financial benefits.

In the context of employee-organisation relations, the employee perceived benefits of the investments from the organisation (perceived organisational support) would determine the nature and degree of the employee's emotional response, not necessarily but mostly positively. For example, if an employee perceived the organisational input in the relationship as beneficial, they are more likely to experience positive emotional responses such as gratitude. In line with this view, empirical studies have demonstrated the positive effect of the benefactor's support and investment in stimulating an emotion of gratitude in the beneficiary (e Hasan, Lings, Neale, & Mortimer, 2014; Palmatier, Jarvis, Bechkoff, & Kardes, 2009). This suggests the following hypothesis:

Hypothesis 1 (H1): *Perceived organisational support has a direct positive impact on employee gratitude.*

Consequences of employee gratitude
Employee affective commitment
Employee affective commitment is referred to as employees' psychological attachments to the employing organisation (Meyer & Herscovitch, 2001; O'Reilly & Chatman, 1986). Commitment is a multi-dimensional construct consisting of normative, continuance and affective commitment (Meyer, Stanley, Herscovitch, & Topolnytsky, 2002). Of these three dimensions, affective commitment is the most likely to result in actual attitudes and behavioural intentions (performance) and it includes core elements of, and is highly

associated with, employee engagement and employee involvement (Mowday, Porter, & Steers, 1982). In line with this view, studies have further supported that affective commitment is a more valid and reliable representation of employee commitment (Cohen, 2003; Meyer et al., 2002).

Positive influences of gratitude on other affect-based constructs is posited by Fredrickson (2004) in the Broaden-and-Build theory of Positive Emotions. The emotion of gratitude is likely to encourage employees to think well of and be willing to do something beneficial for the organisation (Palmatier, Scheer, Houston, Evans, & Gopalakrishna, 2007). Findings in organisational behaviour literature are consistent with this idea that employees reciprocate favourable treatment from employing organisations through greater commitment and performance (Mowday, Porter, & Steers, 2013). The willingness to reciprocate the benefit received from the organisation may lead to a formation of pro-organisational attitudes such as employee affective commitment (Bartlett & DeSteno, 2006). This leads to the second hypothesis:

Hypothesis (H2): *Employee gratitude has a direct positive impact on employee affective commitment towards the organisation.*

Customer orientation
In line with Saxe and Weitz (1982) and Brown, Mowen, Donavan, and Licata (2002), this paper defines customer orientation as an employee's tendency to prioritise the understanding and meeting of customer needs and interest and ensure long-term positive customer relationships. Previous studies have demonstrated a strong relationship between positive emotions and development of cognitive thinking such as developing long-term plans and goals (Keltner & Bonanno, 1997; Stein, Folkman, Trabasso, & Richards, 1997). Employees who have experienced gratitude toward the organisation are more likely to develop a goal to prioritise customer needs and interests in recognition of the organisation valuing their contribution to customer service (Bell & Menguc, 2002; Burns et al., 2008). This leads to the third hypothesis:

Hypothesis 3 (H3): *Employee gratitude has direct positive impact on customer orientation.*

Method
A web-based survey was conducted to test the hypotheses using panel data (final n= 174) collected from 180 respondents who are currently employed in a position that deals with customers daily basis in a service sector (e.g. hospitality, insurance, finance etc.) The survey questionnaire was developed using 7-point Likert scales (1=strongly disagree to 7=strongly agree) with established validated measurement scales to measure the constructs under investigation. The sources for the scales are: perceived organisational support (adapted from Eisenberger et al., 1986); employee gratitude (adapted from McCullough et al., 2002); employee affective commitment (adapted from Myer & Allen, 1984, Mowday et al., 1979); customer orientation (Saxe & Weitz, 1982). The Cronbach alphas for the scales ranged from .83 to .88 and composite reliability of scales ranged from .84 to .89 suggesting good reliability of scales (Hair, 2010). All item loadings are significant ($p<.01$), supporting convergent validity (Anderson & Gerbing, 1988). In addition, average variance extracted value for each constructs were above .50; further extending support to convergent validity of respective scales (Fornell & Larcker, 1981). Further, average variance extracted of each constructs was compared against inter-factor correlations. Inspection of Table 1.0 reveals that the square root of the average variance extracted for each construct is greater than its shared

variance of any other construct in the model, supporting discriminant validity is achieved (Fornell & Larcker, 1981). To test the hypotheses, the data was analysed using structural equation modelling.

Table 1.0. *Descriptive statistics*

	Mean	**SD**	**AVE**	**1**	**2**	**3**	**4**
1. POS	3.94	1.49	.645	1			
2. EGT	4.97	1.12	.657	.731**	1		
3. EAC	5.71	.96	.641	.687**	.757**	1	
4. CO	4.45	1.46	.607	.244**	.544**	.483**	1

**. Correlation is significant at the 0.01 level (2-tailed), *. Correlation is significant at the 0.05 level (2-tailed). N= 174. Where POS: perceived organisational support, EGT: employee gratitude, EAC: employee affective commitment, CO: customer orientation.

Analysis & results

Although with the significant chi-square value, the measurement model and sttuctural models goodness-of-fit is acceptable. The results of these tests are illustrated in Table 2.0. These fit indices suggest that the model has adequate suitable fit to the data from the sample, given that chi-square test is sensitive to the sample size (Schermelleh-Engel, Moosbrugger, & Müller, 2003). Therefore, no further modification is required for the model.

Table 2.0. *Summary of Goodness-of-fit statistics (measurement & sructural model)*

Goodness-of-fit statistics	Values		
	Measurement model	Structural model	Guideline
Chi-square (CMINS)	143.33 (Significant)	159.21 (Significant)	Non-significant
Degrees of freedom	71	73	NA
CMIN/DF	2.019	2.181	2-3
CFI	.95	.94	>.90
GFI/AGFI	.90/.85	.89/.84	>.90
RMSEA	.07	.08	<.08
SRMR	.05	.06	<.08
NFI	.90	.89	>.90
IFI	.95	.94	>.90

(Guideline thresholds adopted from Hair et al., 2010)

The proposed employee gratitude model and hypotheses were tested. The standardised estimates and Z-value scores of the hypothesised paths for employee gratitude model are provided in Table 3.0. Direct positive impact of perceived organisational support on employee gratitude (H1) was supported with $\beta=.742$, $p<.01$, direct positive impact of employee gratitude on employee affective commitment (H2) was supported with $\beta=.783$, $p<.01$, and direct positive impact of employee gratitude on customer orientation (H3) was supported with $\beta=.373$, $p<.01$. Overall, the predictor (i.e. perceived organisational support) explains variance of 55.1% for employee gratitude, 61.3% for employee affective commitment, and 28.7% for customer orientation.

Table 3.0. *Summary of hypotheses test result*

Hypotheses	Estimate	Z-value	
Hypothesis 1 (H1): *Perceived organisational support has a direct positive impact on employee gratitude.(POS→EGT)*	.742**	7.422	Supported
Hypothesis (H2): *Employee gratitude has a direct positive impact on employee affective commitment.(EGT→EAC)*	.783**	7.708	Supported
Hypothesis 3 (H3): *Employee gratitude has direct positive impact on customer orientation. (EGT→CO)*	.373*	2.490	Supported
Variance explained (%) for (Employee gratitude)	55.1		
Variance explained (%) for (Employee affective commitment)	61.3		

Variance explained (%) for (Customer orientation)	28.7

*p<.05, **p<.01, Two tailed tests; Where POS: perceived organisational support, EGT: employee gratitude, EAC: employee affective commitment, CO: customer orientation.

According to Baron and Kenny (1986)'s approach, employee gratitude partially mediates the relationship between perceived organisational support and employee affective commitment. However, the mediating role of employee gratitude on the relationship between the perceived organisational support and customer orientation does not meet the assumption of Baron and Kenny's approach. The independent variable (perceived organisational support) has a significant positive impact on customer orientation. The inclusion of the mediator (employee gratitude) in the relationship between perceived organisational support and customer orientation significantly changes the positive nature of the relationship, yielding a significant negative impact (β= -.309, *p*<.05) of perceived organisational support on customer orientation. While a significant indirect effect of perceived organisational support on customer orientation, supports the existence of mediator variables between perceived organisational support and customer orientation (Zhao, Lynch, & Chen, 2010), this type of mediation may be explained with Zhao et al. (2010)'s approach to mediation test, as they define such mediation type as 'competitive mediation.' Zhao et al. (2010) claim the existence of such mediation type where mediated effect (a*b) and direct effect (c) both exist in opposite direction. With Zhao and his colleagues approach, this study maintains that employee gratitude mediates the relationship between perceived organisational support and customer orientation.

Table 4.0. *Mediating role of employee gratitude*

Hypotheses	Dependent variable (DV)	a POS→ EGT	b EGT→ DV	c POS→ DV	c′ POS→DV (Mediator Controlled)/ (a*b)→DV	Indirect effect	Type of Mediation Baron & Kenny (1986)	Type of mediation Zhao, Lynch, & Chen (2010)
EGT mediates the relationship between POS and EAC	EAC	.719**	.763**	.680**	.281*	.585**	Partial mediation	Complementary mediation
EGT mediates the relationship between POS and CO	CO	.719**	.532**	.245**	-.309*	.395**		Competitive mediation

*p<.05, **p<.01, Two tailed tests; Where POS: perceived organisational support, EGT: employee gratitude, EAC: employee affective commitment, CO: customer orientation.

Discussion

This paper develops and tests a diagnostic employee gratitude model which is the first to evaluate the strength and effectiveness of organisational benefits in the form of organisational support programmes. If organisational support programmes evoke true feelings of gratitude, they are likely to attain the organisation's objectives including affective commitment and customer orientation.

From a practical point of view, service industry managers should recognise that employee gratitude, beyond other emotional mechanism (e.g. felt-obligation), promotes both pro-organisational and pro-customer attitudes. However, the results show that organisational support would not necessarily enhance employees' customer orientation. Managers should understand the nature, value and/or relevance of organisational support for their employees. Periodic collections of employee feedback such as staff opinion surveys would be useful for evaluating current support programmes in the organisation.

The partially mediating role of employee gratitude between perceived organisational support and employee affective commitment showed that it is not always the case that employee's perceptions of organisational support would generate feelings of gratitude and that this positive emotion stimulates pro-organisational attitude. The analysis on the mediating role of employee gratitude between perceived organisational support and customer orientation led to an interesting finding of 'competitive mediation,' where mediated effect (a*b) and direct effect (c) both exist in opposite direction (Zhao et al., 2010). The 'competitive mediation' suggests that there is an omitted mediator(s), which exists and can explain a significant proportion of the relationship between perceived organisational support and customer orientation. The negative relationship between perceived organisational support and customer orientation that is explained by the omitted mediator dominates in explaining the relationship between perceived organisational support and customer orientation, resulting in a significant negative direct path from perceived organisational support to customer orientation.

An alternative possibility is of the existence of an omitted sequential mediator which may mediate either the relationship between perceived organisational support and employee gratitude or the relationship between employee gratitude and customer orientation. The omitted sequential mediator exhibits the opposite nature of employee gratitude, making the direct path from perceived organisational support to customer orientation, significant and negative. For example, value incongruence may play an important negative role that makes the relationship between perceived organisational support and employee gratitude. Incongruent values that are offered in the form of organisational support may hinder the emotion of gratitude to elicit. This finding of competitive mediation of employee gratitude on the relationship between perceived organisational support and customer orientation suggest existence of a significant factor which may explain the negative side of the relationship between perceived organisational support and customer orientation (Zhao et al., 2010). Future research should focus on an omitted mechanism which would contribute to a more complete understanding the role of gratitude in the employee-organisation relationship and the effect of favourable employee-organisation relationship on employee's attitude toward customer services.

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The role of employee gratitude in achieving favourable organisational outcomes

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Abstract
This conceptual paper addresses how employee gratitude can play an important role in understanding how employees' perceived organisational support can enhance employee affective commitment and customer orientation. To achieve this, we synthesise knowledge from internal market orientation and psychology literature and expand the scope of 'affect theory of positive emotion' to develop an 'Employee Gratitude Model' (EGM). For theorists, this employee gratitude model offers a better psychological explanation of how perceived organisational support operates through gratitude to achieve favourable organisational outcomes.

Key words: Internal market orientation, Customer orientation, Employee gratitude, Employee affective commitment, Perceived organisational support, Employee self-referencing

Track: Marketing of Services and Information Goods

Introduction/Background
Organisations employ a range of strategies to increase employee productivity and values to sustain a customer orientation and beneficial organisational outcomes. While many strategies focus on the economic nature, the role employee affective mechanisms can play in employee productivity is often overlooked. Employee gratitude is an emotion that is elicited by someone or something specific and has a specific object (i.e. organisation or managers) (Emmons, 2007). As employee gratitude arises in response to the benefits received from the employing organisation and because its object is specific, employee gratitude may provide an accurate explanation in the study of exchange relationships between an organisation and its employees. This study therefore seeks to explore the role employee gratitude plays in understanding how employees' perceived organisational support can enhance their affective commitment and customer orientation, focusing on the employee-organisation relationship. Furthermore, this study proposes that employee self-referencing, that is how much the employee aligns themselves with the organisational support, will alter the relationship between perceived organisational support and employee gratitude.

Literature Review
Employee gratitude
Employee gratitude is a positive emotional response to actual or anticipated benefits from the employing organisation (Fredrickson, 2004).Gratitude can be distinguished from other emotions as it is directed at 'others' (Emmons, 2007), for example, one cannot feel grateful to oneself, while one can feel happy with oneself. In an organisational context, employee gratitude can be directed to either customers or the organisation. If employee gratitude is 'other' directed, then an important question is *whether the object of gratitude will be an*

immediate or ultimate supervisor, or the organisation? In order to answer this question, identification of the subject or the source of employee gratitude is important. Although organisational support can be rendered from the personal benevolent intention of an immediate supervisor, it is difficult for a frontline employee to identify the true source of organisational support. It is likely that employees will attribute the organisational support benefits to the policies and regulation of the organisation. Further, the context of exchange relationship in this paper is between employees and organisation (abstract). Therefore, focus on the organisation (abstract) as the object of employee gratitude appears to be appropriate. Harpham (2004) suggests a beneficiary's perceptions of the benefactor's intentions is a mechanism by which gratitude is stimulated. Gratitude is likely to be elicited when a beneficiary perceives that the benefit is given with benevolence, without any expectation of personal or organisational gain in return. A beneficiary may not truly know the underlying intentions of the benefactor. However, it is the beneficiary's perceptions of benefactor's intentions that determine whether gratitude is felt or not (e Hasan, Lings, Neale, & Mortimer, 2014). Gratitude is distinct from indebtedness. Gratitude occurs upon recognition (internal assessment) of the benefit received and sincere intentions of the benefactor, while indebtedness occurs under pressure of, and in an attempt to follow societal norms (Raggio, Walz, Bose, & Folse, 2014; Steindl-Rast, 2004). Greenberg (1980) argues indebtedness is generated from a state feeling of obligation to repay the received benefit to the exchange partner.

Perceived organisational support: a key antecedent to employee gratitude
Perceived organisational support is any form of extended organisational benefit that is beyond agreed and entitled remunerations or rewards and employees perceive them benevolent(Eisenberger, Huntington, & Sowa, 1986). Implicit in this definition is that perceived organisational support; 1) is not an obligation for the organisation, 2) does not obligate employees to reciprocate the benefit, 3) is beyond the agreed remuneration package or entitled rewards, and 4) can be provided in the form of financial and non-financial benefits. Employees' perceptions of organisational support therefore suggest the support is extended with benevolent intentions and provides benefits for the well-being of the employees.

Organisational support from the organisation is generally regarded as different from perceived value of the support received by each employee. Perceived organisational support is perceived as an implicit or explicit benefit by an employee that does not include any nature of the emotion itself, but determines the nature and degree of emotional experience of the exchange party (i.e. beneficiary) (Lawler, 2001). For example, if an employee perceives organisational input in the relationship as beneficial, they are more likely to experience the positive nature of emotional responses such as gratitude. In line with this perspective, this paper focuses on the employees' perception rather than organisational support per se. In emphasising the role of the perceptual aspect of the benefit received in an exchange relationship, Komter (2004) and Fredrickson (2004) posit that the beneficiary's perceptions of support or investment to the relationship from the benefactor develops a context in which the beneficiary can experience gratitude. Empirical studies have demonstrated the positive effect of the benefactor's support and investment in stimulating an emotion of gratitude in the beneficiary (e Hasan et al., 2014; Palmatier, Jarvis, Bechkoff, & Kardes, 2009). This leads to the first proposition:

Proposition 1 (P1): *Perceived organisational support has a direct positive impact on employee gratitude.*

Consequences of employee gratitude

Employee affective commitment

Employee affective commitment is referred to as employees' psychological attachments to the employing organisation (Meyer & Herscovitch, 2001).Commitment is generally regarded as a multi-dimensional construct consisting of normative commitment ('a perceived obligation to remain in the organisation'), continuance commitment ('the perceived costs associated with leaving the organisation'), and affective commitment ('an emotional attachment to an organisation) (Meyer, Stanley, Herscovitch, & Topolnytsky, 2002, p. 21). Research has found affective commitment is more likely to result in actual attitudes and behavioural intentions (performance) than continuance and normative commitment (Evanschitzky, Iyer, Plassmann, Niessing, & Meffert, 2006; Grant, Dutton, & Rosso, 2008). Affective commitment is distinct from normative and continuance commitment, which often involve moral obligations or pressure to be committed (Allen & Meyer, 1990). Employee affective commitment occurs upon their intrinsic motivation and free will, and not due to the feeling of obligation (McElroy, Morrow, & Wardlow, 1999). Mowday, Porter, and Steers (1982) suggest affective commitment includes core elements of, and is highly associated with, employee engagement and employee involvement.

Gratitude has also been found to positively influence other affect-based constructs (see for example, Fredrickson (2004). Gratitude is likely to encourage employees to think well of the organisation and behave in ways beneficial to the organisation (Palmatier, Scheer, Houston, Evans, & Gopalakrishna, 2007; Raggio & Folse, 2009). Employees have been found to reciprocate favourable treatment of organisations with greater commitment and performance enacted in response to the experience of employee gratitude (Shanock & Eisenberger, 2006). The willingness to reciprocate the benefit received from the organisation may encourage a formation of pro-organisational attitude such as employee affective commitment (Bartlett & DeSteno, 2006). Previous findings also suggest that gratitude for a benefit received results in cultivating affective commitment to the benefactor (McCullough, Tsang, & Emmons, 2004; Palmatier et al., 2007). This leads to the second proposition:

Proposition 2 (P2): *Employee gratitude has a direct positive impact on employee affective commitment towards the organisation.*

Customer orientation

Customer orientation is an employee's tendency to prioritise the understanding and meeting of customer needs and interest and ensure long-term positive customer relationships (Saxe and Weitz (1982). A tendency is different from a trait, in that a trait is more stable and consistent across situations (Cattell & Tregaskis, 1965), while a tendency develops in a certain situation and context. In the context of employee-organisation relationships, employee tendencies to meet customer needs is different from the characteristics of an employee that account for consistent patterns of feeling, thinking, and behaving to help customers meet their purchase objectives(Pervin & John, 1999).

Broaden-and-Build Theory (Fredrickson, 2001, p. 223) of positive emotion argues positive emotions such as gratitude "broaden the scope of attention and cognition, enabling flexible and creative thinking." The broaden effect of positive emotion further supports the relationship between employee gratitude and customer orientation, and has been well documented in the literature (Burns et al., 2008). A strong relationship between positive emotions and development of cognitive thinking such as developing long-term plans and

goals as been found in a number of studies (Keltner & Bonanno, 1997; Stein, Folkman, Trabasso, & Richards, 1997). Fredrickson (2001) suggests the broadened cognition generated by previously felt positive emotion may lead to future experience of positive emotion. In other words, employees who have experienced gratitude by the benefit provided by the organisation are more likely to show a tendency to prioritise the customer needs and interest because they believe that this tendency may be the source of further experience of gratitude (Burns et al., 2008). This leads to the third proposition:

Proposition 3 (P3): *Employee gratitude has a direct positive impact on customer orientation.*

Studies have evidenced positive relationships between employee affective commitment and value congruence (Allen & Meyer, 1990; Cogswell, 1968). Committed employees, in recognition of organisational goals that are congruent to their values, are more likely to place priority on customer needs as a way of helping their organisation to attain its organisational goals (O'Hara, Boles, & Johnston, 1991). Committed employees ultimately believe that ensuring survival and growth of the organisation is their responsibility (Joshi & Randall, 2001). These arguments support the claim that employee affective commitment predicts customer orientation. This leads to the fourth proposition:

Proposition 4 (P4): *Employee affective commitment has a direct positive impact on customer orientation.*

Moderating role of employee self-referencing
In line with Burnkrant and Unnava (1989), this paper defines employee self-referencing as the extent to which an employee aligns themselves with the organisational support. Previous research on self-referencing asserts that self-referencing has positive impacts on consumers' attitudes and behaviour toward the subject or the sender of information (Debevec & Romeo, 1992; Sujan, Bettman, & Baumgartner, 1993). Further, findings of higher levels of self-referencing leading to positive attitudes of the receiver of the message towards the sender have been evidenced (Lee, Fernandez, & Martin, 2002; Martin, Veer, & Pervan, 2007). The underlying logic of these findings is that when subjects are exposed to messages or information to which they can relate to themselves, their attitudes toward the information are more positive than the case when information did not facilitate personal relatedness (Debevec & Romeo, 1992).

Previous research asserts that employees who perceive a high level of support from the organisation are more likely to experience positive emotions toward the organisation (Eisenberger et al., 1986). Although the amount of organisational support provided may stimulate positive emotions such as gratitude toward an organisation, cultivation of employee's positive emotional responses depend on the extent to which employee's perceptions of the organisational support is aligned with their selves. If elements of employees' perceived organisational support are less acknowledged as relevant or less appropriate based on themselves (low self-referencing), gratitude from these employees is likely to be less. Catalyst effect of the positive affective nature in perceived organisational support will be enhanced as employees can relate the organisational support more to themselves (Sujan et al., 1993). In line with this self-referencing theory and findings, this paper proposes that the perceived organisational support is consistently processed by an individual employee, based on their self-concept and experiences, the level of employee gratitude will vary depends on the level of perceived similarities/association an individual

employee identifies with the organisational support received. This leads to the final proposition:

Proposition5 (P5): *Employee self-referencing moderates the relationship between perceived organisational support and employee gratitude.*
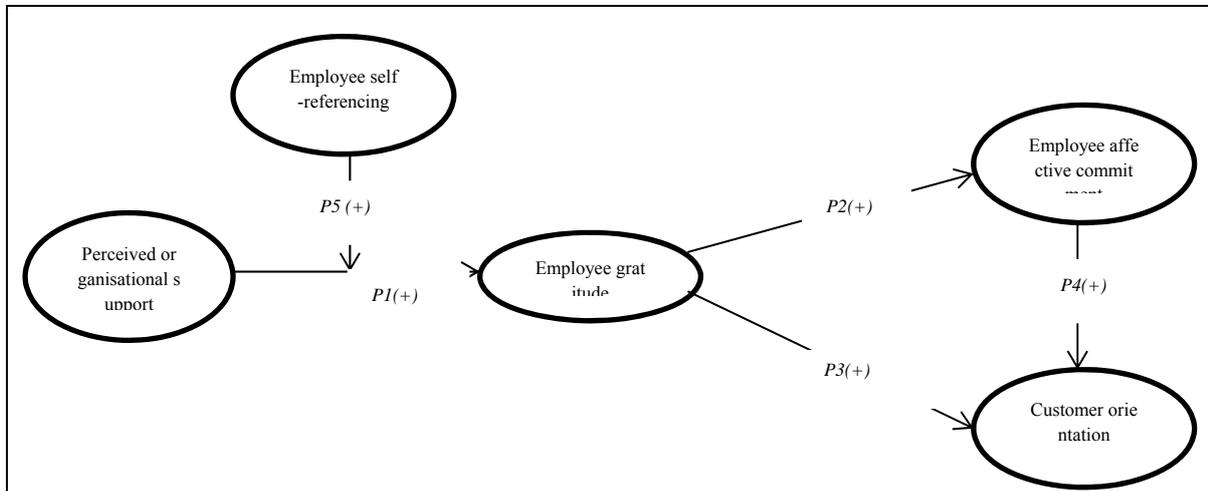
Figure 1: *Employee gratitude model*

Discussion and implications

This conceptual paper offers a diagnostic employee gratitude model which is the first to evaluate the strength and effectiveness of organisational benefits in the form of organisational support programmes. More specifically, this conceptual paper highlights gratitude as a mechanism by which employee affective commitment and customer orientation are predicted through perceived organisational support. By arguing employee gratitude is a significant factor to be considered not only from an employee-organisation relationship perspective, it is also relevant from an organisation-customer relationship perspective. In line with (Fredrickson, 2001), this study argues that employee gratitude may broaden, build, and strengthen positive relationships. It may further transform or extend the positive mechanism to further benefits to both exchange parties

If organisational support programmes evoke true feelings of gratitude, they are likely to contribute to organisational objectives, including affective commitment and customer orientation. Following the tenants of social exchange theory, this study also proposes that when organisations go beyond the explicit value and provides extra benefits, such as organisational support to their employees, employees feel grateful and endeavours to reciprocate the benefit even if it is not formally desired by the organisation.

In summary, this conceptual model and propositions have addressed employee gratitude in an employee-organisational context and highlighted two potential consequences of employee gratitude, namely employee affective commitment and customer orientation. Future studies may identify consequential benefits and, for example, the various consequences of employee gratitude and identify differences in how employee gratitude works and influences employee-organisational relationships in different industrial context as study is limited to service industry. For example, the difference between an industry with high perceived job security and one with low perceived job security or between one with high perceived competitive environment and one with low perceived competitive environment. The application of these

ideas at different economic conditions could also be investigated, such as, consequences of employee gratitude in a crisis. In addition, the nature of employee gratitude if the benefit has been rendered by immediate supervisor also warrants future investigation as this study investigated the organisation and not the supervisor relationship.

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Where is the marketing in internal marketing?
Revisiting the concept from the Service-Dominant Logic perspective

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Abstract

For the past 25 years, scholars and practitioners have claimed that Internal Marketing (IM) is a key to business success. However, a review of the extant literature reveals that scholarship has focused on *what* is needed for IM to be beneficial, rather than the *how* IM contributes to a firm's success or ongoing competitive advantage. To date, little is still known about the mechanisms through which IM works or could be leveraged to deliver value to the firm, leaving the research agenda described by Ahmed and Rafiq in 2003 unfulfilled more than a decade on. To address this, we propose that IM can be viewed through the lens of Service Dominant Logic to address and put forward a revised concept of IM, anchored in co-creation theory. Finally, we identify a future research agenda that examines the role of the employee as an operant resource in the co-creation of value.

Keywords: *Internal marketing, Service-Dominant Logic, internal customer orientation, internal market orientation*.

Track: Marketing of Services and Information Goods

1.0 **Introduction**

The concept of marketing has evolved over the years; it has shifted from a Good-Dominant Logic (G-DL) to the new paradigm termed Service-Dominant Logic (S-DL) (Vargo and Lusch, 2004). The pivotal elements of this new paradigm are the role of the agents involved in the marketing strategy and the process of value creation. This implies that value shifts from value-in-exchange (G-DL) to value-in-use (S-DL). Value-in-use is related with the concept of value co-creation and the customer experience which "(...) value can only be determined by the user in the 'consumption' process" (Lusch *et al*, 2007, p. 11), and not only in the delivery of the selling process, that is from the production to consumption. Therefore, the consumer is seen as part of the firm marketing strategy and as a value co-creator of the consumption experience.

Although the focus of value co-creation process rests with the customer, employees have also been depicted as operant resources (together with other stakeholder groups: Lusch *et al*, 2007; Merz, He and Vargo 2009). This aligns with the concept of Internal Marketing (IM), where employees are viewed as internal customers who help to co-create the brand experience. In this paper, we present the results of a systematic literature review of twenty five years of research on IM, to examine the extent to which the tenets of S-DL accord with our understanding of IM as presented in the literature.

Based on the analysis of 34 articles published in journals over a 25-year period (1990-2015), two main themes emerged from the IM literature. Firstly, that scholarship has emphasised the "*what* " of IM, but little empirical research has examined *how* IM can be implemented or leveraged to create value. Secondly, the theoretical basis of IM is multidisciplinary; drawing on marketing and human resources theory, and that there is scope to bolster the theoretical rigour underpinning the IM concept, particularly from the marketing discipline. We conclude that there is merit in considering S-DL as the foundation of a revisited IM concept: anchoring IM in the S-DL paradigm would enable research that could uncover *how* firms can develop competitive advantage through acknowledging the important role of employees in the co-creation of value in use and examining the connection between consumers, employees and marketing strategists in the creation of collaborative marketing strategy.

2.0 Method

The systematic literature review "helps develop a reliable knowledge base by accumulating knowledge from a range of studies" (Hemsley-Brown & Oplatka, 2006, p. 320). Two advantages of the systematic review are emphasised: the reduction of a manageable research production to analyse, while ensuring that the included papers are of sufficient quality to be reliable evidence (Stead *et al.*, 2007). Or said otherwise, instead of coming up with a list of randomly gathered publications that may not be a representative picture of scholarship on the phenomenon, the papers are selected through a systematic, multi-stage procedure.

Web of Science was used to get the 'universe' of papers, as it is the considered the most valid source (Ingwersen and Christensen 1997); the search used the keyword 'internal marketing' on topic and narrowed it down to research areas such as business economics, communications, sociology, social sciences other topics and social issues. An initial list 351 papers was identified.

This list was subsequently filtered taking into account (1) the quality of the outlet (limiting the results to high-ranked marketing journals indexed in the Journal citation reports or Scimago-index, and/or considered 4/3 in the ABS list such as *European Journal of Marketing, Journal of Marketing, Journal of Marketing Management, Journal of Business Research, Journal of Services Marketing,* or *Journal of Services Research)* and (2) the number of citations, which led to identity the 34 most cited papers, with a cut-off point of at least 1 citation for each paper. As we only focused on the most cited papers, the final sample of papers was significantly older than the universe (mean year of publication is 2002 *vs*. 2007; p-value <.05) as older papers usually have more citations (average citations of 32.60 *vs*. 2.77; p-value <.05)

Finally, papers were entirely read and an iterative coding process was used to standardize the information contained in the articles, to facilitate the identification of trends in the literature. Three elements were coded: (1) whether the paper is conceptual or empirical; (2) the focus of the article and (3) keywords. Regarding the focus, papers were grouped into two broad themes: (1) internal customer orientation/internal market orientation (IMO); (2) job-focused (talent attraction and retention; motivation and job satisfaction). There is a subset of conceptual papers that cover both themes and are coded as overview papers. Finally, there is a fourth group of papers that do not entirely fit with the dominant themes. This paper only examines the two main themes in depth.

3.0 Results

3.1 Descriptive overview of results

The first paper found was published in 1990, and the last one in 2012. Peaks are found at the end of the decades (7 papers in 1999-2000; 8 papers in 2008-2010); however, whereas papers in the first peak are mostly conceptual, papers in the second peak are mostly empirical. Overall, 52 percent of the analysed papers are conceptual. Empirical papers are mostly descriptive, especially in early years, using surveys to employers (e.g. Piercy and Morgan, 1991; Roberts-Lombard, 2010) or employees (e.g. Cooper and Cronin, 2000). Others have built complex structural equation models in an attempt to examine the impact of multiple causes and mediating variables (e.g. Boshoff and Madele, 1996; Chan and Lam, 2011; Santos-Vijande *et al*, 2012) or antecedents and consequences of IM (e.g. Gounaris, 2008).

Table 1. Most cited authors

Number of citations based on Google Scholar

3.2 Conceptualisation of IM

As many authors have stressed, IM lacks a clear conceptualisation (Ahmed and Rafiq, 2003; Ballantyne, 2000; Rafiq and Ahmed, 2000) and even an ambiguous conceptual status (Varey, 1999). Even though the concept is seldom explicitly defined (with the exceptions of George, 1990; Joseph, 1996; Rafiq and Ahmed, 2000; Varey, 1995; Varey and Lewis, 1999), authors repeatedly link IM to the idea that employees are vital for quality service and for the implementation of marketing strategy (Gummeson, 2000, p. 27). For many authors IM is what the company does to ensure that marketing strategy is implemented by employees, **when executed with a marketing-like focus** (Rafiq and Ahmed, 2000; Gounaris, 2006). Others define it more broadly as an approach, philosophy and set of practices oriented to ensure that employees are aware of, and committed to organisational goals (Boyd and Sutherland, 2006; Ferreira Vasconcelos, 2008), or even as "a goal-oriented social process, and a conceptual system for continually creating rapid strategic organisational change" in response to the macro and micro environment (Varey and Lewis, 1999, p. 935) Essentially, IM may not be necessary in all functions/organisations (Pitt and Foreman, 1999); depending on the performance ambiguity and goal congruence, IM may be irrelevant or even illegitimate.

Two conditions or set of practices are linked with IM in the literature (George, 1990), each one giving rise to one of the identified themes. IM consists of (1) making employees be (internal) customer-oriented or market-oriented and (2) ensuring that employees are motivated and satisfied with their position.

Figure 3. Classification of IM literature

3.3 Internal customer orientation

First, employees must be customer-oriented (Joseph, 1996). Initially, scholars predominantly discussed the role of front-line employees, as these employees interact with consumers when delivering the service and are a key determinant of service quality (Boshoff and Tait, 1996; Lam *et al*, 2010). Later, the focus broadened to include back-office employees. As Joseph (1996) explains, both types of employee are generators of the firm's brand value: back office employees collaborate with front-office employees to implement the IM activities in the service delivery to the customer. Therefore, all employees are part-time marketers (Gummesson, 1987, in George, 1990).

In addition to being customer-oriented and aware of their impact on service quality, inter-functional coordination is required in order to deliver the value proposition to external customers. Cooperation and coordination are two other key traits of this theme in the IM literature (Rafiq and Ahmed, 2000; Roberts-Lombard, 2010). In a similar vein, other papers have discussed the need for employees to be market-oriented (Gounaris, 2006; Gounaris et al, 2010); the term "Internal marketing orientation" has been coined to refer to three practices (Gounaris, 2006, p. 436): "… collecting relevant internal-market orientation intelligence, disseminating this intelligence between employees and supervisors, and responding to this intelligence with appropriate IM strategies". Moreover, Lam *et al.* (2010) conceptualise market orientation at the individual level (employees are market-oriented, not organisations) and use social learning theory to explain how market orientation is diffused in the organisation.

However, the literature has focused more on emphasising the *what* is needed than the *how* is achieved. The *praxis* of this normative position has been suggested to be based on marketing concepts such as an internal marketing orientation (Gounaris) and internal relationship marketing (Ballantyne). However, little we know about how this actually works or should work, as Ahmed and Rafiq already pointed out in 2003.

3.4 Job-focus – employee satisfaction, motivation and retention

The second condition for the adequate implementation of marketing strategy is satisfaction of employees. Satisfied employees are thought to provide a better quality service which, in turn, would lead to (internal) satisfied customers, then to loyal customers and, eventually, to a firm's superior performance (Boshoff and Madele, 1996). Or in short, customer satisfaction and employee satisfaction are interrelated (Gounaris, 2008; Heskett and Schlesinger, 1994). Moreover, as Ferreira Vasconcelos (2008, p. 1254) puts it, the firm must realise that their first customers are employees, as "in their hands are firms´ long-term possibilities". That is why IM is defined as "selling the firm to its employees" (Joseph, 1996). More recently, literature from organisational identification has been merged with IM to better ground this second condition of IM (Wieseke et al, 2009).

Bansal *et al.* (2001) create a conceptual model where they posit that key aspects of HR management, such as employment security, extensive training, generous rewards, or employee empowerment, influence satisfaction which in turn will influence external service quality, customer satisfaction, and customer loyalty. Also Ferreira Vasconcelos (2008) outlines a conceptual model based on the concept of Happiness at Workplace (HWP).

Yet, evidence does not fully support this: the causal link between satisfaction of employee and consumer is not conclusive (Gounaris, 2008). For instance, Chan and Lam (2011) contend that empowerment could negatively influence performance as it increases workload. They find that workload does not affect tasks for which the interests of employee and organizational coincide. Therefore, they conclude that empowerment may have a dysfunctional impact on employees´ performance

In this second theme, most papers draw from Human Resource management literature and there is little marketing theory referenced. Gounaris (2008) warned that only if the customer-focus is maintained, we would speak of IM; otherwise, we better label it HRM. Likewise, Cooper and Cronin (2000) defend that it is a management function, but it is called marketing as it is seen as a precondition for marketing. Also George (1990, p. 64) defined IM as "a

philosophy for managing the organization´s human resources based on a marketing perspective". However, an IM *praxis* based on marketing concepts or theories is yet to be articulated (Gounaris, 2008).

4.0 Discussion and Conclusion

From the preceding review, it is clear that the research agenda suggested by Ahmed and Rafiq (2003) is still open; we have only marginally improved our knowledge into how IM practices are implemented, the nature of successful/unsuccessful IM practices and the outcomes of IM practices. Although the literature is peppered with terms coined within the marketing discipline (e.g. relationship marketing, Ballantyne, 2000; market orientation, Gounaris, 2008; satisfaction, Ferreira Vasconcelos, 2008; trust, Bansal, Mendelson, and Sharma, 2001; commitment, Boshoff and Tai, 1996; quality, Tortosa, Moliner, and Sánchez, 2009), the review shows that the there is a fracturing in the IM literature into marketing focussed (internal customer orientation) and HRM focussed (job-focus) themes. Given the lack of clarity and consensus around the conceptualisation of IM, this fracturing adds to the inability of practitioners to gain value from the extant research with respect to how best to implement IM such that they may create a source of competitive advantage.

We argue that there is merit in re-examining IM from the S-DL perspective, in order to provide a robust, flexible and unified theoretical underpinning, conceptually, as well as give direction to research that may yield useful practical insights into the implementation of IM, i.e. *how* IM can be used to co-create value for firms; thereby adopting a broader lens while examining the relationship between employees and customers, depicting it as a triad, between the firm (marketers/strategists), employees, and customers. This gives rise to our proposed agenda for future research:

A) *How is IM used to enable and enhance the co-creation of value in the employee-customer dyadic exchange?*
B) *How is IM used to enable and enhance the co-creation of value in the employee-employer/firm dyadic exchange?*
C) *Is there evidence of the use of IM to enable and enhance co-creation of value in the employer/firm, employee and customer triadic exchange?*

Our review of the literature indicates that examining these questions will make a valuable contribution to knowledge, given the form and nature of research to date as the IM concept in the extant literature is focused, primarily, on *delivery* of value, as contrasted with the *co-creation* of value. Although employees are seen as agentic, there is a clear separation between strategy makers ('organisation' or 'marketers') and strategy executors ('employees'). The role of employees in crafting the value proposition is not acknowledged, except in Ballantyne (2000). It is prevalent a command-and-control view, where strategists make plans that flow unidirectional to employees who execute them with little or no change. Our proposed research agenda seeks to address the gap found in the IM literature and relocates the role of the employee within the new S-DL paradigm. We will empirically examine co-creation with a focus on employees as proposed by Merz, He and Vargo (2009) and by the time ANZMAC 2015 convenes, we aim to present initial results as a response to their call.

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MARKETING OF SERVICES AND INFORMATION GOODS

ABSTRACTS

Exploring value-in-use and its outcomes in a complex service settings

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Abstract

Much recent discussion on how customer value is created has focussed on customer value cocreation and customers' usage of resources associated with this process. Value-in-use is a core building block of S-D logic, representing the value realised by the customer through integration of resources during the service process. Yet few have sought to capture or empirically validate what value-in-use is derived by customers, including both positive and negative value. This paper advances under understanding of value-in-use by means of a three-stage study conducted in the context of financial planning. Following a qualitative stage to ascertain the positive and negative dimensions of value-in-use, a multi-dimensional scale was developed and tested. Confirmed as psychometrically sound, the scale was then utilised in a third stage to show the differing effects of four positive and five negative value-in-use dimensions on a range of outcome measures. The paper concludes with implications and future research directions.

Keywords: *Value-In-Use, Outcomes, Scale, Financial Planning*

Track: *Marketing of Services and Information Goods*

Acknowledgements

Virtual trade shows: Exhibitors´ perspective of virtual capability requirements

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Abstract

Little is known about the experience of exhibitors participating in virtual trade shows (VTSs). This study aims to expand our understanding of the main drivers and challenges of participating in VTSs and the virtual services marketing capabilities required for exhibiting organizations. In-depth interviews were held with managers from higher educational organizations located in Australia, who had participated previously in a VTS. The findings show that the main drivers for participating in VTSs are manifold i.e., increasing sales revenue, having access to the market, etc. The findings show that the main motivations for participating in VTSs are increasing sales revenue, lowering costs, having access to new or different markets, and building brand credibility and organizational legitimacy among visitors who attend VTSs. The future of VTSs will most likely depend on its strategic integration into existing technological and service marketing processes. An extension of Chaffey's (2010) capability virtual framework is presented.

Keywords: *Virtual, Capabilities, Trade Shows, Exhibitor, Higher Education*

Track: *Marketing of Services and Information Goods*

Ethnic Stereotyping in Service Evaluation: Examining Social Identity and Black Sheep Effects

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Abstract

Stereotypes are knowledge schemas that contain beliefs and expectations about social groups, often based on characteristics such as ethnicity. Despite its importance limited attention has been paid to ethnic stereotyping in service evaluation. Based on the expectancy-violation theory and the social identity theory, a set of hypotheses is developed and tested. Results indicate that for a stereotypical service offered by an ethnic minority service provider, the same ethnicity customers show a black sheep effect when performance of the service provider is mediocre, such that they show less positive perceptions of the SP than white majority customers. For a counter-stereotypical service offered by a minority ethnic service provider, the same ethnic group customers show more positive perceptions of the SP than white customers when performance of a same ethnicity SP is mediocre. The findings have implications for numerous sectors where service providers have known stereotypes associated with their innate skill sets.

Keywords: *Ethnic Stereotyping, Expectations, Evaluations, Social Identity, Black Sheep Effect*

Track: *Marketing of Services and Information Goods*

Loyalty transformation process: toward developing a conceptual framework

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Abstract

The paper aims to explore customer loyalty transformation process. Though the phenomenon of loyalty has been extensively researched in the marketing literature, several gaps still remain relatively unexplored. For example, a majority of studies tend to focus on the antecedents of loyalty and loyalty dimensionality, whereas there is a paucity of studies looking at the loyalty transformation process. Also, from theoretical point of view, it is said that there is a lack of deep-rooted, latent level concepts that could shed more light on the dynamics of the loyalty transformation process. This study proposes to offer a more holistic understanding of the loyalty transformation using processual view which takes in to account the loyalty dynamics. As suggested by the preliminary literature review, the construct of loyalty can transform into various states: (1) fanaticism, (2) stage of transition, (3) point of indifference, and (4) state of betrayal.

Keywords: Loyalty, loyalty transformation, processual view, post-loyalty

Track: Marketing of Services and Information Goods

You Owe Them an Apology!
The Effects of Service Provider and the Community Reaction after Service Failures

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Abstract

Customers often rely on peers' opinions when evaluating a service provider. New media channels help customers obtain firsthand information from other customers to evaluate a service. While prior research confirms the effects of positive electronic word-of-mouth on recipients, less is known about how companies should respond to negative electronic word-of-mouth. We conducted a series of experimental studies in the context of different new media online channels (consumer review sites, social media) to investigate the effects of various company response strategies on consumers' perceptions. We found: first, adequate response strategies to negative eWOM compensates for the negative effects of the Internet users' attribution of responsibility for the occurred problem to the firm. Second, we show that firms need both, adequate response strategies and an engaged community to restore individuals' perceived trustworthiness. We expand knowledge from service recovery research to new media channels and give managerial implications.

Keywords: *Electronic Word-of-Mouth, Service Recovery, Failure, Response Strategy, Social Media*

Track: *Marketing of Services and Information Goods*

Consumer socialisation through online interaction:
How consumers use social media to influence peers about tourism decisions

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Abstract

This study investigates the relationships between identification with peer groups on social media, communication about holidays, and consumers' likelihood of functioning as an offline socialisation agent for their peers, with regard to tourism decisions. Included in this was an assessment of interest and frequency of travelling. The results indicate that social media plays an important role in how consumers educate and socialise each other. Moreover, social media users who feel connected to peers are more likely to influence the decisions of others. The ongoing communication consumers have with peers through social media is more instrumental in functioning as a socialisation agent for tourism decisions, than consumers' involvement in travel. That is, active social media users are also actively socialising their peers with regard to what tourism decisions they should make. Marketers need to consider the power of socialisation agency when communicating with consumers in social channels.

Keywords: *Tourism, Consumer Socialisation, Social Media*

Track: *Marketing of Services and Information Goods*

Entrepreneurial Orientation and Performance: A Moderated Mediation Model of Marketing Resources and Marketing Capabilities

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Abstract

Studies indicate that the EO – performance relationship is more complex than a main-effects only relationship. Studies investigating the effect of variables in the EO – performance relationship have considered a number of mediators and moderators, concluding that no one suitable moderator or mediator pertaining to the relationship between EO and performance. Underpinned by the resource-based view and the resource-capability complementarity literature, we investigate the role of marketing capability and marketing resources in linking EO and performance. Using a sample of 469 service firms, we develop and test a moderated-mediation model that examines marketing capabilities as a mediating mechanism and marketing resources as a moderator to offer a wider picture of the EO – performance relationship. Results indicate that marketing resources moderates the strength of the mediated relationship between EO and firm performance via marketing capability, such that the mediated relationship is stronger when marketing resources are high than when they are low.

Keywords: *Entrepreneurial Orientation, Marketing Capability, Marketing Resources*

Track: *Marketing or Services and Information Goods*

Monkey say, monkey do: Reconceptualising nonconscious mimicry

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Abstract

Nonconscious mimicry, also known as the chameleon effect, is the automatic human tendency to imitate the gestures, postures, and movements of others. It is pervasive in social relationships and has fundamental implications for services marketing and customer relationships. However, current literature has yet to provide a comprehensive framework highlighting the factors explaining nonconscious mimicry. Consequently, there is a need to explicate nonconscious mimicry and provide clearer research directions to advance this area of services marketing. This conceptual paper asserts a novel framework that organises the antecedents, influencers, and outcomes of nonconscious mimicry. The simple framework attempts to provide a better understanding of customer relationships in services marketing. A discussion of limitations, implications, and future empirical research concludes the paper.

Keywords: *Nonconscious Mimicry, Mimicry, Consumer Behaviour, Seller-Customer Interaction, Conceptual Framework*

Track: *Marketing of Services and Information Goods*

Managing distal searches and its diminishing returns to service solution provision competence

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Abstract

Professional service firms (PSFs) offer knowledge intensive business services in the form of service solutions. The provision of service solutions is challenging for PSFs because of the innovative and customised nature of their services. To examine how PSFs address the challenge of creating service solutions that satisfy customers' needs, we examine distal knowledge search effect on their service solution provision competence (SSP competence) and impact of the level of strategic flexibility and employee collaboration on SSP competence. We show that distal knowledge search by PSFs at low or high level has a diminishing return to their SSP competence. Further, being strategically flexible with knowledge resources is beneficial in driving the PSFs' SSP competence to achieve stronger customer satisfaction outcomes. However, employee collaboration does not foster the effect of distal knowledge search on SSP competence.

Keywords: *Professional Services, Distal Search, Strategic Flexibility, Employee Collaboration*

Track: *Marketing of Services and Information Goods.*

Understanding Service Separation: The Provider's Perspective

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Abstract

Service separation occurs when service production becomes spatially and/or temporally separated from its consumption. Whilst recent marketing research focuses on customer reactions to separated services, research from the service providers' perspective remains scarce. In response, we use construal level theory in the context of telehealth technologies (store-and-forward email, video-based teleconferencing, and robotic telepresence surgery) to understand how service separation is made manifest from the service provider's perspective. Drawing on observations and phenomenographic interviews with clinicians, we examine how service providers experience physical separation from their customers across spatial and temporal distances. Preliminary results indicate that as the service becomes more abstract, service providers may find it more difficult to establish trust; however, spatial and temporal separation affects providers differently based on the technology-type used and the clinical specialty. Providers can leverage swift trust (cognitive-based status roles) to quickly surpass psychological distances.

Keywords: *Service Separation, Construal Level Theory, Phenomenography*

Track: *Marketing of Services and Information Goods*

Would social and functional benefits provided by service personnel and other customers be a double-edged sword?

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Abstract

Keeping loyal customers is very challenging, especially when customers' are in a situation to choose between their loyalty towards the firm and towards a preferred service employee/other fellow customers. This paper examines the effect of social and functional benefits coming from a preferred employee versus other fellow customers, on three forms of loyalty: firm-owned, employee-owned and customer-to-customer loyalty. A total of 207 valid responses were collected, in a GYM context, using a systematic sample and then, analyzed by the means of PLS-SEM. The functional benefits coming from a preferred employee, were found associated with customers' satisfaction with the firm, while social benefits coming from the same employee were found associated with employee-owned loyalty. For interactions with other fellow customers, functional benefits were the strongest predictor of customer-to-customer loyalty, followed by social benefits. Customers' satisfaction with the firm was found to reduce employee-owned and customer-to-customer loyalty, but enhance one's firm-owned loyalty.

Tracing Antecedents and Consequences of Channel Expectations in a Service Industry: a Precursor for Strategic Channel Alignment

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Abstract

Service providers must align their push and pull strategies. To do so they must understand possible differences between B2B and B2C evaluations of a company, and the antecedents and consequences of channel expectations. Such differences may arise due to different criteria or the same criteria being given different weight in attitude formation. This paper investigates variation in beliefs, effect of expectations and their antecedents on evaluation, and differential updating with new information between 356 trade distributors and 781 consumers in the travel market regarding a well-known global airline. The results from multi-group SEM analyses conclude that the focal airline lives in almost the best of all worlds to ensure channel alignment of its communications.

Keywords: Services Marketing, Expectations, Channels

Track: Marketing of Services and Information Goods

Better Be Fair! Observed Workplace Incivility and Its Negative Impact on Customer Attitude

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Abstract

Research, so far, has not dealt with the attitudinal consequences of a customer witnessing an incivility towards the service provider. The present paper addresses this research gap by drawing on the deontic justice literature. For this purpose, a survey (n=500) was conducted to empirically test the effect of observed incivility via deontic justice on trust and perceived service quality not only towards the instigator of the incivility, but also in relation to the service provider. Furthermore, we examine acts of workplace incivility with regard to the instigator's relative hierarchical status for two service sector companies: a medical and a restaurant service. The results disclose that a customer's observation of incivility between personnel has a negative impact, not only on the observing third party's attitude towards the instigator of the incivility, but also on the observer's general attitude towards the service firm.

Keywords: *Deontic Justice, Observed Incivility, Trust, Perceived Service Quality, Hierarchical Differences*

Track: *Marketing of Services and Information Goods*

Service Employee Improvisation: Utility in a Customer-centric World

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Abstract

The potential contribution of frontline service employees to firm performance is steadily increasing as firms adopt more customer-centred approaches to business. Existing approaches to frontline employee management and performance, such as service scripting and employee empowerment, can only provide part of the solution to the inevitable variability that emerges as firms come to depend increasingly on services for value creation. This is particularly important with the recent service-dominant focus in marketing theory and practice, and the accordant increase in co-creation possibilities this brings. As such, the notion of service employee improvisation; a concept that, (1) recognises the importance of the latitude provided by empowerment, while embracing the value of structure offered by scripts as a guide to behaviour, and (2) emphasises the importance of employee spontaneity and adaptation in-the-moment is advanced, which draws on the strengths of existing theoretical approaches while providing new insight for managers of customer-centred organisations.

Keywords: *Service Employee Improvisation, Service Scripts, Empowerment, Co-Creation*

Track: *Marketing of Services and Information Goods*

Servicescapes and the Time Dimension after Environmental Jolts

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Abstract

Much has been written about the physical environment in relation to the provision of services. In early seminal work in the 1990ies the term servicescape has been coined to describe the physical service setting. Scholarly work has since revisited and extended the concept. Yet, very little attention has been paid to the temporal dimension in connection with servicescapes. The post-earthquake scenario in the city of Christchurch, New Zealand, after two major natural disasters in September 2010 and February 2011 provides a suitable study environment in regard to the time perspective of servicescapes. This conceptual contribution explores the temporal dimension of servicescapes in a post-quake environment, provides examples to illustrate the different facets of temporality of servicescapes and servicespaces, and also sets the scene for a more abstract understanding of the temporal character of spaces and scapes when planning, designing and reconfiguring the service environment.

Keywords: *Servicescape, Time, Temporality, Earthquake*

Track: *Marketing of Services and Information Goods*

Service Productivity in the Health Care Sector: Redefining Productivity from a Service-Dominant Logic Perspective

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Abstract

Most conceptualizations of service productivity have disregarded the productivity that can be attributed to the service beneficiaries and have mainly focused on the providers' productivity to improve firm performance. However, particularly in the healthcare sector, an ever-increasing pressure forces the actors of the healthcare service ecosystem to look beyond existing measures. As some healthcare providers started to recognize the need but also the benefit of an active integration of patients in the service provision process, productivity measures have to be adapted accordingly. Thus, the objective of this conceptual paper is to provide insights how service productivity in the health care sector can be defined and conceptualized from a Service-dominant logic, service ecosystem perspective. Furthermore, we aim to clarify how a patient-centric perspective on service productivity may influence value co-creation in health care ecosystems. By doing so, we provide starting points to improve patient productivity in complex healthcare service ecosystems.

Keywords: *Patient-centric Service Productivity, Service Ecosystem, Healthcare, Service-dominant Logic, Transformative Service Research*

Track: *Marketing of Services and Information Goods*

Awkward service encounters: Conceptualising customers' loss of script moment

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Abstract

Awkward service encounters (ASEs) are pervasive in various facets of consumer-company encounters, for example overfriendly employees who violate the social boundaries between themselves and the customer, or very pushy employees who simply will not leave you alone. These cringe-inducing events can lead to a range of negative consequences including consumer embarrassment and avoidance however existing research does not adequately discuss how these events are experienced. Using data from 12 semi-structured interviews, this research aims to address this gap by exploring the experience of ASEs. Through this research, we find that the essence of consumer awkwardness lies with seemingly intense cognitive activity in the form of three primary types of internal monologues. This research also confirms the key role of knowledge-emotions, in particular, confusion. These findings have important theoretical implications for this underexplored phenomenon that helps us redefine the relationship as well as difference between awkwardness and embarrassment.

Keywords: Awkward Experience, Embarrassment, Loss Of Script, Internal Monologue

Track: Marketing of Service and Information Goods

How do Medical Selfies affect Patient Engagement?

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Abstract

Patient generated health data is any clinically relevant data collected by a patient outside the healthcare setting. Medical selfies, or any photographs a patient takes of their own medical condition, are a visual form of this data. Whilst research in the healthcare paradigm has examined the diagnostic potential of the patient generated health data, to date little research has explored its value, patient engagement potential and the result of implementing it into credence situations. This conceptual paper addresses this issue by examining value co-creation literature and defining patient generated health data as a resource. We suggest a framework for integrating the data into clinical care and the likely effects on the healthcare credence situations and patient engagement.

Keywords: *Value Cocreation; Credence Situation; Engagement; Healthcare; Medical Selfies*

Track: *Marketing of Services and Information Goods*

The role of hope in employee-organisation relationship

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Abstract

Despite emphasising employees' customer oriented positive intentions in the organisation and its outcomes, organisational behaviour and internal marketing literature has not paid attention to employee hope as an element of employee-work psychology. This paper addresses how employee hope can play an important role in understanding of how employees' customer oriented positive deviance intentions and employee core self-evaluation enhance employees' perception on their personal goal attainment in the organisation as well as their perception on the organisational performance. To achieve this we synthesise knowledge from internal marketing, organisational behaviour and psychology and expand the scope of 'hope theory' to develop a 'Employee hope model' (EHM).

Key words: *Employee Hope, Employee Core Self-Evaluations, Customer Oriented Positive Deviance Intentions, Personal Goal Attainment, Perceived Organisational Performance*

Track: *Marketing of Services and Information Goods*

CONSUMER BEHAVIOUR

FULL PAPERS

Journeys towards the adoption of non-native cuisines: Examples of lived multiculturalism

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Abstract

This paper seeks to characterize the journeys that consumers living in multicultural environments take towards the eventual adoption of non-native, ethnic cuisines. The data (21 depth interviews with expatriates and nationals from Dubai) was analysed in two phases. We first identified the main factors influencing adoption. Second, we analysed the cuisine adoption journeys, to understand the interplay of influencing factors at different points (or gates) along the journey. We identify three main 'gates': at pre-trial, during repeated trials, and towards adoption. Different influencing factors (personal characteristics, perceived cuisine characteristics, contextual factors) appear to play a prevalent role at different gates. Journeys often show a more passive phase followed by a more active one. The study contributes to a theoretical understanding of the conditions which enable the adoption, over time, of new behaviours. The journey/gates perspective shows how mundane consumption behaviours and their evolution over time can be traced and explained.

Keywords: food, multicultural environments, lived multiculturalism, acculturation, practice theory

Track: Consumer behavior

Introduction

This paper seeks to understand and characterize the journeys that consumers living in multicultural environments take towards the eventual adoption of non-native, ethnic cuisines as a part of their mundane consumption. Cuisine consumption offers a revelatory context for the studying the reality of lived multiculturalism: foods and cuisines are the most culturally-cued products, and the most regularly consumed (Duruz, 2005; Marshall, 2005; Turgeon & Pastinelli, 2002). This study takes the perspective of *lived* rather than *imagined* or ideological multiculturalism, following recent calls for more research on the skills and practices of 'lived multiculturalism', as a counterpoint to the 'conflict' or 'anxiety' approach adopted by other studies (Neal, Bennett, Cochrane, & Mohan, 2013; Noble, 2013; Wise, 2011).

In multicultural locations people are exposed to a wide variety of ethnic cuisines both through personal interactions (e.g., going out for dinner with work colleagues, sharing a homemade or delivered lunch), and through commercial ethnic restaurants, which can be seen as "deterritorialised 'ethnosites'" (Turgeon and Pastinelli, 2002: p. 247) in which the foreign is made familiar and the global miniaturized. Hence, the opportunities to try out new cuisines are common, and may be more or less voluntary: while it is easy to only select dishes one is comfortable with, in a buffet restaurant, it is more difficult to not try the ethnic cuisine served by hosts at their home, or to not order lunch from the same restaurant as one's colleagues.

One can assume that repeated exposure to ethnic cuisines assists consumers in making a transition from the familiarity of their native cuisine towards the adoption of less familiar non-native cuisines. However, the manner in which adoption happens remains unclear. In this paper we seek to understand how the multicultural influences of the context interact with other forces in shaping preferences in the most ubiquitous of consumption spheres – food.

Literature

Acculturation theory

Acculturation theory (Berry, 1980, 1997) allows for the study of strategies of cultural adaptation at both individual and group levels. According to Berry's (1980) acculturation framework, four acculturation strategies are available to groups and individuals when they interact with two cultures (typically their culture of origin and the host country culture), depending on whether they choose to maintain attachment to their original culture or not, and whether they choose to incorporate elements of the host culture or not. More recently, Kipnis et al. (2014) show that acculturation theory may also be applied, beyond migrants, to mainstream consumers, who are similarly exposed to the products, cues and ideologies of several cultures, and may similarly deploy various acculturation strategies in their consumption of culturally-cued products.

Further studies of acculturation (e.g. Askegaard, Arnould, & Kjeldgaard, 2005; Oswald, 1999; Peñaloza, 1994) show that people do not simply opt for one acculturation mode, but switch between them, depending on the consumption situation and the social context. Cleveland et al.'s (2009) study of the food consumption habits of Lebanese-Canadians in Quebec, shows that besides individuals' acculturation strategies, situational factors also impact the ethnicity of the foods consumed, adding that 'the patterns of acculturation exhibited by individuals (through their consumption of products) are episodic' (Cleveland et al., 2009, p. 207). Luedicke (2011) argues that migrants and mainstream consumers' consumption practices are highly contingent, influenced by the context and other groups' consumption patterns.

Studies of acculturation have focused both on identity construction and consumption experiences. However, there is little research on how concretely, in a multicultural environment, such adaptation and movements from one culture's practices to another's actually take place over time. While personal preferences and contextual factors have been mentioned, it is unclear what role they play, at what moments, along the way towards adoption. Demangeot and Sankaran (2012) identify four strategies which consumers in multicultural environments may use, towards the adoption of products or practices from other cultures: experimentalism, extensionism, passivity and purism. However, the task of understanding the trajectories which lead to adoption remains. This study aims to address this gap, by considering the "lived experiences" (Thompson, Locander, & Pollio, 1989, p. 135) of consumers' adoption or non-adoption of non-native, ethnic cuisines.

Practice theory

Practice theory (e.g. Reckwitz, 2002; Warde, 2005) constitutes an appropriate framework to study the day-to-day consumption of non-native cuisines (Warde, 2014). Practices, or "routinized types of behaviour" (Reckwitz, 2002, pp. 249-250) influence consumption by creating desire, knowledge and judgment (Schau, Muñiz, & Arnould, 2009; Warde, 2005).

     The practice of lived multiculturalism entails consumers from different cultural backgrounds living together side by side, intermingling, and interacting with the practices of others (Jamal, 2003). A daily interaction with a variety of cultural practices around eating is likely to affect individuals' own practices. The mundane importance of food as an item of everyday consumption (Marshall, 2005) suggests some interactions are likely to include negotiations around which cuisine to choose, among the multiplicity of cuisines present in a multicultural environment. We argue that understanding practices may also illuminate the journeys that consumers undertake towards the adoption of new products, such as non-native cuisines.

Methodology

We adopted a qualitative approach, suited to an initial, exploratory stage towards understanding culturally plural behaviours (Thompson, 1997), and their dynamic nature in context. Data consists of the verbatim transcripts of 21 depth interviews, lasting between 45 and 75 minutes. All interviews took place in Dubai (United Arab Emirates: UAE). Nine participants were male and twelve were female. The participants ranged in age from the 20s to the 50s, with the majority being in their 30s. Professionally the participants were representative of a middle class expatriate population. In terms of cultural self-identification, eleven participants were from an Asian culture (including three from the Asian Middle East), five were from a Western culture, and two from a North-African culture; three described themselves as 'in-between' a Western and an Asian culture. Participants were chosen through theoretical sampling, to ensure optimal variance in terms of the number of years in Dubai, family's country of origin, number of countries lived in, age, and family composition – criteria that were deemed a priori to potentially influence their ethnic cuisine adoption behaviour.

     We followed a loose interview guide, first establishing which ethnic cuisines participants ate the most, in which situations. The next set of questions aims to trace participants' actual trajectory with their preferred cuisine, event by event, until it became a staple cuisine for them. These questions were designed to understand the context and journey of that cuisine's adoption. A third set of questions then related to lesser-used cuisines, inviting participants to indicate what made the difference between cuisines they eat the most and those they eat less. Since the study concerns adoption behaviours, questions about personal tendencies and characteristics (involvement with food, innovativeness, age etc.) were kept for the end of the interviews, so as not to taint descriptions of behaviours and situations.

     There were two stages to the analysis. The first stage aimed to identify the main factors contributing to cuisine adoption. Following qualitative data analysis protocols (Miles & Huberman, 1994), we used an iterative process which included analysis at the level of individual cases (each case being a journey with one cuisine towards adoption or rejection) and emerging cross-case themes.

     In a second stage, journeys were drawn for each case, then across cases, to understand the interplay of different factors in each journey. Since we conceptualize non-native cuisine adoption as a series of cuisine trials that occur as consumers interact with their environment,

we used Ehrenberg and Goodhardt's (1979) 'Awareness, Trial, Repeat' (ATR) model, which assumes that (1) awareness may prompt curiosity and trial, rather than elaborate pre-purchase evaluations, (2) dishes/cuisines may be tried and experienced prior to being purchased (as might be the case with cuisines first tried at a dinner hosted by friends) and (3) evaluations may only happen after the cuisine has been consumed, and therefore attitudes may only influence repeated trial rather than initial trial. The ATR model enabled a consideration of the factors involved in the initial and subsequent trials, then the adoption of non-native cuisines, acknowledging the fact that while curiosity or 'forced circumstances' may lead to trial, other factors may be required for the behaviour to become permanent. Specific consumption instances were related back to the different influencing factors.

Findings

Adoption influencers

As summarized in Figure 1, participants' adoption of a cuisine is affected by three main categories of influencers: personal characteristics, perceived cuisine characteristics and contextual factors. Personal characteristics include elements such as family background, personality, life trajectory, job and one's approach towards food and cooking. The cuisine attributes include ingredients and cooking style, as well as the decorative and experiential aspects of the cuisine. Finally, the consumption is initiated and reinforced by contextual factors such as the social interactions with family, friends, and colleagues, even flatmates during mundane occasions as well as special occasions such as meetings, events and parties in various locations. Each journey towards adoption is unique in terms of how such elements interact and are combined to facilitate choices and move the adoption process forward.

Among the adoption/rejection processes are taboo-led or smell-led rejection, forced (as in social situations) or experimental trials, reinforcement through repeated trials, own production or improvisation, adoption and recommendation to others.
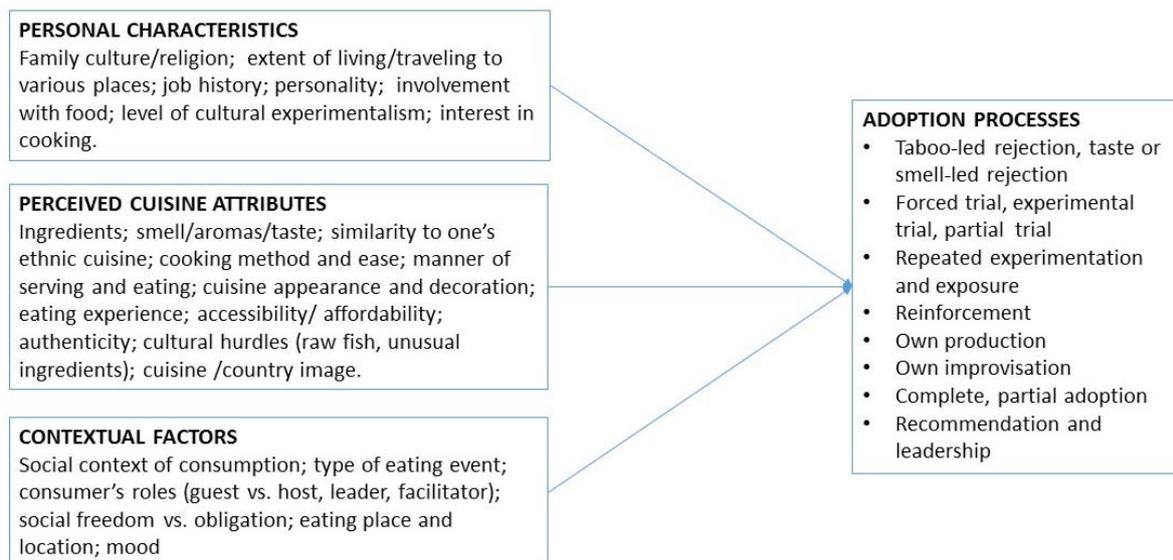
Figure 1: Non-native cuisine adoption process and influences

Journeys of consumption

In a second stage, the analysis aimed to identify the journeys which consumers take, towards the adoption or rejection of new ethnic cuisines. Such journeys may be conceived as passages through a series of 'gates' through which consumers proceed (or at which they stop). Figure 2 summarizes the findings from analysis of each of the journeys of non-native cuisine adoption or rejection, and their respective gates. The first gate entails the possible presence of religious restrictions (e.g. no meat, or no alcohol) or cuisine characteristics (smell, taste, presence or absence of spices), which might turn people away from the cuisine. Those who proceed, go through several trials, often forced by situation and social factors. After the first trial, some do not continue as they might not like certain elements of the food like its taste or spiciness, but most participants had the chance or were forced to repeat their trial in a different context. The second trial (if liked) leads to more trials in various occasions until adoption is reached.

The analysis suggests two phases within the process of non-native cuisine consumption. Initially, consumers take a more passive role where they are influenced by various elements forcing them to initiate and continue the consumption. If and once they go through successful trials, a more active phase starts, when they may start cooking the cuisine, leading others in their choices, and improvising by combining elements from various cuisines to arrive at a unique version of their own fusion cuisine. While initial trial of the cuisine seems to be predominantly influenced by cuisine attributes and personal characteristics, contextual factors play a key role in extending the consumption beyond initial trial. Finally, personal characteristics such as interests in cooking or hosting meals facilitate a more active role.
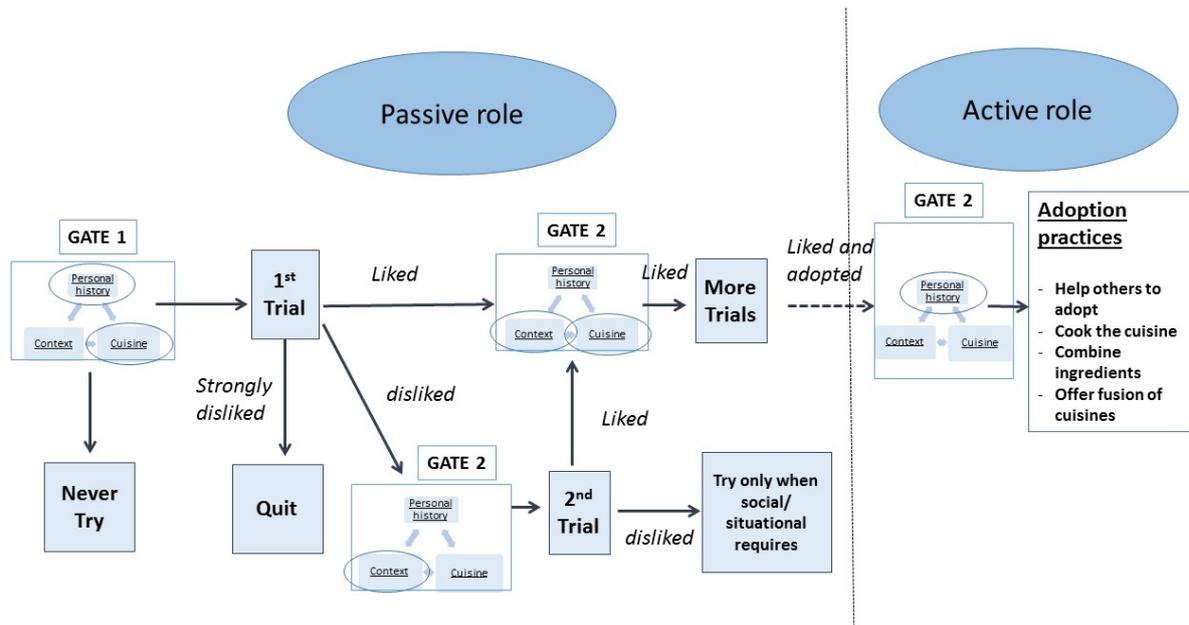
Figure 2: Non-native cuisine adoption journeys and their gates

To illustrate these findings, and due to space constraints, we present two journeys, those of Ludmila and Rayana, to illustrate how different configurations of contextual factors, personal characteristics and perceived cuisine characteristics interact to lead to adoption. Ludmila is Ukrainian. She moved to Dubai 16 years ago. In terms of cuisines, she considers herself adventurous and social as she cannot imagine having food alone. Her first experience with Indian cuisine, which has gradually become her favourite cuisine, was unpleasant. When

she was single and had done some renovation work with a friend, they ordered food from the neighbouring Indian restaurant, emphasizing that they wanted non-spicy food. Instead, they received spicy food which they could not consume. Hence, the cuisine characteristics led her to avoid Indian cuisine. After a while, she tried it again when she was offered home-cooked Indian food by Indian colleagues at lunch. She also tried other Indian options during work events. To her surprise, the home-made options were different from what restaurants offer, as they used milder spices and interesting elements. This 'smoothed out the first experience', leading to further trials in various restaurants, which ultimately helped her understand how and what to order. Another milestone in Ludmila's life was her marriage to a Briton, who exposed her to Indian cuisine while in the UK. Indian cuisine was familiar to her husband as British cuisine has acquired certain elements of Indian cuisine, facilitating her further consumption. Hence, during further trials, personal (i.e. her marrying a Briton) and contextual factors (access to the expertise of others) facilitated her development of a liking for Indian cuisine. Nowadays, feeding her two young children with healthy food has limited her options. However, she is eager to give variety to what she and her family eat. One way is to cook Indian cuisine, which she describes as rich in ingredients, aroma and variety. She finds the way spices and ingredients blend together is unique, such as combining sweets and yoghurt in the marinated chicken – a new and impossible combination for her. She has started trying some dishes at home when she is bored from their commonly consumed meals. A change seeker, she seems to take a break from the usual mild food by cooking Indian dishes. Hence, her own involvement with food and cooking have enabled her to develop a more 'active' relationship with Indian cuisine, cooking it and experimenting with it at home.

Rayana is an Emirati with a multicultural family background. During her interview, she refers to over 15 cuisines she has tried as a result of her family background, adventurous personality, intensive travelling, and socially intense life. Her journey with Japanese cuisine started when she tried the cuisine in Dubai, her home town. Her first trial was not successful as she found the food 'terrible' and not fresh. Her second trial happened in Australia, as her sister and her found a little shop on a street corner rolling sushi. She elaborates how she told herself 'OK, I'll take some and we'll eat' on the road (as it was just a small shop). According to Rayana this was the moment they were both hooked on sushi. She then searched for places in Dubai for quality Japanese cuisine. Nowadays she often goes out with friends and family to eat Japanese. She also finds the cuisine easy and fast to pick up and eat for lunch if she is in the mood. Unlike Italian cuisine (which relates to her Mediterranean roots), Japanese cuisine is a different experience for her. While the theme, ingredients and even the way it is served and consumed (with chopsticks) feel distant, when accompanied by friends, she enjoys the unique experience of the plates that keep coming, the chopsticks, and the background music. Welcoming the different taste, she goes to the extent of believing that Japanese cuisine opens up taste buds that had not been used for some time. Hence, in Rayana's case, the first gate (initial trial) was mainly influenced by personal charateristics (her cultural experimentalism), while further trials were influenced by revisions perceptions of the cuisine. Finally, personal characteristics led Rayana to develop a more active role, in particular influencing others in choosing Japanese cuisine.

While Ludmila and Rayana had different trajectories, they went through similar 'gates', which they negotiated as a result of the interplay of personal characteristics, perceptions of the cuisine's characteristics and contextual factors.

Discussion and conclusions

This study reveals the complex interplay between cuisine attributes, personal characteristics, and contextual factors, at different stages along the non-native cuisine adoption process. It

identifies a number of 'gates' along the process, and distinguishes between a more passive phase and a more active one. Adoption happens once the consumer has reached the active phase. The findings also highlight the multi-faceted role of social factors in the course of adoption of new cuisines as well as in the 'leadership and recommendation' role which consumers may play with others once they have adopted a cuisine.

The research shows that non-native cuisines are adopted following a series of trials, some of which may be negative, and that different factors appear to play more or less dominant roles at different gates. Managers could aim to facilitate passage through these gates by providing information about dishes (gate 1) and, for instance for the ingredients, dishes or sauces, by providing advice on how to prepare dishes or combine ingredients in several ways (gate 3).

The study contributes to a theoretical understanding of the conditions which enable the adoption, over time, of non-native cuisines in multicultural environments. The journey/gates approach developed here, using Ehrenberg and Goodhardt's (1979) ATR model, shows how mundane consumption behaviors and their evolution over time can be traced and potentially explained. The same approach could serve to research other forms of 'lived experiences'.

Limitations to this study are the possibility that the sample did not cover all types of adoption journeys, and the reliance on participants' memory in tracing their trajectory. Further research could also consider how the different social and cultural influences may work in more monocultural environments and among less multicultural consumers.

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Do Preferences for Fair Trade Rely on Ethical Arguments or Logos?

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Abstract

This paper investigates the effect of ethical labelling on consumer choice in the context of fair trade. Previous studies have shown that the Fairtrade logo has a positive effect on brand choice. However, it is uncertain whether this effect is due to attention to an ethical claim or due to the Fairtrade brand. Understanding which of these two aspects are the main drivers in consumers' decision making can help marketers to design marketing communications and packaging strategies. This paper reports a conjoint experiment that compares the effect of the Fairtrade logo with a hypothetical comparator logo that is matched on contrast, size, number of colours and ethical context. The effect of the Fairtrade logo was much larger than for the comparator logo demonstrating that fair trade effects are not solely due to mere attention or ethical appeal.

Keywords: Fairtrade, consumer choice, conjoint analysis, ethical labelling

Track: Buyer Behaviour

1.0 Introduction

Fair trade is broadly defined as an alternative approach to trading partnerships aimed at sustainable development of disadvantaged producers in developing countries, and as an ethical movement has attracted much attention. Over the past 15 years the sales of fair trade products – particularly those bearing the Fair Trade Labelling Organizations International (FLO) certification mark – have grown exponentially (Nicholls, 2010). Current figures show that in 2013, shoppers spent €5.5 billion on fair trade products worldwide – a 15% growth in comparison to 2012 with the UK as the market leader (Fairtrade International, 2014). Fair trade has penetrated UK supermarket chains' own label categories, illustrating how widely the label has infiltrated main stream retailing (Nicholls & Opal, 2005).

The effect of the Fairtrade logo on consumer choice has been widely studied. A considerable number of studies confirm that the Fairtrade logo has a positive impact on consumer choice and on willingness to pay a premium for goods certified as Fairtrade (De Pelsmacker, Driesen, & Rayp, 2005; Elliott & Freeman, 2003; Hainmueller, Hiscox, & Sequeira, 2011; Hira & Ferrie, 2006). Examples of using ethical labelling as means to 'green wash' or to charge higher prices (Low & Davenport, 2005, Wade, 2013) do not seem to

significantly affect the higher consumer preference for fair trade products in comparison to non-fair trade products.

A previous study by Konopka, Wright, and Feetham (2013) investigated the sources of Fairtrade effects by examining whether the preference for Fairtrade labelled products is simply caused by the salience of this logo as an element of packaging. Results confirmed that consumers choose Fairtrade certified products not only because it helps a product stand out on the supermarket shelf. Findings from this study revealed that consumers had significantly higher preferences for the Fairtrade logo in comparison to a matched logo that did not carry any ethical claim, but simply said 'New Pack!'. However, because the non-Fairtrade logo did not convey any ethical claim, this study was unable to determine whether preferences for fair trade rely on ethical arguments or logos.

Konopka et al's. (2013) study also examined the effect of altruism on consumer fair trade choices and found no relationship between consumers' preferences for the Fairtrade logo and their altruism. This surprising finding implies that consumer preference for fair trade products may be largely affected by other aspects than the ethical claim that is carried by the Fairtrade logo. Hence, consumers may not necessarily process ethical arguments when engaging in purchasing fair trade products.

Other findings report contrary to Konopka et al. (2013). Brecard, Lucas, Pichot, and Salladarre (2012) found that consumers choose ethically labelled products according to their ethical and social values. Similarly, De Pelsmacker, Driesen, et al. (2005) and Doran (2009) concluded that personal values might have influence on consumers' fair trade choices. If this is the case, consumers are likely to engage in ethical purchasing due to their consideration of the fair trade claim. Given these contradictory findings, the sources of the Fairtrade effect remain unclear.

Fairtrade is the most widely recognised ethical brand globally (Byrne, 2011). A survey carried out by Globescan[1] reported that nearly six out of 10 consumers (57%) have seen the Fairtrade certification (Globescan 2011). This suggests that preference for the Fairtrade logo may be an effect of mere exposure, meaning that exposing participants to a familiar stimulus leads them to rate it more positively than other stimuli, which were not previously presented (Zajonc, 1968; 1980). Therefore, preference for fair trade products may be predominantly caused by the familiarity with the Fairtrade logo rather than the fair trade argument.

Additionally, consumers' experience with and knowledge about fair trade is likely to impact on consumers' preferences for the Fairtrade logo. Tversky and Kahneman (1973) and Kahneman (2011) found that availability bias affects the mode of information processing and when people have extensive knowledge or expertise about a subject, they are likely to use intuitive and automatic information processing in their judgements. Therefore, when engaging in ethical purchasing, knowledgeable consumers are likely to rely on the Fairtrade logo rather than the fair trade argument that is represented by the logo.

Given the growing presence of Fairtrade certified products, the positive effect of the Fairtrade logo on consumer choice and the unknown sources of this positive effect, the

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[1] Globescan survey carried out in 2011 on 17,000 consumers across 24 countries

objective of this research was to examine whether preferences for fair trade rely on ethical arguments or logos.

2.0 Methodology

To address the research objective, this study utilised ranking-based conjoint analysis for 200g packs of coffee. This research manipulated a small number of variables and the ranking task can be completed in full by each respondent. Individual conjoint models and part worth utilities can be calculated for each research participant. This is unusual in marketing as blocked designs usually require individual responses to be aggregated into a single model with concomitant risk of aggregation bias.

Conjoint analysis was chosen as the methodology as it is considered to be less susceptible to several research biases than rating scales, for example ameliorating social desirability and acquiescence response biases, and is therefore more likely to generate valid results (Cohen & Neira, 2003). Additionally, results based on conjoint analysis are believed to provide better means to predict or forecast consumer behaviour (Green & Srinivasan, 1990), and this is indicative of greater ecological validity (Brunswik, 1955).

As the majority of consumers evaluate product attributes jointly when making purchase decisions (De Pelsmacker, Driesen, et al., 2005; De Pelsmacker, Janssens, Sterckx, & Mielants, 2005), participants of this research evaluated cards portraying coffee packs with different levels of brand, price and logo attributes. While brand attribute comprised four levels, Scarborough Fair, Macro, Caffe L'affare and Robert Harris, price and logo had three levels each. The price levels were $6.99, $7.99, $8.59, and the levels for logo were the Fairtrade logo, hypothetical Exchange Ethics logo and no logo option. Figure 1 presents examples of the conjoint cards used.

Figure 1:   Examples of the Conjoint Cards Used

$6.99 $7.99 $6.99 $8.59

Brand and logo were treated as categorical variables while price was estimated using a linear model. The total number of combinations equalled 36 (4x3x3). To reduce respondents fatigue related to the ranking task, this research applied a fractional factorial design that generated 16 profiles. Respondents ranked these profiles in the order from the most preferable option to the least preferable option. A convenience sample of 50 participants was randomly recruited through a mall intercept. Data was collected in the city centre of Palmerston North (a centre that serves both urban and surrounding rural communities), New Zealand in July 2014. The sample comprised mixed ages, and gender was split 54% females and 46% males.

The Exchange Ethics logo was purposely designed for this study to examine the impact of ethical argument on consumer choice. It is matched on contrast, size, number of colours and ethical context. However, it is sufficiently different from the Fairtrade logo to ensure that respondents do not confuse both logos. Figure 2 portrays both the Exchange Ethics and Fairtrade logos.

Figure 2:   Examples of the Logo Used

For each respondent the incremental impact of fair trade is the difference in utility between the Fairtrade logo and the Exchange Ethics logo. Should the findings reveal a positive difference between the Fairtrade logo and the Exchange Ethics logo then it would indicate that a respondent is likely to choose fair trade products due to the Fairtrade logo as a heuristic rather than consideration of the ethical argument.

3.0 Results

The aggregate results of all respondents included in a single model are presented below. Table 1 shows mean utilities of each attribute level together with standard errors. Brand and Price are included in the model to minimize the errors associated with estimating the logo effects. They are not discussed further; other than to note that Brand appeared to have the highest relative importance for the total sample (52), followed by Price (25) and Logo (23). These findings are in line with the results of other research (De Pelsmacker, Driesen, et al., 2005; De Pelsmacker, Janssens, et al., 2005), which concluded that in the coffee category, brand was the most important attribute influencing purchasing decisions out of a set of attributes including ethical labels.

Table 1 – Aggregate Model Results

		Utility Estimate	Standard Error
Brand	Caffe L'affare	.32	.10
	Scarborough Fair	-1.03	.10
	Robert Harris	.63	.10
	Macro	.09	.10
Logo	Fairtrade	1.07	.08
	Exchange Ethics	-.14	.09
	No logo	-.93	.09
Price ($)	6.99	-12.93	.57
	7.99	-14.78	.66
	8.59	-15.89	.70

The aggregate results show that the Fairtrade logo has a strong effect on consumer choice as its incremental utility over the Exchange Ethics logo is 1.21. This suggests that the Fairtrade logo leads to a greater consumer preference in comparison to another logo presenting similar ethical arguments. In other words, consumer choice is more likely to be driven by the Fairtrade logo rather than a similar ethical claim conveyed by another logo.

Results at the individual level provide further insight into consumer preferences. Significant variation in responses occurred and varied from -6.75 to 8.25 with standard deviation of 2.78. Worth noting is that out of 50 respondents, 13 preferred the Exchange Ethics logo over the Fairtrade logo. The source of this higher preference for the Exchange Ethics logo is unclear and it could be a matter of future investigation.

4.0 Conclusions, Limitations and Research Contribution

Although only a preliminary study, this research shows that much of the utility of fair trade may rest in the logo itself rather than in the use of an ethical claim. The implication is that consumers appear to be using the Fairtrade logo as a heuristic, rather than engaging in deliberative thinking about the underlying ethical claims that the logo represents. To separate the effect of the fair trade ethical message from the effect of the Fairtrade logo, research (in progress) uses stimuli where the pictorial Fairtrade and Exchange Ethics logos are replaced by their semantic (text-based) counterparts. This research compares the difference between the pictorial Fairtrade and Exchange Ethics logos and the difference between the semantic Fairtrade and Exchange Ethics logos. This comparison will further allow examining whether consumers' preferences for fair trade certified products rely on fair trade arguments or the Fairtrade logo.

The importance of the fair trade attribute may depend on the nature of the product (Pharr, 2011). In the coffee category, the fair trade attribute is likely to carry a greater weight than in non-FMCG categories. Therefore, future studies could examine the significance of the fair trade attribute in purchasing, for example clothing. Also, while evaluating cards in the ranking exercise, respondents were likely to be influenced by confounding factors, such as

additional information on the package of coffee. For example, the 'Coffee Beans' or 'DARK ROAST' wording could have an impact on consumer choice. The salient 'FAIRTRADE' word on the Robert Harris branded pack of coffee may have also influenced respondents to choose Robert Harris fair trade coffee over other options. Finally, future research could investigate whether this result is robust to the presentation of the Fairtrade name without the inclusion of the logos.

The research findings contribute to the literature by providing insights into how consumers process ethical labels, in particular providing a tentative conclusion that consumers are not processing the ethical claims but are instead using the logo as a heuristic device for determination of preference. Further, the findings also contribute to branding theory by highlighting that co-branding with an ethical label provides an increased preference for the product, regardless of whether the ethical label actually has any genuine 'substance'. With regards to marketing practice, this research is likely to aid marketers and decision makers in their marketing communications strategies, for example in the development of packaging design.

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Eating as Doing or Doing the Right Thing? The Influence of Locomotion and Assessment on Food Consumption Quantity

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Abstract

As overweight is becoming a serious worldwide health issue, a great amount of commercial books, programs and blogs are offering help in establishing healthy eating patterns. A factor that has commonly been blamed for overweight is the growth of portion sizes. This phenomenon of supersizing portions has created a distortion of portion sizes throughout the food industry and has been suggested to lead to overeating. The present study investigates the influence of locomotion and assessment orientations on food consumption quantities in conditions of distorted portion sizes. A survey was conducted in which participants (N = 75) watched a short movie whilst being presented with a distorted food portion. The results of this study show that when controlling for an individual's level of hunger and movie engagement locomotion decreases food consumption quantities. Concluding, it is suggested that when food portions are distorted locomotion assists in limiting an individual's food intake.

Introduction

The World Health Organisation (WHO) indicated that around 39% of the global adult population was overweight in 2014. This presents a serious worldwide health issue as a high Body Mass Index (BMI) increases the risk of developing diabetes, some types of cancer and cardiovascular diseases (WHO, 2015). But what has caused this worldwide epidemic of overweight? Research indicates that the fundamental cause of overweight and obesity is an imbalance between calories consumed and calories expended with increased energy intakes as a major contributing factor (Prentice & Jebb, 2003; WHO, 2015). Particularly one factor that has commonly been known to increase energy intakes is portion size, as energy content increases with larger food quantities (Ledikwe, Ello-Martin, & Rolls, 2005; Young & Nestle, 2002). As such, consuming an inappropriately large energy intake, also referred to as overeating, can contribute to the development of overweight (Prentice, 2001). However, it lies in our human nature to feel the desire to indulge while we actually know it is better not to, particularly when it concerns eating behaviour (Poelman, Vermeer, Vyth, & Steenhuis, 2013). Thus, eating a super-sized bucket of ice cream or a large plate of creamy mac & cheese is something that most of us are all too familiar with. It is such behaviour that fuels the food industry and forms our current eating environment characterized by relatively inexpensive, highly palatable and convenient foods served in large portions (Rolls, Morris, &

Roe, 2002). Mirroring these issues, a great amount of commercial books, blogs and programs are available that offer help in establishing a healthy eating pattern. This abundance in options reflects an apparent difficulty that people have with overcoming unhealthy eating behaviours such as eating too much. Furthermore, as people are confronted with increasingly larger food portions on a daily basis, we are challenged to maintain an energy intake appropriate to our needs (Ledikwe et al., 2005; Prentice & Jebb, 2003; Young & Nestle, 2002).

Research studies indicate that food portion sizes offered by restaurants, supermarkets and fast-food outlets have increased in size in Western society over the past decades, resulting in increased energy intakes (Diliberti, Bordi, Conklin, Roe, & Rolls, 2004; Hill, Wyatt, Reed, & Peters, 2003; Young & Nestle, 2007). Other studies however state that we do not only risk overconsumption by eating out as the size of dishware within our own homes has also increased over the years (Nielsen & Popkin, 2003). This phenomenon of supersizing portions is referred to as portion distortion and can influence consumer adaptation levels of how much we believe we should eat before we are satiated (Wansink & Van Ittersum, 2007). Consequently, if portion sizes are distorted regardless of where the actual act of eating takes place, what exactly drives a person to eat a certain quantity of food? Previous research suggests that portion size serves as a normative cue which can affect all individuals, overweight or not, regarding their food intake. As people are rather uncertain as to how much they should eat in a given situation they rely on normative cues to provide guidance on consumption quantities (Herman & Polivy, 2005; Herman & Polivy, 2008). Therefore, when a portion or packet size is presented to an individual it is considered to be an indicator of how much that individual should eat (Wansink & Van Ittersum, 2007). Several studies indicate that regardless of the serving method at hand, a person's characteristics or demographics, larger food portion lead to greater energy intakes in both single-meal settings and chronic exposure to larger portions (Jeffery et al., 2007; Rolls, Roe, Kral, Meengs, & Wall, 2004; Rolls, Roe, & Meengs, 2007). Consequently, larger portion sizes can cause overeating (Wansink & Van Ittersum, 2007). Hence, portion size exerts a powerful influence on individuals who otherwise have no specific reason to start, continue or stop eating (Herman & Polivy, 2008). The impact that such normative cues have in suggesting appropriate amounts to eat is grounded in the fact that individuals commonly do not have a clear sense of how saturated or hungry they are, except at levels of extremes (Herman & Polivy, 2005). Research also indicates that when a person was presented with a bigger portion of food that person ate a larger amount before satiation was reached, thus suggesting that portion size influences the development of satiety and hunger. Nevertheless, regardless of the amount of food presented to an individual, at a certain point that person will reach a maximum amount of food that he or she can consume (Rolls et al., 2002). Furthermore, other factors that have been known to influence people in consuming certain energy intakes are demographic variables, preferences, dislikes, physiological needs and psychological traits al (Eertmans, Victoir, Vansant, & Van den Bergh, 2005). Specifically, gender has been suggested to have an affect on food choice and consumption, as women were found to attach greater importance to healthy eating and are more likely to be on a diet than men (Wardle et al., 2004). However, whilst previous research looked at the influence of demographic variables and other individual differences on food consumption, how these interact with portion size has received little attention.

Overall, the difficulty that some consumers face with eating appropriate quantities of food could be caused by the portion distortion throughout the food industry, which influences the amount of food people think they need to eat. Nevertheless, as some people do

successfully manage to consume appropriate energy intakes the question remains as to what enables them to do so. A theory that could possibly explain the drive behind the overconsumption of food in conditions of distorted portion sizes is Regulatory Mode theory. However, due to scarce research on how individual differences influence food consumption, especially when portion size is taken into account, it is not possible to explain this possible link without empirical research. Therefore, the present research study will investigate the role of locomotion and assessment on the consumption of food quantities in conditions of distorted portion sizes.

Regulatory Mode Theory - Locomotion and Assessment Affecting Food Consumption

Regulatory Mode Theory describes two independent dimensions which entails a person's motivation to assess different goals and means to pursue those goals (assessment), as well as a motivation for initiating change or movement away from a current state to a different state (locomotion) (Kruglanski et al., 2000). Since locomotion and assessment have been found to predict behaviour in a wide variety of settings, it may be possible that these influence the consumption of food quantities as individuals can differ in regards to these tendencies (Higgins, Kruglanski, & Pierro, 2003; Pierro, Giacomantonio, Pica, Kruglanski, & Higgins, 2011; Pierro et al., 2008). Locomotion constitutes the part concerned with movement from state to state and commits psychological resources in order to initiate and maintain goal-related movement in a direct manner without undue delays (Kruglanski et al., 2000). Hence, locomotion-orientated individuals are eager to get started on a certain task, put in effort to move on quickly to the next task and enjoy being in motion. For them, the greater the sensation of movement, the more intrinsically rewarded they feel (Avnet & Higgins, 2003). Individuals who emphasize the locomotion orientation focus on "getting things done" and "getting on with it" (Kruglanski et al., 2000; Pierro et al., 2008). As such people have a motivational concern to initiate and maintain movement they are not likely to procrastinate, regardless of whether it concerns general habits or specific goals (Pierro et al., 2011). Conversely, assessment constitutes the comparative part concerned with critically evaluating states or entities (e.g. goals or means) in relation to alternatives in order to judge quality. Individuals who emphasize the assessment orientation relate both past and future actions to critical standards, and favour critical evaluations about themselves and others on various factors (Kruglanski et al., 2000; Pierro et al., 2008). Such individuals prefer to wait and thoroughly evaluate options before deciding on how to act (Avnet & Higgins, 2003) and do so by choosing the option that has the best attributes in comparison to alternatives (Higgins et al., 2003). Additionally, individuals with a high assessment orientation are more likely to engage in counterfactual thinking and regret, which can lead to an increased sensitivity in making risky choices and postponing decisions (Pierro et al., 2008). Hence, an individual high on the assessment orientation aims to just do the "right thing" in a situation (Kruglanski et al., 2000).

By definition, it is suggested that locomotion and assessment can function as independent orientations and that one or the other can be emphasized by different people (Higgins et al., 2003; Kruglanski et al., 2000). Individuals can be high in on one orientation and low on the other, but also can be relatively high or relatively low in both functions. However, even for individuals who are high in both functions as an individual difference, one or the other regulatory mode may be triggered more heavily by a specific situation (Kruglanski et al., 2000). Specifically, situations can temporarily change individuals' regulatory mode orientations. For instance, some situations may naturally induce a stronger assessment mode, such as reading a book, whereas other situations may naturally induce a

stronger locomotion mode, such as jogging. As regulatory modes can compete for a person's investment of resources (e.g. time, attention or energy), whichever mode is emphasized more heavily will be the predominant orientation influencing the nature and results of a specific goal pursuit (Higgins et al., 2003).

On the basis of these previous findings it is assumed that these regulatory orientations may also have an influence on eating behaviour, and more specifically food consumption quantities. For instance, research suggests that individuals with a strong locomotion orientation are driven to change their current state in a direct manner without undue delays towards goal pursuit (Kruglanski et al., 2000). Such individuals strive to initiate and maintain movement and are not likely to procrastinate once they have started with an activity (Pierro et al., 2011). As a result, it can be assumed that if one's goal would concern eating individuals with a strong locomotion orientation will do so without undue delays in line with their motivational concern to initiate and maintain movement. As such, this process can be thought of as "eating as doing". Specifically, when presented with a distorted portion size this line of reasoning would suggest that locomotors care about progress even if they cannot completely finish the portion. Resultantly, locomotion is thought to have a positive effect on food consumption. Conversely, when engaging in an activity individuals with a strong assessment orientation strive to follow the most appropriate or correct course of action (Higgins et al., 2003). Thus, it is not uncommon for such individuals to disrupt a smooth task flow in order to evaluate the goal at hand during an activity (Kruglanski et al., 2000). This line of reasoning would suggest that assessors consume less food if the activity concerns eating according to their motivational concern to critically evaluate both the goal and means to reach it. In essence, this process can be thought of as "eating as to do the right thing". Specifically, when presented with a distorted portion size this line of reasoning would suggest that assessors would consciously not consume the entire portion as a result of critical evaluations. Resultantly, assessment is thought to have a negative effect on food consumption. Accordingly, the following central hypotheses concerning locomotion and assessment were formulated:

Hypothesis 1: *Strong (vs. weak) locomotion has a positive effect on the consumption of food, thus increasing food consumption quantities*

Hypothesis 2: *Strong (vs. weak) assessment has a negative effect on the consumption of food, thus decreasing food consumption quantities*

Methods

The collection of data was performed through conducting a survey whilst presenting participants with a distorted portion size for a specific amount of time. The research sample consisted of 75 subjects (N = 75), of which 42 were female and the majority of the subjects originated from Germany (54.7%) and the Netherlands (26.7%). For the first part of the survey participants were asked to watch a short video during which they each were presented with a bowl of chocolate peanuts (i.e., 250 grams). Once the video was finished, the survey instructed participants to raise their hands after which the chocolate peanuts were removed from their sight by the observant and the second part of the experiment started. Participants were then asked to fill out a series of questions regarding their level of movie engagement, locomotion and assessment tendencies, eating behaviour and concerns, and demographics. Once all participants had completed the survey and left the room, the bowls with the remaining quantities of chocolate peanuts were weighed by use of a food weighing scale.

Results

      The hypotheses were tested through means of a multiple regression in which locomotion (α > .87) and assessment (α > .70) served as independent variables and eating behaviour (food eaten in grams) as the dependent variable. Further, both 'hunger level before experiment' and movie engagement through 'pleasure' and 'arousal' were controlled for. The regression analysis revealed that locomotion has a statistically significant negative effect on food consumption quantities (β = -.261; p <.01). In addition, the control variable 'hunger level before experiment' proved to have a significant positive effect (β = .550; p <.001) and 'movie engagement arousal' a significant negative effect of food consumption quantities (β = -.255; p <.05). Together with assessment and 'movie engagement pleasure' these variables explained for 42.2% of the variance in eating behaviour. Thus, the results indicate that when controlling for hunger levels and movie engagement, locomotion has a significant negative effect on eating behaviour whilst assessment has no effect on eating behaviour. Hence, on the basis of these results it seems justifiable to conclude that both H1 and H2 were not supported. Furthermore, the results indicate that whilst 'movie engagement pleasure' does not have an effect on eating behaviour, 'movie engagement arousal' does have a significant negative effect on eating behaviour.

General Discussion and Conclusions

      The results presented in this research study provide important insights into consumer behaviour, and more specifically food consumption. The results of this study indicate that when controlling for hunger levels and movie arousal locomotion has a significant negative effect on eating behaviour, thus decreasing food consumption quantities. Also, assessment was found to have no significant effect on eating behaviour. Although previous research suggests that increasingly larger portions have been found to cause overeating in a wide variety of settings (Jeffery et al., 2007; Rolls et al., 2004; Rolls et al., 2007), the current study possibly suggests otherwise. Hence, as portion sizes have increased in size over the past decades is the act of finishing one's plate still feasible? Or have plates simply become too large to finish? The negative effect of locomotion on food consumption quantities could possibly be explained by regulatory fit theory. This theory suggests that when an individual experiences regulatory fit motivational strength is enhanced, which improves efforts at attaining a goal and results in an "it-just-feels-right" experience (Aaker & Lee, 2006; Avnet & Higgins, 2003; Higgins, 2000). One could argue that individuals with a strong locomotion orientation experience eating a distorted portion size as a "non-fit" experience, since it does not sustain their regulatory orientation. Accordingly, as individuals with a strong locomotion orientation care about performing an activity and persisting until completion (Kruglanski, Orehek, Higgins, Pierro, & Shalev, 2009), attempting to finish a portion in its entirety could result in a perceived negative experience (Avnet & Higgins, 2003). Based on the results of this study, one could argue that when food portions are distorted or unlimited locomotion might actually assist limiting an individual's food intake. Contrarily, following this line of reasoning it would be expected that individuals with a weak locomotion orientation might not contain themselves when such distorted portions are presented to them. This might especially be the case in regards to 'all-you-can-eat' restaurants, where portion sizes are in essence limitless. In the present study each participant was presented with a distorted portion of chocolate peanuts (i.e. 250 grams). In line with the assumption, none of the participants in the study were able to finish the distorted portion presented to them. Consequently, it is believed that locomotion might have limited the intake of this distorted portion of food leading to the

results as presented earlier. Furthermore, as locomotion and assessment form independent psychological orientations, the possibility exists that eating behaviour constitutes a specific domain to which only locomotion pertains and assessment does not (Kruglanski, Pierro, Mannetti, & Higgins, 2013).

Finally, the limitations concerning the present study are two-fold. Firstly, the current study focuses only on eating behaviour, measured by chocolate peanuts eaten in grams at a specific moment in time, as an outcome variable. Therefore, the findings do not permit drawing conclusions on eating behaviour when they occur in an individual's natural environment or when it occurs in the presence of others. Secondly, as no control group was applied to test different conditions regarding eating behaviour (e.g., watching a video vs. listening to music while eating) the results are rather limited to the setting of the present study. Furthermore, it is suggested that future research could focus on the effects of locomotion on eating behaviour when participants are presented with different portion sizes.

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Women, Men and Certified Food: Opting Out of the Conventional Chinese Food Market

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Abstract

Understanding the purchase motivations and demographics of Chinese consumers is important for countries like Australia that depend heavily on food exports. This study suggests that affluent, middle class Chinese citizens are opting out of the conventional food market, with men showing a preference for green food and females showing a preference for certified organic food, along with a desire to avoid genetically modified (GM) food ingredients. Certified food purchase is associated with demographic variables, such as income, education, age, gender, presence of young children, household size, living in developed cities and overseas experience. The study found that almost half of the sample is unaware that the concept of green food is different to that of organic food. The priority for the certified organic industry is to address this lack of knowledge and clearly explain what certified organic food is and how it differs from green food. Stressing its GM-free status is likely to enhance sales since there appears to be a segment of consumers that distrusts GM food.

Keywords: food safety, certified organic food, green food market, China, motivating factors, probit/logit model.

Track: Consumer Behaviour

1.0 Background and conceptual foundations

There has been acute public concern with food safety and urban, middle class consumers show a willingness to pay a premium for safe food or green food (Liu, Pieniak and Verbeke, 2013). Green food refers to the "controlled and limited use of synthesized fertiliser, pesticide, growth regulator, livestock and poultry feed additive and gene engineering technology" (Liu, Pieniak and Verbeke, 2013:94) From a marketing perspective, it is critical to understand how the Chinese certified food market is segmented. According to Kotler (1988), market segmentation is a three-step, sequential process, entailing market segmentation, market targeting and positioning. Although the number of studies conducted on Chinese consumers and organic food is growing (Roberts and Rundle-Thiele, 2007; Yin, Wu, Du & Chen, 2010; Sirieux et al., 2011; Bing et al., 2011; Lobo and Chen, 2012; Marchesini et al., 2012; Thøgersen and Zhou, 2012; Thøgersen et al., 2015), segmentation studies are sparse. Chinese studies show that gender, age, family size and average household income per year are the main socio-economic factors influencing willingness to pay for green food (Xia & Zeng, 2007; Xia & Zeng, 2008). Research on Western consumers indicates that organic food buyers exist across all demographic segments, with some small trends being evident. In particular, they may have higher levels of education, be more affluent, be women and have young children (Pearson et al., 2011). Demand for organic food is strongly linked

to beliefs about its healthiness, taste and environmental friendliness. Strong barriers to purchase exist, notably price and lack of convenient channels (Zhu, Li, Geng & Qi, 2013). With the increase in certified food labels in China, a better understanding of market segments is required.

2.0 Methodology

The purpose of this paper is to identify the determinants of green food and certified organic purchase and to explore purchase motivations. Based on the literature review, the following hypotheses have been advanced:

H1: Green and organic food consumption in China is influenced by demographic factors, notably gender, presence of children in the household, education and income.
H2: Chinese consumers are motivated to buy green and organic food for health and environmental reasons.

The population of interest was consumers of certified food in urban China. The survey instrument was originally developed in English and translated into Chinese. The survey contained a section on socio-demographic information and it covered purchase motivations, sources of information used in decision-making, outlets used to buy food, willingness to pay a premium for green food and consumer attitudes towards food safety. The survey was pilot tested on a convenience sample. Based on feedback from the participants, some questions were reworded to avoid ambiguity.

An online and paper-based survey was conducted in 2014. The internet was used to save time and money and access a large number of participants (Sue and Ritter, 2007) and it is a good way of recruiting the affluent segments of Chinese society (McKinsey, 2013). The survey was promoted by a major online wine merchant. A total of 402 consumers responded to the survey. The summary statistics of the sample are as follows: there was a female bias with 60% females and 40% males. Most respondents were young and 62% were aged 26-45 years. Household income was relatively high with 24% earning between $1,732 and $3,464 a month. The respondents were well educated with 42% having a degree.

A pilot study was used to probe some findings and the sample consisted of 80 respondents, who came from first tier, second tier and third tier cities. Most respondents were young, in the 35-44 age category, married and had children under the age of 12. Some respondents were University educated and most had a technical qualification or had attended Junior college. Many were earning between $1,045 and $2,090 a month. There were more females respondents than males.

3.1 The logit/probit model

Modelling is used to understand, explain, and predict the choices that are made. To do so, one can create an economic model of utility derived from the choice of each alternative. Generally, a single equation limited, dependent variable model such as the probit or Logit model may be summarised by the following equation. Utility is derived from the selection of an alternative j ($j = 1,0$) by the individual i ($i = 1,......t$) and that choice is a function of the attributes (e.g., price, quality) of that alternative to the individual, and the characteristics (e.g., income, educational attainment, presence of young children) of the individual. The binary probit/logit model is used for explaining a dichotomous, dependent variable. It has been widely used in diverse fields; originally in toxicology, and now it has gained popularity in econometric analyses (Maddala 1983; Ben-Akiva and Lerman, 1985). In this study, the dependent variable may take on only two values to indicate whether a consumer wants to buy organic/green food or not. Probit regression is an approach to handle categorical dependent variables, which is based on a rational choice perspective on behaviour (Green, 2002). It consists of observable independent variables and unknown parameters. Values of unknown parameters are estimated from a sample of observed choices made by decision makers when they are confronted with a choice situation.

4.0 Findings

The following section describes results from the probit/logit model and hence reports on the demographic factors driving green food and certified organic food. Table 1 shows the results of the binary probit model for green food purchase. Results show that demographic variables, notably, age, gender, presence of young children in the family, family size, education, income and overseas experience have an impact on green food purchase. Income, age, gender, presence of young kids (12 years old and under), family size are significant at the 5% level. Higher education and having overseas experience are significant at the 10% level. Age (older), gender, family size (larger), and education attainment below university are negatively related to green food purchase. Young, wealthy males, who have young children and who live in a small household are likely to be buyers of green food.

Table 1: Estimates of binary probit model for green food purchase

Variables	Coef.	Std. Err.	z	P>z
Age	-0.129818	0.0639425	-2.03	0.042**
Gender (Male:1; Female: 0)	-0.3155194	0.1370279	-2.3	0.021**
Presence of kids under 12 years old	0.2213435	0.090355	2.45	0.014**
Family size	-0.1522628	0.0663902	-2.29	0.022**
Education attainment below university	-0.2931753	0.1597256	-1.84	0.066*
Income	0.1142806	0.0535156	2.14	0.033**
Overseas	0.2334513	0.137162	1.7	0.089*
_cons ((Intercept/constant term)	0.1590166	0.4194188	0.38	0.705
LR chi2(8)	54.45			
Log likelihood	-248.5461			
Pseudo R2	0.0987			

Note: ** indicates 5% significance and * indicates 10% significance.

Table 2 (see below) shows the results of the binary probit model for organic food purchase. Income, age and gender, are significant at 5% level. Income, female, and living in tier 1 cities are positively related to certified organic food purchase. Older age, larger family size and lower levels of educational attainment are negatively related to certified organic food purchase. In the pilot study, most females (n= 10) agreed that their attitudes towards organic food were more positive than males.

Table 2: Estimates of binary probit model for organic food purchase

Variables	Coef.	Std. Err.	Z	P>z
Age	-0.1825845	0.0887858	-2.06	0.040**
Gender (Male:0; Female: 1)	0.3504368	0.1674492	2.09	0.036**
Family size	-0.1564761	0.0844896	-1.85	0.064*
Education attainment below university	-0.482365	0.2234442	-2.16	0.031**
Income	0.5647558	0.0705798	8	0.001**
Location (1st tier)	0.2185908	0.1136826	1.92	0.055*
_cons (Intercept/constant term)	-2.345338	0.5497214	-4.27	0.003**
LR chi2(8)		148.84		
Log likelihood		-164.36262		
Pseudo R2		0.3117		

Note: ** indicates 5% significance, and * indicates 10% significance.

4.1 Consumer motivations and benefits sought from certified food

All consumers scored medium to high on all items related to reasons to buy green food (M>3 on a 5-point Likert scale). While most of the motivating factors were considered important, the green food label, coming from humanely-treated stock; environmentally-friendly, absence of GM ingredients, health and safety, all received the highest scores. One-way Anova was performed and the certified organic food buyers rated the "does not contain genetically modified food ingredients" attribute and "improve the future health of my family" slightly higher in importance than the non-organic food buyers (see Table 3). It must be noted that 42% of the sample was unware that there was a difference between green food and certified organic food. This misapprehension on the part of the consumers may have positive or negative impacts on purchasing intentions and behaviour – but this was not tested in this survey.

The pilot study supported the findings, with respondents citing "quality assurance, safety, not harmful, health, no additives and nutrition" as they key reasons for buying green/organic food. Good health meant "not getting ill; no pollution; feeling energetic; body in good condition." Most of the respondents had heard of GMO with many stating that they did not want to buy genetically modified food and the reasons given were as follows: "US strategy; not safe; feedback of others; worry about the future; sceptical; unknown; uncertain; harmful for human body". Respondents believed that green/organic food was different from conventional food, and interestingly, respondents indicated that this belief was shaped by: "propaganda from government; word-of-mouth; internet; research; book; taste; safety; environmentally-friendly; belief; feeling and science". Females felt that they had a more positive attitude towards green/organic food than males. In order to cope with risk in the wake of food safety scandals, respondents were using a variety of strategies; comments were as follows: "cooking from home; buying certified food; buying direct from farmers; purchase overseas products; purchase from formal channels; purchase from big supermarket; watching

and analysing news reports; washing carefully; planting vegetables at home, listening to friends; doing research; purchasing popular products."

Table 3: Reasons for buying green food

Reasons	Overall Sample	Organic Food Buyers	Non-organic food buyers
The green food I buy is competitively priced.	3.71	3.74	3.70
The food I buy has the green label and is pesticide reduced.	4.00	4.08	3.97
The green food I buy helps support Chinese farmers.	3.77	3.84	3.74
The green food I buy has a well-known brand name or comes from a well-respected region.	3.32	3.25	3.35
Produce is fresh.	3.81	3.88	3.77
The green food I buy comes from a farmers market and there is a long-term, trusting relationship with grower.	3.48	3.43	3.50
Sourced within season.	3.73	3.62	3.77
Tastes good.	3.62	3.71	3.58
Comes from humanely treated livestock.	4.04	4.14	3.99
Environmentally-friendly in the way it is produced, packaged and transported.	4.12	4.24	4.07
Does not contain genetically modified ingredients.	4.11	4.27**	4.08
Green food will improve my future health.	4.18	4.27	4.15
Green food will improve the future health of my family.	4.23	4.37**	4.18
Green food is safe.	4.20	4.23	4.19
Green food is high quality and has high nutritional value.	4.05	4.16	4.01
Green food is easy to buy.	3.38	3.33	3.40
Green food is easy to prepare.	3.43	3.37	3.45

** sig. $p < 0.05$

Note: Purchase motivations were measured on a 5 point importance scale, where 1= not at all important and 5 = very important.

5.0 Discussion and contributions to the literature

Our study found that green food seems to be favoured by wealthy, educated Chinese males who have a young child. Apart from gender, these findings are in accordance with the literature. For instance, a study by Zhu et al., (2013) found that income and education influence green-food purchase intentions and behaviours. Chinese studies report that gender – being female - is an important demographic variable, along with income, education and family size, that influences willingness to pay for green food (Xia & Zeng, 2007; Xia & Zeng, 2008). Studies on Western consumers show that concern for young children is likely to increase organic food consumption (Kriwy & Mecking, 2012); the organic food buyer is likely to be female (Lockie *et al.,* 2004), female with children (Dettmann & Dimitri, 2009;

Van Doorn &Verhoef, 2011) and is likely to be highly educated (Govidnasamy & Italia, 1990; Kriwy & Mecking, 2012). This finding on gender is interesting. It may simply reflect barriers to certified organic food purchase faced by males, notably lack of familiarity with the label, doubt about certified traceable food and worries about excessively high prices (Wu, Xu and Gao, 2011; Liu et al., 2012). The problem of fraud, where companies falsely advertise pesticide-treated produce as organic, is an ever-present concern, leading to a large trust deficit (Marchesini et al., 2012; Li, Ge & Bai, 2013).

This research indicates that Chinese consumers who buy green food or certified organic food seek similar benefits. They are not that different from Western consumers who are motivated to buy organic food primarily out of health concerns, with product quality and concern about environmental degradation also acting as motivating factors (Pearson, 2002; Yiridoe et al., 2005; Pearson & Henryks, 2008). However the certified organic food buyers rated the "does not contain genetically modified food ingredients" attribute and "improve the future health of my family" slightly higher in importance than the non-organic food buyers. The importance given to "no GM ingredients" is somewhat surprising since half of the sample doesn't understand the difference between green food and certified organic food, GM food ingredients are not prohibited in green foods and several studies suggest that Chinese consumers accept GM foods (Huang et al., 2006; Zhang et al., 2010). China is the fourth largest producer of genetically modified crops in the world and continues to support biotechnology research in an effort to sustain food self-sufficiency policies (Curtis, McCluskey & Wahl, 2004). Given the supportive institutional framework, changing attitudes toward GM foods deserve scrutiny. The follow-up study suggests that Chinese consumers want to avoid genetically modified food ingredients. They appear to be opposed to it due to low institutional trust and personal health reasons, rather than ethical and environmental reasons. They are using a variety of strategies to cope with risk and have opted out of the conventional food channel.

The contribution of this paper includes identifying the determinants of green food and organic food purchase. This study had its limitations, such as the sample size given the population of China, reliance on self-reported data and potential that the survey method results in socially desirable responses.

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The role of 'drunk support' in enabling the perpetuation of young women's alcohol consumption rituals

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Abstract

Heavy episodic drinking in young women has caused concern among many groups including public health professionals. This qualitative study explored ritual alcohol consumption in 16 young women age 18-24 with particular focus on the beliefs and behaviours that drove the repetition of the ritual. A key finding was that young women's alcohol consumption ritual is collective. Repetition of the ritual was perpetuated by the young women's personal strategies to minimise negative outcomes and, by the drunk support that women give to each other to deal with negative outcomes like hangovers, relationship issues, and embarrassment about uncontrolled behaviour. The young women collectively support each other to ensure that ill-effects are minimised can present a challenge for those who are endeavouring to modify young women's alcohol consumption behaviour.

Background

The New Zealand drinking culture has long been characterised by heavy episodic consumption of alcohol (McEwan, Campbell, Lyons, & Swain, 2013). In recent years, public health officials, the police and the media have drawn attention to the high risk alcohol consumption behaviours that put young New Zealand women at risk of physical, psychological, and social harm. Young New Zealand women, age 18-24 years, have a higher rate of hazardous drinking than the general population (Ministry of Health, 2013). Of particular concern in the NZ context is the way drinking to the point of intoxication results in impaired judgement and increases the likelihood of individuals taking risks that they would not take while sober (Fry, 2011).

Alcohol, as a product, is generally consumed in the pursuit of pleasure. The pleasure principle, the idea that humans pursue pleasure, is a fundamental psychological principle that forms the theoretical basis for the marketing concept of hedonistic consumption. It is a source of physical pleasure as well as social pleasure, gained from sharing the consumption and subsequent sensory experience with others. Additionally, pleasure is gained from the anticipation of the night ahead in the company of friends. Pleasure has been a problematic concept in the context of public health policy. Coveney and Bunton (2003) suggest that

health policy has framed pleasure as something that promotes risk taking behaviours. Young women's consumption of alcohol is widely represented in the literature, with binge drinking and alcohol-related harm as recurring research themes. However, these studies give little insight into the beliefs and motivations that perpetuate the ritual consumption of alcohol by young women.

This study was part of a larger research project designed to examine the social and cultural contexts of young people's ritual *Alcohol Consumption Journey* (Figure 1). The four phases are: *sober, preloading, going out, recovery* and *sober* (Dresler, Parker, & Anderson, 2015). The study adopted the theoretical framework of Bakhtin's theory of carnival (Hackley et al., 2013) to explore how young women navigate the temporal and spatial boundaries to legitimise their experience of collective hedonistic alcohol consumption.
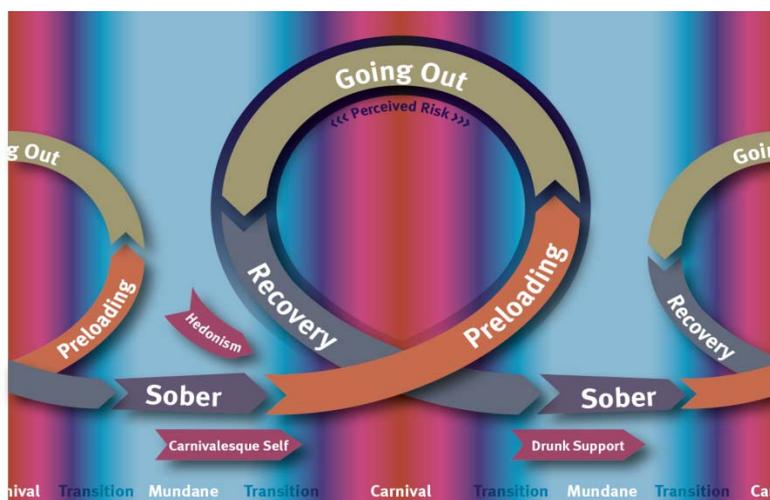
Figure Error! No text of specified style in document. *Alcohol Consumption Journey*: **The ritual consumption of alcohol**

In this article, we focus on the *Recovery* phase of the *Alcohol Consumption Journey*. The final research questions are as follows:

1. What discourses do young women individually and collectively draw on to construct their *recovery* behaviours?
2. How are these discourses used to construct the behaviours and beliefs that perpetuate young women's alcohol consumption rituals?

Methodology

There were 16 young women aged between 18 and 22 years old participated in this study. The participants were recruited through advertisements posted at community centers, youth centers and the Students' Campus Association. A qualitative methodology was adopted to allow the researchers to not only understand the socially constructed phenomenon of alcohol consumption, but also to explore how and why the young women behaved in the manner that they did. The interviews were recorded on an electronic audio recording device and lasted between 60-90 minutes. Thematic analysis was used to analyse the data from the interviews.

An inductive, semantic approach to thematic analysis was selected, as this method supported the exploratory nature of the study and ensured that the themes identified were strongly linked to the collected data. This approach involved initially analysing the data at a semantic level and identifying the surface meanings of what participants said. This subsequently moved to the 'deeper' thematic style of 'circling and parking' as an *iterative* process of moving back and forth over the data until 'meaning-making' occurs. The analysis process involved five phases: (a) familiarising oneself with the data, (b) generating initial codes, (c) searching for themes, (d) reviewing themes and (e) defining and naming themes (Braun & Clarke, 2012). A key step in the analysis was generating a thematic 'map', which provided a visual understanding of how the themes related to each other. This then allowed patterns to appear, sub-themes to be grouped, and finally, key themes to emerge. To ensure further rigour, the data and resulting analysis was member-checked by the three researchers.

Findings

Recovery from a night out was not just a physical process for the young women in this study, it also included coming to terms with what happened during the night for both the individual and the group. All the participants described ways of dealing with the after-effects of their alcohol consumption on a personal level through *recovery* rituals. The purpose of these rituals was to try and avoid an unpleasant hangover the following morning. Examples given by some participants were:

> 1025   [Kate] a pie and blue Powerade
> 792   [Bridget] I try to drink lots of water before I go to bed, cos I get really dehydrated

Furthermore, sometimes a young woman did something undesirable while intoxicated that her friends reminded her about the next day. However this was usually done with humour, which helped the young woman to get over her embarrassment quickly, so that it did not affect her participation in future drinking rituals.

> 979   [Lucy] I drunk dialled my friend's football coach on his phone and left a voice mail, and I got in trouble for that . . . I dunno it seemed like a great idea
> 885   [Ava] I remember drinking this one night, and it was the first time, like, I've never been able to remember anything and, like, my friends were telling me the next day, . . . and I was, like, "oh how embarrassing"

As well as dealing with their own experiences of the night out, the young women talked about how the group processed what had happened. Texting was common after a night out, checking up on how everyone else was feeling and that they were okay.

> 797   [Bridget] like you just text someone like "how are you feeling" "are you feeling like me"
> 665   [Tess] when you wake up at about 1 o'clock in the afternoon, there'll always be like 5 texts on your phone about this happened and that happened

It was common that the young women would talk to the rest of their group about what happened, especially if someone had met someone or hooked up during the night.

> 654   [Kate] we'll usually like talk about the night and funny things that happened or like, just gossip, pretty much

> 668   *[Tess] you always have a big talk especially if like someone found a boyfriend, or someone that they like*

However if something very unpleasant had happened to someone in the group, the group might get together in person to talk over what had happened and how to deal with the consequences.

> 685   *[Tess] if it was like something happened to all of us or something like that, like, we'd all get together, but it's only really the girls, . . . have a big kinda talk and stuff like that about it, and eat chocolate ((laughter))*

An important part of *recovery* was sharing. The young women shared their photos and stories of their night out with their friendship group and sometimes with a wider group through social media.

> 1008   *[Lucy] Yeah, well we took some selfies before we left, and they weren't nice selfies, we were doing silly faces, and my friend put one on Facebook and then a lot of my friends have been commenting on it*

Concern for reputation led many of the young women to prefer the less permanent social media, such as Snapchat, which didn't allow comments, to the more permanent platforms such as Facebook and Instagram.

> 130   *[Kate] I'm very cautious as to not, not to put all that stuff on Facebook and get it tagged cos I know that stuff can affect your future*

The young women curated their image to present themselves as responsible drinkers, who cared for their friends and had a good time when they were out. However, they admitted that they had done things which they later felt did not flatter their image and these negative experiences were lightened with humour when retold.

Discussion

The findings indicated that *recovery* from alcohol consumption is multi-dimensional in nature. *Recovery* was not simply a passive process of "getting over" a period of alcohol consumption, it was an active employment of planned personal and group strategies to maximise the pleasure of the *Alcohol Consumption Journey*. On the personal level, *recovery* rituals were to mitigate the effects of alcohol consumption. Lessening the unpleasant after-effects of consuming alcohol ensured that the consumption ritual was more likely to be repeated. There was a common pattern to the recovery rituals, which usually involved the consumption of some form of fast food, followed by drinking water or some other non-alcoholic liquid, such as Powerade, then sleeping. *Recovery* rituals were an ordered end to being in the night time economy (NTE) and a preparation for returning to everyday life of work and study.

The results showed that the key theme of *recovery* on the collective level was the concept of *drunk support*, the process of mitigating negative effects from alcohol consumption and supporting intoxicated members of a friendship group. The concept of *drunk support* was first described by Vander Ven (2011) in his ethnographic study of US college drinking. *Drunk support* in this current study is extended to include the discussions that take place after a night in the NTE, the counselling the young women gave one another to help work through

decisions and actions they regretted. It also includes the actions taken by individuals to mitigate negative consequences from alcohol consumption. For the young women the purpose of *drunk support* is to minimise the consequences of regretful actions and encourage participation in the drinking ritual in future, modifying behaviour but not to the extent of giving up drinking alcohol.

Furthermore, after a night out, the friendship group deal with any issues that had arisen during their time in the NTE. Often this would begin with individuals picking up their mobile phone and seeing text messages from friends enquiring how you were feeling today and asking about things that had happened. Photos taken during the night out might be shared using social media, to show a wider group of friends what a good night it was and how good everyone looked. A young woman might check Facebook to see if she had been tagged in any photos. The image that was presented for a wider audience to view was carefully managed or airbrushed, as reported by Niland, Lyons, Goodwin, and Hutton (2014).

If an individual or the group encountered harm while in the NTE, or for some reason had to exit the *Alcohol Consumption Journey,* then this was dealt with as a group. This often involved getting together in person or using the phone, texting or calling. Group members supported each other to work through what had happened. The purpose of this was to ensure issues did not prevent the ritual being repeated in future. Modification of behaviour sometimes occurred as a result. MacNeela and Bredin (2011) discussed the tight bonds found in female drinking groups, and the regulatory function they provide and this study is consistent with this finding.

A noteworthy finding was that young women manage the after-effects of alcohol consumption, and reframe them to fit with the desired image of a pleasurable experience. Vander Ven (2011) posited that college students justify, explain and manage their hangovers so that they do not impact on the overall impression of having had a good night out. Vander Ven's study described a wide variety of hangover cures, while some of the students in this study denied having hangovers at all.

Sharing is another important aspect of group bonding. The verbal tradition of drinking stories has evolved through social media to include photos and video, which can be shared to a much wider group than the immediate friendship group. The drinking stories and drinking photos serve the purpose of reframing the unpleasant after-effects of drinking, using humour to create pleasurable memories of a good night out (Brown, 2013). Furthermore, technology such as the mobile phone, plays an enabling role in young women's drinking culture. The photos taken during a night out can refresh the memory lost through overindulgence in alcohol. Young women can capture and relive the pleasurable moments of feminine bonding, and thus perpetuate the performance of the consumption ritual. Sharing of experiences and photos lets the group reconstruct their night out and reassure themselves that it was pleasurable. The findings of this study agree with this and suggest that young women are also selective in their choice of social media, depending on the type of image being shared. Less flattering images are shared using transient media such as Snapchat, while flattering images are shared using Facebook where they can gather "likes" and positive comments.

The themes of self-management and group bonding within the alcohol consumption rituals highlighted the pleasure aspects of youth's *Alcohol Consumption Journey*. The 'drinking culture' in young people commonly combines both *anticipated* and *experienced* pleasure. After the first encounter, the group then 'anticipate' the next 'cycle' – which is usually related to the weekend culture of drinking and, related to that again, the ritual leading up to the event. Each time, they draw on their previous experience to enhance and heighten the anticipation of the next event. Young women view drinking as a collective activity; drinking alone is widely viewed as deviant behaviour. The social pleasures of friendship and group bonding draw young women to repeat the ritual as much as the physical pleasures of alcohol consumption. *Drunk support*, comprising individual and collective rituals of *recovery*, is essential to the continuance of pleasure, the main driver of the *Alcohol Consumption Journey*. Pleasure is a problematic concept from a policy perspective, which traditionally associates intoxication with harm and regret, not pleasure (Brown & Gregg, 2012). However, the experience and anticipation of pleasure which drive both the performance and the continuation of youth's *Alcohol Consumption Journey*.

Contributions

This finding provides challenges for the development of compelling and effective messages that can motivate young women to change their drinking behaviour. Social marketing campaigns have tended to focus on what public health professionals see as undesirable behaviours and negative outcomes. These views are at odds with the beliefs and behaviours of the young women themselves. Social media has added an additional level of complexity, allowing the curation of imagery, which portrays young women's socialising, to present only images that are positive and flattering. More research is needed to explore how effective contemporary communication strategies, combined with an understanding of young women's beliefs and behaviours regarding alcohol consumption, can be used by public health officials and policy makers to address concerns about the way in which young women are consuming alcohol.

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The Impact of Older Consumers' Goal Engagement Strategies on Their Use of the Internet

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Abstract

Many older consumers believe that computers and technologies can help them communicate more easily; therefore invest more time and effort into using the Internet. It is expected that one's goals and goal strategies influence behaviors. This paper investigates the impact of older consumers' goal engagement strategies on their use of the Internet. This paper aims at exploring this phenomenon by employing control theory. Our findings show that older Internet users who scored low on selective primary control (goal engagement strategy) tend to have a lower propensity to use the Internet, compared to their older counterparts who scored high on selective primary control. Moreover, older Internet users who scored low on compensatory secondary control (goal disengagement strategy) tended to report a higher Internet use frequency, compared to their older counterparts who scored high on this variable.

Keywords: older consumers; Internet adoption; control theory; goal disengagement strategies; goal engagement strategies.

Track: Consumer behaviour

1.0 Introduction

The older consumer segment is growing in economic significance as its numbers increase globally. This trend will continue for the next several decades, and it will have a wide range of implications for both business and society, such as the labor force, marketing, investments, living arrangements, and healthcare. Companies cannot afford to ignore such a significant and growing group of consumers, yet a large number of companies have yet to make an effort to market to the older segment, either because they do not see its importance or do not understand how to effectively communicate with this group of consumers (Moschis, 2003). Some of the earliest studies in the field considered the 50-plus segment of the population as a "mature" or "older" market (Bartos, 1980). Although there is no single definition of the older or "mature" consumer market, most marketers prefer to define this segment as aged 50 or 55 and older (Moschis 2003). Many questions arise, such as the size of potential segments and the viability of reaching them, but the basic question is whether older segments need to be treated differently from younger customers. Multiple disciplines study the effects of aging, including marketing, gerontology, and several areas of the social sciences. Psychological states may differ due to differences in aging processes, which include biophysical, psychological, social aging changes and also life circumstances and events. Despite the rapid and widespread growth of technologies, older consumers have adopted computers and the

Internet at a much slower rate than younger consumers (Gilley et al., 2012; Reisenwitz et al., 2007). Previous empirical studies support the view that technology use can make a large positive difference in the lives of aging adults, including people with problems in their everyday functioning (Rogers and Fisk, 2010). Expanding Internet use among aging consumers could help them increase their convenience for purchasing transactions while at the same time allow companies to reach these consumers more easily (Nayeem and Casidy, 2015).

2.0 Theoretical perspectives

The diffusion of innovations theory mainly explains factors that encourage consumers to adopt technology (Rogers, 1995). The technology readiness of potential users refers to people's propensity to embrace and use new technologies for accomplishing goals in their home life and at work (Parasuraman, 2000). The technology acceptance model proposes that perceived usefulness and perceived ease of use influence an individual's attitude toward and use of that technology (Davis, 1989). However, Hough and Kobylanski (2009) stated that this approach is inadequate as a model for explaining and stimulating the increased engagement of older consumers, and Porter and Donthu (2006, p.1006) state: "with regard to Internet usage…researchers should investigate the impact of an individual's personal goals on their use of the Internet." In the present study, we suggests that control theory is appropriate for exploring the factors that can explain older adults' response to the Internet, as this theory focuses on the individual's goal and regulatory behaviours across the life-span. Control theory focuses on "the distinction between primary control and secondary control strategies; the proposition that striving for primary control holds the primary function in the motivational system, and the idea of selectivity and compensation as fundamental requirements of optimizing life course development" (Heckhausen et al., 2010, p. 32).
 Heckhausen and Schulz (1995) explain the difference between primary and secondary control to lifespan development. *Primary control* refers to behaviours directed at the external world and involves attempts to change the world to suit the needs and desires of the individual. In contrast, *secondary control* refers to efforts of the individual directed at managing his or her mental states and adapt to various situations rather than changing one's world. The integration of these two fundamental dimensions includes a set of four strategies:
Selective primary control (SPC) entails goal engagement; it focuses on the investment of resources, such as effort, time, abilities, and skills into the pursuit of a chosen goal, including the development of skills by processes of acquisition and practice. *Compensatory primary control (CPC),* in contrast, is about asking for others' help or assistance. It is necessary when the given internal resources of the individual prove insufficient to attain the chosen goal.
Secondary control, on the other hand, entails disengagement from the active pursuit of a goal that is not readily obtainable. *Selective secondary control* (SSC) serves to enhance the selectivity of resource investment in the continuous pursuits of primary control goals. Selective secondary control strategies are about increasing the value of the chosen goal and safeguarding motivational commitment to the goal (Haynes et al., 2009). Finally, *compensatory secondary control* (CSC) is a safeguard against the potential negative effects of failure on the motivational resources of the individual. In striving for a goal that turns out to be unachievable, the person who uses compensatory secondary control strategy will use self-protective strategies, such as casual attribution (avoiding self-blame), focusing on successes in other domains, and downward social comparisons (Heckhausen et al., 2010).

3.0 Hypotheses

The arrival of the Internet helps many individuals live, communicate and collect information about products and services more easily (Lokken et al., 2003). Wrosch et al. (2000) state that older consumers may still achieve important goals by investing greater effort. Selective primary control typically is about self-learning how to use the Internet and it is expected that older consumers who employ higher goal engagement strategies (i.e., selective primary control) will use the Internet more, compared to those who employ such strategies to a lesser extent.

> **H1:** Among older adults who are Internet users, there is a positive relationship between level of selective primary control and frequency of Internet use.

Selective secondary control strategies are about increasing benefits of the Internet, thus this strategy helps older consumers stay focused on their goal and shift to implementation (Heckhausen and Wrosch, 2010). It is expected that older consumers who imagine the positive consequences that would result from their ability to use the Internet (i.e., selective secondary control), such as shopping online to save time and transportation costs compared to visiting traditional stores (Hui and Wan, 2007), may use the Internet more.

> **H2:** Among older adults who are Internet users, there is a positive relationship between level of selective secondary control and frequency of Internet use.

Many older consumers receive help from an adult child or other relatives in making a purchase, or setting up their computer and Internet (Gilly et al., 2012). Compensatory primary control (CPC) is about seeking advice from social contacts, such as family, friends and peers on effective strategies to help enhance their Internet knowledge. It is expected that older consumers who employ goal engagement strategies (compensatory primary control) will use the Internet more frequently, compared to their lower-frequency-user counterparts.

> **H3:** Among older adults who are Internet users, there is a positive relationship between the level of compensatory primary control and frequency of Internet use.

It is expected that older adults who have a higher goal disengagement strategy may use the Internet less. Older adults experience loss of social contacts after retirement and declines in the successful outcome of their efforts due to health limitations (e.g., mental and physiological declines, impairments). Such outcomes may have aversive effects on their self-esteem, making the employment of primary control strategies an increasingly riskier proposition with age (Heckhausen and Schulz, 1995). This view is supported by research which finds that, in comparison to younger adults, older adults are less likely to use primary control strategies, and more likely to use secondary control strategies in response to the appearance of aging-related declines (Thompson et al., 1998; Wrosch and Heckhausen, 1999).

> **H4:** Among older adults who are Internet users, there is a negative relationship between the level compensatory secondary control and frequency of Internet use.

4.0 Methodology

Self-administered questionnaires were distributed via convenience sampling among older adults in Bangkok, Thailand. Convenience samples are considered acceptable for use in a theory testing study (Calder et al., 1981). The English version of the questionnaire was translated into Thai and back translated into English by professional translators to ensure meaning equivalence. After pretesting, a total of 387 respondents completed the survey. Data was collected at airports, malls, parks, hospitals and major residential communities.

The age of the majority of the respondents was 65 years or over (72%), while 28 per cent were between 45 and 64 years. Females accounted for 51% of the respondents, while 49% were male. Fifty nine per cent of the respondents reported monthly income more than 25,000 THB (Thai Baht), while 41% reported a monthly income less than 25,000 THB. Thirty three per cent were single/divorced/ widowed/separated and 69% were married. Respondents' education level ranged from high school (32%) to college graduates (42%). Thirty four per cent of the respondents were retired or not employed; 13% were retired or employed part-time, and 41% were employed full-time.

We employed the same measures of variables that have been frequently used in previous studies appearing in leading scientific journals. The control-based measures that were employed in the present study were adapted from the OPS (Optimization in Primary and Secondary Control) scale, which consists of 34 items (Chipperfield et al., 2007; Haynes et al., 2009). Although we used previously developed scales to assess task-specific control strategies, it was necessary to confirm that each of the scales was reliable in this study. Cronbach's alpha coefficient was utilised to test reliability of the constructs (Cronbach, 1951). As a result, nine items were eliminated, leaving a total of 24 items. Each construct had a Cronbach's alpha reliability score ranging from 0.741 to 0.848 (Cronbach, 1951). Correlations of every pair of constructs were examined and were found to be relatively low, suggesting discriminant validity. For Internet usage, we employed the scale developed by Porter and Donthu (2006).

The decision to accept a new technology is related to the amount of knowledge one has regarding how to use that technology appropriately (Rogers, 1995). Kinney et al. (2003) confirm that older consumers will not use complex technologies, such as the Internet, except when their skill and knowledge level match. Previous studies suggest that less educated persons report insufficient knowledge as one of the main reasons that they decide not to use the Internet; they have more computer anxiety, which deters their ability to learn in new environments (Hilgard and Bower, 1975). Therefore, our study uses education as a control variable. Technological past experience could be an important variable (adapted from Patterson et al., 1997), because the more technologies used by elderly while they were young and healthy, the more willing they will be to use more advanced technological support when they become older and their capabilities decline (Mynatt and Rogers, 2001). For both younger and older adults higher levels of computer experience are associated with lower levels of computer anxiety (Chua et al, 1999). Huang et al. (1998) state that social desirability response bias affects the validity of a measure, thus the Marlowe-Crowne social desirability scale (Strahan and Gerbasi, 1972) was utilized as a control variable, with a Cronbach's alpha reliability of 0.775.

5.0 Results

We used partial correlations to test the relationships between the four types of control strategies and frequency of Internet use. Social desirability, technological past experience and education were used as control variables in all these analyses.

Hypothesis 1 posits a positive relationship between level of selective primary control and frequency of Internet use. The correlation between level of selective primary control and frequency of Internet use is positive (r=.172, $p <. 01$), providing support for Hypothesis 1. As expected, older adult Internet users who scored low on selective primary control tend to have a lower propensity to use the Internet, compared to their older counterparts who scored higher on selective primary control.

Hypothesis 2 predicts a positive association between selective secondary control and Internet use frequency. This hypothesis was also supported, as the correlation between frequency of Internet use and selective secondary control is significant (r=.198, *p* <.01).

Hypothesis 3, which predicts a positive association between compensatory primary control and Internet use, was not supported. The correlation between frequency of using the Internet and compensatory primary control is significant, but in the opposite than expected direction (r= -0.098, *p* <.05).

Hypothesis 4 posits a negative relationship between compensatory secondary control and Internet use frequency. This hypothesis was supported, as the resultant relationship between the two variables was significant (r= -0.317, *p* <.01) Older Internet users who scored low on compensatory secondary control tended to report a higher Internet use frequency, compared to their older counterparts who scored high on this variable.

6.0 Summary, discussion, and practical implications

The study findings suggest that there is a positive relationship between goal engagement strategy (selective primary control and selective secondary control) and frequency of Internet use. Moreover, there is a negative relationship between goal disengagement strategy (compensatory secondary control) and frequency of Internet use. An unexpected finding among Internet users was the negative relation between the preference for compensatory primary control strategies and Internet use frequency. Our initial interpretation of the theory suggested that the older adults who want to solve Internet problems using a compensatory primary control strategy would seek advice from Internet experts or social contacts. It is possible that this unexpected result is due to cultural or social norms. Older adults could feel uncomfortable to ask for other people's help, thus they may utilize strategies that guarantee a positive and well-regulated emotional climate (Carstensen, 1995). It is possible that older people may be inclined to avoid asking for others' advice due to potentially negative feelings generated from others' responses, such as lower self-image associated with their self-evaluation and causal attributions (e.g., shame, feeling inept).

As individuals may have health limitations when they are older, we should developing the marketing strategies that concentrate on selective primary control (goal engagement strategy) such as developing the very ease of use technological products without indicating the age of person who is most likely to benefit and those products should have an intergenerational appeal. Also, marketers should develop the strategies that increase selective secondary control level (goal engagement strategy) and lower compensatory secondary control level (goal disengagement strategy), for example emphasizing on emotional benefits.

There are some inherent limitations common to all types of cross-sectional studies (e.g., Podsakoff, et al., 2003). As the value of any cross-sectional study, such as ours, is in falsifying relationships rather than confirming them (Popper, 1959), statements about inferred causality should be held tentative. Second, the study used a convenience sample from only one Asian country. Although the hypotheses were grounded on theory, the results might differ if the study were to be replicated in different cultural settings because older Asian consumers may differ from those in Western countries. Third, although the measures employed achieved acceptable reliability levels, there are issues of validity inherent in the employment of instruments developed in Western counties by researchers in Eastern countries such as Thailand (e.g., Diamantopoulos, Reynolds, and Simitras, 2006).

These limitations notwithstanding, the present study highlights the need for a deeper understanding of the relationship between Internet use and goal engagement (primary

control) strategies and goal disengagement (secondary control) strategies. Our findings offer practical contributions for firms that could benefit from having older consumers online. Marketers may consider strategies that increase the selective secondary control level (goal engagement strategy), while also decreasing the compensatory secondary control level (goal disengagement strategy); for example by educating older consumers about how the Internet is relevant to their goals (e.g., more convenience finding and buying products and services, and possibly increasing communications with family members).

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Psychosocial and Contextual Determinants of Word-of-Mouth Transmission: A Conceptual Framework

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Abstract

Our understanding of what makes content go viral is still developing. Previous literature has examined the influence of emotion, impression management, and communication context. However, there is still much we do not know about how these factors interact to determine the transmission of brand-related content in complex real-world environments. This paper provides an overview of the current literature, and a conceptual framework for future research into the psychological and contextual determinants of this type of word-of-mouth activity. Exploring the pathways outlined in the conceptual framework proposed in this paper will inform theory, as well as facilitate viral campaign design.

Keywords: word-of-mouth, viral marketing, social transmission

Track: Consumer Behaviour

1.0 Introduction

When Canadian musician Dave Carroll had his guitar damaged on a trip he wrote a song about it. Entitled "United breaks guitars" it went viral leaving United Airlines with a PR disaster and propelling Carroll and his music into the spotlight: over 15 million people to date have viewed the song online. While the benefits of viral marketing have been demonstrated (Dobele, Toleman, & Beverland, 2005), designing such campaigns remains a challenging endeavour that generally requires marketing managers to do much more than pen a catchy tune.

Viral marketing relies on of word-of-mouth (WOM) transmission, which is the propagation of marketing messages or brand-related content by individual consumers, to other consumers (Liu-Thompkins, 2012). This transmission can occur through a variety of channels and in a variety of contexts, including face-to-face WOM, and computer mediated, electronic WOM (eWOM). Understanding what drives WOM transmission will refine viral and social marketing approaches. That is, understanding what people will share, as well as what determines how, where, and with whom they will share will inform viral campaign design, and assist marketers to create *shareable* content.

Previous research has shown that emotional arousal, impression management, and communication context are implicated in the WOM transmission process. However, the literature in this area remains disjointed: how these antecedents interact to influence WOM

transmission is unknown, and the factors which lead to communication context selection (i.e., where, how, and to whom individuals will transmit WOM) remain unclear. This paper provides a review of the relevant literature, with a focus on directions for future research. A conceptual model is also provided which outlines the state of the literature, and highlights areas which require further work.

2.0 Literature Review

2.1 Emotional Arousal and WOM Transmission

Successful viral marketing often triggers an emotional response (Dobele, Lindgreen, Beverland, Vanhamme, & Van Wijk, 2007), and emotional arousal has been implicated in this process (Berger & Milkman, 2012). Emotional arousal (hereafter arousal) involves changes to functioning, such as heart-rate and blood pressure fluctuations, in response to emotion-eliciting stimuli (McCraty, Atkinson, Tiller, Rein, & Watkins, 1995). Some emotions (e.g., anger, surprise, joy) lead to high levels of physiological arousal, while other emotions produce a decrease in arousal (e.g., sadness, contentment; Thayer, 1986). Arousal influences WOM transmission: messages that produce high levels of physiological arousal are more likely to be shared than messages that produce low levels of arousal (Berger & Milkman, 2012).

Two mechanisms could potentially explain the relationship between arousal and WOM transmission. Firstly, it has been speculated that arousal produces a "readiness for action" which may facilitate sharing behaviour (Berger, 2013, p. 108). Alternatively, the arousal produced by the message may be misattributed, leading to more positive evaluations of the message itself (Berger, 2014). That is, arousing messages may be perceived as more interesting, or worthy of sharing than non-arousing messages. However, neither of these mechanisms have been empirically investigated, which leads to the following questions:

RQ 1. What mediates the relationship between arousal and WOM transmission?
    RQ 1a. Does readiness for action mediate the relationship between arousal and WOM transmission?
    RQ 1b. Does the misattribution of arousal mediate the relationship between arousal and WOM transmission?

2.2 Impression Management and Word of Mouth

While arousal has been shown to increase the likelihood of WOM transmission, the social landscape of online environments may also determine what people share. Individuals are inherently motivated to manage others' impressions of them, and this concern is evident both in face-to-face and online communications (Rosenberg & Egbert, 2011). When engaging in impression management, individuals will present themselves in a way that is congruent with their self-concept (self-verification), and/or in a way that is designed to produce a favourable impression from others (self-enhancement; Banaji & Prentice, 1994). The impact of self-verification on WOM transmission remains unclear. However, self-enhancement motivation has been shown to influence the generation and transmission of WOM (De Angelis, Bonezzi, Peluso, Rucker, & Costabile, 2012): people are likely to share WOM that casts them in a positive light, and avoid sharing WOM that would lead to others forming negative impressions of them (De Angelis et al., 2012).

In addition to the uncertainty regarding the role of self-verification, how impression management interacts with arousal to determine sharing behaviour is unknown. Also, impression management may not only influence *what* individuals will share, but *how*, *where*, and *with whom* they will share. Once an individual has decided to transmit the message, she may then *select* an appropriate communication context in which to transmit the message (e.g., face-to-face vs. emailing it to one friend vs. sharing with a large group of friends on Facebook). Given that the context of the communication may have an influence on (a) what people are willing to share, and (b) impression management concerns (Berger, 2014), further work is needed to understand how impression management influences communication context choice when transmitting WOM . Therefore, future research should address the following questions:

> RQ 2. Does self-verification influence WOM transmission?
> RQ 3. Does impression management moderate the relationship between arousal and WOM transmission?
> RQ 4. Does impression management determine WOM transmission across different communication contexts?

2.3 Communication Context

Three dimensions that may drive the effect of communication context on WOM transmission are communication synchronicity, audience type, and audience size (Berger, 2014). Different types of interaction involve different combinations of these dimensions. For example, face-to-face WOM transmission is synchronous (it happens in real time), it may be directed toward a large or small audience, and the audience may consist of close friends, acquaintances, or strangers.

The asynchronous nature of written communication (vs. the synchronous, real-time nature of face-to-face communication) allows individuals to be more considered about the messages they share. Berger and Iyengar (2013) found that communication synchronicity determined sharing behaviour and that this effect was stronger when there was a need to self-enhance. When communication was asynchronous, individuals were able to more carefully craft a message that led participants to share more interesting (and therefore self-enhancing) WOM (Berger & Iyengar, 2013).

While Berger and Iyengar (2013) demonstrate the importance of *how* individuals communicate in determining WOM transmission, *who* an individual is communicating with may also have an effect on what they will share. Audience type may determine WOM activity as a function of social ties (Berger, 2014; De Bruyn & Lilien, 2008). The social tie between two individuals may be strong, weak, or non-existent, depending on the nature of the relationship (Granovetter, 1973). Audience type is important in determining WOM activity because individuals tailor what they share to match the closeness of their relationship to the receiver (Stutzman & Kramer-Duffield, 2010). This message-tailoring is particularly relevant to eWOM transmission as online platforms facilitate broadcasting to large, heterogeneous audiences (e.g. Facebook).

When sharing WOM, individuals may either narrowcast information to a small audience (e.g., sending an email to one receiver), or broadcast a message to a large audience (e.g., sharing to a Facebook newsfeed). Broadcasting, compared to narrowcasting, is more likely to lead to the transmission of a message that is self-enhancing (Barasch & Berger,

2014). Barasch and Berger (2014) found that participants who were asked to broadcast WOM were more likely to engage in protective self-enhancement than those who were asked to narrowcast. That is, participants in the broadcasting condition avoided sharing content that would cast them in a negative light to a greater extent than those in the narrowcasting condition. Broadcasting increased participants' self-focus, which in turn increased their motivation to engage in protective self-enhancement (Barasch & Berger, 2014). However, there was no relationship between audience size and acquisitive self-enhancement (i.e., sharing WOM to facilitate positive impressions) in this study, a finding that is inconsistent with other research in this area (e.g., De Angelis et al., 2012)

An alternate explanation for the effect of audience size on communication is provided by Eisingerich, Chun, Liu, Jia, and Bell (2015). Eisingerich et al. found that broadcasting, compared to narrowcasting, involved greater perceived social risk. That is, participants felt that engaging in broadcasted eWOM activity, compared to narrowcasted face-to-face WOM activity, was riskier in regard to the potential for audience disapproval and potential embarrassment. As a result of this perceived social risk, participants reported less likelihood to engage in broadcasted eWOM, rather than narrowcasted, face-to-face WOM. Therefore, the difference in WOM activity due to audience size is also mediated by perceived social risk.

Interestingly, Eisingerich et al. (2015) also found that when there was a high need to self-enhance, the effect of perceived social risk on WOM activity was reversed. Participants with a chronically high need to self-enhance reported being more likely to broadcast eWOM than they were to narrowcast face-to-face WOM. These findings are somewhat inconsistent with those of Barasch and Berger (2014). While both studies provide support for the notion that broadcasting increases the importance of self-enhancement motivation in determining what people will share, Barasch and Berger's findings suggest that broadcasting results in protective, rather than acquisitive, self-enhancement activity. However, if there is indeed increased perceived social risk associated with broadcasting (as the results of Eisingerich et al. suggest) a need to engage in protective self-enhancement (as demonstrated by Barasch & Berger, 2014) would decrease the likelihood to broadcast WOM.

Unlike participants in Barasch and Berger's (2014) study, participants in the study reported by Eisingerich et al. did not engage in protective self-enhancement; rather, their increased likelihood to broadcast WOM was driven by acquisitive self-enhancement (i.e., sharing WOM in order to facilitate positive impressions). That is, participants wanted to cast themselves in a positive light by sharing WOM. Broadcasting, rather than narrowcasting, may have provided a more salient opportunity to do this as it allowed them to engage in impression management with many people at one time. Therefore, in addition to greater perceived social risk, broadcasting may also involve greater perceived social benefits than narrowcasting, which leads to the following research question:

RQ 5. Does perceived social benefit mediate the relationship between audience size and WOM transmission?

Previous literature in this area has examined the impact of synchronicity, audience size, and audience type on WOM activity when the communication context is fixed. That is, participants have been allocated to a particular communication context, and then the impact of that context on WOM behaviour has been measured. However communication context is not always fixed in the real world. Individuals can be selective regarding where, when, and

with whom they share WOM. As individuals engage in WOM to achieve social goals such as impression management (De Angelis et al., 2012), communication context choice may be due to how efficiently the context will facilitate the individual's goals. Accordingly, perceived social risk, and perceived social benefit of each communication context may influence individuals' choice. This possibility is summarised in the following research questions:

> RQ 6. Is the relationship between impression management and WOM transmission driven by perceived social risk and perceived social benefit?
>> RQ 6a. Does perceived social risk mediate the relationship between protective self-enhancement and communication context selection?
>> RQ 6b. Does perceived social benefit mediate the relationship between acquisitive self-enhancement and communication context selection?

3.0 Future Directions and Managerial Implications

Arousal, self-concept, and communication context are likely to influence WOM transmission. What is not clear is the relative strength of each of these factors in determining what people will share, how these factors influence communication context selection, and how these factors interact. As outlined in Figure 1, future research should determine what mediates the relationship between arousal and WOM transmission (RQ 1). Further work is needed to understand the role of self-verification, how impression management interacts with arousal, and how this factor may determine communication context selection (research questions 2, 3, and 4). The potential mediating roles of perceived social benefit and perceived social risk should be clarified, both in regard to the relationship between audience size and WOM transmission (RQ 5) and the relationship (if one does exist) between impression management and communication context selection (RQ 6).

Figure 1. Conceptual Framework of Impression Management, Arousal, Communication Context and WOM Transmission
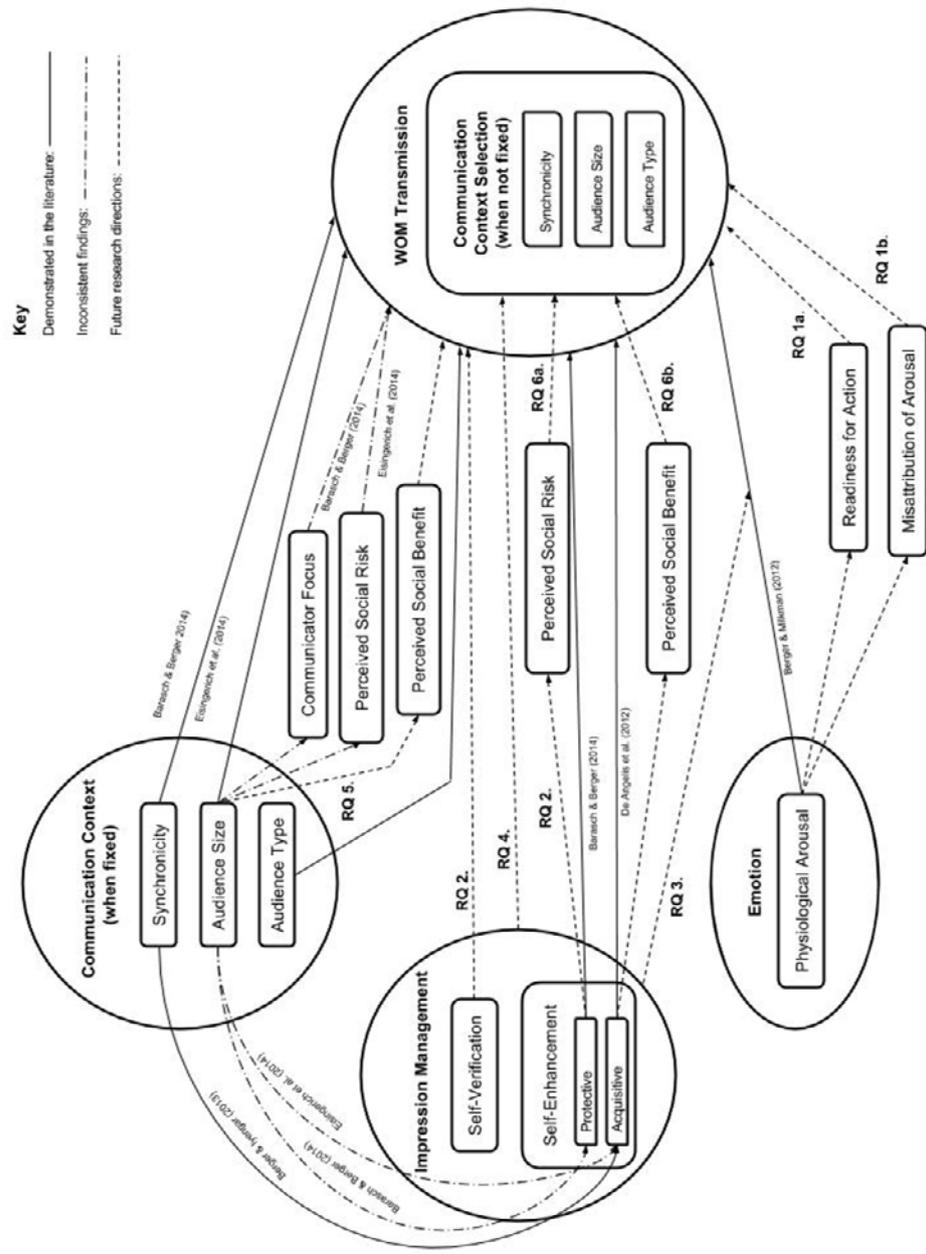
Understanding how emotion and impression management interact to motivate sharing behaviour would inform the development of messages intended to spread via word-of-mouth. Further, WOM communication context may determine the consequences of transmission. For example, broadcasted WOM facilitates brand awareness, while narrowcasted WOM can be more effective at generating engagement with, and acceptance of the message (Ang, 2014; Aral & Walker, 2011). Understanding how individuals select WOM transmission context may therefore assist marketers to develop messages that will not only be likely to spread, but be likely to spread via the desired communication context.

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Does Region Matter? A Comparative Analysis of Experts' and Consumers' Perceptions of Australian Wine Purchase decisions

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Abstract

This study provides insight for wine marketers on the factors that consumers perceive as important in the purchase of regional wine. "Regionality is defined as the reputation a wine region has for producing wine with a particular style" (Easingwood, et al., 2011 p.21). Consumers' (n= 193) perceptions of their preferred wine regions' specialisation for a particular wine style, volume of production, quality, wine heritage and distinctiveness were investigated. The research also compares consumer's perception on the importance of factors relating to regional wine purchase with expert opinions. Furthermore, the study reflects on a comparative analysis of involved consumers and non-involved consumers perceptions. The findings from this research developed an understanding of the consumer behaviour associated with regional wine purchase and allow wine marketers to better understand regional wine consumers and be able to develop marketing strategy accordingly.

Key words- experts-consumer comparison, wine regionality, involvement, quality, regional branding
Track: Consumer Behaviour

1.0 Introduction

"Regionality is defined as the reputation a wine region has for producing wine with a particular style" (Easingwood, et al., 2011 p.21) and the term used increasingly in the new world wine producing countries to demarcate the wine producing territories (Hollebeek, Jaeger, Brodie & Balemi, 2007). The 'Old World' wine producing countries such as France, Spain and Germany used the term 'terroir' to uniquely identify wine producing regions. This term reflects regional characteristics including physical characteristics such as soil, elevation, water retention and climate, together with the production process in fermentation, filtering and blending to distinctively identify particular wine regions (Easingwood et al., 2011; Sutanonpaiboon & Atkin, 2012). Many experts in the industry believe regional identity is a huge asset in marketing wine (Bruwer & Johnson, 2010; Ramussen & Lockshin, 1999).

Consumers are often filled with uncertainty when selecting wine as there are a large variety of wines available on shelves with different characteristics. Many consumers use subjective product cues which serve as a proxy to a quality measurement such as price, wine style, vintage and region of origin. Studies have shown that region of origin is an important external

product cue in choosing wine (Angulo, Gil, & Sanchez, 2000; Lockshin & Rhodus, 1993; Perrouty, d'Hauteville, & Lockshin, 2006; Ramussen & Lockshin, 1999). In eliciting what constitutes the regionality concept, Easingwood, Lockshin & Spawton (2011) investigated the specific factors that constitute the regionality concept from the perspective of industry experts. Their research investigated seven main constructs relating to regionality; the region specialises in a particular wine style, the region produces a significant amount of wine, the region is discussed by opinion formers, the region produces quality wine consistently, the region has a wine heritage, the region produces distinctive quality and produces a wine that is made possible by the regions' particular terroir. However, there is a gap in knowledge as to how consumers perceive regional factors in determining their choice of wine which this study investigates. The purpose of this study was to conceptualise and empirically analyse consumers' perceptions of regionality as drivers in wine purchasing and consumption in Australia. The findings will also be compared with an experts' panel perception of the drivers of regionality as postulated by Easingwood, Lockshin et.al. (2011).

2.0 Literature Review

The concept of involvement has been an important topic in the consumer behaviour literature for at least 50 years with Krugman's (1965) initial empirical work on television advertising and low involvement learning. More than half a century later numerous involvement measures are available to assess different aspects of involvement including high/low involvement product importance (Lastovicka & Gardner 1978), high/low personal involvement (Krugman 1965; Petty, Cacioppo & Schumann 1983), and high/low involvement purchase decision (Mittal 1989). For many the purchase of wine is a high involvement purchase decision and a number of studies have found region of origin is both a cue for wine purchasing (Angulo et al., 2000; Lockshin & Rhodus, 1993; Perrouty et al., 2006) and as a cue for consumers' price perceptions (Anderson, Norman & Wittwer, 2002; Hollebeek et al, 2007; Schamel & Anderson, 2003). "Consumers are willing to pay higher prices for wine from well-known regions when they are uncertain about the quality" (Schamel, 2006, p. 366). Consumers increasingly view regions as quasi brands (Jenster, Smith, Mitry, & Jenster, 2008) that reflect wine quality and are a reflection of the regions' reputation for a particular style. Johnson and Bruwer (2007) explored the theoretical link between regional branding and consumer quality perceptions using California as the context. Similar to other studies (Charters & Pettigrew, 2007; Hall, Binney, & O'Mahony, 2004), found a strong link between consumers extensive use of regional brand cues, such as information on labels in their assessment of quality. However, for small wineries the brand name offers little meaning and lacks credibity (Lockshin, Jarvis, d'Hauteville, & Perrouty, 2006) and therefore regional branding can be of enormous importance by increasing awareness and the reputation of 'all' wine from a particular region.

The wine purchasing process can potentially warrant significant involvement by consumers' as they make their purchase decision. Consumers that have low involvement pay less importance to regionality factors compared to high involvement consumers (Montgomery & Bruwer, 2013; Pascale & Justin, 1998). Other studies relating to involvement in wine consumption show that the price of wine is a most important decision criteria for both high and low involved consumers (Bruwer & Johnson, 2010; Hollebeek et al., 2007; Montgomery & Bruwer, 2013). However, grape variety has been shown to be even more important than price for the high involvement consumers (Montgomery & Bruwer, 2013) and it is important to note that highly involved consumers tend to consume more wine than the low

involved group. Therfore in the branding and marketing of regional wine an understanding of high and low involvement consumers is important.

The theoritical framework was designed to examine the following research questions and compare with the findings of (Easingwood et al., 2011):

RQ1: What factors are important for Australian consumers when purchasing regional wine?

RQ2: How does the relative importance of factors relating to regional wine choice vary between consumers and experts as found in Easingwood et al., 2011?

3.0 Methodology

The study adopted the 14 factors that form regional character of the wine used by Easingwood et al., (2011). However, the study of consumers provided few response to the questions relating to regions being well supported by local and/or state governments and the question relating to the unique terroir of the region and hence these questions were excluded from the comparative analysis as it was evident that the sample of consumers had little knowledge of these matters, as was evidenced by the high number of non-responses to this question.

The quantitative research involved surveying participants online utilising online panel data provided by a market research organisation. There were 193 respondents from the Australia wide sample. Each participant was 30 years or older and each had purchased wine with strong regional characteristics in the last three months.

A series of ten point scales were used in this study, where 1= strongly disagree and 10= strongly agree. In order to compare results with the Easingwood et al., (2011) study which used 5 point scales, the mathematical transformation process suggested by Dawes (2008) was used to convert mean scores from the Easingwood et al., (2011) study to enable comparisons to be undertaken.

Descriptive statistical methods including mean and standard deviations were produced for consumers to allow comparative analyse with experts. A two sample means test was used to compare the means of experts with consumers and analysis of variance (ANOVA) was used to compare differences in the consumer sample between involved and not involved consumers. Differences were analysed at the .05 level.

4.0 Results and Discussions

When comparing mean scores it was found there was a significant difference between experts, involved consumers and non-involved consumers. For seven of the 11 variables investigated a linear relationship was evident with the experts having higher scores than consumers generally and involved consumers particularly, with involved consumers having higher scores than non-involved consumers for all 11 questions. Involved consumers were more inclined to have been influenced by regional wineries that have specialised in a particular wine style, a significant amount of wine being produced, the average quality for the wine style across the region is consistently high, there are some highly rated examples of the particular wine style, the wine has the potential for getting stored for a longer time to improve quality, the wine style has been produced for some years, the wine style has been well regarded for some time, the region has a well-defined taste profile, the style of wine is distinctive, few other regions exist in the world making a similar style of wine. The most important considerations relating to the purchase of regional wine for non-involved consumers was that the region specialises in a wine style, a significant amount of wine is

produced and the average quality levels of the wine style across the region is consistently high.

Specialisation

The region specialises in a wine style - In relation to the regional specialisation for a wine style the experts' higher mean score reflects their experience in understanding the importance of a unique style in building a stronger regionality profile. The involved consumer mean score ($\dot{x}$=7.94) and the non- involved consumers mean score ($\dot{x}$ =7.71) indicates that irrespective of the level of involvement both the groups consider regional specialisation as an important factor in purchasing regional wine.

Only one or two other notable wine styles are made in the region - The analysis of variance (ANOVA) on only one or two styles being produced illustrates a significant difference between the experts ($\dot{x}$ =7.07) and the consumers ($\dot{x}$ =5.76). This could be explained by the consumers' regular purchases of familiar styles based on their previous experience (Dodd, Laverie, Wilcox, & Duhan, 2005). On the contrary, the experts working in the industry were much more aware of the other notable wine styles produced in the regions with stronger regional profiles. A comparison of the involved and the non-involved consumers illustrates that the involved consumers ($\dot{x}$ = 6.57) had significantly higher mean score on one or two styles produced compared to the non-involved groups' mean ($\dot{x}$ = 5.30), which was lower than the mid-point. The non-involved consumers seem less likely to have considered the other styles produced in the region of their preferred wine style.

Table 1: Analysis of factors important in purchasing regional wine between experts and consumers

	Mean: Experts High regionality	High regionality - Consumers		
		Mean total sample consumers	Mean: involved consumers	Mean: non-involved consumer
Specialisation				
• The region specialises in a wine style %#	8.89	7.44	7.94	7.17
• Only one or two other notable wine styles are produced % #!	7.02	5.76	6.57	5.30
Volume of production				
• Significant amount are produced ^ %	7.28	7.54	7.96	7.31
Quality				
• The average quality levels of the wine style across the region is consistently high ^	7.38	7.59	8.06	7.34
• There are some highly rated examples of the particular wine style %^	9.11	7.63	8.00	7.42
• The style of wine has a potential for getting stored for a longer period of time in order to improve its taste ^!	7.64	6.90	7.74	6.42
Heritage				
• The wine style has been produced for some years ^	8.67	7.72	8.13	7.51
• The wine style has been well regarded for some time %	8.60	7.65	8.13	7.38
Distinctive				
• Has a well-defined taste profile%	8.48	7.66	8.27	7.32
• The style of wine is distinctive %	8.32	7.43	8.00	7.11
• Few other regions exist in the world similar style of wine ^	5.14	6.77	7.30	6.47

%significant difference between experts and consumers, ^significant difference between experts and involved consumers, #significant difference between involved and non-involved consumers, !significant difference between experts and non-involved consumers.

Volume of Production.

Significant amounts are produced – The volume of production reflects the reputation of the region being able to produce significantly high quantity. Easingwood et al., (2011) assert that critical mass aides recognition and store shelf space. Consumers ($\dot{x}$ =7.54) had a higher mean score compared to experts ($\dot{x}$ =7.28) with regards to volume of production and stronger regionality profile, which suggests that consumers' perception of *critical mass* in achieving reputation for a particular region.

Quality

The average quality levels of the wine style across the region is consistently high – On the quality subscale for consistently high quality being maintained measure, ANOVA indicated a higher mean score for the consumers' ($\dot{x}$ =7.54) compared to the experts ($\dot{x}$ =7.38). This difference illustrates that consumers perceive that their preferred regional wine has maintained consistently high quality. In comparing consumer groups, the involved group's mean ($\dot{x}$ = 8.06) and the non-involved group's mean ($\dot{x}$ = 7.34) shows that both the involved and non-involved consumers consider regional wine has consistently high quality. The results are consistent with Charters and Pettigrew (2007) findings on low and high involvement in wine consumption.

The wine style has potential for bottle ageing is long-lived – The opinion of the involved group was similar to the experts in having advanced wine knowledge relating to the influence of storage and production methods to increase the flavour. However, non-involved consumers lower mean score ($\dot{x}$ =6.42) shows that non-involved consumers are less likely to consider the potential for bottle aging as an important quality indicator when purchasing regional wine. These results support previous research; for example Charter and Pettigrew (2007) found that involved consumers considered the potential for bottle ageing as a quality dimension.

There are some highly rated examples of the particular wine style –It has been suggested that the existence of some highly regarded wine can lift the reputation of the entire region (Easingwood, et al., 2011). The experts mean score ($\dot{x}$ =9.11) explains their advanced knowledge on the reputation the regions have acquired over the time by producing a number of highly rated examples; for example, Barossa Valley Shiraz. The consumers lower mean score ($\dot{x}$ =7.63) indicates that consumers did not consider as highly, the existence of highly rated examples as an important dimension when purchasing regional wine. However, the involved consumer higher mean score ($\dot{x}$ =8.00) indicates higher knowledge compared to non-involved consumers ($\dot{x}$ =7.42). This would indicate that regions producing highly rated wine need to continue their marketing efforts to promote their regional brand.

Heritage

The wine style has been produced for some years - Wine heritage is defined as being "rooted in the past and existing in the present, that people would like to preserve for future generations" (Harvey, Frost & White, 2014). In relation to the statement, "The wine style has been produced for some years", there was a significant difference between experts ($\dot{x}$ =8.67)

and involved consumers ($\dot{x}$ =8.13). While for the statement, "The wine style has been well regarded for some time", there was a significant difference between experts ($\dot{x}$ =8.60) and all consumers ($\dot{x}$ =7.65). In general, years of production was regarded as a cue for regional reputation and hence it is important for wine producers in regions to continue their marketing efforts in introducing events and promotional material that highlights their wine heritage as this aspect is most important to experts and also very important to consumers.

The Wine style has been well-regarded for some time - The reputation that the wine style has generated over time, may accrue many benefits for wineries and regions producing particular styles. This is a key competitive advantage for regions based on the regional reputation for particular styles as is the case with Hunter Valley Semillon, which is difficult to replicate.

In this study, the consumer mean score ($\dot{x}$ =7.65) shows that the consumers consider the wine style is regarded as an important consideration in purchasing regional wine. The lower mean score of consumers in comparison to the experts ($\dot{x}$ =8.60) indicates that the experts had better knowledge in terms of the reputation of the region. The non-involved consumer group agree to the assertion that reputation is an important element however, to a lesser extent ($\dot{x}$ =7.38). This result was most likely because the non-involved group had less knowledge of wine styles produced in each region.

Distinctive

Has a well-defined taste profile - Sensory attributes such as aroma and taste of a wine are important influences in the repurchase decision (Dodd & Gustafson, 2008; Mitchell, 2006) and are inseparable from the region in which the wine is produced. The study found that consumers had a higher mean score ($\dot{x}$ =7.66) that follow their perception of a stronger regionality profile maintaining a well-defined taste profile. Experts' high mean score ($\dot{x}$ =8.48) illustrates a significant difference to consumers. This can be explained by the experts' wine sensory knowledge and appreciation of distinctive tastes of wine based on their experience. This gap is reflected in this study, the targeting of wine festivals and promotions, such as tasting events, will aide in reducing this gap.

Style of wine is distinctive - Charters and Pettigrew (2007) indicated the importance of distinctiveness in wine purchase in particular for high involvement wine consumers. The experts mean score ($\dot{x}$ =8.32) and the consumer mean score ($\dot{x}$ =7.43) shows a significant difference between the two groups. This can be explained by the expert's knowledge of the sensory qualities of the wine styles that is still not so popular or understood by consumers.

Few other regions exist anywhere in the world making a similar style of wine - The success of a region based on styles and taste profiles that create a unique regional identity that is difficult to replicate. For example, fortified wines of the Rutherglen region or the red soil of Coonawarra producing its distinctive Coonawarra red wines. In this study, relating to the statement that few other regions exist in the world making similar styles of wine, consumers higher mean score ($\dot{x}$ =6.77) compared to the experts ($\dot{x}$ =5.14) is explained by the fact that experts knowledge of other regions producing similar styles is greater than the consumers knowledge. Consumers are not as familiar with other regions elsewhere in the world that produce similar styles of wine.

Conclusions and Managerial Implications

This study was conducted to understand what factors are most important for consumers when they are purchasing regional wine. The region of origin is considered as the third most important factor in choosing wine and this study contributes to the knowledge of the importance of regionality. Aspects of regionality are considered as most important by involved and non-involved consumers that had not been previously identified in the literature. The results of this study are valuable to regional wine marketing managers in understanding consumers and developing appropriate marketing strategies. The paper has identified significant differences between expert opinion (Easingwood et al., 2011) relating to regional wine drivers and consumers and on 77% of variables (7/11) the experts have higher scores than even the involved consumers. The paper has also identified factors that are important regional drivers for regional wine consumers.

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Do Australian Women's Magazines have distinctly different customer profiles?

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Abstract

Segmentation and targeting are cited as being a core part of marketing strategy for any organisation. This paper examines whether Australian women's magazines have been successful in their targeting efforts by considering the user profiles of magazine readers over a 12 month period with a sample of approximately 50,000. Results are consistent with earlier studies in media usage profiles that found that user profiles do not differ greatly.

Keywords: segmentation; targeting strategy; print media; readership profiles; media planning; advertising; magazines

Track: Consumer Behaviour

Introduction

Since segmentation, targeting and positioning strategy first appeared in Smith's 1956 seminal paper, it has been integrated into marketing textbooks and practices all over the globe, and is now considered a key strategic activity to many marketers (Dickson & Ginter, 1987; Foedermayr & Diamantopoulos, 2008; Grosset & Viscolani, 2008; Hoek, Gendall, & Esslemont, 1996; Kotler, 2009; Wind, 1978). A clear understanding of how a market is segmented is valuable to a marketer as it gives them a better understanding of their customers and guidance for their future recommendations on a brand or product's marketing mix (Dibb & Simkin, 2009).

However, despite market segmentation's popularity, empirical research providing evidence on the success of segmentation implementation is rare (Dibb & Simkin, 2009; Hammond, Ehrenberg, & Goodhardt, 1996a; Hoek et al., 1996; Sharp, 2010; Winchester & Lees, 2013). There have been concerns raised about the ability of successful implementation of a segmentation programme that include the inability to implement (e.g., Dibb, 1999), whether segmentation can practically work in a market (e.g., Danneels, 1996); Danneels, 1995), or whether segments do in fact exist in markets (e.g., Hammond, Ehrenberg, & Goodhardt, 1996b; Kennedy & Ehrenberg, 2001a; Kennedy & Ehrenberg, 2001b) or remain stable over time if they are found (e.g., Esslemont & Ward, 1989; Hoek, Gendall, & Esslemont, 1993). Further to the research above, there have also been questions on the validity of targeting (Wright, 1996; Wright & Esslemont, 1994).While there are a number of papers supporting segmentation theory, much of this research has focused more on how segmentation *should* work, rather than how it actually performs in the real world. Very few studies have considered practical implementation of segmentation or targeting, which suggests there is currently a significant knowledge gap in the marketing field. Previous empirical studies have

considered consumer profiles of a range of markets including retail (Hammond et al., 1996a; R. Kennedy & A. Ehrenberg, 2001a, 2001b), television viewership (Barwise & Ehrenberg, 1988; Beal, Collins, & Barwise, 2003) and radio listening (Nelson-Field, Lees, Riebe, & Sharp, 2005; Nelson-Field & Riebe, 2011; Winchester & Lees, 2013) and have found very little evidence of successful segmentation or targeting.

Media such as magazines, television, and radio are important vehicles as they are used to communicate to consumers and therefore are important when targeting specific segments. Magazines are considered an important tool for marketers as they are known to be more highly targeted than other traditional media such as newspapers, television and radio, and can offer advertisers a high level of quality and attention from readers (Attaway-Fink, 2005; Fletcher & Vanden Bergh, 1981). However, empirical research on media audiences has consistently found them to be largely un-segmented and rarely differ between competing media. The aim of this study is to extend the previous research on targeting success to a range of women's magazines in the Australian market.

Method

The data were collected via Roy Morgan's 2011-2012 Single Source Survey. Roy Morgan collects their data by face-to-face interviews, 50 weekends per year. There are 550 sampling areas of approximately the same population size Australia wide and respondents are randomly selected from each of these places. Around 1,000 interviews are conducted each week, totalling 50,000 interviews per year.

In order to establish how well Australian women's magazines reach their stated target audiences, each magazine's target audience was researched. While some of the magazines studied did not appear to target a specific segment apart from the fact their target audience was women (New Idea, 2015; OK! Magazine, 2015; English Women's Weekly), other women's magazines claim to target specific demographic segments (Women's Weekly, 2015; Woman's Day 2015; That's Life, 2015; Take 5, 2015; Who, 2015; Cosmopolitan, 2015; Cleo, 2015; NW, 2015; Famous, 2015; SHOP Til You Drop, 2015). Aside from the obvious target of readers being female, many of the women's magazines also targeted a specific age as their target audience. In addition, English Women's Weekly also target the ABC1 socioeconomic demographic. While more sophisticated segmentation variables include psychographic, behavioural and demographic, this research only considers demographic segments, as demographic variables are the only variables used by women's magazines and the only variables stated on their rates cards.

The method used in this research has been used previously in similar studies (Hammond et al., 1996a; Kennedy & Ehrenberg, 2001; Winchester & Lees, 2013) and is a simple analysis that seeks to contrast the readerships profile of the different magazines by comparing them to the average magazine reader. The average magazine reader is calculated by the mean of each demographic variable. If segmentation is indeed a viable marketing tool, the results will show that each magazine's readership is distinctly different from that of its competitors.

The aim of this analysis is to look for large deviations, which are to be expected if magazines were reaching a significantly different audience from their competitors. Deviations of less than five percentage points are considered to effectively show no segmentation. This method has been successfully tested and is consistent with earlier research on segmentation (Hammond et al., 1996a; Uncles, Kennedy, Nenycz-Thiel, Singh, & Kwok, 2012; Winchester

& Lees, 2013). Further results will only display the deviations from the average reader profile as it is clear how these results have been reached.

Results

The following results consider the gender, age, and socio-economic profiles of readers of researched magazines in Australia.

Gender

Table 1 displays this analysis method using the gender profiles of women's magazine readers along with their claimed target audience on the most right hand column.

Table 1. Gender profiles of readers of researched magazines

	TOTAL	Men	Women	Men	Women	Men	Women	Target
WOMEN'S MASS MAGAZINES								
Women's Weekly	2184	456	1728	21	79	1	-1	Women: 25-54
Woman's Day	2056	380	1676	18	82	-2	2	Women: 25-54
New Idea	1606	305	1301	19	81	-1	1	All Women
That's Life	1142	234	909	20	80	0	0	Women: 25+
Take 5	887	176	711	20	80	0	0	Women: 35-64
English Woman's Weekly	191	26	166	14	87	-5	6	Women:ABC1
Total average mass				**19**	**81**			
WOMEN'S LIFESTYLE MAGAZINES								
Who	619	149	470	24	76	9	-9	Women: 25-54
Cosmopolitan	594	94	499	16	84	1	-1	Women: 18-35
OK (weekly)	388	61	327	16	84	1	-1	Women
Cleo	381	46	336	12	88	-3	3	Women: 18-24
NW	341	64	277	19	81	4	-4	Women: 18-35
Famous	297	45	252	15	85	0	0	Women: 18-29
Shop Til You Drop	178	13	165	7	93	-8	8	Women: 18-35
Total average lifestyle				**16**	**84**			

Source: Women's Weekly, 2015; Woman's Day, 2015; New Idea, 2015; That's Life, 2015; Take 5, 2015; Who, 2015; Cosmopolitan, 2015; OK Weekly, 2015; Cleo, 2015; NW, 2015; Famous, 2015; English Women's Weekly, 2015; SHOP Til You Drop, 2015.

In order to establish the readership profiles of each magazine, the raw data is used to create percentage profiles, displayed in columns five and six. The percentages are then averaged out for each category; these are displayed in bold at the bottom of each partition in columns five and six. The profiles of the magazine readers are then compared to the category average in order to establish how the readership deviates from the average magazine reader; this is achieved by subtracting each profile percentage from the category average. The results are displayed in column seven and eight of Table 1. The results are divided into two natural partitions already identified as mass and lifestyle women's magazines. The final column displays the specific target profiles of each magazine.

Not suprisingly, women are the most common gender with around 81 per cent of the mass women's magazine readership and around 84 per cent of the women's lifestyle readership; there are exceptions however. In the mass magazine partition, English Women's Weekly

have a slightly higher female readership than the other magazines. The result for Who magazine show that nearly a quarter of its readers are men; SHOP Till You Drop also has a slightly higher amount of female readers than other lifestyle magazines with 93 per cent of its readers female. The results suggest there is a negligible difference in the reader profiles of women's magazines when compared to the average reader with most magazines below five percentage points different from the average reader. The only three magazines with deviations greater than five percentage points have been outlined above. It should however be noted, that these deviations are below ten percentage points and may not signify any marketable differences.

Age

Out of the 13 magazines in the study, ten of them claim to target a specific age group. Table 2 displays the deviations from the average age of reader profiles of women's magazines.

Table 2. Age profiles of readers of researched magazines

	14-17	18-24	25-34	35-49	50-64	65 +
MASS WOMEN'S MAGAZINES						
Women's Weekly	0	-1	-1	2	2	-1
Woman's Day	1	1	0	2	-1	-3
New Idea	1	0	0	1	1	-2
That's Life	1	3	2	1	-2	-4
Take 5	1	1	2	1	-1	-4
English Woman's Weekly	-3	-4	-2	*-6*	2	*14*
Total average mass	**5**	**9**	**14**	**25**	**25**	**22**
WOMEN'S LIFESTYLE MAGAZINES						
Who	-6	*-14*	-2	*12*	7	3
Cosmopolitan	2	*11*	-2	*-8*	-2	-1
OK (weekly)	0	-1	0	1	0	0
Cleo	*7*	*8*	*-6*	*-7*	-2	0
NW	*-6*	-6	7	4	1	1
Famous	3	2	2	-3	-3	-1
Shop Til You Drop	0	0	1	1	-1	-2
Total average lifestyle	**14**	**30**	**23**	**22**	**9**	**2**

Table 2 suggests that generally older people read mass magazines with around 50 percent of readers between the ages of 35-64. In the case of sass magazines, Table 2 also suggests readers of mass women's magazine do not generally differ in age; however, the English Women's Weekly does show a slightly older audience with 36 percent of its readers over the age of 65. Contrasting to women's mass magazines, women's lifestyle magazines have a slightly younger readership with around 53 percent of their readers in the 18-34 age group. There are however, a few differences in the lifestyle section that warrant further investigation. For example, Who magazine has a slightly older readership, closer to those in the mass magazine section, and Cosmopolitan and Cleo have a slightly younger readership, with more than half of their readers in the 14-24 age group.

Socio-economic

Table 3 presents the deviations from the average reader of the different magazines based on socio-economic profiles.

Table 3. Socio-economic profiles of readers of researched magazines

	AB Quintile	C Quintile	D Quintile	E Quintile	FG Quintile
WOMEN'S MASS MAGAZINES					
Women's Weekly	7	3	0	-4	-7
Woman's Day	2	3	0	-1	-4
New Idea	2	4	-1	-2	-4
That's Life	-4	-5	0	3	6
Take 5	-6	-6	0	4	9
English Woman's Weekly	-1	1	0	0	0
Total average mass	**12**	**18**	**19**	**23**	**28**
WOMEN'S LIFESTYLE MAGAZINES					
Who	6	0	-2	-3	-2
Cosmopolitan	-4	-2	3	2	1
OK (weekly)	-1	3	-1	0	-1
Cleo	-5	-1	0	3	3
NW	2	-1	1	0	-1
Famous	-5	-2	1	2	4
SHOP Til You Drop	8	3	-3	-3	-5
Total average lifestyle	**20**	**25**	**22**	**20**	**14**

Overall, the socio-economic profiles of different magazines do not differ very much. In women's mass magazines, Women's Weekly presents a slightly higher amount of AB quintile readers while That's Life and Take 5 seem to attract more readers from the FG quintile. In the Women's lifestyle partition, Who and SHOP Till You Drop magazines present slightly higher AB profiles than the other magazines in this partition. However, despite these results, there does not appear to be any major deviations. Interestingly, the only magazine to specifically target a socio-economic segment in English Women's Weekly, which claims to target ABC1. The analysis however suggests that this publication is no better than any other at targeting this segment. However, similar to other mass magazines, the results indicate their readers lean towards the E and FG quintiles.

Discussion

When considering how successfully each magazine reaches their target audience, generally, women's magazines successfully reach their target gender, however age and socio-economic status are not nearly so. The results of this study have shown that aside from the obvious success of targeting women readers, there is very little evidence of segmentation in the age and socioeconomic profiles of readers of women's magazines in Australia; there were however some notable deviations found in the age group profiles of different women's magazines. These results however are not sufficient enough to show any one magazine reaching a particular segment more successfully than any other; for example, while Who magazine manages to reach a higher age group than the other magazines in its partition,

around 45 per cent of its readers are still outside of its target age group. While the results presented in this study show a few deviations larger than five percentage points from the average reader profiles of women's magazines in Australia, the results suggest that individual magazine readers do not differ much from the average. These results are consistent with earlier studies on consumer profiles of competing media (Barwise & Ehrenberg, 1988; Beal et al., 2003; Nelson-Field et al., 2005; Nelson-Field & Riebe, 2011; Winchester & Lees, 2013).

Given there are currently a number of studies outlining the importance of segmentation theory; many marketers may find the results of this study surprising. However these results are similar to empirical research across industries such as financial services (Hammond et al., 1996a; Kennedy & Ehrenberg, 2001b), retail (Kennedy & Ehrenberg, 2001a) and media (Barwise & Ehrenberg, 1988; Beal et al., 2003; Nelson-Field et al., 2005; Nelson-Field & Riebe, 2011; Winchester & Lees, 2013). The findings suggest marketing managers should not rely on media target outlines to reach their target audiences. However, as previous research has failed to find segmentation in consumers of many different products, perhaps managers need to consider widening their target audiences in light of this.

The limitations of this research include the study being limited to only a handful of Australian women's magazines; however this does not suggest the findings are insignificant as they are in line with previous empirical research. Further research suggested by the Authors include considering psychographic and behavioural demographics of readers as well as extending the research to include all magazines in Australia.

Conclusion

Segmentation has long been considered a fundamental step to many marketers when designing a marketing plan (e.g., Dickson & Ginter, 1987; McDonald & Dunbar, 1998; Smith, 1956; Wind, 1978; Yankelovich, 1964), the results of this research are consistent with prior studies that have questioned the validity of segmentation theory and the ability to successfully implement it into a marketing plan. The results of this study are not only consistent with the findings of other studies on media (Nelson-Field et al., 2005; Nelson-Field & Riebe, 2011), but also consumer markets more generally (e.g., Hammond et al., 1996b; R. Kennedy & A. Ehrenberg, 2001a; R. Kennedy & A. Ehrenberg, 2001b).

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Duplication of Purchase Law in the Banking Industry: An Australian case study

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Abstract

The paper seeks to further understand the Australian banking industry's market structure. In doing so it considers whether the Australian banking industry follows the Duplication of Purchase Law. It analyses a single source data set of consumer profiles relating to the Australian banking industry – that is customers who have a transaction and/or savings account with an Australian bank. It does not include credit cards or loans. Overall, it appears the industry displays all the characteristics of a subscription market in that we see a very small duplication coefficient. However, it appears the industry follows the Duplication of Purchase Law in that the customers of one bank are in fact the customers of another bank who just happen to occasionally bank there so. However, there are some minor variations that may in fact be a location effect. This is an area for further research.

Keywords: Duplication of purchase law, banking industry, subscription markets, Australia

Track: Consumer Behaviour

Introduction

Do Australian banks share their customers in the same un-segmented way that fast moving consumer goods do (Barwise and Ehrenberg, 1988)? Or are we seeing the intense loyalty found in subscription markets (Sharp, Wright, & Goodhardt, 2002). The Australian banking industry is highly competitive with banks actively competing for market share. Yet the idea of intense loyalty and micro-segmentation is at odds with the Duplication of Purchase law long applied in fast moving consumer goods' markets. Is the Australian banking industry really different? Or do the same regularities apply? Lees & Winchester (2014) found that there has been little difference in profiles of consumers across a range of demographic profiles for most Australian bank brands. This finding could be the result of two things: firstly, it may be indicative that Australian banks have largely failed to position their brands as unique in comparison to other brands; or, that the banking market consists of the same consumers sharing their purchases across brands as would be predicted by the Duplication of Purchase Law (Ehrenberg, 1988). This study aims to explore the second point further.

As it has been empirically demonstrated, there are two types of market based on consumer purchase patterns, repertoire and subscription (Sharp, Wright, & Goodhardt, 2002). In a repertoire market any attempt at successfully encouraging loyalty may be limited by the fact that consumers are likely to buy more than one brand; meaning that the same consumers will be buying a number of brands in any market (Dawes, 2008; Sharp, 2007; Uncles, Ehrenberg, & Hammond, 1995). This alone suggests there is less likelihood that differences in customer profile across competitive brands will occur and that the Duplication of Purchase Law will

apply. Subscription markets on the other hand are more likely to have consumers use one brand for a period of time (Sharp, et al., 2002). It is on this basis that the financial services market is suitable as a potential market in which stable segments if they exist, may be found and therefore the Duplication of Purchase Law may not apply. Both Lees, Garland and Wright (2005) and Bogomolova and Romaniuk (2009) considered switching between financial service institutions in both the retail and business-to-business markets. Whilst they found that switching occurred for a number of reasons it tended to be similar for all brands but with a double jeopardy effect. This implies that the financial service markets are not highly segmented in that switchers did not see any difference between the brands being switched to and the brands being switched from. This research further extends that work evaluating the proposition that duplication within the Australian banking industry follows the same patterns as fast moving consumer goods' duplication through a detailed study of the Australian banking market using a large dataset.

Duplication of Purchase

The Duplication of Purchase law had its origin in audience research starting with Agostini (1961, 1962) examining French magazines. Ehrenberg and Goodhardt (1969), Goodhardt (1966), Goodhardt and Ehrenberg (1966, 1969), and Goodhardt, Ehrenberg and Collins (1975) undertook extensive research considering duplication of television audiences. Headen, Klompmaker and Rust (1979) extended this to US television viewing. With over ten year's research into audience research behaviour, Ehrenberg and Goodhardt developed what they called the 'Duplication of Viewing law' one of the few "laws" in marketing. It was further extended into the 'Duplication of Purchase law' (Ehrenberg, 1988) where it was defined as "buyers of one brand generally purchase other brands strictly in proportion to that other brand's penetration" (p.353). Following the work on audience duplication in television, extensive research was undertaken using the Duplication of Purchase law in fast moving consumer goods (see Uncles, Ehrenberg and Hammond, 1995); and radio (see Lees and Wright 2013). However, no research has extended duplication of purchase to the banking industry. Therefore, this study follows on from the original Ehrenberg and Goodhardt research into television viewing and the Lees and Wright research into radio listening, considering if the Duplication of Purchase law applies to the Australian banking industry.

Thus, it is proposed that a Duplication of 'Banking' law could predict that customers of one bank will be customers of another bank strictly in line with the market penetration of the other bank. Therefore, the expected duplication (b) of bank customers for different banks x and y can be expressed as $b_{xy} = D.b_x$; D being the duplication coefficient which is constant for all banks. If there are partitions in the banking market place, then it is expected that the Duplication of 'Banking' law will apply within each separate partition. A key implication of the law is that average duplication for a brand will vary in line with its market penetration.

Introduction to Australian Banking Industry

While the retail banking sector of the Australian banking industry involves over 20 financial institutions (currently, 12 domestic banks and 9 foreign owned banks). The top ten banks as initially identified by Lees & Winchester (2014) are as follows: Commonwealth Bank of Australia, ANZ Banking Corporation, Westpac Banking Corporation, National Australia Bank, St George Bank, Bendigo Bank, Suncorp Group, Bank West, ING Corporation, and Bank of Queensland.

Thus, in helping to understand the banking industry this article considers the important marketing concept; the Duplication of Purchase Law. In doing so it asks whether the Australian banking industry follows the Duplication of Purchase Law, in that customers are shared across brands in line with each brand's market share (Ehrenberg, 1988), or whether as might be predicted in a strict subscription market, consumers use only one brand at a time. Insights are provided relative to potential means of extending market interest, and approaches to bundling banking 'products' in the form of specific product offerings.

Research Method

The data used in this study was collected through Roy Morgan's Australian Single Source Surveys in 2009 (Roy Morgan Research, 2013). The data was collected via personal interview with individual respondents and a sample of around 52,000 each year was achieved. Around 4,200 respondents over 14 years of age are interviewed each month (over 48 weeks) from all states and territories in Australia. Interviews are conducted face-to-face with interviewers using computer tablets. The sample is systematically weighted against population averages.

The method for the Duplication of Purchase analysis follows Ehrenberg (1988), which involves calculation of the proportion of each brand's customers that use other brands.

Results and Discussion

Table 1, illustrates the Duplication of Purchasing between customers who hold a transaction and savings account with the major Australian banks. It does not include those who may hold credit cards or loans of different types. The average duplications, average market penetrations, expected duplications and the difference between the expected duplication and the average duplication being shown in the bottom three rows.

The D coefficient for each combination of banks can be calculated by taking the raw number of customers for each that bank with another bank and percentaging that on the total number of customers to the original bank. In calculating the expected duplication (Cumulative Audience x D Value) the D value can be defined by calculating a D value for each pair of banks recorded by the respondents. The average of these computations will then be calculated having weighted each initial calculation by the number of banks for each combination. However, the D value can also be quickly calculated by dividing the average duplication by the average penetration. That is the method used in this study and the D value coefficient used to calculate the expected duplications in Table 1 was 0.56. The correlation between the average duplication and the expected duplication in Table 1, was 0.99, $r^2 = 0.98$ indicating a very good fit. In considering the actual differences between the average duplication and the expected duplication there is a Median Absolute Deviation (MAD) of 1.8.

The banks are ranked by their market penetration- in descending order. The column titled 'Penetration' indicates the proportion of people who hold a transaction and/or savings account with that bank. For example, 22% of bank customers have one of those accounts with the Commonwealth Bank, 17% with NAB and 3% with ING. The numbers in the table under the columns "Commonwealth Bank… to ….Bank of Queensland" represent the proportion of bank customers of the **row** bank who also bank with the **column** bank. For example look at the first entry under the column titled "Westpac", which says "5". This means *of the people who bank with Commonwealth Bank*, 5% also bank with Westpac. If you look under the

Table 1: Duplication of Purchasing Between Top Ten Australian Banks*

	Penetration	Commonwea lth Bank	ANZ Bank	Westpac	National Australia Bank (Nab)	St George	Bendigo Bank	Suncorp Metway	BankWest	ING	Bank of Queensland
Commonwealth Bank	34		6	5	4	3	3	1	1	3	1
ANZ Bank	16	13		7	5	3	3	1	2	3	1
Westpac	15	11	7		5	3	3	2	2	4	1
National Australia Bank	12	12	6	6		3	4	2	2	4	1
St George	7	14	6	7	5		2	1	2	3	1
Bendigo Bank	5	18	7	7	8	2		2	1	3	1
Suncorp Metway	3	13	7	9	5	2	3		1	4	4
BankWest	3	16	**12**	9	7	4	2	1		6	3
ING	3	**34**	**17**	**18**	**13**	**8**	**6**	**4**	**6**		2
Bank of Queensland	2	13	9	8	7	3	3	6	5	3	
Average	10	16	9	8	7	3	3	2	2	4	2
Expected		19	9	8	7	4	3	2	2	2	1
Deviation		-3	0	0	0	0	0	1	1	2	1

* Totals may not add correctly due to rounding

The only real deviation between the average and expected duplications is the Commonwealth Bank. This deviation is partly expected due to the dominance of the Commonwealth Bank which has a market penetration that is more than double the next highest bank. Schmittlein, Bemmaor and Morrison (1985) show that major brands may have a triple jeopardy effect; that is not only do more people buy them they have an increased level of sole loyalty which is then reflected in a lower than expected duplication.

However, as can be seen from Table 1, there are a number of combinations of banks where the duplication between them is either much higher or much lower than predicted. For instance, it can be seen that ING has a greater sharing than expected with most other banks, in particular the big four – for example 34% of ING's customers also have an account with the Commonwealth Bank and 18% with Westpac. This may be due in part to ING offering higher on-line interest bearing accounts. This duplication or deviations from the Duplication of Purchase Law does require further analysis. Whilst it will not likely represent a partition in the market it could also be a functional difference given that ING is primarily an on-line bank.

Conclusion

The aim of this paper was to make a contribution towards better understanding the Australian banking industry through the lenses of the Duplication of Purchase Law.

This Duplication of Purchase law predicts that customers of one bank will have an account with another bank strictly in line with the market penetration of the other bank. This finding in itself is in conflict with the perceived wisdom that banks attract a unique segmented client base, as would be expected in a strict subscription market. In testing those conflicting claims this research extended the original Ehrenberg and Goodhardt research

into television audience duplication, developing the proposition: "Customer duplication between banks will vary according to each bank's market penetration; that is in accordance with the Duplication of Purchase law". The correlations between the average duplication and the expected duplication were high, providing strong support for the proposition. However, there was some evidence of subscription like behaviour in that the duplication coefficient was rather low indicating a degree of loyalty as seen in a subscription market.

The focus on customer duplication has proven sufficient to predict most of the brand switching in the banking market examined. Previous research has examined demographic or psychographic segmentation, and found the banking industry is not highly segmented. Future work could extend analysis into these areas; but given the results of this study, finding a highly segmented banking market with many solely loyal customers appears unlikely.

Notwithstanding these opportunities for further work, the underlying result is clear. The results of this study demonstrate that in the Australian banking market, Duplication of Purchase does follow the Duplication of Purchase law. This casts some doubt on the strategic marketing of the various banks; despite campaigns focused on loyalty, and differentiation, banks mostly compete with closely substitutable competitors with some sharing of customers across banks. While this result suggests some bank marketers may need to give up precious ideas, we also offer useful alternatives. A key result is that banks can be judged against theoretical norms, and that brand performance measures can be benchmarked against quantitative models such as the Duplication of Purchase law. To understand the structure of their markets, managers can conduct duplication analysis to analyse brand performance, they can compare their own duplication against theoretical norms to determine if their efforts to have been unusually effective – or unusually ineffective. Notwithstanding this example, bank marketers should realise that change in duplication of purchase will usually only arise as a result of change in market share. As a corollary, to gain share bank managers should seek to gain customers, rather than seek to make existing customers more loyal.

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Role of Psychological Ownership and Awareness in Payment mode effect on Spending

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Abstract

Despite evidence that payment modes can influence spending behaviours, researchers have yet to explain why these payment modes have such effects. Evidently, payment modes serve as repositories or 'stores of value' and transactions involve ownership transfers of the 'representative' or ascribed values. We examined the effect of psychological ownership and awareness of spending of payment mode on spending behaviour. Results revealed that emotions towards cash on spending behaviour are dependent on the value of sense of ownership and awareness of spending with payment modes. The studies offer empirical support to explain why psychological ownership with payment modes influences spending, while providing practitioners and consumer researchers with new insight about psychological processes that underlie the concept of 'owned' money.

Keywords: psychological ownership, spending, payment mode, mental accounting

Track: Consumer Behaviour

1.0   Introduction

Conventionally, the decision to purchase goods or services should be independent of how the transaction is paid. However, there is considerable amount of evidence that payment mode impacts on spending behavior (Hirschman 1979; Feinberg 1986; Prelec and Simester 2001). Thomas, Desai, and Seenivasan (2011) suggested that the payment mode not only affects how much is spent but also the type of purchase, for example cash reduces the overall spending on impulsive purchases and unhealthy food choices. The increased spending and payment mode link has been attributed to psychological pain when parting with cash and suggests that credit card decouples payment from purchase experiences (Prelec and Loewenstein 1998; Raghubir and Srivastava 2008). Why parting with cash causes psychological pain and how decoupling operates to influence spending behaviour requires further explanation. Soman (2001) explained the spending effects of different payment mode by attributing them to memory processes rehearsal (cash is more memorable since parting with it causes psychological pain) and immediacy (wealth is depleted immediately). While

few studies focus on factors that are specific to payment mode, for example payment transparency, Soman (2003) attributed spending difference is caused by payment transparency, that is, more transparent the payment mode the stronger is the awareness of wealth depletion. Transparency of cash triggers the pain of payment, thus decreases spending. The objective of this study is to test a theoretical model where the effect of payment mode on spending behaviour is stronger when mediated via social gratification and mental accounting dimensions. This proposed relationship is dependent on the value of sense of ownership and awareness of spending with payment modes.

2.0   Conceptual Framework and Hypothesis

In a recent study, Khan, Belk and Craig-Lees (2015) proposed factors such as social and personal gratification, positive emotions towards payment mode, mental accounting, and ownership as dimensions influencing spending behaviour. We have adopted perceptions of payment mode scale to develop our conceptual moderated-mediation model.

2.1   Social Gratification with Payment Mode

In 1994, Zelizer contended that money can be seen as socially constructed, shaped by social relations, and as something that also "exists outside of the market and is profoundly influenced by cultural and social structures" (Zelizer, 1994, p. 18). In addition, "values and social relations reciprocally transmute money by investing it with meaning and social positions" (Zelizer, 1994, p.18). Within this domain of understanding, we conceptualise the meaning of money based on actual possession, that is, the owned money (e.g. cash and stored in debit card). Vohs, Mead and Goode (2006) contended that money has the properties of a concept and an actual possession. In our conceptualisation cash represents both concept of money and retains possession capabilities whereas debit card acts as a store of value. Within this understanding, we argue that the idea of possessing wealth has shifted to buying and borrowing power in the age of electronic transaction systems. People do not display stacks of cash in public due to safety and security concerns. However, possessing gold or platinum credit and debit cards still represent status symbols and serve to communicate one's purchasing power. Neuroscience provides evidence that money and social status are processed in the same brain region (the striatum) and people tend to define social standing by estimating their spending power and wealth (Zink, Tong, Chen, Bassett, Stein and Meyer-Lindenberg, 2008). In the case of debit cards, which signal money in the bank rather than credit, we contend that they are more sophisticated mental accounting tools than cash-based payment mode. Card-based payment modes provide 24/7 freedom and access to mobile resources, information and mobile commerce. They provide ease of use, convenience and potential gratification of social goals. Possessing cash serves to influence our social status, buying power and freedom of choice, and these qualities are reinforced via social relations within a society (Belk and Wallendorf 1990). Accordingly, we hypothesize that social gratification mediates the relationship between:

H1a: positive emotions towards cash-based payment mode and overall dollar spending in a single grocery purchase

H1b: positive emotions towards card-based payment mode and overall dollar spending in a single grocery purchase

2.2   Mental Accounting

Researchers have used mental accounting theory to explain how payment mode influences our mental accounting practices. Thaler (1980) suggested mental accounting was a "set of cognitive operations used by individuals and households to organise, evaluate and keep track of financial activities" (p.40). At the transaction level, people tend to open an account (likely pre-existing) mentally for each transaction and base their decisions on evaluation of the perceived benefits of consumption and the associated costs. These mental accounts help reduce the cognitive load on the decision makers. The assumption is that mental frames/filters influence the experience of paying by card or cash. Therefore, we hypothesize that mental accounting mediates the relationship between:

H2a: positive emotions towards cash-based payment mode and overall dollar
      spending in a single grocery purchase
H2b: positive emotions towards card-based payment mode and overall dollar
      spending in a single grocery purchase

For some, displaying and using cards provides them with social and personal gratification: they may find card possession makes them feel sophisticated and using them in social situations stimulates pleasure. Based on this reasoning we hypothesise that:

H3a: The relationship between positive emotions towards cash-based
      payment mode and overall dollar spending in a single grocery purchase is first
      mediated by social gratification and then by mental accounting.
H3b   The relationship between positive emotions towards card-based payment
      mode and overall dollar spending in a single grocery purchase is first mediated by
      social gratification and then by mental accounting.

2.3   Psychological Ownership

In our understanding, the strength of psychological ownership with cash-based payment mode is highest when one faces a purchase episode. The assumption is that sensory perception stimulates our psychological process when one parts with cash and awareness of loss of money is revealed in our mental account. With card-based payment mode the sense of ownership is dulled. Psychological ownership appears to work when one has cash in possession and this activates the sense of owning a 'thing' of value. We use the term cash to represent the idea of money as well as actual property and possession. Therefore, positive emotions with the concept of money is reinforced via possession which activates a strong emotional association with the 'token'. The case with debit cards is different in that possession does not evoke the same emotional response or sense of ownership. We assume that cash and card have the potential to elicit positive emotions to the 'concept of money' but a card lacks the property of possession (e.g. to actually own the 'thing of value'). In our conceptualisation, we have tested the effect of psychological ownership of cash as moderator to the mediation relationship proposed between emotions to cash and spending behaviour via social gratification and the mental accounting dimension. We hypothesize that

H4:   The sense of ownership associated to payment mode moderates the strength of the
      mediated relationship between positive emotions with cash-based payment mode and
      overall dollar spending in a single grocery purchase via mediator social gratification
      and mental accounting, such that the mediated relationship will be weaker under the
      influence of psychological ownership associated with cash-based payment mode.

2.4   Awareness of Spending

Our assumption is that the tangibility of cash in the form of notes and coins creates more awareness that something of value is being exchanged. This may be conscious or unconscious. In part, this is intensified by the consumer's ability to process transactional information using perceptual senses such as sight and touch and to translate the outcome into an immediate experience of the amount spent. Using card-based payment systems, consumers may not at the time of the transaction be mentally (or emotionally) attuned to, and therefore fully appreciate to the same extent of using cash, the actual amount of money being spent. Therefore, we hypothesize that

H5:   The acute awareness of transfer of value associated with payment mode moderates the strength of the mediated relationship between emotions towards card-based payment mode and overall dollar spending in a single grocery shopping via mediator mental accounting and social gratification, such that the mediated relationship will be weaker under the influence of awareness of value associated with card-based payment mode.

3.0   Method

3.1   Sampling and Data Collection
Three hundred and eighty-five participants from New Zealand took part in the study. Participants were recruited at the front entry door of a major grocery retailer (Pack n Save) in Christchurch central business district. Prior to the survey, participants were presented with an information sheet that guaranteed anonymity and explained the study. The sheet provided participants with definitions of cash, debit card and credit cards. Nineteen items of the PPM (perceptions of payment mode) scale was administered to collect perceptions of payment mode (see Khan et al. 2015). A research assistant collected receipts from grocery shopping at the exit door of the grocery retailer. Data was gathered over a one week period (January 1-7, 2014). Twenty-four receipts and questionnaires were discarded as participants combined payment modes in their shopping trip. We were able compute the total spending via cash and card-based payment modes. The data comprised the purchase dockets for household weekly supermarket purchase transactions and the participants' responses to the PPM scale. The final data set, in addition to the payment mode used and the demographic information, comprised the following data taken from each receipt: total number of items, total value, number of items purchased in each of the product categories.

3.2   Dependent and independent measure
In our analysis, total dollars spent were entered as a dependent measure. The independent variables consisted of positive emotions to cash and card using the PPM scale with social gratification and mental accounting being treated as mediating variables. All items were measured on 5-point Likert type scale, where 1 represented strong disagreement and 5 represented strong agreement.

4.0   Results and Discussion

We used hierarchical multiple regressions to test Hypothesis 1, 2, 3 and hierarchical moderated regression to test Hypotheses 4a & 4b. We followed Baron and Kenny's (1986) procedure to establish mediation when testing Hypothesis 1, 2 and 3.

4.1   Emotions towards cash-based payment mode
The relationship of emotions towards cash based payment mode on spending behaviour is mediated by social gratification and mental accounting. The direct effect of

emotions regarding cash on spending behaviour became insignificant (β = -.02, S.E. = .05, p > .05 in presence of social gratification and mental accounting. The mediating path emotions towards cash → social gratification → grocery spending was found to be significant (β = .05, Boot S.E. = .02, Boot LLCI = .02, Boot ULCI = .09) when the effects of emotions towards card-based payment mode were statistically controlled. We found support for hypothesis H2b. The emotions towards cash → mental accounting → grocery spending was significant (β = -.06, Boot S.E. = .02, Boot LLCI = -.11, Boot ULCI = -.03). The multi-level sequential mediating path emotions towards cash → social gratification → mental accounting → grocery spending was also significant, thus supports our hypothesis H3a (β = -.01, Boot S.E. = .01, Boot LLCI = -.02, Boot ULCI = -.01) when the effects of emotions towards card-based payment mode were statistically controlled. In our analysis all four conditions suggested by Baron and Kenny (1986) to establish mediation were met.

4.2 Emotions towards card-based payment mode

The relationship between emotions towards card-based payment mode and spending behaviour was mediated by social gratification. The mediating path emotions to card → social gratification → grocery spending was found to be significant, supporting our hypothesis H1b (β = .08, Boot S.E. = .02, Boot LLCI = .04, Boot ULCI = .11) when the effects of emotions towards cash-based payment mode were statistically controlled. The multi-level sequential mediating path emotions toward card → social gratification → mental accounting → grocery spending was also significant, thus supports our hypothesis H3b (β = -.02, Boot S.E. = .01, Boot LLCI = -.03, Boot ULCI = -.01) while statistically controlling for emotions to cash-based payment mode. At the same time the path emotions to card → mental accounting → grocery spending was not found to be significant (See Table 3). The direct effect of emotions of card on spending behaviour became significant (β = .16, S.E. = .05, p < .01) in presence of social gratification and mental accounting. In our analysis, the first two conditions suggested by Baron and Kenny (1986) to establish mediation were met.

4.3 Moderating role of ownership with cash

The results revealed emotions towards cash-based payment mode and grocery spending was significant and positively related (β = .15, S.E = .05, p <.001) and the mediating factors with grocery spending revealed that social gratification was positively related (β = .23, S.E = .04, p <.001) while mental accounting (β = -.23, S.E = .04, p <.001) was negatively related (See Table 4). The moderating variable ownership with cash-based payment mode and spending was significant and positively related (β = .24, S.E = .08, p <.01). The interaction term for emotions to cash possession-based ownership (β = -.08, S.E = .03, p <.01) was significant in predicting spending behaviour.

To assess moderated mediation we followed Preacher et al. (2007) procedure of whether the strength of the mediation differs across the levels of the moderator in predicting the effect of emotions towards cash and spending behaviour. Results showed that for ownership of cash the conditional direct effects were at higher values of the moderator (β = -.11, S.E = .05, p <.05) than at the mean score (β = -.01, S.E = .04, p>.05). Taken together, results verify our observation that that there was moderated mediation and hypothesis (H4a) is supported.

4.4 Moderating role of awareness of spending with cards

The results revealed emotions to card-based payment mode and grocery spending was significant and positively related (β = .36, S.E = .09, p <.001) and the mediating factors with grocery spending showed social gratification was positively related (β = .24, S.E = .04, p <.001) while mental accounting (β = -.25, S.E = .04, p <.001) was negatively related (See

Table 4). The moderating variable awareness of spending with card-based payment mode and spending was significant and positively related ($\beta = .23$, S.E $= .08$, $p < .05$). The interaction term for emotions toward card and awareness of spending ($\beta = -.10$, S.E $= .04$, $p < .01$) were significant in predicting spending behaviour. Results showed that for awareness of spending amount with card, the conditional direct effects were significant at lower values of the moderator ($\beta = .25$, S.E $= .05$, $p < .001$) than at the high score ($\beta = .06$, S.E $= .06$, $p > .05$). The result indicated that card-based payment mode reduces the awareness of amount spent, blurs emotions and sense of ownership of money, thus increases spending when such tools are used to make purchases.

5.0　Conclusion

This article presented an empirically tested model explaining, and extending on previous research, why and how payment mode influences spending behaviour. The underlying factor for increased spending is broadly attributed to the nature and form of payment mode that influences our emotions and cognitions and, consequently, behaviour. We investigated the role of social gratification and mental accounting dimensions and their relationships between emotions to payment modes and spending behaviour. Our focus in this investigation has been on the grocery spending context, since these behaviours are repeated and require formation of habit. We find support for our assumption that the sense of ownership associated to payment mode moderates the strength of the mediated relationship between emotions with cash-based payment mode and overall dollar spending in a single grocery shopping episode, via mediator social gratification and mental accounting, such that the mediated relationship will be weaker under the influence of psychological ownership associated with cash-based payment mode.

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Duplication of Purchase Law in the Banking Industry: An Australian case study

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Abstract

The paper seeks to further understand the Australian banking industry's market structure. In doing so it considers whether the Australian banking industry follows the Duplication of Purchase Law. It analyses a single source data set of consumer profiles relating to the Australian banking industry – that is customers who have a transaction and/or savings account with an Australian bank. It does not include credit cards or loans. Overall, it appears the industry displays all the characteristics of a subscription market in that we see a very small duplication coefficient. However, it appears the industry follows the Duplication of Purchase Law in that the customers of one bank are in fact the customers of another bank who just happen to occasionally bank there so. However, there are some minor variations that may in fact be a location effect. This is an area for further research.

Keywords: Duplication of purchase law, banking industry, subscription markets, Australia

Track: Consumer Behaviour

Introduction

Do Australian banks share their customers in the same un-segmented way that fast moving consumer goods do (Barwise and Ehrenberg, 1988)? Or are we seeing the intense loyalty found in subscription markets (Sharp, Wright, & Goodhardt, 2002). The Australian banking industry is highly competitive with banks actively competing for market share. Yet the idea of intense loyalty and micro-segmentation is at odds with the Duplication of Purchase law long applied in fast moving consumer goods' markets. Is the Australian banking industry really different? Or do the same regularities apply? Lees & Winchester (2014) found that there has been little difference in profiles of consumers across a range of demographic profiles for most Australian bank brands. This finding could be the result of two things: firstly, it may be indicative that Australian banks have largely failed to position their brands as unique in comparison to other brands; or, that the banking market consists of the same consumers sharing their purchases across brands as would be predicted by the Duplication of Purchase Law (Ehrenberg, 1988). This study aims to explore the second point further.

As it has been empirically demonstrated, there are two types of market based on consumer purchase patterns, repertoire and subscription (Sharp, Wright, & Goodhardt, 2002). In a repertoire market any attempt at successfully encouraging loyalty may be limited by the fact that consumers are likely to buy more than one brand; meaning that the same consumers will be buying a number of brands in any market (Dawes, 2008; Sharp, 2007; Uncles, Ehrenberg, & Hammond, 1995). This alone suggests there is less likelihood that differences in customer profile across competitive brands will occur and that the Duplication of Purchase Law will

apply. Subscription markets on the other hand are more likely to have consumers use one brand for a period of time (Sharp, et al., 2002). It is on this basis that the financial services market is suitable as a potential market in which stable segments if they exist, may be found and therefore the Duplication of Purchase Law may not apply. Both Lees, Garland and Wright (2005) and Bogomolova and Romaniuk (2009) considered switching between financial service institutions in both the retail and business-to-business markets. Whilst they found that switching occurred for a number of reasons it tended to be similar for all brands but with a double jeopardy effect. This implies that the financial service markets are not highly segmented in that switchers did not see any difference between the brands being switched to and the brands being switched from. This research further extends that work evaluating the proposition that duplication within the Australian banking industry follows the same patterns as fast moving consumer goods' duplication through a detailed study of the Australian banking market using a large dataset.

Duplication of Purchase

The Duplication of Purchase law had its origin in audience research starting with Agostini (1961, 1962) examining French magazines. Ehrenberg and Goodhardt (1969), Goodhardt (1966), Goodhardt and Ehrenberg (1966, 1969), and Goodhardt, Ehrenberg and Collins (1975) undertook extensive research considering duplication of television audiences. Headen, Klompmaker and Rust (1979) extended this to US television viewing. With over ten year's research into audience research behaviour, Ehrenberg and Goodhardt developed what they called the 'Duplication of Viewing law' one of the few "laws" in marketing. It was further extended into the 'Duplication of Purchase law' (Ehrenberg, 1988) where it was defined as "buyers of one brand generally purchase other brands strictly in proportion to that other brand's penetration" (p.353). Following the work on audience duplication in television, extensive research was undertaken using the Duplication of Purchase law in fast moving consumer goods (see Uncles, Ehrenberg and Hammond, 1995); and radio (see Lees and Wright 2013). However, no research has extended duplication of purchase to the banking industry. Therefore, this study follows on from the original Ehrenberg and Goodhardt research into television viewing and the Lees and Wright research into radio listening, considering if the Duplication of Purchase law applies to the Australian banking industry.

Thus, it is proposed that a Duplication of 'Banking' law could predict that customers of one bank will be customers of another bank strictly in line with the market penetration of the other bank. Therefore, the expected duplication (b) of bank customers for different banks x and y can be expressed as $b_{xy} = D.b_x$; D being the duplication coefficient which is constant for all banks. If there are partitions in the banking market place, then it is expected that the Duplication of 'Banking' law will apply within each separate partition. A key implication of the law is that average duplication for a brand will vary in line with its market penetration.

Introduction to Australian Banking Industry

While the retail banking sector of the Australian banking industry involves over 20 financial institutions (currently, 12 domestic banks and 9 foreign owned banks). The top ten banks as initially identified by Lees & Winchester (2014) are as follows: Commonwealth Bank of Australia, ANZ Banking Corporation, Westpac Banking Corporation, National Australia Bank, St George Bank, Bendigo Bank, Suncorp Group, Bank West, ING Corporation, and Bank of Queensland.

Thus, in helping to understand the banking industry this article considers the important marketing concept; the Duplication of Purchase Law. In doing so it asks whether the Australian banking industry follows the Duplication of Purchase Law, in that customers are shared across brands in line with each brand's market share (Ehrenberg, 1988), or whether as might be predicted in a strict subscription market, consumers use only one brand at a time. Insights are provided relative to potential means of extending market interest, and approaches to bundling banking 'products' in the form of specific product offerings.

Research Method

The data used in this study was collected through Roy Morgan's Australian Single Source Surveys in 2009 (Roy Morgan Research, 2013). The data was collected via personal interview with individual respondents and a sample of around 52,000 each year was achieved. Around 4,200 respondents over 14 years of age are interviewed each month (over 48 weeks) from all states and territories in Australia. Interviews are conducted face-to-face with interviewers using computer tablets. The sample is systematically weighted against population averages.

 The method for the Duplication of Purchase analysis follows Ehrenberg (1988), which involves calculation of the proportion of each brand's customers that use other brands.

Results and Discussion

Table 1, illustrates the Duplication of Purchasing between customers who hold a transaction and savings account with the major Australian banks. It does not include those who may hold credit cards or loans of different types. The average duplications, average market penetrations, expected duplications and the difference between the expected duplication and the average duplication being shown in the bottom three rows.

The D coefficient for each combination of banks can be calculated by taking the raw number of customers for each that bank with another bank and percentaging that on the total number of customers to the original bank. In calculating the expected duplication (Cumulative Audience x D Value) the D value can be defined by calculating a D value for each pair of banks recorded by the respondents. The average of these computations will then be calculated having weighted each initial calculation by the number of banks for each combination. However, the D value can also be quickly calculated by dividing the average duplication by the average penetration. That is the method used in this study and the D value coefficient used to calculate the expected duplications in Table 1 was 0.56. The correlation between the average duplication and the expected duplication in Table 1, was 0.99, $r^2 = 0.98$ indicating a very good fit. In considering the actual differences between the average duplication and the expected duplication there is a Median Absolute Deviation (MAD) of 1.8.

The banks are ranked by their market penetration- in descending order. The column titled 'Penetration' indicates the proportion of people who hold a transaction and/or savings account with that bank. For example, 22% of bank customers have one of those accounts with the Commonwealth Bank, 17% with NAB and 3% with ING. The numbers in the table under the columns "Commonwealth Bank… to ….Bank of Queensland" represent the proportion of bank customers of the **row** bank who also bank with the **column** bank. For example look at the first entry under the column titled "Westpac", which says "5". This means *of the people who bank with Commonwealth Bank*, 5% also bank with Westpac. If you look under the

column titled "ING", go down to the row listing for "NAB" - it says "4". This means *of the people who bank with NAB*, 4% also bank with ING - and so on.

Table 1: Duplication of Purchasing Between Top Ten Australian Banks*

	Penetration	Commonwealth Bank	ANZ Bank	Westpac	National Australia Bank (Nab)	St George	Bendigo Bank	Suncorp Metway	BankWest	ING	Bank of Queensland
Commonwealth Bank	34		6	5	4	3	3	1	1	3	1
ANZ Bank	16	13		7	5	3	3	1	2	3	1
Westpac	15	11	7		5	3	3	2	2	4	1
National Australia Bank	12	12	6	6		3	4	2	2	4	1
St George	7	14	6	7	5		2	1	2	3	1
Bendigo Bank	5	18	7	7	8	2		2	1	3	1
Suncorp Metway	3	13	7	9	5	2	3		1	4	4
BankWest	3	16	**12**	9	7	4	2	1		6	3
ING	3	**34**	**17**	**18**	**13**	**8**	**6**	**4**	**6**		2
Bank of Queensland	2	13	9	8	7	3	3	6	5	3	
Average	10	16	9	8	7	3	3	2	2	4	2
Expected		19	9	8	7	4	3	2	2	2	1
Deviation		-3	0	0	0	0	0	1	1	2	1

* Totals may not add correctly due to rounding

The only real deviation between the average and expected duplications is the Commonwealth Bank. This deviation is partly expected due to the dominance of the Commonwealth Bank which has a market penetration that is more than double the next highest bank. Schmittlein, Bemmaor and Morrison (1985) show that major brands may have a triple jeopardy effect; that is not only do more people buy them they have an increased level of sole loyalty which is then reflected in a lower than expected duplication.

However, as can be seen from Table 1, there are a number of combinations of banks where the duplication between them is either much higher or much lower than predicted. For instance, it can be seen that ING has a greater sharing than expected with most other banks, in particular the big four – for example 34% of ING's customers also have an account with the Commonwealth Bank and 18% with Westpac. This may be due in part to ING offering higher on-line interest bearing accounts. This duplication or deviations from the Duplication of Purchase Law does require further analysis. Whilst it will not likely represent a partition in the market it could also be a functional difference given that ING is primarily an on-line bank.

Conclusion

The aim of this paper was to make a contribution towards better understanding the Australian banking industry through the lenses of the Duplication of Purchase Law.

This Duplication of Purchase law predicts that customers of one bank will have an account with another bank strictly in line with the market penetration of the other bank. This finding in itself is in conflict with the perceived wisdom that banks attract a unique segmented client base, as would be expected in a strict subscription market. In testing those conflicting claims this research extended the original Ehrenberg and Goodhardt research

into television audience duplication, developing the proposition: "Customer duplication between banks will vary according to each bank's market penetration; that is in accordance with the Duplication of Purchase law". The correlations between the average duplication and the expected duplication were high, providing strong support for the proposition. However, there was some evidence of subscription like behaviour in that the duplication coefficient was rather low indicating a degree of loyalty as seen in a subscription market.

The focus on customer duplication has proven sufficient to predict most of the brand switching in the banking market examined. Previous research has examined demographic or psychographic segmentation, and found the banking industry is not highly segmented. Future work could extend analysis into these areas; but given the results of this study, finding a highly segmented banking market with many solely loyal customers appears unlikely.

Notwithstanding these opportunities for further work, the underlying result is clear. The results of this study demonstrate that in the Australian banking market, Duplication of Purchase does follow the Duplication of Purchase law. This casts some doubt on the strategic marketing of the various banks; despite campaigns focused on loyalty, and differentiation, banks mostly compete with closely substitutable competitors with some sharing of customers across banks. While this result suggests some bank marketers may need to give up precious ideas, we also offer useful alternatives. A key result is that banks can be judged against theoretical norms, and that brand performance measures can be benchmarked against quantitative models such as the Duplication of Purchase law. To understand the structure of their markets, managers can conduct duplication analysis to analyse brand performance, they can compare their own duplication against theoretical norms to determine if their efforts to have been unusually effective – or unusually ineffective. Notwithstanding this example, bank marketers should realise that change in duplication of purchase will usually only arise as a result of change in market share. As a corollary, to gain share bank managers should seek to gain customers, rather than seek to make existing customers more loyal.

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Duplication of Purchase Law in the Banking Industry: An Australian case study

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Abstract

The paper seeks to further understand the Australian banking industry's market structure. In doing so it considers whether the Australian banking industry follows the Duplication of Purchase Law. It analyses a single source data set of consumer profiles relating to the Australian banking industry – that is customers who have a transaction and/or savings account with an Australian bank. It does not include credit cards or loans. Overall, it appears the industry displays all the characteristics of a subscription market in that we see a very small duplication coefficient. However, it appears the industry follows the Duplication of Purchase Law in that the customers of one bank are in fact the customers of another bank who just happen to occasionally bank there so. However, there are some minor variations that may in fact be a location effect. This is an area for further research.

Keywords: Duplication of purchase law, banking industry, subscription markets, Australia

Track: Consumer Behaviour

Introduction

Do Australian banks share their customers in the same un-segmented way that fast moving consumer goods do (Barwise and Ehrenberg, 1988)? Or are we seeing the intense loyalty found in subscription markets (Sharp, Wright, & Goodhardt, 2002). The Australian banking industry is highly competitive with banks actively competing for market share. Yet the idea of intense loyalty and micro-segmentation is at odds with the Duplication of Purchase law long applied in fast moving consumer goods' markets. Is the Australian banking industry really different? Or do the same regularities apply? Lees & Winchester (2014) found that there has been little difference in profiles of consumers across a range of demographic profiles for most Australian bank brands. This finding could be the result of two things: firstly, it may be indicative that Australian banks have largely failed to position their brands as unique in comparison to other brands; or, that the banking market consists of the same consumers sharing their purchases across brands as would be predicted by the Duplication of Purchase Law (Ehrenberg, 1988). This study aims to explore the second point further.

As it has been empirically demonstrated, there are two types of market based on consumer purchase patterns, repertoire and subscription (Sharp, Wright, & Goodhardt, 2002). In a repertoire market any attempt at successfully encouraging loyalty may be limited by the fact that consumers are likely to buy more than one brand; meaning that the same consumers will be buying a number of brands in any market (Dawes, 2008; Sharp, 2007; Uncles, Ehrenberg, & Hammond, 1995). This alone suggests there is less likelihood that differences in customer profile across competitive brands will occur and that the Duplication of Purchase Law will

apply. Subscription markets on the other hand are more likely to have consumers use one brand for a period of time (Sharp, et al., 2002). It is on this basis that the financial services market is suitable as a potential market in which stable segments if they exist, may be found and therefore the Duplication of Purchase Law may not apply. Both Lees, Garland and Wright (2005) and Bogomolova and Romaniuk (2009) considered switching between financial service institutions in both the retail and business-to-business markets. Whilst they found that switching occurred for a number of reasons it tended to be similar for all brands but with a double jeopardy effect. This implies that the financial service markets are not highly segmented in that switchers did not see any difference between the brands being switched to and the brands being switched from. This research further extends that work evaluating the proposition that duplication within the Australian banking industry follows the same patterns as fast moving consumer goods' duplication through a detailed study of the Australian banking market using a large dataset.

Duplication of Purchase

The Duplication of Purchase law had its origin in audience research starting with Agostini (1961, 1962) examining French magazines. Ehrenberg and Goodhardt (1969), Goodhardt (1966), Goodhardt and Ehrenberg (1966, 1969), and Goodhardt, Ehrenberg and Collins (1975) undertook extensive research considering duplication of television audiences. Headen, Klompmaker and Rust (1979) extended this to US television viewing. With over ten year's research into audience research behaviour, Ehrenberg and Goodhardt developed what they called the 'Duplication of Viewing law' one of the few "laws" in marketing. It was further extended into the 'Duplication of Purchase law' (Ehrenberg, 1988) where it was defined as "buyers of one brand generally purchase other brands strictly in proportion to that other brand's penetration" (p.353). Following the work on audience duplication in television, extensive research was undertaken using the Duplication of Purchase law in fast moving consumer goods (see Uncles, Ehrenberg and Hammond, 1995); and radio (see Lees and Wright 2013). However, no research has extended duplication of purchase to the banking industry. Therefore, this study follows on from the original Ehrenberg and Goodhardt research into television viewing and the Lees and Wright research into radio listening, considering if the Duplication of Purchase law applies to the Australian banking industry.

Thus, it is proposed that a Duplication of 'Banking' law could predict that customers of one bank will be customers of another bank strictly in line with the market penetration of the other bank. Therefore, the expected duplication (b) of bank customers for different banks x and y can be expressed as $b_{xy} = D.b_x$; D being the duplication coefficient which is constant for all banks. If there are partitions in the banking market place, then it is expected that the Duplication of 'Banking' law will apply within each separate partition. A key implication of the law is that average duplication for a brand will vary in line with its market penetration.

Introduction to Australian Banking Industry

While the retail banking sector of the Australian banking industry involves over 20 financial institutions (currently, 12 domestic banks and 9 foreign owned banks). The top ten banks as initially identified by Lees & Winchester (2014) are as follows: Commonwealth Bank of Australia, ANZ Banking Corporation, Westpac Banking Corporation, National Australia Bank, St George Bank, Bendigo Bank, Suncorp Group, Bank West, ING Corporation, and Bank of Queensland.

Thus, in helping to understand the banking industry this article considers the important marketing concept; the Duplication of Purchase Law. In doing so it asks whether the Australian banking industry follows the Duplication of Purchase Law, in that customers are shared across brands in line with each brand's market share (Ehrenberg, 1988), or whether as might be predicted in a strict subscription market, consumers use only one brand at a time. Insights are provided relative to potential means of extending market interest, and approaches to bundling banking 'products' in the form of specific product offerings.

Research Method

The data used in this study was collected through Roy Morgan's Australian Single Source Surveys in 2009 (Roy Morgan Research, 2013). The data was collected via personal interview with individual respondents and a sample of around 52,000 each year was achieved. Around 4,200 respondents over 14 years of age are interviewed each month (over 48 weeks) from all states and territories in Australia. Interviews are conducted face-to-face with interviewers using computer tablets. The sample is systematically weighted against population averages.

The method for the Duplication of Purchase analysis follows Ehrenberg (1988), which involves calculation of the proportion of each brand's customers that use other brands.

Results and Discussion

Table 1, illustrates the Duplication of Purchasing between customers who hold a transaction and savings account with the major Australian banks. It does not include those who may hold credit cards or loans of different types. The average duplications, average market penetrations, expected duplications and the difference between the expected duplication and the average duplication being shown in the bottom three rows.

The D coefficient for each combination of banks can be calculated by taking the raw number of customers for each that bank with another bank and percentaging that on the total number of customers to the original bank. In calculating the expected duplication (Cumulative Audience x D Value) the D value can be defined by calculating a D value for each pair of banks recorded by the respondents. The average of these computations will then be calculated having weighted each initial calculation by the number of banks for each combination. However, the D value can also be quickly calculated by dividing the average duplication by the average penetration. That is the method used in this study and the D value coefficient used to calculate the expected duplications in Table 1 was 0.56. The correlation between the average duplication and the expected duplication in Table 1, was 0.99, $r^2 = 0.98$ indicating a very good fit. In considering the actual differences between the average duplication and the expected duplication there is a Median Absolute Deviation (MAD) of 1.8.

The banks are ranked by their market penetration- in descending order. The column titled 'Penetration' indicates the proportion of people who hold a transaction and/or savings account with that bank. For example, 22% of bank customers have one of those accounts with the Commonwealth Bank, 17% with NAB and 3% with ING. The numbers in the table under the columns "Commonwealth Bank… to ….Bank of Queensland" represent the proportion of bank customers of the **row** bank who also bank with the **column** bank. For example look at the first entry under the column titled "Westpac", which says "5". This means *of the people who bank with Commonwealth Bank*, 5% also bank with Westpac. If you look under the

column titled "ING", go down to the row listing for "NAB" - it says "4". This means *of the people who bank with NAB*, 4% also bank with ING - and so on.

Table 1: Duplication of Purchasing Between Top Ten Australian Banks*

	Penetration	Commonwealth Bank	ANZ Bank	Westpac	National Australia Bank (Nab)	St George	Bendigo Bank	Suncorp Metway	BankWest	ING	Bank of Queensland
Commonwealth Bank	34		6	5	4	3	3	1	1	3	1
ANZ Bank	16	13		7	5	3	3	1	2	3	1
Westpac	15	11	7		5	3	3	2	2	4	1
National Australia Bank	12	12	6	6		3	4	2	2	4	1
St George	7	14	6	7	5		2	1	2	3	1
Bendigo Bank	5	18	7	7	8	2		2	1	3	1
Suncorp Metway	3	13	7	9	5	2	3		1	4	4
BankWest	3	16	**12**	9	7	4	2	1		6	3
ING	3	**34**	**17**	**18**	**13**	**8**	**6**	**4**	**6**		2
Bank of Queensland	2	13	9	8	7	3	3	6	5	3	
Average	10	16	9	8	7	3	3	2	2	4	2
Expected		19	9	8	7	4	3	2	2	2	1
Deviation		-3	0	0	0	0	0	1	1	2	1

* Totals may not add correctly due to rounding

The only real deviation between the average and expected duplications is the Commonwealth Bank. This deviation is partly expected due to the dominance of the Commonwealth Bank which has a market penetration that is more than double the next highest bank. Schmittlein, Bemmaor and Morrison (1985) show that major brands may have a triple jeopardy effect; that is not only do more people buy them they have an increased level of sole loyalty which is then reflected in a lower than expected duplication.

However, as can be seen from Table 1, there are a number of combinations of banks where the duplication between them is either much higher or much lower than predicted. For instance, it can be seen that ING has a greater sharing than expected with most other banks, in particular the big four – for example 34% of ING's customers also have an account with the Commonwealth Bank and 18% with Westpac. This may be due in part to ING offering higher on-line interest bearing accounts. This duplication or deviations from the Duplication of Purchase Law does require further analysis. Whilst it will not likely represent a partition in the market it could also be a functional difference given that ING is primarily an on-line bank.

Conclusion

The aim of this paper was to make a contribution towards better understanding the Australian banking industry through the lenses of the Duplication of Purchase Law.

This Duplication of Purchase law predicts that customers of one bank will have an account with another bank strictly in line with the market penetration of the other bank. This finding in itself is in conflict with the perceived wisdom that banks attract a unique segmented client base, as would be expected in a strict subscription market. In testing those conflicting claims this research extended the original Ehrenberg and Goodhardt research

into television audience duplication, developing the proposition: "Customer duplication between banks will vary according to each bank's market penetration; that is in accordance with the Duplication of Purchase law". The correlations between the average duplication and the expected duplication were high, providing strong support for the proposition. However, there was some evidence of subscription like behaviour in that the duplication coefficient was rather low indicating a degree of loyalty as seen in a subscription market.

The focus on customer duplication has proven sufficient to predict most of the brand switching in the banking market examined. Previous research has examined demographic or psychographic segmentation, and found the banking industry is not highly segmented. Future work could extend analysis into these areas; but given the results of this study, finding a highly segmented banking market with many solely loyal customers appears unlikely.

Notwithstanding these opportunities for further work, the underlying result is clear. The results of this study demonstrate that in the Australian banking market, Duplication of Purchase does follow the Duplication of Purchase law. This casts some doubt on the strategic marketing of the various banks; despite campaigns focused on loyalty, and differentiation, banks mostly compete with closely substitutable competitors with some sharing of customers across banks. While this result suggests some bank marketers may need to give up precious ideas, we also offer useful alternatives. A key result is that banks can be judged against theoretical norms, and that brand performance measures can be benchmarked against quantitative models such as the Duplication of Purchase law. To understand the structure of their markets, managers can conduct duplication analysis to analyse brand performance, they can compare their own duplication against theoretical norms to determine if their efforts to have been unusually effective – or unusually ineffective. Notwithstanding this example, bank marketers should realise that change in duplication of purchase will usually only arise as a result of change in market share. As a corollary, to gain share bank managers should seek to gain customers, rather than seek to make existing customers more loyal.

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Consumer Self Confidence & Subjective Product Knowledge Effect on Intention to Information Search and Dissemination

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Abstract

Research shows that there exists a relationship between personal factors like self -confidence (SSC) and subjective product knowledge (SK) and intention to generic product information search and dissemination. Building on earlier research work (e.g. Bell 1967, Barber et al 2009), we build our framework to study the SSC and SK relationship between specific information search to gain further insights into information search and dissemination intentions. We use 3 item scale of specific self-confidence (Bell 1967); and Subjective Product Knowledge (Barber et al 2009) to study their relationship with intention to information search and information dissemination in context of buying smartphone (specific information search). We analyzed our empirical data using SEM and found that subjective product knowledge of consumers strongly affects their self-confidence. Subjective product knowledge is positively related to information search intention but more strongly related to information dissemination intention. However, our data shows that self-confidence is not significantly related to intention to information search and information dissemination. Our study contributes by extending theoretical findings in specific product information search context and presents managerial implications for smartphone marketers in relation to improving subjective product knowledge of prospective buyers in their marketing and communication strategies.

Keywords: Consumer specific information search, self-confidence; subjective product knowledge

1.0   Background

Given the significance in consumer decision making, information search behavior is a consistently widely studied area in consumer behavior research (Kiel and Layton 1981; Bloch et al 1986), along with other disciplines like psychology (Guo 2001; Keng and Liao 2013), and information systems. Understanding of intention to information search and dissemination is continually of importance for buyers for purchase decision making and for marketers in designing marketing communication strategies (Mortimer and Pressey, 2013). Consumers search for information cues from several sources to facilitate their evaluation of goods and services for better purchase decision making (Rijnsoever et al 2012, Mortimer and Pressey, 2013). Prior research shows that consumer information search and dissemination intention is affected by several individual personality factors like subjective product knowledge about the product or service to be purchased and consumers' self-confidence level (Bearden et al. 2001, Mourali et al 2005, Keng and Liao 2013). Exploration of such factors facilitates our understanding of theoretical and managerial underpinnings specially in emerging economies where many organizations are nascent in their international and national marketing experiences. Here developing an understanding of consumer information search and dissemination intention behavior can facilitate in devising better marketing strategies and communication programs (Horton 1979, Chelminski and Coulter 2007, Keng and Liao 2013). Against this background, this research aims to investigate the effect of personal factors of consumer's self-confidence and subjective product knowledge on information search

intention and information dissemination intention of shoppers intending to buy a smartphone in a large emerging market context.

The remainder of the paper is organized as follows. In the next section, we discuss pertinent dimensions of our conceptual model by reviewing some relevant literature. This is followed by a section describing the data collection process and method of data analysis for our empirical study. In section four, we show the data analysis results and discussion, and the paper presents conclusions in its final section.

2.0 Conceptual Foundations
Information Search Intention (ISI)
Information search intention relates to the propensity of consumer to seek information about a particular product before making a purchase decision (Kiel and Layton 1981, Dholakia 2001).We used intention to information search rather than their actual search behavior, as we use an intentional buying scenario approach in our study. Consumers self-report their intention to do information search in reference to the scenario. This approach is consistent with other researches in this area (see Dholakia 2001, Loibl et al 2009).

Information Dissemination Intention (ISD)
Information dissemination intention is defined as information sharing propensity of consumers about a particular product with other potential buyers (Kiel and Layton 1981, Dholakia 2001). We used intention to information dissemination rather than their actual sharing behavior, as we use an intentional buying scenario approach in our study. Consumers self-report their intention to do information dissemination in reference to the scenario. This approach is consistent with other researches in this area (see Dholakia 2001, Loibl et al 2009)

Specific Self-Confidence (SSC) and Information Search and Dissemination Intention
Self-confidence as a psychological trait has been considered as important construct in consumer behavior and several researchers have studied the role of self-confidence in various research contexts (Bell 1967, Locander and Hermann 1979; Keng and Liao 2013). Studies have developed this construct into various sub categories e.g. general self-confidence which is the extent to which the consumer believes himself to be successful, capable and worthy; and specific self-confidence which is the belief of a person to handle a particular choice or decision making situation (Locander and Herman 1979). Consumer self-confidence relating to marketplace, is defined as "the extent to which an individual feels capable and assured with respect to his or her marketplace decisions and behaviors" (Bearden et al 2001) who also distinguishes between personal and purchase self-confidence.

Using general self-confidence and specific self- confidence to study their effect on information search, Locander and Hermann (1979) show that specific self-confidence has significant effect on information search and high specific self confidence consumers searched for more information. They suggest that as specific self-confidence increases, the tendency to reduce risk through information search increases. On the contrary studies also show that low self confidence leads to high information search (Kiel and Layton 1981). The reason being consumers low in confidence feel more risk in a situation and thus use risk reducing strategies like information search. Liobl et al (2009) measured the effect of self-confidence on information search and found a positive relationship between the two, similar to an earlier study by Newman and Staelin (1971). Specific self-confidence has positive effect on information seeking and research has emphasized the role of self confidence in information

search and dissemination behaviour (Kiel and Layton 1981, Loibl et al. 2009). We posit that self-confidence positively affects information search and information dissemination intention.

   H_1 Self-confidence is positively related to information search intention
   H_2 Self-confidence is positively related to information dissemination intention

Subjective Product Knowledge & SSC, and Information Search& Dissemination Intention
The literature on product knowledge classifies knowledge in to objective knowledge and subjective product knowledge (Brucks 1985) Objective knowledge is the real knowledge consumers have and subjective product knowledge is the perception of consumers of how much they know (Park et al 1994). Consumer self-confidence and subjective product knowledge have been shown to be related in earlier research work (see Park et al 1994, Bearden et al 2001, Mourali et al 2005) While some research has established a negative relationship between SSC and SK (Park et al 1994) others found positive support for this relationship (see Bearden et al 2001, Mourali et al 2005). We posit as follows

   H_3 Subjective product knowledge of consumers will positively influence their Self-confidence
   H_4 Subjective product knowledge is positively related to information search intention
   H_5 Subjective product knowledge is positively related to information dissemination intention

3.0 Methodology
The objective of this study is to examine the relationship between specific self confidence (SSC) and subjective product knowledge (SK) on specific information search and dissemination intention. To this end, we collected data in a specific product context of buying a Smartphone. We selected this product, as it is a commonly bought device and a variety of information search sources are available to consumers for their purchase decision making. It is also a product for which consumers are likely to do information search and have different levels of knowledge and user ability.

A research instrument of survey questionnaire was designed based on measures discussed in our literature review. The questionnaire included three statements on Specific Self Confidence; (Keng and Liao 2013), Subjective product knowledge, defined as a person perception towards their knowledge about a product was measured by four statements adapted from Barber et al (2009) on a 7 point Likert scale. Information Search Intention using 2 statements(source Dholakia 2001); and Dissemination Intention using 2 statements were measured on a 7 point Likert scale (Dholakia 2001) and demographic characteristics of the respondents were collected next. The respondents were asked to read a buying scenario where they are supposed to buy a Smartphone for their own use, ranging from Rs 10000 to 15000 , medium range smartphone market price for our research context. Respondents self-reported their level of agreement and disagreement with the statements of different scales.

The questionnaire was first pretested with three experts to ensure that the clarity of questions and the structure of research instrument were not ambiguous. Two of the experts were senior academics in marketing area, and the third expert was from the smartphone industry. The experts helped in refining the questionnaire. Some words and sentences were improved to increase the readability of the questionnaire. After a few linguistic modifications the questionnaire was pretested on a convenience sample of 45 target respondents. No further modifications were required. Preliminary analysis showed high alpha lending reliability to conduct further data collection. Finally, a survey was conducted using a convenience sample method and 259 usable responses were collected in a large city in Northern India.

Data Analysis

We used AMOS software to analyze our data. The demographic information on our respondents indicates a bias in favor of male respondents (67% to 33%). All respondents were users of smartphone. All demographic indicators were subject to analysis in beginning with no significant difference between gender, education or income.

Data Preparation: Confirmatory Factor Analysis

After assessing the dimensionality of constructs, the confirmatory factor analysis was employed using a two-step testing of structural model approach (Hair et al 2012, Anderson & Gerbing, 1988). In the first step, the measurement model is tested for an adequate fit and in second step; the structural model is tested for adequate fit. In examining the measurement theory, as represented in sample the overall model fit and constructs reliability and validity are also assessed (Hair et al 2012).

Overall Model Fit

The fit of the measurement model was found to be good as depicted by several statistics obtained from confirmatory factor analysis. The Model fit of measurement model has a chi square value of 90.79 (p< .001) at 38 degrees of freedom. Though the chi-square value is significant researchers are of opinion that model fit should not be decide only on basis of chi square value since it is susceptible to large sample size (Anderson & Gerbing, 1988). Subsequently we assessed other fit measures. The RMR was .099, GFI was .941, RMSEA was .073, CFI was .967, TLI was .952, SRMR was .0472 and IFI was .967. These values convey the measurement model adequately fits the data and further structural model can be tested.

Construct Validity

In addition to achieved satisfactory fit, the construct validity was tested (Anderson and Gerbing, 1988). To assess construct validity three main types of validity are assessed. We examine convergent, discriminant and nomological validity of constructs. *Convergent validity* is tested using significant factor loadings. As evident from Table 1 column 'Standardized Loading', all loadings are highly significant as required for convergent validity. It is suggested that each factor loading must be above .50 and for better measurement it is suggested that factor loading should be above .70 (Hair et al 2012). Our result show all items are above .50 and most items, fulfill the .70 factor loading requirement. Another two items are very close to the .70 criterion so were considered as no potential threat for measurement validity. Another two items were less than .70 but greater than .50. Such items and construct's validity should be assessed more carefully (Hair et al 2012). The factor loading criteria is not the only criterion to assess construct validity and other criteria were used before a decision is made to include items in further analysis (Hair et al 2012).

The *Average Variance* extracted and composite reliability of each construct was calculated. Since the AMOS software doesn't provide these values, they were calculated by hands using the formulae. Average variance extracted was calculated by dividing the sum of squared standardized loadings of each item by sum of squared standardized loading of each item added with the sum of indicator measurement error. The Average variance extracted for each construct is above .50 the recommended criterion (Anderson and Gerbing, 1988).The composite reliability of each construct was also calculated by dividing the square of sum of standardized loadings of each item by square of sum of standardized loadings added with sum of indicator measurement error. The composite reliability for each construct was above .70.

Altogether the constructs satisfactorily fulfilled the multiple criterions for achieving convergent validity to assess the discriminant validity of the constructs.

-Insert Table 1: Confirmatory Factor Analysis Results here-

Next, we assessed *discriminant validity* of constructs by comparing the variance extracted value with the inter-construct correlation of variables. The variance extracted value was greater than the correlation estimates for every construct except Specific Self Confidence (SSC), discriminant validity is ensured. Since the value of specific self-confidence is not very high than variance extracted and consumers having high subjective knowledge have lower risk perceptions (Mitra, Reiss and Capella 1999) which may lead to high self-confidence.
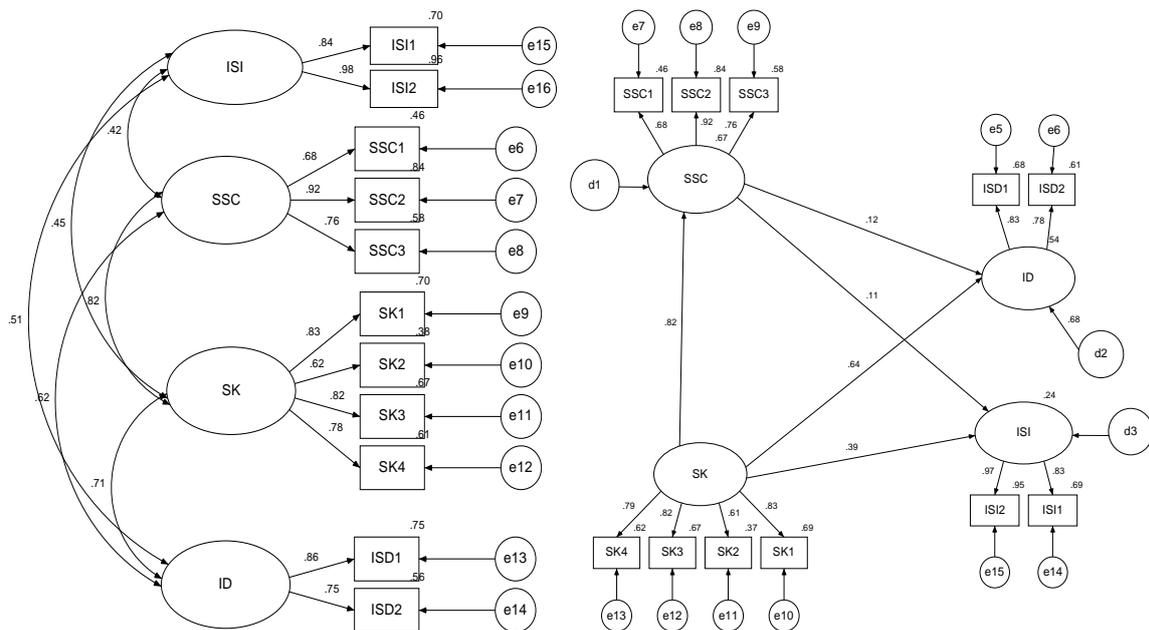
Fig 1: Confirmatory Factor Analysis AMOS Output   Fig 2: SEM Output AMOS

Abbrv: ISI: Information Search Intention, SSC: Consumer Self Confidence, SK: Subjective Product Knowledge, ID: Information Dissemination Intention

Construct Reliability

The Construct reliability can be ensured by assessing the data of the measurement model analysis. The details provide in Table 15 include details on construct reliability. The composite reliability which is calculated by dividing the square of sum of standardized loadings of each item by square of sum of standardized loadings added with sum of indicator measurement error, must reach the recommended criterion of .70 (Hair et al 2012). As evident from the table all constructs had composite reliability ranging from .72 to .80, it can be said that the constructs used in the analysis were reliable.

Structural Model Validity

We assessed the overall fit of the model using AMOS. The model fits the data adequately as depicted by the obtained values of different fit indices. The chi square value is significant (Chi square 103.46, p < .01, df 40) but researchers suggest other fit indices should be considered while evaluating model fit, because chi square value is susceptible to sample size (Kline 2005). The other fit indices are RMR was .114, GFI was .934, NFI was .937, IFI was .960, TLI was .945, CFI was .960, RMSEA was .078 and SRMR was .047. Using Structural

Equation Modeling (SEM) we found that subjective product knowledge (SK) of consumers strongly affects their Self-Confidence (SSC). SK is positively related to Information Search Intention (ISI) but more strongly related to Information Dissemination Intention (ID). However, we could not find support for hypothesis that self-confidence (SSC) is positively related to information search intention and information dissemination intention. The relationship was in predicted direction but could not reach statistical significance.

Table 2: Summary of Results

Hypothesis	Result
H_1 Self-confidence is positively related to information search intention	Not supported
H_2 Self-confidence is positively related to information dissemination intention	Not supported
H_3 Subjective product knowledge of consumers will positively influence their Self-confidence	Supported
H_4 Subjective product knowledge is positively related to information search intention	Supported
H_5 Subjective product knowledge is positively related to information dissemination intention	Supported

5.0 Discussion and Conclusions

This study has a few limitations, first we used convenience sampling method which reduces the generalizability of our results which may be treated with caution. Second, the study was conducted in a single product context. Consumer's confidence may vary for different product categories depending on their interest and the product category. Future research in the area can test the relationships in different product or service context. We studies only two individual personal factors namely specific self-confidence and subjective product knowledge, future studies may include other individual factors that influence the information search intention can be identified.

The study aimed to examine the relationship between the SSC and SK and information search and dissemination intention for a specific product category in an emerging market context. The results show that subjective product knowledge of consumers is more positively related to information search and dissemination intention than consumer's self-confidence. Subjective product knowledge is positively related to specific self-confidence. The hypothesis related to self-confidence and information search and dissemination were not supported. In this study we have measured specific self-confidence, which indicates consumer's confidence level regarding, decision at hand (Keng and Liao 2013, Locander and Hermann 1979). Our hypothesis that self-confidence is positively related to information dissemination intention was not supported. This shows that consumers though confident about their decision making capabilities are not interested in sharing information as specific self-confidence does not measures their willingness to engage in market place communication and their interpersonal behavior. This is an important finding in terms that though high confident consumers are considered more likely to engage in marketplace conversation but this may not be the case for all consumers (Clark et al 2009). It also implies that in emerging market context consumers with high self-confidence in acquiring information will not share information about products (see Clark et al 2009). On the other hand, consumers who considered that, they are experts on the product and have more knowledge than their peers are more likely to engage in information dissemination and information search. These results are consistent with previous studies (Barber et al 2009, Mourali et al 2005) and in our context of Smartphone where products are continuously

updated, and a consumer has to maintain his knowledge about the product category constantly seeks information. Thus, as hypothesized, subjective product knowledge consumers have high intention to search for information and are more likely to disseminate information.

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Table 1: Confirmatory Factor Analysis Results

Construct Scale Items	Standardized loading	Squared multiple correlation	Indicator Measurement Error	Average Variance Extracted	Composite Reliability
Self Confidence				.63	.84
SSC1	.682	.465	.535		
SSC2	.919	.844	.156		
SSC3	.765	.585	.415		
Subjective Product Knowledge				.59	.85
SK1	.834	.695	.305		
SK2	.616	.379	.621		
SK3	.819	.670	.33		
SK4	.783	.613	.387		
Information Search Intention				.83	.90
ISI1	.835	.697	.303		
ISI2	.978	.957	.043		
Information Dissemination Intention				.65	.79
ISD1	.864	.747	.253		
ISD2	.748	.559	.441		

Demographic Differences in Perceptions of Service Quality:
The Case of Jordanian Banks

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Abstract

This study seeks to determine the demographic differences in the perceptions of service quality in the Jordanian banking sector. Survey data were collected from Jordanian banking consumers, and ANOVAs were conducted using Tukey HSD post hoc tests to determine demographic subgroup differences in bank service quality perceptions across gender, age, occupation, income, education, and religion. Results revealed significant differences in various aspects of perceptions of banking service quality for all demographic variables. In the context of the Jordanian banking, the findings of this study could contribute in segmenting Jordanian banking consumers.

Key Words: Demographic, Service, Banking, Quality, and Jordan.

Track: Consumer Behaviour.

1.0 Background

Service quality has become increasingly important in the banking sector. As a service industry, banks are confronted with the task of understanding the differing perceptions of their customers so that a suitable standard of services can be developed. Banks need to identify the different parameters influencing service quality and develop their strategies, so that customers can be attracted and retained in the competitive environment (Mualla, 2011). Jordan has witnessed a growth in the banking sector with intensified competition, making it necessary for individual banks to understand the different perceptions of service quality in order to effectively appeal to banking consumers.

Perceptions of service quality are often influenced by a number of demographic factors, such as, gender, marital status, income, age, occupation, and education. The aim of this study is to assess differences in bank service quality perceptions across demographic subgroups, such as: age, gender, religion, income, education, and occupation, and determine which consumer-intrinsic factors may potentially have an influence on consumer perceptions of the banking service quality in Jordan.

2.0 Conceptual Foundations

Parasuraman, Zeithaml, and Berry (1988) defined service quality as the gap between the expectations of the customers and the service standard which has been delivered. It is subjective, as Gefen (2002) stated, the same service standard can be consistent with levels of service quality that differ from one person to another. Sultan and Wong (2010) showed that service quality reflects perceptions which differ based on the different needs and requirements of customers. Cronin Jr and Taylor (1992, 1994) eliminated some subjectivity in the concept of service quality by showing how the five perceived service quality standards can also be identified through the use of the SERVPERF model.

Research in service quality has been extended to the banking sector in the last two decades. Avkiran (1994) used the BANKSERV measure, based on the SERVQUAL model, in the Australian banking sector to show that four dimensions of service quality influence bank personnel service quality: presentation; credibility, which relates to trust between the bank's staff and clients; communication, which relates to verbal as well as written interactions between bank staff and clients; and customer accessibility, which relates to the adequacy of staff to serve clients. Raven and Welsh (2004) identified gender as a specific demographic factor that facilitates differences in service quality perceptions in the Kuwait and Lebanon banking sectors. This study found that men expect a higher level of service quality as compared to women with reference to expectations, assurance and reliability.

Havinal and Jayanna (2013) used the SERVPERF measure to examine how demographic variables of gender, age, nationality, level of education, annual income, and occupation influence perceived service quality in the banking industry; their findings revealed that education, income and occupation impacted perceived service quality. Seiler, Rudolf, and Krume (2013) conducted a study across 20 banks in the private banking industry in the UK assessing how customer demographics impacted service value, customer satisfaction, and customer loyalty. It was found

that customer satisfaction impacted customer loyalty directly, whereas service value does not have a direct and significant relationship with customer loyalty.

Gagliano and Hathcote (1994) identified different demographic characteristics, including race, marital status, and income, that varied in perceptions of service quality and standards. This was supported by Stafford's (1996) study that identified the different elements of service quality and highlighted how demographic characteristics have a role in shaping service standards in developing countries. Additionally, Gagliano and Hathcote (1994) identified loyalty, service quality, and customer satisfaction as the main dimensions which impact service quality in the banking sector.

Erol and El-Bdour (1989) examined how perceptions of service quality were examined differentiate services of the banking systems in Jordan. Since people differentiate between the different services offered by conventional and Islamic banks, such as foreign exchange, safety deposit boxes, night depository, and traveller's checks, service quality standards also vary based on which services people desire at banks. Naser, Jamal, and Al-Khatib (1999) determined that people's perceptions of Islamic banks were positive due to strong brand name and confidence. People had a strong preference for Islamic banks due to their strong brand image and reputation, despite having fewer facilities in comparison to other private banks. Saleh and Zeitun (2006) used performance evaluation methodology to assess the concepts of profit maximization, capital structure, and liquidity tests to monitor the performance of the Jordan Islamic Bank for Finance and Investment (JIBFI), and the Islamic International Arab Bank (IIAB) in Jordan. It was determined that banks focused on improving service quality and short term investments were given priority, improving their profitability and ensuring that the overall level of service quality was highly dependent on the different service parameters.

The population of Jordan has increased by five percent, and the Jordanian banking system is witnessing growth of 8 percent due to increased people using different banking facilities (Havinal & Jayanna, 2013). With an increasing number of Jordanian citizens and banking consumers, it is worthwhile to gain a better understanding of the demographic profiles of the banking consumers. This could help the banking sector to segment and target the appropriate market and differentiate their offers. Hence, this study has been developed to determine whether there is any demographic difference in the perception of services among the Jordanian banking consumers. Particularly, this study has the following objectives:

- To study the demographic profiles of the Jordanian banking customers,
- To study the demographic differences of the Jordanian banking consumers' perceptions of the service quality.

3.0 Methodology

The research design of this study was investigative and descriptive in nature. Paper-based structured questionnaires were distributed to 2,000 households located in six major cities in Jordan with populations of at least 100,000 people between September 2013 and January 2014. These cities were Amman, AzZarqa, Irbid, Al Karak, Ar-Ramtha, and Jerash. The questionnaires were distributed using a systematic random sampling technique as suggested by current studies (Gilbert et al., 2004; Othman and Owen, 2001). There were 974 completed questionnaires,

yielding a response rate of 48 percent. Of the 974 returned questionnaires, 11 were incomplete and were excluded from analyses. Excluding the incomplete questionnaires, 963 cases remained for analyses.

The questionnaire included 54 Likert-type items measuring perceived service quality, as well as several open-ended questions. The Likert-type items were all on a seven point scale ("strongly agree" to "strongly disagree"). The perceived service quality items were adapted from the 'Carter' measure and the Banking Service Quality (BSQ) measure (Abdullah et al., 2011).

In order to identify demographic differences in the perceptions of bank service quality, a series of one-way between-subjects analyses of variance (ANOVAs) were conducted on the responses for all of the 54 separate questions regarding bank service-quality for each of the following demographic variables: age, religion, gender, occupation, education, and income. Analyses revealing significant differences were further subjected to a series of Tukey honestly significant difference (HSD) post hoc tests to determine which specific subgroups differed significantly from one another. The prime reason for choosing the Tukey HSD test in post-hoc analyses was to best accommodate unequal demographic subgroup sizes, as the Tukey HSD test is the best possible pairwise test available for unequal sample sizes. Analyses were conducted using SPSS v.20.

4.0 Findings

The results of the ANOVAs for items within each demographic grouping variable that revealed significant differences are displayed in Table 1. Due to space constraints, only those items revealing significant differences for each demographic variable are shown in Table 1. Analyses revealed that perceptions of service quality among Jordanian banking consumers differed by consumer age, religion, gender, occupation, education, and income. These results indicate that differences exist between different consumer segments, and further provide evidence of the utility of targeting specific customer segments using services that satisfy the needs and requirements of these segments in the Jordanian banking system.

Table 1:

		ANOVA	
Variables	Survey Items	*F*	*p*
Age	The bank does not charge interest for loans	2.86	.002
	The bank has a comfortable interior design	1.93	.045
	The bank provides easy access to account information	3.01	.001
	Access to banking services is easy (e.g. ATMs, Online banking etc.)	2.11	.026
	The bank's opening hour of operation is useful	3.10	.001
	I trust on this bank's services	1.96	.040
	My transactions are safe with this bank	2.19	.021
Religion	The staff of this bank are confident	5.50	.019
	The bank uses customer's feedback to improve its service delivery processes	3.99	.046
	The bank provides financial advices	4.16	.042
	The bank provides easy access to account information	12.39	.000

| | | ANOVA | |
Variables	Survey Items	F	p
	The bank provides caring attention	3.91	.048
Gender	I have confidence in Bank's operations	4.71	.030
Occupation	The bank provides quality services across its all branches	2.10	.034
	The bank has a good parking allocation	2.04	.040
Education	The bank has adequate branches in convenient locations	2.69	.020
	The bank provides excellent counter services	2.86	.014
Income	The staff of this bank are confident	2.11	.040
	The bank provides services right at the first time	2.46	.017
	This bank is conveniently located	2.61	.011
	The bank is well known	2.11	.040
	The bank maintains confidentiality of its customers	2.16	.036
	The staff of this bank communicate in an understandable way	2.78	.007
	I am satisfied with the employees of this bank	2.37	.021
	Overall, I am satisfied with the bank's products	3.04	.004
	The bank's products fulfil my needs	2.15	.037

4.1 Age

Significant differences were observed across age subgroups for multiple items, classified into the age-ranges: 18-19, 20-24, 25-29, 30-34, 35-39, 40-44, 45-49, 50-54, 55-59, and 65-69 age-groups. However, post hoc analyses revealed no significant group-differences between the separate age-groups, likely due to the number of comparisons and the corresponding adjustments to the significance values to decrease the chance of Type I error.

4.2 Gender

Males scored significantly lower than females for the item, "I have confidence in Bank's operations," Females ($M = 5.44$, $SD = 0.02$) scored higher, on average, than males ($M = 5.17$, $SD = 0.02$), indicating that females felt more confident in their banks compared to males.

4.3 Education

Significant differences were observed across education subgroups; respondents with trade qualifications agreed to a greater extent that their banks offer services in convenient locations ($M = 5.46$, $SD = 0.17$) compared to those with a university degree ($M = 4.89$, $SD = 0.03$), and those with postgraduate qualifications ($M = 4.80$, $SD = 0.06$).

4.4 Religion

Significant differences were observed across religions. Christians agreed to a greater extent than Islamic respondents that: their bank provided financial advice; their bank staff were confident; their banks provided easy access to account information, and their bank provided caring attention.

4.5   Income

Differences in perceptions are observed across many income groups. Such as: "the staff of this bank are confident", "the bank provides services right at the first time", "the bank maintains confidentiality of its customers", "the staff of this bank communicate in an understandable way", "I am satisfied with the employees of this bank", "overall, I am satisfied with the bank's products," and, "the bank's products fulfill my needs". Post hoc analyses did not identify any differences between specific groups for these items, which could be due to the small sample size in the upper income ranges. For the item, "this bank is conveniently located," respondents with lower income ($M = 5.44$, $SD = 1.22$) agreed more than those with higher income ($M=4.51$, $SD=0.03$). Similarly, "the bank is well known," revealed higher scores from the lower income groups ($M=5.04$, $SD=1.38$) than those with higher income ($M=4.52$, $SD=0.42$).

4.6   Occupation

Results revealed that community workers ($M = 6.81$, $SD = 1.92$) felt their banks had quality services significantly more than academics ($M = 5.20$, $SD = 0.05$) and retirees ($M = 3.90$, $SD = 2.31$). There were no other significant differences in mean scores across respondents from different occupations.

5.0 Discussion

The findings and implications from the study are as follows:
- Subgroup differences existed in the perceptions of service quality, based on age, religion, gender, occupation, income and education,
- Customers within the age group of 20 – 39 demand more facilities and services from the banking sector,
- People look at assurance, brand name, and other qualities when making decisions about particular banks,
- Middle to higher income people seek better services and facilities, and
- Educated people seek better services and facilities.

5.1   Conclusion and limitations

There were significant demographic group-differences for all six of the demographic variables assessed in this study: age, religion, gender, occupation, income and education. Results indicate that, in Jordanian banking consumers; perceptions of bank service quality do, in fact, vary based upon demographic characteristics of the consumer. There are some limitations to this study, however, which are important to consider in the interpretation of the findings. Limitations are:
- There is an unequal distribution of groups within the demographic factor which makes generalization of findings to the target population questionable.
- Several groups of people were under represented in the study: old age groups, less educated people, Christians, higher-income subjects, and the unemployed.
- The survey's low response rate could result in biases that prevent general conclusions.

- The instrument used in this study does not provide any quantified measurement of satisfaction with banking service that could be compared across groups and banking experiences.

6.0 Expected contributions

The results obtained from the study could be used by banks to aid in developing their marketing strategies to effectively attract their target customers. These findings also contribute to the knowledge base related to bank service quality and the Jordanian banking sector; and results could be used to guide future studies of bank service quality.

These findings could be applied in the context of the Jordanian banking sector by helping banks to better understand their customers, and subsequently develop strategies to meet customer needs by improving relevant service standards.

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CONSUMER BEHAVIOUR

ABSTRACTS

"Challenge Accepted!"
How Challenge Leads to Storytellers' and Story-Receivers' Narrative Engagement and Persuasion

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Abstract

This paper examines challenge in storytelling, focusing on narrative engagement and persuasion. Results show that consumers-as-storytellers experience more flow and narrative transportation when faced with challenge. Consumers-as-story-receivers also find challenge more narratively engaging in terms of flow and narrative transportation. Flow and narrative transportation are differentially persuasive: Flow increases brand attitude, whereas narrative transportation increases intention to forward.

Keywords: *Challenge, Flow, Narrative Transportation, Persuasion, Storytelling*

Track: *Consumer Behaviour*

A study on the determinants of on-the-go consumption

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Abstract

The amount of food and drinks consumed on the go has increased enormously, so on-the-go consumption seems a rapidly growing market which has significant profit potential. Therefore, this market has gained the attention of both researchers and marketers. The main aim of this study is to understand the determinants of on-the-go consumption and to suggest some inter relationships amongst these determinants. The literature review shows that price consciousness, time pressure, enjoyment and health orientation, are the determinants of on-the-go consumption. From the literature review, a conceptual model is derived and hypotheses are developed. The proposed sample includes 1500 respondents aged 18-year and older to be selected from Australia through an online consumer panel. A survey will be used for data collection. The implications for theory and practice are discussed and the paper concludes with the directions for future research.

Keywords: *On-the-go Consumption, Price Consciousness, Time Pressure, Health Orientation*

Track: *Consumer Behaviour*

Feel Like Giving or Receiving? Pride and Gratitude Differentially Leverage the Effectiveness of Self-focused and Other-focused Marketing Appeals

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Abstract

Firms and marketers have commonly evoked different emotions through their marketing programs. However, most of these ads and campaigns have typically employed the classical conditioning principle to evoke a general positive emotion (e.g., humour) on consumers. Given there are different, discrete positive emotions, it is important to gain a more nuanced understanding of how each positive emotion may have distinct effects on consumer behaviour. To address this important gap, we examine how pride and gratitude can differentially leverage the effectiveness of different marketing appeals. Specifically, gratitude (vs. pride) will increase the effectiveness of other-focused marketing appeals. However, both pride and gratitude (vs. neutral) will increase the effectiveness of self-focused appeals. Furthermore, these pride and gratitude effects are mediated by the appraisal of self-responsibility. The implications of this research can benefit firms and marketers by enhancing the effectiveness of their marketing appeals using appropriate positive emotions.

Keywords: *Pride, Gratitude, Positive Emotions, Promotion, Advertising*

Track: *Buyer Behaviour*

Bringing our Brands into Sharing and Socialising on Social Media

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Abstract

This paper examined how Word-of-Mouth (WOM) manifests in both traditional and electronic settings and its applicability within a social media context (Facebook) from the perspective of the sender. The paper draws on a netnography of eight individual's Facebook pages and augments the data with semi-structured interviews to examine how the sender participates in WOM in the social media setting of Facebook. We conclude that there are distinctive differences between WOM and WOM when applied to social media.

The Impact of Conflicting Judgments on Perceptions of Expertise

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Abstract

Consumers often need to judge the expertise of others in order to decide whose advice to trust or which service provider to select. Since objective expertise is usually hard to observe, consumers resort to heuristics to judge expertise. The present research documents a new heuristic named the conflicting judgment heuristic. We define a conflicting judgment as one that is not perfectly consistent with available quality cues (e.g., higher price leads to higher quality). We propose that a conflicting judgment (e.g., considering a cheaper product as better than a more expensive one) produces two opposite influences on perceptions of expertise. It has a negative influence as such judgments appear less likely to be accurate, but also a positive influence as it signals a more independent judgment not reliant on simple quality cues. A series of studies show a strong effect and well as important moderators.

Exploring the Nature of Online Luxury Brand Communities: The Role of Ingratiation in Understanding Power Dynamics

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Abstract

Luxury brands are increasingly engaging with consumers online, using multiple digital platforms as an extension of their traditional communication channels and retail stores. This growing online presence of luxury brands has resulted in the emergence of new types of online communities dedicated to discussing and exchanging information, opinion, and advice about luxury brands. The present study explores the specificity of these online communities, and the motivations and behaviors of its members, using an observational netnography. We analyze forum activities in the light of Jones' (1964) ingratiation theory. Results suggest high and low-power members use different strategies to maintain and gain status in the community. Low-power members appear primarily motivated by gaining recognition from high-power members and use ingratiation strategies to reach their goals. High-power members gain power by displaying extensive and growing collections of goods and becoming a reference point for their followers.

Keywords: Luxury, Brand-Communities, Social Media, Netnoraphy

Track: Buyer Behaviour

Decision under risk and decision over time: Information processing and reading habits

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Abstract

This study investigates decision makers' information-processing patterns in decision under risk and decision over time by using eye-tracking devices. We find that decision makers employ more alternative-wise than attribute-wise procedures, thus providing empirical evidence for existing major decision models, including expected utility theory, prospect theory, and discounted utility theory. In addition, we find that reading habits play an important role in information processing. Specifically, the results suggest that screen display strongly influences decision makers' information-processing procedures.

Keywords: *Decision Under Risk, Decision Over Time, Eye Tracking, Information Processing, Reading Habits*

Track: *Buyer Behaviour*

The effect of complex nutrition key labels on processing fluency and evaluations of reliability

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Abstract

In 2010, the White House Childhood Obesity Task Force introduced the front-of package nutrition labels. **The purpose of this labelling system is to provide consumers with consistent and reliable information in an easy to understand format. Despite these potential benefits, there is a concern regarding how nutrition information is reported, as FDA regulations allow manufacturers some discretion in how information is presented (Mohr, Lichtenstein, and Janiszewski 2012). In this paper, we explore the effect of using decimals vs. whole, rounded numbers on consumer evaluations of reliability of the nutritional information. In three studies, we demonstrate that nutrition keys with whole, rounded numbers are considered less complex and are easier to process (fluency effect) than nutrition keys that include decimals (disfluency effect). In addition, we show that the effect varies with the extent of the consumer's need for cognition and construal mindset. We demonstrate the effects across healthy and unhealthy products.**

Keywords: *Front-Of-Pack Labelling, Processing Fluency, Information Reliability.*

Track: *Buyer Behaviour*

The "Mystery Effect": The Effectiveness of Fantasy Themes on Food Labels

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Abstract

Although companies spend billions annually for packaging and labelling, little is known about the specific features of package design that influence consumers' responses. Meanwhile, the use of fantasy themes (i.e., a fiction genre using imaginative elements and unreal creatures) is increasing in many product categories, yet it is unclear how consumers actually react to fantasy themes on product labels. This research builds on the principle of hedonic dominance (Chitturi et al., 2007) and proposes that fantasy themes enhance purchase intentions, only when brand trust is established. Across two on-line experiments (using samples of different countries) we find a consistent pattern suggesting that product trust moderates consumers' responses to fantasy-themed labels.

Keywords: *Label Design, Fantasy, Trust, Hedonic Dominance*

Track: *Buyer Behaviour*

Disparaging humour increases brand attitude among the powerless

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Abstract

While the potential benefits of integrating humour into advertisements are widely recognised, the reasons why these beneficial effects emerge are not. Drawing on literature regarding the impact of psychological feelings of power, this research examines how power motivation interacts with the presence of disparaging humour in ads to influence ad-related outcomes. Across two studies, ads featuring disparaging humour increased participants' sense of superiority, but only among those with high power motivation. This heightened sense of superiority, in turn, induced more favourable attitudes towards the brand featured in the ad. These effects do not, however, extend to ads featuring non-disparaging humour, indicating that it is the presence of disparaging humour, and not humour per se, that is responsible for these effects. Implications for theory and practice are discussed.

Keywords: *Humour, Power, Brand Attitude, Advertising*

Track: *Consumer Behaviour*

Male-Male Status Signaling Through Favoring Organic Foods: Is the Signaler Perceived and Treated as a Friend or a Foe?

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Abstract

Even though consumers' status signaling is a heavily researched topic, empirical contributions from two important research areas – the mundane food context and prosocial status signaling between male consumers – to signaling literature are still scarce. Thus, this study empirically investigates how a male signaling about his status through favoring organic foods is perceived and treated by other males in two different sociocultural settings (urban vs. rural). In an urban area – but not in a rural – the pro-organic signaler was perceived as more respected, altruistic and affluent than a male who did not signal about this (he also received statistically more money in a charity donation task). This may indicate that signaling about this tendency – because it can be viewed as a costly signaling trait – is not only a way to attain status, but can also make others behave more positively toward the signaler.

Keywords: *Organic Food, Sustainable Consumption, Status Signaling, Altruism, Male-Male Signaling*

Track: *Consumer Behaviour*

Effects of Digital Envy on Brand Word-of-Mouth (WOM) and Peer Appraisal

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Abstract

Envy is an emotion that follows upward social comparison. It occurs when a person covets but lacks what another possesses. Envy is now becoming prevalent on Facebook. A 2x2 experiment was conducted on the swimwear category. It found that the two types of envy (deserving and undeserving) and brand familiarity (known and unknown brands) have different outcomes for brand WOM, peer appraisal and intensity of the envy experienced. The deserving condition generates more positive brand WOM, peer appraisal and a higher intensity of envy than the undeserving condition. For brand WOM, the effects of a known brand is stronger.

Keywords: *Digital Envy, Brand Word-of-Mouth*

Track: *Buyer Behaviour*

The impact of aesthetically pleasing tableware on consumption: The examination of gender differences

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Abstract

Overconsumption of unhealthy food is one of the most common causes of overweight and obesity, yet preventable if consumers are aware of factors affecting their eating behaviour. This research examines the influence of tableware aesthetic on consumption and identifies the moderating function of gender and food type. Two lab experiments with real food consumption have established that aesthetically pleasing tableware increases the amount of unhealthy, hedonic food consumed by males but decreases the intake among females. Using attractive plate, men also eat more than women. This effect is however insignificant with utilitarian food. Excessive consumption of hedonic food among males leads to lower enjoyment, indicating overall negative effect of aesthetically pleasing tableware on men, but not on women. The research provides useful insights for health professionals, hospitality businesses and individuals in managing food consumption and usage of attractive tableware, but not at the cost of overall satisfaction and health concerns.

Keywords: *Aesthetics; Health Marketing; Gender; Hedonic Consumption.*

Track: *Consumer Behaviour*

See, Feel, Do: The cross-modal effects of colour in food advertising

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Abstract

This study explores cross-modal interactions between vision and the sense of touch. Specifically, it extends previous research and shows colour in food advertising can influence expected texture of food products. Across three experiments, the study identifies the presence of cross-modal colour-texture effects, tests whether the effects hold when ad copy is included and examines the implications for a range of marketing metrics. Conceptually, we show that a person's Need for Touch (NFT) provides a measure of cross-modal sensitivity that moderates the effects.

Keywords: *Cross-modal, Advertising, Touch, NFT*

Track: *Consumer Behaviour*

Impact of Pictures versus Words on Formation and Change of Implicit Attitudes

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Abstract

Across three studies, we show a differential impact of pictures versus words on the formation of new implicit attitudes, as well as the alteration of old-implicit attitudes. Further, we also show that the impact of pictures versus words depends upon the type of implicit attitude being altered. Specifically, the impact of pictures is greater than words in altering cognitively-laden implicit attitudes whereas the impact of words is greater than pictures in altering affectively-laden implicit attitudes.

Keywords: *Implicit Attitude, Pictures, Words, Evaluative Conditioning, Implicit Attitude Test*

Track: *Buyer Behaviour*

Trust in Electronic Word-of-Mouth as the
Key Moderator of eWOM Influence

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Abstract

In this paper, we advance the conceptualization and measurement of the eWOM Trust construct by investigating its nature, theoretical scope and role for eWOM influence. After introducing a reliable and valid multi-item scale (the eWT-S), we developed an integrative conceptual framework to distinguish generalized trust from situational eWOM Trust; consider their possible moderating role for online interpersonal influence; and determine their different antecedents, correlates, and consequences. In this paper, the conditions under which trust becomes operational are also discussed. Preliminary empirical evidence demonstrates that our model facilitates a better understanding of eWOM phenomena. This is particularly true for the explanation of recipients' intense attitudinal and behavioural changes triggered by online customer reviews and recommendations.

Key words: *Electronic Word-Of-Mouth, eWOM, Interpersonal Influence, Persuasion, Trust*

Track: *Consumer Behaviour*

Exploring Consumers' Readiness to be Green in an Emerging Market

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Abstract

Consumers' awareness of green products has increased in the last few years but studies shows that demands of green products have been stagnant. Thus, the purpose of this study is: (1) to examine consumers' green perceptions and readiness to be green across different demographics profiles (i.e. age, gender, and religion), (2) to explore how consumers' green perceptions influence their readiness to be green and subsequently, how readiness to be green impact consumers' purchase intention of green products. A total of 710 survey responses were collected in three universities, two major shopping malls and several housing areas in Yogyakarta, Indonesia. The findings reveal that consumers' green perceptions shape their perception of how *ready* they are to be green but gender, age and religion also influence their green perceptions. The study provides further insights into the discrepancy between professed positive attitudes towards the environment and the slow uptake of green behaviour.

Keywords: *Consumer Green Perceptions, Readiness to Be Green*

Track: *Consumer Behaviour*

Social Media and Women Empowerment

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Abstract

The effectiveness of social media to create empowerment among women is important, particularly in regions where they have been marginalised for generations. The research objective is to test whether the use of social media, specifically Instagram, contributes to empowerment, and to identify the mechanism that enhances its effectiveness. A sample of 372 women bloggers/instagrammers participated in the survey. Results from the structural equation modelling indicate social media influences directly and indirectly -through sense of community- the perception of psychological empowerment. Two dimensions of psychological empowerment namely sense of impact/influence and perception of self-efficacy drive self-esteem. Findings suggest that having a sense of virtual community is as important in creating empowerment as being part of a real community.

Keywords: *Empowerment, Social Media, Women*

Track: *Buyer Behaviour*

Emotions in Sustainable Consumption: A Study of Highly Sustainability Concerned Consumers

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Abstract

Emotions constitute an important dynamic of human behaviour and in consumer research emotions have been found to influence consumer action. This paper investigates emotions in sustainable consumption. First, consumer's intention of sustainability living, in terms of consumption and purchases are investigated. Second, while most of the research has investigated intention to buy green products this research takes a different direction and examines the underlying causes that contribute to sustainability praxis. A qualitative study is undertaken with a triangulation approach. Modified Thematic Apperception Test was conducted to identify deeper emotions. This paper contributes to theory by uncovering the role of positive as well as negative emotions in sustainability and the role of emotional regulation in consumer behaviour within this domain. Future research directions are discussed.

Keywords: *Sustainable Consumption, Positive Emotions, Negative Emotions, Valanced Emotions, Emotional Regulation*

Track: *Buyer Behaviour*

Exploring the Robustness of the Attraction Effect Using Eye-tracking

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Abstract

The attraction effect concerns that adding a decoy, or inferior, option to a choice set can affect the relative choice shares of existing options. The effect has been much replicated but there is ongoing debate about its robustness and generalizability and there is also still limited understanding of the decision processes that underlie the effect. This study investigates how the attraction effect compares across two decision settings, one in which product attributes are displayed in a typical matrix format and one which also displays pictures of the products. Findings from a lab study utilising eye-tracking suggest the attraction effect manifests in the matrix but not in the picture format. The eye-movement data however reveal for both conditions a relative increase in attention to the target when a decoy is present, suggesting the decision processes are similar in both conditions.

Keywords: *Consumer Decision-Making; Context Effects; Attraction Effect; Eye-Tracking; Experiments*

Track: *Consumer behaviour*

Explicit and Implicit Framing Effects on Product Attitudes When Using Country-of-Origin Cues

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Abstract

Research, so far, has not dealt with explicit and implicit consumers' product attitudes and its effects when framing the product with country-of-origin cues. The present paper addresses this research gap by surveying consumers in Germany. The results provide evidence for an impact of COO cues on both attitude types. A negative effect on explicit attitude was revealed when the domestic product was framed either with a domestic COO branding or foreign COO branding, but by tendency a positive explicit attitude enhancement was identified for both COO branding conditions when framing a foreign product. Regarding implicit attitude, the empirical results also indicate a negative influence of both COO frames for the domestic product. However, the impact of a foreign frame on implicit attitude was positive to a moderate degree for the foreign product, while no impact was identified for the domestic frame.

Keywords: *Country-of-Origin, Framing Effect, Explicit Attitude, Implicit Attitude, Product Attitude, Reaction Time Measurement*

Track: *Consumer Behavior*

Reviewing the Influence of Aging in Consumer Behaviour: Can we Learn From Demography?

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Abstract

In this paper, we review 128 quantitative empirical studies on the behaviour of older consumers published in the last 35 years (from 1980 to 2014) in 35 peer-reviewed journals. The purpose of this procedure is threefold. First, we aim to summarize what is known on age-related changes in consumer research and how these changes are assessed. Second, by doing so, we show that the influence of specific aspects of aging on consumer responses is still an under-researched area that needs further attention. Finally, we introduce a well -established concept from demography, the "characteristic age" approach, to the field of consumer behaviour, to facilitate and enrich research on the influence of specific aspects of the aging process.

Keywords: *Older Consumers, Aging, Consumer Behaviour, Characteristic Age*

Track: *Consumer Behaviour*

Exploring Interpretations of Inspirational Messages on Social Media

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Abstract

Inspiration can be understood as "a motivational state evoked by a revelation (trigger) and directed towards the conversion of transcendent-revealed knowledge into a work of art, a text, or some other concrete form" (Thrash and Elliot 2003, p. 871). Simplified inspirational literature is described by Gokhale (2012, p. 400) as "interpretations of reality [that] are packaged in simple, crystallized nuggets of wisdom". Inspirational messaging on social media is an emerging phenomenon potentially impacting engagement on social media platforms and consumer beliefs and values. It differs from inspiration found in traditional advertising (Hirschman and Thompson, 1997) in that it is not instrumental in purpose. This study explores the interpretive strategies consumers use to decode these messages and the influence of these interpretations on their active participation in dissemination. We sought understanding of this phenomena through an exploratory qualitative approach. Three cultural interpretive meanings were identified, and were found to be conditional on the sender-recipient relationship and temporal factors. Receiver interpretations included spiritual inspiration, inspiration through identification and affirmation or, when the messages were not interpreted as inspirational, receivers experienced scepticism. Based on interpretive meaning and level of participation in the inspirational messaging process, a consumer typology is formed. The study concludes that inspirational messaging provides consumers a means to attain spiritual goals, either through self-transcendence or enabling others to reach such a state as well as through affirming identity. This process has the potential to shape values and beliefs with social implications that impact marketing.

Keywords: *Spirituality, Social Media, Inspirational Messages*

Track: *Consumer Behaviour*

Who are Trolls, and Why Do They Still Find Ways to Troll? A Conceptual Paper

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Abstract

Online trolling is a pervasive phenomenon, performed by 'real' perpetrators and at the expense of 'real' targets. Yet little academic attention has been given to this topic, resulting in a lack of agreement regarding what trolling actually is and how it should be combated. This conceptual paper reviews and integrates existing definitions of trolling and evaluates the current strategies to manage it. Building on the previous definitions and setting trolling apart from other types of online misbehaviours, we argue that trolling behaviours should be understood as deliberate, deceptive, and playful acts that are designed to elicit a target's response and performed to benefit the troll. The plethora of these behaviours, varying in their (dis)tastefulness, requires a kaleidoscope of regulatory mechanisms. We suggest re-thinking the existing ones, as they are ineffective and counter-productive. Understanding the underlying motives of why trolls actually troll would present a way forward in our prevention efforts.

Keywords: Online Trolling Behaviours, Trolling Control Mechanisms, Social Marketing

Track: Consumer Behaviour

Place Attachment: Segmenting Event Attendees

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Abstract

This study aims to segment attendees of cultural festivals using the place attachment construct in environmental psychology. Using data collected at the three events in Texas, USA, this study identified attendees on the basis of their attachment levels and tested if the segments differ in their sociodemographic and trip characteristics. Results suggested two groups whose attachment levels were incremental using respondents' scores on the bidimensional place bonding. The highly attached reported the highest scores on all dimensions, indicating the strongest emotional place bonding; they were followed by visitors with low attachment. The high-attachment group displayed strong identification with the event in line with their self-images and was less likely to substitute that event because of its ability to fulfill visitors' specific goals and needs. Furthermore, repeat visitors reported stronger emotional bond to the event. Based on these results, theoretical and practical implications of this study are provided.

Keywords: *Market Segmentation, Place Attachment, Events*

Track: *Consumer Behaviour*

The Effect of Empty Space on Persuasion

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Abstract

This article demonstrates that the empty space surrounding a text message affects the message's persuasiveness. Five studies provide converging evidence that empty space impairs persuasion in both field and laboratory settings. The effects are necessarily mediated by the inferences about the communicator's attitude strength — with little space surrounding the text, recipients of a message perceive the communicator conveying the message in a strong attitude and leaving no room for counterargument. Further analyses confirm the attributional bases of the inferences drawn from empty space, indicating that recipients do not make these inferences when a message is generated randomly by computer. Empty space has little impact on the amount of attention and elaboration that people devote to the message. Besides, the effects of reactance and metaphorical inferences cannot easily explain our findings.

Keyword: Empty (White) Space, Persuasion, Conversational Inference, Misattribution

Track: Consumer Behaviour

Patterns of word of mouth for luxury brands

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Abstract

There is speculation about whether effective luxury goods marketing is different from that of conventional products. We test two well-established patterns of word of mouth (WOM) in luxury goods categories. First, positive WOM is more common than negative WOM; and second, penetration of WOM correlates with brand penetration. These propositions are tested across two luxury categories: clothing/accessories and watches in the US and Russia (n=420). Positive WOM is more prevalent than negative WOM in both categories and countries. For clothing/accessories, on average, positive WOM is 8 times higher in the US and 14 times higher in Russia; and for watches, 8 times higher in both the US and Russia. While positive WOM is highly correlated with market share, negative WOM has a weaker relationship. These results provide insights into prioritising positive or negative WOM and guidelines for the level of WOM brands can expect when assessing their buzz generating strategies.

Keywords: *Word of Mouth, Luxury Brands, Market Share.*

Track: *Buyer Behaviour*

The Bold and the Beauty: How Feeling Beautiful Leads to More Extreme Choices

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Abstract

Although beauty is a concept that has been widely discussed in philosophy, psychology, and economics, choice researchers have not examined how people's perceptions of their own physical attractiveness might impact their preferences. The authors posit that enhancing people's perceptions of their attractiveness increases their general self-confidence, resulting in a shift in their relative preference among options in subsequent unrelated choice tasks. Six studies demonstrate that people who feel more beautiful are more likely to choose options that are associated with greater confidence: extreme over compromise options and enriched over all-average options. The article concludes with a discussion of theoretical implications and managerial consequences of the findings.

Keywords: *Feeling Beautiful, Self-Confidence, Extreme Choice, Compromise Choice*

Track: *Consumer Behaviour*

Customer Engagement Benefits: A Customer Perspective and Strategic Implications

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Abstract

Customer Engagement (CE) is a concept that has emerged recently to capture the total set of customers' behavioural activities towards a certain firm or brand. In this context, the purpose of this paper is to empirically study the effects of different CE behaviours on the perceived benefits resulting from these activities. We combine the published results of CE behaviour and benefits research with an empirical research approach in order to gain deeper insights into various CE behaviours and benefits. The results of our empirical studies (36 in-depth interviews and a quantitative study with n = 255) revealed that CE can be divided into "value creation-focused CE", "online-focused CE" and "customer-to-customer interaction-focused CE". Additionally, six CE benefits were identified: social, relationship, autonomous, economic, altruistic and self-fulfilment benefits. It is shown that the CE behaviours lead to the perception of various benefits. The findings provide ideas about how firms can foster different CE behaviours by addressing the right benefit types.

Key words: *Customer Engagement Behaviour, Customer-To-Customer Interaction, Co-Creation, Online Engagement, Benefits*

Track: *Consumer Behavior*

The Upside of Choice Set Un-categorization

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Abstract

Previous research has shown that organizing products by category has positive effect on consumer evaluations. The current research, however, examines the conditions under which an uncategorized product display benefits consumers. We show that consumer satisfaction is jointly determined by product categorization and shopping motivation. When consumers shop for fun (experience-oriented shopping), an uncategorized product display generates greater feelings of arousal and pleasure, which in turn leads to more favorable shopping experiences and product evaluations (thereby demonstrating a positive uncategorization effect). However, when consumers adopt a task-oriented shopping motivation, they are more likely to benefit from a categorized product display. By investigating the underlying mechanisms, we show that consumers' shopping orientation determines the role of their cognitive appraisals versus affective responses to the choice set in affecting their shopping evaluations. Four experiments provide consistent evidence supporting our predictions and the hypothesized process.

Keywords: *Categorization, Evaluation, Consumer Satisfaction, Shopping Orientation, Motivation*

Track: *Consumer Behavior*

Wanting Ever More:
Acquisition Procedure Motivates Continued Possession Acquisition

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Abstract

What drives consumers to invest resources to acquire material possessions? We suggest that, aside from the consumption utility and the psychological benefits that possessions deliver, people are motivated by the procedure of acquiring them. In six experiments, we compare two procedures: piecemeal procedure, whereby a quantity of possessions is acquired gradually through repeated small efforts; and lump-sum procedure, whereby more possessions are acquired all at once through a longer period of work. Holding constant the total quantity of acquired possessions and the effort-possession exchange rate, we find that piecemeal procedure is more likely to motivate effort investment to earn rewards in the future than lump-sum procedure, because the former results in a greater sense of achievement. If that sense of achievement is curtailed, piecemeal procedure is no more motivating than lump-sum procedure.

Keywords: *Acquisition Procedure, Achievement, Piecemeal Procedure, Lump-Sum Procedure.*

Track: *Buyer Behavior*

Whether to Reveal or Not Reveal Stock and Sales Information: Effects of Displaying Stock and Sales Level Information On Consumers' Online Product Choices

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Abstract

Online retailers sometimes reveal to customers how many items they have in stock for a product or how many items have been sold. The underlying assumption seems that high sales levels signal popularity and quality, which will stimulate more sales; low remaining stock levels will signal popularity, and hence quality and also potential availability, and thus stimulate sales. This study tests these assumptions in a scenario-based online experiment in which participants choose between competing products for which information about sales and stock is displayed. Results show that higher sales levels indeed result in an increase in the likelihood of product choice, while higher stock levels decrease this likelihood. When both sales and stock information is presented, the sales effect dominates and the stock effect reduces. Analyses reveal how perceptions of popularity, quality, availability and attractiveness of the product mediate the effects of sales and stock levels on consumer choice.

Key words: *Retail Sales Level; Retail Stock Levels; Perception of Popularity; Perception of Quality; Product Choice.*

Track: *Consumer Behaviour*

How dependent are buyers on their favourite brands?

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ABSTRACT

The aim of this paper is to establish the importance and nature of favourite brands in consumers' repertoires. We use two years of individual level panel data from a packaged goods category in the US. We find that heavy buyers are not more loyal to their favourite brand than are medium or light buyers. Next, we find that the top three brands account on average for 50% of category requirements and there is consistency as to what the top three brands are for the different buyer groups. Finally, we find that the repertoire size depends on the number of brands purchased to a certain degree, however past 21 brands, the repertoire size is stabilising regardless of how many purchases have been made. We outline implications for brand managers and retailers at the end of the paper.

Consumer Shopping Behaviour: Fluidity of Time and Money

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Abstract

In this study we examine consumers' fluidity of time and money during grocery shopping – that is the difference between the actual and planned spending of time and money in a supermarket. While most studies consider time and money budgets as important, these variables are mostly used as control variables. The notion of fluidity of consumers' time and money has received little attention in the literature. Using pilot data from supermarket intercept survey before and after the shopping trip, we empirically investigate the drivers of consumers' fluidity of time and money. Our results indicate that in-store promotions, shopper attitudes and demographic characteristics influence the fluidity of money. However, the above mentioned variables do not drive the fluidity of time.

Keywords: *Shopping Behaviour; Retail Promotions; Shopping Attitudes*

Track: *Buyer behaviour*

Does believability matter? An exploration of women's responses to a weight loss concept

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Abstract

Weight loss is an increasingly important, yet elusive goal for many consumers. Using data from 14 in depth interviews, we explored how women, currently attempting to lose weight, made sense of a food product concept which claims to provide greater fullness for longer. Taking a constructivist approach, we focussed on the believability appraisals of the participants and their past weight loss experiences, to give unique insight into the cognitive and emotional aspects of their response. The findings revealed that participants were initially circumspect and protective of their believability judgments. Jaded by previous weight loss failures, and with an awareness of their limited self-control and tendency to eat when not physically hungry, they reserved judgement. Yet, most participants wanted to try these fortified foods "just in case". Overall, the study provides new insights into how consumers balance judgements between cognitive expectations and hopeful, wishful thinking. It contains implications for marketers.

Keywords: Believability, Hope, Weight Loss, Hunger Control

Track: Buyer Behaviour

Understanding the Influence of Workplace Values on Generation Y's Attitude Towards Teleworking

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Abstract

Telecommuting (teleworking) presents an alternative mode of working, yet its uptake in Australia lags other countries. Drawing upon the hierarchical values attitudes-behaviour (VAB) model and Generation Y literature, a theoretical framework is developed with lifestyle values and work-operational values (as higher-order constructs) influencing attitudes towards teleworking, which then influences behavioural intentions towards teleworking. The work-operational values' lower-order constructs are job dedication, job security, need for immediate feedback, organisation fit and career development. The lifestyle values' lower-order constructs are work flexibility and work-life balance. This framework is empirically tested using 288 Generation Y respondents from a major Australian university. Analysis was conducted using SmartPLS v3 using recommended procedures. The results support the theoretical framework. Work-operational values had a negative influence and lifestyle values a positive influence on attitudes, which had a positive influence on behavioural intentions towards teleworking.

Key words: *Telecommuting, Telework, Values, Attitudes, Behaviour, Generation Y*

Track: *Buyer Behaviour*

MARKETING EDUCATION

FULL PAPERS

The Public Opposition to University Deregulation

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Abstract

This study examines findings from recent surveys conducted to understand public opinion towards the Federal government's proposed changes to higher education. Frequently labelled 'deregulation', these changes include modifications to the HECS-HELP system, government funding reductions, and provision for universities to determine tuition fees for domestic students. Our research shows that public opinion amongst those familiar with universities strongly oppose deregulation and will impact voting behaviour. The overwhelming feedback is to maintain the existing HECS-HELP system, with possible modifications in the form of flexible repayment parameters and refined tuition bands. With such negative market responses, this study indicates a potential higher education policy failure. However, our findings also indicate alternative policy changes to appease public expectations. *Keywords: university deregulation, HECS-HELP, student contribution band, higher education policy Track: Macromarketing and Marketing and Public Policy*

Introduction

Internationally, there has been a significant decline in government funding to higher education, particularly following the Global Financial Crisis, with a pattern of cost-shifting from the public to the private purse (Mazzarol and Soutar, 2012). Even in the US, this has seen new loan arrangements with investment firms based on graduate incomes (Whigham 2015). In Australia, the Higher Education and Research Reform Amendment Bill 2014 proposed "*the most radical changes to the higher education sector*" (Ey, Bills Digest 2014, p3), reducing government subsidies for Commonwealth Supported Places (CSPs) by an average of 20%. To compensate, the bill concurrently proposed that universities would determine their own tuition fees, rather than the current system by which charges are uniform, with variations only across three sets of degrees (bands). Much debate has centred on how high tuition fees will reach under this proposal. For example, in a submission to the Senate Committee inquiry, the University of Western Australia proposed a flat tuition fee for all courses at $16,000 per annum for five undergraduate degrees (BSc, BA, BCom, BDesign, BPhil), about $9,000 more than the lowest HECS band and about $5,000 more than the highest HECS band. There has also been uncertainty about the capping of deregulated fees, including options to restrict charges to be lower than those imposed on international students. The Bill also proposed major changes to the HECS-HELP system (the Higher Education Contribution Scheme-the Higher Education Loan Program), including: 1) removing the maximum student contribution amounts, 2) using new loan indexation, 3) changing repayment parameters (e.g., threshold; rates), and 4) abolishing some student benefits.

The government has argued that deregulation will increase the international competitiveness of Australian universities, make HECS-HELP fair, and allow funding to be more sustainable (Bills Digest, 2014; Pyne, 2014). It also suggests low socioeconomic status (SES) students will be given more opportunities by via a possible scholarship system. However, the Bill has since been rejected by the Senate in December 2014 and in March 2015. Undeterred, the government has not ruled out reintroducing the Bill in the future, with possible amendments or delayed to seek further approval from Senators holding the balance of power (Knott, 2015).

Despite the potential tangible benefits to the Commonwealth budget, there remain questions

regarding public views of the proposed policy change. Much media commentary has suggested a negative sentiment exists amongst the public, which has been visibly evident in several public protests and demonstrations. However, this level of disapproval may potentially be unrepresentative of a larger majority or among those with a vested interest or knowledge of the system. There is also commentary on the varied levels of support that may exist for the alternate ways changes could be carried out. For example, the three-tier HECS contribution system was first introduced by the Howard Government in 1996 to promote equity of access. At present, a student can contribute from less than 40% to over 80% of course costs depending on their areas of study (see Table 1). However, some debate has focused on whether in a deregulated market, students should pay an equal proportion or an equal amount, or allow deregulation, but modify the band system to be even more aligned with degrees in terms of earnings potential and related funding received.

The aim of this research is to understand public opinion with respect to the proposed changes. We present findings from recent surveys we conducted using a randomly selected set of New South Wales (NSW) respondents who are familiar with higher education. We consider public opinion directly related to the HECS-HELP system, the three-tier HECS bands, general views on university deregulation and impact on voting intentions. We first review the recent history of the sector to understand where public opinion has emerged and related literature that offers better insights into the merits and criticisms of various funding systems.

Arguments for and against HECS style university funding presented in the literature
The Australian higher education system has experienced many changes. Of particular note for the current research context was the introduction of HECS by the Hawke Government in 1989. Discounts for up-front payments and deferred repayment system using a threshold amount tied to taxable income were similar to present arrangements. A later amendment by the Howard Government in 1996, introduced the present three-tier HECS banded system in which degrees are categorized resulting in substantial differences in both Commonwealth funding and tuition fees. In 2005, a reform to the HECS system saw the growth of tuition fees by 25% and some further modifications to become the HECS-HELP system (see, Stokes & Wright 2010). In Table 1, annual government and student contributions in 2014 for main disciplines are summarised (Ey in Bills Digest, 2014).

Table 1: Government and student contributions for main disciplines

Disciplines	Funding cluster	Band	Student contribution	Government contribution
Law, accounting, administration, economics, commerce	1	3	$10,085	$1,990
Humanities	2	1	$6,044	$5,530
Maths, statistics, built environment, computing, health	3	2	$8,613	$9,782
Behavioural sciences, social studies	3	1	$6,044	$9,782
Education	4	1	$6,044	$10,178
Psychology, foreign languages, visual/performing arts	5	1	$6,044	$12,031
Allied health	5	2	$8,613	$12,031
Nursing	6	1	$6,044	$13,432
Engineering, science, surveying	7	2	$8,613	$17,104
Dentistry, medicine, veterinary, medicine	8	3	$10,085	$21,707
Agriculture	8	2	$8,613	$21,707

Several reasons supported the introduction of the HECS system. First, there was burgeoning demand for higher education at the time. Second, abolishing tuition fees since 1974 caused little in changing the socio-demographic composition of the student population. Third, for the government and taxpayers to fund higher education fully was considered unfair and

regressive in income distribution terms. Bringing out an income-contingent, risk sharing loan system (i.e., risk shared by taxpayers) like HECS was well valued and necessary (Chapman & Ryan 2005; Johnstone 2009). Long (2002) states that HECS has maintained a good balance between public and private costs for higher education. Rasmussen (2006) used qualitative interviews to study the main concerns of students such as motivation, costs, self-judgment and pre-university experience and reasoned that the HECS system was a model for both public and individual growth that can bring many benefits to higher education.

One of the more contentious issues in relation to funding tertiary education is how any proposed system will impact the study intentions and performance of potential and enrolled students from low SES backgrounds. Stokes & Wright (2010) show that tuition fees did negatively impact low SES enrolments. In arguing for decreasing tuition, they encouraged governments must not just consider a monetary comparison of private versus social returns, but also consider non-monetary benefits. However, Chapman & Ryan (2005) and Beer & Chapman (2004) indicated that the negative impact of tuition fee increase among low SES students is not significant if using present values of loans in the calculation and taking into consideration of other factors like repayment threshold. Birch and Miller (2006) contend that students from (lower) higher SES can(not) afford to make more up-front payment so they are less (more) affected by fee increases. Looking across OECD countries, including Australia, Maani (1996) demonstrates that demand for higher education is price elastic among low income groups, but inelastic for the high income group. Flores & Shepherd (2014) examination of tuition deregulation in public institutions in Texas found that deregulation can affect certain ethnic groups more so than others. They conclude that the potential disproportional presentation of certain groups at two-year, open-access institutions relative to elite four-year institutions can be mitigated by increasing resources, information and outreach for students of higher financial needs, but also via government funding formulas that provide incentives and oversights for institutional behaviors that anticipate such negative outcomes.

Another point of debate has been with respect to the band system's potential to decrease the attractiveness of some study areas, even those of interest to a student (Harman, 2002), including enrolments in science (Dobson, 2006). Using national data on higher education in the US, Shin & Milton (2008) found that enrolments in different majors are sensitive to tuition increase. They suggest a cost-related tuition policy by adjusting tuition fees based on costs for different majors. In Canada, tuition fees for professional programs (medicine, dentistry and law) experienced large increases relative to other discipline areas following deregulation in the late 1990; however the relationship between enrolment patterns among different socioeconomic groups and qualifications of parents were mixed (Frenette, 2008).

Other research examines the impact of repayment systems and students' lives after graduation. Braithwaite & Ahmed (2005) investigated tax morale among Australian graduates. They found that graduates who experience dissatisfaction throughout their university studies have a lower 'HECS morale', which they define as a graduate's internal obligation to pay back loans. Birch & Miller (2008) called for more research to quantify the relationship of HECS on students' lives during and after university. They argue that deferring HECS payments presents several negative outcomes for both periods, resulting in higher failure rates, lower academic achievement, and a negative impact on work choices following graduation. Dobson (1997) also warns of potential significant cash flow shortfalls for governments because of the long cycle from issuing loans to receiving repayments via taxation.

Flacher & Harari-Kermadec (2013) argue that population heterogeneity should be introduced in policy making to offset both the existence of imperfect information between students and universities, and the absence of a safety mechanism to guarantee talented lower SES students have opportunities for higher education. Duckett (2004) argues that increasing tuition fees profoundly changes how universities operate. In a market-driven environment, universities face heavy penalties if wrongly positioned, with either over-enrolment or under-enrolment problems, potentially overfocusing on fees and markets more so than students and staff.

The prior literature presents a solid debate regarding Australian universities and tuition arrangements. The support of the public, however, remains a further source of evidence for what they believe works, should be supported and whether changes in terms of deregulation or to the band system should be considered as part of the government's strategy for tertiary funding. In the next section we describe the method and results by which this was done.

Method
The study was designed with two rounds of online surveys consisting of a mixture of open-ended questions, associated follow-up or pre-cursor quantitative polling style questions, as well as various sociodemographic measures. All questions were preceded by a factual explanation of the current HECS-HELP system, three-tier banded system and proposed deregulation. A smaller sub-sample who did not view this information were used to examine whether this information affected responses, however, there was no evidence to suggest this. The first round of collection occurred in December 2014 with a pilot of 169 respondents. A sample of 315 respondents was then surveyed in March 2015. The results did not change across these two time periods, so we report on the combined set of 484 respondents. Data was collected using an online panel company. Invited respondents, all from New South Wales, were over the age of 16 (average 42 years), 54% males, and included two-thirds living in Sydney, 19% in larger towns, with the remaining living in smaller towns (11%). The average gross household income was approximately $1,735 per week ($90,256 per year). Qualifying respondents were required to be familiar with the higher education system. As such, respondents or dependent family members had studied, were studying, or were intending to study in the very near future at university. On average, there were 2.98 'occasions' that respondents had some relationships with universities, indicating an extremely knowledgeable and relevant group. As such, 68% of the sample held a university degree qualification, much higher than the 23.7% of Australians reported by the ABS (ABS, 2012).

Results
The results indicate strong support for the current HECS-HELP and three-band system, with a strong disapproval for the government's proposed deregulation. This sentiment is indicated in answers to all styles of questions, including an 11-point scale of disagreement (0) to disagreement (10) (see, Table 1). In total, 77% of the sample supported the current HECS-HELP system and 66% supported the current three-band system. In contrast, the proposed deregulation of tuition fees is supported by only 31%, with almost half (48%) of respondents in disagreement with the proposed change. However, around 15 to 20% were neutral on the various systems and views on deregulation appear less extreme relative to the existing systems. In that regard, the open-ended questions provided additional insights into the support or conditional support of respondents for various programs.

The opposition to negative deregulation and support for the current HECS and three-tier fee structure was mirrored in open-ended responses. In each case, responses were classified as being positive, conditional, neutral, or negative, and further grouped with the various

suggestions about modifications being made. In this regard, an overwhelming 69% of the 353 valid responses suggested the HEC-HELP system to be fair and retained with no changes. On the other hand, around 15% suggested keeping the scheme, but suggesting modifications, including those relating to extending or shortening the duration for repayments and lowering or increasing thresholds (10%). Only 5% suggested the scheme be entirely abolished, 9% suggested lowering fees, whilst 5% argued that education should be entirely free.

Table 2: Levels of support for existing and proposed systems (n=315)

Level of agreement with system:	HECS-HELP	Three band system	Deregulation
Strongly disagree (0,1)	2%	6%	28%
Somewhat disagree (2,3,4)	5	10	20
Neutral (5)	16	18	21
Somewhat agree (6,7,8)	41	44	17
Strongly agree (9,10)	36	22	14

With respect to opinions on the system that sees courses grouped into three bands, which then determines differing levels of student contributions, 336 responses were made. Whilst not as strong as the support for retaining the HECS-HELP entirely, 53% wrote comments suggesting that the three-band tiered system was fair and should be kept unchanged. Only 12% suggested the system was unfair and that fees should be the same for all courses. There was also a much set of varied responses regarding suggestions about further modifications. Specifically, 12% suggested more bands, whilst 3% suggested the system was unfair to those paying more in Bands 2 (e.g., mathematics, science) and 3 (e.g., law, commerce,). In particular, some respondents protested that business graduates were not necessarily guaranteed a job or high income relative to others in Band 3, particularly those in medicine orientated professions. In contrast, 2% suggested that fees should be lower for people providing care for others and higher for high income occupations. In general, respondents did not question the existence of tuition bands, but rather desired a fairer system of bands better reflecting differences in terms of potential income and career prospects.

As shown in Table 2, the level of support for deregulation was more varied relative to that of the existing HECS-HELP and banded tuition systems. Around 48% were opposed, 31% supported and 21% neutral. Combining answers from both surveys, 367 respondents further elaborated on their opinions and responses summarised in Table 3, suggesting those voicing their opinions were more likely to be those uncertain or negative in their original response.

Table 3. Attitudes to university deregulation

Exemplary statement classified by sentiment valance	(%)
Positive (21%)	
More tuition fees for students are fair for taxpayers (P1)	17
It makes universities more competitive (i.e. Better students and staff) (P2)	4
Uncertain, Neutral or Conditional (8%)	
I only support it if some conditions are met (scholarship, affordable, price ceiling) (U1)	3
I don't know whether the change is good or bad (U2)	2
The change does not matter to me (U3)	2
It is up to universities how they pass tuition increase to students (U4)	1
Negative (71%)	
The deregulation is a terrible/bad idea and not acceptable; I strongly oppose it (N1)	34
It will only benefit the rich, and disadvantage those who cannot afford university (N2)	14
It will lead to higher fees and unpaid loans, and fees will keep going up (N3)	8
It will be unfair and create inequality in society (N4)	7
The government should reduce, not increase tuition fees (N5)	3
It will encourage buying of degrees and promotion of bad courses (N6)	1
Other (N7)	4

The predominant negative sentiment was not necessarily tied to a particular reason (see N1 in Table 3), When specified by respondents, negative reasons were more commonly cited as relating to the creation of inequity and access (N2 and N4), and affordability more generally (N3). Some of this was reflected in conditional support such as U1. The issues of equity were largely reflective of the types of responses on tuition bands, but interestingly, this is one benefit that the government has proposed for introducing deregulation and linking to a scholarship scheme. There was also some mention of negative outcomes relating to quality of offerings (N6). The reasons for supporting deregulation were based on creating a fairer system for taxpayers (P1), followed by improving competitiveness (P2).

Respondents also reported on what changes they would like to see with respect to how the government supports students to study at university. Amongst 346 responses, the three dominant changes suggested were to: 1) increase government funding and reduced tuition fees (20% of respondents); 2) retain the current system entirely (18%); and, 3) provide more government support to particular groups, including students from low income families, those with an indigenous background, and students with talents (12%). Other changes included means testing for families, "chasing" non-payments or recovering loans regardless of threshold after a grace period, or including textbooks in the scheme.

The importance of the issue for the government is indicated in the impact it may have on qualified voters (88% of the sample). If the government proceeded to introduce university deregulation in the Senate, 52% indicated that it will negatively impact their vote for the current government in the next election, 17% said it would positively impact their vote, and 31% indicated it would have no impact on their vote for the current government.

Discussions and Conclusions
In summary, the public want to maintain or refine the existing HECS-HELP scheme and tuition bands for equity of access, lower fees and more hierarchy in fees to reflect job and income prospects. Public opinions do not match the direction suggested by the government proposed Bill for higher education. Finally, the issue does appear to have the capacity to influence support for the current government in the next election.

Our sample targeted those already familiar with universities to have better informed answers and gain relevant insights. In turn, it is unclear whether the negative sentiment amongst this group also exists among a wider sample. Negative concerns may be driven by speculation about preclusive higher fees, which could provide significant barriers to those from low-SES backgrounds, or represent a considerable burden of debt not easily eliminated after graduation relative to those from high-SES backgrounds. However, an unknown level of support for deregulation may be driven by the promise of a fair and equitable scholarship scheme that provides more places in higher quality institutions. However, in our own data, we did find that agreement was lowest and disagreement was highest among lower income households.

This study exposes a potential macro policy failure by the current government with respect to deregulation and the impact it will have on those familiar with universities, including their voting intentions. However, the responses provide useful insights into what is valued and could be better used to market the current bill or highlight where supported modifications could be made. For example, better categorized tuition bands supporting those professions with more identifiable social impact and taking into account earnings potential were highlighted. Conditions for deregulation, including tuition ceiling, more scholarships and

equitable policies targeting low SES and talented students are also worth greater consideration by the government in negotiating and promoting the bill. In general, the public's existing opposition is strong, but demonstrates their desire and support for a fair and equitable system.

Any impact of deregulation to the field of marketing education is largely going to occur in terms of its traditional containment within the suite of business degree offerings of universities. Since business degrees are in the highest band with students already paying most of the total costs (see Table 1), any further increase in fees undertaken by universities may require careful justification. As previously noted, opposition varies around whether a degree has the capacity to create positive change or meet societal needs (e.g., in terms of health-care), whilst the capacity for graduate employment and equitable earnings are taken into consideration too – it is clear that the marketing discipline will be presented challenges in both areas to demonstrate its value relative to other areas of study.

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'LOL! That was funny, but does it help me learn?': Humour in the marketing classroom

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Abstract

The positive role of humour in the classroom is well-accepted in the education literature. However, its direct impact on student learning is less extensively researched. Moreover, what little work has been undertaken in this field has been largely based on experimental research design. By using the Critical Incident Technique method, interpretive information was collected from undergraduate students at an Australian university. Data was coded in two stages: first, to identify categories of humorous incidents; and second, to identify whether students perceived the use of humour as being connected to their learning. This paper makes a contribution as it explains how the 'associative network model' offers a theoretical explanation on why 'relevant' or 'related' humour contributes towards student learning.

Keywords: *Humour; Education; Associative Network Model; Critical Incident Technique; Learning*

Track: *Marketing Education*

1.0 Background

This study emanates from a conceptual conference paper that reviewed literature relating to comedic devices and the nature of millennial humour. The previous conference paper also proposed an interpretive research study involving critical incident technique (Flanagan, 1954) to elicit marketing student narratives about the memorable use of humour in class by teachers.

Following on from the original conference paper this article now discusses theories of humour as grounding frameworks, proposes the associative network model as a means for explaining how relevant humour is linked to student learning and presents preliminary findings from implementation of a critical incident study into the memorable use of lecturer generated humour in university classes. The primary objectives of research reported in this paper are: 1. Categorise humorous incidents cited by students; and 2. Identify whether students perceived the use of humour to be connected to learning. This paper discusses some major theories of humour, which are followed by an explanation of the associative network model. The use of the critical incident technique is described and findings are presented. The discussion includes possible explanations as to why humour was or was not seen to be related to student learning.

1.1 Theories of humour

Most of the literature explaining humour mechanisms focuses on three major theories of humour: *the relief theory, the incongruity theory, and the superiority/disparagement theory* (Berger, 1993; Raskin, 1985). These theories offer a grounding explanation as to how processing of a message or interaction possibly takes place for an individual to perceive

humour in a given situation. The proponents of *'relief theory'* claim that people experience humour when they feel that their stress levels have been reduced in a certain way. This theory has a physiological aspect to it as it is believed that humour results from the release of nervous energy when tensions are engendered and removed. The *'incongruity theory'* proposes that people laugh when something surprises them, and is totally unexpected or odd. This theory has a strong focus on cognition. The underlying assumption is that people rationally develop a set of expectations, which is socially or culturally seen to be the norm. Thus, when individuals view something as normal – and then can also see the violation of the normal order – that is, when there is incongruity in a situation, humour occurs. The *'superiority theory'* notes that people laugh at others because they feel superior in some way to them or they feel some sort of triumph over them. Such a form of humour occurs when people are caught in an unenviable or idiotic situation e.g. the classic pie in the face. However, this form of disparagement may be unpleasant for those at the receiving end.

These three theories help explain why individuals find certain types of stimuli 'humorous'. However, these theories do not specifically address 'relevance' or 'relatedness' which is an important criterion in the effective use of humour in university classrooms (Ziv, 1988). When classroom humour is related to learning concepts or any examinable items, retention of material is effective (Kaplan & Pasco, 1977). As proposed by Norton (1983), a dramatic teacher (i.e. a teacher that utilises dramatic style behaviours such as humour) provides the student with an emphasis on course content which can help students organise their ideas, focus their thoughts and sort the trivial information from that which is relevant to course content.

Whilst relevant humour may have positive impacts irrelevant or unrelated humour may have negative effects (Ziegler, 1998). It might distract students from core course content. It is possible that irrelevant humour may also irritate students as they may see it as a waste of time or resources. In fact, students who may not have appreciated an aspect of classroom-humour, may even hold the teacher in a lower esteem after such an incident (Bryant, Comisky, Crane, & Zillmann, 1980). Researchers have claimed that humour positively impacts students by generating greater motivation, confidence, student-teacher rapport, and enjoyment etc. (see Ziegler, 1998). However, there have been only a handful studies measuring the impact on actual student learning. Moreover, most of these studies have used quantitative measures (Berger, 1993; Hackathorn, Garczynski, Blankmeyer, Tennial, & Solomon, 2012; Torok, McMorris, & Lin, 2004; Wanzer & Frymier, 1999; Ziv, 1988). The stance taken by researchers in this paper is to look at knowledge about education as 'situational'. Researchers were interested in the uniqueness and variety of perceptions of each case. Qualitative data was seen to provide the depth useful in understanding thoughts, feelings and experiences of the participants.

1.2 Making Humour Work for students: Associative Network Model
It is proposed that the associative network model (Anderson & Bower, 1973) of human memory be used to explain how relevant humour is linked to learning. According to this model, different pieces of information (or knowledge or concepts) are stored in 'nodes'. The information could be verbal, visual, abstract or contextual (Keller, 1993). Different nodes are connected to each other through 'links'. These 'links' represent association between nodes which can vary in strength. According to research undertaken in this field, strong associative links are more persuasive than weak associative links. A node can be activated by external information received or when node's internal information is retrieved. As the nodes are (strongly or weakly) linked to each other, this activation can spread to other linked nodes.

According to theories of spreading activation (Collins & Loftus, 1975), links and spreading can be strengthened when two nodes share semantic features. Thus, when two nodes are logically linked, the link between them will be stronger. When one node gets activated, the activation will spread to the other strongly-associated node.

This model of associative network can be applied to humour and learning. A 'learning topic' is stored in memory in the form of a node. The presence of this learning topic-node in student memory is a necessary pre-condition before any links to other nodes can be established. When a student is exposed to humour (e.g. a joke or a funny story), this new information is stored in a 'humour-node'. In order for humour to effectively impact the student's learning of a topic, there must be humour-relatedness (Speck, 1991) to the learning topic.

Humour-relatedness has been well-researched in the field of advertising. Previous studies (e.g. Cline & Kellaris, 2007) have shown the impact of related humour to the success of the ad. In fact, related humour is more successful at achieving its objectives than unrelated humour (Duncan, 1979). Applying this concept to the field of humour and education, it is proposed that 'related-humour' be defined as *"the connection or relationship between humour and the learning topic in education"*. Some of the most entertaining examples of related or relevant humour in education are provided by Field (2005) who uses bizarre data sets (e.g. a distribution of people who have married either goats or dogs) to stimulate student interest in SPSS data analysis.

Student learning is influenced by numerous factors (e.g. Laurillard, 1979). Many of these are external to the student (e.g. textbook, lecture notes, peer discussions etc.). In addition, a student's own existing level of knowledge will also have an impact on his/her learning (Dochy, 1994). A person who already has a high level of knowledge on a topic will be influenced differently from the humour as compared to a person who has a low level of knowledge (Sujan, 1985). In situations where there is no topic-node present in student memory, either there will no learning or only a shallow one. For meaningful learning to take place, the student's memory must already have a topic-node. Applying the concept of spreading activation, the following things happen when students are exposed to related-humour: 1. the humour-node is activated; 2. the content of the humour is matched up with the content of the learning-topic; and 3. a spreading activation occurs, which means that thinking of one concept activates thinking of the other concept. If the humour-content is highly related to the learning-topic, there would be greater levels of 'spreading activation' which means that a stronger link is developed between humour and the learning-topic. A student is more likely to recall the learning topic, every time he thinks about the humour topic.

2.0 Methodology
After considering several research methods, the Critical Incident Technique (Flanagan, 1954) was selected to collect memorable accounts of teacher-inspired humour. The Critical Incident Technique (CIT) is defined as 'a qualitative interview procedure which facilitates the investigation of significant occurrences (events, incidents, processes or issues) identified by the respondent, the way they are managed, and the outcomes in terms of perceived effects' (Chell, 1998; p. 56). The aim is to capture a detailed description of the behaviours in a specific situation. In this way, it is claimed that theory generated from the data is grounded in the actual behaviour and can inform future behaviours in similar situations (Victoroff & Hogan, 2006). As argued by (Bitner, Booms, & Tetreault, 1990), the Critical Incident Technique (CIT) is an inductive grouping procedure, which determines categories prevalent

within a dataset. This type of content analysis is especially useful when there is little documentation of the properties that are likely to be important for classifying.

In view of time and resource limitations, it was decided to solicit incidents through a self-administered survey form. Before administering the Critical Incident Solicitation Forms (CISFs), one of the researchers briefly explained the purpose of the study to senior Marketing undergraduate students. The form was handed out, followed by an explanation on how to complete it. Printed instructions on the form requested students to *'describe a memorable incident in which any university teacher (lecturer or tutor) used humour effectively. This incident should be based on something that your teacher (intentionally) said or did to generate laughter or amusement amongst students'*. Respondents were asked to provide details of the memorable incident in which the teacher did something humorous in the classroom. Multiple standardised questions ensured that various aspects of the incident were probed: what did the teacher say or do that was humorous; when did the incident happen; why was the humour memorable; did the humour have any connection to learning? Except for the student profile section, all other questions elicited narrative responses.

For this study, it was ensured that a critical incident met the following four criteria: 1. involved a University teacher in a classroom-like setting; 2. intentional effort on part of the teacher to generate laughter or amusement amongst the students; 3. memorable from the student's point of view; and 4. may or may not have contributed towards student learning. Categorisation of the qualitative data was undertaken at two levels: first, student-identified humorous incidents were grouped based on the comedic devices employed; second, student responses to contribution of the humorous incident to their learning were coded as yes, no or maybe. With the use of these two stages of coding, the researchers were able to generate associations of the extent to which certain types of humorous techniques worked.

3.0 Findings

In terms of the participant profile, there were slightly more female participants (61%) than males (39%). This cohort was predominantly full-time students (except two), mostly aged between 19 to 38 years. Based on demographic information provided, 55 students were identified as domestic while four respondents listed themselves as international students.

Table 1: Student-identified comedic devices intentionally used by University lecturers

Humorous Incidents	Count	Examples
Magic tricks	18	Disappearing of a wine bottle from its packaging
Jokes/statements	9	'What is the fly doing in my soup?'
Videos / images	9	Ads, Images, YouTube video clips
Self-directed jokes	6	A bald teacher saying he was late as he was blow-drying his hair
Personal stories	5	Lecturers experiences from younger days, other jobs etc.
Student-directed	4	Name-related jokes
Role-play	2	Students asked to enact poor presentation skills
Colloquial words	2	Not reading off a script during the lecture
Diagrams	1	Graphs with jokes
Mimicry	1	Fidgeting, rolling eyes, facial expressions to mimic clients
Props	1	Use of puppets
No humour	4	Cannot remember; incident not intentionally planned

A total of 62 CISFs were completed and returned to the researchers. Out of these, 4 forms were not analysed. In two of these cases, students could not recall a humorous incident. Another one case was not included in our analysis as the incident was not seen as an 'intentional act' by the teacher to generate laughter. Another student failed to provide any details on the form to make it legible for categorising. The first step involved content analysis to identify the different types of comedic devices which the students were able to identify when asked to nominate a lecturer-generated humorous-incident. As can be seen in Table 1, a

total of 10 different categories evolved at this stage. Participants of this research study were also asked to comment whether they felt the identified 'humour' technique was in some way connected to their learning. Table 2 shows whether the students answered 'yes', 'no' or 'don't know' to this question. The table also gives an indicative quote to demonstrate the type of link students perceived between the incident and their learning.

Table 2: Students' perception of humour incidents' contribution to learning

Humorous Incidents	Student Perceptions of: Connection to Learning			
	Yes	No	Don't Know	Indicative Quotes
Magic tricks	6	10	2	"He was able to relate the trick he performed to marketing, which I will now think of that specific performance every time I think about product packaging"
Jokes/remarks	8		1	"It reinforced the material we were learning about"
Videos / images	5	2	2	"As I am studying marketing, showed (sic) how creative one can be to grab attention and what to expect from advertisement (sic)"
Personal stories	4		1	"It taught us that even if you think your clients are stupid, you cannot show your facial expression to their faces"
Self-directed jokes	3	2	1	"Made me concentrate more as it wasn't boring"
Student-directed	2	2		"After this there were times the senior teacher continued to make small jokes & it made the class a lot more engaging & actively learning (sic), encouraging students to participate and talk in class"
Role-play	2			"I now know & understand what bad & good presentation skills are & how to avoid it (sic)"
Colloquial words	1	1		"The use of language which was not so formal allowed for a better relationship to be formed between students and lecturers"
Diagrams	1			"Humour is more for the key to rember (sic) another way – Briefly"
Mimicry	1			"Gave me a helping reminder as to what I should look out for when I present"
Props		1		None
Total	33	18	7	

4.0 Discussion and Conclusion

Table1indicates that the most popular humorous incident recounted (n=18) was a magic trick performed by the lecturer teaching the cohort participating in the research study. One respondent described the magic trick as: *"During a lecture one lecturer brought out a non-alcoholic wine bottle and plastic wine cup to cheers (sic) to the beginning of the new learning semester. Once he finished pouring the drink into the cup he placed the bottle into an ordinary looking brown paper bag and made it disappear" (Student 17).* Whilst magic was the most frequently recalled humorous incident, this could have been due to novelty (Sheinin, Varki, & Ashley, 2011) or recency effects (Broadbent, Vines, & Broadbent, 1978). One-third of the students could immediately link the demonstration to their unit content: *"It helped me remember the theory the lecturer linked it to" (Student 15).* However, two-thirds of the students did not relate the incident to learning or were unsure about any connections. It could be that students were so preoccupied with the illusion that they missed any connections to learning about unit content. Similar results have been reported in some advertising research studies. Findings show that audiences focus more on the celebrity than on the brand and its features (Mehta, 1994).

Apart from magic tricks, the two highest recounted humorous incidents were jokes/statements (n=9) and videos/images (n=9). Eight out of 9 participants (see Table 2) saw a link between jokes and learning. This finding suggests that relevant jokes may be more readily processed in the context of learning. Fewer students (n=5) saw connections between videos and images (such as ads) to the learning of subject matter (see Table 2). However, videos may play a role in terms of providing light relief in a marketing classroom. A female student, who could not see the connection between videos/images to learning, commented: *"It was humorous because it came with an element of surprise" (Student 32)*. Such a view can be explained by incongruity theory (Berger, 1993).

Overall, 25 out of 58 analysed responses (see Table 2) indicated that connections could not be seen or were unsure between humorous incidents cited and learning. There could be a number of reasons why students failed to see any connection between the incident and their learning. One obvious explanation of this finding is that the humorous incident was unrelated to the topic being covered. Another possible explanation refers to memory decay due to the passage of time. A student may recall the connection between a joke and the learning topic in week t, but may have forgotten it by week $t + 1$(Zielske & Henry, 1980).

This interpretive study sheds light on teacher-generated humour that students found memorable. It also indicates the extent to which students' perceived humorous incidents to be connected to learning. While this paper focused on the relevance of humour, the associative network model explains various dimensions of 'associations'. By making use of humour, marketing educators can build strong, favourable and unique associations (Keller, 1993) to their unit content. If students can see the relevance of humour to the topic (strength of association), perceive it to be positive (favourable association) and novel (unique association), long-term learning associations can be developed.

The paper makes a contribution to marketing education by proposing that the associative network model be used to better explain the link between learning and humour. Whilst theories of humour (relief, incongruity and superiority) explain the mechanisms by which humour is generated, the associative network model demonstrates how humour can be instrumental in facilitating student learning. The study reported in this paper also offers marketing educators insights into possible forms of humour that potentially can be incorporated into the classroom and the need for that humour to be segued so that it has relevance for learning purposes.

Limitations of this exploratory study include that students were not probed in relation to a lack of apparent connection between a humorous incident and learning. Students not writing enough nor explaining themselves adequately also represented a limitation in the study. In future, it might be worthwhile conducting focus-group research as follow-up after the CIT method to gain further insight into student responses. Exploring cultural nuances of humour related to learning may also be worthwhile. Such research is important given the increasing focus of internationalisation for Australian universities. Also, further research might involve exploration of the virtues of various forms of humour in educational contexts.

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Online Student Attrition in Australian Open Access Marketing Education

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Abstract

This research was undertaken to expand knowledge of online student attrition and to inform retention strategies in online marketing education. As in other parts of the world Australia has experienced tremendous growth in online learning. However, associated student drop-out rates are high and, while the volume of online education research is growing, comparatively little of the literature explains student attrition. This study involves exploring five years of enrolment data from a marketing major in an Australian online undergraduate business degree, as well as 80 depth interviews conducted with students withdrawing from units on this program. In this paper we present top-line findings from the study and make two key contributions: Initially we identify student withdrawal patterns for online undergraduate marketing units. Secondly, and perhaps more significantly, we ascertain the reasons students had for withdrawing. Subsequent analysis will investigate the potential for tailoring retention strategies to different types of student.

Keywords: online marketing education, enrolment, attrition retention.

Track: Marketing Education

1.0 Background and Online Education Research

Hart (2012) discussed the proliferation of online courses and the global shift towards online education. Over the past decade online student numbers have grown dramatically and in Australia universities have made significant adjustments to mission statements that now embrace the online delivery platform (Moore and Signor (2013, np.). Despite the rapid growth, compared to traditional classroom teaching, online education remains largely under explored and there are numerous fruitful avenues for further research. One such area is student attrition (e.g., Burns 2013). Also investigating the nuances associated with attrition for particular disciplines may provide valuable insights.

High attrition rates have been observed for online courses and programs (e.g., Moody 2004; Angelino, Williams and Natvig 2007), which are often disparate with their on-campus, classroom taught equivalents (Sener and Hawkins 2007). While a considerable volume of literature examines online student retention, the drivers of attrition in online learning environments are still not fully appreciated. However, this understanding is essential for informing effective university student retention strategies in this rapidly growing area of tertiary education (Simpson 2013). The need for further research concerning persistence in online education has therefore been recognised in the literature (Burns 2013).

Considerable research concerns student attrition in traditional education, which typically caters for 18-25 year old students (Holder 2007). In this regard Tinto (1975) described drop out as being determined by academic and social integration factors. Academic integration involves aspects such as student ability and enjoyment of study. Social integration pertains to factors such as friends and social groups both within and outside of the learning environment. However, distance education students are typically non-traditional and tend to be older, do not reside on campus and study part-time (Bean & Metzner 1985): characteristics, still typical of today's online student cohorts. Bean and Metzner (1985) reporting attrition for non-traditional university students emphasized the fact that they draw more upon support from outside the academic environment: a point of interest to us. For example, is this still a notable factor in our contemporary online learning environment? Rovai (2003) examined the persistence rates in distance education online programs and described attrition as being determined by pre and post admission issues, as well as factors external and internal to the institution. It is the internal factors that perhaps represent dimensions that universities are best able to adjust in order to improve online student retention.

The research presented here relates to an OUA marketing major, for a bachelor of business degree, which comprises eight online marketing units. We investigate enrolment and attrition trends across these units, over a five year period, as well as the reasons students had for withdrawal during the previous year. From a management perspective the research rationale is clear – understanding evolving patterns of online student attrition and the reasons for dropping out will provide powerful information that can be used to inform retention strategy. Given the burgeoning online student numbers, any small reduction in online student attrition would have a significant impact upon the marketing program profitability.

2.0   Open Universities Australia

Open Universities Australia (OUA) is the largest Australian provider of online education. It experienced enrolment increases from around 38,000 in 2005 to more than 125,000 in 2012 (Open Universities Australia 2013).

OUA programs are delivered by a number of Australian universities. Each academic year comprises four 13 week study periods. With OUA, students can enrol for individual units and, unlike on-campus courses, they do not have to enrol on a whole program. Furthermore, provided students withdraw by the pre-census withdrawal deadline, usually occurring in week four of a study period, they may do so without financial or academic penalty. OUA students are therefore able to just dip into units to get a flavour of them, before deciding whether to continue. A recent longitudinal study Boston, Ice and Burgess (2012, p. 5) suggests that enrolment in online courses and programs is "more exploratory than in the traditional university" and this would seem likely with OUA. There is also a post census withdrawal deadline, usually in week seven of a study period, which allows students to withdraw without academic penalty but incurring a loss of unit fees.

3.0   Research Objectives and Methodology

This online student attrition study involved secondary and primary research. The secondary phase involved analysing five years of enrolment and withdrawal data for the eight marketing units.

The primary research phase involved qualitative in-depth interviews conducted with students who had withdrawn from a unit during the previous study period. Respondents were identified from student records, which student administration had de-identifed by removing the student name. Four waves of 20 in-depth telephone interviews were conducted in each of the four study periods during the previous academic year. Interviews followed the strict protocols for telephone interview outlined by research regulators (Australian Government 2007; ESOMAR 2015) that have become the research standard for this type of interview methodology.

While some researchers have used quantitative approaches for investigating online student attrition (e.g., Holder 2007; Lee, Choi and Kim, 2013; Yasmin 2013) O'Shea, Stone and Delahunty (2015) indicate the need for future qualitative research in order to provide deeper understanding about factors influencing the experiences of online students. In order to facilitate discussion the interview schedule was deliberately open ended and interviewers asked several open ended questions pertaining to the reasons why a student dropped out, what the provider might have done to retain the student, as well as general likes and dislikes about online education. Respondent comments were captured using a digital voice recorder. Immediately post interview the interviewers used the recordings to generate a 'verbatim' transcript of the reasons given for dropping out. The transcripts were analysed using thematic, content analysis (Braun and Clarke, 2014). This involved initially reading through all responses and then sorting the various reasons for attrition into similar themes.

Analysis is ongoing and here we present the top-line results from the two phases of the research.

4.0   Findings

Table 1: Main reason and reasons overall for withdrawing from an online marketing unit.

REASONS FOR ATTRITION • *Top two themes*	Main %* n=80	Overall %* n=201
1. Employment • *Over-estimated capability to manage work and studies* • *Changing role / work got busier*	36	23
2. Enrolment related • *Trialling more than one unit - not committed to finishing* • *Taking too many units – unrealistic study goals*	11	9
3. Study management and time • *Not enough time to study (multiple factors)* • *Fell behind and then couldn't catch up*	8	19
4. Family and relationship • *Family and parental commitments* • *Relationship break up*	8	8
5. Health related • *Physical illness / injury / operation* • *Pregnancy related*	8	6
6. Other personal • *Leisure / holiday* • *Relocation / moving*	6	4
7. Unit related • *Unit too difficult / beyond student's ability* • *Poor unit induction / lacked relevant information*	5	10
8. Personal unspecified • *Personal issues (not specified)* • *Other personal priorities*	5	6
9. Provider related • *Exemption / prerequisite related* • *Enrolment error wrong unit / unit not required*	5	4
10. Online learner context • *Dislikes online learning* • *Lacks online skills*	3	5
11. Online learning resources • *Lacks finances for learning materials / resources* • *Internet connection*	3	3

* rounded to the nearest whole point

4.1 Patterns of enrolment and withdrawal

The enrolment data for the online OUA marketing units mirror the widely reported increase in online education and confirm that the tremendous growth rate has also been experienced by the marketing discipline in Australia. Over the five year reporting period, when the provider's on-campus marketing student numbers remained fairly stable, the online unit enrolments experienced a more than five-fold increase. Total online enrolment of students commencing marketing units was 674 in the first year and peaked at over 3000 by

the end of the fifth year. Growth during this period was fairly steady with an average annual unit enrolment increase of 45.5%.

In terms of attrition, over the five year period the online marketing units experienced an average withdrawal rate of 14.6%. The mean pre-census withdrawal rate was 5.1% and that post census was 9.5%. Withdrawal rates were somewhat higher at 20% for the level one introductory unit, 13% for level two units and 11% for level three units. In relation to study period, withdrawal rates were between 13% and 14% for study periods one to three. Study period 4, which begins at the end of November / start of December each year, had a slightly higher withdrawal rate of 16%.

4.2 Reasons for online unit withdrawal

The primary research phase received a high response rate and the vast majority of students contacted were willing to give an in-depth interview. On average these lasted 15 minutes, although the duration for some exceeded 25 minutes. Initially students were asked for the main reason for withdrawal. Other reasons for dropping out were also elicited. With interviewer probing, each respondent related an average of 2.5 different reasons for dropping out. The main reason and the reasons overall are presented in table 1 and are ranked in order of frequency of mention of the main reasons.

5.0   Discussion and Conclusions

The research illustrates the tremendous recent growth in Australian online undergraduate marketing students and confirms that the discipline is mirroring global online education trends. It also confirms that the high rate of online marketing student withdrawal is indeed in part attributable to the open access nature of online programs suggested by Boston et al. (2012), (confirmed as the second most frequent main reason given for attrition 'Enrolment related').

Drop-out rates for the online marketing units varied between 11% and 20%, depending on unit level. Given this, when allocating unit teaching resources, providers should incorporate an arbitrary anticipated drop in student numbers that reflects this range.

The significant numbers of online marketing student withdrawals confirms that any small attrition reduction can have a very positive impact upon university revenues. However, considering the reasons for withdrawal in terms of the internal and external factors identified by Rovai (2003), it is clear that the vast majority (Employment, Study management and time, Family and relationship, Health related, Other personal, Personal unspecified) are external and the institution can have little influence upon. Just over 20% of the main reasons for withdrawal can be considered internal and dimensions that universities may be able to influence (Online learner context, Unit related, Provider related and Enrolment related). These dimensions should therefore be the focus of attention in retention strategies.

This paper reports the top-line findings from the research. Additional analysis is currently underway investigating whether the attrition drivers vary according to key

demographic variables such as age, gender and social status, as well as in terms of any variation by time of withdrawal.

Worthwhile future research avenues suggested by this study include investigating tertiary educators' capacity and capability for evolving academic policies and practises to support and sustain online learners, as well as for creating inclusive and powerful learning environments.

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Understanding flipped classroom adoption in a large marketing class: the role of learning styles in the unified theory of acceptance and use of technology model.

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Abstract

Utilizing elements of the unified theory of acceptance and use of technology (UTAUT2) (Venkatesh, Thong, & Xu, 2012) and the revised two-factor study process questionnaire (R-SPQ-2F) developed by Biggs, Kember, and Leung (2001), this study extends the understanding of flipped classroom acceptance in a marketing subject among university students. It also provides insights into the use of UTAUT2 as a diagnostic tool of understanding acceptance, and identifies areas that universities should consider when implementing flipped classrooms. Data was collected from first-year undergraduate business students, exposed to flipped classroom for the first time. Analysis indicated that performance expectancy, facilitating conditions, hedonic motivations, and habit were significant correlates of behavioral intentions to adopt flipped classroom for future courses. Both deep and surface styles were found to significantly predict adoption intention, and were partially mediated by performance expectancy and effort expectancy, respectively.

Keywords: flipped classroom, technology adoption, learning styles

Track: Marketing education

1.0 Introduction

In recent years the use of flipped classrooms (FC) as a subset of blended learning in higher education has proliferated significantly and offer innovative ways to engage students (Bishop & Verleger, 2013). However, despite its growing trend of usage in higher education (Arbaugh et al., 2009; Bernard, et al., 2014), literature still offers little empirical evidence on how marketing students interact with and adopt FC as a method of learning. This is unfortunate given FC's potential to empower students through developing more active learning skills (Butt, 2014; Lage, Platt, & Treglia, 2000), which is particularly relevant for a discipline such as marketing.

FC in its current form where students are 'pre-loaded' with course content via videos prior to face-to-face lectures is a relatively new innovation. Given its recentness, FC can be likened as a new technology that students are being exposed to. Thus, it is important to investigate the antecedents which might influence the students' rate of FC adoption. The current study employs the revised unified theory of acceptance and use of technology (UTAUT2) (Venkatesh, Thong, and Xu, 2012) to investigate students' intention to adopt FC. Furthermore, literature suggests that FCs are excellent tools of active learning (Findlay-Thompson & Mombourquette, 2014), and that active, student-centered learning encourages students to adopt deep learning approaches to that particular course (Baeten, et al., 2010; Prince, 2004). The current study aims to use the revised two-factor study process

questionnaire (Biggs et al., 2001) to empirically test this notion and whether learning styles interact with UTAUT2 elements. The current study draws data from the results of applying FC for a Principles of Marketing class in a private, English-speaking university in Malaysia. Quantitative data collection was used, conducted midway through the semester after seven weeks of experience with the method.

2.0 Literature Review and Hypotheses Development

2.1 Adoption of flipped classrooms

A definition of FC can be given as "events that have traditionally taken place inside the classroom now take place outside the classroom and vice versa" (Lage et al., 2000, p. 32). In this study, FC was conducted through interactive group learning activities inside the classroom, and direct computer-based individual instruction outside the classroom. FC has been argued to be a good example of innovation which integrates e-learning and traditional learning (Butt, 2014). However, this more active role may be difficult for some students to adjust to (Tune, Sturek, & Basile, 2013). This study argues that Unified Theory of Acceptance and Use of Technology (UTAUT2) is a comprehensive framework for understanding how classroom innovations like FC is likely to be adopted by the students. UTAUT2 is a model that stems from the amalgamation of elements from eight previously established models (Venkatesh, Morris, Davis, & Davis, 2003).

The FC in this study is deployed to a group of similar-aged undergraduate students, who have had no experience exposed to FC before. Furthermore, unlike commercial technologies which are used voluntarily, FC is something that is imposed upon the students and thus influences actual use behavior. Students also do not need to pay extra to use FC. Thus, the measures of actual use behavior, price, age, and experience becomes less relevant to the investigation and is not included in the model for this study. This study also agrees with Robinson (2006) that gender does not play a moderating factor in Gen-Y students' adoption of new technology, as they are already deeply immersed in technology usage in their daily lives. Consequently, the only the following elements of UTAUT2 are investigated:

Performance expectancy (PE). PE is defined as the degree to which students believe FC will help improve their learning. It has been found to be the most significant element to predict behavioral intention (Venkatesh et al., 2003). Robinson (2006) suggested that PE has strong explanatory power in a college setting. Logically, this research argues that the same relationship extends to the context of FC adoption. **Effort expectancy (EE)**, is defined as the students' perception of how effortless FC would be to use. Students who believe that a relatively high degree of effort would be required to engage with technologies may develop a negative attitude toward adopting it in the future (Robinson, 2006). UTAUT2 models effort expectancy as a significant predictor of intention to use a technology, and has been found to be particularly effective in predicting use of personal technologies (Venkatesh et al., 2003). This research argues similarly, that EE would influence students' intention to adopt FC. **Social influence (SI)** is defined as students' perception of how others in their social circle believe that they should use FC and is a function of subjective norms. This research argues consistently with the literature that SI will significantly predict adoption intention. **Facilitating conditions (FAC)** are defined as the students' perception of factors that make FC easy to be engaged in and this study argues that FAC has a positive explanatory effect towards adoption intention. **Hedonic motivation (HM)** is defined as the fun or pleasure derived from using a technology and has been found to influence technology acceptance and

was used as a predictor of consumers' behavioral intention to use a technology (Brown & Venkatesh, 2005). Tojib, Tsarenko, and Sembada (2014) also found that enjoyment and value expressiveness of using technology was a strong predictor of Gen-Y usage of smartphones. This research argues concurrently that HM will have a positive effect on students' intention to adopt FC. **Habit (H)** has been defined as the extent to which people tend to perform behaviors automatically because of learning (Limayem, Hirt, & Cheung, 2007) and reflects the results of prior experiences. In the context of this study, it is logical to argue that the more internalized FC has become by the students, the higher the likelihood of future adoption intention would be. In summary, the following hypotheses are proposed:

> *H1. High performance expectancy has a positive effect on FC adoption intention*
> *H2. Effortlessness has a positive effect on FC adoption intention*
> *H3. Social influence has a positive effect on FC adoption intention*
> *H4. Facilitating conditions have a positive effect on FC adoption intention*
> *H5. Hedonic motivations have a positive effect on FC adoption intention*
> *H6. Habit has a positive effect on FC adoption intention*

2.2 Revised Two-Factor Study Process Questionnaire (R-SPQ-2F)

Despite its recentness, convincing arguments have been made about how FCs encourage active and 'deep' learning approaches (Bishop & Verleger, 2013; Butt, 2014). Active learning is often defined as instructional methods that engage students to do meaningful learning activities and think about what they are doing, as opposed to passively taking notes (Prince, 2004). FCs enable better active learning because students are able to review the materials at their convenience (Butt, 2014) and freeing up class time for more learner-centered activity where students can interact more critically with the material (Makarem, 2015). Relatedly, deep learning is often defined as when students examine new facts and ideas critically, tying them into existing cognitive structures and making links between them. This is opposed to surface learning where students rely on rote learning to ingest new facts and ideas uncritically and attempting to store them as isolated, unconnected, items (Biggs, 1999).

The Study Process Questionnaire (SPQ) (Biggs, 1987) was designed to measure these learning styles. It distinguished between three learning styles: deep, surface, and achieving styles, with each having two components of motive and strategy. The items were then condensed into 20 items in the revised two-factor SPQ (R-SPQ-2F) (Biggs et al., 2001) and reduced the measurements into two learning styles: deep learning and surface learning. The authors argue that R-SPQ-2F is not to be taken as a measurement for a stable, enduring trait, but to gauge their ongoing contextual approaches to learning, as the responses are "a function of both individual characteristics and the teaching context [with] both teachers and students jointly responsible for the outcome" (Biggs, et al., 2001 p.173)". Students are viewed as dynamic subjects who are capable of strategizing and adopting learning styles under different conditions. The chain of logic then follows that, if FCs encourage students to adopt a deep learning style, then on average, FC participants would score higher on deep learning adoption than surface learning.

Furthering the above argument, this study argues that the students' approach to FC will have a main effect to adoption intention and interact with two UTAUT2 dimensions: PE and EE. FC requires commitment from the students to review the material beforehand, and dedicate class times to interact more deeply with the subject, essentially doubling the

commitment needed. For deep learning adopters who are keen to delve into the material, this would positively add to adoption intention. Consequently, it would also positively influence PE. For surface learners who rely on rote memorizations and 'quick-fixes', this doubling of commitment needed in FC would decrease intention to adopt FC in the future. Consequently, students adopting surface learning style would also negatively impact EE, as surface learners would consider FC to be burdening them with unnecessary work. Formally stated, the hypotheses are as follows:

> *H7. Deep learning will be significantly higher than surface learning in flipped classes*
> *H8a. Deep learning adoption positively influences FC adoption intention*
> *H8b. PE partially mediates deep learning and adoption intention*
> *H9a. Surface learning adoption negatively influences FC adoption intention*
> *H9b. EE partially mediates surface learning and adoption intention*

3.0 Methodology

The population of this research was 351 first-year undergraduates, enrolled in a first-year principles of marketing course at a private English-speaking university. The FC was done by means of having video lectures hosted online at the university's servers, accessible through the student's Learning Management System (LMS). The face-to-face lecture time was typically structured around quizzing the students about the contents of the video lectures, Q&A sessions about the topics as well as discussions, role plays, and group works related to the topic.

The questionnaire consisted of 26 items reflecting the eight dimensions of the UTAUT2 measured in this study, 10 items to measure surface style and 10 items for deep learning styles as per R-SPQ-2F, and two attention check items interspersed among the items. The instructions specifically directed the students to think about the particular FC class they are enrolled in, not their general approach to studying. All items were measured using a 1-7 scale anchored by 'strongly disagree' (1) to 'strongly agree' (7). Reliability was good for all constructs, PE (α = .93, SD = 1.25), EE (α = .92, SD = 1.24), SI (α = .91, SD = 1.19), FAC (α = .84, SD = 1.09), H (α = .90, SD = 1.39), HM (α = .95, SD = 1.35), adoption intention (α = .93, SD = 1.43), as well as the two moderating variables of deep learning style (α = .82, SD = .83) and surface learning style (α = .79, SD = .92). The online questionnaire was distributed to the students prior to the mid-semester break. They were given course credits for participation, and it was set up so that the answers were anonymous. A total of 301 students submitted a response but it was found that 57 submissions had failed the attention checks and/or were not fully completed. Thus, only 244 data sets (M_{age} = 20.3 SD = 1.12; 30.2% male) were analyzed (81.1% retention rate).

4.0 Results

Multiple linear regression was used to test the hypotheses regarding the main effects of the UTAUT variables toward adoption intention. Analysis indicated a significant regression equation (F(8,244) = 75.89, p<.01) with the overall model explaining 72% of the variance. Habit was the strongest predictor of intention (B=.35, p< .01), followed by performance expectancy (B=.30, p< .01), facilitating conditions (B=.20, p= .02), hedonic motivation (B=.15, p= .01), surface learning (B=-.14, p= .01) and deep learning (B=.13,

$p = .03$) . Overall, predicted DV was $-.48 + (.35*H) + (.30*PE) + (.20*FAC) + (.15*HM) - (.14*Surface) + (.13*Deep)$. Thus, H1, H4, H5, H6, H8a and H9a are supported. H2 and H3 are not supported.

To test H7, a paired-samples t-test was conducted between the students' reported answers for surface style and their answers for deep style adoption. Deep style score ($M_{deep} = 4.44$ $SD = .92$) was significantly higher (t(244)=6.501, $p<.01$) than surface score ($M_{surface} = 3.86$ $SD = .90$), supporting H7 that students exhibited higher deep learning when exposed to FC. Mediation of the two learning styles was tested with an SPSS macro developed by Hayes (2012) that allows for indirect effects to be tested using a bootstrapping procedure. Analysis indicated support for the hypotheses in that deep learning was significantly partially mediated by PE to adoption intention, and surface learning partially mediated by EE to adoption intention, with values shown in Figure 2 below. Thus, H8b and H9b are supported.

Figure 2. Mediation results
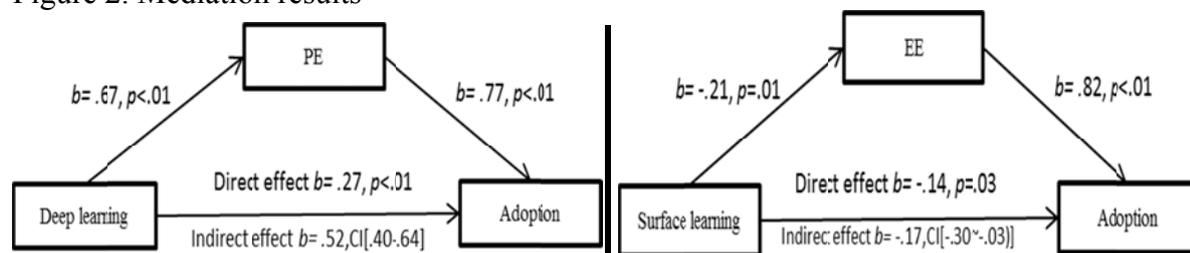
5.0 Discussion

Several important points can be gleaned from the findings. First is that contrast to findings which support PE as the strongest predictor of technology adoption (Venkatesh et al., 2012), students' internalization of FC as a routine is the strongest predictor of adoption intention. This is supported by Tune et al. (2013) that found students typically require a period of adaptation or habituation before being comfortable with new teaching methods. This is compounded by the fact that for the population of the current study have never been exposed to FC before. This may be because for students, 'getting used to' FC plays a more significant factor in adopting it compared to judging its usefulness. Secondly, the findings of this study that EE does not play a significant role in predicting intention could be supported by Venkatesh et al. (2003) who found it to be a weak predictor of behavioral intention. Another possible explanation might be because for Gen-Y, using technology and online videos in particular have become so ubiquitous that anything related to it such as FC becomes relatively effortless. As such, adoption intention becomes hinged upon other factors. Third, the non-significance of SI as a predictor can be explained by the nature of the FC deployed in the course. Since it is a compulsory feature of the course and peer/social collaboration was not essential to gain the maximum value of FC, it is reasonable to interpret that FC adoption is primarily in the domain of self-interest rather than socially motivated.

This study adds to the much needed evidence to show that FC encourages higher likelihood for students to adopt a deep learning approach. In addition, it is thought to be the first to forward the relationship between learning styles and FC adoption intention. Evidence from this research supports the notion that FC fosters higher adoption of deep learning compared to surface learning. Deep learning also positively influence performance

expectancy of FC, which in turn positively influences adoption intention in a partially mediated relationship. On the other hand, surface learning adoption was found to negatively predict FC adoption intention. A high surface learning preference leads to heightened perceived hassle/effort, which in turn lower adoption intention for FC in a partially mediated relationship. Taken together, these findings highlight the need to understand other underlying factors aside from conventional technology adoption elements when considering FC adoption by students.

For marketing education practitioners, these results may serve to encourage further investment of FC in higher education. However, the study has several limitations. First, results measure self-reported perception from students. Future studies should also take into account objective measurements of the students' ability at the end of the learning period. Secondly, FC is an umbrella term which covers a wide range of possible variety of 'blends' in its execution. This limits the generalizability of the findings as a myriad of contextual factors may be unique in each practitioner's application of FC in their classes.

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Building business students' skills for sustainable innovation: Analysis of pre- and post-project student reflections in Marketing Principles

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Abstract

Boosting organisations' innovation and growth calls for staff who have skills in creative problem solving, collaboration, marketing planning, as well as a view to sustainability. Marketing educators have a key responsibility to help foster these skills in students, including undergraduates. This paper outlines a study which assessed the extent to which these skills are present in students of a Marketing Principles course, in which the students undertake a major collaborative project assessment to develop and plan a sustainable market offering. 110 Australian and Chinese students' written reflections pre- and post-project were analysed. The aim was to determine which sub skills within creative problem solving, collaboration, marketing planning and sustainability skills were present at the outset and which were developed during the project. The results indicate that through experiential, collaborative project-based assessment we can nurture in first-year business students many of the requisite skills for innovation and sustainable organisational performance.

Keywords: Marketing education, innovation, creative problem solving, sustainability

Track: Marketing education

Introduction/Background

Because marketing involves creating offerings that have value for customers, it plays an important role in an organisation's growth and innovation. The people within the organisation making decisions around marketing and innovation benefit from education in marketing. Hence, the formal study of marketing principles is normally mandatory for all undergraduate business students at higher education institutions. However, as has been argued elsewhere (von der Heidt, 2013), most marketing principles curricula do not attend to the need for developing and assessing students' creative problem solving (CPS) skills necessary to drive innovation and growth. Further, it is accepted that business schools are lagging in terms of providing education for sustainability. This is also problematic, as sustainability is a mega trend that will profoundly affect the ability of organisations around the world to successfully compete and survive. The first-year of university is crucially important in grounding students' critical awareness about creativity and sustainability and their roles in business in a cross-disciplinary context (von der Heidt & Lamberton, 2011).

To help address these concerns, a substantial creative problem solving for sustainability' project was introduced to the marketing principles curriculum of an Australian university in 2012. In brief, the project is a six-part, carefully scaffolded, formative (staged) assessment weighted at 60%, comprising a mix of individual and group work submitted to three different web 2.0 media within the Learning Management System (LMS). It involves CPS and peer review in relation to a sustainability-oriented consumer/market problem of a student's choice, followed by team CPS and marketing planning for the resulting sustainable offering. The project is premised in the view that the "best learning is achieved through involvement of reflection and action" (Moon, 2005, p. 13). This paper reports on a study relating to part of the project assessment, namely the students' pre- and post-project reflections.

Reflection has been variously defined in the literature. Put simply it means 'validity testing' (Mezirow, 1990), i.e. a process of correcting distortions in our reasoning and attitudes (Cell, 1984). "We reflect in order to learn something, or we learn as a result of reflecting" (Moon, 2005, p. 80). Whether a task is reflective or not depends on the learner's intentions and prior experience. We can only try to design a task to stimulate reflective or non-reflective (unchallenging, thoughtless) learning (Moon, 2005). Moon observed that reflective learning may take place when there is no new material of learning. This was the aim of the *pre*-project reflection assessment: At beginning of the teaching session, students were expected to undertake some 'cognitive housekeeping' while describing their current skills and experience in relation to four areas relevant to the project: CPS, sustainability, collaboration and marketing planning.

Reflection may also occur where there is new material of learning that is relative complex or ill-structured (Moon, 2005), as is the case with the marketing principles syllabus and the project brief. The aim of the *post*-project reflection was to capture this second form of reflection on the same four skill categories. Using a reflective approach, perceptions about one's own skills usually covers two main aspects: What one does well; what one doesn't do so well and plans to change for the future (Eyler, 2002; Fisher, 2010). Therefore, the following three research questions (RQs) were posed:

- RQ1: Prior to the project, which (1) collaboration, (2) creativity, (3) marketing planning and (4) sustainability skills do students perceive they (a) have and (b) lack and intend to improve on?
- RQ2: After completing the project, which (1) collaboration, (2) creativity, (3) marketing planning and (4) sustainability skills do students perceive they (a) developed well during the project and (b) did not develop well during the project and intend to improve on after the project?
- RQ3: After completing the project, which (1) collaboration, (2) creativity, (3) marketing planning and (4) sustainability skills do students perceive they have learned during the project?

To guide the students in undertaking their reflections, the following sub-skills were drawn from the literature within each of the four skill categories:

- *Collaboration*: working together, receiving criticism, giving criticism, motivating other people, overcoming difficulties, taking a fair share of work, writing collaboratively, writing online (Burdett, 2003; Turner, Ireland, Krenus, & Pointon, 2008).
- *Creative problem solving*: gaining insight into customer needs; opportunity seeking; risk taking; divergent thinking; tolerating ambiguity; evaluating different ideas (Titus, 2000).
- *Marketing planning*: disciplined, methodical planning; developing customer value; developing a competitive offering; integrating the elements of planning; applying appropriate marketing strategies; evaluating the impact of strategy (Wood, 2011).
- *Adopting a sustainability orientation*: thinking critically; thinking broadly, relationally, systematically; solving problems and managing a project; confidence to participate with others (Brundiers & Wiek, 2011; Tilbury, Crawley, & Berry, 2004).

Methodology

The data used to inform the RQs was in the form of text written by students in the LMS Blackboard's Discussion Board. For their pre-project reflection, students were required to write approximately 500 words in an individual Discussion Board thread at the beginning of the teaching semester. At the end of the semester, the students were asked to write another

500 words as a reply to their initial Discussion Board thread. This represented the post-project reflection.

The before mentioned sub-skills in each of the four categories – collaboration, creative problem solving, marketing planning, adopting a sustainability orientation - were used as a priori codes to guide the thematic text analysis. This analysis was undertaken in an Excel spreadsheet. Two researchers (the subject assessor and a research assistant) with extensive experience in teaching the subject and assessing student work jointly read and coded separately each student's two reflection texts. A maximum of one sub skill - the most substantive, positive or negative - was coded per student pre-MP and post MP to avoid double counting.

In 2014, 256 students from four main cohorts (two Australian on-campus, one Australian distance and one China on-campus) completed the subject Marketing Principles. Of these, 207 students (27 Australian on-campus 1; 64 Australian on-campus 2; 52 Australian distance; 64 Chinese) completed both the pre- and the post-assessment reflections. These student reflections comprised the sampling frame. To ensure sample size adequacy, a sample size of 50% was set. To ensure representativeness of the sample, a simple random sampling method was used, whereby every second student was selected from each cohort, yielding a sample of 110 students – each with two reflections. The results reported in this paper focus on the whole cohort. Within cohort analysis will be reported in a future paper.

Results

The 110 students' generated a total of 220 reflections – 110 pre-project; 110 post-project. Analysing these reflection yielded a total of 2440 codes (see breakdown of pre- and post-project codes in Table 1). These codes captured substantive student reflection comments for subskills within each of the four skill categories – collaboration, CPS, marketing planning and sustainability orientation. Within each category, additional codes were developed for themes emerging from the reflections: 'Time management' within collaboration; 'overall creativity' within Creative problem solving; 'overall planning' within marketing planning; 'overall sustainability' within adopting a sustainability orientation.

Table 1. Summary of codes per skill category and per student

	Collaboration		Creative problem solving		Marketing planning		Sustainability	
	Pre-MP	Post-MP	Pre-MP	Post-MP	Pre-MP	Post-MP	Pre-MP	Post-MP
Total codes	349	340	314	297	302	279	302	257
Codes per student	3.2	3.1	2.9	2.7	2.7	2.5	2.7	2.3
Codes per sub skill	38.8	37.8	44.9	42.4	43.1	39.9	50.3	42.8

On average, each student reflected substantively (in a way that could be coded) on two to three sub skills per skill category – ranging from 2.3 codes for the post-project reflection on sustainability to 3.2 for pre-project reflection on collaboration. On average, students' post-project reflection texts were somewhat less substantive than the pre-project reflection texts, that is they yielded fewer codes. This may be attributed to student fatigue by end of the teaching session.

Tables 2, 3, 4 and 5 present the pre- and post-project code results for subskills within each of the four categories – collaboration, creative problem solving, marketing planning and sustainability. As can be seen in the table, the skill category that attracted most substantive student reflection was collaboration, followed by creative problem solving, marketing planning and sustainability. This presumably reflects students' relative experience and skills in each of these areas.

RQ1(a): Pre-project skills students perceive they do well

As summarised in Table 2, collaboration was the skill category students most commonly cite they do well (203 positive codes; most for 'working together'). This is followed by creativity (177 positive codes; most for 'evaluating different ideas'; see Table 3), sustainability (171 positive codes; most for 'being confident in groups'; see Table 5) and marketing planning (167 positive codes; most for overall planning; see Table 4).

RQ1(b): Pre-project skills students perceive they do <u>not</u> do so well

The results of the reflection analysis in Table 2 show that most student perceive skill weaknesses in collaboration (146 negative codes; most for 'giving criticism', CPS (137 negative codes; most for 'risk taking'; see Table 3), in marketing planning (135 negative codes; most for 'applying appropriate marketing strategies'; see Table 4) and in sustainability (131 negative codes; most for 'overall sustainability'; see Table 5).

RQ2(a): Post-project skills students perceive they developed well during the project

Table 2 shows that collaboration was also the skill category students most commonly cite they did well in after the project (236 positive codes; again most for 'working together'). This is followed by creativity (224 positive codes; most for 'thinking divergently'; see Table 3), marketing planning (207 positive codes; most for overall planning; see Table 4) and sustainability (195 positive codes; most for 'overall sustainability'; see Table 5).

RQ2(b): Post-project skills students perceive they did <u>not</u> do so well

The results of the reflection analysis in Table 2 show that after the project, most students still perceive skill weaknesses in collaboration (104 negative codes; most for 'motivating other people', CPS (73 negative codes; most for 'thinking divergently'; see Table 3), in marketing planning (72 negative codes; most for 'integrating concepts to see big picture'; see Table 4) and in sustainability (62 negative codes; most for 'being able to motivate and manage change'; see Table 5).

RQ3: Which skills have students come to appreciate most as result of the project?

Collaboration

Of the nine main collaborative sub skills pertinent to the project, students' reflections indicate consistent improvement (i.e. fewer students with skill deficiencies and more students with skill strengths) in four skills – *giving criticism, overcoming difficulties, taking fair share of work* and *writing collaboratively* (see Table 2). The results for changes post-project in the other five sub skills are mixed. Fewer students struggled with *receiving criticism*, yet fewer students also were less confident about receiving criticism. This suggests that the project experience may have triggered some students to rethink the way the deal with peer critique. Further, more students reflected on the *difficulties of doing group work online*, yet more also felt they did well in online group work. The same response pattern is also evident for '*managing time for group work*'. After the project, many students realised the need to improve their time management skills.

While there was no appreciable change across the cohort in the way students perceived their strengths in *working together*, through doing the project more students identified working together as a skill they still needed to develop further. The most challenging collaborative skill appears to be *motivating other people*: For this skill the number of students lacking confidence increased and the number of students with confidence declined following the project. This is not surprising, as it is indeed difficult to influence to

other people's opinions. Students who recognised this in the course of undertaking the project have learned a valuable lesson.

Table 2. Change in main perceived collaboration skills during project

Sub skill	Student self-perception			Change in skill perception		Improvement in mastery of skill?
	Neg., pos.	Pre-MP	Post-MP	No. students	%	
Giving criticism	-	40	12	-28	-70%	√
	+	9	31	22	244%	√
Overcoming difficulties	-	17	12	-5	-29%	√
	+	21	28	7	33%	√
Taking fair share of work	-	13	9	-4	-31%	√
	+	17	26	9	53%	√
Writing collaboratively	-	24	9	-15	-63%	√
	+	7	27	20	286%	√
Receiving criticism	-	20	11	-9	-45%	√
	+	39	32	-7	-18%	X
Doing group work online	-	3	8	5	167%	X
	+	1	4	3	300%	√
Managing time for group work	-	3	14	11	367%	X
	+	2	4	2	100%	√
Working together	-	12	12	0	0%	X
	+	80	71	-9	-11%	X
Motivating other people	-	14	17	3	21%	X
	+	27	13	-14	-52%	X
Total	**-**	**146**	**104**	**-42**	**-29%**	√
	+	**203**	**236**	**33**	**16%**	√

Creativity

Of the seven main creative problem solving sub skills pertinent to the project, students' reflections indicate consistent improvement (i.e. fewer students with skill deficiencies *and* more students with skill strengths) in four skills – *gaining insight in to customer needs, thinking divergently, risk taking and overall creativity* (see Table 3). For the other three sub skills the results for changes post-project are mixed. Fewer students struggled with *seeking opportunities*, yet fewer students also were less confident about doing so. By doing the project some students may have realised the challenge involved with systematically seeking meaningful opportunities. Pleasingly, no students reflected negatively on their ability for *tolerating ambiguity*. Yet fewer students also reflected positively on this skill. Surprisingly, despite the guidance provided in the project-related learning resources, there was no change across the overall student cohort in their perceived skill weakness in *evaluating different ideas*. Encouragingly, more students reflected on their enhanced ability to do so after having undertaken the project.

Table 3. Change in main perceived creative problem solving skills during project

Sub skill	Student self-perception			Change in skill perception		Improvement in mastery of skill?
	Neg., pos.	Pre-MP	Post-MP	No. students	%	
Gaining insight into customer needs	-	15	4	-11	-73	√
	+	31	40	9	29	√
Thinking divergently	-	29	22	-7	-24	√
	+	49	69	20	41	√
Risk taking	-	42	16	-26	-62	√
	+	20	27	7	35	√
Overall creativity	-	12	8	-4	-33	√
	+	6	19	13	217	√
Seeking opportunities	-	9	3	-6	-67	√
	+	15	6	-9	-60	X

Sub skill	Student self-perception			Change in skill perception		Improvement
Tolerating ambiguity	-	10	0	-10	-100	√
	+	6	4	-2	-33	X
Evaluating different ideas	-	20	20	0	0	X
	+	50	59	9	18	√
Total	**-**	**137**	**73**	**-64**	**-47%**	√
	+	**177**	**224**	**47**	**27%**	√

Marketing planning

Of the seven main marketing planning sub skills pertinent to the project, students' reflections indicate consistent improvement (i.e. fewer students with skill deficiencies *and* more students with skill strengths) in four skills – *applying appropriate marketing strategies, evaluating impact of strategies, developing a competitive offering* and *integrating concepts to see the big picture* – see Table 4. For the other three sub skills the results for changes post-project are mixed. Fewer students struggled with *developing customer value*, yet somewhat fewer students also questioned their ability to do so confidently. Perhaps through their experience of undertaking the project, these students better appreciate the depth of the value concept and the challenge to craft a truly meaningful and sustainable value proposition. Fewer students had issues with approaching *marketing planning in a disciplined, methodical way*. At the same time, fewer students (than before the project) reflected on their strengths in planning this way. It may be that – post-project – the students have a better appreciation of the methodical nature of marketing planning and realise that they have not yet adequately mastered it. In terms of *overall planning*, it is pleasing to see that fewer students reflected on their weak planning skills. Surprisingly, there was no evident change across the cohort in self-reported overall planning skills. Revisiting the reflections sampled, most students who reported pre-project planning skill strengths, also did so in their post-project reflections.

Table 4. Change in main perceived marketing planning skills during project

Sub skill	Student self-perception			Change in skill perception		Improvement in mastery of skill?
	Neg., pos.	Pre-MP	Post-MP	No. students	%	
Applying appropriate marketing strategies	-	30	16	-14	-47	√
	+	15	43	28	187	√
Evaluating impact of strategies	-	16	10	-6	-38	√
	+	7	11	4	57	√
Developing a competitive offering	-	17	4	-13	-76	√
	+	8	30	22	275	√
Integrating concepts to see big picture	-	21	20	-1	-5	√
	+	12	18	6	50	√
Developing customer value	-	13	3	-10	-77	√
	+	36	31	-5	-14	X
Being disciplined & methodical	-	12	9	-3	-25	√
	+	33	18	-15	-45	X
Overall planning	-	26	10	-16	-62	√
	+	56	56	0	0	X
Total	**-**	**135**	**72**	**-63**	**-47**	√
	+	**167**	**207**	**40**	**25**	√

Sustainability

As shown in Table 5, of the seven main sustainability sub skills pertinent to the project, students' reflections indicate consistent improvement (i.e. fewer students with skill deficiencies *and* more students with skill strengths) in three skills – *overall sustainability, thinking critically and thinking more broadly, relationally* and *systematically*. For the other four sub skills the results for changes post-project are mixed. Fewer students struggled with their *confidence to participate in groups;* yet somewhat fewer students than before the

beginning of the project reflected positively on their confidence to do so. As discussed under 'collaboration', while most student developed and improved a range of group work skills, some students found themselves challenged on certain skills, such as receiving criticism and working together. A similar response pattern was found with the sustainability skill for *motivating and managing change*. There was a decline in the number of students who perceived weaknesses in their ability to do so. However, after the project fewer students were as confident in their abilities to motivate and manage change as beforehand. It is possible that some students overestimate their confidence and abilities prior to undertaking a task, as they do not have a realistic expectation of that task. Motivating others often means taking the lead within a pee group. This does not come easily to most people. Most of us like to operate within our comfort zones and do not enjoy challenging ourselves or facing risks. Yet this is just what is required in developing new, more sustainable approaches. Surprisingly, after the project several more students felt negatively about their skills in solving problems and managing a project and somewhat fewer students felt as positive about them as before the project. As mentioned before, this may be a result of the project experience stimulating some students to think more realistically about the level of skills needed to successfully perform certain challenging tasks.

Table 5. Change in main perceived sustainability skills during project

Sub skill	Student self-perception			Change in skill perception		Improvement in mastery of skill?
	Neg., pos.	Pre-MP	Post-MP	No. students	%	
Overall sustainability	-	35	11	-24	-69	√
	+	46	64	18	39	√
Thinking critically	-	29	9	-20	-69	√
	+	23	36	13	57	√
Thinking broadly & relationally	-	23	7	-16	-70	√
	+	14	23	9	64	√
Being confident to participate in groups	-	16	10	-6	-38	√
	+	49	40	-9	-18	X
Being able to motivate & manage change	-	22	16	-6	-27	√
	+	26	22	-4	-15	X
Solving problems and managing a project	-	6	9	3	50	X
	+	13	10	-3	-23	X
Total	**-**	**131**	**62**	**-69**	**-53**	√
	+	**171**	**195**	**24**	**15**	√

Conclusions

The results show that pre-project student reflections help students think consciously about their existing skill strengths, as well as needs for improvement. Across all four skill categories (collaboration, creative problem solving, marketing planning and sustainability orientation), post-project there were substantial (28 to 53%) *reductions* in perceived skill weaknesses and substantial (15 to 33%) *increases* in perceived skill strengths. This finding suggests that through experiential, collaborative project-based assessment we can help first-year business students tackle their perceived skill shortcomings, as well as boost their perceived skill strengths. Following the project learning experience, some students start to more realistically assess their skills in a second, post-project reflection. At a minimum, these reflective tasks allow students to perform explicit self-evaluations and develop metacognition, which supports deeper learning - a prerequisite for innovation and sustainable organisational performance.

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Word-of-Mouth Effects on Student Choice Behaviour: The Dual-Process Conceptual Framework

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Abstract
This paper proposes a conceptual framework to understand the influence of word-of-mouth communications in the higher education context. Research to date on student behaviour is viewed primarily through effects of marketing activities or satisfaction and post-purchase behaviour. In this conceptualisation, we invoke insights through the dual-process of communication persuasion. Through this lens, communications are suggested to have two major impacts on student choice behaviour: message relevance and source credibility. The paper summarises the extant literature related to source types, including their persuasive characteristics, and students' selection criteria as delivered in word-of-mouth messages. We conclude with suggestions for future research and the identification of the key questions in terms of source types and selection criteria.

Keywords: word-of-mouth, higher education, communication persuasion
Track: Marketing Education

1. Introduction

Word-of-mouth communication has acquired the attention of researchers and marketers since the 1950s (Martin & Lueg, 2013; Nyilasy, 2006) and it is broadly accepted as having a substantial impact on consumer behaviour (Berger, 2014). Empirical studies have contributed abundant evidence that word-of-mouth is an important factor in customers' decision-making processes, from information search and awareness, through to purchase decisions (Arndt, 1967; Bansal & Voyer, 2000; Chevalier & Mayzlin, 2006; Liu, 2006). The diversity of topics in this area indicates the significance of this phenomenon to academic marketing knowledge. Moreover, word-of-mouth is a context driven phenomenon (Berger, 2014), so its nature and impact would be different from various contexts. In fact, communicators or consumers in various industries can reach different sources, use different channels and mention different messages. However, there is dearth of studies that combine the multiple facets of word-of-mouth in decision making to demonstrate general word-of-mouth aspects for particular industries.

Higher education is a highly competitive industry in the climate of globalisation and marketization (Hemsley-Brown & Oplatka, 2006; Judson & Taylor, 2014). Higher education is classified as a credence service, which consumers would be unable to evaluate the quality even after purchase and using (Patti & Chen, 2009). It is also accepted that higher education choice is a unique decision which requires higher involvement of students and it is more challenging for university marketers (Moogan, Baron, & Harris, 1999). During this long-term decision making process, students can actively involve in many information search activities, including referrals from 'knowledgeable others' (Chapman, 1986) as word-of-mouth communications. Therefore, understanding the effective word-of-mouth sources and the information that students are looking for from word-of-mouth communications are significant for university managers and marketers. Therefore, this paper focuses on the higher education

context, in order to draw a whole picture of what, who and how word-of-mouth influences student choice behaviour.

The purpose of this paper is to develop a conceptual framework to demonstrate the persuasion flow of word-of-mouth communications during prospective students' decision making process. This paper is grounded within the dual-process theories, which suggest that the persuasion of communication is occurred through two processes: message content relevance and source credibility. This dual-process is applied to word-of-mouth communication and higher education context. Therefore, the conceptual framework is presented with the identification of research questions to be investigated. As the main constructs of research questions, the word-of-mouth source types and selection criteria of students are reviewed.

2. The Dual-Process of Communication Persuasion

Communication persuasion has been widely investigated in historical studies (Chaiken, 1980; Kang & Herr, 2006; Petty & Cacioppo, 1986). The popular dual-process theories suggest that communication persuasion will occur through two processes: peripheral and central process according to Petty and Cacioppo (1986), or heuristic and systematic process according to Chaiken (1980) (see Figure 1).

Figure 1: The Dual-Process of Communication Persuasion
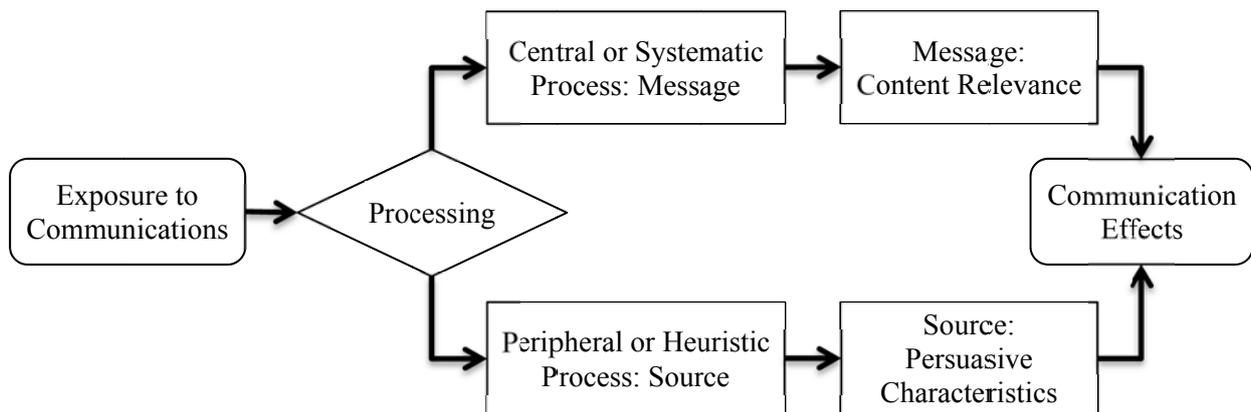
The central or systematic process argues that the persuasion of communication is determined by the audiences' consideration of motivation and ability to process the messages presented to them. The motivation can be affected by the relevance between personal issues and message content. If the message is relevant to what the customer is considering, it is more likely to be processed and to influence attitude and behaviour. The peripheral or heuristic process suggests that the influence of communication is associated with the source credibility. This perspective focuses on the sources of communication, in terms of their persuasive characteristics. This dual-process theory provides a background for developing a conceptual framework.

3. Conceptual Framework

Since the behaviour and consideration of students in their decision making processes are complex (Moogan et al., 1999), the peripheral/heuristic and central/systematic processes are adopted in the proposed framework (see Figure 2). Within these processes and higher

education marketing context, the source type and selection criteria are highlighted as the key players in this conceptual framework.

Firstly, as the peripheral of heuristic process, source effects will lead to the influence of word-of-mouth on student, if they are persuasive and credible (Chaiken, 1980; Petty & Cacioppo, 1986). Thus, the persuasive characteristics of various sources will be evaluated as the antecedents of influence. In this process, the judgement of students toward various source types is the focus, which has been also investigated in previous studies (Bansal & Voyer, 2000; Haywood, 1989). From the source types identified in literature, it is significant to examine if they are suitable for higher education contexts. We propose two research questions:

Research Question 1: What word-of-mouth source types do students most commonly receive messages from when selecting a higher education institution?
Research Question 2: How do word-of-mouth source types convey persuasive characteristics?

Secondly, as the central or systematic process, word-of-mouth communication will affect students if it delivers relevant information as students want to know. In this context, the relevant information students want to know are selection criteria. This relevance will lead to influence on attitude and behaviour intention (Petty & Cacioppo, 1986). It leads to the research questions as follow:

Research Question 3: What are selection criteria students consider when selecting a higher education institution?
Research Question 4: How do word-of-mouth source types deliver the selection criteria to students when selecting a higher education institution?

Figure 2: Conceptual Framework
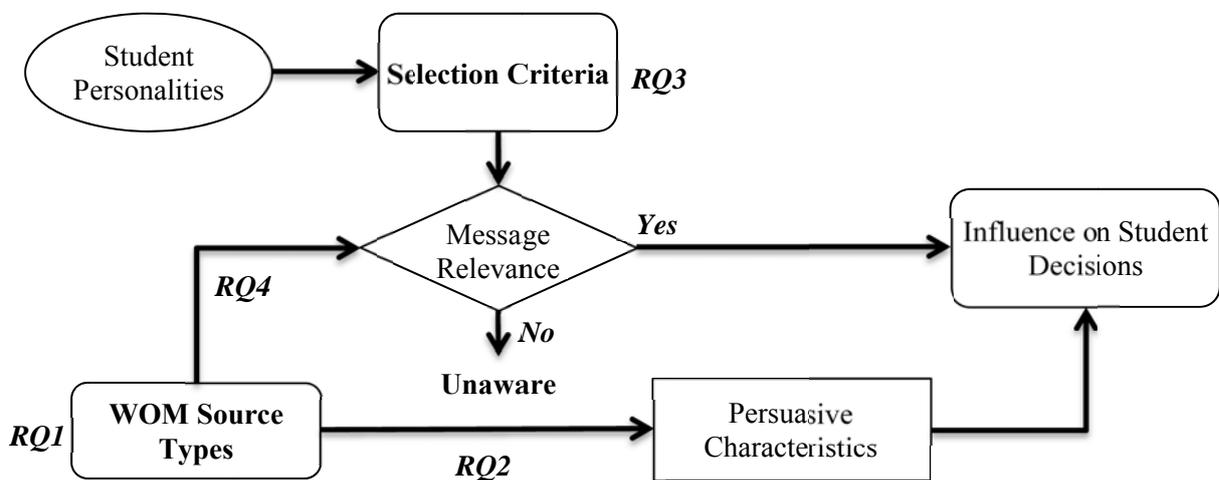
4. Literature Review for the Main Constructs

The following literature review addresses the two key constructs, word-of-mouth Source Types and Selection Criteria as they reflect the peripheral/heuristic and central/systematic processes adopted in the proposed framework.

4.1 Word-of-Mouth Source Types

The research questions 1 and 2 require word-of-mouth source types to be investigated in higher education context. Previous research has profiled word-of-mouth referral sources including Opinion Leader, Mercenary, Helpful Friend and Reciprocator (see Table 1).

Opinion Leader is the most common source type discussed in word-of-mouth research (for example, Childers, 1986; Corey, 1971; Dobele & Ward, 2002; Iyengar, Van den Bulte, & Valente, 2011; Katz, 1957; Katz & Lazarsfeld, 1955; King & Summers, 1970; Myers & Robertson, 1972). Before the 1950s, mass media messages were assumed as the dominated sources to have influence on audiences (Buttle 1998). During the mid-1950s the study of voting behaviour suggested the significant effects of personal communications (Katz 1957). The information from traditional sources of media first reaches 'opinion leaders', who would spread the information and their opinions to peers who are influenced by them. The term Opinion Leader was first defined by Katz and Lazarsfeld (1955) as those people with expert knowledge of a product or service and who often share their opinions with prospects and other clients. The characteristics of Opinion Leaders were found in studies as they have more knowledge and frequently involve in customer activities, they read media more often and have a higher level of satisfaction from those activities than non-leaders (Corey 1971). Because they are 'model' of opinion, they can be influential in marketing strategy through word-of-mouth communication to friends, family and acquaintances (Corey 1971). Therefore, because of its importance, researchers need to identify who are considered as Opinion Leaders beyond the election situation, for example, higher education context.

The effectiveness of incentives to encourage word-of-mouth referrals has been determined in number of studies. Hennig-Thurau et al. (2004) concluded that economic incentive is one of primary motives encouraging people articulate and share their experience in opinion platforms. Trusov, Bucklin and Pauwels (2009) suggested that the financial incentive is an effective offer firms might provide to stimulate word-of-mouth. Wirtz and Chew (2002) found the effect of monetary incentives or rewards to encourage customers sharing referrals of a service. People who receive gifts or offers as the incentives to spread the word-of-mouth messages can be named Passive Mercenary (Dobele & Ward, 2002). In some service sectors, third-party clients or agents exist to support the customers to select the service, for example, travel agents or airline booking. These agents receive the commission from service firms but do not work for any particular companies. Therefore, they could be effective word-of-mouth spreaders and they might fit well with the term Mercenary. The term Mercenary, instead of Passive Mercenary, is used to represent both customers and third-party agents.

The two other potential source types, Helpful Friend and Reciprocator, were introduced in a study of Dobele and Ward (2002). Helpful Friends provide information similarly to Opinion Leaders, but they are not experts in that field. The final categorisation of referral type is the recommender of a firm, as long as that firm is making suggestions in return. Reciprocal referrals occur when two or more firms agree to deliver recommendations about each other (Buttle 1998). This type of word-of-mouth senders is named Reciprocator.

Table 1: Word-of-Mouth Source Types

Sources Types	Authors
Opinion Leader	Katz and Lazarsfeld (1955); Katz (1957); King and Summers (1970); Corey (1971); Myers and Robertson (1972); Childers (1986); Dobele and Ward (2002); Iyengar et al. (2011)
Mercenary	Dobele and Ward (2002); Wirtz and Chew (2002); Hennig-Thurau, Gwinner, Walsh, and Gremler (2004); Trusov, Bucklin, and Pauwels (2009)
Helpful Friend	Dobele and Ward (2002)
Reciprocator	Buttle (1998); Dobele and Ward (2002)

4.2 Selection Criteria of Students

In order to develop the marketing strategy for student recruitment, universities should know the various attributes students look for in their decision process. These attributes or selection criteria of students form the information search activities and affect their choice decisions. Selection criteria are important in higher education marketing research, and have been analysed from mainly a country perspective such as Australia, United Kingdom, United States, Portugal (for example, Mazzarol & Soutar, 2002; Moogan, Baron, & Bainbridge, 2001; Moogan et al., 1999; Obermeit, 2012; Simões & Soares, 2010; Soutar & Turner, 2002; Veloutsou, Lewis, & Paton, 2004). However, there is no one set of attributes which can cover all selection requirements of students, the review of literature proves these selection criteria are various from the contexts of research. A conjoint analysis of Soutar and Turner (2002) investigating the attributes of Australian high-school leavers indicated that the most important determinants of university preference are course suitability, academic reputation, job prospect and teaching quality. Using data from 306 pupils in various schools in the United Kingdom, Veloutsou et al. (2004) identified a long list of selection criteria led by course content and university reputation. The variety of selection criteria analysed in previous studies reflects the complexity of student behaviour. In summary, the set of popular attributes from previous studies, which are categorised to Reputation, Career Prospect, Course and Teaching, Student Life, are listed below:

Table 2: Selection Attributes

Dimensions	Attributes	Authors
Reputation	University Reputation	Moogan et al. (2001); Soutar and Turner (2002); Simões and Soares (2010); Veloutsou et al. (2004)
	Degree Reputation	Simões and Soares (2010)
	University Prestige & Status	Mazzarol and Soutar (2002); Soutar and Turner (2002); Veloutsou et al. (2004)
Career Prospect	Employment Prospects	Mazzarol and Soutar (2002); Soutar and Turner (2002); Veloutsou et al. (2004)
Course and Teaching	Course Suitability	Chapman (1981); Soutar and Turner (2002)
	Course Content	Moogan et al. (2001)
	Teaching Quality	Mazzarol and Soutar (2002); Soutar and Turner (2002)
	Staff	Mazzarol and Soutar (2002)
Student Life	University Resources	Veloutsou et al. (2004)
	Social Life	Soutar and Turner (2002); Veloutsou et al. (2004)
	Location	Moogan et al. (2001); Soutar and Turner (2002); Simões and Soares (2010)

5. Conclusion and Research Directions

The framework and review have presented the persuasion flow and the main components of word-of-mouth communications in higher education. From this conceptual framework, four research questions have been addressed for further investigation. The literature review has explored the word-of-mouth source types and selection criteria. Next, empirical studies are required to analyse these source types and selection criteria in higher education choice context. To address the research questions a mixed methodology will be applied. First, a qualitative analysis of online social media content will be conducted, followed by a quantitative survey. The result of the study will assist university managers to more effectively develop strategies to attract prospective students.

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A University Brand Community on Social Media: A Netnographic Analysis

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Abstract

Universities today use social media, trying to engage students and stakeholders in the communities. However, much of virtual brand community studies have focused on commercial brands, while non-profit organisations such as universities have received limited attention. This research explores the nature of a university's brand community based in social media. A netnographic analysis of an exemplary Facebook page of a leading Australian university investigated the nature of content and the characteristics of interactions between members and the university and among members. The results first evidenced the use of visual narratives and brand stories to emphasise the cultural norms and artefacts that exist in an offline university community. Further, while the existence of community markers and value-creating practices were identified, the leadership role of the university marketer in facilitating and inspiring these engagements was clear. These findings have practical implications and contribute to the higher education marketing literature.

Keywords: higher education marketing, brand community, social media, Facebook

Track: Marketing Education

1.0 Introduction

Social media has dramatically empowered consumers to influence brand meanings, while creating both opportunities and challenges for marketers in customer engagement (Brodie, Ilic, Juric, & Hollebeek, 2013) and brand management (Gensler, Völckner, Liu-Thompkins, & Wiertz, 2013). Higher education is just one sector that must adapt. Universities are increasingly utilising social media to engage with students, alumni, and employees, to disseminate information, and to increase brand visibility (Bélanger, Bali, & Longden, 2014). Given the reciprocal nature of university education, and because students are the forefront of social media phenomena, social media brand communities (SMBCs) present significant relationship marketing (RM) opportunities for higher education institutions (HEIs). However, important gaps in both theory and practice prevent a comprehensive understanding of the issues at play. Whilst previous virtual brand community studies focuses on commercial brands, the lucrative higher education sector, where university communities and relationships primarily exist in an offline environment, has been ignored. Additionally, social media is such a dynamic field that more research is needed. In practice, little is known about how students interact with their university and other members on social media. To address these voids, this research explores the nature of a university's SMBC, with the specific objectives of understanding the nature of content and the characteristics of interactions within the SMBC.

2.0 Literature Review

2.1. Brand Community and Social Media

The established body of brand community literature offers useful frameworks such as the markers of community (Muniz & O'Guinn, 2001), value-creating practices (Schau, Muñiz, & Arnould, 2009), a customer-centric model (McAlexander, Schouten, & Koenig, 2002), and a social influence model (Dholakia, Bagozzi, & Pearo, 2004). However, the relatively new phenomenon of an organisation-initiated SMBC deserves scrutiny. Recent studies discuss literate users' selective approaches to different social media platforms (Smith, Fischer, & Yongjian, 2012) and the rise of multiple community memberships and individualistic participation (Weijo, Hietanen, & Mattila, 2014). Among many social media platforms, Facebook is the world-most popular site, with approximately 1.31 billion users and 54 million pages existed in July 2014 (StatisticBrain, 2014). Although the recent studies of organisation-initiated Facebook pages (Habibi, Laroche, & Richard, 2014; Zaglia, 2013) identified the existence of community characteristics, Facebook, members appear to be more interested in the brand than social interactions with other members (Gummerus, Liljander, Weman, & Pihlström, 2012). Thus, a Facebook brand page may be more suitable for building relationship between the brand and customers. Another vital component of a SMBC is content. Whilst the vividness and interactivity of content and positive user comments are known to drive brand posts popularity (De Vries, Gensler, & Leeflang, 2012), brand stories (Chiu, Hsieh, & Kuo, 2012), that can be user- or marketer-generated, are also the key drivers of meaningful engagement on social media. Brand stories are vital to brand communities in communicating the shared meanings (Muniz & O'Guinn, 2001). This view is particularly important to higher education since universities offer highly involved, shared experiences (Arnould & Price, 1993) to students for a long period of time, and students are likely to share such experiences with peers on social media, and possibly in their university's SMBC.

2.2. Higher Education and Relationship Marketing on Social Media

In light of intensifying competition and funding constraint, RM and the co-creation concept in higher education have become important. Conversely, students are increasingly viewed as customers (Bowden, 2011), institutional brand co-owners (Balmer & Liao, 2007), or co-producers (McCulloch, 2009) who influence the experiences of other students. These views support students' active participations in extracurricular activities (Arnett, German, & Hunt, 2003) and the co-creation of student lifetime value and university brand identity (Hemsley-Brown & Oplatka, 2006). McAlexander, Koenig and Schouten (2004, 2006) promote a university brand community as the best RM approach by emphasising the long-term impact of shared experiences on relationship outcomes such as alumni's supportive acts (Mael & Ashforth, 1992). Such brand relationship orientation should not undermine the value of higher education given the importance of students' affective commitment and sense of belonging, which can be strengthen through their university's SMBC, to retention (Bowden, 2011). Social media indeed presents opportunity for the co-creation of institutional brand meanings with students and staff (Bélanger et al., 2014), while for students, who are "*digital natives*", it is a primary source of information, communication means and community building, and the part of their identities (Davis III, Deil-Amen, Rios-Aguilar, & Gonzalez Canche, 2012). Previous research suggests the positive effects of students' social media use on social capital formation (Ellison, Steinfield, & Lampe, 2007) and educational engagement (Junco, 2012). However, how students engage in a university-initiated SMBC needs to be explored in light of popular practice; hence the aim of this research.

3.0 Method

The amount of rich data to be gleaned from such research led to the researchers adopting a netnography methodology. Netnography is a conduct of ethnographic research on the Internet, allowing the researcher to observe naturalistic, unobstructed community interactions (Kozinets, 2010). The site chosen for netnography is the UWA Students

Facebook page (www.facebook.com/UWAstudents), which is administrated by the Student Services Division. Facebook is the most utilised social media among HEIs (Barnes & Lescault, 2011). This page has been the University's most established social media account among numerous official and affiliated accounts and also integrates its YouTube and Instagram channels. When this community was selected, it had more than 12,000 followers. A variety of rich, student-focused content is posted daily, generating a high level of engagements, and the page administrator is responsive. Thus, this community meets Kozinets' (2010, p. 89) criteria. The proximity to the student community and the role of the Division, which is to support student experiences, were particularly important to this research focusing on the engagement of current students. The archival dataset for a seven-month period was extracted for analysis. After the initial sorting of data, 112 brand posts with a total of 15 or more engagements (Likes, Shares, Comments and Tags) were chosen for content analysis and further thematic analysis. These posts were first classified by media type, such as image, video, text and link (De Vries et al., 2012) and by content type (Cluett, 2010). Content, comments and replies were further analysed to examine the existence of the community markers (Muniz & O'Guinn, 2001) and value-creating practices (Schau et al., 2009).

4.0 Key Findings

4.1 Visual Narratives and Cultural Artefacts

A classification of 112 brand posts by media type showed that an image or a set of images accompanied by a text was by far the most commonly used medium (97 posts: 87%), followed by video (9 posts: 8%), link (4 posts: 3%) and text (2 posts: 2%). Visual narratives were particularly manifested in those image posts that captured the university's cultural artefacts and school symbols. These objects, such as the architecture (i.e., arches, buildings), icons (i.e., statutes), facility (i.e., lawns, libraries) and pets (i.e., ducks, peacocks), represented the shared meanings and identities of the university and student community and often communicated in a humorous or mythological way. Further, the use a hashtag "*#UWAStudents*" in student-generated Instagram pictures were encouraged, enabling the sharing of the pictures captured the authentic moments of campus life on the Facebook page.

Table 1: Examples of visual narratives in the UWA Students Facebook Page

	Marketer-generated visual narrative content: The student card represents the UWA student identity, where peacocks are both the University's pets and corporate symbol. In this post, the marketer invited new students to collect their ID cards, while introducing Eddy the peacock, providing opportunity for students to learn about the icon.
	Student-generated visual narrative content: Students' strong emotional attachment to the University may be highest on a graduation day, and much student-generated graduation-related content was curated into albums on the Facebook page. The picture of an invitation to the graduation ceremony that includes the University's corporate symbols (e.g. logo, font) explicitly indicates the significance of the event and UWA identity to this student, which can strongly resonate with other members.

4.2 Brand Stories and Brand Use Content

A diverse range of content was purposefully communicated through brand posts. In particular, brand stories and brand use content were strongly manifested. Stories of students and staff, and sometimes objects and pets, were the most frequently observed type of content. These stories were co-authored by the marketer and members and presented in a distinctive narrative format, starting with *"This is [name of featured person/object]",* followed by a list of useful tips, inspiring stories and real-life experiences described in his/her own voice: *"This is Nathan [pseudonym], who just graduated after 7 years of study […] most memorable things Nathan has done during his time at UWA: 1.Ttravelling to Beijing with The Winthrop Singers in 2010 to represent UWA […] meet some wonderful musicians from all around the*

world, as well as experience Chinese culture. I also got to eat a scorpion […] 5. Meeting many interesting academics and fellow students. Nothing is more exciting than discovering a new friend through a common interest. University teaches you a lot, but I feel most of my best lessons have been learned through casual conversations, optional seminars, meetings or Guild events […] make the most of the opportunities to discover interesting people."

4.3. Value-Creating Practices and Markers of Community

Value-creating practices were demonstrated within and across thematic categories (Table 2). The analysis also evidenced the existence of community markers although explicit expressions of *a shared consciousness of kind* were not prominent. Rather, when members shared a common view towards a particular university object or person featured in a brand post, sort-of-know-each-other feelings seemed to be created, activating the subsequent comments. For example, in response to a brand post co-authored by a lecturer, some students shared their experiences: *"I am his past student [...] was very lucky to have him as my supervisor [...]"* - *"Enjoyed a social media class with him last year […] Check him out on Twitter!"* Next, *Shared rituals and traditions* were the most frequently observed community characteristics in the UWA Students Facebook page, with brand stories often manifested in the posts about students' shared consumption and cultural norms. When the marketer described the student sub-culture about the university library: *"Think of everything the Reid Library has ever done for you. Whether you've studied, sheltered, snacked or snoozed in there (or even if you just like the smell of all those books) […]"*, students responded by sharing their own experiences and their strong attachment to the place: *"I've given this place so much blood sweat and tears"* - *"Reid is my second home. I think I spend more time here than at my actual home."* Finally, both the marketer and members expressed *a sense of moral responsibility*. In the brand post regarding a notification of semester results, the marketer stayed up all night to respond to students' comments. Students also assisted others by sharing knowledge: *"It's tradition that the results are released at the beginning of the weekend prior to the official Monday release",* by tagging friends (typing @*[name]*) in their comments to inform them about the topic, and by entertaining anxious members: *"Here is a game to get you through waiting [link]".* Once some started to receive their results, they informed each other: *"Check email guys. I got my results."* By sharing the nervous moment and helping out each other, the community seemed to strengthen the bond and co-created value.

Table 2: Examples of value creating practices in the UWA Students Facebook Page

Practice (Schau et al. 2009)	Example
Welcoming (greeting and socializing with new members)	The number of followers reached at 11,000 – UWA Students: *"Oh Hello! Our 11,000th fan!"*
Empathizing (offering emotional or physical support to other members)	A student had to ride home in the heavy rain - UWA Students: *"Hope you survived the wind gusts, Lisa [pseudonym] [tagged]."*
Justifying (rationalizing the devotion to the brand)	In response to a story of a mature age student – A student: *"Like her, I am a mature student at UWA too...best thing I ever did!!"*
Evangelizing (advocating the brand use)	In response to story of a staff – An employee: *"Todd [pseudonym] is certainly one in a million and a very treasured friend to all of us at the School of Music!"*
Staking (recognizing the diversity in the community)	UWA Students: *"Happy Chinese New Year, congratulations you are rich! Wishing you every success and good luck in the year of the Horse from everyone at UWA."*
Badging (symbolizing memorable brand experiences)	UWA Students create an album for student-generated Instagram photos of graduation ceremonies.
Documenting (detailing brand stories)	In responding to a story of Macca, the pet pig – A student: *"Watched Macca grows from the littlest of pigs...."*
Grooming (improving the use of brand)	A student sharing assignment tips: *"Create a calendar and mark out all important dates of assessment."*
Commoditizing (distancing/approaching the marketplace)	Filtered water stations were introduced – A student: *"It's good to see that this one is actually accessible for someone in a wheelchair."*

4.4. The Influence of Existing offline Relationships and formal membership

The analysis of comments and replies revealed the strong influence of existing friendship or student-staff relationship in member interactions. This is indeed unique to the higher education context where students and staff are the formal members of the organisation. Such relationships were particularly expressed in the interactions between those members who were featured in the brand story posts and their friends or staff members who know them well: *"What a champion! Great photo too Nathan [pseudonym]!"* - *"The man himself - you couldn't have picked a better student!"* - *"Nathan, you continue to be one of the most interesting people I've ever met! ☺"*

5.0 Discussion and Implications

The analysis of an exemplary university SMBC concludes that students may better engage in their university's SMBC where content and interactions largely reflect the nature of campus life, respond to the needs of a heterogeneous student community and emphasise the rich, cultural artefacts, symbols and norms that exist in a physical university community. Specifically, these objects, when integrated in visual narratives, can help communicate the shared meanings of the university or student communities. Further, co-authored student-brand stories can be effective in promoting authentic student experiences. These objects and stories provide cues to stimulate members' collective memories (Belk, 2013) and arouse their emotions towards the objects and the organisation (Rafaeli & Vilnai-Yavetz, 2004). Brand use content is also important in serving the strong information need of students and keeping them aware of the academic and social supports available to them, while helping promote the group norms (Dholakia et al., 2004) to attract new members and to retain existing ones. The research also supports the pivotal role of marketers (McAlexander et al., 2002) in activating member interactions by first engaging themselves in the community. Perceived effort of the marketer here indeed could lead to build trust in members and foster engagements (Porter & Donthu, 2008). However, unlike SMBCs of commercial brands, a university's SMBC can never replace the social function of the offline community, which has long been existed beyond the scope of a brand. In other words, social interactions mostly occur outside the SMBC, resulting in the weak communal tie of the SMBC. This may however change as more members identify with the SMBC and internalise the norms (Carlson, Suter, & Brown, 2008).

This research contributes to the higher education marketing literature in which the SMBC phenomenon was under-explored. Specifically, the findings build on the studies on RM in higher education by adding that the technological and ideological foundations of social media enable both students and their university to multiply the opportunity to interact, share experiences and negotiate the brand meanings and cultural capital beyond the on-offline boundaries. The research also contributes to the brand community literature by supporting the pluralistic views unique to the social media context (Habibi et al., 2014; Weijo et al., 2014). By proactively engaging in a university's SMBC, the marketers and administrators may be able to better understand students' emotions attached to shared experiences, rituals and artefacts in the physical community environment. Communicating these shared meanings through visual narratives and brand stories can help drive engagements. As evidenced, encouraging students to use specific hashtags that allow the marketer to monitor and endorse student-generated visual narratives may yield fruitful results. Further, given the open-structure of a SMBC allowing any individuals to participate, and that prospective students are increasingly visiting a university's social media accounts before and after admission (Hobson, 2014), universities may leverage the authentic voice of current students for new recruits. Finally, those university employees and student representatives who administrate social media accounts should collaborate to track and share relevant content each other in order to co-create and maximise the value of the content and corresponding interactions, and to ensure that brand communications across the accounts are harmonised. In doing so, however, the benefits of engaging in the university's SMBCs to students must be ensured and support the role of higher education - the creation and transfer of knowledge and personal growth.

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MARKETING EDUCATION

ABSTRACTS

From marketing research to marketing education: How academic journal articles can foster practice-oriented teaching and learning

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Abstract

Although marketing research considers itself an applied discipline, research in this area has been criticized over the last decades for its lack of managerial relevance. The debate on rigor versus relevance is age-old, but could not be more vigorous, in academia, in marketing practice as well as within higher education institutions. This paper contributes this discussion threefold: First, it empirically confirms a positive relationship between academic quality and practical relevance for the marketing discipline. Second, the findings are supported for an educational setting. Third, the paper assesses the suitability of academic journal articles for teaching and learning practices in marketing education.

Keywords: *Marketing Education; Student-Centred Learning; Knowledge Transfer*

Track: *Marketing Education*

Dual pathway learning: Student engagement and academic achievement

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Abstract

Blended learning has grown in importance across the university sector with increased demands for flexible and efficient delivery of content to increasingly time constrained learners. Enabled through technological innovation, asynchronous (out-of-class) learning offers a way to fulfil these demands. Yet few robust, evidence based frameworks exist to offer guidance to university educators. This article provides one such framework by testing an application of a blended (online/in-class) learning community, and its effect on student's learning performance (final grades). We show that our low-investment blended learning approach is not only an efficient way to leverage existing technology, but more importantly leads to improved academic achievement and higher engagement for students. In particular, our findings highlight a dual pathway to academic achievement in blended learning; one that is based on increased active participation, and the other based on the mediating role of student engagement. We discuss implications for university educators.

Keywords: *Blended Learning; Student Engagement*

Track: *Marketing Education*

Facilitating student interaction capabilities through shared values and peer learning

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Abstract

Marketing education increasingly recognizes the active role of students in their learning experience. Students co-create learning outcomes through interacting with course resources and other students. However, there is little understanding of the factors that support the development of students' ability to interact in this learning environment. This paper examines the influence of individual and group characteristics that exist at group formation, on the development of the group and ultimately its interaction capabilities. We identify that individual goal orientation and motivation predict shared academic goals and commitment to learning. Over a period of time, these factors promote a shared vision and recognition of peer learning opportunities provided by the course, and subsequently drive student interaction capabilities. The results implies that to enhance interaction among students, marketing educators should focus efforts on developing peer learning opportunities and consider individual and group goals and commitment to learning when forming student groups.

Keywords: *Interaction Capabilities, Marketing Education, Co-Creation, Peer Learning, Shared Vision, Group Work*

Track: *Marketing Education*

Nuances in student experiences in higher education:
Exploring gender and non-domestic high schooling influences

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Abstract

One contributor to the diversity of student profiles in higher education is internationalisation. This factor, along with changes in technology, has put pressure on universities to adapt program content and pedagogy to deliver quality sustainable higher education. This paper provides a small window into the lived-experience of students in their first few years at a research-intense Australian university. Open-ended interviews ranged over many issues highlighting the individual nature of each student's experience. Female students coming from a non-domestic high school expressed the most favourable, and unfavourable, comments about their current experience; these included language, social support and the need for a relationship with their teachers. Language and a lack of connection were also issues for the intentional males. This exploratory study provides a timely reminder that in standardising our program offers as teacher, we need to be mindful of the need to be responsive and flexible in addressing student diversity.

Keywords: *Student Experience, Gender, Non-Domestic High School, Leximancer*

Track: *Marketing Education*

The role of team climate, course relevancy and goal congruence in student motivation

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Abstract

Managing student motivation is a central concern of marketing educators. One approach to addressing poor student motivation in the marketing classroom is the use of peer-to-peer learning or teamwork. Using the lens of team climate and goal theory, this study investigates the influence of team climate on the motivation marketing students derive from teamwork and explores which goals, individual or team level goals, are most salient in terms of forming dominant achievement motivations in the learning context. From a sample of 221 students working on a semester long team project, the results demonstrate the importance of a positive team experience on motivation and performance, most notably for students who initially have a more negative attitude towards the relevance of the course to their future studies and career. However goal congruence, adjusting individual goals to match team goals, was found to be detrimental to the overall performance in the course.

Keywords: *Team Work, Team Climate, Goal Congruence, Motivation, Performance*

Track: *Marketing Education*

Personal traits of practicing entrepreneurs and aspiring future entrepreneurs in Vietnam: an empirical study

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Abstract

Do differences in personal traits exist between praciticing entrepreneurs and aspiring future entrepreneurs? What is the relative importance of various personal traits that influence individuals' entrepreneurial intentions? The authors present two studies including a qualitative study with eight entrepreneurs and a quantiative study with 938 participants comprised of students, employees and entrepreneurs in the context of a transitional economy of Vietnam. The results show that practicing entrepreneurs are marked by strong perseverance, passion, opportunity recognition, originality and risk propensity. Yet, aspiring future entrepreneurs' personal traits are characterised only by high originality, risk propensity, and passion. Practicing entrepreneurs have greater perseverance, opportunity recognition and originality than aspiring future entrepreneurs. The results suggest that reinforcing and improving perseverence, opportunity recognition and orginality of aspiring future entrepreneurs would assist them to turn their entreprneurial intentions into a reality. This insight provides an important contribution to the literature on entrepreneurship policy, education and research.

Keywords: *Entrepreneurial Traits, Entrepreneurial Intention, Entrepreneurs in Emerging Economy*

Track: *Marketing Education*

The Perceived Brand Image of Brands in English Higher Education

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Abstract

This study applies a new objective long-term based performance measure called "University Brand Health Index" (UBHI) to measure the brand health of universities in the United Kingdom over the period 2003-2013 in their pursuit of the market for international students. It compares the UBHI performance of the top UK universities with those of the bottom performers and then uses Leximancer, a text analytics application, to compare the top and bottom performing groups in terms of students' perceptions and university brand image. The findings show that healthy brands have been more successful in positioning themselves in students' brains. University-related concepts including some positive emotions were the most dominant theme among healthy brands, however for unhealthy brands, instead of university, it was the Country-related experience that was the most dominant theme.

Keywords: *University Brand Health, Brand Performance, Brand Image, International Student Choice*

Track: *Marketing Education*

BRAND AND BRAND MANAGEMENT

FULL PAPERS

The Multiple Benefits of Brands and Features:
Evaluating the Position of Breads on Health, Taste, and Value

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Abstract
We outline a framework outlining how product positioning occurs in a multi-dimensional consideration of brand benefits, whilst accounting for how product features further shape product positioning. Respondents evaluated supermarket breads described by brands and a variety of features (e.g., flour, claims, price). A holistic evaluation was made with respect to health, taste, value and overall preference. A brand's relative position on multiple benefits was derived via a discrete choice model, simultaneously accounting for the impact that product features have on these same dimensions. This allows a direct comparison of the drivers of positioning from a holistic, multi-attribute multi-brand perspective. The results show the strong value that brands have in driving positioning, but also the role of some features in furthering this. The research compliments other frameworks and methods in product positioning, and we outline its extension to benefit segmentation.
Keywords: brand benefits; positioning; discrete choice experiment; attribute importance;
Track: Brand and Brand Management

Introduction

You are purchasing some bread, but feeling like changing from your habitually purchased loaf for some reason (e.g., out-of-stock; variety seeking). You desire something healthy, so consider *Helga's* and any wholemeal options. You rule out *Mighty Soft* inferring that softness implies high sugar content. You judge low GI options and those with no artificial colours as suitably healthy, but bland. You like linseed varieties, but question their texture and value. So, you return your attention to supermarket brands. Seconds have passed. Time to decide.

The decision described outlines a holistic evaluation process, where brands represent different positive and negative values in the mind of the consumers, however, simultaneously product features may compensate or contribute further to shortcomings in valuing overall products. Consistent with a paramorphic representation of compensatory decision making outcomes, the process points to the essential foundation that brand positioning contributes in accomplishing marketing and business objectives (Wind, 1990). Whilst the definition is largely debated, positioning can be defined as the degree to which the target market segment perceives a given product to differ from its competitors on attributes important to the segment (Wind, 1990), and requires a deliberate, proactive, iterative process to achieve this goal (Arnott, 1993). However, Arnott further suggests this requires measurement and modification of consumer perceptions in relation to the "marketable object". In this regard, the importance of how brands affect perceptions in relation to various dimensions is an essential to understanding and developing positioning. Strengthening brand value in this manner offers several competitive advantages, including the ability to command premiums, assist in new product launches, and provide a defence at times of crisis (Novak & Lyman, 1998). The purpose of this paper is to consider how this is achievable in a multi-dimensional consideration of brand benefits, whilst accounting for how product features further shape positioning.

Background and Theoretical Framework
Determining how brands are perceived on various dimensions has used a number of

methodological and theoretical frameworks. Green et al. (1985) described the 'typical' approach to benefit segmentation thirty years ago. They note that even then it is common to collect data on a battery of items such as product-benefit importance, brand perception, usage and user characteristics, which then is analysed using clustering and/or factor analytical techniques to identify segments, followed by multiple-discriminant analysis to further relate segments to other variables (e.g., demographics). Such an example is presented in Orth et al. (2004) who relate brands of craft beers to various utility dimensions including functional, value, social, positive and negative emotional benefits; they then link these to various lifestyle dimensions. Similarly, perceptual mapping or multidimensional scaling has been a particularly useful technique by concurrently combining the benefits of products on a map representation and current product offerings on the same axes (Lee and Liao, 2009). In quadrant analysis and importance-performance analysis, strategic insights can occur by visualising the correlation and disconnections between attribute-importance and brand-performance (e.g., Lynch et al. 1996; Manhas, 2010).

In turn, differences between products and benefits sought to suggest areas for product development (Beane & Ennis, 1987). The specific product attributes should assure the delivery of the desired benefits relating to a brand's positioning (Wind, 1990). In this regard, the relationship between attributes and benefits has also been examined. For example, Vriens & Hofstede (2000) discuss various examples using a means-end chain approach, by which attributes are linked to various benefits, which are then linked to values. Hofstede et al. (1999) shows the value of this using a quantitative approach, called the Association Pattern Technique, using an attribute-benefit and then benefit-value matrix. For example, in this way we can see how various specific attributes of a yoghurt (e.g., organically priced) can impact multiple benefits (e.g., perceptions of good quality and good taste), which in turn impact values such as fun and enjoyment. Such an approach allows marketers to understand which product attributes are perceived by consumers as delivering certain benefits.

Conjoint analysis has been used in assessing the perceived appropriateness of different brands on various attributes (Green & Srinivasan 1978). For example, Johnson et al. (1991) apply conjoint analysis, asking respondents to rate hypothetical wines varied on price, type, region, and year; the individual part-worths were then subjected to cluster analysis to determine benefit segments (e.g., price-sensitive drinker; popular red branders), which were then matched to various profiling variables (e.g., lifestyle, values, media habits). Related discrete choice models and best-worst scaling also offer value in this regard (e.g., Burke et al. 2010).

As discussed, theoretical and methodological approaches to positioning appear to suggest several competing mechanisms occur. In one sense, marketing efforts are an important driver in positioning the benefits of a brand on a particular benefit. However, a brand may hold a positive position with respect to one benefit, but concurrently may be negatively positioned with respect to another. Product features also communicate benefits about a particular product. As such, the multi-dimensional and multi-causal nature of these relationships are problematic in realising the perceived value of a brand in contributing to a particular positioning. Indeed, Kayande et al. (2007) suggest that incoherence between performances on product features can cause uncertainty and further impact consumer preferences.

In turn, we present a model and experimental approach to product positioning that separately accounts for a brand's multi-dimensional value, and recognises the competing impact that product features may have in a holistic evaluation. The theoretical model is presented in Figure 1. Whilst the model shares similarities to the first means-value relationship in

Hofstede et al. (1999) in recognising how product attributes have a variety of impacts on dual positioning, we further elaborate on how brands may have similar multi-faceted effects.

Figure 1: Competing impact of brands and features on multi-dimensional positioning
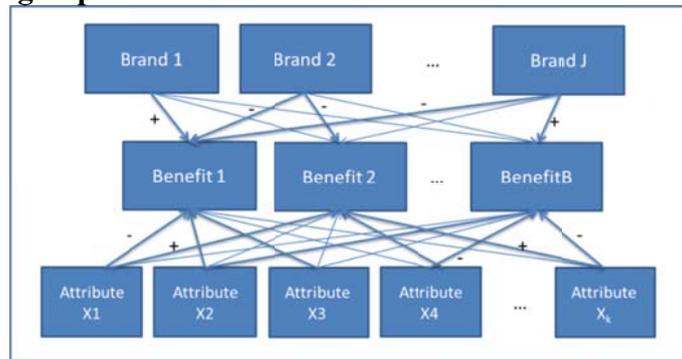
The second part of this paper presents an applied realisation of this model using a discrete choice model and experimental approach. To do so, we outline an experiment designed in the context of evaluating how brands and various product features of breads are evaluated by consumers to determine overarching perceptions of products relating to several benefits including healthiness and value, as well as overarching choice. This methodology follows a similar approach to Aubusson et al. (2015), who examine the impact of various features on preferences and benefits in the context of interactive whiteboard use by teachers in school classrooms. The advantage of this approach is that it allows the relationship between product features and brands to be evaluated on the same scale such that trade-offs are not only observed within brands (e.g., *Helga's* is better value for money than *Abbott's*) and within features (e.g., mixed wholegrains are perceived as healthier than mixed grains), but also across brands and across features. This allows a better comparison of the drivers of positioning from a holistic, multi-attribute multi-brand perspective.

Method

In the current context, respondents were asked to evaluate three different types of breads described by brand and a number of features including type of flour (e.g., white, wholemeal), varying advertised claims (e.g., low GI, enriched with Omega 3), seeds, grains, vitamins, minerals, expiry date, size of the loaf, shelf price and unit price. The design of each bread was determined by a completely randomised design as the extent to which the presence of higher order interactions was unknown, although for brevity and parsimony the results presented here focus on main effects. After screening and providing information about prior purchase behaviour in the bread and related categories, respondents nominated the bread product they most preferred and least preferred. After answering related questions about bread purchasing, respondents then viewed the same sets of breads and nominated which breads performed best and worst on a number of dimensions including healthiness, taste, and value for money.

An online survey was conducted using 265 adult grocery shoppers living in the same Australian capital city, who had purchased supermarket bread in the previous fortnight, equally split between genders with an average age of 52 years. Prior purchases were dominated by supermarket varieties (34%) with the remainder dominated by *Helga*'s (23%), *Abbott's* (11%) and *TipTop* (10%). Among the 86% of respondents who recalled their chosen most frequently chosen purchase, more than half purchased wholemeal breads (52%) compared to 35% buying white varieties; ten percent regularly purchased unbleached varieties. Having screened out those with essential dietary requirements, including those with

yeast allergies, only one percent regularly purchased gluten-free breads. On average, claims such as "high in fibre" and "no artificial colours, flavours or preservatives" were rated more essential than others (5.4 and 5.2 on a 7-point scale), with the claim "gluten free" considered not at all essential (3.0). 43% had special requirements to consider, either for themselves or family members or both. A single variety was purchased in 54% of households, whilst 38% of households bought two, with 8% purchasing three or more. Around half purchased one loaf (48%) with 1.7 loaves bought on average. 42% of the sample regularly bought breads that listed at a discounted price, with an extracted average discount of 20%, based on the shelf and actual price information amongst respondents who confidently provided this information.

Results

The results of the separate models show the impact of variation in brand and product features on overall preferences for breads and positioning evaluations made in relation to health, taste, and value (see Table 1). The results show the dominance of *Helga's* over other brands overall, but also with respect to healthiness and taste. At the same time, respondents made judgements allowing the relative positioning of bread offerings taking into account product attributes to be determined. For example, wholemeal wheat varieties were preferred overall, and strongly positioned with respect to health, taste and value; white breads were perceived as relatively unhealthy. Respondents indicated gluten free varieties were not able to deliver with respect to health benefits when directly compared to other types of flour, particularly wholemeal, whilst controlling for other factors such as brand and other claims (e.g., low GI, high fibre). Indeed, only four percent of respondents regularly purchased gluten-free varieties. Other claims were more apparent in driving perceptions of health, such as breads that listed no artificial colours, flavours or preservatives as key claims or low Glycaemic Index varieties. However, such breads did not alter perceptions regarding value, and seldom perceived as being tastier. Instead, respondents used other attributes in this judgement (e.g., brand, flour, expiration date). Larger loaves represented better value and a strong determinant of overall choice.

Figure 1: Relative Perceived Positioning of Brands and Features (Value versus Health)
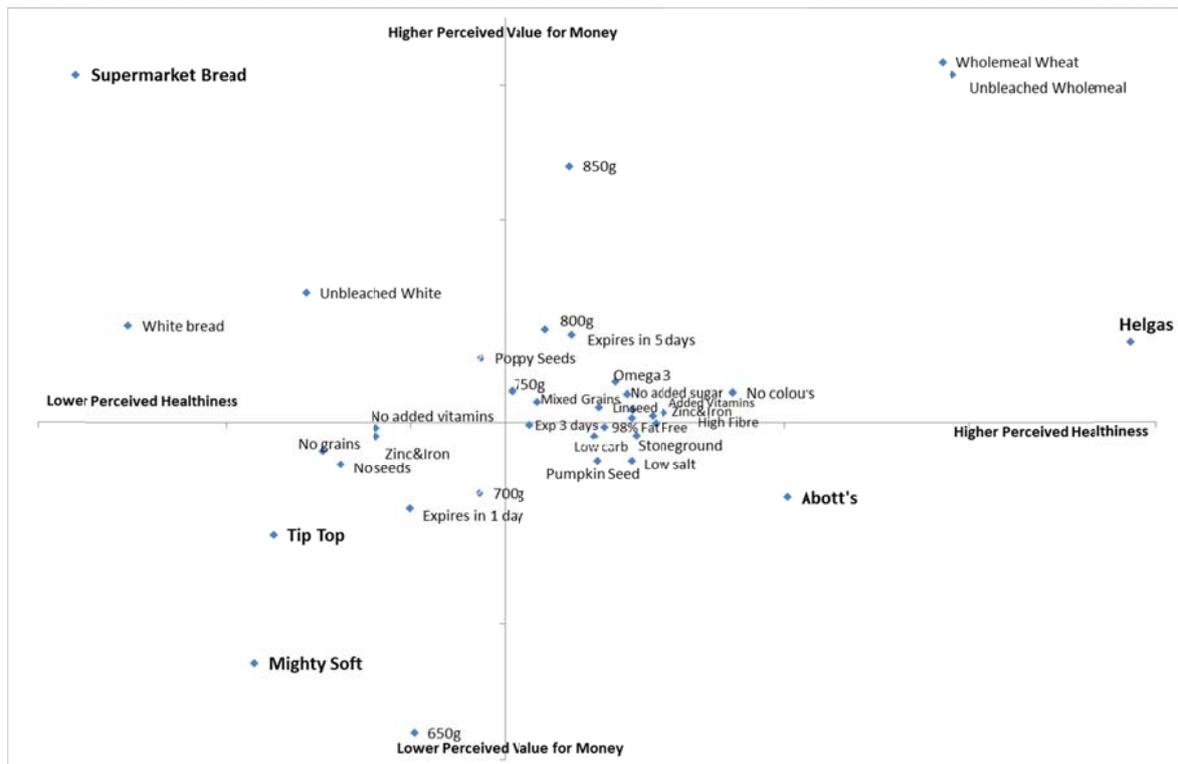
The results can be visualised with respect to any combination of two dimensions. For example, Figure 1 indicates the strong positioning of *Helga's* with respect to health and supermarket brands with respect to value. It shows the poor positioning of *MightySoft* and *Tip Top* on these same dimensions. The utility derived scale also allows comparisons of the strength of these effects with respect to other factors. As such, the figure demonstrates the strength of wholemeal varieties in also driving product positioning. Given consumers choose products not only based on brands, but also a variety of other product features, this offers essential insights into overall positioning and the relative similarity between the attributes used to describe the products. This graphical representation offers an approach to the results that makes it easier to understand, communicate, and interpret. The results can also be viewed in terms of the importance of each brand or attribute in delivering upon a particular benefit and the importance of this same brand or attribute in determining overall choices.

Discussion and Future Research
The results indicate how product positioning is a multi-dimensional phenomenon from the perspective of consumers, which may warrant attention to the weaknesses of a brand. Much debate has centred on whether brands should concern themselves only on one or two points of differentiation (e.g., Bhat & Reddy 1998). However, the data show that a brand may be adequately perceived relative to others on one dimension, but be undermined by performance on another.

The results also indicate support for strategies of product positioning that must recognise the role of product features as well as brands. This has significant implications for brand managers, particularly those where an entire product line differs with respect to individual features in strengthening a chosen brand position. However, the results lend support to Fuchs & Diamantopoulos (2010), who demonstrate the significant value of benefits-based

positioning in outperforming strategies related to feature-based positioning (2010). In line with Vriens & Hostede (2000) and Graeff (1997), the relevance of brands in delivering benefits seem more paramount relative to attributes, which are often identical across brands.

With respect to future research, the results clearly warrant investigation of the potential heterogeneity in terms of identifying underlying segments that differently perceive brands and features on each benefit and their overall preferences. However, the segment-specific results would be similarly approached relative to those insights presented in Table 1 and Figure 1. This would also warrant linking segments back to various socio-demographic, lifestyle or attitudinal variables. Finally, the next step would be to link each benefit to its impact on overall preference, which is also the subject of a working paper (available upon request).

In addition, the potential list of taxonomies underlying positioning strategies is broad and dynamic (Wind, 1990). As outlined in previous literature, brands can position themselves on many dimensions, such as a focus on symbolic or functional aspects (Bhat & Reddy, 1998); relating to usage occasions; manage positioning with respect to price and value (Wind, 1990); or, focus on aiding customer productivity by enabling consumers to do things better, faster or differently (Burton & Easingwood, 2006; Kim & Mauborgne, 2000). For the purposes of this paper, we focused on the role of benefits to a consumer as being an important element in product positioning, however, the approach we discussed may be useful in extending to any number of positioning dimensions of interest to the proactive marketer (Arnott, 1993).

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Table 1: Relative Value of Brand and Product Features by Position Overall and Other Dimensions

	Coefficient	Overall preference B	se	t-stat	Healthiest preference B	se	t-stat	Tastiest preference B	se	t-stat	Value for money B	se	t-stat
Brand	1 Abbott's	0.123	0.058	2.132 **	0.303	0.059	5.143 **	0.257	0.058	4.464 **	-0.111	0.059	-1.874 *
	2 Helgas	0.496	0.055	9.000 **	0.673	0.056	12.134 **	0.547	0.054	10.110 **	0.120	0.058	2.085 **
	3 Tip Top	-0.185	0.059	-3.131 **	-0.248	0.060	-4.150 **	-0.214	0.058	-3.663 **	-0.167	0.061	-2.749 **
	4 MightySoft	-0.282	0.060	-4.706 **	-0.268	0.060	-4.479 **	-0.096	0.057	-1.672	-0.358	0.062	-5.781 **
	5 Supermarket Brand	-0.152	0.057	-2.653 **	-0.461	0.061	-7.578 **	-0.494	0.060	-8.213 **	0.516	0.057	9.058 **
Flour	1 Wheat (White)	0.029	0.059	0.486	-0.404	0.057	-7.047 **	-0.060	0.057	-1.064	0.143	0.063	2.275 **
	2 Wholemeal Wheat	0.537	0.055	9.682 **	0.471	0.056	8.441 **	0.434	0.055	7.935 **	0.534	0.057	9.353 **
	3 Unbleached Wheat (White)	0.070	0.056	1.246	-0.213	0.058	-3.664 **	-0.120	0.056	-2.128 **	0.193	0.057	3.363 **
	4 Unbleached Wholemeal Wheat	0.362	0.055	6.563 **	0.482	0.056	8.661 **	0.293	0.055	5.365 **	0.516	0.057	9.089 **
	5 Gluten Free	-0.997	0.070	-14.298 **	-0.336	0.060	-5.629 **	-0.547	0.061	-8.922 **	-1.387	0.080	-17.308 **
Claims	1 Traditional Stone milled/Stoneground	0.078	0.045	1.749 *	0.141	0.045	3.117 **	0.106	0.044	2.396 **	-0.019	0.047	-0.399
	2 Low GI	0.069	0.045	1.535	0.163	0.045	3.603 **	0.020	0.045	0.457	-0.001	0.046	-0.012
	3 High Fibre	0.079	0.044	1.798 *	0.172	0.044	3.878 **	0.130	0.043	3.006 **	0.016	0.046	0.347
	4 No added sugar	0.004	0.044	0.081	0.132	0.044	3.013 **	0.030	0.043	0.690	0.042	0.044	0.952
	5 Low salt	0.002	0.044	0.054	0.137	0.045	3.074 **	0.037	0.044	0.844	-0.056	0.046	-1.219
	6 98% Fat Free	-0.005	0.045	-0.114	0.107	0.046	2.361 **	0.063	0.044	1.430	-0.006	0.046	-0.129
	7 Enriched Omega 3	0.043	0.044	0.961	0.120	0.045	2.680 **	0.090	0.044	2.068 **	0.061	0.045	1.343
	8 No artificial colours, flavours or preservatives	0.044	0.044	0.983	0.245	0.044	5.581 **	0.122	0.043	2.834 **	0.044	0.045	0.980
	9 Low Carb	0.023	0.045	0.514	0.097	0.045	2.152 **	0.071	0.044	1.614	-0.020	0.046	-0.431
Seeds	1 No seeds	0.052	0.049	1.045	-0.176	0.049	-3.568 **	-0.177	0.048	-3.657 **	-0.062	0.051	-1.213
	2 Mixed seeds (with Linseed)	0.059	0.049	1.210	0.102	0.049	2.096 **	0.119	0.048	2.497 **	0.023	0.050	0.448
	3 Mixed seeds (with Pumpkin)	-0.067	0.050	-1.338	0.100	0.049	2.025 *	0.089	0.048	1.845 *	-0.057	0.051	-1.102
	4 Mixed seeds (with Poppy)	-0.044	0.050	-0.876	-0.026	0.050	-0.515	-0.031	0.049	-0.636	0.096	0.051	1.881 *
Grains	1 No grains	-0.029	0.040	-0.711	-0.196	0.040	-4.845 **	-0.139	0.040	-3.516 **	-0.042	0.041	-1.011
	2 Mixed grains	-0.017	0.040	-0.433	0.037	0.041	0.908	0.041	0.040	1.026	0.032	0.041	0.762
	3 Mixed wholegrains	0.046	0.040	1.147	0.159	0.040	3.953 **	0.098	0.040	2.491 **	0.010	0.042	0.248
Vitamins	1 Thiamin & Folate(B9)	0.031	0.029	1.070	-0.137	0.029	-4.685 **	-0.035	0.028	-1.229	-0.007	0.030	-0.227
	2 Thiamin & Folate(B9)+ Niacin(B3), Vitamins E & B6	-0.031	0.029	-1.070	0.137	0.029	4.692 **	0.035	0.028	1.227	0.007	0.030	0.227
Minerals	1 No minerals	-0.030	0.029	-1.056	-0.138	0.029	-4.765 **	-0.093	0.028	-3.305 **	-0.020	0.030	-0.692
	2 Zinc and Iron	0.030	0.029	1.058	0.138	0.029	4.769 **	0.093	0.028	3.301 **	0.020	0.030	0.692
Exp date	1 Expires 1 day from now	-0.295	0.040	-7.382 **	-0.101	0.040	-2.514 **	-0.123	0.039	-3.131 **	-0.128	0.041	-3.086 **
	2 Expired 3 days from now	0.041	0.040	1.025	0.029	0.041	0.705	0.011	0.040	0.286	-0.003	0.042	-0.068
	3 Expired 5 days from now	0.254	0.040	6.401 **	0.073	0.040	1.817 *	0.112	0.039	2.865 **	0.130	0.041	3.173 **
Size	1 650g	-0.124	0.057	-2.192 **	-0.096	0.057	-1.696 *	-0.126	0.056	-2.272 **	-0.460	0.058	-7.953 **
	2 700g	-0.157	0.058	-2.718 **	-0.027	0.057	-0.474	0.074	0.056	1.332	-0.105	0.059	-1.777 *
	3 750g	0.037	0.056	0.656	0.008	0.056	0.137	-0.047	0.056	-0.843	0.048	0.058	0.824
	4 800g	0.032	0.057	0.566	0.045	0.057	0.782	0.074	0.056	1.323	0.137	0.058	2.356 **
	5 850g	0.212	0.055	3.830 **	0.071	0.056	1.255	0.025	0.056	0.456	0.380	0.057	6.712 **
Price	1 $3.20	0.177	0.050	3.543 **	-0.048	0.050	-0.965	0.036	0.049	0.734	0.381	0.052	7.331 **
	2 $3.40	-0.029	0.049	-0.595	0.089	0.049	1.800 *	0.069	0.048	1.423	0.121	0.050	2.409 **
	3 $3.60	0.010	0.050	0.205	-0.003	0.050	-0.068	-0.082	0.049	-1.659	-0.118	0.052	-2.287 **
	4 $3.80	-0.158	0.051	-3.099 **	-0.037	0.051	-0.734	-0.023	0.049	-0.463	-0.384	0.054	-7.133 **

* - significant at .10 level; ** - significant at .05 level

Consumer Brand Engagement with Tourism Organisations on Social Media

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Abstract

The importance of engaging with consumers on social media is increasing in the tourism industry; consumers are relying more heavily on tourism sites for travel information than ever before. A survey on social media use in tourism-related decisions was conducted with a sample of 195 US respondents via Amazon Mechanical Turk. The survey assessed the level of consumer involvement and engagement with tourism sites and the self-brand connection and brand usage intent of consumers regarding their favourite tourism site. Regression analyses confirmed propositions from previous research that consumer involvement is an antecedent of consumer brand engagement and that self-brand connection and brand usage intent are both consequences of consumer brand engagement. Importantly, this implies that in the tourism context, increased levels of consumer brand engagement can lead to stronger perceived connections with tourism brands and higher likelihood of usage of consumers' favourite tourism sites.

Keywords: consumer brand engagement, consumer involvement, self-brand connection, brand usage intent

Track: Brand and Brand Management

1.0 Introduction

Social media plays an important role in many aspects of tourism, especially in information search and consumer decision-making behaviours (Lange-Faria & Elliot, 2012; Leung et. al., 2013), tourism promotion and in focusing on best practices for interacting with consumers (Zeng & Gerritsen, 2014). We take a broad definition of social media as the *'group of Internet-based applications that build on the ideological and technological foundations of Web 2.0 and that allow the creation and exchange of User-Generated content'* (Kaplan and Haenlein, 2010, p. 61). In this way, tourism sites like TripAdvisor, Booking.com, Airbnb, Lonely Planet etc. are considered as social media as they rely on contribution, interaction and engagement from and between consumers. Thus, tourism is a particularly relevant context in which to investigate consumer brand engagement (CBE) on social media (Zeng & Gerritsen, 2014; Buted et al., 2014).

CBE refers to a consumer's cognitive, emotional and behavioural activity related to specific consumer/brand interactions (Brodie et. al., 2013; Hollebeek, Glynn, & Brodie, 2014); by definition, CBE is characterised by interactive experience. Increasingly, consumers are engaging in interactive relationships with brands through social media (Malthouse & Hofacker, 2010). There has been a large research focus on consumer engagement online (Brodie et. al., 2013; Jahn & Kunz, 2012; Wirtz et al., 2013). CBE represents a key measure of brand performance (Bowden, 2009; Kumar, et. al., 2010), as strong CBE can support brand referrals, sales growth, customer involvement in product development, and higher profitability (Bijmolt, et al., 2010; Nambisan & Baron, 2007; Sawhney, Verona, & Prandelli, 2005). Consumers engaged in virtual brand communities' exhibit higher brand trust and commitment, satisfaction, connection, emotional bonding, consumer loyalty, and empowerment (Brodie et. al., 2013; Jahn & Kunz, 2012). Consumer engagement with tourism brands in particular has been found to enhance tourism brand evaluations, trust and loyalty (So et. al., 2014). The current study aims to utilise the new CBE scale devised by Hollebeek et al (2014) and replicate their findings in the tourism context.

2.0 Literature

Three constructs are particularly relevant in relation to CBE: consumer brand involvement, self-brand connection, and brand usage intent (Hollebeek et. al., 2014). These will be examined in detail.

2.1 Consumer brand involvement and engagement

Consumer brand involvement refers to a consumer's perceived relevance of a brand based on their own needs, values, and interests; this definition views involvement as a motivational construct and incorporates both cognitive and affective components (Zaichkowsky, 1994). In this way, consumers may experience informational and/or emotional involvement with particular tourism brands, according to what is perceived as relevant to their own context. Cognitive involvement is important to the brand engagement process; a highly involved consumer invests thoughts, emotions, and behaviours into their preferred tourism brands (Bowden, 2009). Specifically online, consumer involvement is made easier as the virtual environment provides platforms for interaction and active participation with tourism brands (Wirtz et. al., 2013); compared to offline communication methods, consumers have more opportunities online to instantly share their thoughts about tourism brands to a large audience.

H1: Consumer involvement is a predictor of consumer brand engagement with favourite tourism sites.

2.2 Engagement and self-brand connection

Self-brand connection assumes that consumers create links between a brand and their own identity and that brands become more meaningful the more closely they are linked to the self (Escalas, 2004). Thus, tourism brands with a story that consumers can relate to are evaluated more favourably and have a higher likelihood of purchase than tourism brands with few or no self-brand connections (Escalas, 2004). Positive experiences that connect individuals to a tourism brand, and to other consumers who are engaged with a tourism brand online, will increase the likelihood of involvement in an online tourism brand community (Vivek et. al., 2012). Online communities that provide consumers with information on group activities and intergroup competition, and tools for group-level communication have been found to foster identity-based attachment to the community (Ren, et. al., 2012).

H2: Consumer brand engagement with favourite tourism sites is a predictor of self-brand connection.

2.3 Engagement and brand usage intent

Brand usage intent refers to consumers' differential opinions between their favourite tourism brands and other tourism brands that have similar product attributes and marketing strategies; it is the perceived incremental value that each tourism brand can add to their products and services that is of particular interest (Yoo & Donthu, 2001). The intent to use a particular tourism brand over other brands that are similar in every other way demonstrates the inherent value of that brand (Yoo & Donthu, 2001). There is empirical evidence for the link between online consumer engagement and consumer loyalty to both the brand and online brand community (De Vries & Carlson, 2014; Dwivedi, 2015; Jahn & Kunz, 2012); higher levels of engagement were related to increased online brand loyalty behaviours. This link has been found in the tourism context; travellers' social media involvement positively impacted their intention to revisit tourism brand sites (Leung & Bai, 2013).

H3: Consumer brand engagement with favourite tourism sites is a predictor of brand usage intent.

Figure 1: Replication of the conceptual model (adapted from Hollebeek et al., 2014)
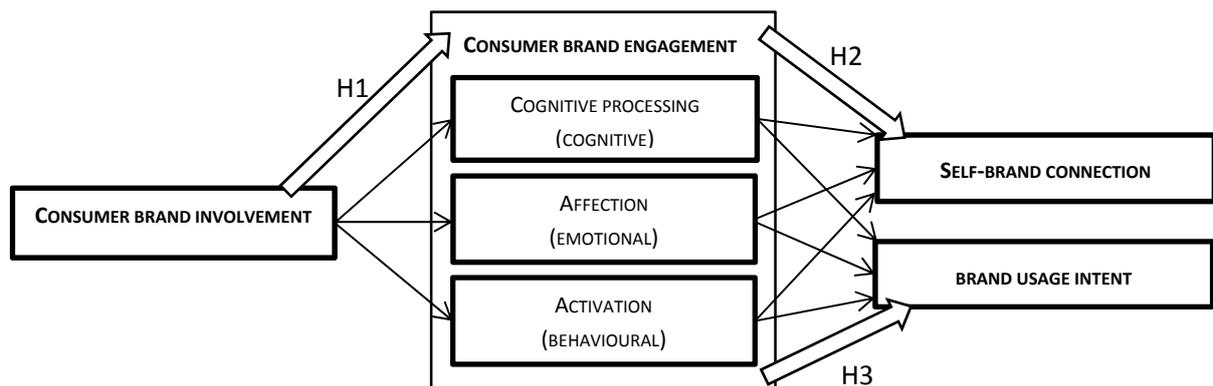
3.0 Method

A survey on social media use in tourism-related decisions was conducted in April and May 2015. In addition to demographic and tourism site use questions, four scales were relevant to the current study: CBE (Hollebeek, Glynn, & Brodie, 2014), consumer involvement (Zaichkowsky, 1994), self-brand connection (Escalas, 2004), and tourism brand usage intent (Yoo & Donthu, 2001). The CBE scale measures three factors with 10 items: 'cognitive processing', 'affection', and 'activation' (Hollebeek, Glynn, & Brodie, 2014). The CBE scale, self-brand connection scale (7 items) (Escalas, 2004) and the brand usage intent scale (4 items) (Yoo & Donthu, 2001) utilised a 7-point Likert scale to measure extent of agreement with the given statements. The 10 consumer involvement items were answered on a seven-point semantic differential scale (Zaichkowsky, 1994). Respondents were asked to specify their favourite tourism brand site and consider this particular site when they answered the items on involvement, engagement, self-brand connection, and brand usage intent.

Respondents were invited to participate through the Amazon Mechanical Turk (MTurk) marketplace, a crowdsourcing web service through which anonymous participants complete tasks (HITs) posted by employers, referred to as requestors within the community. Recent studies using MTurk found that panel members were at least as representative of the population as traditional online panels (Buhrmester, Kwang, & Gosling, 2011; Paolacci, Chandler, & Ipeirotis, 2010). A HIT was posted on MTurk to invite individuals registered on the US-based site to participate in two surveys over two weeks. Each of the two surveys took approximately 15 minutes to complete, and respondents were paid a small monetary incentive for their participation. Participants were required to be located in the United States at the time of completion (verified by IP geolocation).

4.0 Results

Due to the nature of MTurk, it is impossible to estimate a response rate as the number of individuals who saw the survey invitation is unknown. One-hundred and ninety-five ($n =$ 195) respondents completed both surveys; 300 completed the first but not the second, representing an attrition rate of 35%. The sample had a representative gender split; 50.8% of respondents were male ($n = 99$). The average age of respondents was 36 years ($SD = 11.0$). The top five favourite tourism brand sites specified by respondents were TripAdvisor (29%, $n = 56$), Expedia (19%, $n = 37$), Priceline (14%, $n = 27$), Kayak (9%, $n = 18$), and Orbitz (9%, $n = 18$).

A series of regression analyses were carried out to examine the proposed relationships between model constructs (Figure 1). The regression to predict CBE from consumer involvement was significant ($F = 183.5$, $p < .001$), with overall involvement ($\beta = .698$, $p < .001$) accounting for 48.7% of variance in brand engagement ($r^2 = .487$). An examination of the cognitive and affective factors of involvement demonstrated more specific relationships: affective involvement was a significant predictor of cognitive engagement ($\beta = .444$, $p < .001$), affective engagement ($\beta = .450$, $p < .001$), and overall engagement ($\beta = .383$, $p < .001$), whilst cognitive involvement was a significant predictor of affective engagement ($\beta = .298$, $p < .001$), behavioural engagement ($\beta = .592$, $p < .001$), and overall engagement ($\beta = .366$, $p < .001$). CBE significantly predicted self-brand connection ($F = 134.7$, $p < .001$), with engagement accounting for 41.1% of variance in self-brand connection ($r^2 = .411$). More specifically, the cognitive, affective, and behavioural factors of CBE were examined in relation to self-brand connection. Cognitive engagement ($\beta = .219$, $p < .001$) and affective engagement ($\beta = .574$, $p < .001$) were both predictors of self-brand connection, whilst behavioural engagement was not. CBE also significantly predicted brand usage intent ($F = 108.5$, $p < .001$), with engagement accounting for 36.0% of variance in brand usage intent ($r^2 = .360$). Once again, the cognitive, affective, and behavioural factors of CBE were examined specifically in relation to brand usage intent. Affective engagement ($\beta = .333$, $p < .001$) and behavioural engagement ($\beta = .253$, $p < .01$) were both predictors of brand usage intent, whilst cognitive engagement was not.

5.0 Discussion

This study aimed to replicate findings around CBE on social media, in relation to consumer involvement, self-brand connection, and brand usage intent (Hollebeek et. al., 2014) and apply the concepts in the tourism context. The data confirmed hypotheses that consumer involvement with tourism sites was an antecedent to CBE, and that perceived

connection with tourism brands and tourism brand usage intent were consequences of CBE. In summary, each hypothesis was tested through regression analyses (Table 1).

Table 1: Overview of hypothesis testing results

No.	Hypothesis	β	t	Result
H1.Consumer involvement is a predictor of consumer brand engagement with favourite tourism sites				
H$_{1a}$	Consumer involvement has a positive effect on the cognitive processing dimension of CBE.	.543	8.983	✓
H$_{1b}$	Consumer involvement has a positive effect on the affection dimension of CBE.	.698	13.545	✓
H$_{1c}$	Consumer involvement has a positive effect on the activation dimension of CBE.	.565	9.516	✓
H$_{1d}$	Consumer involvement has a positive effect on overall consumer brand engagement.	.698	13.545	✓
H$_{1e}$	Affective involvement will have a significant effect on the cognitive processing dimension of CBE.	.444	4.998	✓
H$_{1f}$	Affective involvement will have a positive effect on the affection dimension of CBE.	.450	5.899	✓
H$_{1g}$	Affective involvement will have a significant effect on the activation dimension of CBE.	.019	0.221	✗
H$_{1h}$	Affective involvement will have a significant effect on overall consumer brand engagement.	.383	5.016	✓
H$_{1i}$	Cognitive involvement will have a positive effect on the cognitive processing dimension of CBE.	.136	1.531	✗
H$_{1j}$	Cognitive involvement will have a significant effect on the affection dimension of CBE.	.298	3.914	✓
H$_{1k}$	Cognitive involvement will have a significant effect on the activation dimension of CBE.	.592	6.978	✓
H$_{1l}$	Cognitive involvement will have a significant effect on overall consumer brand engagement.	.366	4.793	✓
H2. Consumer brand engagement with favourite tourism sites is a predictor of self-brand connection				
H$_{2a}$	The cognitive processing dimension of CBE has a positive effect on self-brand connection.	.219	2.973	✓
H$_{2b}$	The affection dimension of CBE has a positive effect on self-brand connection.	.574	6.889	✓
H$_{2c}$	The activation dimension of CBE has a positive effect on self-brand connection.	-.093	-1.292	✗
H$_{2d}$	Overall consumer brand engagement has a positive effect on self-brand connection.	.641	11.606	✓
H3. Consumer brand engagement with favourite tourism sites is a predictor of brand usage intent.				
H$_{3a}$	The cognitive processing dimension of CBE has a positive effect on brand usage intent.	.101	1.271	✗
H$_{3b}$	The affection dimension of CBE has a positive effect on brand usage intent.	.333	3.692	✓
H$_{3c}$	The activation dimension of CBE has a positive effect on brand usage intent.	.253	3.243	✓
H$_{3d}$	Overall consumer brand engagement has a positive effect on brand usage intent.	.600	10.416	✓

N = 195; β: standardized regression weight; ✓: data supports hypothesis; ✗: data does not support hypothesis

In this study, consumer involvement was a predictor of CBE with tourism social media sites. Higher involvement with tourism sites was associated with higher levels of CBE. This was true for each of the dimensions of CBE; involvement was positively associated with cognitive, affective, and behavioural engagement. CBE with tourism social media sites was a predictor of self-brand connection. Respondents with higher levels of engagement with their favourite tourism sites also tended to identify personally with the tourism brand; those with lower engagement had lower levels of connection to the brand. CBE with tourism social media sites was also a predictor of brand usage intent. As levels of engagement with the tourism sites increased, so too did the intent of using the same tourism site again in the future. When engagement with a tourism site was low, there was little intent to continue to utilise that particular tourism site for future tourism-related decisions. This is in line with research into consumers' engagement with online brand communities' that found that highly engaged consumers exhibited higher brand commitment, connection, emotional bonding, and consumer loyalty (Brodie et. al., 2013; Jahn & Kunz, 2012). Similarly, our results compliment research into consumer engagement with tourism brands that found engagement enhanced tourism brand evaluations, trust and loyalty (So et. al., 2014). Whilst our analysis did not examine the link between consumer involvement and brand usage intent directly, the relationships we found between involvement and engagement, and engagement and usage

intent support previous research that found travellers' social media involvement positively impacted their intention to revisit tourism brand sites (Leung & Bai, 2013).

6. Implications

6.1 Theoretical Implications

This paper has clearly built on Hollebeek et al.'s (2014) work on CBE on social media. We have applied their new CBE scale in a different context; the tourism industry. We have also tested their proposed model in the tourism industry. The CBE scale exhibited excellent fit in this context, which only serves to reinforce its validity and reliability. Likewise, the nomological net within which Hollebeek et al. (2014) placed CBE seems appropriate, based on its application to the tourism context. Future research could, of course, explore situating CBE within a different nomological net.

6.2 Managerial Implications

Tourism organisations may utilise these findings to foster stronger connections between their brands and consumers and increase the likelihood of consumers using their particular sites by focusing on strategies to develop consumer brand engagement. Certainly, it would seem that tourism sites need to first foster a sense of cognitive and affective involvement among their consumers, perhaps by making their sites interesting, meaningful and valuable to consumers. For example, TripAdvisor already offers consumers the ability to view reviews from other consumers that are 'similar' to them. Lonely Planet and Airbnb execute a content marketing strategy, where blog posts provide advice to consumers. Likewise, where self-brand connection and brand usage intent are clearly desirable outcomes for tourism organisations, the finding that increased CBE leads to these outcomes is significant. In particular, tourism marketers should focus on facilitating the cognitive, emotional and behavioural elements of CBE. A few examples may be getting consumers to think of the tourism site as a brand rather than a comparison site, making their usage experience a happy and productive one by offering a full range of tourism services, and trying to encourage repeat use through loyalty rewards.

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The three domains of SME branding. An integrative literature review and a future research agenda

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Abstract

This theoretical paper proposes that the extant literature on small and medium sized enterprises' (SME) branding consists of two principal productive streams: SME branding processes and SME branding outcomes. The first considers actors, activities and resources engaging in the SME branding, while the latter focuses on actual or perceived branding outcomes of a company. As both of the streams focus on the SME viewpoint, the paper raises some emerging research themes into closer examination: relationships and networks, customer experience, word-of-mouth (WOM), and multiple images. The article discusses how these could be linked into the SME branding research in the three overlapping SME branding domains: company, network, and their conjoined area. It is in particular proposed that brand communities, brand co-creation, brand emergence and brand equity all merit further research attention.

Keywords: brand communities, brand co-creation, brand emergence, brand equity, brand performance

Track: Brand and Brand Management

Introduction and the purpose of the study

SME branding has attracted researchers for over fifteen years now. Despite some early (Merrilees, 2007; Ahonen, 2008) and focused (Mitchell et al., 2013) reviews, the extant literature lacks a comprehensive understanding about the subject. It is a particularly appropriate time to review the work conducted thus far. The purpose of this study is to provide an integrative framework for SME branding. The paper has been created as an integrative literature review which reviews, critiques, and synthesizes the extant literature (Torraco, 2005; MacInnis, 2011). The results of the study offer an overview of the SME branding research avenues, reveal emerging research themes on the subject, and highlight areas researchers and managers should focus on in the future.

Methodology

A search for scholarly peer-reviewed full-text journal articles that focus on SME branding (e.g. SME AND brand*, "small company* AND brand*) was conducted through online databases ABI/INFORM Complete (ProQuest) and Business Source Complete (EBSCO) in June 2015. Only articles published in journals which are ranked in the Association of

Business Schools (ABS) list were included. The references of each of the articles were reviewed and the articles which focused on franchising were excluded. In conceptual structuring of the topic a guiding theory (Torraco, 2005) approach was adopted. The analysis started with searching for internal, external, or holistic aspects of SME branding (Abimbola and Vallaster, 2007) from the articles and included topics such as the focus and research questions of the study, definitions, previous literature referred to in the article, methodology and underlying assumptions of branding. The majority of the articles represented internal aspects and had a company focus (although the existence of external aspects was noticed). A new category, a conjoined area was included. Gummerus's (2013) view was utilized to identify branding processes (how a brand comes to be through actions) and outcomes (what the result of a branding is). A critical view is offered by presenting emerging research themes from the articles and a synthesis (MacInnis, 2011) is created by combining the central aspects from the review and critical view into an integrative framework.

Principal streams of SME branding

1.1.   SME branding processes

Brand building, management and development in SMEs. Several frameworks address SME branding from the company viewpoint and explain how brands are created in order to influence external aspects such as image and reputation. The research stream builds largely on Gilmore et al.'s (1999) and Abimbola's (2001) studies on the subject. Various frameworks that identify actions, phases and/or stages of brand building (Centeno et al. 2013; Juntunen et al., 2010) or elements of brand building (Abimbola and Kocak, 2007; Beverland and Lockshin, 2004; Boyle, 2003; Bresciani and Eppler, 2010; Goldberg et al., 2003; Horan et al., 2011; Inskip, 2004; Petkova et al., 2008; Rode and Vallaster, 2005; Sandbacka et al., 2013; Spence and Hamzaoui Essoussi, 2010) have been provided. Similar aspects have been examined under the concept brand management (Krake, 2005; Lory and McCalman, 2002; Mitchell et al., 2012; Mitchell et al., 2013). Also some brand development models for SMEs have been provided (Khan and Ede, 2009; Krake, 2005). Some researchers offer a narrower view, such as the phases of brand (re)naming process (Juntunen, 2014; Kollmann and Suckow, 2007), SMEs' use of brand communication activities (Centeno and Hart, 2012), or other brand management aspects (Powell and Dodd, 2007; Powell and Ennis, 2007). Others take a wider view and connect SME branding to business processes (Chung Yan et al., 2007; Merrilees, 2007).

SME brand co-creation with stakeholders. This stream is interested in how an SME can benefit from the co-operation with stakeholders. Some researchers mentioned above (Juntunen, 2014; Juntunen et al., 2010; Mitchell et al., 2013; Ojasalo et al. 2008; Sandbacka et al., 2013) along with researchers who clearly focus on the subject (Juntunen, 2012; Mäläskä et al. 2011) have examined how stakeholders participate in SMEs' branding process. Researchers have also investigated how SMEs can co-operate in regional business communities in order to gain competitive advantage (Runyan et al., 2007; Simpson and Bretherton, 2004). Although not actually being processes, the studies that focus on the online interface between an SME and its stakeholders, including web-site communication (Opoku et al., 2007) and the interactive presence of SMEs on the internet (Michaelidou et al., 2011; Sasinovskaya and Anderson, 2011) are included in this stream.

1.2. SME branding outcomes

Brand-related factors that influence SME (brand) performance. This stream takes the company viewpoint and examines what the key factors to explain SME (brand) performance are. The majority of researchers are interested in the relationship between brand orientation and performance and build on the study by Wong and Merrilees (2005). Frameworks include moderatos in a relationship between brand orientation and brand performance (Hirvonen and Laukkanen, 2014; Hirvonen et al., 2013) and the influence of market orientation and brand orientation on SME growth (Reijonen et al. 2012) or growth intentions (Reijonen et al., 2014). Also the influence of marketing capabilities on SME marketing performance (Merrilees et al., 2011) has been of interest. Several individual studies take somewhat different views on the antecedents of brand performance (Berthon et al. 2008; Weerawardena et al., 2006) and SME growth (Eggers et al., 2014). Some authors investigate the influence of brand differentiation on market power (Lassen et al., 2008) and prices (Davcik and Sharma, 2015; Lassen et al., 2008), while others focus on the relationship between e-commerce (Jahanshahi et al., 2013) or the corporate identity (Witt and Rode, 2005) and corporate image.

SME brand equity and loyalty. The above mentioned streams ignore the meaning of the brand for stakeholders. This is the only stream which focuses on the stakeholder viewpoint. The aspects of interest include the influence of SME brand equity antecedents on the SME performance both from SME owner/managers' and customers' viewpoints (Asamoah 2014) and factors that influence product trials in a web environment (Reuber and Fischer, 2009).

Emerging research themes in SME branding

Emerging research themes can be identified in the articles. Researchers highlight the importance of relationships and networks (e.g. Beverland and Lockshin, 2004; Khan and Ede 2009). Yet the research focuses on the SME perspective and remains silent about what actually happens in those networks and relationships which assist the emergence of an SME brand; and how all these together influence SME brand performance. Although word-of-mouth (WOM) is considered an important brand communication activity (e.g. Bresciani and Eppler, 2010; Centeno and Hart, 2012), the extant research focuses on the company view although it is the stakeholders and other network members who actually carry out WOM. The importance of customer experiences is recognised (Candi et al., 2013; Mitchell et al., 2012; Mowle and Merrilees, 2005) but not touched upon, although SMEs offer an interesting context to examine stakeholder experiences. Finally, as customers are not the only stakeholders of the company, multiple images (Powell and Dodd, 2007; Witt and Rode, 2005) and reputations (Petkova et al., 2008) of the company can exist in its network. Although recognized, these have not been examined from stakeholder viewpoints.

A future research agenda within the three domains of SME branding

An integrative framework for SME branding contains three overlapping domains: company, network, and the conjoined area (Figure 1). There is plenty of research that focuses on "controllable" SME brand building, management and development efforts and brand performance. The conjoined view and the network view offer four intertwined streams for further studies and thus offer a possibility to steer future research toward aspects that are more abstract and less controllable by the SMEs. First, the regional SME communities (e.g. Runyan et al., 2007) can be considered social communities which diverge from psychological or imagined (Anderson, 1983; Carlson et al., 2008) communities which are purely mental constructs. These two forms of communities need further attention among SME branding research. Second, although the brand co-creation approach has gained some attention (e.g.

Juntunen, 2012), the research on the subject is in its infancy. More research is needed to conceptualize SME brand co-creation, both at the relationship and community levels. Third, value researchers say that customer value and experiences can emerge without any contacts with the company (e.g. Helkkula et al., 2012). This gives an interesting starting point for further SME branding studies. How do SME brand experiences and SME brands emerge in relationships and networks, and what is the role of WOM in these? Fourth, as the definition of the brand originally highlights the added value of the brand perceived by a customer, more research on the SME brand equity is needed.

Figure 1: The three SME branding domains and a suggested future research focus
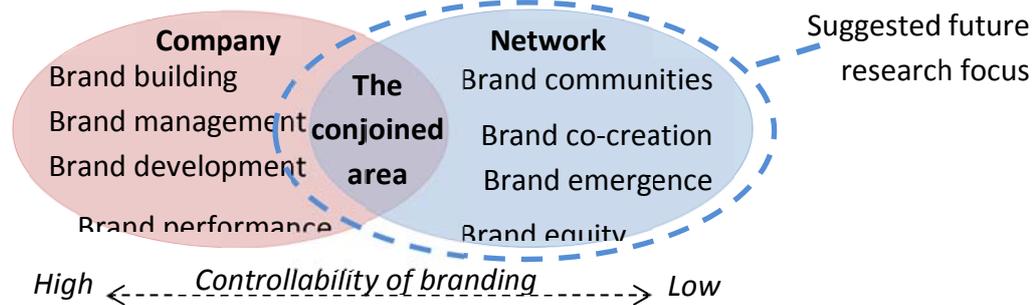
Implications

This study contributes by presenting an overview on SME branding literature, revealing the emergent research themes and providing an integrative framework for SME branding within the three SME branding domains. The study helps SME managers to emphasize their company's external aspects along with their internal branding efforts. The chosen theoretical views and a lack of researcher triangulation may be considered as limitations of the study. The results will assist researchers to find essential information from each of the principal streams of research and focus their own future research on the areas that need attention in the SME branding research.

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Consumer–Brand Relationships in Vietnamese Context

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Abstract

Brand loyalty is critical to business and marketing strategy. With the shift in emphasis from marketing mix to relationships, this study examines the impact of brand identification, brand trust, brand relationship quality (BRQ), and perceived quality on brand loyalty in an emerging market, Vietnam. A survey using a sample of 400 consumers of fashion clothing in an emerging market context of Vietnam reveals while brand trust and BRQ are central to build brand loyalty, it is necessary for marketers in emerging markets like Vietnam incorporate brand relationship-building in their marketing strategies.

Keywords: brand relationship quality, brand identification, brand trust, perceived quality, brand loyalty

Track: Brand and Brand Management

1.0 Introduction

Branding research recently focuses on relationship-building approach to build brand loyalty (Tsai 2011). The diverse theoretical development in relationship building approach could cause marketers' uncertainty about how to take appropriate strategic actions to building lasting consumer-brand relationships. Among various approaches, Fournier's (1998) is widely investigated; however it has been criticised for lacking clarity about the links between dimensions (Dimitriadis & Papista 2011). There is also a call for more research in the context of emerging markets in order to advance marketing theory and industry relevance, provided that emerging markets are largely heterogeneous (Sheth 2011). This warrants research on brand relationships in such emerging markets as Vietnam. The purpose of this study is to examine the impact of brand identification, brand trust, BRQ on brand loyalty in the context of an emerging market, Vietnam. This study also explores the role of perceived quality in building consumer – brand relationships.

2.0 Conceptual foundations

Brand loyalty has received much research intention for decades given its central role in marketing and business. With the shift in emphasis from marketing mix to relationships, Fournier (1998) proposed the BRQ construct that captures the strength and depth of consumer–brand relationships and consists of consumers' supportive cognitive beliefs (partner quality, intimacy), socio-emotive bonds (love/passion, self-connection) and behavioural ties (interdependence, commitment). Research has emerged with other conceptions of brand relationships such as brand love/brand attachment (Batra, Ahuvia & Bagozzi 2012; Thomson, MacInnis & Park 2005) or brand commitment (Hess & Story 2005; Sung & Campbell 2009). Recently there has emerged research on brand identification (He, Li & Harris 2012; Lam, Ahearne & Schillewaert 2012).

The relationship between the consumer and the brand is argued to be analogous to that complexity of cognitive, affective and behavioural processes that constitute the relationship

between two people (Blackston 1992). This study also views the consumer–brand relationship follows 'cognition–affection–conation' pattern of attitude development. In a sense, consumer–brand relationship level increases through attitudinal stages sequentially (Oliver 1999). Since prior research suggests self-connection, partner quality and commitment are conceptually similar to independent constructs brand identification/ self-congruity, brand trust and brand loyalty respectively (Dimitriadis & Papista 2011; Kressmann et al. 2006), this study views BRQ comprises of only love/passion, intimacy and interdependence that taps into the emotional bond consumer have with the brands.

Relationship at the cognitive stage taps into consumers' beliefs about benefits based on product-related attributes or non-product-related attributes (Keller 1993). The first type of beliefs is perceived quality, which is the judgement of the superiority and excellence of the brand relative to alternatives (Yoo, Donthu & Lee 2000). Research refers perceived performance as the cognitive element of consumers' attitude to brands that determines consumer–brand relationships and brand loyalty (Oliver 1999). The second type of beliefs relates to brand identification, which is defined as the perceived oneness to or belongingness with the brand (Dimitriadis & Papista 2011). Brand identification is argued to be a cognitive construct that reflects perceptions of symbolic benefits (Dimitriadis & Papista 2011). Based on social identity theory, research also suggests that consumer's identification with brand drives brand loyalty (He, Li & Harris 2012). Perceived quality is consider part of brand identity, e.g. perceived quality implies social status, and thus it precedes brand identification (He, Li & Harris 2012).

The affective stage is characterised by strong and favourable attitudes on the basis of cumulative evaluations in the cognitive stage (Oliver 1999). One central construct is brand trust, which refers to the confident expectations of the brand's reliability and intentions (Delgado-Ballester & Munuera-Alemán 2005). Brand trust affects brand commitment because trust creates valued relationships while consumers are committed only to what they value (Chaudhuri & Holbrook 2001). Another construct characterising the affective stage is BRQ that reflects to a level that brand relationships have reached and begin to stabilise (Fournier, 1994). In addition, emotional bond characterises brand relationships, which are either socially motivated or evolved from lasting relationships built from brand trust (Esch et al. 2006).

Finally, once consumer–brand relationships reach the affective stage, it is essential to push them into the conative/behavioural intention stage of attitudinal development process because commitment is required for relationships to be maintained despite the attractiveness of alternatives (Fournier 1994). Oliver (1999) distinguished the conative stage (commitment) from action stage, with the latter termed either the action stage that take into account readiness to overcome obstacles in order to repurchase. Nonetheless, existing research often included items indicating behavioural intention amid obstacles in the operationalisation of brand commitment or brand loyalty (Beatty & Kahle 1988; Yoo, Donthu & Lee 2000).

Upon the above theoretical logic, we propose a theoretical framework as shown in Figure 1 and the following hypotheses.
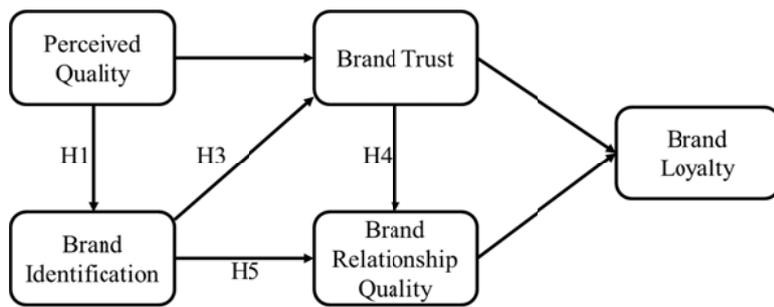
Figure 1. Theoretical model developed for this research

H1: Perceived quality positively affects brand identification.
H2: Perceived quality positively affects brand loyalty via brand trust.
H3: Brand identification positively affects brand trust.
H4: Brand trust positively affects BRQ.
H5: Brand identification positively affects BRQ.
H6: Brand identification positively affects brand loyalty via brand trust and BRQ.

3.0 Methodology

Research setting. Vietnam has a population of over ninety million people, and the rising middle class consumers are more brand-conscious (Euromonitor 2014). As such, the market context of Vietnam appears to be an appropriate setting for empirically examining consumer–brand relationships. Clothing is also the only product category where Vietnamese middle class consumers focus their spending; and many Vietnamese consumers view expensive branded clothing as a way of expressing their self (Euromonitor 2014). Fashion brands are known to convey symbolic meanings more easily than other product categories and that are much concerned about consumers' emotional responses to brands (Bergkvist & Bech-Larsen 2010; Hwang & Kandampully 2012). Therefore fashion clothing provides appropriate product context for examining brand relationship constructs in the hypothesised model.

Measurement instrument. Brand identification was measured using a five-item scale adapted from Mael and Ashforth (1992). Brand trust was measured using an eight-item scale adapted from Delgado-Ballester and Munuera-Alemán (2005). BRQ is a second-order construct with three dimensions, of which scales were adapted from Fournier (2009): love/passion (four items), intimacy (six items), and interdependency (three items). Perceived quality was measured using a seven-item scale based on prior work of Yoo, Donthu and Lee (2000). Brand loyalty was measured with nine items adapted from Beatty and Kahle (1988) and Zeithaml, Berry and Parasuraman (1996). The questionnaire was initially designed in English, and then was translated and back-translated by different professional translators. This process was to ensure the equivalence of meanings of the items in English and Vietnamese. All items were measured using Likert seven-point scale.

Sampling. The study used a mall intercept survey, in which a total of 400 questionnaires were collected. Among the collected questionnaires, 67.5% were collected in Ho Chi Minh and 37.5% in Ha Noi. These two cities are respectively the centres of the South and North of the long-shaped Vietnam, with Ho Chi Minh having a dominant role as economic centre for the whole country. In addition, the majority of respondents were under 35 years old, of which 41.5% are 18-24 years old and 41% are 25-34 years old. The majority of the sample were females (making up of 68%), having university graduation (56%), and single (60%).

Although the data showed a slight over-representation of female, compared to the gender distribution population, this reflects the fact that more patrons of shopping malls are females (Euromonitor, 2014). Approximately one third each belong the income group ranged up to 5 million VND (~USD 250) per month and 5-10 million VND (~USD 250-500) per month, respectively. About 26% of the income ranged from 10-20 million VND (~USD 500-1000).

4.0 Results

Measurement assessment. This study used AMOS 22.0 to analyse the data and tested the hypotheses following Anderson and Gerbing (1988) two-step approach. Confirmatory factor analysis results for full measurement independent cluster model indicated that the data fits the model χ^2 (df = 278) = 762.05, p = .000, CFI = 0.91; TLI = 0.90; RMSEA = 0.06; SRMR = 0.06. The convergent validity of the focal constructs was satisfactory as the magnitudes of most standardised factor loadings exceeded 0.7 but four factor loadings were below 0.7 but still well above acceptable threshold 0.5 (Hair et al. 2010). The construct reliabilities and variance extracted estimates of all constructs were well above the required threshold 0.7 and 0.5 respectively (Hair et al. 2010). As shown in Table 1, the discriminant validity was satisfactory.

Table 1. Squared correlations and AVE of the focal constructs

	CR	BL	IN	DP	LP	TR	PQ	BI
Brand loyalty (BL)	0.84	[a]0.57						
Intimacy (IN)	0.87	0.28	0.58					
Interdependence (DP)	0.80	0.22	[b]0.72	0.66				
Love/passion (LP)	0.78	0.29	[b]0.64	[b]0.63	0.64			
Brand trust (TR)	0.84	0.46	0.29	0.15	0.25	0.57		
Perceived quality (PQ)	0.86	0.29	0.14	0.08	0.13	0.51	0.55	
Brand identification (BI)	0.83	0.18	0.45	0.44	0.45	0.16	0.02	0.55

Note: [a] Bold figures on the diagonal are the variance extracted estimate for the constructs. [b] Correlations among first-order factors measuring the second-order construct BRQ.

Common method issue. This was first addressed by Harman's test which showed that no single factor accounts for the majority of the variance. Sample correlations matrix in AMOS suggested the presence of at least five factors (eigenvalues > 1). The one-factor model also did not fit the data, χ^2 (df = 299) = 2549.91, RMSEA = 0.14, CFI =0.60, TLI =0.56. Then, the common method issue was assessed using partial correlation technique (Lindell & Whitney 2001), using a marker variable that is theoretically unrelated to constructs in the hypothesised model. The mean change in correlations of the seven first-order factors $r_U - r_A$ when partialling out the effect of r_M was 0.05, providing further evidence that method bias was not a serious problem.

Hypothesis testing. As shown in Table 2, all hypotheses were supported. To assess the paths and respective significance of indirect effects in H2 and H4, this study calculated effect sizes and applied Sobel version of the Sobel mediation test (MacKinnon et al. 2002; Taylor, MacKinnon & Tein 2008). The findings of H2 revealed that the indirect effects via brand trust account for 76% of the total indirect effects of perceived quality on brand loyalty. Meanwhile, while the effects of brand identification on brand loyalty via brand trust and BRQ are significant (p < .01); the results of H6 revealed that this indirect path only accounts for 6.9% of the total indirect effects of brand identification on brand loyalty, as compared to the paths via either trust or BRQ.

Table 2. Summary of results of hypothesis testing

	Structural path relationship	Standardised coefficients /effects [a]	p-value [b]	Test results
H1	Perceived quality → Brand identification	0.16	0.008	Supported
H2	Perceived quality → Brand trust → Brand loyalty	0.37	0.000	Supported
H3	Brand identification → Brand trust	0.30	0.000	Supported
H4	Brand trust → BRQ	0.31	0.000	Supported
H5	Brand identification → BRQ	0.60	0.000	Supported
H6	Brand identification → Brand trust → BRQ → Brand loyalty	0.02	0.008	Supported

Note: [a] estimates using standard bootstrap 200 times and confidence interval of 95%. [b] Two-tailed significance. Fit indices $\chi 2$ (df = 289) = 787.10, p = 0.000, CFI = 0.91, TLI = 0.90 RMSEA = 0.066

5.0 Expected contributions and future research directions

This study has provided evidence from the emerging market context of Vietnam on the relationship between constructs that capture important brand relationship strengths from the relational perspective. The results of the study show that brand trust and BRQ are the two important antecedents of brand loyalty with the former having a greater impact than the latter. Brand trust was in turn influenced by perceived quality and brand identification, while BRQ influenced by brand trust and brand identification. It is also found that brand identification was influenced by perceived quality. This study reports a slightly different view from the social perspective of loyalty, which showed that brand identification has a direct influence on brand loyalty. An important implication of the study is that marketers in emerging markets like Vietnam to focus on both marketing mix and relationship-building strategies.

Future research is suggested to address the limitations of this cross-sectional research, and to extend the body of literature by considering longitudinal designs and replicating the study in different consumer product and service categories as well as in different emerging and transitional markets. There may be possible curvilinear effects between existing constructs in the current model. For example, the relationships between consumer–brand relationship stages may be curvilinear (Evanschitzky & Wunderlich 2006) or there may be possible interaction effects between perceived quality and brand identification in motivating repurchase intention (Lam, Ahearne & Schillewaert 2012).

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Creating a Model for Industry Brand Equity

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Abstract

As branding of an industry is almost an untouched research area and the viewpoint of industry brand equity (IBE) seems to be absent from marketing research, the purpose of this study is to create a model for IBE. The theoretical model consists of industry brand awareness (IBA), industry brand image (IBI) and industry brand respect (IBR). Three data sets were collected from industry members and stakeholders and analysed using structural equation modelling (SEM). The theoretical model was confirmed with the stakeholders' data, but the IBA presents various potential challenges within the industry members' data sets. The study contributes by examining IBE from the marketing viewpoint, establishing the factor "IBR", and revealing that there are challenges that IBA presents for industry members. Further research on IBE is called for.

Keywords: Brand communities, collective awareness, social brand image, logistics, transportation industry

Track: Brand and Brand Management

1. Introduction and the Purpose of the Study

An industry, or a field of business, is a network of similar and linked organizations that often compete for the same resources. Industry highlights the collective as opposed to the individual (Astley and Fombrun, 1983; Winn et al., 2008). Branch identity (Podnar, 2004) and industry reputation (Winn et al., 2008) have gained attention, but industry branding seems to be an untouched area, and accordingly, is the aspect we examine.

Brand equity (BE) has fascinated researchers for decades. In the financial arena, discussions have centred on industry BE (IBE) (Biel, 1992; Chen and Hennart, 2002; Chen and Zeng, 2004; Simon and Sullivan, 1993), but the IBE perspective seems to be missing altogether from the marketing viewpoint. That is something we intend to address. As the

word equity in essence refers to intangible cues that are valued by the consumer (Davcik et al., 2015), we follow brand scholars from the marketing domain who have considered BE as a mindset (e.g. Aaker, 1991; Keller, 1993; Lassar et al., 1995). Some researchers in the business-to-business (B2B) context (Davis et al., 2008; Juntunen et al., 2011) have considered the BE from a collective viewpoint, although they do not explicitly say or perhaps even recognize this. We proceed from these researchers in our study.

The purpose of this study is to create a model for industry brand equity (IBE). Three data sets including industry members and stakeholders were collected and analysed using structural equation modeling (SEM). The study contributes by examining IBE from the marketing viewpoint, establishing the factor "industry brand respect (IBR)", and revealing that there are challenges that industry brand awareness (IBA) presents for industry members.

2. Research Model and Hypotheses

The early brand scholars from the marketing viewpoint considered BE as a mindset both in the consumer (Aaker, 1991; Keller, 1993; Lassar et al., 1995) and B2B (Gordon et al., 1993; Hutton, 1997) context. Two conceptualizations of BE dominate. In Keller's (1993) model the dimensions are brand awareness (BA) and brand image (BI), and in Aaker's (1991) conceptualization they are brand loyalty, perceived quality, awareness, associations, and other proprietary assets. In the B2B context some researchers (e.g. Davis et al., 2008; Juntunen et al., 2011) have applied Keller' (1993) conceptualization and considered the BE from a collective viewpoint in the items. Davis et al. (2008) test whether the relationships between BA and BE and between BI and BE vary between logistics service providers and purchasers. Juntunen et al. (2011) built on Davis et al. (2008), including loyalty in their model and attempting to validate it as a path model among logistics service purchasers, and along with BA they identified a new factor which contains items on respect. Aaker (2004) affirms that people and organizations like to do business with those they respect and admire. Based on above, in our research model BE is a structure that consists of dimensions of the industry brand awareness (IBA), the industry brand image (IBI) and industry brand respect (IBR) (Figure 1).

Figure 1: Research model and hypotheses

Abbreviations:
IBI = industry brand image
IBA = industry brand awareness
IBR= industry brand respect
BE = industry brand equity
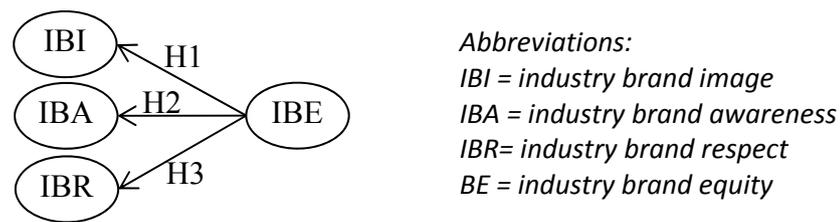
Brand awareness (BA) is a component of BE (Aaker, 1991; Keller, 1993). Kapferer (2012, p. 11) claims that awareness becomes a collective phenomenon among communities: when a brand is known, each individual knows that it is known. Several researchers (Chen and Su, 2011; Davis et al., 2008; Juntunen et al., 2011) have found a positive relationship between BE and collective BA. Thus we hypothesize: *H1: The relationship between IBE and IBA is positive*. Brand image (BI) is considered a component of BE (Aaker, 1991; Keller, 1993). Lassar et al. (1995, p. 13) define social image as "the consumer's perception of the esteem in which the consumer's social group holds the brand". Researchers (e.g. Davis et al., 2008) have found a positive relationship between BE and social BI. We hypothesize: *H2: The relationship between IBE and IBI is positive*. One of Aaker's (1996) BE categories is perceived quality. He (1996, p. 116) says that brand respect is related to perceived quality of the prestige the brand holds and thereby has a higher association level than value which relates to functional benefits and practical utility of buying and using the brand. Juntunen et al. (2011) found a positive relationship between respect - they call it image but the construct contains respect items only - and BE. We hypothesise: *H3: The relationship between IBE and IBR is positive*.

3. Methodology

3.1 Measures

All questions were further developed from Davis *et al.* (2008) in the questionnaire (Table). The operational measures were expressed as attitudinal statements based on the 7-point Likert scale (strongly disagree … strongly agree). IBE refers to the differential effect of brand knowledge on the industry members and industry stakeholders' response to the existence of the industry brand (cf. Keller, 1993). In B2B contexts researchers have found evidence of BE in the form of differential effect of a brand, advantage over others, and respondents' willingness to pay more (e.g. Hutton, 1997, Bendixen et al., 2004, Davis et al., 2008). The IBE was measured with three questions. IBA refers to the industry members and industry stakeholders' view of the ability of other industry members/stakeholders to recognize and recall a community. BA is measured with two questions. IBI refers to the industry members and industry stakeholders' perception of the social BI (Lassar et al., 1995) of the industry. In the B2B context social BI has been revealed to center on such company attributes as experience and reputation: how the company takes care of its customers, how it operates, and whether it offers high quality. BI is measured with three questions. IBR refers to the industry members and industry stakeholders' perceptions of how respected the industry is. Respect is measured with two questions.

Table 1. Latent variables and their operational measures

| Latent variable	Explanation and operational measures in the questionnaire (All items are further developed from Davis et al., 2008)	Label
Industry brand equity	Refers to equity of the industry brand	IBE
	I am willing to make sacrifices, e.g. irregular working shifts, in order to work in the transport industry	ibe1
	The brand of the transport industry differs from the brands of other industries	ibe2
	The name of the transport industry gives them an advantage over other industries	ibe3
Industry brand awareness	Refers to awareness of the industry brand	IBA
	The name of transport industry is well known among recruits/my friends	iba1
	The transport industry is a recognized industry	iba2
Industry brand image	Refers to image of the industry brand	IBI
	The transport industry is known as an industry that takes good care of its members	ibi1
	We can reliably predict how the transport industry will perform	ibi2
	Compared to other branches, the transport industry is well known for its consistent high quality	ibi3
Industry brand respect	Refers to respect of the industry brand	IBR
	Compared to other branches people respect the transport industry	ibr1
	The transport industry is highly respected	ibr2

3.2. Data

The empirical data consist of three data sets. The first data set (stakeholders) was obtained from 367 recruits in the military driving school of the Karelia Brigade in eastern Finland in spring 2008. 264 (71.9%) respondents answered the survey. The second data set (industry members 1) was collected from 2,604 members of the Finnish Transport and Logistics (SKAL) association in 2008. Respondents work as managers/entrepreneurs and/or truck drivers. 460 (17.7%) acceptable responses were returned. The third data set (industry members 2) was collected in 2015 from two intertwined target groups: 446 members of the SKAL association in Oulu and Lapland regions and 2207customers of the Suomen Ammattiliikenne Akatemia PLC (SAA) which offers advanced education courses for truck drivers. The latter group was allowed to answer the questionnaire during their course. As the target groups are intertwined, the exact size of the target population is difficult to identify. The maximum size of the target population is 2653. 214 (8.1 %) acceptable responses were returned. 168 of these respondents work as managers/entrepreneurs and/or truck drivers. For the first and the second data sets estimations were made with Lisrel 9.10 software and calculated on the basis of a covariance matrix. For the third data set estimations were made with Mplus Software Version 7.3.

4. Findings

For the stakeholders' model (Figure 2: Model A) the fit indices appeared with these results: chi-square (df) 163.564 (32), p-value 0.000, root mean square error of approximation (RMSEA) 0.126, non-normed fit index (NNFI/TLI) 0.955, comparative fit index (CFI) 0.968 and Standardized RMR (SRMR) 0.0513. NNFI/TLI, which is the most important fit index for

large samples, is over 0.90 as Hu and Bentler (1999) suggest. CFI value above 0.90 indicates acceptance of the model (Jaccard and Wan, 1996) as well as a good SRMR value.

Figure 2: SEM models
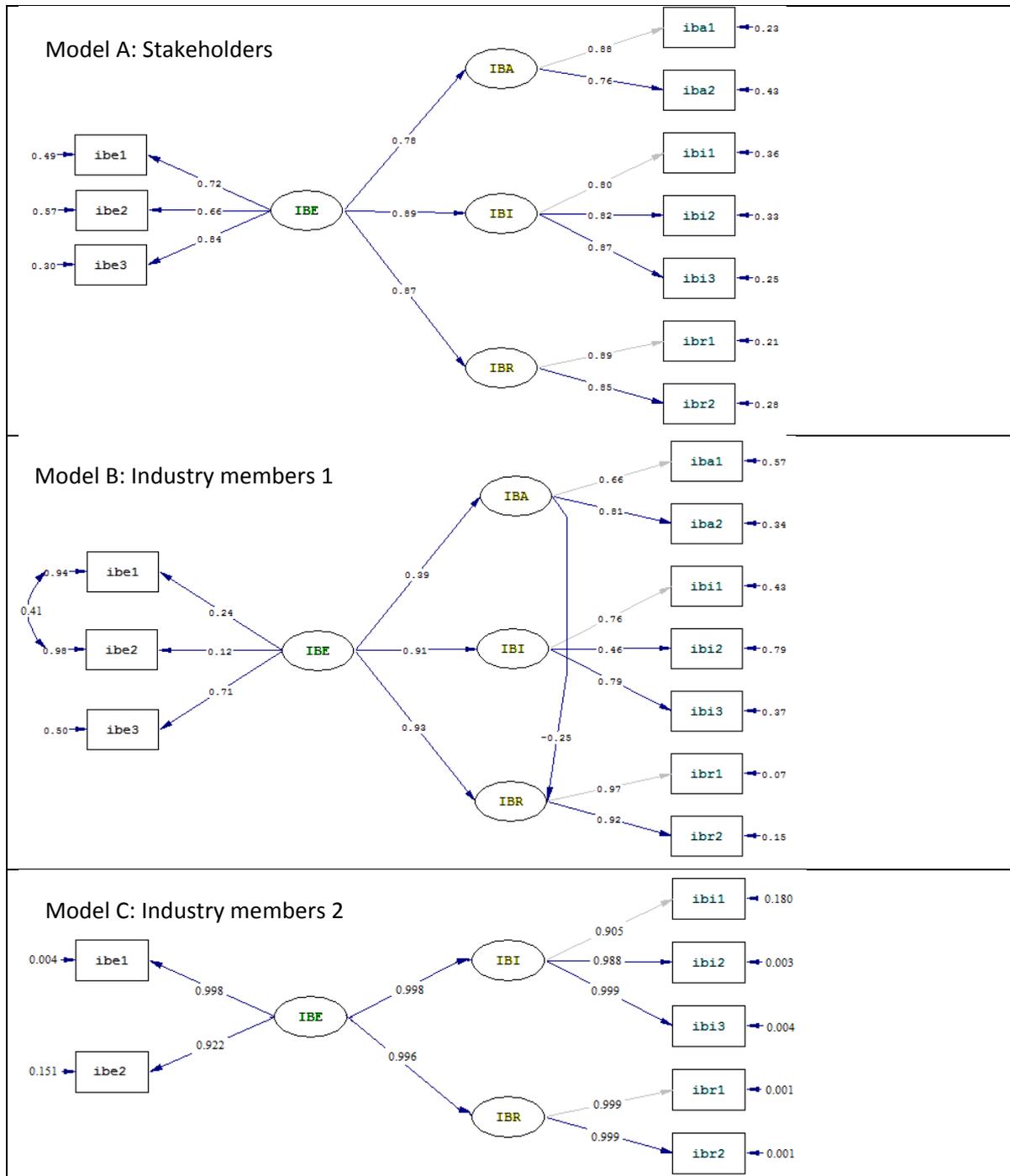
For the first industry members model (Model B) model generating options (Jöreskog, 1993) were needed to provide a workable model. The fit indices came in as: chi-square (df) 178.652 (30), p-value 0.000, RMSEA 0.104, NNFI/TLI 0.908, CFI 0.939 and SRMR 0.0873. Based on NNFI/TLI, the model can be accepted. Modification indices found correlation between error terms of items ibe1 and ibe2 thus we set error correlation between the items to

be free as it was theoretically justified. Similarly, modification indices suggest a strong influence from IBA on IBR. Model generating operations were needed in the second industry members model (Model C) as well. The fit indices for the model were: chi-square (df) 21.009 (11), p-value 0.033, RMSEA 0.074, NNFI/TLI 0.976, CFI 0.988 and SRMR 0.001, thus the model can be accepted. A statistically adequate factor IBA could not be produced, and one of the IBE items (ibe3) needed to be removed. This means that H1 was supported in models A and B but not in the model C; and both H2 and H3 were supported in each of the models.

5. Conclusions

The theoretical model was confirmed with the stakeholders' data. The IBA, however, seems to present challenges for the industry members. In Model B it has a negative influence on IBR, and in Model C it has no statistically acceptable relationship with the IBE. The explanation for this is understandable: it is natural that each of the industry members is of the opinion that the other industry members are aware of the industry in which they work.

The study offers three contributions: it examines IBE from the marketing viewpoint, establishes the factor industry brand respect (IBR), and reveals that there are challenges that industry brand awareness (IBA) presents for industry members. Small constructs, content of items, small research models and the data from only one country can be considered limitations, thus further research is needed to closer examine IBE.

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Helping Those Who Help Us: Reciprocal and Self-Promotion in Corporate Giving

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Abstract

A strategic partnership between brands and any non-profit-organisations (NPOs) they support is critical for each to maximise the benefit from the relationship. Twitter, with its potential for rapid pass-along of messages to different groups of followers, provides an ideal channel for reciprocal promotion by NPOs and their supporting brands. When there is a network of brands supporting one NPO, messages will be amplified if passed on within that network. This research examines independent and reciprocal promotion of a popular non-profit cause and its network of sponsors on Twitter, and compares it with promotion of the same activity in news media. We find surprisingly limited use of Twitter to promote brands' CSR efforts, and little evidence of the reciprocity expected between the cause and its supporters, or between supporting brands. The results have important implications for more effective use of social media to maximise the reciprocal benefits of brands' CSR efforts.

Keywords: Brands, CSR, reciprocity, Twitter

Track: Brand and Brand Management

1. Introduction/Background

Corporate social responsibility can enhance brand and company reputations, engender goodwill among consumers, and influence the way that customers evaluate a company's products (Chernev & Blair 2015). Yet without awareness of an organisation's CSR activities, customers are unable to reward such activities (Servaes & Tamayo 2013). Social media, with their potential for large reach at low cost, offer an ideal mechanism for promoting brands' prosocial activity cost-effectively. This research examines independent and reciprocal promotion of a popular non-profit cause and its network of for-profit sponsors on Twitter, and promotion of the same activity in news media. The research uniquely illuminates the interactive nature of brand and non-profit microblogging in a multi-sponsor partnership, and contrasts Twitter promotion of CSR activity with mainstream press promotion.

Contributions by for-profit companies to non-profit-organisations (NPOs), through donations, sponsorship, cause-related marketing or another partnership, are very common. These practices can be viewed as Corporate Community Investment (London Benchmarking Group 2013) or Corporate Social Responsibility (CSR) (Kotler & Lee 2005). For simplicity in this study, we refer to these partnerships as CSR, a brand/company providing support or a donation is referred to as a 'partner', and the benefitting NPO as the 'cause'. With the exception of a purely philanthropic gift, motivated by altruism and without expectation of

benefit, most corporate support involves an expectation of a return, or reciprocal benefit to the partner brand. Partners typically expect a benefit for one or more stakeholder groups, such as customers, media, internal staff, suppliers, distributors, rights holders or shareholders (Meenaghan 2013). Specific motives may include increasing brand awareness or managing brand image with customers, aligning or re-positioning the brand alongside the cause, portraying a sense of social responsibility to multiple stakeholder groups, managing relationships within the supply chain, or encouraging a sense of belonging with employees (Madden *et al.* 2006; Meenaghan 2013; Nickell *et al.* 2011). CSR can therefore be seen as a process of investment in social capital with the expectation of long-term payback in terms of reputation, and possibly reciprocal favours (Worthington *et al.* 2006). In other words, a partner is likely to expect some reciprocal benefits from the NPO in return for its support.

How these benefits accrue to the partner is dependent on the nature of the partnership, any agreed benefits to be provided by the cause, and the leveraging activities of the partner (Ruth & Simonin 2003; Seitanidi & Ryan 2007). The partner may provide advertising, public relations activities, internal communications and direct mail to promote the cause (e.g. Nickell *et al.* 2011). In the past, primary communication media would include TV, radio, and print media, but social media platforms are now important channels for sponsorship activation (Meenaghan 2013). Promotion of CSR efforts on social media may be particularly appropriate, since there is evidence of a relationship between individuals' social media use and their ethical engagement with NPOs, including monetary donations and volunteerism (Mano 2014). The community focus of social media also provides an ideal platform for a brand to leverage its CSR activities, by bringing together a 'community' of supporters and partners aligned with a cause. At the same time, social media provide a channel for a cause to promote partner organisations, and thus increase any reputation or other benefit from CSR activities. As with other social media platforms, Twitter provides a capacity for electronic word of mouth (Jansen et al, 2009). This capacity can be used by organisations to promote CSR activities, through a 'mention' of others in tweets, thus bringing a message to the attention of those mentioned, and encouraging them to pass on, or 'retweet' the message to a new, and potentially different, audience. So a partner might mention a cause in its tweets, and the cause can retweet the message to its own followers, achieving wider dissemination of the message and brand, and a form of electronic word of mouth by passing on (and thus implicitly endorsing) the partner's message. So while the partner is likely to be looking for a benefit, *both* the partner *and* the cause can use Twitter to provide reciprocal benefits.

Despite the potential of Twitter for allowing partners to enhance their brand reputation by showcasing their CSR activities, and for causes to demonstrate reciprocity by promoting partners' efforts, there does not appear to have been a single study examining reciprocal promotion by partners and a cause on Twitter. This research addresses that gap, and goes further, by examining reciprocal promotion between an NPO and its network of partners. Specifically, the research examines Twitter use and press promotion by the network of a major American-based, internationally active NPO - Toys for Tots (T4T). This is therefore the first study to examine social media activity by both non-profit and corporate users promoting the same cause, thus assessing the joint and interactive nature of microblogging and press promotion to encourage prosocial engagement.

T4T was selected as the focal NPO due to its high profile in the U.S., generally positive reception, and the concentrated timing of its efforts. T4T was founded in 1947 and is active in all 50 US states, Canada, Puerto Rico, and the Virgin Islands (Toys for Tots 2015). The organisation collects toys or monetary donations for children in underprivileged families for

Christmas. As such, most of its public activity is focused on the time period directly preceding Christmas, which is likely to encourage press and Twitter coverage each year around that time.

1.1.Hypothesis Development

Promotion of own CSR efforts: Despite longstanding recommendations that companies should work on increasing CSR awareness levels, there is evidence that not all firms appreciate the importance of customer awareness of their CSR efforts (Servaes & Tamayo 2013). Previous research has shown a positive association between press mentions of CSR activities and the advertising spending of a firm (Servaes & Tamayo 2013). Press mentions are not under the direct control of an organisation, but can clearly be influenced by dissemination of media releases and other public relations tactics. In contrast, Twitter provides a mechanism for an organisation to directly promote its own CSR activities, so the frequency of mentions of CSR activities by the organisation's Twitter handles is a measure of the extent to which it uses the channel to promote those activities. If organisations use Twitter and mainstream press strategically to promote their CSR activities, we would expect to see a correlation between Twitter and press promotion of those activities. We therefore propose *Hypothesis 1: Promotion of CSR: There will be a positive association between partner mentions of T4T on Twitter and press mentions of the partner's support of T4T.*

Partners' CSR activities will vary, and those that invest more would be expected to make greater efforts to promote those activities. T4T has five 'star' levels of sponsor (or 'partner') support, ranging from five-star partners contributing at least $US1 million in cash or $2 million in toys, to one-star partners contributing at least $25K in cash or $100K in toys. Higher level partners would therefore be expected to have a higher incentive, and possibly more developed mechanisms, to promote those efforts on Twitter and in mainstream press. We therefore propose H2a and H2b: *H2a: Investment and Twitter promotion: There will be a positive association between partner star level and partner mentions of T4T on Twitter* and *H2b: Investment and press promotion: There will be a positive association between partner star level and press mentions of the partner's association with T4T.*

Reciprocity: Twitter provides a cost-effective way for NPOs to recognise the contribution of partner organisations: one party (e.g. NPO A) can mention another (e.g. Brand B) in a tweet, and thus encourage retweeting of that message, and/or a reciprocal mention. So a cause can mention a partner, who can then retweet that message, or a partner can encourage T4T to mention it by mentioning T4T. We would therefore expect to see a positive association between mentions of T4T in a partner's tweets and vice versa, suggesting *H3: There will be a positive association between partner Twitter mentions of T4T and vice versa.*

While, as discussed above, a cause is likely to promote a partner, in a multi-sponsor partnership, the focal cause may tweet about partners with differing frequencies. Given the norm of reciprocity (Cialdini 2009), those who do more for a cause would expect to receive more from them. So if T4T is using Twitter strategically to promote its partners, the frequency of partner mentions would be expected to be positively correlated with the partner's level of support, or star level, suggesting *H4: The frequency of a cause's promotion of partners will be positively associated with partners' sponsorship status level.*

With its visibility and potential for interaction, Twitter is also ideal for encouraging reciprocity within a network of partners. Twitter allows partner organisations to

simultaneously promote other partners, by mentioning them in tweets, while promoting their own activity. Such a tweet encourages the mentioned partner to retweet the message to their own followers (thus exposing the message to a larger audience). A mention also encourages the identified partner to reciprocate by referring to the tweeting partner in their own tweets. If partners are responding to such mentions with reciprocal references, we would expect to see a pattern of reciprocity between partners, suggesting *H5: Partner reciprocity: there will be a positive correlation between mentions of, and mentions by, partners*.

2.   Method

A list of 61 corporate sponsor brands (or 'partners') and their donation or 'star' level was obtained from the T4T website in November 2014, and subsequently updated (to reflect recently added partners) in March 2015. Web and Twitter searches were conducted to identify any US-based Twitter handles for these partner brands. No Twitter handle could be found for 11 partners, resulting in a final list of 63 active Twitter handles for 50 partners. All tweets from these handles for the period 1/11/14 to 15/1/15 were downloaded using the Twitonomy premium service, resulting in 32,641 tweets, or an average of 513.8 (sd = 686.5) tweets sent per active handle, each with an average of 194.699 (sd = 606.350K) followers. Tweets referring to 'Toys for Tots' or 'T4T' were extracted using search functions, resulting in a final data set of 452 partner tweets referring to T4T. These tweets were analysed to identify references to other partners. US-based T4T Twitter accounts were also identified using web and Twitter searches, resulting in a total of 19 active T4T Twitter handles. Over the same time period (i.e. 1/11/14 to 15/1/15) these handles posted 1,624 (or an average of 85.5 per active handle (sd = 152.3)) tweets to an average of 727.6 (sd = 1,384) followers. Search functions were used to identify 259 T4T tweets containing references to partner brands. (Due to space limitations, full search details, handle verification and inclusion criteria are not included here.) Because tweet counts were highly skewed, nonparametric tests were used to test relatedness i.e Kendall's tau to test the association between tweet mentions of and by T4T, and an ordinal extension of the Wilcoxon rank-sum test to test tweet and press mentions by partner star level.

US based press reports mentioning any partner and 'Toys for Tots' or 'Toys 4 Tots' were identified from the Factiva database, consistent with Servaes and Tamayo (2013), but extending their method by including the Proquest database, which identified additional press reports. Duplicate results from Factiva and Proquest were discarded, and the remaining reports reviewed to ensure that the partner and T4T were mentioned in the same context.

3.   Results

3.1 Publicising own activity

While many partners used Twitter and/or media to publicise their support of T4T, there was surprisingly limited use of both methods of promotion. Two partners (ToysRUs and The UPS Store) had more than 20 press reports associating their names with T4T, but the majority of partners (62.3%) had none. Use of Twitter by partners to promote T4T, and/or their own support of T4T, also varied widely. There was a total of 452 partner mentions of T4T, but after excluding 11 partners who were inactive on Twitter, and 24 who did not mention T4T in their tweets, the median partner mentions of T4T was 1. Press promotion was a very poor predictor of Twitter promotion: there was only a very weak association between the frequency of partner tweets mentioning T4T and the number of joint press mentions of the

partner and T4T (Spearman rho = .27, *p* = .08), thus providing only weak support for H1. There was no significant ordinal trend for frequency of partner Twitter mentions of T4T by star level (z = .29, *p* >.1), thus H2a is rejected. There was a marginal ordinal trend between star level and press mentions (z = 1.65, *p* = .099), consistent with H2b. However three of the five star partners, and four of the five four-star partners had no press coverage at all, so many of the highest-level partners apparently received no main-stream press coverage of their support for T4T.

3.2 Reciprocity: Publicising those who publicise us

Promotion of partners in T4T tweets was generally low, relative to the total volume of tweets by T4T. Out of 1,624 tweets sent by T4T handles in the study period, only 259 (16.0%) mentioned partners - an average of 6.5 mentions per partner. However the distribution of mentions was highly skewed: the most frequently mentioned, (ToysRUs, a 5-star partner), was mentioned 66 times, but 21 out of the 61 partners (including one 5-star partner) were not mentioned in any T4T tweets. There was some evidence of reciprocity between T4T and partners, with a significant ordinal association between the number of partner mentions of T4T and mentions by T4T (Spearman's rho = .52, *p* <0.001), consistent with H3. However a majority of the data points were clustered at low levels, with the relationship largely driven by a small number of partners that were high in both mentions of T4T and mentions by T4T. Tweets by T4T mentioning partners were significantly more likely to include retweets (61.4%) than tweets by partners mentioning T4T (16.2%, z= 12.98, *p* < 0.001), suggesting that partner mentions *of* T4T resulted in a mention *by* T4T, rather than the reverse. There was evidence of an ordinal association between sponsorship level and the frequency of Twitter mentions of T4T (z= 2.47, *p* = 0.013), consistent with H4.

3.3. Inviting reciprocity: Publicising those who support the same cause

There was very little evidence of partners attempting to achieve reciprocal publicity by other partners. Only seven brands mentioned other corporate partners in tweets that also mentioned T4T (mentioning 27 other partners a total of 70 times). Although five of these partners were mentioned by other Twitter handles, the most prolific mentioner (U-Haul, with 21 mentions of other partners) was not mentioned by any other brand handle. Partners that mentioned others were no more likely to be mentioned by other brands (Chis = 1.6, *p* >0.1), thus rejecting H5.

4.   Discussion

One of the most surprising results from the study is the apparent failure of many partners to promote their brands' support of T4T, either on Twitter or through press coverage, with many partners not achieving publicity by either channel. As expected, there was an association, albeit weak, between press mentions of a partner and T4T and its own Twitter mentions of T4T (H1). Higher-level partners had, as expected, higher levels of press coverage (H2b) (albeit only marginally significant), but did not mention T4T significantly more on Twitter (H2a). The reason for higher level partners promoting their activities more in the press than lower level partners (as expected), but not significantly more on Twitter, are not clear. The result does suggest a lack of coordination in media management at these organisations, with press articles being associated (as expected) with the level of corporate investment, but no comparable association with Twitter mentions. The result is surprising, since T4T mentions

in the partner's Twitter stream are under the control of the partner, while press mentions can be facilitated (e.g. through press releases), but are not directly controlled by the partner. The complete absence of Twitter promotion of T4T donations by some partners, and the lack of higher promotion by higher level partners does suggest, however, that many lack a clear strategy to promote their CSR efforts on Twitter.

The results suggest there may be some difference between partner organisations that mention T4T in their tweets, and those that do not. Partners that sell toys, and/or offer collection depots (e.g., ToysRUs and Walgreens) tended to mention T4T more in their tweets, and received the highest level of press reports, (often in community service announcements, reporting on collection locations). Others (such as Valpark, a parking company and 4-star partner) have no obvious natural association with T4T, and did not appear to leverage their donation in any way, with no mentions of T4T, and no press coverage of the sponsorship. This difference may be related to the concept of 'fit': some authors have suggested that the fit between a partner and a cause, and articulation of this fit via communication messages, is crucial (Cornwell *et al.* 2005). The varying fit between different partners and T4T may therefore in part explain the low rate of press or Twitter to promote partner donations by partners without a natural fit with T4T. A previous experimental study found that high-fit sponsorships led to greater benefits for brand identity than low-fit sponsorships, but suggested that even low-fit sponsorships could 'create' fit by demonstrating fit between the sponsor and the cause (Becker-Olsen & Hill 2006). The strategy of U-Haul (a moving equipment and storage rental company) appeared to be consistent with that recommendation, with frequent media mentions to U-Haul trailers for storing donated toys, and U-Haul's repeated mention of other partners. However the frequent failure of many partners (even those giving large donations) to mention T4T in their own tweets, or obtain media coverage of that donation, suggests that many brands are failing to capitalise on, or maximise, any fit with T4T, and are thus failing to maximise the benefits to their brand from their donation.

The results show evidence of reciprocity between T4T and partners as expected, but the strength of the relationship was less than expected. There was an association between mentions of partners by T4T and vice versa (H3), and higher mentions of higher level partners (H4). The higher percentage of retweets in T4T tweets suggests, however, that many of T4T's partner mentions were reactions to partner tweets. While it is not surprising that an NPO like T4T would have a more reactive Twitter strategy than its corporate partners, the evidence of T4T's apparent reactivity suggests an opportunity for partners to drive mentions by mentioning T4T, thus encouraging T4T to retweet that message, and thereby effectively endorse the partner message and brand. Conversely, the reactivity of T4T reinforces that the 11 organisations not on Twitter and the 24 partners who did not mention T4T in their tweets were missing an opportunity to promote their donation, and to potentially have T4T endorse their brand. The results also show the potential for an NPO to offer a benefit, via proactive social media mention, to a sponsor, consistent with earlier research that showed that NPOs could effectively use another social media outlet, Facebook (Waters *et al.* 2009).

The research did not find significant reciprocal promotion between partners, as predicted (H5), and instead found surprisingly low levels of mentions of other partners, with only seven partners mentioning other partners in tweets mentioning T4T. The T4T partner network thus appeared to reflect largely isolated two-way relationships with T4T, rather than a multi-partner network. This is in contrast to the 'social' essence of social media, and its ability to provide a network. T4T's partners include at least 12 for whom children's toys or services are likely to be a substantial part of revenue, so low mentions of other partners may be partly

driven by reluctance to mention competitors. The partner with the highest mention of competitors (U-Haul, with 20 mentions of others) does not appear to compete with other partners, consistent with this explanation. However the second and third highest mentioners were Talk to Santa (selling online conversations with 'Santa') and Alex Toys, both of whom would compete (at least partially) with the other toy retailer partners, so competitive issues do not fully explain the low mentions of other partners. In addition, the failure of so many partners to mention T4T in their tweets, and the low overall rate of mentions for those who did, suggest that the failure to mention other partners might be primarily driven, for most, by a lack of strategic use of Twitter to promote brands' CSR efforts.

5.   Conclusions and Implications for Further Research

Overall, the study contributes to an understanding of social media use by NPOs and their brand partners, by assessing the use of social media by both the cause organisation and its partners, and reciprocity within the network. The results are somewhat surprising, as they show that neither Twitter nor mainstream press were used as much as expected, raising the question of why so many partners do *not* use Twitter or mainstream press more to promote their support of T4T. The research also showed lower than expected levels of reciprocity between the cause and its partners, and between partners, suggesting unrealised potential benefits for the NPO and its partner brands. The problems of a lack of balance in commitment between channel partners has previously been identified (Anderson & Weitz 1992), and if parties believe that there is a lack of fairness (or reciprocity) in a relationship, they may transfer their commitment to other relationships (Farrelly & Quester 2003). For T4T and other causes, demonstrating adequate recognition of partners is therefore of critical importance, and Twitter provides a cost-effective way to do this. Further research could focus on trying to understand why social media such as Twitter are not used more to support brands' CSR efforts, and why NPOs do not make more use of social media to provide reciprocal benefits for their partners' brands. As this study focused on only one NPO, it is possible that the findings are unique to this organisation. A further study could therefore examine multiple organisations and other causes, and reciprocity in mentions on other social media.

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Understanding Compelling Customer Experiences in Branded Social Media Environments: Implications for Customer Engagement Value Creation

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Abstract

A critical issue for brand managers is orchestrating compelling branded social media experiences with consumers that create value and growth opportunities. This study investigates for the first time the role of flow as a catalyst for unlocking a compelling customer experience, configured as a hierarchical model in a branded social media environment, which influences customer engagement value creation. A theoretical framework was empirically tested via a survey from 404 consumers and analysed using structural equation modelling. The results substantiate flow modelled as a higher-order construct, which positively influences perceptions of customer engagement value in branded social media environments. Curvilinear effects of flow are also investigated. The findings are relevant to brand managers of social media platforms and focus on how managing salient components of flow act as key customer experience mechanisms for unlocking and optimising customer engagement value creation for brands.

Keywords: Customer Experience, Flow, Social Media, Brands, Customer Engagement Value

Track: Brand and Brand Management

1.0 Introduction

In recent years, there has been significant growth in the adoption by brands to create branded social media environments (such as Facebook brand pages, Google+ business accounts, branded Twitter pages and brand-oriented YouTube accounts) to interact, engage and collaborate with customers. Social media platforms enable brands to create awareness/liking, co-create brand stories with, and among, socially networked consumers, facilitate brand community participation, derive customer knowledge and feedback for product development/improvement and drive traffic to brand locations (Ashley and Tuten

2015; Gensler et al., 2013; Kumar et al. 2013). The strategic imperative for brand managers now lies in understanding how to leverage social media to enhance the customer experience in order to unlock its value creation opportunities and brand building potential (MSI 2014; Kumar et al. 2013). At the core of this effort, we argue, is the need for brand managers to engineer compelling branded consumption experiences in social media that can be embedded in the concept of flow. Thus, this study seeks to explore how the flow experience induced in branded social media environments drives new forms of value creation arising from customer engagement behaviour with brands.

Flow was first introduced by Csikszentmihalyi (1977) as an attempt to explain those times when individuals experience total immersion in a task and is described as a perceived state of effortless action, loss of time and a sense that the experience stands out as being exceptional compared to activities in everyday life. Furthermore, flow experiences within an environment are partially based on the interpretation of stimuli within that environment by the individual. Flow has since come to play an important role in e-commerce where researchers have suggested that brands must orchestrate a specific environment via web-based attributes (and set of conditions) for consumers to experience flow (Carlson and O'Cass 2011; Ding et al. 2010; Hoffman and Novak 2009).

Despite deployment of branded social media platforms quickly increasing by many leading brands globally, the rate of theorizing to understand how to better facilitate and optimize flow experiences within social media platforms has not kept pace with its growth in social media brand management. The issue is of critical importance since little is known about how the customer experience interactions that take place in social media can induce flow experiences which contribute toward value creation and the cultivation of stronger customer-brand relationships. In response to these concerns and gaps in the literature, we aim to offer a more in-depth understanding of flow experiences and its properties in branded social media environments by focusing on three important issues.

First, we develop a theoretical framework that articulates the salient components of flow within branded social media environments than previously studied. Past e-commerce research indicates that flow arising from a consumption experience contains multiple components (c.f. Hoffman and Novak 2009), but explicit research on the conceptualisation and operationalisation of flow in the social media environment has remained underexposed. As such, incorporating insights from e-commerce settings together with social media research, we identify and empirically examine a higher order, multidimensional conceptualisation of flow within a branded social media environment.

Second, we investigate the influence flow has on 'customer engagement value' (CEV) creation for the firm. CEV has been advanced into the marketing literature by Kumar et al. (2010) as an overarching customer value metric that includes both value from transactions – customer lifetime value (CLV), and value derived from non-transactional customer engagement behaviour where they distinguish three non-transactional values: customer referral value (CRV), customer influence value (CIV) and customer knowledge value (CKV). Kumar et al. (2010) emphasize that a sole focus on purchase behaviour and ignoring customer engagement behaviour (such as social media participation) and the value derived from these behaviours may lead to an undervaluation or overvaluation of customers i.e. poor identification of profitable customers. CEV offers a more complete evaluation of how much an individual customer is contributing to the brand in multiple ways. To date, no empirical study has yet examined how social media flow experiences creates CEV for the brand. Thus, flow's contribution to CEV creation for brands is examined and addressed in this paper.

Third, while a body of empirical work confirms that inducing flow experiences for consumers in the online environment has a positive influence on various behaviours, researchers have yet to investigate the functional form in the flow-behaviour relationship with

the prevalent practice to assume a linear relationship. As such, we extend theory to examine flow's curvilinear effect (i.e. shape of the relationship) on the three components of CEV. For example, does flow have an increasing incremental return as demonstrated by a convex relationship with each CEV component? That is, the incremental effect of flow on each CEV component is more positive at higher levels of flow above a certain threshold point than at lower levels. Or, does flow have a decreasing incremental effect as demonstrated by a concave relationship with each CEV component? (i.e. as flow increases, its influence on CEV components diminishes in impact). Such understanding into the presence of potential curvilinear effects will enable further theory advancement and practitioner insights into the effect of flow in the social media environment, and to what extent it must be maximized so investment resources required by the brand can be efficiently allocated to those technological (e.g. systems/processes) and marketing capabilities (content management strategy/people) to unlock flow (through its lower order dimensions) and achieve CEV creation.

2.0 Conceptual Framework

Underpinned by Flow theory (Hoffman and Novak, 1996; Csikszentmihalyi, 1997) and emerging CEV theory from the customer management literature (c.f. Kumar et al. 2010), Figure 1 illustrates the theoretical model for the study. Consistent with Kwak et al. (2014), flow in a branded social media environment is treated in this study as a latent, higher order construct based on eight lower-order dimensions. The framework further explains that a consumer who achieves flow during the consumption experience of a branded social media site will lead to higher CEV across three components articulated by Kumar et al. (2010), 1) lifetime value, 2) influencer value, and 3) knowledge value for the firm. Furthermore, the framework outlines the quadratic curvilinear effect of flow on each CEV component.

Figure 1: Theoretical Model
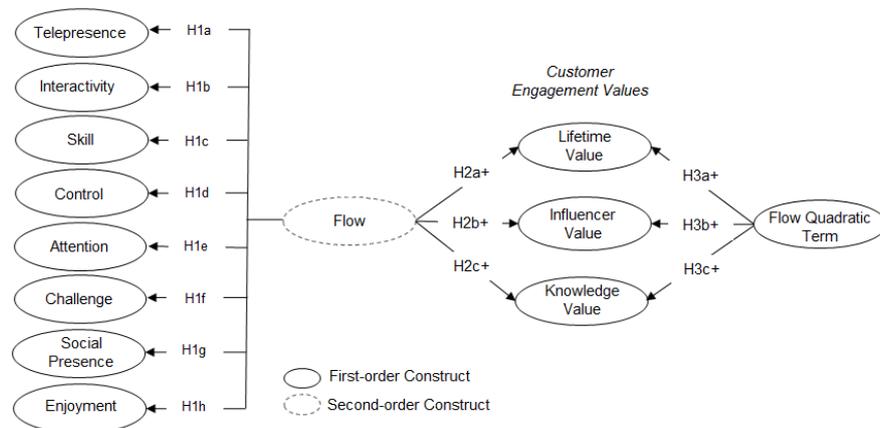
2.1 The Concept of Flow and its Components

To date, there is some lack of consistency in operational definitions of flow in the literature. For example, Choi et al. (2007) notes "the construct of flow is too broad and ill-defined due to the numerous ways it has been operationalized, tested and applied." Approaches to measuring flow can be broadly characterized as unidimensional or multidimensional. However, Hoffman and Novak (2009) argue that multiple measures of flow should be used whenever possible due to its conceptual richness. In reviewing past flow research, Hoffman and Novak suggest flow can be measured through parameters such as skill, change, focused attention, telepresence and interaction. Prior research taking a multidimensional view indicate that flow comprises cognitive states of skill, perceived control, challenge, focused attention, telepresence and interactivity (Ding et al. 2010; Huang 2006), and emotional components such as perceived enjoyment and curiosity (e.g. Kwak et al. 2014). Recent social media work

has identified social presence as a key component to flow experiences (e.g. Jung 2011) due to its socially networked communication processes. However, these flow elements taken collectively are not directly modelled to create a higher order flow construct, but rather, are used individually to predict outcome measures. In order to capture the conceptual richness of flow, analysis of the flow literature was conducted to identify the most relevant constructs which underpin it. Eight dimensions which receive robust theoretical and empirical support for flow are synthesized and we articulate definitions for each of these below in Table 1.

Table 1: Synthesis of flow dimensions and definitions

Dimension	Description in a branded social media environment	References
Telepresence	Refers to an individual's perception on feeling a sense of being in the virtual computer mediated environment of the brand page, rather than in the immediate physical environment	Mollen and Wilson (2010)
Perceived control	Refers to the individual's perception in the web-based processes of the brand page enabling effective and efficient navigation	Ding et al. (2010); Huang (2006)
Perceived Self-efficacy	Refers to an individual's judgment of their own confidence to perform a task and engage in an activity on the brand page	Ding et al. (2010)
Focused attention	Refers to individual's perception on the degree of concentration on brand page activities, and the effort made to concentrate	Huang (2006)
Interactivity	Refers to an individual's perception on active two-way communication that is responsive to their actions on the brand page	Mollen and Wilson (2010)
Enjoyment	Refers to an individual's perception on the intrinsic pleasure and enjoyment using the brand page	Kwak et al. (2014)
Challenge	Refers to an individual's perception of the opportunities for enhancing his or her action on the brand page	Novak, Hoffman, and Yung (2000)
Social Presence	Refers to an individual's perception on the sense of interaction with others in the virtual environment of the brand page	Jung (2011)

Drawing upon the model specification typology of Jarvis et al. (2003), we argue that it is appropriate to configure our flow construct as a Type I hierarchical model reflected by eight lower order components. This is because a change in one of the components should be accompanied by changes in other components. For example, a decrease in interactivity may be accompanied by a change in perceptions of telepresence, attention, challenge or any of the other salient flow components as perceived by the customer. On this basis, we hypothesize flow as having eight reflective components which represent the construct, where each dimension comprises reflective indicators. Thus,

H1a-h. All eight components are a positive first-order component of flow

2.2 Impact of Flow on Customer Engagement Value

In Figure 1, we seek to understand the impact of flow on the creation of CEV for brands utlizing social media brand pages. According to Kumar et. al. (2010), CEV for a firm can be categorized into four components. Firstly, CLV is the expected value generated from customer commitment with the firm (e.g. retention, purchase behaviours). Secondly, CIV is a customer's influence on other customers and prospects such as WoM, tendency to recommend and perform product reviews. CIV plays a significant role in a firm's success because influential customers can significantly persuade and convert prospects to customers. Next, CKV can be defined as the ideas, thoughts and information the organization receives from its customers (Desouza and Awazu, 2005). Such value can be generated by interacting with, and gathering insights from customers who are likely to engage in product-related discussions or crowdsourcing via social media. Finally, CRV relates to the acquisition of new customers through a firm initiated formal referral program. This component is omitted from

this study because CRV focuses mostly on current customers converting other non-customers. Thus, we theorise in a branded social media environment:

H2: Higher perceptions of Flow leads to higher levels of 2a) CLV, 2b) CIV, and 2c) CKV

2.3 Curvilinear Effects of Flow on Customer Engagement Value Components

Within our framework, we propose that the effects of flow depict curvilinearities that are captured by quadratic effects. Building on the need gratification and dual-factor motivation theories (Herzberg 1966; Maslow 1943) in the context of relational exchanges (Agustin and Singh 2005), we propose that flow has an increasing incremental effect on each CEV component. That is, an "increasing incremental effect" implies that with higher values of flow, a unit change has an increasingly greater effect on each CEV component (i.e. a positive quadratic effect). In contrast, a "decreasing incremental effect" implies that with higher values of flow, a unit change has an increasingly smaller effect on each CEV component (i.e. a negative quadratic effect). We argue that flow acts as a growth, higher-order need since fulfillment of lower order needs such as satisfaction and e-service quality evaluations e.g. Did the brand page work as expected? Was the information quality fair? Such questions are likely to drive lower order hygiene needs. This is because customers seek compelling customer experience as the higher-order goal in marketplace exchanges and that this goal regulates their behaviour towards the brand (Agustin and Singh 2005). As such, we argue that consumers reward brands which orchestrate flow experiences through a reciprocity mechanism with increased engagement to the brand page. Thus, we expect that a unit change in a consumer's flow experience has an increasingly greater effect on each CEV component.

H3: Flow has a positive, quadratic increasing incremental effect on 3a) customer lifetime value, 3b) customer influencer value, and 3c) customer knowledge value

3.0 Methodology

Following Agustin and Singh (2005), we situate our study in ongoing relational exchanges in which respondents have established some level of a relationship with a consumer brand on the basis of an experience stream of prior episodes with that brand's social media brand page on the Facebook platform. Data was completed by using a survey with students at a large university in Australia with participants to recall a recent encounter with their preferred brand page and refer to that brand regarding their answers. Students are deemed a suitable sample since the majority of Facebook users are young adults aged 18-30 which makes it appropriate to draw inferences from a student sample (de Vries and Carlson 2014). Items to measure the constructs of flow were drawn from Carlson and O'Cass (2011), Novak et al. (2000) and Ding et al. (2010). Attitudinal measures used to assess each CEV component were adapted from Kumar et al., (2010) and past empirical social media research by Jahn and Kunz (2012). Items were measured on a 7-point Likert scale (1) 'strongly disagree' to (7) 'strongly agree'.

4.0 Results

In total, 404 responses based on assessments of consumer-oriented brand pages were collected for analysis with 42.3% males and 57.7% females. The PLS-SEM results indicated that the items in the outer model had component loadings above criteria of > 0.35, composite reliabilities all above the > 0.70 criteria and all constructs had an average variance explained (AVE) greater than 0.50. The direct hypotheses were then tested and shown below in Figure 2 where path coefficients, critical ratios and R^2 exceed all benchmarks with good explanatory power (c.f. Hair et al. 2012), supporting H1-H4. However in Table 2, the curvilinear results shows partial support for H5 (t>1.65), no support for H6, and full support for H7 (t>1.96).

Figure 2: Direct Effect Results for H1 – H4   Table 2: Nonlinear Results for H5 – H7
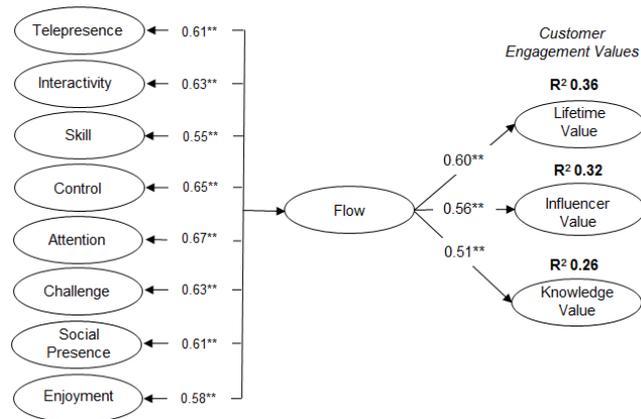
Path to CLV	Beta	t-value	Result
Flow	0.64	19.18**	
Flow²	0.08	1.76*	Partial support
R² of CLV	0.36		
Δ R² of CLV (compared to M0)	0.01		
Path to CKV			
Flow	0.56	15.67**	
Flow²	0.03	0.59^	Not supported
R² of CKV	0.32		
Δ R² of CKV (compared to M0)	0.00		
Path to CIV			
Flow	0.58	15.14**	
Flow²	0.09	4.60**	Supported
R² of CIV	0.28		
Δ R² of CIV (compared to M0)	0.02		

** Significant at 5% (t> 1.97); * Significant at 10% (t> 1.65); ^ non-significant; Results are based on 500 bootstrapping runs

5.0 Discussion, Limitations and Implications

Though the aim of this paper is to determine a multidimensional conceptualisation of flow and examine its effects on CEV creation in the context of brand pages on the Facebook social media platform, the study context relied on retrospective assessments of university students to develop theory. As such, the generalizability of the findings will be limited. However, despite that shortcoming, it nonetheless contributes to flow and CEV literature in several areas. First, the study of holistic flow experiences in branded social media environments as a higher order construct advances our understanding on a comprehensive range of components than previously studied which are necessary for its formation. Second, the investigation of the relationship between flow and CEV (including components of CLV, CIV and CKV as originally advanced by Kumar et al. 2010), provides first insights as to flow's influence toward CEV creation in a branded social media environment which considers the generation of value by the customer to the firm through more ways than only their purchase behaviour. For instance, it was argued that customers provide further value to the brand arising from social media interactions through their (a) encouragement of other customers and individuals to make initial/additional purchases (CIV), and (b) feedback to the brand on ideas for innovation/improvements (CKV). Furthermore, we do not rely on simple linear approach to model the effect of flow on CEV components where we further advance theory by conceptualizing curvilinear relationships. Our results show that the positive quadratic effect of flow was fully supported on CIV, partially supported on CLV and not supported on CKV.

From a managerial guidance perspective, brand managers should consider flow as a holistic customer experience, underpinned by eight fundamental mechanisms that, when unlocked, contribute toward CEV creation in a social media setting. Study findings also highlight that when brand managers allocate resources to create and optimise flow in brand pages, incremental resources should be devoted to reaching moderate to high levels of flow. This is because it was shown that flow demonstrates 'increasing incremental returns' where a unit increase in flow has an increasingly greater effect on CIV which has important social contagion and customer influencer implications. Although partial support was found from flow to CLV, the finding is relevant nonetheless due to its customer purchase implications.

Future research may study actual consumers from a brand's customer base to refine the flow operationalisation and expand the CEV framework to include several actual behavioural (e.g. purchase frequency, size) and network metrics (e.g. size of social network, propensity for opinion leadership) in order to better measure CEV's components, and understand the total value of a customer. In sum, in our theory and method do not stand apart but blend together to reveal clear and compelling, albeit complex and curvilinear insights

regarding flow's important role for contributing to CEV creation in a branded social media environment in order to achieve growth and innovation objectives in brand management.

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Brand image and brand performance in a university context: development and validation of a model

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Abstract

This paper examines how perceived service quality affects perceived brand image and brand performance, and positive behavioural intentions in a highly competitive industry like the higher education in Australia. The study used the Web-based student survey in the context of an Australian university and found 528 usable responses. The study developed and validated a model using the structural equation modelling (SEM) technique. To our understanding, this is one of the pioneering studies that modelled and demonstrated that university image and brand performance and positive behavioural intentions are the outcomes of the interplay among perceived service quality, satisfaction, and trust. Universities aiming for a sustainable presence in a competitive global market and intending to enhance brand image and UniBrand performance, and attract and retain students are encouraged to consider this model and its implications.

Keywords: Service quality, brand image, brand performance, university.

Track: Brand and Brand Management

1.0 Introduction

The Australian universities are some of the popular destinations for students. However, the Bradley report published in December 2008 states that there is a clear sign that the quality of the educational experience is declining. One of the significant recommendations of this study emphasises course experience as perceived by the students (Bradley, Noonan, Nugent, & Scales, 2008). Research arguing for a marketing approach to examine students' perceptions of service quality in the context of higher education demonstrated that this approach could improve service functions, and attract and retain students (Sultan & Wong, 2012, 2014). In this context, a number of studies have argued that a successful branding effort in the context of the higher education sector, operating in a competitive market, could improve university service functions, and attract and retain students (Casidy, 2013; Sultan & Wong, 2012; Watkins & Gonzenbach, 2013).

Branding in higher education is an area that may be controversial, and has so far received limited enquiry among academics (Chapleo, 2011). A brand establishes marketable features or service provisions under the condition of intensive competition over resources (e.g., funding, renowned academics), and consumers (e.g., students) (Drori, Delmestri, & Oberg, 2013). Although competition among universities is not a new phenomenon, branding is a recent marketing tool for universities to position themselves in the field of higher education (Drori et al., 2013; Sultan & Wong, 2012, 2013, 2014). Although the current research finds that quality and brand are two important sources for achieving the competitive

advantage (Sultan & Wong, 2013, 2014), the literature is scarce as to how perceived service quality influences university image and brand, and subsequently, influences students' positive behavioural intentions in a competitive market. The current paper addresses this gap and demonstrates the interrelationship among perceived quality, brand image, brand performance, and behavioural intentions in an Australian university context.

2.0 The Research Concept

Corporate image has been modelled as an outcome variable of perceived quality, value and satisfaction in the context of commercial service sectors (Johnson, Gustafsson, Andreassen, Lervik, & Cha, 2001; Nguyen & LeBlanc, 1998). Subsequently, university image was modelled as an outcome variable of perceived service quality mediated through student trust and satisfaction in a higher education context (Sultan & Wong, 2012). In particular, Sultan and Wong's (2012) study found that student satisfaction and trust, backed by positive perceptions of service performance, play an important role in building university image in a competitive market. In their subsequent study, the Sultan and Wong (2014) demonstrate how university brand performance and students' behavioural intentions are influenced by perceived service quality mediated through student satisfaction and trust. The current paper, however, demonstrates how perceived service quality influences university image and brand performance and affects students' positive behavioural intentions.

2.1 Research hypotheses

The relationship between perceived service quality and satisfaction: The concept of satisfaction occupies a central position in marketing thought and practice. Literature suggests that the critical determinant of perceived satisfaction is perceived quality (Cronin, Brady, & Hult, 2000). This is because both perceived quality and satisfaction are attitude driven. Therefore,

H1: Perceived service quality has a positive and significant effect on student satisfaction.

The relationship between perceived service quality and student trust: Perceived service quality and trust have been viewed as the centre of relationship marketing (Berry, 2002). This is because integrity and reliable service performance, and subsequent perceptions build student-customers' belief and confidence about the possible outcome of future service encounters which in turn determines students' trust. Therefore,

H2: Perceived service quality has a positive and significant effect on student trust.

The relationship between student satisfaction and student trust: Satisfaction is transaction specific (Cronin & Taylor, 1992). However, trust is an emotional norm that is often influenced by consumers' trial and usage evaluation and their subsequent satisfaction (Delgado–Ballester & Munuera–Aleman, 2001). In a higher education context, students' cumulative satisfaction with the service attributes make him/her believe that the service attributes have consistent capacity to satisfy his/her needs in any future service encounter. Therefore:

H3: Student satisfaction has a positive and significant effect on student trust.

The relationship between student satisfaction and university image: People develop knowledge systems (i.e. schemas) to interpret their perception of the company image (Andreassen & Lindestad, 1998). Image formation procedure is cognitive in the sense that ideas and feelings about previous experiences and satisfaction with an organisation are stored in memory and transformed into meaning based on stored categories (Nguyen & LeBlanc, 1998). Thus, student satisfaction creates a halo effect on the institutional image. When

students are satisfied with the service performance, their attitudes toward the university (brand) image are improved. Therefore,

H4: Student satisfaction has a positive and significant effect on university image.

The relationship between student satisfaction and university brand (UniBrand) performance: Brand performance is the success of a brand in a defined market. Research found that customer satisfaction affects brand outcome in the context of the hotel industry because satisfaction results in achieving more sales and increased price premiums (O'Neill, Mattila, & Xiao, 2006). Thus, satisfaction results in increased market share, low switching, and improved brand perception overtime. Therefore:

H5: Student satisfaction has a positive and significant effect on the UniBrand performance.

The relationship between satisfaction and students' behavioural intentions: The current literature found a strong link between satisfaction and student loyalty (Helgesen & Nesset, 2007), and satisfaction and students' positive behavioural intentions (Sultan & Wong, 2014). This is because a satisfied student would show positive behavioural intentions, such as, word–of–mouth recommendations, and may return at the same university for future study.

H6: satisfaction has a positive and significant effect on positive behavioural intentions.

The relationship between student trust and university brand image: Sultan and Wong (2012) stated that corporate image is an impression stakeholders have about an organisation. It is built over the time accumulating customer satisfaction and achieving their trust. Students develop cumulative effects of trust over the years with their academic and administrative staff and with their institution. Their cumulative trust develops thorough cognitive impressions and builds a positive image about the university. Therefore,

H7: Students' trust has a positive and significant effect on university brand image.

The relationship between student trust and UniBrand performance: Customer trust in a brand increases brand reputation (Jøsang, Ismail, & Boyd, 2007) that is a close representation of brand performance (Harris & de Chernatony, 2001). Trust backed by experience could affect brand (Delgado–Ballester & Munuera–Aleman, 2001). Student trust play a vital role in increasing the marketability of the university's programmes and the brand itself (Sultan & Wong, 2012, 2014). As students develop the cumulative effects of trust over the years with their academic and administrative staff and with the institution, they feel proud of having an association with the UniBrand. In turn, this upholds the UniBrand's relative performance. Therefore:

H8: Student trust has a positive and significant effect on the UniBrand performance.

The relationship between student trust and behavioural intentions: A strong support for the privacy–trust–behavioural intention model was found in the context e–commerce based customer–service provider relationships (Jarvenpaa, Knoll, & Leidner, 1998; Liu, Marchewka, Lu, & Yu, 2004). Student trust can be viewed as a perceptual belief or a level of confidence that complements the intentions, actions, and integrity towards any future transaction. Therefore,

H9: Student trust has a positive and significant effect on their behavioural intentions.

The relationship between university image and UniBrand performance: The current literature defines brand image as the framework that establishes the needs the product has for consumers (Roth, 1995), and an impression that stakeholders have about an organisation (Sultan and Wong, 2012). The success of brand image strategies is contingent upon its fitness

with local market conditions, such as, cultural and socioeconomic factors. Whereas, brand performance is an outcome measure that results in increased market share, low switching and improved brand perception overtime. As a result, the brand performance is likely to be enhanced by modification of its image. Therefore,

H10: University image has a positive and significant effect on UniBrand performance.

The relationship between UniBrand performance and students' behavioural intentions: Behavioural intention indicates whether customers will remain with, or defect from the organisation (Zeithaml, Berry, & Parasuraman, 1996). A relatively better performed brand would results in increased demand in the market. In this connection, Casidy (2013) stated that students would want to graduate with a degree from a reputable and well–known university. Therefore,

H11: The UniBrand performance has a positive and significant effect on positive behavioural intentions.

3.0 Research Method

The scale development process followed the suggestion of Churchill (1979), and adopted six constructs and their operational definitions and 62 items from the current literature (Sultan & Wong, 2012, 2014). An online click–through survey link was sent to all the student population of the Central Queensland University (CQU). A total of 1032 responses were received (seven percent of the student population). The incomplete cases and the cases having less than six months of studying experience were deleted. Due to 'required completion answer' constraint there was no missing data. This resulted to 528 usable questionnaires.

The data was analysed statistically including mean, standard deviation, skewness and kurtosis, and sample differences using non-parametric chi-square test in order to get an overview of the collected data set. The next stage was the establishment of valid and reliable scales for each of the constructs, and to examine their causal relationships. The process of construct validation followed the suggestions of the current literature (Hair, Black, Babin & Anderson, 2010). In order to determine the factor loadings, reliability, validity, and causal relationships between constructs, this research employed SPSS and AMOS version 20.0.

4.0 Results

The non–parametric chi–square (χ^2) test of goodness–of–fit for 'Gender' shows that the χ^2 value is insignificant, χ^2(df=1, n=528)=0.029, $p<0.86$, meaning that there is no significant difference in the proportion of males and females identified in the current sample as compared with the student population of the University. The average age of this sample was 20. The findings also show that there were 259 students studying full–time, 223 students studying part–time, and 46 students were identified as other category including 'flexible' students. Of these respondents, 3.6 per cent were enrolled in short courses, 5.5 per cent were enrolled in diploma programs, 75.2 per cent were enrolled in undergraduate programs, 12.5 per cent were enrolled in master's program and 3.2 per cent were enrolled in doctoral research program.

The EFA results for each of the constructs revealed a single factor solution except service quality. The EFA results for service quality showed a three factor solution, namely, academic service quality (ACSQ), administrative service quality (ADSQ) and facilities service quality (FSQ). The factor loading for each of the items and the Cronbach's Alpha coefficient for each of the constructs were within the cut-off points (Hair et al., 2010).

The convergent and discriminant validity test results were conducted. The average variance extracted (AVE) within EFA framework was computed for each of the latent constructs using the square root of total variance explained. The results showed that in every case the AVE was greater than 50% (or 0.5), suggesting a good convergent validity for each of the constructs (Hair et al., 2010). Further AVE estimate and the squared correlation estimate were compared for each pair of the constructs. The results showed that the estimated AVE for each pair of constructs is greater than the squared correlation estimate for that pair. Thus, discriminant validity exists (Hair et al., 2010).

The results of the measurement model and structural model are found satisfactory. For example, the results of the structural model show that the chi–square statistic is: χ^2 (N=528, df=1815) is 6325.83 and the associated p–value is less than 0.01. As significant p–value is not desirable, the results of alternative measures show that the Normed χ^2 is 3.48, the SRMR is 0.05 (i.e. SRMR<0.1) and Hoelter's critical N is 160 and 164 at the 0.05 and 0.01 level, respectively. These alternative measures against χ^2 are suggested as the associated p–value of the χ^2 is less meaningful when the sample size and number of observed variables are large. In addition, the other fit indices including the RMSEA and the RMR are 0.069 and 0.025, respectively. These results, considering the large sample size, show that the model fits the sample data set. The incremental fit measures including TLI, NFI, CFI are 0.853, 0.814, 0.859, respectively. The parsimonious fit measures including PNFI, PCFI are 0.781, 0.825, respectively. These values are all within the cut–off points as suggested by the literature (Hair et al., 2010; Ho, 2006).

Figure 1 shows the structural model with standardised path coefficients. The results demonstrate that the path coefficients for each of the hypotheses are positive and significant, except H9. The results also found a strong predictive ability of the latent constructs, for example, the Squared Multiple Correlations (R^2) for satisfaction, trust, university image, UniBrand performance and behavioural intentions are 0.77, 0.86, 0.78, 0.81, and 0.80, respectively, and these are significant at the 0.01 level.

Figure 1: The structural model
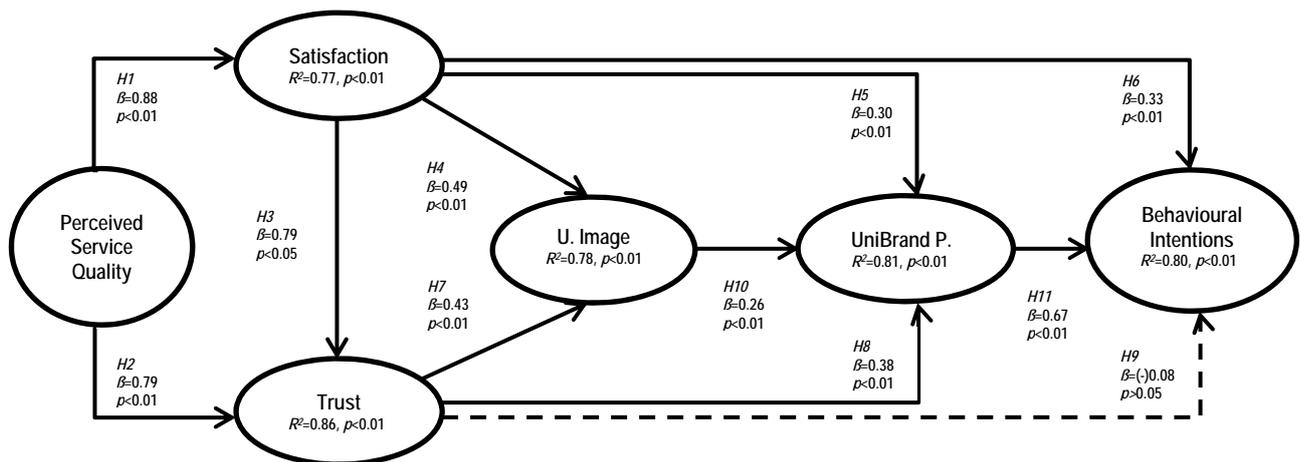
5.0 Discussion and Managerial Implications

Overall, the study establishes the important roles that perceived service quality and student satisfaction have in building student trust, brand image, brand performance, and positive intentions in a university context. The research also establishes relationships between

brand image and brand performance and defines these constructs in a University context. The findings of this study indicate that service quality has a strong direct influence on satisfaction and trust, with standardised coefficients of 0.88 and 0.79 respectively. It indicates that one unit increase of service quality will result in almost one unit increase in satisfaction and trust. Similarly, the results also show that university image is the direct outcome of student satisfaction and their trust; UniBrand performance is the direct outcome of student satisfaction, trust and university image; and students' positive behavioural intentions are the direct outcome of student satisfaction and UniBrand performance. The direct relationship between student trust and behavioural intentions are found negative and insignificant (please see the 'dotted path' in Figure 1). In a university context, students develop trust over the time and with human interaction. This indicates that student trust directly affects university image and UniBrand performance, and indirectly affects their positive behavioural intentions mediate through university image and UniBrand performance. The findings of this study imply that practitioners in a higher education context should continuously monitor the PSQ (and its three dimensions), satisfaction and trust pulses as they both have direct, positive and significant effects on university image, UniBrand performance and students' positive behavioural intentions. The Bradley report states that "satisfaction levels should be at least 66 per cent for one to be confident that the majority of students felt positively about their experience of higher education" (Bradley et al., 2008, p. 74). The R^2 in the current study are 77 per cent, 86 per cent, 78 per cent, 81 per cent and 80 per cent for satisfaction, trust, university image, UniBrand performance and behavioural intentions, respectively. This has overall implications for a 'university health checks' in a competitive market. In the current context, where the Australian universities are challenged by micro and macro environmental forces affecting student numbers, job cuts and constricted budget, a model such as this one could prove contributing. Universities aiming for a sustainable presence in a competitive global market and intending to enhance brand image and UniBrand performance, and attract and retain students are encouraged to consider this model and its implications.

6.0 Conclusion, Limitations, and Future Research

The present study develops and validates a comprehensive model and demonstrates how service quality affects brand image, brand performance and behavioural intentions in a higher education context. The current study is one of the pioneering studies that modelled university brand image and university brand performance in single model and demonstrated that perceived service quality, student satisfaction and student trust play a major role in building university image, brand performance and positive behavioural intentions.

There are a number of limitations of this study. First, this study used samples from a single university, as a result, the study does not afford to generalise its findings across all the universities. However, taking a sample from a university to study students' attitudes generates valuable insights, which can be used as an empirical basis for more representative follow–up studies. Second, the study used cross-section data and did not consider the moderating effects of students' demographic variables in this proposed model.

Future research should examine the generalizability of the measures and the model in the wider context of higher education sector by considering nationwide university students, programmes, schools and campuses, and determine and monitor each of the universities' 'health checks'. A longitudinal study could further estimate the validity of the model in terms of practical changes over time, changes in the model prediction and the time requirement to progress to each tier/phase of this model. Future research should be cautious in terms of using the model as students' demographic variables, such as, program of study, mode of attendance, level of study, nationality, maturity and gender may have an impact on the overall

model estimation. Future research should also examine the relationship between service quality and brand image, and service quality and brand performance. Future research should also be cautious in employing the Web-based survey method as the findings from a Web-based survey often influence the overall model estimation through self-selection bias, where a respondent self-selects a survey to answer (or not to answer).

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"Shut up and take my money!!" Engaging Facebook communities to build the brand narrative

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Abstract

Social media is revolutionizing the way firms manage their brands. A broad variety of platforms provide businesses an opportunity to engage in bidirectional dialogue with their customers, the effect of which is to enhance the brand/consumer relationship. This paper contends that virtual brand communities of the type that form through social media have an important role to play in the development of a brand's personality. Using a case study approach we demonstrate how one firm has adopted Facebook to provide their brand community with a voice which contributes to the development of the brand narrative. We find that by using well-crafted content the firm elicits the support of their community and that this interaction contributes to the development of the brand ethos.

Keywords: Brand management, Facebook, engagement

Track: Brand and Brand Management

1.0 Introduction

One of the key benefits bestowed by Web 2.0 is the advancement of social media and the ability for firms to engage in bidirectional conversations with their publics in a way that has revolutionized brand management. These media provide consumers with a voice that facilitates asynchronous conversations and the strengthening of brand communities that can enhance opportunities for market power. As such a veritable gold rush has ensued as firms race to defend their competitive positions by engaging in constructive dialogue with consumers. That these media have proliferated beyond a purely social basis to now encompass a broad variety of commercial uses is well established (Kaplan & Haenlein 2010; Mangold & Faulds 2009). As consumer engagement with firm initiated messages has escalated, however, the requisite operational strategies in relation to social media marketing are largely experimental (facilitated in part by the flexibility of the media). Theory guiding the strategic management of the various platforms remains embryonic. One of the key questions for practitioners and academics alike is *how can social media be used to enhance the brand / consumer relationship?*

This pilot study centres on Black Milk Clothing, an online fashion retailer based in Brisbane, Australia. The firm's marketing activities are conducted exclusively via social media and a substantial and passionate [global] brand community has formed around the firms many social media platforms. The objective of the research was exploratory; to gather evidence

from this community relating to their responses to specific company driven communication tactics and the narrative that ensued.

The study sought to understand how a firm's engagement with its Facebook brand community can be used to influence the development of the brand narrative. The research provides specific insights into one firm's use of the dominant social media platform, Facebook, to effectively co-opt their brand community in the propagation and dissemination of the brand ethos.

This paper brings together the disparate streams of relationship marketing through a brand community, brand management and social media marketing to understand how effective engagement can influence the brand narrative in a digitally empowered world. These are important emerging issues in the field of brand management and our research adds to the knowledge by providing practitioners with an understanding of how a firm can leverage its relationships with consumers via social media. In this form, social media brings the *outside in,* to place the consumer at the centre of the brand.

The paper proceeds with a review of the extant literature followed by an explanation of the methodology and an outline of the results with specific regard to the nature of the engagements that took place in the brand community. We conclude with directions for future research.

2.0 Literature Review

Brand communities are not new; however, much of the theory that supports our understanding of this phenomenon was formed at a time that predates social media. Contemporary interactive forums allow for the sharing of consumption experiences that potentially enhance the participant's mutual appreciation for the brand and its products (McAlexander, Schouten & Koenig 2002). Passionate members have been observed taking on an almost primordial or tribal approach to the brands they support (Cova 1997; Kozinets 1999) sharing a consciousness of kind facilitated by the community and enhanced through the sharing of brand stories (Muniz & O'Guinn 2001) . When these communities appeared online at the start of the new millennium, brand management and social media converged and the concept of active brand relationship management was redefined. Research suggests that investment in online communities can assist firms building stronger customer–brand relationships to stimulate desired behavioural outcomes (Kim et al. 2008).

Brand community research places an emphasis on the symbolic meaning bestowed by the brands that the members follow (Veloutsou & Moutinho 2009). These were catalogued by Fournier (1998) in her seminal work to include self-worth, social integration and the announcement of social image in what were later described as self authenticating acts and authoritative performances (Arnould & Price 2000). These types of relationship benefits are particularly sought after in the fashion industry where hedonic motives drive purchase behaviour and consumption is overtly social in nature (Wulf 2007). Communities that form in this context afford members enhanced self-expression leading to a more affective relationship with the brands they support described by Carroll and Ahuvia (2006) as brand love. These constructs of loyalty, attachment, community and engagement are all central to developing brand resonance (Keller 2008) all of which have implications for brand building.

One of the central propositions to emerge from the brand community literature is the concept of engagement as a key characteristic that binds these social collectives and which marketers now seek to commercialise. Of specific interest to brand managers is the use of customer

engagement in co-opting consumers to carry out firm related behaviours (Gummerus et al. 2012). The corollary being the appropriation of evangelists to spread the brand message - an outcome that firms now look to derive from their social media strategies (Dobele et al. 2007). However, the utilisation of these media by firms seeking to cultivate contagion to diffuse key messages and reinforce brand core values is a delicate affair. Beverland (2005) cautions brand managers to downplay commercialism in bringing together dialogue between the disparate stakeholders, all of whom have a role in the creation of brand meaning. Thus technique and tone of voice become key variables in effective communication where resonance is impacted as much by what is said as how it's said. The development of an effective brand personality constitutes a sustainable point of differentiation and the brand management literature acknowledges the important role of peer-to-peer relationships (Aaker 2002) in reinforcing this connection. In the social media environment this is magnified by the absence of other cues used to build brand personality in the offline environment.

This study responds to recent calls to reflect brand management in the digital era (De Vries & Carlson 2014; Quinton 2013) and provides guidance for marketing practitioners. We posit that the consumers, and their narratives, play a key role in the co-creation of the brand ethos and we specifically ask; how does the firm leverage their Facebook community to help to build the brand values?

3.0 Method

The exploratory study examines Black Milk Clothing to enable the phenomena of engagement to be studied in the brand community context in which it occurs (Yin 2014). Selection of the brand was on the basis that the firm has been the top ranked retailer on Facebook in Australia for several years (Pulse 2015) and is regarded as an example of best practice in social media marketing (Huynh 2014). While the firm is strongly represented across 11 different social media platforms, data collection was limited to the firm's Facebook posts (and associated consumer responses), this being the largest representation of the firm's social media presence. Black Milk Clothing, as of June 2015, had 693,614 Facebook followers.

Facebook has 1.39 billion active monthly users, more than double that of its closest rivals (Langer 2014) and is the second most visited site on the internet after Google.com (Alexa 2015). Users engage with the firms Facebook page by *liking, sharing or commenting* on posts. Community members *like* a post by simply clicking on the like button. *Liking* is considered a positive affirmation of the user towards the content but is a static measure and deemed a low level engagement due the limited interaction required. *Sharing* requires more substantive input from users whereby a post is forwarded to other members of one's social network. While liking and sharing are valid engagement measures, *commenting* is perhaps the highest form of engagement requiring the user to compose and post their own thoughts.

Our research focuses on *comments* posted by the community in order to track the nature and content of the conversation that ensues. This adds a rich contextual understanding to the data, including interactions between consumers and between consumers and the brand. Facebook comments may be posted either in response to a company initiated post or may simply be comments in response to other community member's comments; regardless they constitute a conversation, the meaning of which we seek to understand in the context of brand management. The current paper is part of a larger study which, due to space restrictions, has been reduced to conform to the conference guidelines. In this paper therefore, we have focused on the one most popular post only, as measured by comments.

Overall data was collected over a thirty-one day period which totalled 2,638 posts and resulted in 254,417 individual engagements. Table 1 presents the descriptive statistics relating to the data gathered. Total Engagements represents the total of all posts, comments and likes. The data shows that a vigorous conversation took place as evidenced by the number of Unique Engagements recorded. These are an important measure of the distinct individuals or pages that engaged with posts during this time. To understand the nature of this conversation and its impact on brand development, we analysed the content of user's comments

A simple descriptive coding of the posts preceded an inductive process of analysis consistent with the protocols outlined by Miles and Huberman (1994) for managing data in qualitative research to identify themes in the narrative. Using an interpretivistic framework the data was analysed to describe and understand the community narrative. This approach acknowledges the socially constructed nature of reality wrought by the brand community context (Merriam 2009) and the importance of going beyond the text in deriving meaning from the Facebook exchanges (Denzin & Lincoln 2011).

Table 1. Descriptive Summary of Total Engagements

Facebook Page Activity			
	Total	**Black Milk Clothing**	**Brand Community**
Total Posts	2,638	195	2,443
Total Comments	25,619	4,148	21,471
Total Engagements	239,326	5,664	233,662
Total Unique Engagements	59,113	1	59,112
Most Commented Post	1,549	54	1495

4.0 Findings and Discussion

The most commented post, depicted in Table 2, elicited 1549 follow-on comments with 54 coming from the firm and the balance from the community. The post was initiated by the company to inform members of a forthcoming limited release of a themed collection. Within 48 hours of the post, 89% of the total 1549 comments had been received.

Table 2. Most Commented Post

Top Post for Comments				
Posted By	# of Comments	Image	Accompanying Copy	Time
Black Milk Clothing	54		The LIIIIST! <3 Where: www.blackmilkclothing.com When: 9am (AEST) Tuesday 3rd September What: All thiiiis! Marauder's Map Leggings Deathly Hallows Leggings Snitch Leggings Patronus Leggings Gryffindor Leggings Slytherin Leggings Hufflepuff Leggings Ravenclaw Leggings Daily Prophet HWMF Leggings Death Eater HWMF Leggings Wanted Bellatrix Dress Marauder's Map Cover Dress Marauder's Map Inside Dress There's a Phoenix In My Office Dress Team Weasley Swimsuit School Black Swimsuit Gryffindor House Swimsuit Slytherin House Swimsuit Hufflepuff House Swimsuit Ravenclaw House Swimsuit All Houses Swimsuit First-Year Swimsuit Deathly Hallows Swimsuit Hedwig Shift Dress Undesirable Shift Dress Snape Attack Shift Dress Weasley Weather Bottle Shift Dress Undesirable BF Tee Gryffindor Shooter Slytherin Shooter Hufflepuff Shooter Ravenclaw Shooter - Lo x	23/08/13 1:13PM (Final Comment 11/09/13 8:01PM giving lifespan of 19 days 6 hours 48 minutes 39 seconds)
Brand Community	1495			
Total Comments	1549			

Our analysis of this post (and its subsequent comments) revealed four key themes ranked in order of strength according to frequency (summarized in Table 3). The exemplar quotes shown in this table represent typical comments posted during the data collection period reflective of the themes. The most prominent recurring theme to emerge was related to the firm's own efforts to manage its brand identity. Several factors in the context of the exchange point to the firms desire to moderate the conversation with the community including; the firm's quick response and personalised reply to user queries, the casual and authentic tone of voice adopted by the firm and the subtle use of marketing messages concealed within responses. We suggest that ongoing and consistent dialogue of this nature plays an important role in the firm's management of the brand personality and serves to reinforce the brand values.

Table 3. Key themes

Themes	Exemplar Quotes
1) Managing Brand Identity (firm posts)	*[name with-held] absolutely :) We'll be sneaking the peeks as soon as we can and will be putting them up on our FB and Pinterest so you can suss out what you'd like and get someone to buy them for you if you're going to be at work :) Also nothing is limited and there will be some made to order stuff and HP gear will be around for a while so no need to worry about missing out <3 ^- Lo x*
2) Contagion Effect (community posts)	*"If you haven't yet noticed black milk have a harry potter collection coming very soon!"*
	"Meagan thought this might interest you."
	"Not sure if you know about this already"
3) Product Affirmation (community posts)	*"I'm officially BROKE after this release!!!! You guys ROCK"*
	"Shut up and take my money!!"
	"Seriously, the weddings off and im buying all this"
4) Brand Endorsement (community posts)	*"This has made my entire day! I love you blackmilk!"*
	"Holy fucking Jesus' balls! This is beyond amazing. Shaking with excitement!!!!! Can you guys do anything wrong? !!!!!!!!!!!! Cause so far this is checking all the right boxes!"
	"Black Milk Clothing Thanks sooo much! Cannot wait, everything looks amazing<3"

The second of the key themes relates to a high contagion effect as the Facebook community mobilised to alert one another, over a relatively short period of time, to the impending release. As users 'tag' other users, this evangelism on the part of the group is further reinforced in the emergence of the third of the key themes; the effusive outpouring of positive affirmations relating to the product. Comments relating to this theme are characterised by unrestrained validation of the impending range release. The fourth theme reflects expressions of brand endorsement by the community and though this was a relatively less frequent theme in relation to this specific post, a cross check of comments relating to other company posts captured in the data revealed that this is a common response.

The conversations that took place within the community were centred on the product and the brand and deviated little from the topic framed by the firm in their original post. We suggest that well selected content designed to resonate with the target market was instrumental in capturing the focus of the community throughout the conversation. In this instance, an undisguised marketing message being used to provoke discussion as part of an ongoing and authentic dialogue. This focus was adroitly maintained and aided by the moderation of the firm who took the opportunity to interject from time to time (54 times in 1549 posts). These comments assisted consumers with queries and made a valuable contribution to the brand ethos through their tone of voice, efficient response and enhancement of the contagion.

That the most commented post during the period studied was a company initiated sales pitch for a forthcoming range appears to contradict the accepted wisdom cautioning against the commercialisation of such relationships (Beverland 2005). The firm succeeds, however, in effectively engaging the community demonstrated by the volume and speed of comments received within 48 hours of the firm's initial post. "Shut up and take my money" is a light-hearted confirmation that consumers have accepted the company's pitch, a sentiment rapidly echoed through the community. While the commercial implications are obvious, more important from a brand management point of view is the role that the community plays in legitimising the company's tactics through their effusive validation of the strategy. The endorsement of the sales pitch sends a signal that this behaviour is sanctioned by the community. Importantly, the community are willing participants in the message contagion that quickly ensues (Dobele, Beverland & Toleman 2005), happily doing the firm's bidding as active members in the communication mix to disseminate the brand values.

The collective outpouring of delight reflected in the comments posted by the brand community constitutes one of the key brand management implications evident from this case. These unrestrained affirmations are a manifestation of authoritative performances of the type described by Arnould and Price (2000) and are designed to reinforce the group's shared identity and consciousness of kind that is important in reinforcing the community's attitudes towards the brand (Muniz & O'Guinn 2001). The highly public relaying of these effusive expressions play a vital role in the development of the Black Milk narrative and its resonance (Keller 2008) as the community pledge allegiance to the brand. In this context, the social networking characteristics of Facebook are an important conduit used by the firm to reinforce the brand culture.

We postulate that the firm's call to action is a calculated execution of the brand relationship model designed to elicit brand love and is aimed at reinforcing positive sentiment throughout the reference group. The firm plants the seed and the community does the rest. These behaviours modelled by the group become a self-serving promulgation of the desired brand ethos.

5.0 Managerial Implications

The findings of the study contribute to the extant research while also serving as a pragmatic guide for managers in the execution of brand strategy via Facebook. To some degree, experimentation with Facebook content to find an optimum balance is part of this platform's inherent appeal. However, the research suggests that brand core values and a communities' consciousness of kind can be enhanced through a continual and authentic conversation stimulated by well-crafted posts that permits community members to socially express their own narratives in concert with those of the brand.

6.0 Conclusions and Future Research

The generalizability of the research findings is limited by the use of a single case study, the focus on the sole context of the fashion industry and, in this specific paper, by the scope of examination of the top [commented] post over a relatively narrow time frame. Opportunities remain, therefore to extend this focus to expand each of these variables and perhaps to capture the relationship between a firm's documented brand strategy and the actual outcomes they achieve through the management of their social media. These aspects and additional insights from other social media interactions from this organisation will be detailed in the presentation of the work.

Numerous broader opportunities exist to further examine social media's contribution to the development of brands. To this end, cross comparison of industries, geographic and cultural contexts and even between other pure online operators will enrich the knowledge relating to brand meaning in a digitally empowered world. Social media enhances the influence of brand communities providing firms with the opportunity to bring these once external entities into the fold to leverage their ability to influence the co-creation of brand identity. The union of these variables, therefore, merits further academic research if managers are to capitalise on the benefits that social media offer in facilitating dialogue between brands and consumers.

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B2B Brands & Emotional Decision-making: a dual (buyer-seller) perspective from a German specialty chemicals manufacturer

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2.   Abstract

In addition to expressing functional attributes, modern B2B brands communicate emotional components such as risk reduction, reassurance and trust. The current study presents the results of interviews with Procurement, Sales and R&D staff from a German specialty chemicals manufacturer to uncover the effect of B2B brands' emotional attributes in a relatively risky, highly differentiated product context. Findings show a B2B brand's attributes *per se* are peripheral, whereas salespeople are crucial to a successful relationship. Consequently, we recommend Internal Branding strategies focusing on creating and delivering brand promise through salespeople.

Key words: b2b-brands, b2b-relationships, specialty-chemicals-branding

Track: Brand and Brand Management

Introduction

Highly regarded business-to-business (B2B) brands offer many benefits for buyers and sellers alike, including risk reduction and higher confidence (for buyers), and differentiation and loyalty (for sellers). In spite of this, B2B branding is problematic for industrial marketers because the impact of B2B brands on the lived experiences of decision-makers is unclear (Leek & Christodoulides, 2011). Traditionally, organisational decision making has been thought of as a purely rational process based on functional attributes; however such a viewpoint appears somewhat outdated according to more recent research on the impact of B2B brands and their emotional attributes (e.g. Andersen & Kumar, 2006; Lynch & de Chernatony, 2007; Veloutsou & Taylor, 2012).

Nevertheless, the impact of B2B brands' emotional attributes in the context of highly differentiated, specialty products requires further investigation (Leek & Christodoulides, 2012). As opposed to commodity products, the customised nature of specialty products may impact on the relationship between buyers and sellers, and subsequently, the criteria for selecting suitable partners. Therefore, the current study examines the importance of B2B brands and their emotional attributes in relation to more functional criteria (such as price) in the context of a German specialty chemicals manufacturer. The specialty chemicals industry typically involves a high level of interaction between buyers and sellers due to the customised nature of the product. Also, manufacturing costs are high given the heavy investments in

research & development (R&D). Hence, it is a particularly apposite case for investigating the emotional impact of B2B brands in a relatively risky, highly differentiated product-context.

Data was gathered via interviews from key decision-makers responsible for Procurement, Sales and R&D. We believe that examining the effect of B2B brands from the dual perspective of buyer and seller (*i.e.* looking at both the focal company's purchases from raw material suppliers and their interactions with customers) makes this study distinct from prior research in the field and allows for a richer exploration of the role of brand and emotion in such a specialist product category.

3. Literature Review

Research on organisational buying behaviour illustrates that B2B decisions are influenced by intangible as well as tangible factors (Backhaus, Steiner, & Lügger, 2011; van Riel, Pahud de Mortanges, & Streukens, 2005). In addition to the accepted functional factors that influence decision making (e.g. quality, price and reliability), emotional factors are critical to successful interactions between stakeholders (Leek & Christodoulides, 2012). Emotional aspects, such as the strength of personal relationships between parties, can even compensate for certain failings in functional terms such as a service provider's lack of expertise (Grünbaum, Andresen, Hollensen, & Kahle, 2013). In addition to conveying functional attributes, modern brands communicate emotional components such as risk reduction, reassurance and trust, and play an increasing role in B2B decisions (Davis, Golicic, & Marquardt, 2008; Leek & Christodoulides, 2012). However, branding is still not deemed critical in some B2B markets due to the belief that such emotional factors may have only a negligible impact on the buying process (Bendixen, Bukasa, & Abratt, 2004; Glynn, 2012).

Notwithstanding, factors such as brand awareness, brand image and brand value are found to affect B2B decisions, and offering true brand value to customers involves managing various emotional perceptions including reputation and legitimacy (Czinkota, Kaufmann, & Basile, 2014; Davis et al., 2008; Kirk, Ray, & Wilson, 2013). Veloutsou and Taylor (2012) found that expert organisational buyers considered the seller's brand through an emotional lens, viewing the seller's brand as a person. They conclude that B2B buyers view sellers' brands as a potential business partner with human characteristics (possessing emotional traits) in seeking to establish a good working relationship. Accordingly, communicating emotional as well as functional brand values in external communications can enhance brand preference and differentiation from competitors (Swani, Brown, & Milne, 2014).

The degree to which a brand exerts influence depends on the decision-maker's characteristics and their role in the decision making unit (DMU). For example, decision-makers with more branding expertise or awareness are subsequently more open to brand influence (Herbst & Merz, 2011; Leek & Christodoulides, 2011). The salesperson plays an essential role in influencing the brand message as their behaviour demonstrates the company's understanding, interest and commitment to a relationship (Baumgarth & Schmidt, 2010; Lynch & de Chernatony, 2007; Sheikh & Lim, 2011). The emotional attributes of B2B brands are also brought to life and represented by the salesperson (Baumgarth, 2010; Veloutsou & Taylor, 2012), particularly in the early stages of the decision making process (Coleman, de Chernatony, & Christodoulides, 2011).

The influence of B2B brands also varies based on the decision-making scenario. Sensitivity to a B2B brand increases in high risk scenarios (Brown, Sichtmann, & Musante, 2011), such as when a decision concerns buying a new product/service, as opposed to a re-buy scenario where the risks are comparatively lower (Kotler & Pfoertsch, 2006). However, the relationship between perceived risk and the influence of a B2B brand is found to be complex

(Brown et al., 2011). Furthermore, the effects of a B2B brand's functional and emotional attributes are found to be interrelated (Leek & Christodoulides, 2012). It has been argued that the emotional attributes of a B2B brand tend to have a lesser impact during a recession, as paying a premium for a brand is perceived riskier than obtaining value for money (Leek & Christodoulides, 2012). However, it is unclear if such insights are applicable in the case of highly differentiated products such as specialty chemicals, as previous research has focused largely on commodity products.

4. Methodology

We followed a qualitative approach since B2B branding theory is at a developmental stage (Keränen, Piirainen, & Salminen, 2012). We adopted the methodology of previous researchers (e.g. Leek & Christodoulides, 2012; Veloutsou & Taylor, 2012) in interviewing B2B professionals to unearth their experiences and views. Our existing contacts within the focal organisation were of much help in securing access and recruiting participants for the interviews. In total 15 semi-structured interviews were conducted with key personnel from 3 organisational divisions; 7 participants were from the R&D division, 3 participants from Procurement and 5 from Sales. As illustrated in Figure 1, the first of the two DMUs examined represents the buyer's perspective where information from the supplier (Sender I) is gathered by the Procurement Services and shared with R&D (Receiver I). The 2nd DMU represents the seller's perspective and encompassed R&D (Sender II), and the Sales division responsible for directly communicating with customers (Receiver II). Therefore, R&D personnel are a particularly key group to investigate given their involvement in both procurement and sales. The participants included heads of department, middle-level managers, and expert operatives, so as to represent different hierarchical levels. Interviews lasted an average of 40 minutes each, and were recorded with the permission of participants. The recordings were transcribed, and a content analysis was performed by developing codes or themes from the data itself.

Figure 1: DMU of the case organisation

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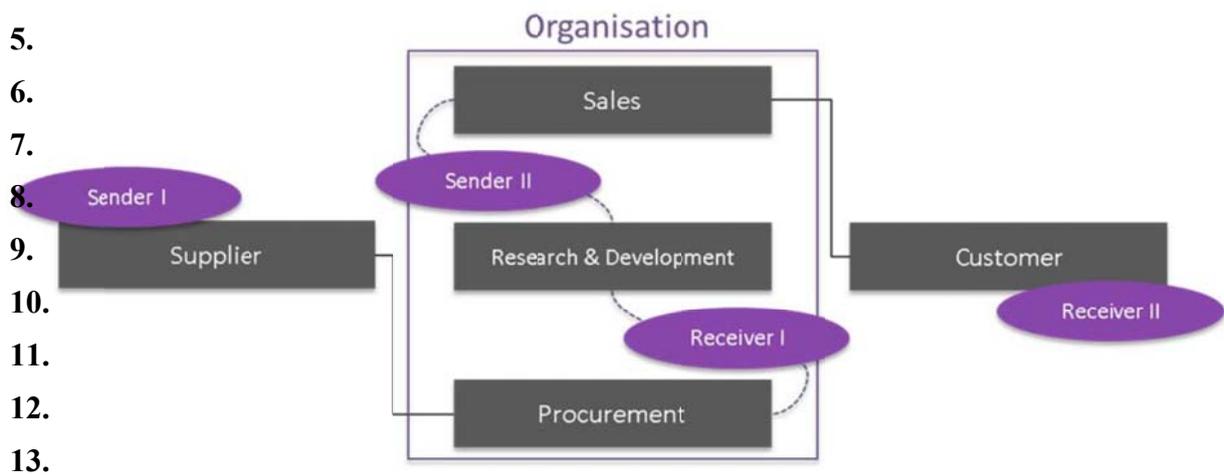
14. Results and Discussion

Opening discussions with the procurement teams highlighted a notable emphasis on price as a core functional issue affecting decision making, as reflected by a Procurement manager: *"...the first approach is number [price] oriented and rather objective"*. Given that we are dealing with specialty chemicals, quality and performance of raw materials (from the buyer's

perspective) as well as the customised finished product (from the seller's perspective) are considered highly important. A Sales manager commented that issues with their own product performance had recently caused a customer to switch to a competitor, illustrating the importance of quality in such a specialist industry. As a result of the importance placed on quality, raw materials are tested in various stages in what is called the "qualification phase". Raw material suppliers are also rigorously vetted, and marked against a reference list which indicates if a particular raw material has been tested by another organisation.

Nevertheless, confirmation of the quality of the raw material does not simply guarantee its performance in a customised manufacturing environment. In some cases, chosen suppliers have not been able to deliver the desired level of product quality in the customised manufacturing process. This is where branding seems to be influential in the form of the "brand promise", as the following quote from the Head of R&D indicates:

> *"The quality [of raw material] was confirmed but then could not be delivered. For a new task buying situation, this is linked to the brand promise and whether a recommendation of the supplier takes place or not. Consequently this has a huge impact on our decision-making".*

Emotional attributes such as trust and reputation seem to take on enhanced importance in this industry context, as a Procurement Manager suggests: *"I have to be convinced and have to trust the supplier regarding a long-term relationship, which as well includes a good reputation of the company".* On the same point from a buyer-perspective, a Sales Manager commented that the first meeting with a client: *"includes sympathy and antipathy... therefore it is essential to be motivated, but not arrogant...".* Another Sales Manager argued that the brand also communicated ethical values to customers, which may be particularly pivotal when forming first impressions of potential suppliers. Emotional aspects tended to be more prominent in the early stages of the decision-making process and for new product decisions; as a rather functionally-driven Procurement manager pointed out: *"when the situation occurs that two suppliers offer same condition [product performance] then it is a decision of where I feel more comfortable".* On the same point, an R&D manager conveyed a willingness to pay a premium for brands when they felt a meaningful working relationship had been developed, suggesting that developing partnerships (and the risk reduction that results) is a critical issue across both procurement and sales divisions. In high-risk purchase scenarios, it appears that brand awareness has the ability to mitigate customer doubt:

> *"..most of the time we visit customers or customers come here…and we more and more often hear sentences like: ja [sic]... but XYZ is a large company... ja but XYZ is present worldwide... ja but XYZ is somehow sponsoring... I don't know...whatever......Now there is even more [emphasis on brand awareness] than before".*

(Sales Manager)

The R&D division, as the key group in the DMU (involved in the buyer and seller sides), appeared to be the most influenced by emotional attributes. Even in a rigorously vetted process such as supplier selection, the supplier's marketing activities (which include branding) were being evaluated through an emotional lens with a view to forming long term business partnerships:

> *"each and every type of marketing activity or marketing communication starting from the supplier visiting [us] actually give us the feeling that the supplier is not just a supplier, but it is a kind of partner. So actually, I think that the most important point is this word partner.... Is a supplier just someone*

who is supplying us or is actually our partner in our future business? This is something that we look for and definitely this is the emotional component that can make you take a decision in a certain way".

<div align="right">(R&D Manager)</div>

However, the brand reputation alone was not considered a strong enough basis on which to make purchase decisions. More important was whether the brand promise was delivered; as a Sales manager points out: *"...the brand itself is just supportive; you have to demonstrate that you can deliver what you promise"*. Particularly within high involvement situations, the main emphasis appears to be on suppliers having a track record of consistently meeting customer expectations:

> *"with chemicals, the product performance must fit. It is a bit different when it is not about chemicals, but when it is about assets...[such as] investment products such as machinery, there it makes a difference whether a company has a good reputation...... but it is not for the brand, it is for proven performance and good track record, which is sometimes linked to the brand".*

<div align="right">(Procurement Manager)</div>

Salespeople in this industry operate under various constraints; as an R&D manager put it: *"...you work with people who deliberately withhold expertise knowledge and relevant information"*. Certainly in the early stages of the decision-making process, the salesperson (whether from a buyer or seller perspective) has an instrumental role as an R&D group leader emphasised: *"...one of the most important points is actually to establish [contact and feel] content with a person... that definitely convinces you somewhat, to make you feel good... this as well clears [makes it clear] how important I am for the supplier... that goes above any technical discussion and gets into a very strong emotional direction... "*. From a sales point of view, R&D and Sales divisions have to convince and win over a key individual(s) in the customer-organisation about the quality and performance-potential of the product. If a good impression is made, these key individuals (referred to as 'coaches') then go on to play a pivotal role as evangelists for the product (sales offer) and help bring on board the DMU in their (customer) organisation:

> *"...the coach within the DMU of an organisation deals a lot with emotional factors... we managed to make something for a customer only because I had a coach within the customer's organisation...someone who was promoting my activity and my product".*

<div align="right">(R&D Manager)</div>

Sales coaches from supplier organisations were also considered important from a buyer's perspective; as the R&D manager went on to point out:

> *"but at the same time [there] can be also a coach within my organisation... and facilitate in principle a supplier to come in... a coach in my organisation can therefore facilitate a supplier to come into the game... and this has a lot to do with emotion...[and] how strong you can network...".*

15. Discussion and Conclusion

A B2B brand has the potential to convey reliability, quality and even ethical values, which can provide reassurance to decision-makers. The brand promise appears to be especially relevant in this industry context, since the sustained delivery of quality is a major concern. As for building a strong relationship and forming a business partnership that leads to competitive

advantage, there are several other functional and emotional factors that need to build on the strength of a B2B brand.

The quality of the product in conformance with rigorous industry standards, and its consistent performance in line with customer expectations, are among the additional functional factors that are important. Perhaps the most significant aspect that goes beyond the effect a B2B brand *per se*, and builds on the strength of the brand, is the pivotal role of the salesperson. Salespeople in this industry operate under considerable constraints due to secrecy agreements and heightened competition, even between business partners. Despite this, they are very influential in forming first impressions and putting their clients at ease (thus influencing their emotional decision-making), and in representing the brand promise. From a seller's point of view, it is essential that R&D and Sales divisions approach, engage, and convince a representative from a potential client organisation's DMU in the benefits and applications of the product. This representative (known as a 'coach') can then influence the decision-making process in the client organisation, subject to the selling organisation having a strong reputation amongst remaining members of the DMU. Coaches are also influential from the buyer's side in that suppliers convince a key player in the focal organisation regarding the raw material's quality and potential performance. These coaches in turn influence other parties in the DMU on supplier-selection decisions.

Although our study focused on the effects of B2B branding, the results discussed above are more broad-ranging. In essence, the brand itself seems rather peripheral in relation to a range of other functional and emotional factors that influence the decision making process. This presents B2B brand managers in specialised industries two main challenges: 1) integration of quality standard certifications, and emphasising the brand track-record in B2B brand-building efforts; 2) internal branding efforts that not only turn employees into brand champions, but key employees into brand evangelists.

External branding efforts need to clearly convey that the product meets the relevant industry standards, which will help overcome initial reservations in the customer's DMU. Further, to demonstrate the deliverability of the brand promise, B2B brand managers should emphasise the brand's track record in brand communications. By proactively creating brand-content that targets specific individuals in a customer's DMU, taking into consideration their information needs and purchase requirements, a B2B brand's image and acceptance can be enhanced (Holliman & Rowley, 2014). Particularly in the specialty chemicals industry, B2B brand-related content marketing should focus on the R&D divisions of the client, as they seem to be the most influenced by emotional attributes as well as being a key player in the DMU.

Whereas B2B brands in this sector can benefit from heightened brand awareness, for long-term success salespeople must be carefully selected to represent the desired brand attributes, and be trained to effectively deliver the brand promise. This highlights the importance of Internal Branding, which has received somewhat limited attention in the B2B context, especially for specialty products. Whilst there is a good level of understanding of using internal branding to bring employees on-board with an organisation's brand vision, little is known about developing B2B employees' ability to evangelise key personnel in a customer's DMU to champion their B2B brand. Future research in this area should therefore examine the role of internal branding in B2B contexts, but also the importance and benefits of identifying suitable 'coaches' within customer organisations as a requisite to successful long-term business relationships.

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Live Here, Buy Overseas? Chinese Luxury Fashion Buyers

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Abstract

This study investigates Chinese luxury fashion buyers, the world's largest spenders on luxury, and how they make their purchase decisions, using 32 in-depth interviews with experienced buyers. The data were analysed with thematic analysis. Interviewees rarely bought luxury fashion goods in China, nor browsed in stores in China. Many never buy luxury fashion products themselves, but instead "commission" their friends or family to buy for them outside China, in a role akin to an amateur buying agent. This frequent use of another for purchases raises questions about the role of luxury fashion stores in China, which for many consumers apparently promote the brand, but are unimportant for distribution. The study extends existing literature in two ways, first by revealing the pre-eminent role of an amateur buying agent in this market, and secondly, by identifying that luxury fashion stores in China may be more important for promotion than distribution.

Keywords: Luxury fashion, China, buying agent, distribution, commissioned purchase

Track: Retailing, Retail Management and Distribution Channels

1.0 Introduction

Chinese shoppers are the largest spenders on luxury consumer goods in the world, and fashion products, such as leather goods, clothing and accessories, account for around 40% of their luxury spending (Bain & Company, 2012). In recognition of the size of the Chinese luxury market, the luxury fashion houses are investing large sums in glamorous flagship stores and on increasing the number of their outlets in China (Maosuit, 2012). The major luxury brands (e.g. Louis Vuitton, Gucci, Chanel, and Hermes) generally sell at least some of their range online in some of their markets, but they do not offer online sale to consumers in China, possibly to avoid cheapening their brands, and/or due to concerns about potential fraud. As a result, luxury fashion purchases by Chinese consumers generally need to be made in-store.

Despite the huge investment by luxury fashion brands in China, there is some evidence that Chinese consumers prefer to buy luxury fashion products outside China, with Chinese luxury buyers estimated to make more than 60% of their luxury purchases overseas (Bain & Company, 2012). Purchases by Chinese shoppers outside China also appear to be more

resilient than sales in China: luxury sales inside China shrank from 30% growth in 2011 to 7% in 2012, while sales to mainland Chinese customer outside China continued to enjoy double digit growth (31%) in 2012 (Bain & Company, 2012). This apparent preference for buying luxury goods outside China is likely to be at least partially due to the discrepancy in prices between China and other countries caused by import duties (10% to 25%), value added tax (17%) and consumption tax (up to 30%) (Albatross, 2013). As a result, an extensive amount of luxury fashion purchases made by Chinese consumers is reflected in the sales of other countries, explaining an apparent paradox that Chinese shoppers are the largest spenders on luxury consumer goods, but China is only the second largest market for luxury goods (Bain & Company, 2012).

The contrasting trends of increasing investment by luxury fashion houses in China, yet a slowing growth rate in sales inside China, suggest that an understanding of the buying behaviour of Chinese luxury fashion buyers will be of key importance to luxury fashion houses in designing marketing strategies and store location plans in China. As a result, this study investigates the buying behaviour of a critical segment of the luxury fashion market – Chinese luxury fashion buyers, with a particular focus on repeat buyers.

2.0 Background and previous research

There has been substantial previous research into luxury fashion buying, but most has examined luxury fashion buying in developed markets (Husic & Cicic, 2009; Leibenstein, 1950; Phau & Prendergast, 2000; Vigneron & Johnson, 1999; Wiedmann et al., 2009). However, some authors have suggested that Chinese luxury fashion buyers have different values and attitudes towards luxury brand consumption (e.g. Wong & Ahuvia, 1998). Chinese consumers, like other consumers from collectivist cultures, are said to be more conscious of their dressing and appearance to indicate their financial success (Sun et al., 2004). They also tend to focus more on symbolic factors than on aesthetic factors (Chen et al., 2005). As a result, the motivations of Chinese buyers for luxury fashion purchases may differ from those of buyers in more developed markets.

Despite these possible differences between Chinese and western buyers, there has been only limited research into the motivations of Chinese luxury fashion buyers, partly because less than 2% of Chinese consumers buy luxury fashion products (Chan, 2011), so samples of actual buyers are difficult to obtain. Some of the existing research has been with student samples (e.g. Bian & Forsythe, 2012), who are unlikely to buy luxury fashion products, but student samples can provide valuable information about the aspirations of potential buyers. Other research has used surveys exploring general motivators for luxury fashion purchases, (e.g. Zhang & Kim, 2013), and in-depth interviews with Chinese residing outside China (e.g. Mo & Roux, 2009), who may therefore have been influenced by the culture where they reside. Such samples are therefore less valuable in providing insight into the complex motivations that drive residents of China to choose a specific product at a particular time, in a particular location. This study therefore uses in-depth interviews with people who live in China and who have bought luxury fashion products to explore how and why they choose those products.

3.0 Methodology

The study adopted a qualitative approach to cultivate insights from respondents' own interpretations of their experiences (Cassell & Symon, 2004; Jafari & Goulding, 2013).

Thirty two interviews were conducted with individuals who had bought one or more luxury fashion products. The research was conducted in Shanghai, China's most populous and largest commercial and industrial city (World Population Review, 2014). Urban residents in Shanghai have relatively high disposable income compared to the rest of China (Shanghai Daily, 2013) and the city has the largest variety of luxury fashion brands among all Chinese cities (Red Luxury, 2010).

Since fewer than 2% of China's population is estimated to buy luxury products (Chan, 2011), snowball sampling was used to identify people who had bought luxury fashion products. Contacts of the first author were approached for interview, and then asked to identify friends or acquaintances who might be suitable for interview. The sample size was determined by data saturation (Guest et al., 2006) and the data were saturated when the sample size reached 29. Nevertheless, three additional interviews were conducted to increase confidence in data saturation. All interviews were conducted in Mandarin and recorded, the interviews transcribed into Chinese and then translated into English. The data were analyzed using thematic analysis, coding the material, and comparing similarities and differences between the informants to identify explanatory concepts and themes (Attride-Stirling, 2001).

4.0   4.0 Results

Participants varied in how often they bought luxury fashion products. Five had only purchased luxury fashion products once, but the rest were repeat buyers, with the frequency of purchase ranging from less than once a year to every month. For most consumers, buying in one's own country might be expected to be the norm, but for these consumers, buying luxury goods in China was relatively unusual. Instead, buying luxury goods outside China was seen as the normative way to buy. More than two thirds of the participants (23) had bought luxury fashion items outside China, but only six had ever bought in China. Some (seven) had never purchased luxury goods themselves, but had instead requested others to buy for them outside China (what we called the 'commissioned purchase', as discussed in the next section). When asked why they bought luxury goods outside China, participants invariably discussed the savings that they could achieve by buying outside China. *"The tax is too high in China so it's not economical to buy it here…. There's no need to shop in China."* *(#11, Male)*

Buying outside China was discussed by many participants as a benefit of travelling overseas – that is, something that they did because they had travelled outside China. In some cases, however, shopping became a major reason to travel: some participants reported that they would sometimes travel outside China in order to capitalize on the lower prices for luxury goods outside China. *"I plan to travel over there [to Hong Kong] so I can buy those luxury fashion products"* *(#13, Female)*

Beyond the attraction of saving money on luxury purchases outside China, however, a purchase made in another country appeared to offer additional symbolic value for some participants. For example, several participants made statements that suggested that buying luxury fashion products was both a desirable and expected component of a trip outside China.
"I need to buy (a luxury fashion product) because otherwise the trip would be wasted." *(#13, Female)*
"The luxury bag was on the expensive side, but since it was difficult to leave China, I thought that I ought to buy something while I was there." *(#25, Female)*

4.1 Buying outside China: Choose a brand, then choose a product

A single luxury fashion bag can range in price from around US$700 to more than US$10,000, and participants sometimes bought more than one bag on one purchase occasion. Such high value purchases would usually be expected to be preceded by extensive information search and comparison of different options (Atwal & Williams, 2009). However, these participants engaged in very limited in-store browsing before buying. In nearly every case, the brand choice appeared to be pre-determined well before purchase, with participants preferring brands that they knew already - and, more importantly, brands that were considered to be attractive to the buyer's friends.

"When I consider buying a luxury brand product….The first factor would be that my friends should know about this brand name." (#18, Female)

For nearly every participant, the desired luxury brand, like participant #18 above, needed to be one that was known and valued by friends. For one participant, the sole requirement for a luxury brand was that the brand was acceptable to his friends:

"When I saw other people using an LV wallet, I bought one as well. For a wallet, LV is a good enough brand. There are lots of people using LV wallets. It should be a well received brand." (#4, Male)

Apart from peer approval, participants appeared to judge brands as being high-status if their prices were seen as being sufficiently high, if their promotion (including advertising and online word of mouth) was seen as being consistent with a high-status brand, and if a brand's store was co-located with other popular luxury brands.

"(Luxury brands)… have TV advertisements, magazine advertisements and they have stores in high-class locations and first-tier brands tend to be gathered in one area." (#26, Female)

Five participants, unprompted, reported that they value a long brand history. For example, one stated that *"If this brand was very new, then I wouldn't consider it to be very high-class." (#16, Male)*. However, on probing these participants, brand history did not appear to be important, because when asked about their opinion of new, high profile luxury brands such as Chloe, they admitted to viewing these brands as high-status.

Assuming that a brand was judged to be high status and liked by peers, participants appeared to almost invariably decide on a brand and then choose a product from within that brand, rather than selecting from potential choices across brands. The most desired brand for a participant was almost invariably the brand that was preferred by the participant's friends, with tiers of brands preferred by different groups. While the interviews did not explicitly ask about participants' incomes, those who appeared to be the most well-off frequently aspired to buy a Hermes bag. Another group, apparently not as well-off, talked about wanting well-known but less expensive brands, such as Louis Vuitton, and another group with the lowest incomes talked about wanting the lowest priced brands still considered to be luxury brands, such as Coach. After a preferred brand had been identified, participants appeared to engage in little or no comparison of competing options across brands. Some browsed the website of the preferred brand to identify preferred products, and some participants (five) merely followed what their friends bought. Buyers typically visited an overseas store of the preferred brand, and selected and purchased from the available stock. For example, one participant described how he wanted to buy an item - any item - from his desired brand:

"I know which brand name I am going to buy, so I just go to that store and choose the

design I like." (#4, Male)

4.2 The commissioned purchase: Ask someone else to buy outside China

As discussed above, seven of the participants had never bought luxury fashion products in person: instead they had asked friends and/or family who were travelling outside China, or who lived outside China, to buy for them. We refer to this form of purchase as a 'commissioned purchase', and to the person who buys the product on behalf of another as the 'purchaser'. The purchaser was usually a close friend or family member, who would pay for the product and be reimbursed by the end-user. The purchaser thus acted as an amateur buying agent, and often had considerable discretion as to the brand, style, and price of the purchase. As with participants buying for themselves, getting someone else to buy outside China was seen as a way to buy luxury products at lower prices. Some participants who had bought luxury products for themselves when travelling had also asked others to buy for them outside China. In total, almost half of the participants (15, or 47%) had asked others to buy luxury fashion products for them outside China. In discussions with participants, it became clear that it was very normal to ask a travelling friend to buy a luxury item, or to offer to buy for friends when planning a trip. For example, one participant (#27, Female) bought eight handbags during a trip to United States, with five commissioned by her friends. Another (#28, Female) said that if she was planning an overseas trip, she would tell her close friends so that they could give her any requests for luxury purchases, but would only tell *close* friends because otherwise she would be unable to handle the number of requests.

As discussed above, a luxury bag purchase can easily amount to thousands of US dollars, and if the end-user did not like the product chosen by the purchaser, neither would be able to return or exchange the product in China. Thus commissioning such a high value purchase could be seen as very high risk. Whether they were buying for themselves or others, purchasers, almost without exception, only bought items that would be carried (such as bags and wallets) rather than clothing, so obtaining the right size was not an issue, but there would still appear to be considerable risk that the end-user would not like the style and/or brand of bag or wallet chosen by the purchaser. Despite this risk, some participants were happy to allow the purchaser to choose the brand and the item. For example, #20 explained how she would ask a friend to bring back any luxury fashion item:

"If someone tells me he or she is going to America, then I will ask them to bring me back something (i.e. a luxury fashion item) within a particular price range. Just bring me something back! I'm not so concerned about the particular design." (#20, Female)

Others specified the brand and price range when commissioning a purchase, but allowed the purchaser to choose within those specifications:

"Say for Prada, I'll tell my friend that I don't want leather or anything in black and it shouldn't exceed RMB5,000 [approximately US$800], but otherwise it's fine. Then they'll go look around and buy something for me." (#21, Female)

Other participants minimized the risk of a purchaser buying something that they did not like by giving the purchaser one or more pictures of the desired brand and style and a price range. It was also common for the purchaser to text several pictures to the end-user, who would select one of the styles pictured. Notably, despite the growth in luxury stores in China, only one participant reported ever having gone into a luxury brand store in China in order to decide what product they wanted a friend to buy overseas.

4.3 Buying in China: Discount and occasion driven

Thirty participants had bought outside China or had asked other to buy for them outside China, but only six had bought luxury fashion products in China. Purchases in China were very different from those outside China: they were typically lower value items, often on sale, or when the purchaser needed something for a gift. Given the significant price discrepancy between buying inside and outside China, and the opportunity to buy when travelling or to ask someone else to buy, participants appeared to see no reason to buy luxury fashion products inside China unless there was a particular benefit, such as a sale. Indeed, some participants suggested that it would be odd for somebody to buy luxury fashion products inside China.

Luxury fashion product purchases (both inside and outside China) were sometimes made to provide a gift: four participants, unprompted, discussed how giving a luxury fashion product as a gift is a widespread practice in China because the value of the gift is very clear to the recipient. As a result, participants would sometimes buy luxury fashion items outside China to give as gifts, but if a gift was required and the purchaser did not have the opportunity to buy or commission a purchase overseas, the gift would necessarily be purchased inside China.

5.0   5.0 Discussion and Implications

The study expands previous research by investigating the selection and buying process of Chinese luxury fashion buyers, and reveals two major findings. Based on this (albeit small) sample Chinese luxury fashion buyers typically buy outside China, and when they buy in China, tend to buy small, lower priced items. This result is perhaps unsurprising, given the considerable price difference between buying in China and overseas. However the consequences of this preference for buying off-shore are more surprising: the study reveals the frequency of a method of buying that has not previously been discussed in the literature – the "commissioned purchase", i.e. the use of a friend or family member as an amateur buying agent to buy a high value product outside China. This buying method has some similarities with online shopping, since the end-user does not touch or feel the product before purchase, but is also very different, because the product cannot be returned if the end-user does not like it, thereby adding significant risk to the high-cost purchase. This willingness to engage in an apparently risky purchase is particularly interesting, since with only one exception, the end-users of commissioned purchases did not attempt to decrease their risk by browsing the preferred brand's store in China to touch or feel the product before commissioning the purchase.

The study has major implications for researchers and practitioners. For researchers, the results reveal the frequency of a buying method that has not previously been examined – a commissioned purchase, with a friend or family member serving as an amateur buying agent, with significant influence on the buying decision. Buying agents have previously been discussed in the context of a buyer-supplier relationship in a business to business environment (O'Toole & Donaldson, 2002), and the role is not new in consumer buying, since many people will have bought something for someone when they have travelled. However buying apparel is said to be a high pleasure and high involvement process (Laurent & Kapferer, 1985), and the considerable price involved in purchasing luxury fashion products, and the frequency of this form of buying by Chinese luxury fashion buyers, suggest that this method of buying deserves further research, to understand how the buyer and end-

user minimize the risk of purchasing something that the end-user does not like, and cannot return.

This commissioned buying method, and the frequency of purchases outside China, also have important implications for the distribution of luxury fashion products in China. Given the relative frequency of purchases outside China, luxury fashion stores in China may be less important for distribution than for promotion, since interviewees rarely browsed or bought in-store, but did judge the location of the store as one of the most important indicators of the status of the brand. It is possible that the primary value of luxury fashion stores in China may be to promote the brand. Under these circumstances, luxury fashion brands may be able to rationalize the number of outlets, while promoting a small number of highly visible, high status outlets, such as Louis Vuitton's store over Singapore's marina, or Apple's architecturally prominent stores in New York, Shanghai and other locations. Alternatively, luxury fashion stores in China could attempt to capture commissioned sales, for example by offering discount online sales, with pick-up at less prominent Chinese locations, to cater for buyers who do not value the ambience and location of a typical luxury fashion store.

In conclusion, this study shows that Chinese luxury fashion buyers prefer buying luxury fashion products outside China, either by themselves or by commissioning a purchaser to buy. This "commissioned purchase" has implications for both theory and practitioners regarding the role of the purchaser and the distribution strategy inside China respectively. The results need to be considered in view of the limitations of the study: the sample was small, and not random. However, the study provides the first evidence of the apparent prevalence of a new buying method, the "commissioned purchase" of luxury purchases, so the small sample size does not negate the importance of the results.

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For the Love of Louis Vuitton Cherry Blossom Handbag: Understanding the Consumption of Limited Edition of Luxury Brands

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ABSTRACT

This proposal aims to investigate the influence of attitude, subjective norm and perceived behavioural control towards purchase intention of limited edition of luxury brands as underpinned by the Theory of Planned Behaviour. The influence of the personality factors and subjective norm on attitude was also investigated. Theoretically, this study closed inherent gaps as identified by the literature. Managerially, this study contributed in profiling limited edition of luxury brands consumers and identifying strategies to attract consumers in purchasing limited edition products.

Track: Brand and Brand Management

1.0 INTRODUCTION

Despite of economic downturn in the recent years, luxury industry will continue to thrive. A market research firm in US has found that the growth of global luxury goods market will keep increasing at a 3.4% CAGR to 2020 (Transparency Market Research 2015), due to the rise of affluent consumers globally (Jones 2015). However, as more consumers own luxury brands, there is a need for consumers to show their uniqueness rather than "conformity" (Tuohy 2015). In light of this, luxury companies began producing limited edition products to enhance product exclusiveness and further distance the buyers from the majority through the hedonic value of gaining well-crafted and scarce objects (Catry 2003). For example, Louis Vuitton (LV) released limited edition Cherry Blossom handbag (Radon 2012). This handbag had thousands of people on waiting lists in every LV store. Hence, it becomes necessary to understand consumer behaviour towards limited edition. Nonetheless, limited researches were found in regards to limited edition of luxury brands (e.g. Phau & Teah 2009). Some variables which may influence the purchase intention of limited edition have not been examined, for example, social dimension (Wu et al 2005). Thus, Theory of Planned Behaviour (TPB) model is suitable for this study, allowing researchers to identify the influence of attitude, subjective norm, and perceived control towards purchase intention (e.g. Kim & Karpova 2010). Other than social dimension, moreover, limited studies identified the influence of personality traits in the context of limited edition of luxury brands. Thus, this study adopted Social Cognitive Theory (SCT) as the underlying theory to examine the relationship between personal, environment, and behaviour. Based on this research gaps, the objectives of the study are drawn. It includes:

1. to investigate the influence of personality variables (personal gratification, status consumption, and consumers' need for uniqueness) towards the attitude of limited edition of luxury brand.
2. to investigate the influence of personality variables towards the purchase intention of limited edition of luxury brands.
3. to investigate the effect of attitude, susceptibility of interpersonal influence, and the perceived control towards consumers' purchase intention of limited edition luxury brand.

4. to investigate the influence of susceptibility of interpersonal influence towards the attitude on limited edition of luxury brands.

2.0 RELEVANT LITERATURE AND HYPOTHESIS DEVELOPMENT

2.1 Theoretical Underpinning - Theory of Planned Behaviour (TPB) Model

TPB model is an extension of the theory of reasoned action. According to TPB model, the actual purchase is determined by the purchase intention, which is in turn determined by attitudes, subjective norm, and perceived control (Ajzen & Fishbein 1980). TPB model has been adopted extensively in identifying consumers' behavior towards luxury brands (e.g. Phau & Teah 2009). Hence, TPB model is adopted.

2.2 Supporting Theory - Social Cognitive Theory (SCT)

This study investigates the influence of personality variables towards attitude and purchase intention of limited edition of luxury brands. Since TPB model does not explain this relationship, SCT is adopted. SCT describes psychological functioning in terms of "triadic reciprocal causation", in which multi-direction relationships between personal, environment, and behaviour are found (Bandura 1986).

2.3 Antecedents – Personality Variables

2.3.1 Personal Gratification

Personal gratification concerns the need for a sense of accomplishment, social recognition, and to enjoy the finer things in life (Ang et al. 2001). Since limited edition of luxury brands is exclusive, owning it becomes a form of accomplishment. As a result, they may it as superior and have the intention to purchase limited edition of luxury brands. As such, a following hypothesis is proposed:

H1a. Personal gratification has a positive influence on the attitude towards limited edition of luxury brands.

H1b. Personal gratification has a positive influence on purchase intention of limited edition of luxury brands

2.3.2 Status Consumption

Consumers with high status consumption behaviour tend to obtain, use, convey, and consume product and services to display status (Phau & Teah 2009) and to embellish one's ego (Vigneron & Johnson 2004), aiming to earn respect, recognition, and envy from others. Therefore, they are more likely to purchase limited edition luxury brands to distinguish themselves from others and to earn social recognition from others. As such, the following hypothesis is proposed:

H2a. Status consumption has a positive influence on attitude towards limited edition of luxury brands.

H2b. Status consumption has a positive influence on purchase intention of limited edition of luxury brands.

2.3.3 Need for Uniqueness

Need for uniqueness is defined as the tendency to actively pursue dissimilarity from other members of a reference group through product and brand purchases as a means of developing a distinct self and social image (Tian et al. 2001). There are three dimensions of need for uniqueness, such as creative choice counter-conformity, unpopular choice counter-conformity, and avoidance of similarity. Consumers with creative choice counter-conformity behaviour are more likely to seek for products that represent their uniqueness and the choice is considered acceptable to others (Tian et al., 2001). Consumers with unpopular choice counter-conformity behaviour do not consider criticism from others and they are more likely

to obtain a product which differ from the group norm and may risk social disapproval (Tian et al., 2001; Knight & Kim 2007). The final group of consumers, which is avoidance of similarity, prefers discontinued styles of products (Knight & Kim, 2007) and are more likely to avoid products which are too popular in the market, in order to distinguish themselves from the group norm (Tian et al., 2001). In this study, however, these dimensions of need for uniqueness will be generalised, which is analogous to anti-conformity (Clark et al. 2007). Since limited edition of luxury brands is limited and exclusive, consumers with high need for uniqueness are more likely to have positive attitude and to purchase limited edition of luxury brands. As such, the following hypotheses are proposed:

H3a. Consumers' need for uniqueness has a positive influence on the attitude towards limited edition of luxury brands.

H3b. Consumers' need for uniqueness has a positive influence on the purchase intention towards limited edition of luxury brands.

2.4 Brand Attitude

Attitude is defined as "a personal factor that refers to an individual's positive or negative evaluation of the behaviour" (Ajzen & Fishbein 1980). If an individual has a favourable attitude towards the behaviour, he/she has a higher intention to perform it (e.g. Phau & Teah 2009; Kim & Karpova 2010). Hence, if the consumers have positive attitude towards limited editions of luxury brands, they tend to have intention to purchase it. As such, the following hypothesis is proposed:

H4. Attitude towards limited edition of luxury brands has a positive influence on purchase intention of limited edition of luxury brands.

2.5 Subjective Norm

2.5.1 Information Susceptibility

Informational susceptibility is defined as the likelihood to believe information from others and perceive it as the reality (Deutsch & Gerard 1995). Consumers' decision for product/brand evaluations and selections is affected by informational influence (Clark et al 2007). Consequently, if it is suggested and approved by the group, they tend to view limited edition luxury brands positively and will purchase the products. As such, the following hypotheses are proposed:

H5a. Information susceptibility has a positive influence on attitude towards limited edition luxury brands.

H5b. Information susceptibility has a positive influence on purchase intention of limited edition luxury brands.

2.5.2 Normative Susceptibility

Normative susceptibility is defined as the likelihood to conform to others' expectations to enhance their social image and impress others (Burnkrant & Cousineau 1975; Clark et al 2007). Consumers with high normative susceptibility tend to follow the social norm. As self-image is important (Phau and Teah 2009), they will perceive limited edition luxury brands as a tool to improve their self-image. Hence, they are more likely to purchase limited edition luxury brands when it is expected by their group. As such, the following hypotheses are proposed:

H6a. Normative susceptibility has a positive influence on attitude towards limited edition luxury brands.

H6b. Normative susceptibility has a positive influence on purchase intention of limited edition luxury brands.

*2.6 Perceived Behaviour Control (PBC)*

2.6.1   Self-efficacy

Self efficacy is is a person's self-belief in his own capability, including skills and knowledge, to perform a task (Bandura 1955). Consumers with high self-efficacy are more likely to develop a deeper passion in things or activities and committed to it. Hence, consumers with high self efficacy will have the intention to purchase limited edition luxury edition, once committed to it. As such, the following hypothesis is proposed:

H7. Self- efficacy has a positive influence on purchase intention of limited edition of luxury brands.

2.7 The Proposed Framework

The hypotheses drawn previously lead to the portrayal of the proposed research framework for the study.
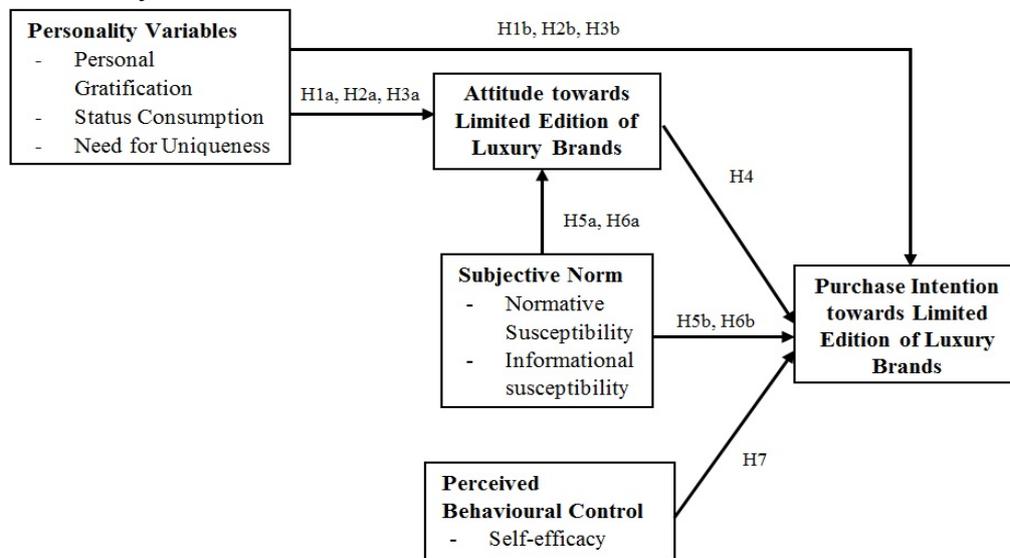
3.0 METHODOLOGY

The data was collected in metropolitan Perth region where luxury brands are being retailed (three different locations), by surveying people who pass by those places and its surroundings. The data was collected within three weeks on both weekdays and weekend (Phau & Teah 2009) for each location, to make sure the representative of the data. Moreover, the sample chosen should have the basic knowledge regarding luxury brand, as the study focused on luxury brand industry. Thus, this study focused only on female respondents, as Stokburger-Sauer and Teichmann (2011) found that women have a more positive attitude towards and a higher purchase intention of luxury brands.

The survey instrument comprises a self-administered questionnaire. The survey consisted of six main sections. It started with section A measuring personality traits, then section B measured consumers' susceptibility towards interpersonal influence. Next, section C measured consumers' attitude towards limited edition of luxury brands and perceived behavioural control. Section D was the purchase intention of limited edition of luxury brands and the last section measured demographic of respondents. The questions, expect for demographic section, were presented in seven points Likert Scales, in which 1 = strongly disagree to 7 = strongly agree. The measurements of all the variables are established scales and have been adopted by many studies.

4.0 DATA ANALYSIS AND DISCUSSION

4.1 Sample Characteristic

150 surveys were distributed at three different locations (King Street, Garden City, and Claremont Shopping Center). Out of 450 surveys, 182 responses were discarded due to being incomplete. Most of the respondents were between 21 and 34 years old (67.9%). The unequal age distribution was because respondents were limited to those who approached the researchers and were willing to participate. This led to the unequal income distribution, 59.3% of the respondents earned an annual income of less than $14,999.

4.2 Factor Analysis and Reliability Test

Factor analysis is done for both susceptibility for interpersonal influence and consumers' need for uniqueness. In line with the literature, there are two constructs under susceptibility of interpersonal influence and three constructs under consumers' need for uniqueness. Moreover, reliability test was done for all the scales adopted and the results showed that all the scales have alpha more than 0.7, demonstrating a high reliability of the scales.

4.3 Results

4.3.1 Influence of Personality Variables on Attitude towards Limited Edition of Luxury Brands

Regression analysis was conducted to test H1a, H2a and H3a. The results show that personal gratification (β = 0.178, p-value = 0.004), status consumption (β = 0.226, p-value = 0.001), and creative choice counter conformity (β = 0.147, p-value = 0.038) were positively influenced the attitude towards limited edition of luxury brands. Hence, H1a and H2a were supported. However, the results indicated insignificant relationship between avoidance of similarity and attitude towards limited edition of luxury brands (β = 0.117, p-value = 0.091) and between unpopular choice counter-conformity and attitude towards limited edition of luxury brands (β = - 0.052, p-value = 0.455). Thus, H3a was partially supported.

4.3.2 Influence of Personality Variables on Purchase Intention towards Limited Edition of Luxury Brands

Regression analysis was conducted to test H1b, H2b and H3b. Personal gratification (β = 0.030, p-value = 0.624) and avoidance of similarity (β = 0.052, p-value = 0.454) were not significantly influence purchase intention of limited edition of luxury brands. Hence, H1b were rejected. There was a positive relationship between creative choice counter conformity and purchase intention (β = 0.206, p-value = 0.004) and between status consumption and purchase intention (β = 0.331, p-value = 0.000). However, a negative relationship between unpopular choice counter conformity and purchase intention (β = -0.170, p-value = 0.016) was found. Hence, H3b was partially supported, while H2b was supported.

4.3.3 Influence of Susceptibility of Interpersonal Influence on Attitude towards Limited Edition of Luxury Brands

Regression analysis was conducted to test H5a and H6a. It was found that normative susceptibility positively influence the attitude towards limited edition of luxury brands (β = 0.368, p-value = 0.000). Therefore, H6a was accepted. However, H5a was rejected, as informational susceptibility did not influence the attitude (β = 0.098, p-value = 0.102).

4.3.4 Theory of Planned Behaviour – Test model fit

Structural Equation Modelling was conducted to test the model fit of the TPB model. The final model revealed very good fit indices with the empirical covariances, as it fits the

recommended criteria: Normed Chi Square = 1.211, RMSEA = 0.028, AGFI = 0.943, GFI = 0.968, CFI = 0.992.

H4 was supported (standardized path coefficient [SPC] = 0.27, p-value = 0.004), as there is positive relationship between attitude and purchase intention of limited edition of luxury brands. Moreover, H6a was supported (standardized path coefficient [SPC] = 0.22, p-value = 0.023), as a relationship was found between informational susceptibility and purchase intention of limited edition of luxury brands. However, H6b was not supported as there was no relationship between normative susceptibility and purchase intention of limited edition of luxury brands (standardized path coefficient [SPC] = - 0.06, p-value = 0.571). Lastly, H7 was supported. There is a positive relationship between self-efficacy and purchase intention of limited edition of luxury brands (standardized path coefficient [SPC] = 0.36, p-value = 0.001).

5.0 CONTRIBUTION OF THE STUDY

Theoretically, the major contribution of this study is to close theoretical gaps of TPB model in the context of limited edition of luxury brands. Moreover, supported by SCT, personality traits influence the attitude and purchase intention of limited edition of luxury brands. Methodologically, the use of real life consumers, instead of student sample, improved the ecological validity of the study (Ellis and Hornik 1988; d'Astous and Gargouri 2001). Managerially, the results can be used to profile the consumers who are more likely to purchase limited edition of luxury brands. The findings showed that the limited edition of luxury brands appeals to the individuals who (1) seek for high status, (2) rely on experts' opinion, (3) have the needs to impress others, (4) have the needs to be unique and (5) have the knowledge regarding limited edition of luxury brands. With this knowledge, there are several marketing strategies for luxury brands owners. Firstly, since knowledge and expert opinion is crucial in determining the purchase intention, luxury brands' sales associates should have a vast knowledge regarding luxury brands, allowing potential buyers to rely on their opinion and expertise. Information regarding limited edition products should be well presented on luxury companies' website, press release, news, and fact sheets. This information should portray the intrinsic values of limited edition products to educate the consumers and encourage them to purchase limited edition products. Secondly, limited edition of luxury brands would be best presented in a group setting (Clark et al 2007). The existence of a reference group would allow potential buyers to differentiate their product choice within the acceptance level (Latter, Phau, & Marchegiani 2010), driving them to purchase limited edition of luxury brands. Thirdly, luxury owners may develop themes for limited edition products, offering distinct styles and personality image to the products, for example, Cherry Blossom handbag represents Japanese Sakura (Radon 2012), to attract consumers with high creative choice counter conformity (Zhan & He 2012). Lastly, luxury owners should limit the quantity of the limited edition of luxury brands (Catry 2003), maintaining the exclusivity of the products and appealing status and unique consumers.

6.0 LIMITATIONS AND FUTURE DIRECTION

There are a number of limitations of this study that are highlighted. This study is limited within the fashion luxury brands industry. Future research should examine other product categories in order to generalize results. Moreover, there are limited variables measured in the study. Other contributing variables, such as brand image and emotional value should be measured in future study. Future studies should include a more diverse demographic profile in the study.

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Deconstructing Brand Concepts

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Abstract

Marketing concepts such as brand attachment, brand love, brand resonance, brand passion and so on, are widely discussed by marketing academics and consultants. This paper explores the meaning and dimensions of three of these brand concepts in order to add clarity and present a comparison. The purpose of this study is to examine the extent to which the concepts 'brand attachment', 'brand love' and 'brand passion' are distinct in terms of their meaning, dimensions and explanations offered. We reviewed 88 research studies on these concepts and found that there is some overlap between the concepts. We noted that the three concepts are discussed in relation to consumers' affective relationship towards a brand and there are notable overlaps between them. We propose to highlight the need for simplification, distinctiveness and questioning with reference to brand related concepts for managerial relevance.

1. Introduction

Brand engagement, brand involvement, brand attachment, brand resonance, brand love, and brand trust are commonly discussed marketing concepts in brand management literature. The growth of strategic ideas such as relationship marketing, consumer satisfaction and experiential marketing has a strong link with the popularity and usage of these concepts in brand management theory and practice. The core premise behind these concepts is that consumers have a tendency to relate to brands emotionally. The usual argument is that if a brand manager can successfully connect their brands to the consumers at an emotional or behavioural level, it will lead to higher repeat purchase, purchase intention and market share (Brodie, Ilic, Juric, & Hollebeek, 2013; Fournier, 1998; Rossiter & Bellman, 2012; Thomson, MacInnis, & Whan Park, 2005; Pourazad and Pare 2014). The rising appreciation of these concepts and their wide usage in marketing literature provides the motivation for this research. This research aims to explore the common meaning and dimensions of these concepts. It therefore examines the extent to which these individual concepts are defined consistently across the marketing literature and to establish any distinctions and/or similarities between the concepts. For the purpose of this research, we will examine three brand concepts: 1) brand attachment 2) brand love and 3) brand passion. The first concept has been present in marketing literature for more than a decade whereas the latter two are relatively new concepts. Specifically, the research aims to explore the following questions:

- Is the explanation and definition offered for each of the three concepts consistent across the literature?
- To what extent are there overlaps between the explanations of these concepts?
- What are the common dimensions in the literature used to measure these concepts?

The underlying premise that we intend to explore is that although these concepts are commonly discussed in marketing literature, how relevant and meaningful are they on their own, i.e. are they adequately distinct concepts and how relevant are they for marketing practitioners? Achieving clarity and distinctions among these concepts could help in utilizing them effectively in practice and assist in forming better conceptual models.

2. Literature Review

Research interest in brand concepts has grown rapidly among academics and practitioners over the past few decades. Some of them are more commonly used and discussed, such as brand engagement and brand attachment, while others are more recent concepts such as brand love, brand romance, and brand passion. Achieving clarity of definition of these concepts is a perennial problem. Over a decade ago, in the market-leading branding textbook Keller (2006) pointed out that the AMA definition of brand itself (since revised) was out of step with industry practice. Interpretive communities socially construct branding concepts and so they have constantly evolving definitions (Gabbott and Jevons, 2009), hence it is appropriate to review our codified understanding of them from time to time. This section presents a literature review of three brand concepts in terms of the preliminary research on the meaning and dimensions of these concepts.

2.1 Brand Attachment: The concept of brand attachment is drawn from psychology literature (Bowlby, 1979), where attachment was defined as the basic human need to form an emotional bond with another human being. In marketing literature, the concept is discussed in terms of attachment to gifts (Mick & DeMoss, 1990), brands (Fournier, 1998; Park, MacInnis, & Priester, 2006; Schmitt, 2012), and collectables (Slater, 2001). The suggestion is that consumers develop attachments towards objects in a similar way as they do in their interpersonal relationships. Thomson et al. (2005) and Park et al. (2010) are two of the highly cited research works that relate to the concept of brand attachment. Thomson et al. (2005) utilized measurements such as affection, passion and connection to conceptualize brand attachment while Park et al. (2010) conceptualized brand attachment as the strength of the bond connecting a self with the brand. They proposed that stronger brand attachment is a better indicator and predictor of consumers' purchase intention and actual purchase.

2.2 Brand Love: Shimp and Madden (1988) was one of the earliest works related to the concept of love in consumption. They described brand love as consumers' extreme enthusiasm and emotional feeling towards a brand. Carroll and Ahuvia (2006) explained brand love as a passionate emotional attachment towards a trade name or a brand. Ahuvia (2005) stated that brand love includes strong feelings of passion and attachment for a brand. With respect to the conceptualization of the concept of brand love, Sternberg's triangular theory is one of the most commonly adopted frameworks that identifies passion, intimacy and commitment as the three angles of the love triangle (Sternberg, 1986, 1997). Nevertheless, Albert, Merunka, and Valette-Florence (2008b) added more dimensions (about 11) such as declaration of affect, trust, pleasure etc. A recent study by Batra, Ahuvia, and Bagozzi (2012) also identified multiple dimensions of brand love.

2.3 Brand Passion: Brand passion is a relatively new concept. It does appear in the early 1990s marketing literature as a dimension to a higher order concept, but it is only recently that researchers have discussed brand passion as an independent brand concept. According to Albert, Merunka, and Valette-Florence (2010; 2013) brand passion is about extreme enthusiasm and obsession of a consumer towards a brand. Keh, Pang, and Peng (2007) also describe brand passion in terms of enthusiasm and 'zeal' towards a brand. Bauer, Heinrich,

and Martin (2007) define brand passion as an affective, extremely positive attitude toward a specific brand. They found that brand uniqueness, prestige of a brand, self-expressive brands (i.e. brands' perception that relates to social self) are some of the factors that form brand passion.

A review of the above three brand concepts shows that these are multi-dimensional in nature and somewhat linked to one another. Most literature that focuses on brand attachment and brand love includes passion as one of the antecedents and a key dimension. Similarly, studies on brand passion and brand love build models using paradigms of attachment. Table1 provides a comparison of the explanations and key dimensions for the three concepts:

Table 1: Overview: Brand Concepts

Literature	Definition/Meaning	Key dimensions
Brand attachment		
Malär, Krohmer, Hoyer, and Nyffenegger (2011)	Reflects the bond that connects a consumer with a specific brand and involves feelings toward the brand	(1) Affection, (2) Passion and (3) Connection
Park et al. (2006)	The strength of the cognitive and emotional bond connecting the brand with the self	(1) Connectedness, (2) Emotional Connection (3) Cognitive Connection
Brand Love		
Carroll and Ahuvia (2006)	The degree of passionate emotional attachment a satisfied consumer has for a particular trade name	(1) Passion, (2) Attachment, (3) Positive Evaluation, (4) Positive Emotions and (5) Declarations of Love for the Brand
Albert, Merunka, and Valette-Florence (2009)	The brand love relationship is deep and enduring affect (beyond simple affect), such that the loved brand is considered irreplaceable. The consumer suffers when deprived of the brand for any extended period of time	(1) Passion, (2) Affection (as Second Orders) and (1) Idealisation, (2) Intimacy, (3) Dream, (4) Pleasure, (5) Memories and (6) Unicity (as First Orders)
Brand Passion		
Matzler, Pichler, and Hemetsberger (2007)	Engaging in a very emotional relationship with the brand along with the feelings of missing and loss when the brand is unavailable	Uni-dimensional Items include (1) Intimacy, (2) passion (3) connection (4) importance (5) excitement
Albert et al. (2013)	A psychological concept, that corresponds to the enthusiasm, the infatuation or even the obsession of a consumer for a brand	(1) Passion, (2) Affection (3) Idealisation, (4) Intimacy

3. Research method

This study used the meta-analytical approach and systematic literature review in order to address the research questions. In terms of the meta-analytical approach, we systematically reviewed 100 Marketing, Consumer Behaviour and Psychology related journal publications in order to examine the proposed meaning, conception and measurement dimensions of the three brand concepts under investigation. Since a key role of meta-analysis is to integrate empirical research on a subject matter and to resolve any conflict in the literature (Eisend, 2005), this approach is suitable for this research. With respect to a systematic review, we selected key articles in relation to the three brand concepts based on number of citations, the journal of publication (i.e. published in relevant and/or high impact journals), chronology

(earlier and recent publications) and articles that directly address the concepts. Our database at the end of this screening process had a total number of 88 studies[1], of which 35 were on brand attachment, 36 on brand love and 17 on brand passion.

4. Results and Discussion:

4.1 Consistent theme and Overlap in the literature of the three concepts

Brand Attachment: We examined 35 studies that studied brand attachment as a concept and three common themes emerged. First, brand attachment is about an emotional connection, which may vary in strength. Second, the use of a brand is intimately tied up with notions of self (i.e. self-concept). Third, it includes multiple dimensions such as passion, connection and affection. Therefore, in terms of consistency, the literature on brand attachment is consistent in covering 'emotional connection with the brand' and 'aspect of self-concept' in their explanation of the concept. Nevertheless, there is large inconsistency in measurement and dimensions of this concept. For managers, terms and phrases such as 'deep seated-passion' (Tsai, 2011), 'bonding' (Park, et al 2010), 'consumer-firm affection' (Yim, Tse, & Chan, 2008) and so on, might be subject to varied interpretation and might not be relevant.

Brand Love: We examined 36 studies on brand love and found that about one-fourth of the studies use 'the triangular theory of love', explained above, as a premise to examine brand love. Although one-fourth of the studies used the triangular theory of love in its entirety, a majority of the 36 studies reviewed have used at least one of the three components in their examination of brand love as a concept. Another key theme that arises consistently is the idea of 'consumer-object relationship' and this relationship is discussed in terms of passionate emotional attachment (Carroll & Ahuvia, 2006), bonding and separation distress (Hazan & Shaver, 1987; Park et al., 2010), long lasting deep affection (Rossiter & Bellman, 2012) and it is also discussed with the use of multiple dimensions beyond the three components of the triangular theory of love (Batra et al., 2012). Explanations of brand love revolve around the themes of emotional bonding, emotional attachment and relationship. It is, however, worth noting that the application of interpersonal love theory to a marketing context could be potentially misleading and less actionable. Interpersonal love is two directional in nature while feelings towards an object are not. Love is a complex concept subject to various interpretations and therefore difficult to objectively measure and benchmark. Moreover, consumers more often than not switch between brands (Ehrenberg, Uncles, & Goodhardt, 2004).

Brand Passion: We examined 17 studies related to brand passion as a concept. Most literature includes passion as one of the ingredients for other concepts such as brand love or brand attachment. A common theme that appears across literature that specifically focuses on brand passion is 'extreme enthusiasm' and 'strong positive feelings'. In terms of consistency, brand passion seems to be about enthusiasm, desire and strong feelings.

Overlap: When we examined the literature across the three concepts, we found that there is quite a bit of an overlap between the concepts. All the three concepts are discussed with reference to consumers' affectionate relationship towards a brand and can be easily interchanged. Brand love and brand attachment are clearly interchangeable while brand passion is usually discussed as an antecedent to or a part of either brand attachment or brand love. For example, Park et al. (2010) discusses the consumers' emotional connection with a

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[1] A complete list of references is available on request.

brand as brand attachment; while, Carroll and Ahuvia (2006) discuss it as brand love. Similarly, Thomson et al. (2005) discuss emotional connection with a brand as brand attachment while (Batra et al., 2012) discuss it as brand love, on the other hand Albert et al. (2013) discuss consumers' intense emotional feelings as brand passion. Furthermore, Batra et al. (2012) suggest that brand love is a higher order concept and Japutra, Ekinci, and Simkin (2014) concurs suggesting that in order to create brand love, brand attachment is needed. Nevertheless, Loureiro, Ruediger, and Demetris (2012) proposed that brand love, attachment and self-concept connection are separate dimensions. The distinction among these emotional concepts is not as apparent as you might find between the behavioural concepts such as brand market share and brand penetration. A distinct explanation of these concepts along with objective measures/dimensions is necessary to give managers an actionable strategic direction.

*4.2 Dimensions of brand concepts***:** It was interesting to note that there was a significance amount of overlap in terms of dimensions used to examine the three concepts. The most common dimensions in the case of brand attachment were connection, passion and affection. Self-congruency is also another widely used dimension for brand attachment. Passion and affection were common dimensions in the case of brand love as well. Similarly, in the case of brand passion, 'enthusiasm' seems to be a common dimension or factor, which is also included in the explanations provided for brand love. The difference might lie in the degree (i.e. higher order and lower order emotional connection), the use of additional variables in measurement (for example, self-concept in Carroll and Ahuvia (2006), brand uniqueness in Bauer et al. (2007), number of dimensions used to examine the three concepts [one dimension Carroll and Ahuvia (2006) to up to eleven dimensions Albert, Merunka, and Valette-Florence (2008a)] and the difference might be in the context of usage of these concept.

5. Conclusion

Clearly, these concepts are gaining importance in the literature and no doubt there will be more research in future with respect to the measurement, antecedents, consequences, integration and interaction of these brands concepts. We propose to highlight the need for simplification, distinctiveness and questioning with reference to brand related concepts in order to make them managerially relevant and theoretically robust. This research contributes to current marketing literature by providing a comprehensive comparison of the three brand related concepts, opening up a line of enquiry, setting up direction for future research and adding strength to debates in the literature. The discussion on brand related concepts should consider certain factors.

a) Connecting an emotional bond links with the premise that consumers are or could be highly loyal to a brand. However, a growing body of literature (see East, Wright, & Vanhuele, 2013; Ehrenberg, Uncles, & Goodhardt, 2004) suggests that consumers buy from within a repertoire and are not loyal to one brand only. Research in the area of brand concepts should consider such evidence of buying behaviour in developing theories and models.

b) These emotional concepts should be further examined in light of characteristics of specific categories and brands. That is, are there certain characteristics of a brand or category that make it more prone to an emotional connection? Research has found that for certain brands such as Apple, Harley Davidson, the emotional connection is stronger compared to other fast moving consumer goods brands (Holt 2004; Bauer et al., 2007).

c) To what extent are these concepts distinguishable, quantifiable and generalizable for managerial use? Creating a clear distinction between these concepts would aid in

quantifying them and we hope to stimulate discussion at ANZMAC to get us closer to this goal.

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Lady Gaga goes virtual: Social network gaming communities' response towards virtual branding efforts

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Abstract

This study examines community members' response towards a one-off online personal branding campaign of Lady Gaga. Using a qualitative content analysis approach, the study critically examines forum messages from the official Zynga forums of the social game, Farmville. The findings reveal that in the context of social network games, the marketers' role is, to some extent, reduced, while the roles of consumers, especially opinion leaders, become paramount. Theoretical and managerial implications are also discussed.

Keywords: Personal Branding, Social network, gaming communities, virtual branding

Track: Brand and Brand Management

1.0   Introduction

The tremendous growth and prevalence of the internet has changed the way we interact and connect in our daily lives. One of the most important developments is the growing popularity of numerous virtual worlds. These virtual worlds are defined as "technology-created virtual environments that incorporate representations of real world elements, such as human beings, landscapes, and other objects" (Kock, 2008). Maclaran and Catterall (2002) highlight the importance of interactions in virtual worlds and communities for marketers. From a marketing perspective, increased attention among researchers is evident, as these virtual worlds provide an important source of information. Barnes (2007) was among the first to present the concept of advertising in virtual worlds. He highlighted the attractiveness of this medium for enhanced modes of advertising.

The unique characteristics of virtual environments present several challenges for marketing and in particular, branding. These challenges include identification of the target market, and in exploring whether users represent their true selves in these virtual worlds. Willi et al. (2014) suggests that in the interactions that occur through virtual communication platforms, such as an online community, individuals produce and re-produce their identities in order to create a favourable impression. Such impression formation is an inherent trait of the personal branding concept. We thus explore and utilise the context of social network gaming, which we define as *virtual games on social media* (specifically Facebook in our context) as a channel for personal branding for celebrities.

Only a few studies have examined branding practices in virtual worlds. American singer and songwriter Stefani Joanne Angelina Germanotta, who brands herself as Lady Gaga, was among the first celebrities to use a social network game, as a branding tool and also as a way to engage with fans. She partnered with Zynga, the creator of the online game, *Farmville*, to launch and promote her *Born this Way* album (Osborne, 2011). This was Zynga biggest brand campaign to date, and the first time it had collaborated with an international superstar. For a limited time (from May 17 to May 26, 2011), players of the Farmville game

could visit GagaVille, a virtual farm within FarmVille, and download exclusive unreleased songs from the album, after completing a number of specially themed tasks. This virtual farm featured animated animals and items that players could win or buy from the marketplace, including unicorns, spiky trees, and sheep riding motorbikes. It is hoped that this study will add to the existing literature on branding on virtual worlds. In view of the substantial user numbers, it is not surprising that social media games are increasingly being seen by companies, celebrities, and promoters, as a medium to engage with fans and a means to expand their reach and influence. For celebrities, the growth of social media (namely Facebook and Twitter) represents new mediums to directly enhance their personal brand and engage with their fans.

Virtual world users often adopt branding practices to brand themselves, and this process of self-presentation and impression often happens in social games. Thus, the purpose of the paper is two-fold: (1) To critically examine the cases of a one-off promotion effort in social games on Facebook and (2) To analyse how personal brand (re)presentations are perceived by the members of these virtual communities.

2.0   The Rise of Virtual Worlds and Personal Branding

Most of the researches on marketing in virtual worlds have focused on Second Life, (developed by Linden Labs) and World of War Craft (developed by Blizzard Entertainment). Both games are in the genre of popular "massively multiplayer online role-playing games" (MMORPG) (Barnes, 2007; Hemp, 2006; Tikkanen, et al. 2009). Recently, another category of virtual communities has surfaced, namely, the social network games. Despite being immensely popular, they remain significantly under-researched. These virtual role playing games are played on online social networks, such as Facebook, where members often form close-knit online communities. CNN (2012) reported that social network gaming represents one of the most popular activities on Facebook, and that users spent around one billion hours playing these virtual games. The development and growth of social gaming are slowly catching the eye of marketers, who realise that they can tap into a demographic (mainly women in their 30s) that is out of reach, when targeting traditional online gaming audiences (Nutley, 2011).

The evolution and popularity of online social networks has resulted in a major shift in the way branding is practiced, specifically in the way in which consumers participate in the creation of marketing and brand-related information (Cappo 2003; Jaffe 2005). This shift results in a need to redefine branding in virtual environments and virtual communities. In the present study, we define virtual branding broadly, to refer to *the creation and management of brands in virtual environments with the active participation of consumers*. We base our study on this definition, which highlight both the context and the consumers' interactive role. One of the key characteristics that differentiate online branding from offline branding is the increasing emphasis on experience and customisation. The question for marketers is whether virtual branding in these social games can be used to promote brand loyalty and involvement (Cappo 2003; Jaffe 2005). To examine this relationship, we review the relationships between the concept of personal branding, celebrity brands, and social gaming.

Lair et al. (2005) categorise branding to include consumer brands, retail brands, corporate brands, and personal brands. In their review, the authors trace the evolution of personal branding and emphasised how the personal branding concept has grown as an extreme form of market-appropriate response. It is commonly agreed that the term 'personal branding' was first used in an article by Tom Peters in the August 1997 issue of the *Fast*

Company Magazine. He wrote, "You're not defined by your job title and you're not confined by your job description. Starting today you are a brand" (Peters, 1997). In the same year, a group of international brand and career experts collaborated and came up with a single definition for personal branding. According to their definition, personal branding "describes the process by which individuals and entrepreneurs differentiate themselves and stand out from a crowd by identifying and articulating their unique value proposition, whether professional or personal, and establish reputation and credibility, advance their careers, and builds self-confidence" (Schawbel, 2008). From a marketing perspective, Shepherd (2010) reviewed the concepts of self marketing and personal branding. He pointed out that for many entrepreneurs; there is no clear division between marketing themselves and their business. According to him, "personal branding is essentially an inside-out process that serves to encapsulate the current strengths and uniqueness of the individual in relation to a targeted market" (Shepherd, 2010, p.602). This personal branding concept is widely used by athletes, authors, celebrities, businessmen, and politicians.

This paper specifically focuses on celebrities' personal branding efforts in social games. In the modern sense, the main characteristic of a celebrity is their presence in mass media. Celebrities are people, who have succeeded in building a personal brand. For example, we consider Lady Gaga to have developed a successful personal brand. In the marketing realm, most studies on celebrities have previously looked at their role as brand endorsers (Atkin and Block, 1983). Scholars note that the celebrity brand is a person with a name, physical feature, and unique personality, as opposed to an inanimate corporation (Agrawal and Kamakura, 1995). This is why marketers use celebrities to endorse and give inanimate products a recognisable face. Many of these studies highlight the importance of consumers' perceived image of the celebrity. Ohanian (1990) was among the first to come up with a scale for measuring celebrity endorsers' perceived expertise, trustworthiness, and attractiveness, which, according to him, were considered important characteristics. Walker et al. (1992) also highlighted the importance of making sure that an endorser's image is consistent with the desired product image in order to gain trust, and subsequent loyalty. In this study, we examine members' perceptions and responses of celebrities' personal branding campaigns on virtual worlds, adding to existing stream of research in personal branding, social media, and consumer behaviour.

3.0   Methodology

To examine how icons become brands and examine the cultural logic of the celebrity brand, scholars have relied on biographical and archival analysis. Conventional content analysis was utilised where categories are derived from data during data analysis (Hsieh & Shannon, 2005).We critically examined messages, which were posted on the official Zynga forums of the social games, namely, Farmville. To prepare for the study, the researchers engaged in the game as active players. In addition, they were registered as members of the forums in order to access other users' comments on the virtual brand efforts. As such, the researchers were familiar with the characteristics of games, these online communities, and their members. We specifically focused on the forum threads, which discussed Lady Gaga. A total of 98 threads mentioning Lady Gaga were downloaded and analysed.

We focused on Lady Gaga's personal campaign in the game. We examined the threads in order to understand the discourse and interactions of people. This approach allowed us to include the identification of shared systems of meaning, and the identification of unique themes merging from the conversations taking place in the forums. To protect the privacy of the members, we did not record aliases or actual names. We classified the downloaded

threads from both forums as social or informational content. We observed that in several threads, there was heavy moderation of the comments, with moderators being strict in removing comments with personal opinions about the celebrities and not related to the games.

4.0 Results and Analysis

The objective of Lady Gaga's campaign on Farmville was to promote her new album. Lady Gaga's virtual farm was created to reflect the "album's focus on self-expression and positivity" (Szalai, 2011). Next, we investigate the users' feelings towards the celebrities, who have suddenly been dropped into their environment. We further examine users' motivations to achieve the games' goals and the implications of the forum postings. We ensured that all members in these two different forums were also the participants in these virtual games.

4.1 *Virtual Rewards and Overall Brand Experience*

Lady Gaga's special contest seemd to be popular based on the number of posts by the members discussing the contests. Whenever the players completed a special quest, they could download Lady Gaga's whole album for free with the purchase of a special Zynga $25 game card (Zynga, 2011). Lady Gaga was able to reach out to many new customers via this campaign. Several members had not even heard her songs or even of her before her campaign (mostly non-US members). One member wrote: "Am definitely planning to buy the album when it comes out on Monday. Not bad, considering up until a couple of days ago, I hadn't heard any Lady Gaga songs at all."

One member summed up her overall experience of Lady Gaga's promotion: "I really enjoyed the Gagaville promotion and quests! I'm a total cynic, and didn't think I'd like it at all, but it was the best promo ever. Everything worked! The music played! The quests were just challenging enough but not impossible. The rewards were fun and mostly useful! If they weren't useful (the sign and the tree) they were good-looking, and didn't take up a ton of space. To me, everything was well-thought out and implemented. Somebody worked HARD on this - and it really showed. Many congrats!". Another member who admittedly was a fan, added: "I thought the decorations were cool, I loved most of the quest rewards, and free listens of Gaga's songs (as I'm a fan). I also know many people who don't like Gaga, but absolutely loved this theme." The members' comments highlight the importance of the overall brand experience in a brand strategy and the fit between the target audiences.

4.2 *Reputation Perceptions.*

There was also an interesting discussion on whether Lady Gaga was a good "role model." There were an almost equal number of members with opposite opinions, with slightly more members who thought that Lady Gaga was a good role model. Even on one of the threads, which were started by an angry parent not happy with the explicit lyrics and demanding that the songs should come with parental warnings, there were more members coming out in support. One member thought that Lady Gaga was one of the best role models for kids as well as for adults, because she promotes "equality and acceptance of differences." The member asked: "Why are you so afraid of that?"

One discussion thread titled "The thread where we discuss Lady Gaga", had a total of 147 posts (on 15 pages) and had some heated discussions, where members discussed her outfits and her singing abilities, among other things. One member put it succinctly: "As for myself, I happen to like LadyG's songs, while her outfits are out of the norm ... it's her choice of style, who are we to judge that?? How an artist chooses to dress does not really effect

whether or not they have (or don't have) talent ... personally, I like her singing abilities; I heard her songs on the radio first & thought to myself that's different but I like it."

From the comments we can see that there were more posts positive towards her. It appears that prior reputation has an important impact but gradually reduces as the campaigns goes on and supports prior findings (Moe and Trusov, 2011). For celebrities seeking to use existing social games for their personal branding strategies, the most important element appears to be the virtual brand experience, followed by the reputation. This is also in line with previous studies (Rowley, 2004) in other contexts.

4.3   *Brand Identity Perceptions*

According to Aaker and Joachimsthaler (2000), the brand identity needs to "resonate with customers, differentiate the brand from competitors, and represent what the organisation can and will do over time". Similarly, according to Kapferer (2004), identity is what makes the brand "unique and singular and different from others". When news came out that Lady Gaga would be partnering with Zynga on Farmville, there was a lot of excitement among the forum members, with only few detractors. It was interesting to note that there was no actual interaction with Lady Gaga's avatar on 'GagaVille'. Users noted that the overall experience could have been improved if there was some way that the players' avatars could have interacted with her avatar. There were no complaints about the suitability of Lady Gaga with the fantasy items in GagaVille and the overall virtual farm theme of FarmVille. The features, which included sheep riding motorbikes and unicorns, were found to represent her unique (and eccentric) style.

4.4   *Power of Opinion Leaders*

In a game where the number of friends (or allies) matters, we found that there were several examples which highlight the opinion leaders' important role in the forum. They were the most vocal members and often, what they said, mattered to the rest of the group. Thus, they influenced the opinion of other members and via an emotional contagion effect, stirring either positive or negative opinions on the group. As Aaker and Joachimsthaler (2000) point out, one of the major challenges in building brands, besides getting noticed, is to change perceptions. We recognise that targeting opinion leaders help in the influence towards perceptual changes in the virtual world.

5.   Conclusions

Virtual worlds provide a channel for brand interaction and experience by creating online communities around a brand. Online communities are increasingly important in people's lives, yet little research exists in the area of virtual worlds and the interactions. In this study, we put forward a question for marketers, that is, how should brands best be (re)presented in virtual worlds? Using a qualitative content analysis, we investigated 'celebrity branding' in the context of virtual social games. Lady Gaga is very successful in her personal branding. She has become a global phenomenon with millions of fans, whom she lovingly calls her 'Little Monsters'. As a brand, her celebrity status is not ascribed or attributed but rather achieved, with support from her fans. As this study reveals, she has been able to achieve this because she is perceived as being authentic and genuine. She best represents what she calls "acceptance of differences". Lady Gaga stands out for her originality, not only with her voice, but also the way she presents herself, the songs she writes, and her values.

Social media presents several advantages for celebrities seeking to influence their brand. By interacting and engaging with fans directly (virtually), they are able to control their own content and brand personality. In the context of social network games on Facebook, they have access to specific demographic segments, which they can target. However, as the results of our study indicate, branding in virtual environments has unique characteristics different from other mediums.

In interactive social network games, it is not possible to have control of the players' interaction and comments. They actively create and spread information, which can ultimately affect the success or failure of the branding campaigns. The campaign highlighted in this study paves way for other celebrities and brands to utilise social games, as a new medium to engage with customers in numerous creative ways. For celebrities developing their personal brand, we emphasise the benefits of authenticity in their image. Creating a brand identity entails thinking about consumers' perceptions towards the personal brand, the brand image, and investigates how the brand is actually perceived by the consumers.

Lady Gaga has shown an amazing sense of media savviness, which she has exploited to the full potential by fostering a community of loyal followers (known as "little monsters"). This is a clear indication of building, engaging, and interacting with the customer base. Simply giving the online community some attention creates increased exposure, and subsequent, goodwill. Lady Gaga has been successful in developing a unique brand identity. For example, she creates news headlines for her outrageous costumes, and, as some members stated 'not because she was arrested for getting drunk or other scandals.' Thus, she is unique due to her self-definition by clearly defining her brand identity.

7.   Limitations of the Study

We acknowledge a number of limitations with our study, which should be considered when interpreting our findings. It is emphasised that the members on the forums represent a small minority of the millions, who were playing the games. In addition, we note that there were no available reports on the finances involved, nor any press releases following the campaigns, either from Zynga or from the celebrities. Our analysis was based on the discussion involving members of the official forums. These players' comments may not be generalisable, and future studies should take a deeper look at the issues identified, using other research methods, including interviews, to gain a deeper understanding of these unique virtual communities. Finally, we encourage more research looking at social interactions in social media, virtual games, and online communities.

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Driving forces precipitating the rebranding of Australian rail organisations

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Abstract

This paper discusses the rebranding factors or driving forces precipitating the decisions for rebranding in Australian rail organisations. It reviews the corporate rebranding literature with a focus on a three component 'model of the rebranding process' identifying the progression of rebranding factors, rebranding goals and rebranding processes. The process of undertaking primary research through semi-structured in-depth interviews with senior rail executives from four Australian rail organisations that have recently undertaken a rebranding process is briefly described. Selected findings are presented regarding participants' views on the precipitating factors or driving forces to rebrand in their rail organisations. The results highlight the need to extend the model of the rebranding process to include politically-driven motives.

Key words: branding, corporate rebranding, rail industry

Track: Brands and Brand Management

1. Introduction

'Rebranding' means that an existing product or organisational brand is modified / branded for a second or multiple time (Muzellec & Lambkin 2007). Corporate rebranding practice is ubiquitous (Merrilees & Miller 2008), with over two-and-half thousand organisations around the world rebranding every year (Muzellec & Lambkin 2007). However, from a theoretical point of view, corporate rebranding has been neglected (Merrilees & Miller 2008) and is a relatively under-researched (Lee 2013). There is limited scholarly literature addressing the whole process of corporate rebranding (Muzellec & Lambkin 2006).

A particular industry sector which has seen recent corporate rebranding activity is that of Australian rail. This industry has experienced intensive reforms over the last several decades including deregulation of the rail sector (Everett 2006). Following deregulation, many Australian rail organisations (AROs) - passenger and freight; privatised and government owned or controlled - have undertaken rebranding strategies and processes (Spriggs & von der Heidt 2014). As a result, Australian rail has undergone a revival of rail patronage with more people commuting to work on trains than at any time since 1976 (Mees & Groenhart 2013). In fact Australasian Railway Association (ARA) chief executive officer Bryan Nye, states that rail in Australia is experiencing "phenomenal growth and changes representing an exciting, booming industry" (Australasian Railway Association 2012). Given the significance of rail to passenger and freight transport in Australia, understanding how and why rail organisations rebrand is an important research area. However, to date no academic study has investigated corporate rebranding of AROs (Spriggs & von der Heidt 2014).

This paper presents part of a larger study which explores the drivers, processes and outcomes of rebranding decisions undertaken by four AROs over the last five years. The paper is structured as follows: The theoretical framework for studying corporate rail rebranding is outlined, the research methodology is summarised, research results are presented, discussed and conclusions are drawn.

2. Theoretical framework

One the most recognised models of corporate rebranding was developed by Muzellec and Lambkin (2006). The model emerged from their study of rebranding strategies of 166 mostly European and North American-based organisations from over 40 different industries, including a range of services industries, energy, construction, manufacturing and transportation. The primary source of data was articles published on these companies in the Financial Times. Muzellec and Lambkin's conceptual model comprises three stages of corporate rebranding - rebranding factors, rebranding goals and rebranding process - as depicted in Figure 1 below.

Figure 1: Model of the Rebranding Process (Muzellec and Lambkin (2006)
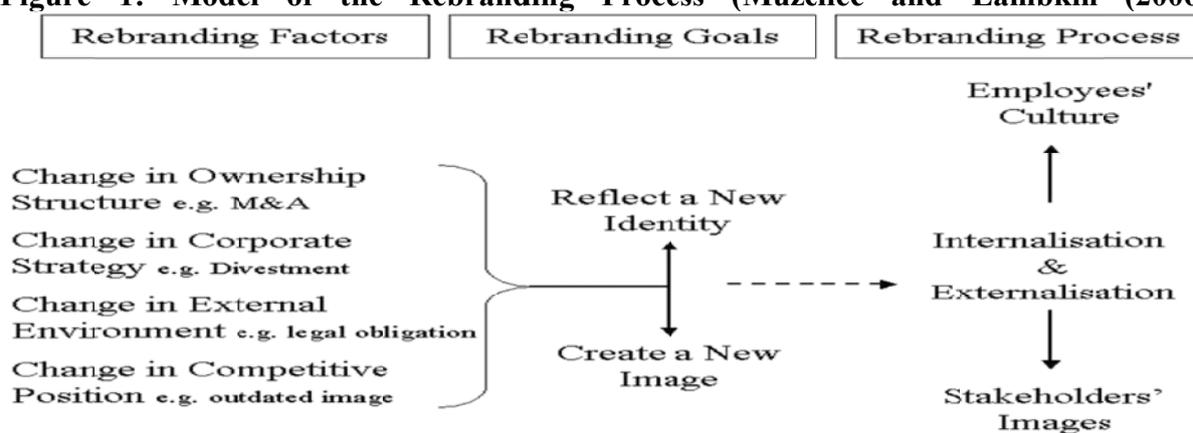
Of particular relevance to this paper is the first component of the rebranding process *'rebranding factors'*. As shown in Figure 1, the rebranding factors or 'driving forces' precipitating corporate rebranding identified in Muzellec and Lambkin's (2006) model are described within four broad categories. Within these categories, Muzellec and Lambkin (2006) report that the most frequent rebranding reasons mentioned by the organisations sampled were mergers and acquisitions (33 per cent) and spin-offs (20 per cent), whilst image related problems constituted the third most important rebranding catalysts (17.5 per cent). Other factors included; Divestment/refocus (9.0 per cent), internationalisation (7.2 per cent), diversification (4.8 per cent), legal obligation (2.4 per cent), sponsorship (2.4 per cent), bankruptcy (1.2 per cent), Going public (1.2 per cent) and localisation (1.2 per cent). The main rebranding catalysts and particularly those precipitating a name change are significant decisions, events or processes that require a fundamental redefinition of the corporations' identity. These events typically follow from sudden, structural changes following from a merger or acquisition or due to changing demand patterns or competitive conditions that have gradually eroded market share or the firm's reputation.

In this study we apply these 'rebranding factors' to our analysis of the *'driving forces precipitating the rebranding of Australian rail'* to ascertain which rebranding factors fall within the 'model of the rebranding process' schema (Muzellec & Lambkin 2006), and those that may fall outside or extend this conceptual model.

3. Research Methodology

The rebranding phenomenon in ARO's is being investigated through a multiple case study methodology (Yin 1994) of four AROs that have engaged in rebranding strategies and processes. Table 1 presents a summary profile of these organisations.

The primary data collection method involved semi-structured in-depth interviews - the

overwhelmingly dominant mode of interviewing used in qualitative research (Yin 2011). Semi structured interviews were the preferred interview method for this research, as they directly solicit the perspectives of the stakeholders involved in or directly cognisant of the rebranding process (Saldaña 2012). Additionally corporate documents, media reports and some organisational archival records were examined to corroborate and verify events to provide triangulation (Yin 1994).

Table 1: Overview – AROs selected for case study

	Ownership	Rail Services	Place Hierarchy	Rebranding	Rebranding Date	Participant No.
V/Line	Government	Passenger	Regional	Evolutionary	Aug 1983 - Ongoing	1-2
Aurizon	Privatised	Freight	State, Regional and National	Revolutionary	December 2012	4-6
Sydney Trains	Government	Passenger	Regional – Suburban	Revolutionary (Brand Stimuli and Corporate Branding)	July 1 2013	7-8
Metro Trains Melbourne	Privatised (Joint Venture)	Passenger	Suburban	Revolutionary	November 2009	9-11

Fourteen interviews were conducted with fifteen participants. Eleven of these participants were appointed at mid-to-senior management level in the branding, marketing and human resource departments of the AROs subject to the case study (see Table 2). Additionally, four participants (number 12 to 15) were employed in government transport departments that had direct influence over, and responsibility for, these AROs, or in peak rail industry organisations. Interviews varied in time from 48 to 199 minutes (with an average of 60.6 minutes), totalling 849 minutes (just over 14 hours) of recorded audio data.

Interviews were recorded and transcribed verbatim, yielding 149,462 words. The transcripts and audio files were uploaded into NVivo 10. This Computer Assisted Qualitative Data Analysis (CAQDA) software was used to code and theme the data. The data analysis followed five stages comprised of (1) compiling, (2) disassembling, (3) reassembling, (4) interpreting and (5) concluding as recommended by (Yin 2010, 2011). Following compiling in NVivo, the disassembling stage yielded 163 codes or (sub) themes. The reassembly phase consisted of rearranging the data into coherent emerging patterns. These subthemes were thus categorised into nineteen overarching themes. Some of the reassembled subthemes fitted nicely back into a priori codes identified during the literature review (Waring & Wainwright 2008), and others formed new themes percolating from this research (interpretation stage). The findings and conclusions discussed in this paper are based on one of the a priori codes/overarching themes, namely 'Rebranding Factors - Driving forces to Rebrand' in the rail context.

4. Australian Rail: 'Rebranding Factors - Driving forces to Rebrand'
Figure 2 below visualises the sub themes found within this research for the overarching theme 'driving forces precipitating Australian rail rebranding'. This section provides a brief commentary on the rebranding factors pertaining to each ARO case subject to this research. Selected quotations from participants' comments, media reports and corporate documents are included.

Aurizon

The Queensland government separated Queensland Rail (QR) passenger and commercial activities. The latter morphed into an entity named QR National Limited that was subsequently privatised and then became a public company listed on the stock exchange on November 22, 2010 (news.com.au, 2010). The renaming of QR National to Aurizon (Aurizon Holdings Limited) occurred two years later from December 1 2012 (Hurst, 2012). During the semi structured interviews, government privatisation was cited as a primary factor precipitating the rebranding of the name; "*So I think the catalyst, or the shift from QR National to Aurizon really came about redefining what this company's about, moving away from government ownership*" (P 5); "*remove the layers and duplication of an ex-government agency and trying to redefine what the company should be*" (P 4); "*they wanted to dust off the government owned corporation and the government focus*" (P 6). Thus the initial rebranding catalyst aligns to the 'change of ownership' component of Muzellec and Lambkin (2006) 'model of the rebranding process'.

Figure 2: Politically-driven rebranding forces in ARO's
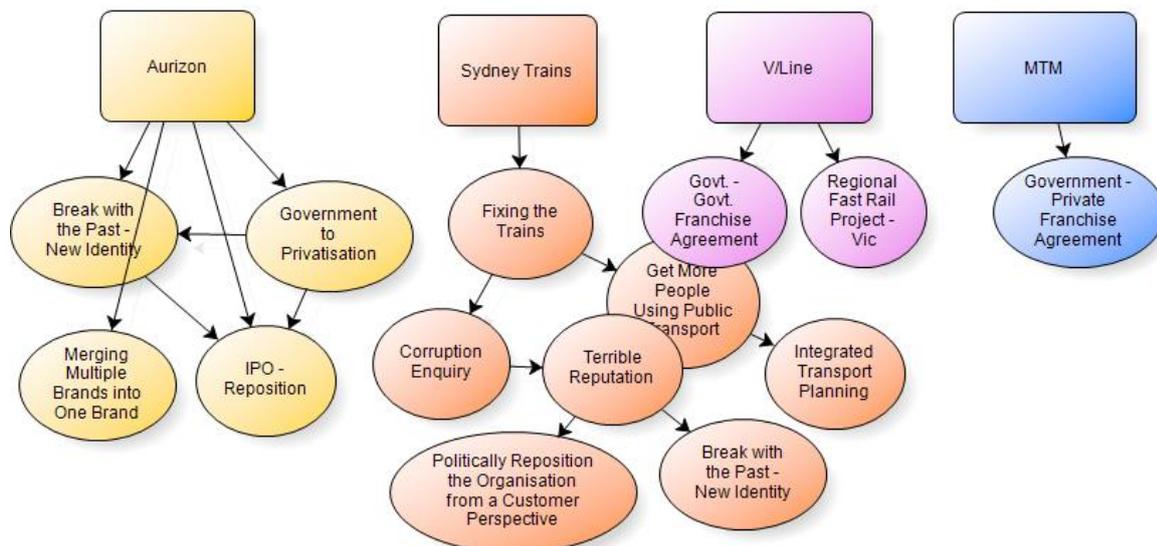
Subsequently the corporation had a clear objective that they wanted to break from past government attributed associations, leave behind 'legacy issues' and become more commercially focused; "*unfortunately the stigma of a government known corporation remained with the Q in the name*" (P 5); "*the negative associations with being a government owned company and unfortunately having Q in the name implies - or QR in the name - implied government. Or not implied, screamed it*" (P 6); "*Fresh Company, new, we're different from what we were before. Because our customers want to see that we're different. They didn't like it when we were a government incorporation. We were clunky and difficult to deal with, not streamlined and not efficient*" (P 4); "*they wanted to dust off the government owned corporation and the government focus. So no Q and no R. It wanted to be a bit vibrant*" (P 5); This rebranding catalyst aligns to the 'change of competitive position' (e.g. 'outdated image') component of Muzellec and Lambkin (2006) 'model of the rebranding process.*'

Changing Aurizon's past (negative government-ownership) associations with more commercially driven associations was further driven by a desire/need to be more attractive to investors. As the Corporation had gone through an IPO and now had the status of a listed

public company they urgently wanted to change their perception to investors. *"The government ownership and that has some positives, but it also has some negatives. The negatives were bureaucratic, not willing to - you're fat and lazy. You are not efficient and this is right in the time where we were actually trying to convince the investor market that we've come from a GOC, but we're going to be very commercially driven. We are going to cut costs. We are going to be more efficient. We are going to look after our customers better. The branding and what we were trying to do as a strategy from a business - are polls apart. So that was the driver"* (P 5);*" There was a mad scramble to try and build awareness of QR National and then the IPO came"* (P 6); *"moving into the IPO it became clear that there was a need to actually reposition that away from just the Queensland connection"* (P 4).

An associated rebranding driver for Aurizon was the opportunity to merge multiple brands into one brand. This coincides with Muzellec and Lambkin (2006) statements on brand architecture objectives, i.e. "to integrate diverse brands or geographic markets under a single corporate brand, equivalent to the concept of a master brand" (p. 812). The rebranding factors that typically precipitate brand architecture readjustment are either a change in ownership structure, or a change in corporate strategy.

Sydney Trains
In May 2012 New South Wales Transport Minister Gladys Berejiklian announced a significant restructuring of NSW rail to split RailCorp and create two new organisations, Sydney Trains and NSW Trains. The initiative was called 'fixing the trains' with a focus on slashing bureaucracy, countering graffiti and dirty trains and become more customer focused, *"We are developing a broad range of initiatives that are designed to fix our trains and make them world-class – there will be more to come"* (Berejiklian 2012). One of the cited main reasons for the 'fixing the trains' initiative was the financial instability of Railcorp, although it is interesting that the initiatives followed serious allegations of corruption and subsequent criminal charges laid against Railcorp senior directors (Cripps 2009).

During the semi structured interviews, when asked what the driving forces for rebranding were, some interviewees focused on transport improvement "Purely to get more people using public transport, make it easier for them, yes". This was seen to be achieved primarily through a broader integrated transport brand (The Hop). *"So there's an organisational change. With that came the realisation, I think, that people don't catch a train, a bus, a ferry, they catch a mode as part of an integrated journey… So we want to open up those doors a little bit and say, actually, it's part of an integrated - a mode is part of an integrated journey"* (P 7).

However other interviewees provided an insightful appraisal of the effects of a legacy impregnated with a tainted image, *"there was this terrible kind of reputation around the old RailCorp brand"* (P 8); *"I think there was quite a high level of de-motivated staff, subject to corruption enquiries all the time"* (P 8); *"I can only imagine that the whole RailCorp brand was completely polluted"* (P 8); *"So I suppose what Transport and the Minister I suppose - I expect was very, very involved in this - wanted to do was demonstrate from 1 July that this was a break with the past. That for the customer Sydney Trains was going to be something different"* (P 7); *"To try and politically position with the capital P, as in the Transport Minister, politically reposition the organisation from a customer perspective"* (P 8).

In terms of Muzellec and Lambkin (2006)'model of the rebranding process', the primary catalyst for Rail Corp rebranding to Sydney Trains appears to align with: the **'change in legal environment'** i.e. Independent Commission Against Corruption - corruption enquiry prompting reform recommendations (Cooper, J & Borchardt 2008) and 'change in competitive position' (outdated image / reinvigorate a stained image). However it is obvious that the primary driving factor was the government's directive promulgating the

'fixing the trains' initiative.

V/Line

V/Line stated that the State of Victoria's Regional Fast Rail Project was a primary catalyst for rebranding. The Regional Fast Rail Project has been cited as one of the most significant transport initiatives in Victoria's history designed to deliver more reliable, more frequent, faster and comfortable trains (Melbourne 2006). The initiative took seven years to complete at a cost of $1 billion (Age September 13, 2006). From Participant 1, *"the Regional Fast Rail project that happened here in Victoria ... was a major, obviously major, state government initiative that meant new tracks, new trains, new timetable and also a new train protection warning system, a new signalling system. That meant that our capacity would increase, actually our service levels increased by about 25 per cent. So we were seeing that we really needed to improve our slightly daggy image and logo and everything that goes with it.... So it was definitely seen as an opportunity to revitalise the brand and that's essentially where it came from, the drive to rebrand"*.

Additionally, marketing and brand refresh was seen to be in accordance with the requirements V/Line's Franchise Agreement with the Director of Public Transport representing the State Government of Victoria (Ltd. 2009). *"Also not to be forgotten is that when V/Line was privatised the Franchise Agreement was taken over by a company called National Express. They went bust and handed back the Franchise Agreement to the state government in 2003. So I think there was also a need to move the brand on from having ended up in receivership"* (participant 2). Thus the rebranding catalyst may broadly fit into the '**change in external environment**' element of the Muzellec and Lambkin (2006) model in terms of Victoria's Regional Fast Rail Project. However, it may also fit into the **'change in competitive position'** element as a result of the desire to disassociate the brand from the stigma of receivership'.

MTM

The Melbourne rail operator Connex contract was due to expire in November 2009. The State Government of Victoria therefore called for expressions of interest from operators to undertake responsibility for all suburban passenger rail services in Melbourne. Subsequently, Connex lost the bid and their franchise contract and Metro Trains Melbourne (MTM) was appointed instead, taking over the network on 30 November 2009 (Cooper 2009).

Semi structured interview at MTM revealed that the primary catalyst for their rebranding strategy was the requirements of the expression of interest, i.e. *"Each Franchisee will be required to adopt and deliver a branding package that can be implemented at the commencement of the new Franchise Agreements. Branding packages should include brand names, logos, staff uniforms, rolling stock livery, tag lines and value statements supporting the brand"* (The Department of Transport 2008, p. 28).

Interestingly, all intellectual property in all rebranded / branded elements remains the property of the Victorian Government, and not MTM. These rebranding elements may therefore be transferable to a different operator in a future rebid for the Melbourne Train franchise agreement. *"The Current Franchisees are required to licence to the State, all intellectual property that is required to operate the tram and train Franchises including the Safety Management Systems. These licences are irrevocable and transferable. The State will make this intellectual property available to the new Franchisees"* (The Department of Transport 2008, p. 28).

This rebranding catalyst broadly fits into the '**change in external environment'** and '**change in competitive position'** elements of the three component 'model of the rebranding process' developed by Muzellec and Lambkin (2006).

5. Conclusion and contributions

The research to date highlights that there is a unique common thread of government influence and control underpinning rebranding decisions and strategies in Australian rail. This potentially extends the parameters of the Muzellec and Lambkin's model of the rebranding process'. Although many elements of Australian rail rebranding driving forces revealed in this research fit broadly within the rebranding factors element of the 'model of the rebranding process' (Muzellec & Lambkin 2006), it is posited here that the '**politically driven' rebranding factor** in Australian rail should be an additional stand-alone element that extends this model. Specifically, the influence or direct involvement of politics in Australia permeates rebranding decisions in ARO through a number of diverse forms. These include: government to privatisation (Aurizon), government to government (Sydney Trains), government to government through a franchise agreement (V/Line), and government to private enterprise through a franchise agreement (MTM). Thus politics is a potent rebranding driver for Australian Rail regardless of the business operational framework within which its influence operates. The potency and specificity of government driven rebranding thus does not neatly fit within the current corporate rebranding model and should be included as an additional element.

Although there is a degree of government intervention in other countries, such as privatisation of rail in Britain, the multiplicity of government intervention / forms in rail in Australia appears to be a unique phenomenon arising as a legacy of Australian federalism. While many Australian rebranding factors are broadly encapsulated within the 'external environment' (e.g. legal obligation) rebranding factor, it is argued that this category is too broad to adequately capture the nuanced effect of politically driven rebranding drivers and thus a separate rebranding factor (politically driven) distinct from the four rebranding factors created by Muzellec and Lambkin (2006) is warranted. The commonality of politics running through Australian Rail provides a unique extension to the rebranding factor in the 'model of the rebranding process' that may possibly also be generalizable to other transportation and rebranding domains.

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Analyzing the effects of ethical initiatives and employee remunerations in predicting employer attractiveness and consumer brand trust

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Abstract

The study investigates the influence of ethical CSR (ECSR) initiatives and employee remunerations on two dependent variables: how consumer's perceive the quality and reliability of the company's brand, and how attractive they see the company as a prospect employer. A 2x2 experimental design was conducted on 155 final year undergraduate students. The study found that the externally-oriented ECSR and internally-oriented employee remuneration strategy both positively influenced consumer's brand trust as well as the company's attractiveness as a place of work. ECSR ($\eta^2 = .29$) has a larger effect size towards consumer's brand trust compared to remuneration intention ($\eta^2 = .03$), but the two variables are comparable ($\eta^2_{ecsr} = .1$; $\eta^2_{remun} = .17$) in influencing employer attractiveness. Theoretical and managerial implications of these findings are then discussed.

Keywords: CSR ethics, brand trust, employee remuneration, employer branding

Track: Brand and Brand Management

1.0 Research background

Owing to modern conditions of pollutions and climate change, consumers have begun to push companies into accepting more responsibilities for how businesses have affected the environment (Chen, 2010). This trend towards sustainable business has permeated to the domain of employee recruitments as well, with literature pointing out the importance of sustainability for employer branding (Aggerholm, Andersen, & Thomsen, 2011). An oft cited definition of employer branding is the sum of a company's efforts to communicate to existing and prospective staff that it is an attractive and desirable place to work (Lloyd, 2002). Companies often compete with each other to recruit the best possible employee, and CSR has been cited as one of the key competitive advantages to recruit talent (Bhattacharya, Sen, & Korschun, 2008). However, literature also points to remunerations as a strongly significant predictor of employer attractiveness (Ambler & Barrow, 1996; Gatewood, Gowan, & Lautenschlager, 1993). Thus, the primary research question being investigated in this study is: between ethical CSR practices (ECSR) and remunerations, which is the stronger predictor of employer attractiveness for today's generation of jobseekers?

Branching from this line of inquiry, we also investigated the effects of both ECSR and remunerations on consumer's brand trust towards the company. The link between ECSR and brand trust has been robustly investigated (Norman & MacDonald, 2004; Peloza & Shang, 2011), but the link between how a company remunerates its employees and consumer's trust

for that company's brand remains an under researched avenue. Recent literature points to the idea that a company's reputation for excellent remunerations significantly enhances its customer brand equity (Fisher & Vallaster, 2010). Our study is thought to be the first to investigate the interaction effect between a company's ECSR and their remuneration strategy in influencing consumer's brand trust.

2.0 Literature Review

2.1 Relationship between ECSR and brand trust

Consumers frequently acknowledge that a company's CSR profile plays a significant role when it comes to purchasing from a particular company (Van den Brink, Odekerken-Schröder, & Pauwels, 2006). Several studies (Chernev & Blair, 2015; Peloza, Ye, & Montford, 2015) further support that consumers are significantly influenced by the CSR reputation of a firm. However, though positive correlation exists between a firm's reputation and the behavioral intentions of consumers, some studies are cautioning that other variables may be more impactful (Sen & Bhattacharya, 2001). Thus, it cannot be said with absolute certainty that consumers will undoubtedly choose ethical companies when purchasing products. Research has indicated that product and service quality remain a strong predictor of brand trust (Martinez & del Bosque, 2013). Cases have been observed where consumers are either unaware of the bad CSR reputation of the company or where they knowingly purchase from ill reputed companies (Mohr, Webb, & Harris, 2001). In addition, literature has pointed out the effect of several interacting variables such as brand identification (He & Li, 2011) and positioning strategy (Du, Bhattacharya, & Sen, 2007), indicating that the relationship is more complex than what a cursory examination might suggest. Consequently, our study will examine this relationship between ECSR and brand trust, with the added interacting variable of employee remuneration.

2.2 Relation between employee remuneration and brand trust

Fisher and Vallaster (2010) recently argued that companies must take a synthesis view in merging employee-based branding and customer-based branding. However, to date, there is little research that attempts to investigate how remunerations (that is primarily an employee-based branding strategy) can influence customer's perception of the company's brand equity. Anecdotally, we point to the evidence of Google's status as Fortune magazine's best place to work (Fortune.com, 2015) was in no small part due to the extravagant perks Google gives to its employees. This employee remuneration strategy is then integrated into the company's motto of 'don't be evil' and has played a large role in building Google's brand equity among its users and consumers (Schmidt & Rosenberg, 2014). We argue that customers see well-remunerated employees as cues of the company's success, and of the high quality of the employees themselves. This in turn positively affects customer's perception of the products said company and employee produces. In this research, we argue that

(H1) both variables of remunerations and ECSR will be significantly correlated to brand trust.

2.3 Relationship between ECSR and employer attractiveness

ECSR is a powerful notion that is well appreciated as an organization's strategic component (Porter & Kramer, 2006). A number of studies have shown that ECSR

engagement by company's results in greater customer satisfaction alongside favorable evaluation by potential employees (Brown & Dacin, 1997; Marín & Ruiz de Maya, 2013). Concurrently, 1122 corporate executives during a global survey have suggested that ECSR ethics is a huge beneficial factor for the company as it holds the potential to attract and retain both potential and existing employees (Franklin, 2008). Finally, Rupp et al. (2006) argues that CSR program and actions can cause positive perception, judgment and influence among willing candidates. This study will empirically investigate this relationship and its interacting effect with employee remunerations.

2.4 Relation between employee remuneration and employer attractiveness

Ambler and Barrow (1996) were among the first to forward that a key element of employer branding in order to attract talented employees is an 'economic' benefit, alongside functional and psychological ones. Selmer et al. (2011) concurrently concluded that remuneration must be given priority as an important tool to attract and recruit potential employees. Roberts and Dowling (2002) argued that high remunerations signify continuing superior financial performance, which enhances company reputation. Lastly, ensuring that the employees' appropriate incentives are provided is a large motivation factor and is more likely to yield desirable outcome for the company (Ben-Ner & Jones, 1995). In this study we argue that

(H2) Both remuneration and ECSR will significantly correlate with employer attractiveness.

3.0 Methodology

A between-subjects experimental study design was conducted for this study, with two manipulated IVs in a 2(ECSR: standard x high) x 2(remuneration: standard x high). Respondents were given a short description of a Malaysian-based consumer goods company named 'Ultron', containing one of the four scenario conditions. This was done to control random variations and was deemed more appropriate rather than relying upon respondents' existing knowledge of companies. In the 'high ECSR' condition, participants read that Ultron "*listed full, accurate, and helpful information in its packaging*", "*believe societal wellbeing and respecting consumer rights*", and "*donated to various programs about sustainable consumption*". In the 'high Remuneration' condition, Ultron employees "*receive higher than average salaries*", "*a lot of opportunities for trainings, full health coverage and other benefits*", and "*can quickly get promoted into management positions*". In the 'average' conditions, all superlatives describing Ultron were toned down to average/normal. 160 respondents were recruited among a population of final year university students in two English-speaking private universities in Malaysia. This group was chosen because they are in a unique position to serve both as hypothetical customers of Ultron, and able to place themselves in the context of jobseekers in the near future. Five samples were eliminated from the analysis due to incompletion, leaving 155 usable data sets for analysis. Afterwards they were told to fill in the survey that consists of the items detailed in Table 1.

Table 1. Study measures

Scale	# items	Source	α
ECSR	5	Turker (2009)	0.93
Remunerations	5	Berthon, Ewing, and Hah (2005)	0.91
Brand Trust	6	Barnes (2011)	0.94
Emp. Attractiveness	3	Fisher, Ilgen, and Hoyer (1979)	0.93

4.0 Findings

The measures for ECSR and Remunerations were used as manipulation check items. A one-way ANOVA revealed that the both the ECSR ($F(1, 154) = 82.58$, $p < .01$, $\eta^2 = .34$) and Remuneration ($F(1, 154) = 95.40$, $p < .01$, $\eta^2 = .34$) manipulations were successful. To test H1 and H2, a MANOVA was conducted, and analysis indicated significant direct effects of both predictor variables to both dependent variables, as shown in Table 2.

Table 2. Hypothesis testing

		Brand Trust			Emp. Attractiveness		
		Mean	p value	η^2	*Mean*	p value	η^2
ECSR	High	5	<.01	0.29	4.55	<.01	0.1
	Avg	3.65			3.67		
Remun	High	4.5	0.02	0.03	4.69	<.01	0.17
	Avg	4.13			3.52		

Another notable finding from the analysis is that the interaction effects of the predictor variables were non-significant for both DVs. With this result, H1 and H2 are therefore supported.

5.0 Discussion

The findings from the experiment indicated that both the company's ECSR and their remuneration strategies have significant impact on consumer's brand trust. High perceptions of ECSR lead to higher consumer brand trust. The same pattern could also be seen emerging in relation to remuneration and brand trust. Although the former relationship has been established in literature, our study brings novel findings with regards to the significant effect of high remunerations to consumer's trust to a company's brand. We reason that this is because consumers consider high remuneration as proxy for both company and employee quality, which then permeates to consumer's perception of the quality and reliability of the brand. However, it should be noted that taken in conjunction with ECSR, the effect size of Remuneration was small ($\eta^2 = .03$) compared to ECSR ($\eta^2 = .29$).

An interesting result was indicated by the analysis regarding the effects of Remuneration and ECSR towards company's attractiveness as an employer. Similar to the previous pattern, high perceptions of ECSR and Remuneration lead to the respondents think more positively about the prospects of working for the company. However, effect size analysis revealed that unlike the overwhelming effect of ECSR influencing brand trust in the context of consumers, ECSR ($\eta^2 = .10$) is not dissimilar in effect size compared to Remuneration ($\eta^2 = .17$) in influencing how a potential jobseeker appraise the attractiveness of a company as a future employer. In other words, when seeking for employment, today's generation jobseekers are almost as strongly influenced by a company's sustainable business practices as much as the lure of incentive packages.

5.1 Research limitations and managerial implications

Some limitations of this research need to be observed as caveats to managerial recommendations. First, the scenarios used explicit descriptions of remuneration. While some

companies may enjoy an existing reputation as one that rewards employees lavishly, not every company will have a transparent remuneration scheme to the general public. Secondly, the mention of career advancement prospects in the scenarios may cloud result relating to the impact of remunerations to the attractiveness of the company as an employer.

The insight gained from this research regarding ECSR and its affects in the market place could assist in the managerial administrative process. This paper has highlighted both the outward-facing and inward-facing benefits of ECSR and remuneration strategies. Outwardly, a company's external ECSR initiatives as well as its internal remuneration strategy have been shown to be significant influencers of consumer's brand trust. Managers could thus continue conducting appropriate ECSR practices, and make sure that competitive advantages in their remuneration packages are disseminated to the public to maximize brand trust and the continued success of the company. Inwardly, the combinations of both ECSR initiatives and ECSR practices have been shown to maximize a company's attractiveness for prospective employees. Managers should strive to communicate both aspects to the public in order to get a competitive advantage in the search for good talents. Recently, GE has launched a series of advertising under the "childlike imagination" campaign. This has been lauded as an effective brand building by GE (Nudd, 2014) because it highlighted both GE's innovativeness as well as its sustainable business practices. We believe this type of communications campaign exemplify the findings and strategies we have highlighted in this study, and serve as a good example of best-practice on how to maximize brand equity-building.

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Measuring Brand Health –Insights into Australian University Performance

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Abstract
This study focuses on the revenue generation performance of Australian universities. To facilitate the analysis it applies a new objective long-term based performance measure called "University Brand Health Index" (UBHI) to measure the brand health of universities in Australia over the period 2004-2013. It compares the BHI performance of the top Australian universities with those of the bottom performers. The findings show that the $217 million currently spent by universities on advertising, marketing and promotional expenses appears to have no statistically significant effect on brand health over the long-term and that universities brand health performance decreases as the market share increases. Possible reasons for these results are discussed

1.0 Introduction

Universities are under pressure to improve their performance. Government financial cutbacks, and increasing operating expenses have combined with increasing domestic and international competition in the higher education market to ratchet up the pressure to increase revenues. University responses to the increased competition have resulted in a significant increase to the complexity of offerings. This trend has led to increased product proliferation and commodisation throughout the sector, thus making it more difficult to differentiate one higher education institution from another.

Despite these competitive and financial pressures many of the older established universities with strong brand reputations have so far been able to maintain their student numbers through the quality of their teaching delivery and reputation. However, over the long-term all universities must be able to consistently increase their revenue to cover rising costs (i.e. salary increases plus technology costs) or they will be subject to major restructuring (i.e. course deletion, staff redundancies, reprioritisation of strategies). Universities have responded to these challenges partly through the use of marketisation brand building strategies including advertising, marketing and public relations. These marketing actions aim to build brand attachment and social bonding strategies between students and the university and other stakeholders (e.g. parents, student recruitment agents, students, reference groups and ranking agencies). However, a significant question to consider in this competitive environment is how does one judge the performance (outcome) of these brand building strategies?

In this paper we focus on student revenue generation (as distinct from revenue generation from research grants) and we argue that the ultimate health of any university brand will be determined by its ability to continually generate increased revenue through the attraction of new students and the retention of existing students over both the short-term and the longer-term. Current performance measures usually focused on by university management include for example, student surveys such as AUSSE (2012). They are useful for assessing in-class student engagement however, there is little evidence of the link between student attitudes and new student recruitment. University league tables which embed reputational aspects of performance are also useful however, apart from The Times Higher Education 100 Under 50 Rankings (2015) they often underplay the capacities of many new and innovative universities and the specialist qualities of smaller universities (Briggs, 2006; Bright, et al. 2001). All of these measures however, are only inputs into the performance equation. They are not the dependent variable, which is university revenue.

Universities spend a great deal of money on advertising, marketing and promotional expenses. As inputs into the revenue generation process these kinds of marketing actions can go beyond the current term and last for many years (Clarke 1976; Mizik and Jacobson 2008; Ataman, van Heerde and Mela 2010). However, there is little research to indicate the impact of advertising, marketing and public relations expenses on university revenue over the longer-term. Brands are often built over the years however, they are judged and evaluated quarterly (Lodish and Mela 2007). Therefore, our central research questions are:

1. To what extent can we objectively measure the longer-term health of a university (i.e. UBHI) and its performance in the student market?
2. What is the relationship between advertising spending and the UBHI
3. What is the relationship between UBHI and university market share?

In this paper we apply a long-term objective behavioural measure of brand performance (Mirzaei et al. 2015) called the university brand health index (UBHI), examine the contribution of advertising, marketing and public relations spending in building healthy university brands and then test the relationship between UBHI and market share. UBHI, is based on student actual purchase behaviour (i.e. overall student enrolments as a proxy for revenue) and is a function of sustained growth over the long-term. We define a healthy brand as a brand that is able to adopt the most effective strategies to respond to customers' changing needs over time, and, as a result, experience sustained growth over the long-term. Brand health is important in explaining and predicting consumer behaviours (Romaniuk 2013). "Brand-health tracking is however, the only mechanism available to understand how a brand competes in consumer memory" (Romaniuk 2013, p. 11). To this end we focus our discussion on the top healthy and bottom unhealthy university brands in Australia.

2.0 University Brand Health Index (UBHI)

Spending on marketing actions over the long-term can build brands (Lodish and Mela 2007) through sales and profit growth. The brand building process results first in a change in customers' attitudes, feelings, and thoughts (Keller and Lehmann 2006). Second, where a brand has a relative advantage in customers' minds, its sales revenue is more likely to be increased or at least not decreased over the long-term (Aaker 1996) such that, "the primary payoff from customers' thoughts and feelings is the purchase that they make," (Keller and Lehmann 2006, p.15). This payoff in return influences the financial value of a firm (Aaker 1996; Keller and Lehmann 2006; Ailawadi et al 2003).

A confounding issue in the measurement of brand performance is that in the short-term a brand's sales can change due to many different types of marketing actions such as the temporary introduction of price cuts, discounts, or promotional offerings. However, in the long-term, a brand will be recognised as healthy if it experiences a continuous persistent sales growth, implying that it can continuously appeal to its customers (Keller and Lehmann 2009). Thus, a brand with persistent sales growth over the long-run is defined as healthy, since it is able to adapt effective marketing strategies in response to customers' changing tastes over time and as a result to keep sales growth high not for just one or two periods, but also over an extended time-frame (say 5 to 10 years and beyond). Therefore, a healthy brand is a brand with high growth rates and low growth rate volatility over the long-term. Thus, the underlying notion behind university brand health is the consistency component of the co-variation principle of attribution theory. That is, if a person consistently repeats behaviour over time, and under different circumstances, then the behaviour is attributable to internal factors (Kelley and Michela 1980).

The proposed university brand health index used to measure a university's performance in the student market is in line with the two components of long-term brand performance, growth and persistence, suggested by Keller and Lehmann (2009). More importantly, a university brand health index has incremental financial information since it is significantly and positively associated with financial measures including return on assets (ROA) and earning per share (EPS) (Mirzaei et al. 2015). Therefore, the university brand health index is beneficial for both financial and brand managers. That is, on the one hand it fulfils senior finance managers' needs since it is a behavioural measure based on consumer purchase behaviour, and linkable to financial measures. On the other hand it fulfils the brand managers' needs of having a behavioural measure that captures the lagged impact of marketing actions.

3.0 Methodology

In this study we first demonstrate the healthy and unhealthy brands in the higher education across Australia. In order to compute UBHI, we use total student numbers as a proxy for revenue generation which are publicly available from the Australian Department of Education and Training (2004-2013) as a proxy for sales revenue. We include universities operating in Australia regardless of their size and focus (undergraduate/postgraduate). In total, 36 higher education institutions are studied in Australia. For each institution, a period of 10 years international student recruitment is studied from 2004 to 2013. We measure university brand health index as follows:

$$\textbf{UBHI}_{it} = \left(\frac{\textbf{Sum of Growth}}{\textbf{Standard Deviation of Growth}} \right) \quad (1)$$

$$\textbf{UBHI}_{it} = \left(\frac{\sum_{t-T}^{T} \textbf{Growth}}{\textbf{SD}_{gi(t-T,t)}} \right) \quad (2)$$

$$\textbf{Growth}_{it} = \frac{(\textbf{Sales}_{it} - \textbf{Sales}_{it-1})}{\textbf{Sales}_{it-1}} \quad (3)$$

$$\textbf{SD}_{gi(t-T,t)} = \sqrt{\frac{\sum_{t-T}^{t}(\textbf{Growth}_{it} - \overline{\textbf{Growth}}_{i(t-T,t)})^2}{T-1}} \quad (4)$$

Where growth$_{it}$ is the growth of firm i at time t, SD$_{gi(t-T, t)}$ denotes the growth standard deviation of brand i for a period of T years from t-T to t. Growth is calculated as the relative difference between current period student numbers and student numbers in the previous period.

4.0 Empirical Analysis

It is clear from Table 1 and Table 2 that the analysis of UBHI identifies a range of healthy Australian universities which do not include the top eight. Only four of the top eight universities are defined as 'brand healthy': The University of Adelaide, The University of Western Australia, The Australian National University and The University of Melbourne Indeed, many of the smaller universities have consistently recorded a higher level of brand health than the top eight.

Table 1 Analysis of Healthy Brands- Above the median UBHI and Market Share

University	UBHI 2012	UBHI 2013	Ave Market Share 2004-2013 %	Ave Ad Spend 2004-2013 $000
Group of Eight				
The University of Adelaide	25.0	22.1	2.10	3666
The University of Western Australia	17.6	19.2	2.00	5601
The Australian National University	14.4	14.6	1.63	2373
The University of Melbourne	14.6	12.9	4.43	6002
Other Universities				
Australian Catholic University	28.4	30.0	1.69	1539
University of the Sunshine Coast	25.1	25.0	0.70	1262
James Cook University	22.0	22.0	1.67	2230
University of Tasmania	19.6	20.6	1.97	4988
Murdoch University	13.9	20.1	1.64	3726
The University of Newcastle	16.2	19.7	2.85	3014
Swinburne University of Technology	16.4	19.4	2.02	6499
Flinders University of South Australia	16.7	18.4	1.68	2457
Charles Darwin University(c)	9.8	16.2	0.68	2757
University of Wollongong	13.3	14.0	2.40	946
RMIT University	12.2	13.8	4.53	6309
Deakin University	12.0	13.7	3.61	11554
Curtin University of Technology	11.1	12.2	4.09	5573
Macquarie University	14.3	11.4	3.30	3194

Note: UBHI Based on total student enrolment numbers

A simple regression analysis using XLSTATPro (Fahmy 2015) of the relationship between UBHI and average advertising spend over the 10 years 2004-2013 reveals no statistically significant relationship between the two variables ($r2=0.04$, t value= -1.26) . This indicates that we can find no evidence that advertising contributes to university brand health as defined within this paper. So, despite the university sector spending $217 million in 2013 one can find no evidence that this spending is having the desired goals set by each university.

Indeed a year by year review of university spending on advertising, marketing and promotion indicates a simple budgeting approach of last year plus an additional amount for the current year. On the other hand an evaluation of the relationship between UBHI and university market share reveals that UBHI is negatively related to market share. Thus, the UBHI of a university is negatively impacted by increasing market share ($r2=.141$; t value $=-2.36$).

Table 2 Analysis of Unhealthy Brands- Below the median UBHI and Market Share

University	UBHI 2012	UBHI 2013	Ave Market Share %	Ave Ad Spend 2004-2013 $000
Group of Eight				
The University of Sydney	7.6	8.6	4.79	3890
The University of Queensland	6.3	7.7	4.01	7817
The University of New South Wales	4.1	6.5	4.41	8632
Monash University	6.7	6.4	5.73	6002
Other Universities				
Victoria University	6.1	10.2	2.19	4899
Griffith University	9.7	9.4	3.71	8794
University of Technology, Sydney	8.3	8.9	3.28	3036
La Trobe University	7.1	8.7	2.95	4736
University of Western Sydney	2.0	5.8	3.54	5419
University of Canberra	5.6	5.4	1.25	1289
Queensland University of Technology	4.2	5.4	4.01	8700
The University of New England	1.9	3.7	1.81	2687
Edith Cowan University	2.6	2.5	2.47	6313
Southern Cross University	3.2	2.0	1.41	2591
University of Southern Queensland	2.6	1.9	2.49	4106
Charles Sturt University	-0.2	1.6	3.53	1762
University of South Australia	1.5	0.2	3.33	5070
Central Queensland University	-1.9	-2.2	2.07	3680

Note: UBHI Based on total student enrolment numbers

5.0 Conclusions and Implications

This paper focuses on the development of an objective measure of brand health as a function of long-term sustained growth. This kind of analysis has not been undertaken before and relies on data provided by the Australian Government. UBHI enables university managers to easily track and monitor the change in their brand health over the years, and use it as a direction for the future marketing budget allocation and financial return maximization.

This research provides several managerial insights. The findings of this research are beneficial to University Vice Chancellors, Chief financial officers (CFOs), Chief Marketing Officers (CMOs) and Department Heads of Universities. Firstly, since CEOs and CFOs prefer behavioural measures to evaluate a brand's performance, the proposed measure enables them to evaluate the healthiness of their brands based on objective customer-market data.

An analysis of the results clearly identifies the healthy from the unhealthy university brand. Alarmingly it shows that there is no statistically significant relationship between university advertising, marketing & promotional expenses and brand health. In effect, these kinds of marketing actions (over $200 million spent per annum) seem to have little bearing in contributing to sustained growth over the long-term. This should be a worrying concern for Vice Chancellors. In addition, the analysis shows that increased market share has a negative impact on brand health. Thus, the larger universities are less growth oriented than the smaller universities.

As in all research studies there are limitations and this study is no exception. First, the study is limited to Australian universities. Second, one could argue that it is fairly easy for an individual university to increase student numbers just by reducing the quality at the point of enrolment. On a short-term basis this makes sense however, over the longer-term a reduction in quality is likely to have a negative effect on brand reputation and therefore lead to a reduction or at least a slowing down in future intake. Third, it analyses the combined results for undergraduate and post graduate students. Further studies could be undertaken in other countries and amongst specific cohorts to improve the generalizability of the findings.

More work is needed to separate the different channels which are used to communicate and advertise with potential students. It would be interesting to separate out the contribution of traditional media, versus new media, versus word-of-mouth, versus reputation, versus alumni networks for example. One could also factor in changes in the cities in which these universities are located (among other external factors). For example: do demographic / population growth factors lead universities to increase intakes for some / all programs and/or change entry criteria (e.g. lower entry scores)? Scenarios such as these could impact the results. In addition, further research could also examine how university ranking dimensions translate into improved brand evaluations on the consumer-side, and to look at and rank what dimensions used to compile university rankings (i.e. teaching performance, research performance, industry funding) such as TIMES have the highest impact on brand evaluations. Since the ultimate goal of this research was to contribute to the marketing accountability and marketing-finance interface literature, we developed an objective auditable measure of brand health linkable to financial measures. Future research can focus on the linkage between UBHI and the ability to attract both government and industry grants and bequests.

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BRAND AND BRAND MANAGEMENT

ABSTRACTS

How Many Sounds Are in a Word? Priming Phonological Awareness of Brand Names in Children

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Abstract

We examine the effect of phonological developmental differences on children's phonetic-based inferences. We demonstrate that children higher in phonological awareness (ability to recognise syllables and sounds contained in words) will prefer brand names with back (front) vowel sounds for heavy (light) products, than children with lower levels of phonological awareness. Further, evidence is provided to suggest that phonological awareness tasks can act as an effective priming tool, increasing preference for phonetically congruent brand names in early phonological developmental groups (i.e., in children with lower levels of phonological awareness). This research provides evidence that phonological awareness can be primed through embedding tasks within branded communications.

Keywords: *Phonetic Symbolism, Children, Phonological Awareness, Priming*

Track: *Brand and Brand Management*

Priming Referential Meaning through an Iconic Brand Colour

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Abstract

We examine the effect of brand colour priming on consumer perceptions of brand personality. Using an experimental study to manipulate placement of colour primes (no prime, jewellery, perfume, and chocolate); we demonstrate that brand personality can be primed through leveraging the associations tied to an iconic brand colour, specifically, the *Tiffany & Co* iconic blue. When primed with the *Tiffany* blue colour, participants perceived a fictitious brand (*Burlay*) as more sophisticated than when no exposure to the colour prime occurred, however, the transfer of associations weakened when the fictitious brand represented a product departing from the product category originally associated with *Tiffany* blue. That is, the fictitious brand *Burlay* was perceived as less sophisticated in the perfume and chocolate categories, than in the jewellery category. This research provides evidence that brand personality can be primed, or leveraged, through embedding iconic brand colours within brand communications.

Keywords: Colour, Priming, Brand Personality, Referential Meaning, Associations

Track: Brand and Brand Management

National image and travel intention: Empirical findings from the film industry

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Abstract

Cross-cultural communications, diverse audiences and a vast array of media choices make destination marketing challenging. Destination marketers have been turning to film as a way of promoting their locations to geographically disparate audiences. Indeed, they incorporate destination within the film so that viewers become 'film tourists' who develop travel intentions based on their experience with the film and their newly developed image of the destination. This study aims to identify specific film factors that contribute to destination image, and how these factors then link to travel intentions. We recruited Vietnamese respondents and examined the influence of Korean and Vietnamese films on domestic and international travel intent. Findings show that while Korean and Vietnamese films share similarities at influencing destination image and travel intentions, clear differences exist.

Keywords: *Destination Image, Brand Image, Tourism Marketing, Film Tourism*

Track: *Brand Management*

Published brand valuations: Is Apple © Worth $30bn or $153bn?

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Abstract

The financial valuation of brands is big business. There has been considerable contention of late about the fact that the top three valuation firms report markedly different dollar values for the same brands (e.g. Markables 2015; Ritson 2015; Sinclair and Keller 2014). We examine this issue using six years of published data from Millward Brown, Interbrand and Brand Finance. Specifically, we examine the inconsistency in valuations across the three firms and find further evidence of the continued wide variation in their valuations. We also examine the Millward Brown 'brand Momentum' metric said to be linked to future brand value, and find this metric is poorly correlated with future brand value growth.

Keywords: *Brand Value, Growth, Brand Equity, Brand Evaluation Methods,*
                Inconsistency

Track: *Brand and Brand Management*

Evaluating the competitive intensity of brand identity element types.

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Abstract

Used to elicit the brand in absence of the brand name, Distinctive Assets (such as colour, logo, character etc.) are a valuable tool to build and communicate a brand's identity. To be an effective prompt for the brand, these identity elements must uniquely evoke the brand name amongst competitors in consumer memory. To gauge the potential for uniqueness, we investigate competitive intensity for brand identity element types using the Herfindahl-Hirschman Index (a measure of market concentration). Our study investigates 166 identity elements from two categories across six countries in 2014/15. Results reveal Character and Logo have the lowest levels of competition, suggesting they are the easiest type of element for a brand to 'own'. In contrast, Phrase and Audio are highly competitive, thus it is much harder for firms to develop unique Distinctive Assets in these areas as uniqueness is low and links are spread across multiple brands in the category.

Keywords: *Distinctive Assets, Brand Identity, Competitive Intensity, Herfindahl-Hirschman Index*

Track: *Brand and Brand Management*

Perceived Quality–Brand Equity Relationship: Proposing and Testing a Mediating Role of Brand Authenticity

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Abstract

The influence of perceived quality on consumer-based brand equity is a contentious issue, with many investigations observing an insignificant relationship. What is puzzling is that these findings are emerging irrespective of (a) the way perceived quality is measured, (b) the type of category stimulus and (c) the positive correlation between the two constructs. Using two prominent models of brand equity as benchmarks, this paper addresses the issue by proposing that the effect of perceived quality on consumer-based brand equity is mediated by brand authenticity. Through data gathered from Australian consumers, we identify three categories in which perceived quality does not influence brand equity directly. The influence of perceived equity on brand equity moves through brand authenticity; a pathway to developing consumer-based brand equity that is consistent with Keller and Lehmann's (2003) conceptual framework.

Keywords: Consumer-Based Brand Equity, Brand Authenticity, Brand Equity Modeling

Track: Brand and Brand Management

"Happy, happy, happy …": The happy side of luxury brands

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Abstract

Research, so far, has dealt insufficiently with the relationship between luxury brands and brand happiness, in spite of the fact that the happiness concept is of high behavioral relevance in the context of luxury brands. The present paper therefore addresses this research gap by examining whether luxury brands make consumers happy and whether they have a greater effect on happiness than non-luxury brands. Furthermore, the degree of signal explicitness and its impact on brand happiness is investigated. The results reveal that luxury brands make consumers happy and that − for the product categories watches/jewelry and fashion/accessories − luxury brands make consumers happier than non-luxury brands. Moreover, the results disclose that the signal explicitness of luxury brands does not matter for the experience of different types of brand happiness. However, a surprising result is that signal explicitness does matter when considering gender differences.

Keywords: *Brand Happiness, Conspicuous Consumption, Luxury Brands, Signal Explicitness*

Track: *Brand and Brand Management*

Estimating the 'consumer surplus' for branded vs standardised tobacco packaging

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Abstract

Tobacco companies challenge whether standardised (or 'plain') packaging will change smokers' behaviour and argue the policy will be ineffective. We addressed this question by estimating how standardised packaging compared to a proven tobacco control intervention, price increases through excise taxes, thus providing a quantitative measure of standardised packaging's likely effect. Using two approaches: a willingness-to-pay task and a choice experiment, we estimated the 'consumer surplus' associated with branding. Smokers had higher purchase likelihoods for a branded pack than a standardised pack at each price level tested, and, on average, were willing to pay five percent more for a branded pack. The choice experiment produced a similar result, though also revealed how 'consumer surplus' varied between warning themes and by respondents' demographic characteristics. Our findings provide an easily understood analogy, extend support for plain packaging, and provide important new evidence of the benefits this measure will bring existing smokers.

Keywords: Plain Packaging, Consumer Surplus, Branding, Willingness To Pay, Choice Modelling

Track: Branding

Brand Governance in SMEs: Co-Creating Brand Value with Customers. Does it Mean Losing Control?

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Abstract

Current research suggests that SME organisations are keen to utilise digital media platforms to drive consumer engagement and co-create brand value with consumers. However, in comparison to larger organisations, the nature of SME businesses limits the development of organisational norms and structures relating to branding, compromising brand orientation and influencing the way in which SMEs interact with stakeholders (Baumgarth, 2010). These lead us to raise the question, where brand co-creation activities exist within SMEs, what mechanisms are used to retain governance over brands? In this paper we combine Baumgarth's (2010) antecedents of brand orientation, Prahalad and Ramaswamy's (2009) DART model of value co-creation, and the concept of Brand Governance (Ind and Bjerke, 2007, Helm and Jones, 2010; Hatch and Schultz, 2010) to create a conceptual framework for researching the way in which SMEs retain governance over their brands.

Keywords: SMEs, Brand Governance, Brand Orientation, Brand Value

Track: Brands and Brand Management

How do celebrity endorsements affect nonprofit brand evaluations?

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Abstract

The purpose of this paper is to examine *how* celebrity endorsements affect nonprofit brand evaluations. This study adopts a traditional branding perspective and contributes to theory in celebrity endorsement by explaining the different routes through which endorsements affect the evaluation of nonprofits involved in social endorsements. In two experiments, using two different samples, we test our conceptual framework for two nonprofit brands, in the areas of blood donation and cancer prevention. Results find that clarity of nonprofit brand positioning and attitudes toward partnerships mediate the impact of consumer perceptions of fit on attitudes and intentions toward the nonprofits involved in the social partnerships. These findings extend research on the benefits of social sponsorships for nonprofits to celebrity endorsement. By demonstrating that fit influences attitudes toward partnerships, clarity of brand positioning, and intentions to support nonprofits, the results contribute to our understanding of the role of celebrity partnerships in charity marketing.

Keywords: *Celebrity Endorsement, Clarity of Brand Positioning, Fit, Nonprofits*

Track: *Brand and Brand Management*

Official Sponsoring Appearance versus Ambush Attack:
Investigating Attitudinal and Motivational Associations Toward a Brand

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Abstract

Side by side with the rising attraction and coverage of sport events, the exclusive sponsorship of such events becomes more and more popular for marketers, primarily to enhance brand equity. As a parallel trend, the tactic of ambush marketing can be discovered. Generally, an ambush brand tries to "steal" public attention surrounding the event. Focusing on the fascinating rivalry between official sporting commercialisation and ambush marketing activities, the primary goal of this paper is to examine the shift of consumers' associations toward a given set of sponsor and ambush brands. Specifically, a combination of implicit (reaction time measurement) and explicit methods (self-report) is applied in order to capture consumers' attitudinal and motivational associations toward a brand. With special focus on the FIFA World Cup 2014, the empirical results indicate that significant effects and differences between sponsor and ambusher can only be revealed on an implicit information processing level.

Keywords: *Sport Marketing, Implicit Processes, Reaction Time Measurement, Brand Information Processing, Brand Knowledge*

Track: *Brand and Brand Management*

Initiating brand relationships through interactions in Social Media: The role of language

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Abstract

Interactions between customers and companies are of crucial importance for building and maintaining brand relationships. Social Media offer nowadays new possibilities of inter-actions. When comparing interactions in Social Media to offline interactions, the im-portance of language rises, since non-verbal (e.g. gesture) and paraverbal (e.g. voice level) elements are mainly missing during Social Media interactions. Therefore, we investigate the influence of different communication and language styles used for interaction initia-tion in Social Media on brand-related outcomes. To test these effects, we have conducted an experiment (n = 100) using a 2 (abstract vs. concrete language) x 2 (use vs. non-use of pronouns) between-subject factorial design. Our main results indicate that abstract lan-guage is associated with a social-oriented communication style and should be used by low-involvement brands, whereas high-involvement brands should prefer concrete language for increasing brand interest.

Keywords: *Interactions, Brand Relationship, Social Media, Communication Styles, Language Styles*

Track: *Brand and Brand Management*

Behavioural Loyalty of Readers of Digital Media Brands

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Abstract

Media titles face many challenges in the current digital era, requiring greater focus on the management of the media "brand", particularly in terms of content. This is driving the need to understand brands (mastheads), sub-brands (section content) and their interrelationships. Knowledge of the behavioural loyalty of a media brand's audience can be used to assess and manage the brand. Loyalty metrics such as repertoire size and duplication provide managers with an understanding of their readers. Calculations of repertoire size and level of duplication are model-free and can be simply determined. Analysed here is a census panel of magazine subscribers which provides data on in-media content consumption over a series of issues. Findings show large variations in in-media content repertoire sizes. Levels of duplication vary too, generally in line with the reach of the audience. These findings enable the monitoring of the breadth of content usage of different audiences.

Keywords: *Media Management, Media Branding, Repertoire, Duplication, Behavioural Loyalty, Switching Behaviour.*

Track: *Brand and Brand Management*

The Impact of Contamination on Scarcity and Emotions affecting Perceptions and Purchase within Luxury Retailing

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Abstract

Contamination is grounded in the Law of Contagion (Frazer 1959, Mauss 1972), whereby direct or indirect contact between two objects leads to a transfer of essence which remains even after physical contact has ceased. When a product is touched by others it is evaluated more unfavourably, and purchase intentions decrease. Therefore perceived contamination and consumers' perceptions alter buying behaviour and purchase intentions. Mixed methods approach is undertaken, with the use of semi-structured interviews, followed by self- administered questionnaire employing various statistical analysis tools. The use of non- student sample and mixed methods approach adds ecological validity. The study provides theoretical contribution to the Law of Contagion and extends the knowledge within a retail context. The managerial contribution of this study is in providing a blueprint, understanding and identification of procedure and policy in order to diminish the effects of perceived negative contamination.

Keywords: *Contamination, Luxury Branding, Retail, Shelf Displays, Emotions, Perceptions*

Track: Brand and Brand Management

Ethical Dimension of Consumer Based Brand Equity

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Abstract

Several authors have conceptualized Consumer Based Brand Equity (CBBE) to include few dimensions including Brand Awareness, etc. and a lot of studies have been undertaken in this regard. However, few studies have considered the effect of ethical dimension of brand (communication) to have an impact on CBBE. This paper argues that brand ethics impacts brand equity and present a model which includes this dimension as a measure of CBBE. A conceptual model has been developed and tested with data using Structural Equations Modeling (SEM) technique. A questionnaire was developed for this purpose and 150 valid responses along with 200 bootstrap samples were used in the analysis. The results indicate that Brand Ethics is a dimension of CBBE along with other established dimensions of brand equity. This paper is an early work adding to brand theory.

Keywords: *Consumer Based Brand Equity, Brand Ethics, SEM, India*

Track: *Brand and Brand Management*

How Do Consumers Evaluate Overlapping Brands?
The Role of Corporate versus Product Brand Dominance

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Abstract
In this study, we explore the concept of overlap between brands in a firm's portfolio. We define overlap from a consumer's perspective as the degree to which a brand is perceived to offer the same product features as other brands owned by the same firm. There is limited research on overlap and it is unclear how overlap affects consumers' brand evaluations. We propose and empirically test a conceptual framework that identifies conditions under which overlap has positive and negative outcomes, giving rise to guidelines for scholars and practitioners. We will present and discuss the initial results from the consumer experiments at ANZMAC 2015.

Keywords: *Brand Portfolios, Brand Overlap, Brand Attitudes, Multibrand Firm*

Track: *Brand and Brand Management*

Off the Pitch: A Cross-Country Investigation of the Determinants of Engagement Behaviour and its Effect on Football Fan Loyalty in Germany and China

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Abstract

Despite the growing interest in the engagement construct, a theoretical gap exists in the football-fan context regarding both its antecedents and its effects on attitudinal fan loyalty and subsequent behavioural loyalty (e.g. match attendance). To address this deficiency, a theoretical framework is developed with enduring involvement, fan identification and brand love influencing fan engagement, which then influences attitudinal loyalty, which then influences behavioural loyalty. This framework is empirically tested using 425 football fans from China and Germany. Analysis was conducted using SmartPLS v2 using recommended procedures. The results show that fan identification, brand love and enduring involvement influence fan engagement, which then influences attitudinal loyalty. Attitudinal loyalty was found to mediate the influence of fan engagement on behavioural loyalty. The model largely holds across China and Germany.

Keywords: *Football, Fan Loyalty, Engagement, Brand Love, Enduring Involvement, Attitudinal Loyalty, Behavioural Loyalty, Germany, China*

Track: *Brand and Brand Management*

Antecedents and consequences of student-university identification

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Abstract

The study proposes and empirically tests a comprehensive model of student-university identification based on social identity theory. It examines the role of university personality, university brand knowledge and university prestige in developing student-university identification. Furthermore, the effects of student-university identification on various university-supportive behaviors are examined. Findings reveal that university prestige and university brand knowledge contribute toward student-university identification. In addition, the study finds that strong student-university identification lead to greater university-supportive behaviors such as affiliation, suggestions for improvement and advocacy. Self-brand connection was found to moderate the link between student-university identification and university-supportive behaviors suggesting that universities, in their internal branding and marketing communication activities, should provide cues to the students about how the university configures a relevant identity.

Keywords: *Student-University Identification, Social Identity Theory, University-Supportive Behaviors, Self-Brand Connection, PLS*

Track: *Brand and Brand Management*

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SOCIAL MARKETING

FULL PAPERS

Fantasy in Mass Media Social Marketing Campaigns

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Abstract

Under an interpretive paradigm, semi-structured interviews were conducted with five expert mass media social marketing (MMSM) practitioners in Australia. The data was analysed qualitatively, one of the key themes to emerge from the results was the use of 'fantasy' and the effect that it may have on voluntary behaviour change. Discussion focuses on the 'concentration of images' as far as describing mass media mediums as a 'plague of fantasies', how they distort our ability to distinguish between reality and the abstract world that increasingly influences our lives and how target audiences exposed repeatedly to a fantasy theme will either be led to new values or have held values reinforced.

Keywords: fantasy, dimensions of religion, social marketing, mass media campaigns, interviews, qualitative research

Track: Social marketing or Consumer Culture Theory

1.0 Background

Religion and MMSM are considered major influencing factors within popular culture. Unfortunately, both researchers and practitioners of MMSM campaigns either lack religious intellect or intentionally mitigate against its logical use whilst on the other hand; those representing religion often have a sceptical view of both the media and the use of mass media. As a result, discussions about the possible intersect and/or inter-relationship of religion and MMSM is often disputed, intentionally abandoned and generally not well informed.

Sullivan (1989) and Koening, et al., (2001) have traced the relationship between religious behaviour and MMSM campaigns (e.g. health promotion,). The link between religion and health promotion (e.g. health care debate) is mainly in the areas of: conduct of behaviour, coping and healing. Koening, et al., (2001) suggest that the connection between religion and health promotion is not a new phenomenon as previous studies have been conducted in terms of religion in: clinical applications, disease prevention, health promotion, health services and physical disorders. Further studies report findings that religion is a major element in discouraging unacceptable health risk behaviours such as smoking, overweight/obesity, physical inactivity, poor diet and excessive alcohol consumption (Frank and Kendall, 2001; Furby and Beyth-Marom, 1992; Lorch and Hughes, 1985).

Whilst empirical research into healthy behaviours indicates an efficacy between religion and desired behaviours/outcomes, the converse applies with the relationship between religious personality and alcohol abuse and religious personality and STDs/HIV (Abraham, Sherran and Abraham, 1992; Bree and Pickworth, 2005; Hassett, 1981; Wallace and Bachman, 1991).

Amonini and Donovan (2006) argue that religious elements are empirically proven as predictors of positive healthy behaviours such as regular exercise and eating healthy, however; these elements receive minimal attention from health campaign researchers and practitioners (Frank and Kendall, 2001; Lorch and Hughes, 1985). Remarkably, religion as a predictor of a target audience's behaviour, appears in many behaviour change theories. The theory of reasoned action (Fishbein and Ajzen, 1975) is arguably the most applied theory to health problems/campaigns and initially comprised the moral/personal norms' (i.e. religion) concept (Montano and Kasprzyk, 2002). Some social marketing researchers acknowledge the 'religion' concept and its application, yet they fail to recognise and address it as a variable during the data analysis phase (Ajzen, 2002b; Janz, Champion and Strecher, 2002; Petty and Cacioppo, 1986a).

The analysis and review of both the dimensions of religion and MMSM campaigns is a continuation of the body of work in Van Esch et al., (2013; 2014; 2015). Religion is framed as the seminal and widely accepted works of Ninian Smart's seven dimensions of religion (Table 1), which help characterise the constructs and under-pinning themes of religion(s) and their existence in the world today (Smart, 1989: 21).

Table 1: Dimensions of religion and their identifiers

Dimension	Identifiers
Practical and ritual	Practices and rituals of different traditions and cultures, preaching, prayers, ceremonies, meditation, worship, spiritual awareness, ethical insight, communities re-enacting their myths and stories to confirm and express beliefs through action.
Experiential and emotional	Evoking religious feelings, direct experiences of the divine, visions, enlightenment, security, comfort, awe, inexplicable presence, mystery, ecstasy, dread, guilt, awe, devotion, liberation, inner peace, bliss, assurance of salvation, brilliant emptiness, an expanded sense of identity, accumulation of religious knowledge and experiences and unconscious, super-conscious and/or neurologically induced events of a higher reality.
Narrative or mythic	Myths or sacred stories, systematic or complete interpretation of god(s), the nature of humans and their place in the universe, historical accounts, hagiography, oral traditions, authority from the divine.
Doctrinal and philosophical	Doctrines, systematic formulation of religious teachings and beliefs, sacred texts, the nature of divinity, ultimate reality, the relationship of humans to an ultimate, real, divinity. Religious narrate, reflection, structured beliefs beyond the symbolic aspect of myths, faith, and values of a tradition, worldly views and salvation.
Ethical and legal	Laws, rules, guidelines or behavioural precepts for conduct according to which the community, employees, employers, consumers, producers and citizens at every level of existence judge a person, conformity, a supernatural realm and higher being of a particular faith.
Social and institutional	Tradition, belief system, social organisation, shared and implied attitudes practiced by individuals or the group, community membership, participation in public, exemplary individuals, buildings, works of art, cities, symbols, idols, other creations and places of worship, formally organised, a sense of normative values, group bonding, functioning society and a community to live in.
The material	Ordinary objects or places that symbolise or manifest in material form that help connect the believer to the sacred, supernatural or the divine, religious artefacts, religious capital, sacred objects, sacred tourism, pilgrimage and sacred areas and/or places.

Source: Adapted from Smart, (1996); Van Esch et al., (2014).

Interestingly, Harrison (2010) argues that the flow of a series of closely aligned images and narratives within a particular ideology (i.e. scripts) allows for the creation of fantasies and imagined worlds; this allows fantasy to be captured to some extent in the dimensions of

religion (e.g. Practical and ritual, experiential and emotional, narrative or mythic and the doctrinal and philosophical).

2.0 Methodology

Bhattacherjee (2012) reports that employing an interpretive paradigm is the best way to study social order and that it is achieved through the *"subjective interpretation of participants involved, such as by interviewing different participants and reconciling differences among their responses using their own subjective perspectives"*. Five MMSM practitioners were identified from government and/or private agencies located in Australia that specialise in the design, creation and evaluation of MMSM campaigns, and who have been directly related to or have experienced the topic under investigation (Van Esch et al., 2014). The verbatim transcripts form the recorded interviews were subjected to a text analysis in order to identify the dimensions of religion and their identifiers using the qualitative software tool NVivo. The interviews consisted of eight questions (Table 2).

Table 2: Interview questions

Question 1	Do the dimensions of religion have application in MMSM campaigns?
Question 2	The campaigns often use a preaching context; do you think this is related to religious practices?
Question 3	Is a preaching context, an appropriate driver for mass voluntary behaviour change?
Question 4	Some campaigns utilize a theme of Assurance of Salvation without using explicit religious language; do you think the campaign would benefit or suffer from the use of religious language?
Question 5	Is an Assurance of Salvation theme, an appropriate driver for mass voluntary behaviour change?
Question 6	Whilst five of the seven dimensions were evident, many of the identifiers were not; would the increased use of the identifiers in an implicit and/or explicit way reinforce a campaign message?
Question 7	Two dimensions that are explicit in religious content were not evident in the campaigns; would this represent a deliberate extent to mitigate the use of Religion in MMSM campaigns?
Question 8	The two non-evident dimensions: The Material and Narrative or Mythic, do they or their identifiers have application within MMSM campaigns?

Source: Van Esch et al., (2014).

Founded in Van Esch et al., (2015), the semi-structured interviews for this study were conducted one-on-one or face-to-face through an electronic medium (e.g. Skype). In terms of formality and structure, each interview was flexible in its approach. During the interview, questions were either omitted or used in a different order dependent on the direction of the dialogue; probes were at the discretion of the interviewer; the style of language was adjusted when necessary and the wording of questions flexible. The data collected was rich, due to a high level of personal interest and response to the research from the interviewees. Even though the topics were covered in different orders and in different ways during the different interviews, this allowed each interview to become a story in its own right. The unique nature and structure of each story was of significant interest, as they were used to guide the research propositions. The interviews were recorded with participant consent to produce complete verbatim transcripts.

3.0 Findings

Interviewee responses (Question 3 - Table 2), is where the key theme: 'the use of fantasy and the effect that it may have on voluntary behaviour change' emerged: *"Yes, specifically*

symbols or myths that are used as subliminal stimuli portraying an experience that can influence the betterment of the campaigns target audience" (Participant 1) and *"Whilst theoretical, social marketing communication needs to be clear and precise to assist with the effect the message will have on an audience. Generally, this is not discussed during the campaign planning process. We are currently exploring the use of Jung Theory with the archetypal notion that within everyone's general subconscious, there are some archetypes, specifically we are looking at the links with fantasy and the effect that will have on behaviour change"* (Participant 2).

The verbatim interview transcripts were coded against the seven dimensions of religion and their identifiers (Smart, 1989;1996) using a qualitative software tool (e.g. NVivo) and subjected to text analysis to highlight hierarchical data and to compare nodes based on their attribute values (Table 3).

Table 3: Text Analysis for all Interviews

Nodes	Coding references	Items coded
Social and Institutional\Exemplary individuals	48	19
Practical and Ritual\Preaching	45	19
Doctrinal and Philosophical\Religious narrative	41	16
Experiential and Emotional\Assurance of salvation	33	17
Practical and Ritual\Ceremonies	21	9
Experiential and Emotional\Evoking religious feelings	16	4
Experiential and Emotional\Comfort	13	7
Ethical and Legal\Guidelines	7	5
Social and Institutional\Participation in public	6	4
Social and Institutional\Group bonding	5	1
Social and Institutional\Community membership	5	2
Practical and Ritual\Re-enactment of myths and stories	4	2
Ethical and Legal\Rules	4	3
Doctrinal and Philosophical\Symbolic aspect of myths	4	4
Ethical and Legal\Judgment of a person	4	4
Practical and Ritual\Ethical insight	3	2
The Material\Religious artefacts	2	1

Source: Van Esch et al., (2014; 2015).

The results from the tree map analysis indicate in order of most significant, the dimensions and the identifiers within them.

Strong presence:
- Social and Institutional – Exemplary individuals, participation in public, group bonding and community membership
- Practical and Ritual – Preaching, ceremonies, re-enactment of myths and stories and ethical insight.

Medium presence:
- Experiential and emotional – Assurance of salvation, evoking religious feelings and comfort
- Ethical and legal – Guidelines, rules and judgement of a person

Low presence:
- The material – Religious artefacts.

4.0 Discussion and Conclusion

Harrison (2010) argues that the flow of a series of closely aligned images and narratives within a particular ideology (i.e. scripts) allows for the creation of fantasies and imagined

worlds; which previously, were not considered possible. This view is supported by Lewellen (2002: 96) who states "mass media creates new scripts for possible lives and possible futures". Interestingly, such scripts can derive from different cultural lenses, not just mass media and any such images can be accepted and re-imagined in a number of ways.

When it comes to the masses, the collective imagination grows momentum via new scripts of possibilities which in turn is acted out individuals within and by the masses within a particular social environment. Appadurai (1996) suggests that there is a link between electronic media and the creation of 'communities of sentiment'. However, Virilio (2005; 2008) suggests that any links drawn between electronic media and the imagination and/or fantasy is considered through a more conservative view (Lansberg, 2004). Žižec (1997) builds on the work of Appadururai's (1996: 36) 'concentration of images' as far as describing both the electronic media and the internet as a 'plague of fantasies' which distorts one's reasoning between reality and the abstract world that increasingly influences our lives (i.e. audio visual media, digital media and unpredictable market relations).

Building on Debord's (1983) concepts, Baudrillard (1995a; 1995b), suggests that the surge of images in which target audiences are subjected to, that evolve into an unintelligible version of what originally was to be represented; allows the audience to develop the ability to create fantasies that can both create and supress emotions and perceived experiences of anxiety, fear and dislike. Dill (2009) argues against the widely held belief that "*because we understand that mass media stories are fantasies, they cannot affect our realities*" stating that social psychology theory demonstrates that even with consistent exposure to media effects, many of the target and non-target audiences are unaware of such effects or don't believe they could become true. This empowers audiences to control their own manipulation through the development of media literacy skills, which in turn allows them to control their own MMSM campaign consumption.

Therefore, in terms of MMSM campaigns, exposure to a barrage of images at home, office, on public transport and through electronic mediums can force both target and non-target audiences to be trapped in a complex network of both opinion and activity on a local and sometimes international setting. Such a mix of opinion, reporting, advice, advertising, communication and psychology can be deemed to be understood as produced and replicated from various 'fantasies' whilst appearing under the guise of an over-abundance of data that can be immediately recognised and/or expressed in the general public symbolic space (Žižec 1997: 212). Furthermore, Harrison (2010) argues that "*such fantasies have become an important, novel and all-pervasive social force in contemporary society*". Fantasy in both nature and content of a campaign message is vital as it creates a link between the recent past and creating the future through the imagined futures of the present.

Like Biblical parables, MMSM campaigns tableaux; function quite similarly as they attempt to elucidate ethical, moral and practical lessons from the events that occur in day-to-day life. Similar to parables, MMSM campaigns embellish what is accepted as 'real- life' in an attempt to sensationalise the key message or even to provoke a response from the target audience, sometimes achieving both.

Bormann (1972; 1985), argues that target audiences exposed repeatedly to a fantasy theme will either lead to new values or have held values reinforced because in both instances, the audience is unaware of the persuasive appeal of the campaign message. The rationale is due to the fact that mass audiences unintentionally partake in a grander 'rhetorical vision' (Bormann, 1972: 399), otherwise known as symbolic convergence.

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The Influence of Values on Pro-environmental Behaviour: Towards a Conceptual Framework

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Abstract

Values serve as guiding principles of pro-environmental behaviour. The main purpose of this paper is to develop a conceptual framework for investigating the relationship between values and pro-environmental behaviour. Drawing on a critical review of relevant literature, it is proposed that values typically indirectly influence environmentally responsible behaviour through the behaviour-specific determinants of personal norms, beliefs/attitudes, subjective norms, and self-identity. This conceptual framework contributes to the evolving literature and serves to direct future theoretical and empirical research which intend to investigate and promote pro-environmental behaviour in different contexts.

Keywords: value, value orientation, pro-environmental behaviour

Track: Social Marketing

1.0 Introduction

There is growing awareness that many serious environmental problems threatening the planet are, at least to some extent, associated with human actions (Nordlund & Garvill, 2002). Hence, elucidating motives and determinants relating to pro-environmental behaviour is of paramount importance for changing human behaviours towards an environmentally responsible direction (Olander & Thogersen, 1995). In an effort to do this, researchers have sought to understand the influence of values on pro-environmental behaviour. Steg et al. (2014) suggest that certain values/value orientations serve as guiding principles of pro-environmental behaviours. The Value-belief-norm (VBN) model (Stern, 2000; Stern, Dietz, Abel, Guagnano, & Kalof, 1999) stresses the indirect impact of value orientations on environmentally friendly behaviour via a causal chain of environmental-related beliefs and personal norms. Another approach to the relationship between values and pro-environmental behaviour is to combine human values with key components of Ajzen's Theory of planned behaviour (Follows & Jobber, 2000). Despite extensive efforts, there is no clear consensus on how values influence pro-environmental behaviour. Also, neither the VBN nor the TPB provide adequate explanation of pro-environmental behaviour, as such behaviour may involve both pro-social and self-interest motives (Lindenberg & Steg, 2007).

This paper aims to plug the above mentioned gaps by taking an integrative approach at the relationships between values and the key determinants of pro-environmental behaviour presented in influential theories. Specifically, the objectives of this paper are twofold as follows:

(i) To provide a review of influential theories relating to values and pro-environmental behaviour, and the influence of values on various types of pro-environmental behaviour;

(ii) To propose a value-based framework of pro-environmental behaviour, along with implications for future research.

In the next section, this paper critically reviews underpinning theories relating to values and pro-environmental behaviour. It subsequently highlights the influences of values on environmentally responsible behaviour. Following the review of relevant literature, a value-based framework of pro-environmental behaviour is proposed together with implications for future research.

2.0 Underpinning theories

2.1 Value theories in the environmental domain

Rokeach (1973, p. 5) defines value as "enduring beliefs that a specific mode of conduct is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence." Schwartz (1992) outlines five key features of values, namely that: (1) Values are concepts or beliefs; (2) they concern desirable goals; (3) they transcend specific actions and situations; (4) they serve as standards or criteria for selecting or evaluating actions and people and events; and (5) they are ordered by importance relative to one another. It is useful to organise compatible values into specific value orientations, which helps to elucidate modes of behaviours across individuals and cultures (McCarty & Shrum, 1994). This paper refers to value orientation as an organisation of compatible values or fundamental beliefs, of an individual or a cultural group, which express motivational and normative qualities that guide the mode of conduct in a specific domain.

Scholars have applied multiple typologies of personal values in the environmental domain, for example: the human value theory (Schwartz, 1992, 1994), the environmental value orientations (Stern, Dietz, & Kalof, 1993), and the ecocentric-anthropocentric scales (Thompson & Barton, 1994). Perhaps, the two most widely used value orientations in the environmental domain are self-transcendence and self-enhancement (Schwartz, 1994). Stern et al. (1993) argue that it is useful to identify biospheric values and altruistic values as two separate clusters of self-transcendence. They, therefore suggest egoistic (i.e., values focusing on maximising personal outcomes), altruistic (i.e., values reflecting concern for the welfare of human beings) and biospheric value orientations (i.e., values emphasising the quality of the environment and the biosphere) as the basis of environmental concerns.

Studies of cultural values identify collectivism as an underlying determinant of pro-environmental behaviour (e.g., Cho, Thyroff, Rapert, Park, & Lee, 2013; McCarty & Shrum, 1994). Collectivism refers to the conviction that individuals are closely linked as parts of one or more collectives such as family, peers and society. The behaviour of collectivists is motivated by group norms and duties. Collectivists are willing to give priority to the goals of groups over their personal goals (Sharma, 2010); hence they tend to act in an environmental manner because it is good for their groups.

2.2 Pro-environmental behaviour models

Stern (2000) suggests that two facets define environmentally significant behaviour, i.e. environmental impact and environmental intent. Whilst the former refers to behavioural impact on the availability of resources and the structure of ecosystems, the latter reflects an actor's intention to change the environment. Kollmuss and Agyeman (2002, p. 240) implicitly address both facets in the following definition of pro-environmental behaviour: "behavior that consciously seeks to minimize the negative impact of one's actions on the natural and builtworld." According to this approach, pro-environmental behaviour may

consist of committed activism (e.g., working in environmental organisations), citizenship behaviour (e.g., recycling), and purchase and consumption of environmental friendly products. To date, various studies on pro-environmental behaviour have been based on the VBN model and the TPB. Although these two theories adopt different approaches to determinants of pro-environmental behaviour, comparative studies demonstrate that both these models have been successful in explaining and predicting citizenship behaviour and individual purchase of environmentally friendly products (e.g., López-Mosquera & Sánchez, 2012; Oreg & Katz-Gerro, 2006)

The VBN framework developed by Stern et al. (1999) extends two influential theories, i.e. the Norm activation model Schwartz (1977) and the Theory of human values (Schwartz, 1992). Specifically, these authors link broad value orientations with pro-environmental behaviour through a causal chain from environmental beliefs, which consist of general ecological worldview and specific beliefs about environmental conditions and individual responsibility, to personal norm, which reflects feeling of moral obligation to behave in a certain way in a specific situation. The VBN model has proven to have greater capacity in explaining low-cost pro-environmental behaviour or "good intention" (Lindenberg & Steg, 2007).

The TPB developed by Ajzen (1991) claims that human behaviour is grounded in three types of considerations, i.e. behavioural beliefs based on considerations of outcomes of behaviour, normative beliefs originating from considerations of pressure of others, and control beliefs indicating factors that control the performance of the behaviour. In accordance with the TPB, individuals are likely to engage in pro-environmental behaviour if they believe that such behaviour provides them with positive consequences and social approval, and they have greater control of performing the behaviour. In the environmental domain, the TPB best explains behaviour constrained by money, time and effort (Lindenberg & Steg, 2007).

Although these two theories have been widely used they are not without limitations. While the VBN model neglects determinants relating to personal and social costs associated with behaviour, the TPB fails to address the altruistic and cooperative perspectives of various pro-environmental behaviours. Bamberg et al. (2007) posit that it is not necessary to approach environmentally responsible behaviour separately as either self-interest motives (TPB) or moral concerns (VBN). Furthermore, it is argued that the two theories fail to take into account the influence of environmental self-identity, which appears to be a significant determinant of pro-environmental behaviour in some studies (e.g., Barbarossa & De Pelsmacker, 2014; Whitmarsh & O'Neill, 2010).

3.0 The Influence of Values on Pro-environmental Behaviour

Conventional wisdom indicates that values influence pro-environmental behaviour indirectly (Dietz, Fitzgerald, & Shwom, 2005). Based on the underpinning theories and previous research studies, this paper argues that values exert influence on pro-environmental behaviour via environmental self-identity and the three behaviour-specific determinants, which are the key components of the VBN model and the TPB. These are explained as follows:

3.1 Personal Norms

Values activate personal norms for pro-environmental behaviour (Steg et al., 2014). Relevant values evoke feelings of moral obligation to act in an environmental manner (Schwartz, 1977). Self-transcendence (i.e., altruistic and biospheric) values positively

influence personal norms, which in turn encourage individuals to engage in pro-environmental behaviour (Nordlund & Garvill, 2002). In contrast, self-enhancement and egoistic values have negative impact on personal norms relating to pro-environmental behaviour (De Groot & Steg, 2007).

3.2 Beliefs/Attitudes towards behavioural consequences

Extant research suggests that the indirect impact of values on pro-environmental behaviour work through beliefs and attitudes relating to consequences of the behaviour (e.g., Dembkowski & Hanmer-Lloyd, 1994; Homer & Kahle, 1988). Collectivism has a positive influence on environmental attitudes (Cho et al., 2013; Leonidou, Leonidou, & Kvasova, 2010). Consumers with biospheric values mostly consider environmental impact (e.g., environmental quality, greenhouse gas emissions) as more important than egoistic consequences (e.g., price, reliability), when selecting energy alternatives (Perlaviciute & Steg, 2015).

3.3 Subjective norms

Soyez (2012) demonstrates that value orientations significantly influence subjective norms relating to the purchase of organic food in the following five countries: Russia, German, USA, Canada and Australia. Specifically, anthropocentric value orientation (i.e., altruistic) appears to be the main driver of pro-environmental subjective norms in Russia, while consumers in other countries formed subjective norms for ecocentric (i.e., biospheric) reasons. Also, it can be proposed that collectivism is positively associated with subjective social norms. Collectivists have a strong sense of responsibilities to their collectives, such as family and peers (Cho et al., 2013); hence they are motivated by social norms.

3.4 Environmental self-identity

Environmental self-identity mediates the link between values and pro-environmental behaviour (Gatersleben, Murtagh, & Abrahamse, 2012). Values form the core of personal identity, and lead to behaviour congruent with meanings of that identity (Verplanken & Holland, 2002). Hence, if individuals subscribe to pro-environmental values they are likely to see themselves as an environmentally responsible person and act in an environmental manner (Whitmarsh & O'Neill, 2010). Empirical evidence suggests that biospheric value orientation is significantly related to generic environmental self-identity and energy-saving self-identity, which in turn positively correlates with pro-environmental behaviours (Van der Werff, Steg, & Keizer, 2013).

It is argued that majority of the studies have failed to examine different levels of values and their relationship. Specifically, studies investigated either personal values without taking account of general values (i.e., socio-cultural value orientations) or, conversely they focused on socio-cultural value orientations while neglecting personal pro-environmental values (Soyez, 2012). Thus, there is a need to adopt an approach that integrates influences of both personal and socio-cultural values on pro-environmental behaviours. Additionally, given that the link between value orientations and subjective norms of pro-environmental behaviour has received only sparse attention further examination of this relationship would be beneficial. This is particularly important for studies in the context of collectivist cultures prevailing in countries like Vietnam, China, and Japan, where environmental significant behaviour appears to be an indicator of social influences.

4.0 Conceptual Framework and Implications

Drawing on the critical review of the extant literature, this paper proposes a framework in Figure 1 to illustrate an integrative value-based approach to pro-environmental behaviour. Specifically, this model links personal and cultural value orientations with pro-environmental behaviour through environmental self-identity and key behavioural determinants presented in the TPB (i.e. attitudes and subjective norms) and the VBN theory (i.e. personal norms).
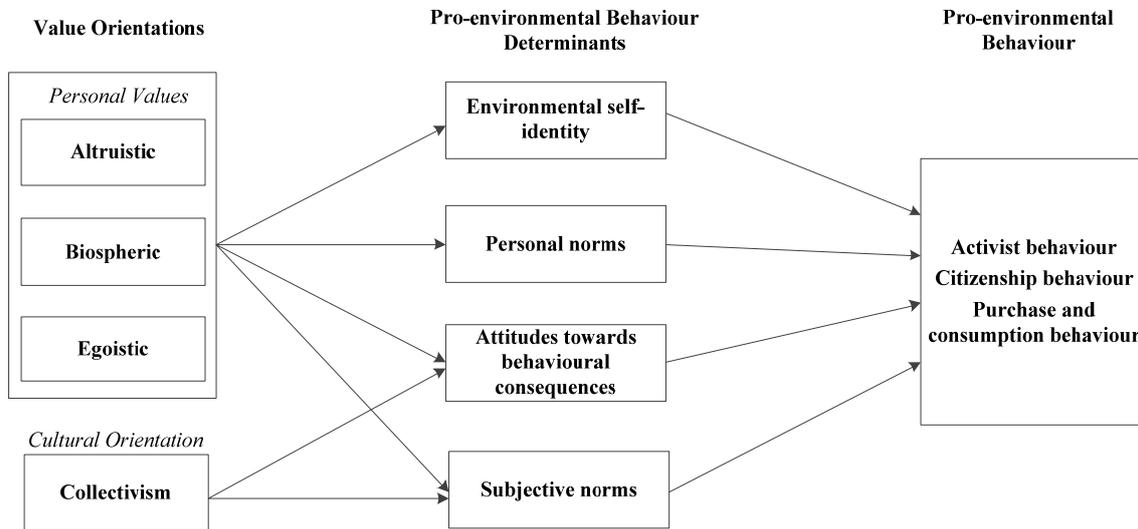

Figure 1: Value-based Framework of Pro-environmental Behaviour

As shown in Figure 1, future research should take into consideration both personal values (e.g., altruistic, biospheric and egoistic) and cultural orientations (e.g., collectivism) and investigate how these values exert their influence on environmental self-identity, attitude towards consequences, personal norms and subjective social norms relating to certain pro-environmental behaviour. Interestingly, it is expected that the inclusion of environmental self-identity would improve the explanatory capacity of related constructs as self-identity has proven to contribute significantly to the TPB in several studies (e.g., Hagger & Chatzisarantis, 2006; Shaw, Shiu, & Clarke, 2000).

Pro-environmental behaviour generally involves conflict between self-transcendence and self-enhancement motives (Dietz et al., 2005). Recent research however, reveals that consuming eco-friendly products, such as energy-efficient appliances, generates both environmental benefits, such as less carbon emissions and reduced depletion of natural resources, and personal outcomes, such as reliability and reduced operating cost (Ottman, Stafford, & Hartman, 2006). Such findings emphasise the need to carefully examine conflicts and compatibilities between value-based motivations and norms of environmentally significant behaviour. This then assists in explaining how different values motivate or hinder a particular pro-environmental behaviour. Based on this, behavioural intervention should be tailored to individual's values that support desired pro-environmental behaviour.

5.0 Conclusion

Overall, this paper extends influential theories in the environmental domain by developing a conceptual framework that highlights the significance of values for pro-environmental behaviour. This framework contributes to the body of literature associated with pro-environmental behaviour in three ways. First, it takes an integrative approach at how personal and cultural value orientations influence pro-environmental behaviour indirectly via key behavioural determinants. Second, it elicits multiple motives and their interaction in

predicting pro-environmental behaviour, i.e. personal benefits (attitudes and subjective norms), moral concerns (personal norms) and identification with green consumers (environmental self-identity). Third, this value-based framework could possibly provide better understanding and therefore propose effective interventions in promoting environmentally responsible behaviours.

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Choosing Good Things the Right Way - When and Why Socially Conscious Products Create Regulatory Fit

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Abstract

Socially conscious products are an increasingly hot topic. Prior studies have focused on documenting consumers' willingness to pay a premium for socially responsible features in products, while paying less attention to situations under which valuations might differ. The present research suggests that customer valuations for socially conscious products depend on regulatory fit from the decision-making process. In Experiment 1, we demonstrate that customer's willingness to pay for socially conscious products is significantly higher when choices are made in a justified manner. Conversely, people offer more money to buy conventional products when the decision-making process is based on purely instrumental means. In Experiment 2, we replicate this finding and demonstrate the mediating role of engagement in this process.

Introduction

Consumers increasingly want to derive more from their purchase decisions than just selecting the best or "highest quality" option. It is commonly assumed that consumers want to feel good about how they make their decisions. For instance, freshdirect.com – a pioneer in online grocery delivery – committed to sourcing the highest quality, freshest food available with the goal of allowing customers "more time to live healthy lives". And their mission is successful, as consumers increasingly adopt new technologies in order to show off green credentials. This and countless other examples are reflective of a global trend towards more ethically motivated consumerism. At the same time, however, it remains unclear when socially responsible products are a valuable option for consumers. One school of thought argues that consumers are unlikely to compromise on conventional product attributes like price, convenience and performance, for less salient product features like social acceptability (Davis, 2013, Lee, Park, Rapert, & Newman, 2012). In opposition to that, there is a vast amount of empirical research arguing however that consumers not only purchase these products, but are also willing to pay a premium for them. Matter of fact, a recent Nielsen online study of more than 28,000 respondents from 56 countries found that 66 percent of the participating consumers preferred to buy services from companies that give back to society (Nielsen, 2014). Today's consumers seem burdened with the motivational challenge of making socially responsible purchases while optimizing conventional purchase criteria such as price and quality. The most prompting question seems to be on what valuations for socially conscious products depend. What drives people to "put their money where their heart is" (Nielsen, 2014)? We turn to the use of proper means and regulatory fit theory to provide a theoretical background to this problem. Based on this theoretical framework we posit that when consumers make decisions in a *proper as* opposed to purely instrumental way, valuations for socially conscious products increase. Furthermore we argue, that this is because of regulatory fit. Regulatory fit theory posits that a match between a decision-maker's motivational orientation and the decision-making process induces a state of fit.

Regulatory fit, in turn, should increase strength of engagement and consequently valuations of the positive value target.

Socially Conscious Decision-Making

Perhaps the most compelling question concerning socially responsible decision-making is why consumers are willing to pay for socially conscious features in products. The fundamental human desire to maintain self-consistency is only one way to explain the value of socially responsible products (e.g. Aquino et al., 2009; Mazar, Amir, & Ariely, 2008). In socially conscious decision-making, people strive to balance multiple, often conflicting objectives. They seem torn between gaining from disrespecting moral values versus maintaining an honest self-concept (Mazar et al., 2008). We conceptualize self-concept as the cognitive schema a person holds about his or her moral character. It is a function of how accessible a person's moral identity is in any given situation (Aquino et al., 2009). Failing to comply with one's internal standards is aversive and conversely, there is value derived from behaving in line with one's self-concept. Thus, any incentive that appeals to a person's moral standards, such as corporate social responsibility (hereinafter CSR) measures, could help resolve conflict and increase valuations. In this context, Green & Peloza (2011) show that there are several types of value derived from CSR efforts. Specifically, the authors find that the value consumers receive from CSR can be described as emotional, social and functional or a mixture of the three. Whereas emotional and social value denote concepts related to consumers' self-concept, functional value directly relates to the actual benefits the customer receives from the purchase (Green & Peloza, 2011). Thus, the influence of CSR efforts on consumer purchase intentions is both direct and indirect. It mainly seems to be "the actual purchase situation in which the game is won or lost"(Davis, 2013, p. 145). It is here where consumers weigh prominent product features like price, convenience and performance. Situational cues determine the decision-making process. Building on this body of research, we posit that the process of how a decision is made supposes a crucial role in determining the value of the choice outcome.

Use of Proper Means, Engagement and Regulatory Fit

Where does value come from in decision-making? Previous literature often focused on what is desirable in terms of the end-states of a decision. Yet outcomes are only one part in understanding value from choice. An increasing body of research illustrates that independent of the decision outcome, the process of how a decision is made, can affect how much or little people value something (Higgins, 2000; Avnet & Higgins, 2006). In line with this thinking, Higgins et al. (2008) demonstrate that making the same decision in a proper as opposed to purely instrumental way intensifies the overall value experienced from a decision. In this context, *proper* is defined as "of the required or correct type of form, suitable or appropriate" (Oxford Dictionary of English). Making a decision the *proper* way goes beyond relative cost-benefit considerations by taking the appropriateness of the applied means into account (Higgins et al., 2008). It is therefore reasonable to assume that the use of proper means in decision-making is an activity that has value to people. This should be especially pronounced in purchasing situations involving socially responsible products. Building on research in behavioural priming, Mazar & Zhong (2010) find that mere exposure to socially conscious products markedly affects consumer behaviour by inducing considerations about social responsibilities (Mazar, & Zhong, 2010). The use of proper means is important to considerations about social responsibilities as they result in a feeling of *rightness* (Higgins et al., 2008; Higgins & Scholer, 2009). Regulatory fit theory provides a theoretical background to this postulate. Apart from using decision means that are socially acceptable, the manner of

making a decision can also be valuable because it matches a decision maker's motivational orientation. Recent studies show that, when the means to pursue a goal match a decision maker's motivation towards the same goal, he or she experiences fit (Higgins, 2000). This experience of fit ultimately intensifies the value experienced from choosing an object (e.g., Avnet & Higgins, 2003; Higgins et al., 2003). A decision maker's regulatory orientation refers to the person's concerns that guide his or her behaviour; it is the motivational orientation directing a decision (Higgins, 2006). It is important to note that it does not need to be a chronic state, but can be situationally induced (Avnet & Higgins, 2006). Recent research furthermore shows that valuations derived from the experience of fit depend on how much individuals are engaged in an activity such as making a decision (Higgins, 2006; Scholer & Higgins, 2009). Evidence for this notion is provided by a variety of sources of engagement, such as the use of proper means and regulatory fit (Higgins, 2006). We therefore predict that social responsibility considerations evoked from mere exposure to socially conscious products are sustained by the use of proper means in decision-making. This creates regulatory fit. Regulatory fit, in turn, increases participants' engagement in the task and consequently, post-choice monetary evaluations of the chosen products. The hypothesized fit between social consciousness and choosing the right way is addressed in an experimental study and stated as the central account:

H1: When products are chosen using proper means willingness to pay increases more for products with socially conscious features than for products without such features.

Experiment 1

Design and Participants

The design of the experiment was a 2 x 2 factorial with social consciousness, manipulated through mere exposure to products (socially conscious; conventional), and decision-making strategy (justify; reason) as between-subject factors. At the beginning of the experiment, we randomly assigned half of the participants to the Proper Means and the other half to the Instrumental Means condition. In the proper means conditions participants were asked how they would justify purchasing decisions when it comes to groceries, cleaning and cosmetic products. The instrumental means condition on the other hand, was manipulated by asking participants to list reasons for their choices. Giving justifications was assumed to direct respondent's attention towards the decision process underlying the choice, whereas the reasoning task was expected to direct participant's attention more towards the facts underlying the choice (Higgins et al., 2008). Following this, participants were exposed to a products choice task. We again randomly assigned half of the participants to the Socially Conscious and the other half to the Conventional condition. Following Mazar & Zhong (2010), the product choice task featured an outline of twelve different products, incorporating a small picture of each product alongside with its name, its brand name and two or three defining characteristics. Measurements on the variables of interest followed this treatment. We measured our dependent variable, willingness to pay (hereinafter WTP) as proposed by Higgins et al. (2003b). Participants were asked to imagine that we would give them the opportunity to purchase the twelve products they chose. The price they were willing to pay was up to them, it could vary from 1€ to any amount they felt the bag of groceries was worth. The experiment ended with questions about demographic information and a debriefing of the participants. Participation was on a completely voluntary basis. Seven participants were excluded; three were outliers in terms of valuation, four did not follow instructions on the priming task. Of the remaining sample of 164 participants, 71 were male and 93 female with

a mean age of 23.82 (SD = 2.72) years. All participants were current residents in the European Union, with 126 participants living in either Germany or the Netherlands.

Results

We predicted that the experience of fit from making decisions for socially responsible products in a justified manner, would lead to those products being assigned a higher price than making the same decision based on purely instrumental reasons. The results support this prediction. A 2x2 factorial analysis of variances tested the effects of product type and decision emphasis on WTP for the twelve products. Results indicated a significant interaction effect between product type and decision emphasis, $F(1, 153) = 16.78$, $p < .001$, $\eta p^2 = 0.099$, but no significant main effects. Simple contrast tests on the constituent means patterns of this two-way interaction corroborated our predictions. Those who were asked to provide justifications before making purchase decisions were willing to pay significantly more, $F(1, 153) = 12.18$, $p = .001$, $\eta p^2 = 0.074$, for the bag of socially conscious products ($M = 31.94€$, $SD = 11.03$) than for conventional products ($M = 23.36€$, $SD = 6.24$). Similarly, those who were asked to indicate reasons before making purchase decisions were willing to pay significantly more, $F(1, 153) = 5.30$, $p = .023$, $\eta p^2 = 0.034$, for conventional products ($M = 32.94€$, $SD = 15.14$) than for socially conscious products ($M = 27.28€$, $SD = 9.66$). As a follow-up to the significant interaction effect, we compared the effect of fit to non-fit by collapsing conditions. Our findings from univariate analysis of variance suggested a significant difference between the fit and non-fit conditions for WTP, $F(1, 155) = 15.40$, $p < .001$, $\eta p^2 = 0.09$, such that WTP in the two fit conditions was significantly higher ($M = 32.38€$, $SD = 12.91$) than in the in non-fit conditions ($M = 25.60€$, $SD = 8.55$).

Experiment 2

Design and Participants

The design of Experiment 2 again was a 2 x 2 factorial with product type and decision emphasis as between-subject factors. Participants were first randomly assigned to one of the two decision emphasis conditions, before being exposed to either one of the *Little Things Stores*. The items in the *Little Things Stores* were adapted from the previous study. However, this time participants' perception of the use of proper or instrumental means was manipulated as proposed by Higgins et al. (2008b). Specifically, participants were told to either "Make the BEST CHOICE" or "Make your Decision the RIGHT WAY". In the Right Way condition, participants were urged to think about the positive and negative consequences of choosing the products, whereas in the Best Way condition participants were prompted to think about the positive and negative consequences of owning one of the products. After choices had been made, we measured task engagement. We adapted the justification/reasoning task from Experiment 1 to obtain a direct measure of participants' engagement in our experiment. The open response question allowed us to directly assess participant's strength of engagement in the task by counting the number of words written. It was expected that the experience of fit would lead to increased task engagement, as shown in higher word counts. After this, we measured willingness to pay in accordance with the procedures described in Experiment 1. Participants (N = 143) were recruited from a large online labour marketplace for U.S. $1. Of the total number of participants, 82 were male and 59 female with an overall mean age of 32.69 (SD = 9.63) years. All participants were current residents of the United States.

Results

Experiment 1 established that people attach higher value to socially conscious products when they are chosen using proper means. Conversely, people attach higher value to conventional products when they are chosen based on purely instrumental means. These results were replicated in Experiment 2. The appropriate 2 x 2 ANOVA yielded the expected interaction between type of product and decision emphasis on our dependent variable, $F(1, 122) = 4.16$, $p = .043$, $\eta p^2 = 0.033$. Pairwise comparisons within each level combination of decision emphasis showed a significant difference between the product types when decisions were emphasized as Right, $F(1, 122) = 5.16$, $p = .025$, $\eta p^2 = 0.041$. The manipulation led participants to offer significantly more money for socially conscious ($M = \$36.86$, $SE = 2.49$) as opposed to conventional products ($M = \$27.96$, $SE = 3.02$). When decisions were emphasized as Best, we found a non-significant trend in the expected direction, $F(1, 122) = 0.3$, $p = .585$, $\eta p^2 = 0.002$. Overall, the results corroborate our findings from Experiment 1 and offer further support for our regulatory fit predictions. Based on our proposed framework, we also tested the mediating role of engagement in the fit effect on WTP. Following suggestions by Hayes (2012), we used a bias-corrected bootstrapped mediated moderation analysis to test the hypothesis that the interaction effect between type of product and decision emphasis on our dependent variable is mediated by engagement. To perform this analysis we used the process macro for SPSS (Model 8 in Hayes, 2012). Two models of multiple regression were reported. In the first, the influence of the main effects of product type and decision emphasis and the interaction effect between these two variables on the mediator strength of engagement were tested. In the second model, the mediator (engagement), the moderator (decision emphasis), the independent variable (product type) and the interaction between the last two were used to predict WTP. In Model 1 we found marginal negative effects for product type ($B = -9.45$, $p = .066$) and decision emphasis ($B = -10.75$, $p = .053$) on engagement, which were qualified by a significant interaction effect ($B = 19.85$, $p = .009$). The effect of this interaction became insignificant ($B = 7.10$, $p = .184$) when considering WTP as the dependent variable and engagement as a mediator in Model 2. Here, only engagement was significantly associated with WTP ($B = 0.19$, $p = .003$). The results furthermore showed 95% bootstrapped confidence intervals (CIs) for the higher order interaction of the indirect (i.e. mediation) effects. Values of the bootstrapped CIs were above zero, indicating a significant mediation effect ($E = 3.78$, 95% bias corrected $CIs = [1.21, 8.03]$). In addition to this, conditional indirect effects of product type on WTP through engagement were significant in both, the Right Way ($B = 1.98$, 95% BC $CIs = [0.36, 4.96]$) and the Best Way ($B = -1.80$, 95% BC $CIs = [-4.59, -0.16]$) condition. The effects of fit or non-fit are carried to willingness to pay through engagement. In other words, an increase in strength of engagement predicts higher post-choice evaluations.

Discussion and Conclusions

Consumers increasingly want to feel like they are *doing the right thing*. Yet, it remains unclear whether doing the right thing is perceived as valuable across different purchase situations. We show that unlike for conventional products, valuations for products with socially conscious features depend on the social desirability of the applied decision means. This insight is important, because it suggests that knowledge of consumer decision processes needs to guide strategies on how to create superior value for socially conscious products. A manipulation directing consumer's attention to the justifications underlying their choice or explicitly asking them to make their choice "the right way" created higher appreciation for socially conscious products. The opposite effect was found for conventional

products, as participants offered significantly more money to buy the products when their choices were based on purely instrumental reasoning. While confirming the results from Experiment 1, Experiment 2 furthermore demonstrated that the above mentioned enhanced value perceptions are explained by an increase in strength of engagement. These results are consistent with previous findings about the role of regulatory fit in increasing post-choice evaluations.

To our knowledge, there is no research to date investigating socially conscious products as a source of regulatory fit. Our studies contribute to previous research on socially conscious products, by demonstrating the dependence of valuations on situational differences. For consumers, the value contribution from the use of proper means varies by product type. While doing the right thing is the most valuable option when it comes to products with socially conscious features, it may not be the most valuable option when choosing between conventional products. We furthermore facilitate a more comprehensive view of the value creation process for socially conscious products. Understanding the variables that influence consumer value perceptions is therefore essential in order to further boost sales of socially desirable products. For social marketing, the findings offer a novel approach for effective social change programs in the segment of sustainable consumable products. The manipulation techniques used in the study at hand utilize customers' willingness to "shop responsibly" to maintain customer engagement. From a managerial perspective, our findings suggest that by acknowledging decision processes, valuations for socially conscious products may be further increased. This may be achieved by selective priming at the point of sale. Fit as induced in the studies at hand becomes highly predictable. As such, sales advertisements for products with socially conscious features could be accompanied by a slogan that challenges consumers to make their decision the right way. The experience of fit from this inference would lead to higher engagement in the decision, thus, increase chances of resolving conflict. Interventions disrupting the decision process at the crucial point in time when the consumer decides between putting intent into action or ignoring the guilty conscience might seem minor, but they can have a substantial impact (Ariely & Grüneisen, 2013). If choosing the right way is encouraged in this moment, socially responsible purchasing behaviour can be fuelled over the long term, as customers start to commit to consumption patterns via one-time successful purchasing decisions (Ariely & Grüneisen, 2013). While it has been argued that social marketing is restricted to governmental or non-profit organizations, the goal of inducing social change should not be limited. The results of the current study demonstrate how social responsibility considerations can be sustained by matching decision-making processes. Thus, they should be applicable to any kind organization.

Despite these implications it should be pointed out that this research has limitations. It needs to be acknowledged that choices will not always be between either socially responsible or conventional products only. The current study focuses on valuation in forced choice environments. Naturally, consumers will be exposed to a greater variety of choices between conventional and socially conscious products. Mazar & Zhong (2010) found that while mere exposure to socially conscious products leads to more altruistic behavioural consequences, actually purchasing these products left people more likely to cheat and steal. Increased confidence in one's own self-concept from engaging in ethical behaviour tends to increase unethical behaviour in subsequent acts (Mazar & Zhong, 2010). Thus, future research should investigate the effect of fit from socially conscious products on future purchases. Thirdly, willingness to pay as measured in the current study indicates more intentions than actual behaviour. Therefore, another avenue for further investigation could be to measure willingness to pay by letting participants offer their own money to buy the products (see

Higgins et al., 2008). This would be especially interesting in a setting inducing decisions between products with or without socially responsible features. Encouraging responsible purchase behaviour by using priming methods at the point of sale and by matching assortments to fit customer's needs, has the potential to induce substantial change in today's society.

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Using Game Mechanics for Motivational Design in Products and Services

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Abstract

The game industry has proven to have a huge impact on today's young minds and it is becoming clear that the actual design of a game, as well as a service or a product, can have a great influence on its users. Extending this insight, this paper proposes the theoretical basis intended to contribute to the understanding of how designers can use game design in products and services to affect, change and move people. Furthermore, this paper proposes a conceptual framework, exemplifying how game mechanics for motivational design can be used. The framework suggests that to create long-term motivation in users, a product or service has to push for the intrinsic motivation in people. Game mechanics can be used for this purpose by giving users a sense of responsibility, enable collaboration and cooperation between them, as well as provide them with a hope of success.

Keywords: gamification, behavioural change, conceptual framework

Track: Social marketing

Introduction

In 2010, three billion hours per week were spent playing online games (McGonigal, 2010). This sounds like a lot of time, but according to the Institute for the Future (IFTF) we need to spend at least seven times as many hours per week if we want to solve the world's most urgent problems such as; hunger, poverty, climate change and global conflict. The reason is that when we are playing games we feel that we are better at problem solving, i.e. more motivated to do something that matters and more inspired to collaborate and cooperate, than we are in reality (Flanagan, 2010; McGonigal, 2010). This could explain why there are already over 11 million gamers spending over 6 million years solving the problems of World of Warcraft's virtual world rather than our real-world problems. However, we could use the motivation that gamers have and redirect it to our real world problems, but we will have to change our thinking about how to motivate people today. During the last five years, gamification has become a widespread concept that can be defined as "the use of design elements characteristic for games in non-game contexts" (Deterding et al., 2011). We cannot look at gamification in the same way as we have done during the 20th Century, mainly looking to the extrinsic motivation in people by dealing out reward after reward for their hard work. In today's society we deal with complex problems that call for highly cognitive skills and research has shown that dealing out (financial) rewards for solving these kinds of problems only inhibits creativity and motivation (Dole, 2010; Pink, 2009). Instead, we have to look to people's intrinsic motivations and trigger these with designs call to make a change in today's world. "Design can change who gets to speak, who are making the experiences and for whom is it important, and it is a designers job to shift this" (Flanagan, 2011). This paper proposes the theoretical basis intended to contribute to the understanding of how game design can be used in products and services to affect, change and move people towards a greater good, by discussing and illustrating how game mechanics can be used, in products and services, to trigger the basic principals of motivation in people. Furthermore, this paper aims towards proposing a conceptual framework on how game mechanics for motivational design can be used.

Method

This paper consists of a literature study and the proposition of a conceptual framework, both done in spring 2015. The literature study examines the basic principals of motivation, the effect of games and game mechanics, as well as design attributes for innovating gamification and creating motivation. The data has been chosen with regard to how recent it is, as well as its credibility. Therefore the literature study is based primarily on the research of people that are considered "pioneers" in this field by organizations like TED Conferences. The conceptual framework exemplifies how a designer can make product and services for motivational purposes. This conceptual framework is only exemplifying which game mechanics could be used for motivational purposes. Therefore, the framework should in no way be considered a universal solution, but mainly an example of such a result. The framework has neither been evaluated nor tested.

Motivation and self-determination theory

Extending from motivation theory is self-determination theory, which outlines three innate needs that needs to be satisfied for optimal function – competence, relatedness and autonomy (Deci & Ryan, 1985). With the huge range of products and services that users can chose from today, it is really hard to anticipate which factors will drive the success of a product or

service. Therefore, understanding how people's needs and desires drive their behaviour is becoming essential to developing new design strategies (Dole, 2010). Motivation is the process that causes someone to act, i.e. initiates, guides, and maintains goal-oriented behaviours. There are a number of different theories explaining motivation; instinct, incentive, drive, arousal and humanistic. Motivation can also be either intrinsic or extrinsic. Intrinsic motivation derive from within the individual and involves the reward of personal gratification, while extrinsic motivation derive from outside of the individual and involves rewards like trophies, money, social recognition and praise (Nevid, 2012). In Maslow's (1943) Hierarchy of Needs, the higher level needs are the need of growth and self-actualization and the theory states that people have a need to fulfil their full potential as human beings, i.e. become the most that they are able of becoming. This is also related to Csikszentmihalyi's (1990) theory on Flow, which describes an optimal psychological state that people reach when they are engaging in an activity corresponding to their skill level. The result being complete immersion in the task and a sense of self-fulfilment. There are many examples on how game features that increase needs such as competence, relatedness and autonomy are important for the game play and the outcome (Peng et al., 2012; Ryan et al., 2006).

Rewards

In businesses today there is a large focus on extrinsic motivators like money, social recognition and praise. However, the if-then-rewards that are frequently used in these environments prohibit creativity and motivation in people (Pink, 2009). An example of this is a study conducted on motivation in children, where children were asked to engage in an activity that would be of initial intrinsic interest to them and then given extrinsic rewards. These rewards consistently showed to be ineffective in motivating the children to perform the given activity, even as it was an activity they initially enjoyed (Flanagan, 2011; Lepper, 1973). In fact the rewards even undermined the children's initial interest in that activity. In other words, rewards have the power to turn play into work. But work can also be turned into play, by doing the opposite and triggering intrinsic motivators rather than extrinsic. Extrinsic rewards are not always bad though. They can be very efficient in the right situations, i.e. where there is a clear set of rules and where the user benefits from a narrowed focus. Rewards of this type are most apt for delivering a short-term boost, as the effect of extrinsic rewards wears off and can reduce a person's long-term motivation (Pink, 2011). However, for situations demanding something more, such as cognitive attention, motivation has to derive from intrinsic factors such as; autonomy, mastery and purpose (Flanagan, 2011; Pink, 2009). What's more, these factors actually have a direct impact on the result of a service or product. Lakhani & Wolf (Pink, 2011) conducted a study on 684 open-source developers, where they found that the main drive for these developers were the amount of creativeness they felt when working on their projects. This drive and the enjoyment-based intrinsic motivation they possessed consequently resulted in great products. Another good example of this is Wikipedia versus MSN Encarta. The latter was a digital encyclopaedia, with articles written by paid writers and editors, published by Microsoft that had to be pulled off the market as Wikipedia, an open-source project, grew exponentially in size and popularity (Pink, 2011).

Games as a persuasive tool

According to Gladwell's (2008) Theory of Success the key to becoming really good at something is practice. In truth he estimates that it takes 10 000 hours for a person to become a virtuoso at any one thing. Coincidentally this is also the number of gaming hours that the average young person today, in a country where there is a strong gaming culture, will have

reached by the age of 21. In 2010, IFTF estimated this number to be over 500 million people (McGonigal, 2010). That is 500 million people who are spending as much time in the virtual gaming world as five years of work at a full time job. Also, only one month since the release of Call of Duty Black Ops, the gaming community had already spent 68 000 years of play in the game (Bavelier, 2012). Going back that amount of years in history, humans were still in the Stone Age (Miller et al., 2006). The bottom line is that almost 10% of the world population is spending an enormous amount of time on games and therefore it is of interest to find out what exactly they are becoming so good at (McGonigal, 2010).

The power of games

People often feel that they are better at games than they are at real life. All the negative feelings (anxiousness, frustration, stress and depression) that occur when people are facing obstacles and challenges in real life do not exist in the gaming world (McGonigal, 2010). On the contrary, people tend to become a better version of themselves when gaming; they stick with a problem until it is solved, they get up after failure and try again and they help other players at a moment's notice. The reason for this is explained by McGonigal (2010) as the constant possibility of an epic win within the gaming world. Shortly described, gamers are challenged with problems that are never impossible but always on the verge of what they are capable of solving, which gives them an enormous satisfaction and feeling of awe as they succeed in their quest. Electronic games have for example been proven useful as a valuable tool for intervention and prevention in social contexts (Mulcahy et al., 2015; Schoech et al., 2013). Also, gamers take pleasure in being trusted to solve difficult problems, having a large community of collaborators ready to help at any time, as well as constantly receiving positive feedback as they advance in a game. Consequently, what the 10 000 hours of gaming are teaching young adults today are the following (McGonigal, 2010): **Urgent optimism,** a desire to act immediately, tackle obstacles and also the belief that that there is a hope of success (the epic win). Gamers always believe that it is always worth trying and trying now. **Tight social fabric,** stronger bonds, trust, cooperation and social relation- ships between people. Gamers need to trust one another and create strong alliances to solve problems together. **Blissful productivity,** the will to work hard. Gamers prefer to be challenged on an ongoing basis with positive results than doing nothing. **Epic meaning,** being motivated by inspiring missions and a sense of responsibility. Gamers want to be a part of human planetary-scale stories and often create fan-based services connected to these.

The purpose of play

Play is and has been a part of the human condition for a very long time, in fact the earliest findings of games date back to 6500 B.C (Flanagan, 2010). Looking at the games people have played throughout history, as well as studying play in the animal kingdom, there seems to be three important purposes of playing games (Flanagan, 2010; 2011): (1) it is a means of practice at life, (2) it is a safe place for experimentation and (3) it is a representation of values and social norms of its society. How games are played also change through time as society evolves and looking these changes it becomes clear that games can be consciously designed to reflect, critique or inform on any subject of importance to people. To demonstrate the latter, let us take a look at the game of Chess. Chess originally came from India and moved on through the Middle East to finally end up in Europe. The original chess set did not have any female characters at all, which only changed once the game hit northern Europe. However, at the time, the female character had the weakest moves on the board, in truth she the exact same moves as the king has today. Not until the middle ages, when strong European

queens emerged and changed the norms for women in Europe, would the female character take the lead of the board and get the strong moves she has today. (Flanagan, 2010) Chess is therefore not only a game of strategy, but also a reflection upon the social norms, values and customs that exist and has existed in the society.

The future of gamification

As previously stated, games are a cultural medium that carry beliefs with their representation and structures, whether the designer has the intention to do so or not. This also implies that games can be used to consciously embed values and norms. But far too often there are old ideas concerning game design that emerge in these types of designs, e.g. technical constraints often lead to conceptual constraints and early values (like accuracy, secrecy, efficiency and privacy) are taken into consideration although they do not necessarily correspond to the values of gamers today. To avoid these road blocks there are some simple tools that can be of use to designers who are trying to innovate gamification. Innovation primarily comes from prioritizing the human (Flanagan, 2011; Pink, 2011). Designers need to find out what the needs and values of their players are and think about how games can better translate to these. This is equally important when games are designed to reflect the values of its players, as well as change them. Meaning in a game comes from feeling responsible (Flanagan, 2011; McGonigal, 2010). Games have the power to let a user take a new position on a problem and play it out, while in the process getting a new perspective on the situation. Unorthodox methods spur change (Flanagan, 2011). Games like Darfur is dying, September 12 and Hush Game puts the player in the shoes of a Darfuri family member risking their life collecting water, a military force accidentally killing civilians and a mother hushing her child to silence during the Rwandan Genocide. Games that are anything but conventional and that have gotten a lot of attention lately, and are in some cases even award-winning for their immersive game play and narrative.

At the same time as games have a lot of positive effects on people, the use of game mechanics in non-game environments can sometimes be a tricky task. If not conducted in the right way, designs implementing gamification often fall short. This is visible in a lot of educational games today, where game mechanics are added to transform an initially tedious task into something enjoyable (Bavelier, 2012). This creates a chocolate-broccoli-effect, an expression coined to describe exactly this effect. Bavelier's (2012) research on video games further show that games have a lot of good ingredients to promote positive effects in people. For example, looking at gamers that spend a lot of time on first person shooter games, these studies show that their attention skills are much higher than the average person's. Bavelier calls this the broccoli side of the equation. At the same time, there is a game industry that is really good at creating immersive game play and narrative, which is the chocolate side of the equation. What often happens in educational games, or other products or services with gamification, is that designers try to put the two together. This results in chocolate covered broccoli, a food nobody really wants to eat. The tricky part is therefore to combine the two in a way that the result is a chocolate bar containing all the good ingredients of broccoli. In other words, a product or service using gamification in a way that first and foremost engages the user while also conveying the positive effects of games in a discrete but effective way.

Framework

The use of game mechanics in non-game applications are becoming more and more popular nowadays and the reasons for this are that games are already a big part of society and

have been part of the human condition for a very long time (Bavelier, 2012; Dole, 2010; Flanagan, 2010; McGonigal, 2010). Games have the power to let us discuss important subjects in innovative and powerful ways (Flanagan, 2010; 2011; McGonigal, 2010) and people feel that they are better at games than they are in reality (McGonigal, 2010). Looking at these reasons, it is safe to say that game mechanics also play a huge role for motivational design, as they are an effective tool for conveying values and norms. The following is a conceptual framework that aims to exemplify how some game mechanics can be used in products and services for exactly this purpose.

Users first

It is important to underline that the use of game mechanics in a product or service should always serve a purpose. Therefore, a designer primarily needs to find out who the users are and what needs they have before even beginning to think about which game mechanics to use. This is essential for designing a user experience with gamification. The problem that occurs in many products using game elements today, e.g. educational games, is that the designer will add game mechanics to make a tedious task more fun, the so called chocolate-broccoli-effect as explained by Bavelier (2012). It is therefore very important to pinpoint the needs of the users, so that to make sure that the product or service first and foremost correspond to these. Once this task is complete, the designer can start thinking about which game mechanics can help convey the values of the product or service.

Game mechanics for motivational design

As the users have been identified and the designer has a clear image of the motivational goals for his or her application, the work of finding the right game mechanics can begin. It is clear that a product or service that aim for long-term motivation in people has to push to trigger the intrinsic motivation in its users. This is clearly emphasized in Pink's (2011) research on motivation, as well as supported by both Self-Determination Theory and McGonigal's (2010) research on what drives gamers. Looking at the studies previously presented in this paper, there seems to exist three main game mechanics that trigger intrinsic motivation (1) sense of responsibility, (2) collaboration and cooperation and (3) state of flow. These game mechanics can be used individually to initiate or enhance intrinsic motivation, as well as in combination with each other, and it is up to the designer to recognise and choose which of these best suits their product or service. A **sense of responsibility** give the user responsibility is a core aspect for creating meaningful products and services. This is primarily done by giving the user autonomy and purpose, two of three building blocks for intrinsic motivation (Pink, 2011). Autonomy can be given by letting a user set his or her own goals, decide the pace in which to do things and enable customization for individual needs in a product or service. Purpose can be given to a user by having a clear aim with the product or service or letting the product or service depend on the user in some way. More importantly, responsibility creates meaning for the user, as well as the determination to proceed and complete a task (Flanagan, 2011; McGonigal, 2010). By designing environments that make people feel good about participating is more effective with **collaboration and cooperation**, rather than competition (a game mechanic that is used frequently in gamification) (Pink, 2011). The reason for this is that these two aspects tap into the tight social fabric that games provide its players. This can therefore be used in the exact same way in products and services to create a tight community where users feel backed up by their peers and part of something bigger (McGonigal, 2010). The last key element is to provide the users with a **state of flow**. This means that it has to be clear to the users that they will be able to achieve whatever goals

or tasks they are given in an application (McGonigal, 2010; Pink, 2011). To accomplish this a product or service should employ a progress-over-time-design. This means that the user starts out on a basic level, i.e. a level that corresponds to their current skill level, to then slowly receive more challenging goals or tasks. A design strategy like this makes sure that the user is never overwhelmed, but always challenged, which keeps their motivation on a constant level.

Exemplifying the framework

Looking at today's products and services with motivational design there are numerous applications that try to motivate people to exercise more, both physically and mentally. One example of such an application is Challenges by Nexercise (AppCrawlr, 2015), a health and fitness tracker. Shortly described, this application sells itself as turning workout into fun game rather than a chore. The application lets its users track activities, create a network of friends and earn rewards. At a first glance, it looks as though this application employs all three game mechanics explained above. There is the sense of responsibility, as the user is given both a clear purpose and a lot of autonomy, by choosing their own activities and goals. Looking at the state of flow, there seems to be a mismatch though as this application hands out rewards for progress, rather than keeping the user in a constant level of motivation. Also, there is an attempt at creating a tight social fabric, but the community of peers seems to be of a more competitive nature than a cooperative one. One can therefore argue that the only game mechanic that is really used in the right way is sense of responsibility. As stated previously, the game mechanics presented in this framework can be used individually. However, when other game mechanics for motivational purposes are used wrongly they might reverse the effect. Therefore, in the case of Challenges by Nexercise there is a big chance that users will not get a long-term motivation of exercising by only using this application. However, they might be motivated in a short-term way, as the reward system and competitive community implemented in the application can have this effect (Pink, 2011). In a case like this, the framework presented above could be used to improve this application to achieve long-term motivation in its users, by simply advocating collaboration within the community, rather than cooperation, e.g. by letting users create common goals and progressively enhance the difficulty of the exercises proposed and remove the if-then rewards, e.g. by having different levels with exercises and only letting a user access the next level (with more difficult exercises) once they have completed the workout for their current level.

Concluding remarks and proposed framework

Game mechanics can be used in products and services for motivational purposes in pretty much the same way as they are used in games, with a few restrictions. When taking game elements out of their initial context and putting them into a non-game environment, designers have to be very careful with their choices. Game mechanics should always be chosen for a clear purpose and they should definitely not be used as an add-on for making serious or boring applications more fun. Good design of gamification comes from pinpointing the game elements that can be used to trigger the purpose of the application in question. The conceptual framework presented in this paper aims to do exactly this, by pin-pointing the game mechanics that can be used for motivational design. As presented in the framework, these game mechanics are (1) sense of responsibility, (2) collaboration and cooperation, and (3) state of flow. The framework also suggests that these game mechanics creates meaning for a user and gives them a sense of determination, that they create a tight community of peers and keep users challenged and motivated on a constant level. Taking a closer look at these effects, they might sound familiar. Interestingly enough they are the exact descriptions

of McGonigal's (2010) four corner stones of what creates intrinsic motivation in players, namely; urgent optimism, tight social fabric, blissful productivity and epic meaning (Figure 1). Consequently, it makes sense that if these game mechanics can trigger the intrinsic motivation in gamers, they should also be able to activate the same components in users in a non-game environment.
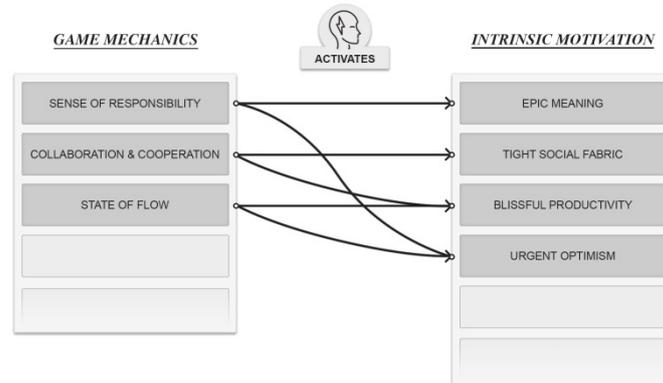

Figure 1. Conceptual framework on how game mechanics trigger intrinsic motivation.

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Towards a better understanding of disaster preparation: A segmentation study

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Abstract

Preparation for natural and man-made disasters is an important issue for governments, communities and individuals globally. This study seeks to illustrate how two-step cluster analysis can be used to identify unique groups within a population in terms of disaster preparation behavior, and to identify the relevant characteristics of each segment. Informed by literature in disasters and social marketing, constructs were identified and measured via an online survey (n=716) in New Zealand. Results suggest four clusters exist, *Knowing but Doubting, Retired and Capable, Young and Avoiding and Can-do.* This study provides a better understanding of the variations in the population in terms of how they approach disaster preparation, and specific findings related to each of the four groups. This information is likely to enable more targeted and therefore more successful social marketing strategies and messages aimed towards each group.

Keywords: *Cluster-Analysis, Disasters, Emergency Management, Social Marketing, Segmentation*

Track: *Social Marketing*

1.0 Introduction & Background

Disasters, both natural and man-made continue to occur across the world, for example the recent earthquakes in Nepal, flooding in Brisbane, heatwave in Karachi, tsunami in Japan, tornados in the Midwest, USA, and earthquakes in New Zealand. Governments, communities and organisations, have allocated resources to encourage greater levels of preparation (eg. Wellington Region Civil Defence Emergency Management, 2013). These upstream activities are crucial. Clearly, those who are prepared for a disaster will be better off in a crisis (Larsson et al., 1997), yet individuals remain under-prepared (New Zealand Statistics reports 18% of households met the requirements for basic preparation in 2010 (Statistics New

Zealand, 2012)). From a social marketing perspective, it is unlikely that individuals will respond to calls for preparation in a homogeneous fashion; rather segments are likely to exist in the population, which have varying characteristics, and thus varying response to disaster preparation messages. Therefore, we consider the human impact of disasters (Baker, 2009; McFarlane and Norris, 2006; World Health Organization, 2014), and focus on the micro-level perspective in individual behavior change (Brennan et al., 2014). We aim to inform governments and agencies devising social marketing strategies which encourage individuals to better prepare for a disaster. The purpose of this study is to (1) illustrate how two-step cluster analysis can be used to identify unique groups within a population in terms of how they respond to disaster preparation, and (2) identify relevant characteristics of each group.

In identifying characteristics pertinent to disaster preparation, literature in disaster studies as well as social marketing suggest a number of factors. Individual demographics and geographic characteristics include age, gender, marital status, ethnicity, education, home ownership, income, dependents, location, time spent in location and ethnicity (Lindell and Perry, 2000; Russell et al., 1995). Constructs related to individual ability to cope, and locus of control are also suggested as relevant to this context; more specifically we consider locus of control, action coping, avoidance, denial, fatalism and empowerment (Becker et al., 2013; Carver et al., 1989; Dooley and Serxner, 1992; Duhachek, 2005; Lehman and Taylor, 1987; Paton, 2007; Paton, 2005; Perilla et al., 2002; Rogers, 1983; Sattler, 2000). Constructs related to the salience of disaster preparation messages include the perceived severity of the event, the perceived probability of the event occurring, and fear arousal (Maddux and Rogers, 1983; Milne et al., 2000; Rippetoe and Rogers, 1987; Rogers, 1975). Self-efficacy and response-efficacy are also relevant, with disaster literature referring more to positive and negative outcome expectancy as a variation on response efficacy (Bandura, 1977; Becker et al., 2013; Maddux and Rogers, 1983; Paton, 2007; Rogers, 1975). In addition, controllability is measured, per the Theory of Planned Behaviour (Ajzen, 2002; Rhodes and Courneya, 2003) and Protection Motivation Theory (Maddux and Rogers, 1983; Rippetoe and Rogers, 1987; Rogers, 1975). In the disaster literature, authors have also suggested preparation and ability to respond and recover from a disaster may be related to connections to community and place attachment. Associated constructs here include trust (Paton, 2007), place attachment (Jorgensen and Stedman, 2006; Riley, 1992; Trentelman, 2009) and community participation (Lindell and Perry, 2000; Paton, 2007).

2.0 Method

This study employed a two-step cluster analysis approach. Two-step cluster analysis has previously been used in social marketing studies to explore adult physical activity behaviours (Rundle-Thiele et al., 2015), and responses to school based teenage alcohol education programs (Dietrich et al., 2015). Two-step cluster analysis permits both categorical and continuous data to be analysed simultaneously, which is highly relevant in the current study. Two-step cluster analysis also permits simultaneous analysis of demographic, psychographic, geographic and (self-reported) behavioural data. The population of the current study was comprised of people residing in New Zealand, aged 16 and over.
A market research panel was used to recruit participants. Participation in the online survey was voluntary and anonymous. Responses deemed too fast or with no variation were removed in the data cleaning process leaving a total of 716 useable responses.
The demographic profile of respondents is shown in Table 1. The questions in the survey included items measuring constructs noted above as shown in Table 2 (end of document).

Table 1. Sample characteristics and final solution categorical data*

	% of Total	C1 (27.1%)	C2 (26.3%)	C3 (17.4%)	C4 (29.2%)
Age (years)					
16-24	9.8	11.6	0.0	37.0	2.2
25-34	15.7	46	0.0	10.6	11.4
35-44	15.8	21.8	0.0	14.6	27.3
45-54	15.4	15.4	1.4	17.1	29.6
55-64	18.7	3.5	28.8	13.7	28.1
64+	24.6	1.8	69.8	7.1	1.5
Gender					
Male	43.4	58.6	60.6	39.1	43.5
Female	56.6	23.4	39.4	60.1	56.2
Education					
No qualification	3.2	1.5	0.0	5.6	5.9
High school qualification	32.8	24.2	21.5	58.9	38.2
Trade or technical qualification	23.0	15.5	33.5	17.7	32.4
Undergraduate degree	25.2	37.6	23.4	9.7	16.0
Post graduate degree	12.6	19.1	18.2	4.8	4.3
Other	3.3	2.1	3.3	3.2	3.2
Employment					
Paid full time work	34.3	77.9	5.3	5.0	49.6
Paid part time work	13.7	5.6	7.0	22.0	20.6
Self employed	7.2	10.2	6.7	4.0	10.7
Student	10.6	2.1	0.0	25.8	1.7
Long term sick leave	1.8	1.8	2.0	1.9	1.1
Retired	19.0	0.7	74.3	9.3	0.4
Unemployed	7.1	1.8	1.7	23.9	4.9
Other	6.2	0.0	3.1	8.1	10.9
Housing situation					
Own home	51.8	42.1	82.7	20.2	71.2
Live with parent/family	10.1	13.7	0.6	32.3	1.5
Rent	27.6	35.1	14.2	32.9	23.2
Flat other people	7.2	5.3	0.3	9.0	2.4
Flat on own	1.8	2.1	0.3	4.7	0.6
Other	1.5	1.8	2.0	0.9	1.1
Weekly personal income (NZ$)					
Zero	7.0	0.0	2.5	17.1	4.5
1-399	30.9	1.8	37.7	54.0	14.6
400-999	34.9	40.0	43.0	27.0	30.7
1000-1999	22.2	46.0	12.6	0.6	33.7
2000+	5.0	12.3	4.2	1.2	16.5
Family situation					
Single	35.7	48.1	29.1	64.6	10.7
Couple	64.3	58.9	70.9	35.4	89.3
Area currently living					
Large city	55.9	71.1	50.2	49.2	36.7
Small city	17.5	16.5	20.6	21.0	19.1
Town	16.7	5.7	19.1	19.4	28.2
Small town	4.3	2.1	4.8	5.6	5.3
Farm/rural	5.2	4.6	4.8	4.8	10.6
Other	0.4	0.0	0.5	0.0	0.0

* Figures in represent the percentage of the category holding the noted characteristic.

3.0 Analysis and Results

Two-step cluster analysis in SPSS using the log-likelihood measure was used to reveal natural groupings in the data set as outlined by Norusis (2011). According to Norusis, once the cluster solution is formed, three validation measures are required. First, the silhouette measure of cohesion and separation is required to be above the required level of 0.0 to suggest that the within-cluster distance and the between-cluster distance is valid. Second, χ^2- and t-tests are performed on the categorical and continuous variables, respectively to identify the importance of individual variables in a cluster and indicate significant differences amongst clusters, If the absolute value of the statistic for a cluster is greater than the critical value, the variable is considered important in distinguishing that cluster from the others. Third, the final cluster solution must be similar (e.g. size, number and characteristics of clusters) when halved.

Following the steps above, two-step cluster analysis produced a sample (n 716) with a silhouette measure of cohesion and separation of 0.1 (see Table 1). Four clusters were revealed within the data set. A cluster solution with 25 segmentation variables was accepted as the final solution (see Tables 1 and 2). *T*-tests and χ^2-tests confirmed that each of the 25 variables varied between clusters (see Tables 1 and 2). It was also noted that the split files accurately represented the final solution, with only minor changes identified. On this basis, it was concluded the four-cluster solution was validated for this study. Each of which is explained briefly below and given a short descriptive title.

Table 2. Final solution continuous variable descriptives[1]

Construct & *example of an item*	Source	C1 (27.1%) Mean (SD)	C2 (26.3%) Mean (SD)	C3 (17.4%) Mean (SD)	C4 (29.2%) Mean (SD)
Community empowerment: *I feel I can influence what happens in my community.*	(Paton, 2007)	4.69(1.43)	4.34(1.38)	5.07(1.42)	4.72(1.45)
Place attachment: *My community is my favourite place to be.*	(Jorgensen and Stedman, 2006)	4.62(.94)	4.97(1.07)	4.36(1.19)	5.08(.98)
Community participation: *I work with others on something to improve my neighborhood.*	(Paton, 2007)	2.47(1.24)	2.89(1.25)	2.26(1.04)	2.74(1.29)
Locus of control[2]: *When thinking about like in general, what will be will be.*	(O'Cass, 2003)	3.81(.98)	3.00(.98)	3.86(.99)	3.49(.99)
Action coping: *In regards to how I normally deal with problems in my life, I make a plan of action.*	(Paton, 2007)	5.20(.89)	5.91(.70)	4.88(1.14)	5.46(.79)
Avoidance: *When thinking about a disaster, I avoid thinking about it.*	(Duhachek, 2005)	4.01(1.15)	3.50(1.28)	4.06(1.24)	3.80(1.15)
Denial: *In coping with the threat of a natural disaster, I deny that the event might happen.*	(Duhachek, 2005)	3.26(1.40)	2.16(1.07)	2.91(1.38)	2.54(1.23)
Fatalism: *We might as well decide how to prepare for a disaster by flipping a coin.*	(Perilla et al., 2002)	3.87(1.17)	2.87(1.18)	3.80(1.16)	3.45(1.17)
Negative outcome expectancy: *Disasters are too destructive to bother preparing for.*	(Paton, 2007)	3.54(1.13)	2.53(1.00)	3.25(.93)	2.96(1.12)
Fear arousal: *When thinking about a disaster occurring I feel frightened.*	(Rippetoe and Rogers, 1987)	4.35(1.20)	3.72(1.38)	4.21(1.25)	3.81(1.31)

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[1] Most items measured on a Likert scale of 1 – 7, strongly disagree to strongly agree. Exceptions follow.
[2] Lower scores are aligned with internal Locus of Control, and higher with external Locus of Control.

Self-efficacy: *How confident are you that you will be able to prepare for a disaster?*[3]	(Rhodes and Courneya, 2003)	4.61(1.07)	5.70(.80)	4.57(1.23)	5.20(1.09)
Behavioural intentions: *I intend to increase my level of preparedness.*	(Ajzen and Driver, 1992)	4.21(1.14)	4.76(1.06)	3.98(1.16)	4.52(1.05)
Control: *Whether or not I prepare for a disaster is entirely up to me.*	(Ajzen and Driver, 1992)	5.07(1.13)	5.91(.81)	4.95(1.18)	5.32(1.03)
Instrumental attitudes: *Preparing for a disaster is useless ... useful.*	(Ajzen and Driver, 1992)	5.52(.92)	6.01(.73)	5.51(1.07)	5.43(1.12)
Affective attitudes: *Preparing for a disaster is boring ... interesting*	(Ajzen and Driver, 1992)	4.19(1.27)	4.69(1.19)	4.09(1.34)	4.52(1.30)
Subjective norms: *Most people in my social network want me to prepare for a disaster.*	(Ajzen and Driver, 1992)	3.76(.98)	4.21(.86)	3.80(.90)	4.14(.91)
Barriers to disaster preparedness[4]: *To what extent might time prevent you from preparing for a disaster?*	(Paton, 2007)	4.01(1.17)	3.02(1.33)	4.03(1.28)	2.84(1.31)

Employment status is the most important characteristic with a predictor importance score of 1.0, followed by age (0.84), income (0.41), housing situation (0.40), self-efficacy (0.15) and barriers to disaster preparedness (0.14). Cluster one, *Knowing but Doubting,* represents 27.1% of the sample and comprised young (25-34 year old), male (58.6%) renters who are employed full time. This group has high levels of fatalism, negative outcome expectancy and fear arousal. They also have low levels of community involvement and high perceived barriers to disaster preparation. Cluster two, *Retired and Capable,* represents 26.3% of the sample and are primarily made up of retirees (86.2%), over 64 years (84%), who own their own home are well educated, and hold a degree (41.6%). They have the highest levels of community participation and attitudes towards community. They also have high levels of self-efficacy, control, and instrumental and affective attitudes towards preparation, are more highly influenced by those around them (subjective norms), and have the highest levels of intention to prepare for disaster. The third cluster (17.3% of the sample), *Young and Avoiding,* is made up of students currently living with their parents or family, with a low personal income. While they have high levels of action coping in day-to-day life, thinking of disasters leads to avoidance and fear arousal. This group exhibits the lowest levels of intent to plan and prepare for disaster and perceives multiple barriers to disaster preparation. The fourth cluster (29.2% of the sample), *Can-do,* consists mainly of middle-aged individuals (35-54 years, 56.9%), who work full time (52.6%) and hold a trade or technical qualification. This last group has high levels of self-efficacy, control and instrumental attitudes to preparation; they hold the highest levels of place attachment and perceive the low barriers to disaster preparation.

4.0 Discussion and Conclusion

This paper has important implications for social marketers by demonstrating how two-step cluster analysis can be used to identify unique groups within a population. Using this method provides social marketers with a rich description of unique segments. These rich descriptions can be used by social marketers in the planning process to tailor strategies for each selected segment. Although segmentation is highlighted as one of the eight social marketing benchmark criteria (French and Blair-Stevens, 2006), few studies report the use of segmentation (Kubacki et al., 2015). The advantage of two-step cluster analysis is the ability

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[3] Scale ranged from "not confident at all" to "completely confident."
[4] Scale ranged from "would not prevent me at all" to "definitely would prevent me."

to simultaneously analyse both categorical and continuous data allowing a comprehensive overview of each segment. This consumer insight along with demographic profiles can then be used to guide strategy development through the use of appropriate intervention mix for each selected segment. While many constructs are identified as important to disaster preparation, there is no evidence to date of a segmentation study concerning this behaviour. This research has identified four distinctive segments in the context of disaster preparation, providing direction such that relevant offerings could be generated for each of the identified segment clusters. For example, for *Retired and Capable,* community involvement could be leveraged by targeting community preparation messaging and activities. Messages for clusters 1, 2 and 3 could assist them to overcome perceived barriers to preparation such as cost, lack of knowledge and skills of how and what to prepare. Clusters 2 and 4 have high levels of intent to prepare for disasters and therefore are the segments most likely to change their behaviour indicating they would be valuable segments to target. *Knowing but Doubting* has high levels of negative outcome expectancy and denial, indicating further research using qualitative techniques could be employed to gain rich insights to understand how this group could be motivated to improve their negative outcome expectancy and denial.

This study sought to identify segments in the population expected to respond in varying ways to messages associated with disaster readiness. The findings provide important implications for social marketers, in that implementing segmentation based on theoretical insight in addition to demographic variables can provide important consumer insights which allow social marketing managers to develop specific strategies for each identified segment.

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Mobile Phone Advertising and the Moderating effect of Involvement at Point of Purchase

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Abstract

In today's dynamic marketplace technology is one of the fastest diffusing commodities, where companies lacking in these particular capabilities are being left in the wake of those who are able to remain technologically relevant. In particular, advances in mobile communication are providing practitioners with the ability to reach consumers on an anytime, anywhere basis, where many consumers are welcoming these technological advances due to the increased value and benefits they can provide. The current research analyses the effects that location-based-services on mobile phones, have on consumer purchase intentions at point of purchase. Four factors (customisation, solicitation, intrusiveness, and timing of messages) are identified to have an overarching influence on consumer attitudes towards LBS messages, and therefore purchase intention, and that product involvement can provide a moderating effect on attitudes towards those messages.

Keywords: Mobile Marketing, Location Based Services, Point of Purchase, Interactivity

Track: Digital Marketing and Social Media

1.0 Background

Consumer desensitisation to, and avoidance of, traditional advertising messages is becoming ever more prevalent in today's business and retail environments (Huhn et al. 2011). Mobile communication technology's rapid development and widespread adoption has opened up many lucrative opportunities for marketers in attempting to break through the abundance of competitive advertising clutter (Kim, 2008), and as such has emerged a developing area of research. In particular, the extensive proliferation of smartphones and location-based-services technology (hereafter referred to as LBS) has led to exponential adoption growth for both of these technologies. Essentially, LBS are the provision of location-congruent promotional messages to consumers via smartphones (Huhn et al. 2011). The inherent convenience of this communication medium has led to a 58% increase in consumer adoption between 2010 and 2011, where 476.5 million units were sold worldwide. Additionally, $1.2 billion was spent on mobile advertising by marketers in the U.S. during 2011, and a projected $20.6 billion is looking to be invested into this medium globally by 2015 (Gartner, 2011).

While point of purchase (POP) advertising has traditionally received a lot of attention in regards to static and digital displays, LBS are emerging as a new means by which to communicate with consumers at this time (Zeithaml, 1988; Bart, Stephen & Sarvary, 2012). Four inherent LBS factors can play a pivotal role in influencing attitudes and overall purchase intention at POP. These four factors are customisation (Persaud & Azhar, 2012); solicitation

(Wang, Oh & Wang, 2009); intrusiveness (Varnali, 2012); and timing (Mogilner, Aaker & Pennington, 2008). There is an assumption that POP is superior, but limited research actually empirically tests this. Whilst these variables have been considered in isolation, their combined impact on consumer attitudes and purchase intention has yet to be considered in a POP or LBS context. In addition, the impact of product involvement has also not been tested.

2.0 Conceptual Development
Attitudes are relatively enduring, learned predispositions to behave in consistently favourable or unfavourable ways (Schiffman and Kanuk, 2007). Whilst utilising LBS, four factors of customisation, solicitation, intrusiveness, and timing have been outlined as having a substantial effect on attitudes.

Piller (1998) defines customisation as the production of goods and services, in which the needs of individual consumers can be met at a cost-efficient level. Increased customisation can have an effect on consumers' perceived value of an offering (Zarrad & Debabi, 2012). Greater customisation can therefore positively influence consumer attitudes towards a product offering by decreasing cognitive dissonance and better meeting their needs (Zarrad & Debabi, 2012). Furthermore, advances in mobile technology are facilitating the dispersion of mass customised communications which are allowing for more relevant, timely messages to be sent to consumers (Broekhuizen & Alsem, 2002; Zarrad & Debabi, 2012). Therefore *H1: The higher the levels of customisation, the more positive people's attitudes will be towards the message.*

Research suggests that it is necessary to measure intrusiveness in combination with solicitation as the two are mutually exclusive, although they must be measured simultaneously when analysing LBS advertising (Wehmeyer, 2007). Intrusiveness considers the extent to which consumers find messages to be irritating leading to possible neglecting of the messages, even if they have signed up to receive them (Varnali, 2012). Research also shows that consumers who do not opt-in to receive messages find them annoying, intrusive, and they are generally less receptive to them due to negatively provoked attitudes (Rowley, 2004). Therefore *H2a: If a message is solicited, individual attitudes towards the message will be more positive; H2b: If a message is intrusive, individual attitudes towards the message will be less positive.*

Timing is a crucial element for point of purchase advertising as it can support brand recall, and assist with provoking attention at point of purchase (Mogilner, Aaker & Pennington, 2008). As an event draws nearer, what might have seemed attractive in the future may lose its appeal when immediate action is required (Mogilner, Aaker & Pennington, 2008). Conversely, impulsive purchases are provoked by hedonic desires such as specific wants, needs, and desires, and message timing can encourage switching behaviour and contagious consumption at point of purchase (Mogilner, Aaker & Pennington, 2008). Therefore *H3: The less time between message receiving and offer redemption, the more positive an individual's attitudes will be towards the message.*

Petty, Cacioppo & Schumann (1983) stated that attitude change can be influenced by the level of product involvement. For instance, if consumers assign higher involvement to a product they are likely to be more brand loyal and the effect that customisation, solicitation, intrusiveness, and timing will have on their attitude formations and purchase intention will be impacted. Therefore, *H4: The relationship between the four factors and attitudes will be weaker for high involvement products.*

Lastly, many authors have acknowledged the direct correlation between a person's attitudes and purchase intention (e.g. Walther, Weil & Dusing, 2011; Zarrad & Debabi, 2012). Therefore, *H5: The more positive an individual's attitude towards the message, the higher their level of purchase intention at POP.*

Figure 1: Conceptual Model
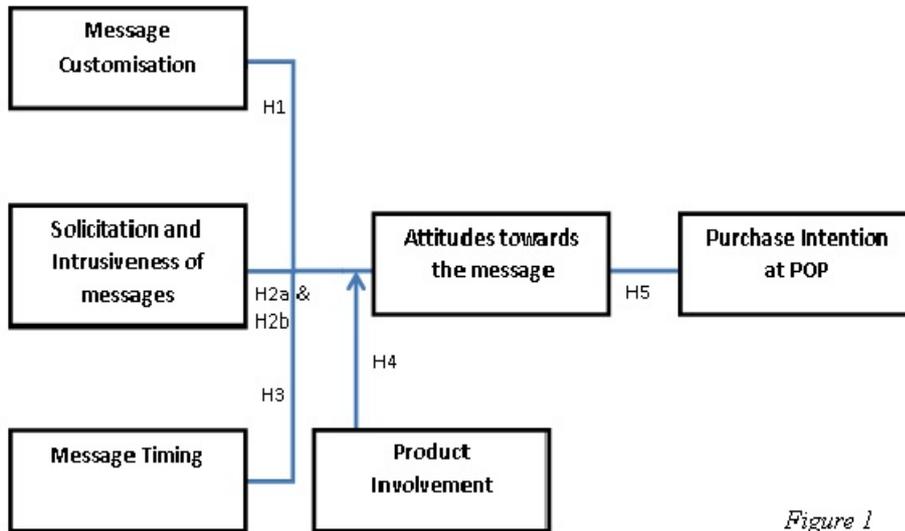
Figure 1

3.0 Methodology and Measurement

Data was collected using an anonymous online survey. Participants were randomly assigned to a scenario whereby they either received a message at POP or at home (timing manipulation). Then they were provided with two scenarios which offered them the opportunity to opt-in to receive messages pertaining to both chocolate and headphones, identified in pre-testing (low and high-involvement). They were then asked to identify the feature that was most important to them for each of the products. Based on these answers they were randomly provided with an example of an advertisement they would hypothetically receive on their smartphone, which either contained that feature or something different (customisation manipulation). Respondents were then asked to answer a series of questions that measured their responses to the advertisement.

In order to measure solicitation respondents were asked if they would be willing to opt-in to receive the messages presented in the survey scenario or not (Wehmeyer, (2007). A scale by White, Zahay, Thorbjornsen & Shavitt (2008) was adapted to this study, to measure the intrusiveness of an advertising message. Attitude towards the message was measured using a scale developed by De Pelsmacker, Decock & Geuens (1998). Lastly, purchase intention was measured using Chandran & Morwitz's (2005) Purchase Intention scale. As outlined above, timing, customisation and involvement were manipulated in the survey. In addition, scales by Srinivasan, Anderson & Ponnavolu (2002) for customisation and by Chandrasekaran (2004) for involvement were used as manipulation checks. In accordance with previous research, a highly generic sample group, segmented solely between the ages of 18 and 33 was selected for this study (Jongepier, 2011). This segment has been identified as the most likely, and willing, to adopt mobile technology (Jongepier, 2011). Respondent were approach using electronic means, suited to reaching this age group such as social networking sites.

4.0 Results

154 useable survey responses were obtained from an even gender distribution, income levels were relatively low given the younger demographic surveyed.

Table 1: Research Results

Hypothesis	Relationship	Beta Value	t – value	Standard error	Sig.	Outcome
	Constant	-	10.828	.390	.000	-
H1	Cust → Att	.257	3.835	.166	.000	Supported
H2a	Solic → Att	.167	2.429	.052	.016	Supported
H2b	Intru → Att	-.368	-5.226	.059	.000	Supported
H3	Time → Att	.185	4.189	.170	.000	Supported
-	Inv → Att	.140	.646	.537	.519	NS
-	Cust*inv → Att	-.104	-1.277	.232	.203	NS
-	Opt*inv → Att	.112	.828	.073	.408	NS
-	Int*inv → Att	.029	.232	.085	.816	NS
-	Inv*pop → Att	-.171	-2.068	.235	.040	Supported
H5	Att→ PI	.613	13.749	.043	.000	Supported
Rsq 0.344						

All measures were satisfactorily assessed for convergent validity, using factor analysis and reliability using Cronbach's Alpha. Manipulation checks confirmed that the customised ad was perceived as being significantly more customised than the non-customised ad: $t(317) = -6.514, p<.000$. Additionally that chocolate and headphones were seen by participants as being significantly different in regards to their involvement $t(65) = -5.209, p<.000$. As seen in Table 1, all hypotheses were supported at the 0.05 level of significance. However involvement only moderated the relationship between timing and attitudes.

5.0 Discussion

The findings pertaining to H1 reinforce prior literature stating that the customisation of an advertising message can have a significant effect on consumers' perceived value, benefits and overall attitude towards the advert, and extends it further to a LBS context (Zeithaml, 1988; Zarrad & Debabi, 2012). Customisation can be linked to value, as if consumers are able to perceive greater value and benefits from an advertisement, especially given the large amount of advertising clutter, they are more likely to resonate better with the offerings in the message, and also with the company. Furthermore, this ability to resonate with customers supports extant findings which state that if a received promotional message is customised, then the message is seemingly already catered to their needs, thereby easing the decision-making process and reducing cognitive dissonance through perceived relevance (Zeithaml, 1988; Zarrad & Debabi, 2012).

The results, pertaining to H2a and 2b are consistent with previous literature that suggests both solicitation and intrusiveness should be considered simultaneously when determining attitudes towards LBS advertising (Wehmeyer, 2007). If consumers do not opt-in, they are likely to be less receptive to the message as it may be viewed as annoying, and therefore provoke negative attitudes (Rowley, 2004). The results also show that intrusiveness has a significant effect on consumer attitudes towards the message, and is the most important attribute. This finding further supporting previous literature stating that if consumers deem a message to be intrusive they are likely to reject that message, due to limited control over timing and content, even if they have opted-in to receive it (Varnali, 2012).

The findings relating to H3 support literature which states that as an event draws nearer, deals that might have seemed attractive to consumers in the past may lose their appeal when action is required, as consumers have more time to rationalise not making the purchase (Zauberman & Lynch 2005).This rationalisation stems from an innate consumer compulsion for product superiority, where this often takes precedence over once attractive promotional offers as they believe that a better offer will arise if they wait slightly longer (Zauberman & Lynch 2005). Conversely, different timing intervals and temporal proximity can heighten an individual's sensitivity to potential impediments surrounding the purchase situation (Mogilner, Aaker & Pennington, 2008).

H4 was only partially supported as involvement had no significant direct influence on attitudes towards the message, nor did it moderate the relationship between opt-in, intrusiveness, or customisation and attitudes. Nevertheless, it did moderate the relationship between timing and attitudes. These findings also support previous literature which states that when consumers view an advertisement they immediately form attitudes towards it, and for high-involvement products these attitudes are usually highly enduring. Consumers are less likely to switch when contemplating high-involvement products as they have typically conducted in-depth information searches, and since they are forfeiting significant monetary funds, extrinsic cues are less likely to influence their behaviour (Petty, Cacioppo & Schumann, 1983). Lastly H5 confirms the already well-established link between attitudes and purchase intention, although this link has now been extended to a LBS context (Petty, Cacioppo & Schumann, 1983; Zarrad & Debabi, 2012).

6.0 Managerial Implications, Limitations and Future Research
This research provides valuable insights to assist practitioners when looking to implement LBS into their promotional activities. One major concern in today's digital environment is the increasing lack of consumer loyalty (CMO Council, 2012a). The findings from this study illustrate ways in which managers can tailor their messages to better engage consumers. One of the major advantages for managers when using LBS is its ability to initiate impulse purchases, especially for lower involvement products, at POP through aspects of time place utility, which can heighten consumer fears of waiting and potentially missing out on lucrative offers. Managers can take this impulsive opportunity to facilitate product trials by providing customers the ability to opt-in to attractive, highly customised offers which can either lead to switching possibilities, increased word-of-mouth, or ideally brand advocacy through decreased rationalisation time. Studies show that brand trial is superior to traditional advertising as it allows consumers to confirm claimed utilitarian benefits (Kempf, 1999). Ultimately they must tread a fine line to ensure it is not perceived as intrusive.

This research was limited to the 18-33 age group. Older portions of the population (40+) are a highly lucrative market because as a whole they have relatively high levels of discretionary income. The use of chocolate and headphones limits generalisability. Consequently, more comprehensive, and consumer specific product categories could present varying, or more in-depth results. Additionally, the timing manipulations were set at two very extreme ends of the LBS timing spectrum, with at home, and in-store differentials. This wide time continuum did generate useful insights into consumer preferences in regards to timing and product involvement, however it did not allow for distinctions to be made in relation to near or at POP, which could highlight more appropriate delivery times.

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Study on the Relationships between Perceived Residential Environment Quality, Place Attachment, and Environment Satisfaction in Rural and Urban Areas of China

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Abstract

Sustainable marketing and development focuses on three aspects: ecological, equitable, and economic, which illustrates the importance of the balance between the environment, the society, and the economy. This study evaluates these three aspects from a resident's perspective, in the context of both rural and urban areas in China. Taking residents' perception on environment quality as an antecedent, this paper investigates how residents' attachment to the place and satisfaction to the environmental settings are influenced. A field survey based on quantitative study is carried out. 490 valid questionnaires are collected from five rural areas of two provinces in China, while another 420 valid questionnaires are collected from urban areas of China via an online survey. Regression analysis is applied following a factor analysis on the three main constructs. The results indicate a significant direct relationship between perceived environment quality and place attachment, as well as between perceived environment quality and environment satisfaction.

Keywords: perceived residential environment quality; place attachment; environment satisfaction; regression analysis

Track: Social Marketing

1.0 Introduction

Since reform and opening up, the level of urbanization in China has been enhanced dramatically to 53.73% in 2013. However, there are also increasing issues such as the imbalance between increased population and limited resources, the increasing disparity between rural and urban areas, the employment pressures and so on. At the same time, the dramatic disappearance of villages also arouses nostalgia. The number of villages in China drops rapidly from 3.6 million in 2000 to 2.7 million in 2010. In those ten years, almost one million villages disappear, i.e. 250 villages disappear everyday on average (Zhang, 2014). Chinese researchers commit themselves to solving this problem. A number of researchers emphasise on the infrastructure construction and public service (Zheng, 2006; Ma, 2006). However, some researchers focus on economic or social aspects. For instance, Wu (2006) suggests that the development of the secondary and tertiary industry should also be considered. Wen (2005) argues that to achieve sustainability, it requires the improvement of social institution and the recovery of social cultural environment. Accordingly, it is quite important to establish a systematic tool to evaluate the sustainable environment, and the key

point is enhancing residence satisfaction. Environmental psychology focuses on people's quality of life have addressed the relationship between inhabitants and their neighbourhood of residence; however, the urban context is the most common context to predict an individual's overall quality of life and few of the researchers investigate this issue in China (except for Mao et al. (2015)). To fill in these research gaps, this study aims to test the potential impact of perceived residential environment quality on place attachment, as well as environment satisfaction from a resident's perspective in both rural and urban areas in China. Based on a literature review on relevant literature on sustainability, attachment theory, residential psychology, a number of hypotheses are proposed. Subsequently, a quantitative empirical study is described, the findings are presented and relevant theoretical and managerial implications are discussed.

2.0 Theoretical Framework

2.1 Perceived Residential Environment Quality

Research on residential environment quality spreads in different levels from health, marriage, housing, family, friendships, financial situation, leisure, to community or place of residence (Marans, 2003). Studies on this topic provide significant implications on the rural and urban designing and planning. Since 1960s, researchers have developed several psychological measures to evaluate environment quality from a resident's perspective, e.g. Perceived Environmental Quality Indices (PEQI) (Craik & Zube, 1976). More recent research indicates the potential of the usage of Perceived Residential Environment Quality Indices (PREQI) (e.g. Bonaiuto, Aiello, Perugini, Bonnes, & Ercolani, 1999; Fornara, Bonaiuto, & Bonnes, 2010). PREQI consists of four macroevaluative dimensions: spatial (i.e., architectural and urban planning), human (i.e., people and social relationships), functional (i.e., services and facilities), and contextual (i.e., pace of life, environmental health/pollution, and upkeep/care) (Fornara, Bonaiuto, & Bonnes, 2010). This dimensionality and measurement allows for comparisons with other psychological or behavioural responses at different residential levels.

2.2 Environment Satisfaction

Environment satisfaction is comparatively complex to study, since the different levels of the environment need to be considered. Previous studies suggest that dimensions of satisfaction needs to be discussed in terms of the aspects, characteristics, and features of the residential environment (such as design aspects, social characteristics, facilities provided, or management issues), to which the users respond in relation to satisfaction (Francescato, 2002). From a perceptual perspective, satisfaction can further be conceptualised into cognitive, affective, and conative dimensions (Francescato, Weidemann, & Anderson, 1989). Cognitive satisfaction can be measured on residents' evaluation on the residential environment quality, while affective satisfaction may be assessed on residents' emotional responses or attachment to this place (Bonaiuto, 2004). Conative satisfaction is tested on residents' mobility such as retention or intention to leave (Speare, 1974). In addition, the aspects to be considered in urban residential satisfaction are different from those in rural residential satisfaction. Ogu (2002) studies the variables ranked in terms of importance to evaluate the residential environment for core area, intermediate area, suburban areas, and planned settlement areas, and finds four different lists. Pelletier, Legault, and Tuson's (1996) focus on the environmental conditions and government policies and develop a residential satisfaction index that can be applied in both urban and rural areas. Based on this theoretical basis, the first hypothesis is proposed as follows:

H1: The higher is one's perceived residential environment quality, the higher his/her satisfaction to the environmental settings in this place is.

2.3 Place Attachment

A variety of disciplines have shown an interest in understanding the attachments that people form with places. The concept of place attachment is defined as "*a positive connection or bond between a person and a particular place*" (Williams & Vaske, 2003, p. 831). In environmental psychology, a number of researchers have attempted to conceptualise, understand, and measure attachment to interpret the individual–individual, individual–community, and individual–place bonding (e.g., Kyle, Graefe, & Manning, 2005). Research on place attachment in environmental psychology mainly considers place attachment as an outcome of an individual's evaluation and attitude towards a place based on knowledge and experience with this place (Chen, Dwyer, & Firth, 2014). Following Chen, Dwyer, and Firth' (2014) conceptualisation, this study adopts the four-dimension framework of place attachment and applies it in studying rural and urban residents' attachment to their resident place in China as follows: (1) *Place identity* is conceptualised in terms of the identification process between the self and a place. Residents tend to define themselves partly in terms of a collective's identity (Ashforth, Harrison, & Corley, 2008), namely the place identification process. Place identity is considered as the outcome of this process. (2) *Place dependence* is rooted in transactional theory. This dimension of place attachment refers to a functional attachment to which reflects the importance of the place in providing features and conditions that support specific goals or desired activities (Williams & Vaske, 2003). Due to this nature, this construct is rather comparison based. (3) *Affective attachment* refers to the affective dimension of individual-place attachment. According to Jorgensen and Stedman (2001), this dimension contains emotional content explicitly and this affective relationship between a resident and place goes beyond cognition, preference, or judgments. (4) A *social bonding* dimension is proposed by Kyle, Graefe, and Manning (2005), which refers to social relationships between individuals and individuals, individuals and community, and individuals and culture (Altman & Low, 1992) within a targeted place. This social dimension of place attachment focuses on the C2C interactions, which is also consistent with contemporary marketing environment.

Some researchers attempt to test the relationship between place attachment and environment satisfaction. Kyle Mowen, and Tarrant (2004) investigate the effect of place attachment on the perceived values of tourists and find that place attachment is an important factor explaining the variance of perceived values. When the function of a place could meet the tourists' special requirements, they would attach to the place affectively and then feel satisfied (Kyle & Graefe, 2004). Thus, the second hypothesis is proposed as follows
H2: The stronger one is attached to the place, the higher his/her satisfaction to the environmental settings in this place is.

Place attachment is also connected with the individual's environmental perception. For example, through comparisons, Mesch and Manor (1996) conclude that the residents who give a higher evaluation of the social and natural environment may have greater place attachment. Brown, Perkins, and Brown (2003) also suggest that the residents who agree that the street environment is better would attach to this place. Taking use of social-demography and residential variables, Sam, Bayram, and Bilgel (2012) predict the indicators of perceived residential environment quality. Through a survey covers the scales of perceived residential environment quality indexes (PREQIs), neighbourhood attachments (NAS), and other

problems corresponding to populations and residence, they have certified the relationship between residential environment quality and place attachment. Furthermore, Borrie and Roggenbuck (2001) and Walker and Ryan (2008) find that the connection between human beings and the nature environment would affect their affection toward the environment. It means that the closer the relationship with the nature environment is, the stronger the attachment would be, which in turn, enhances the intentions to protect the environment. Therefore the third hypothesis is proposed:

H3: Place attachment in addition performs as a mediating effect between perceived residential environment quality and environment satisfaction.

3.0 Research Methods

3.1 Data Collection & Measurement

A survey approach was employed to test the hypotheses. Dataset *A* (*rural*) is collected from three villages from Heilongjiang Province and two villages from Shandong Province in China from (July to August 2014). The choices of the two provinces as well as the five rural areas are random. From this online survey, 490 valid questionnaires are included in the data analysis. Dataset *B* (*urban*) is collected via an online survey portal, which allows a nationwide sampling reach. In total 1368 online survey entries are recorded and 420 valid questionnaires are included, resulting in a valid rate of 30.7%. In the sample 53.8% of respondents are male. As to age distribution, the percentage of "*Aged 18 and below*" is relatively low (3.2% for rural sample and 0% for urban sample). "*Aged between 36 to 60*" accounts for the most in rural sample (54.5%), while the case in urban sample is "*Aged between 18 to 35*" at a 79.3%. Distribution on education illustrates variation between urban and rural samples. "*Junior high or below*" accounts for 83.9% in the rural sample and only 0.7% obtain Bachelor degrees (no record of postgraduate), suggesting a low education level in general. In the urban sample, "*Bachelor degree*" accounts for 87.4% and the number of "*Postgraduate or above*" is 9.0%. CFA was used to test the reliability and validity of the measurement, and regression analysis was applied to identify relationships among the constructs. The measurement of perceived residential environment quality is from Sam, Bayram, & Bilgel's (2012) development on the perception of residential environment. The measurement of place attachment in this study is adopted from Kyle, Graefe, and Manning's (2005) and Chen, Dwyer, and Firth's (2014) evaluation based place attachment dimensionality and scales. As for the scale of environmental satisfaction, Pelletier, Legault, and Tuson's (1996) measure was applied.

3.2 Data Analysis and Results

CFA was conducted to test the validity of the three targeted constructs. Regression was used to assess the ability of five socio-demographic variables (*gender*, *age*, *income*, *household*, and *education*) and six control measures in PREQI (*nature*, *transport*, *health*, *education*, *commerce*, and *venture*) to predict two factors (*place attachment* and *environment satisfaction*). Preliminary analyses were conducted to ensure no violation of the assumptions of normality, linearity, multicollinearity and homoscedasticity. To simplify the analyses, factor scores of the two dependent variables were calculated and entered on equal weights of all items. Rural and urban samples were run in the regression analyses separately. The results of regression analysis are reported in Table 1.

Table 1: Regression Outputs in Different Models: Rural (N=490)/Urban (N=420) Areas

DV / IV	Place Attachment	Environment Satisfaction		
	Rural/Urban	Rural/Urban	Rural/Urban	Rural/Urban
Con_	1.754/0.965	2.672/0.105	1.827/0.018	1.508/-0.044
Gender	-0.114/-0.028	0.179/0.123	-0.002/0.106**	0.019/0.108**
Age	0.174***/0.005	-0.063/0.076	0.046/0.102	0.014/0.102
Income	-0.095*/0.018	0.163***/ -0.191***	0.125***/-0.088**	0.142***/-0.089**
Household	0.022/0.083**	-0.048/0.115	-0.023/0.053	-0.027/0.048
Education	0.000/-0.117**	0.000/0.093	0.000/0.025	0.000/0.033
Attachment		**0.388***/ 0.749***		**0.182***/0.064**
Nature	**0.158***/0.186***		**0.150***/0.913***	**0.121***/0.901***
Transport	**-0.144***/-0.008**		**0.128***/0.059**	**0.154***/0.060**
Health	**0.154***/0.077***		**0.151***/0.130****	**0.122***/0.125****
Education	**0.107***/0.198***		0.041/**-0.134***	0.021/**-0.146****
Commerce	**0.193***/0.012**		**0.075*/-0.047**	0.040/-0.048
Venture	**0.096***/0.349***		0.042/-0.008	0.024/-0.030
R^2	0.357/0.539	0.213/0.201	0.425/0.724	0.451/0.724
Adjusted R^2	0.337/0.526	0.200/0.190	0.406/0.716	0.432/0.716
R^2 Change				0.026***/0.001
F	17.482***/ 43.352***	15.865***/ 17.336***	23.215***/ 97.167***	23.589***/ 89.151***

Note: *$p < 0.1$; **$p < 0.05$; ***$p < 0.01$

Socio-demographic variables and PREQI variables were entered at Step 1, explaining *33.7%* (rural)/*52.6%* (urban) of the variance in *place attachment* and 40.6% of the variation in *environment satisfaction*. *20.0%* (rural)/*19.0%* (urban) of the variance in *environment satisfaction* are explained by the entering of socio-demographic variables and *place attachment*. After entry of *place attachment* at Step 2 the total variance explained by the models as a whole was (1) for rural sample, *43.2%, F = 23.589, p < 0.01*; (2) for urban sample, *71.6%, F = 89.151, p < 0.01*. The impact of PREQI variables on *environment satisfaction* varies on either sample. From rural sample, *education* and *venture* are not found significantly indicating *environment satisfaction*, while from urban sample, factors found not significant in the regression are *transport, commerce*, and *venture*. Hypothesis one (*H1*) is only partially supported by both samples. Furthermore, *place attachment* is found a significant direct impact on *environment satisfaction* in both samples, and the coefficients are relatively high (beta = *0.388, p < 0.01* in rural sample; beta = *0.749, p < 0.01* in urban sample), providing evidence to support Hypothesis two (*H2*). In addition, the mediating effect of *place attachment* is found significant for *nature, transport*, and *health* in rural sample. However, this mediating effect is not supported by urban sample.

4.0 Discussions, Conclusions and Implications

In this study, different dimensions of PREQI were found different impacts on *place attachment* and *environment satisfaction*. This provides evidence to support a similar mechanism of studying residents' psychology with SERVEQUAL model. However, the model testing was found significantly different between rural and urban samples, indicating a systematic difference in the psychology of rural and urban populations.

Specifically, *nature, health, education,* and *venture* were found statistically significantly affecting one's attachment to the place for both rural and urban context. However, *transport* and *commerce* are found significant impacts on attachment only for rural sample. These findings suggest that commercial facilities are crucial in rural areas indicating how much residents are attached to the place. The finding on *transport*'s impact on *attachment* is interesting (negative). One possible explanation is that high transportation level contracts the image of rural idyll and thus leads to lower attachment. Both direct and indirect effects of attachment on satisfaction are found in rural sample but only direct impact was found in urban sample. This result means that rural and urban contexts are entirely different in exploring the psychological causal relationships, suggesting more comparative studies in the future to further examine the reasons and capture the differences. As to the direct impacts of different dimensions of PREQI on satisfaction, the samples again illustrate systematic differences: apart from that *health* was found a significant effect, *transport* was again found significantly influencing *satisfaction* only in rural sample while *education* was found a significant impact only in urban sample. This suggests that in rural areas, transportation needs to be well considered by local government in rural development since it is an important factor affecting both residents' attachment and satisfaction. However, the well established education environment may not enhance the urban residences' satisfaction. Further, *nature* was found with the most significant antecedent on *attachment* and *satisfaction* for urban population, suggesting that civil awareness on environment and sustainability is aroused in urban areas in China. Policy makers aiming to enhance residents' attachment and satisfaction in urban areas of China cannot neglect the natural aspects in city areas.

However, there are some limitations. Although this study tries to clarify the framework of "perception-affection-attitude" in the field of environment management, considering the practical implications, the future study could bring the individuals' behaviours or intentions into this model such as willingness-to-pay for environment-friendly products. It will also benefit from reviewing more literature on community-based social marketing.

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Observing alcohol drinking: Insights from one Australian licensed premise

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Abstract

Observations are not very common to report alcohol drinking (Rundle-Thiele, 2009) and use of techniques such as observations remains limited in social marketing formative research. However, observation methods offer real insights into alcohol consumption behaviours (Rundle-Thiele, 2009). A covert observational quantitative study was designed in an attempt to understand actual drinking behaviour in a licensed premise. A total of 714 licensed premise patrons were observed across a 17 day period. The variables included total duration of drinking on premise, observation time, type, and brand of the drink, food consumption, and consumption patterns; buying individually or buying in rounds, duration of each drink and drinking with straw. Linear regression findings suggest that, people purchasing in rounds consumed more alcohol on average than people who did not buy drinks in rounds. For every additional 1 person in a group 0.14 more alcoholic drinks were consumed. Limitations and future research suggestions are outlined.

Keywords: Social marketing, alcohol consumption, observation, licensed premises, formative research

Track: Social Marketing

1.0 Background

Two billion people are estimated to be consuming alcohol annually (WHO, 2007). Worldwide pure alcohol consumption per person was 6.1 litres for people aged 15 years and older in 2005 (WHO, 2011). High income countries, including Australia and European countries have the highest alcohol consumption rates (WHO, 2014). According to the Foundation for Alcohol Research and Education (FARE, 2012) 81% of all Australians aged 14 and over have consumed alcohol at least once in their lifetime.

Excessive alcohol consumption can harm individuals and society as a whole (Laslett et al., 2010). Harm caused by alcohol at the individual level is mainly associated with diseases and injuries, while violence, costs to judicial and health system, productivity and traffic accidents are all harms attributed to excessive alcohol use at a societal level (Manning, Smith, & Mazerolle, 2013; Rehm et al., 2009; WHO, 2011, 2014). According to the Australian Institute of Criminology (Manning, Smith, & Mazerolle, 2013) the ratio of social costs of alcohol outweighs the revenue generated by alcohol sales by 2:1.

There are different approaches to minimise the impacts of harm caused by alcohol. Behaviour change approaches include (but are not limited to) policy changes, tax increases (WHO, 2014), educational interventions (Rundle-Thiele et al., 2013) and communication campaigns mainly aimed at changing awareness (Glider et al.,2001). According to the World Health Organisation, evidence-based alcohol prevention programs seem to be working (WHO, 2014).

Social marketing is one of many approaches that can be used to minimise harm caused by alcohol (Kubacki et al., 2015; Stead, et al., 2007). Social marketing aims to change behaviour for societal good (Andreasen, 2002). Social marketing has also been employed in other contexts including breast feeding (Lowry, Austin, & Patterson, 2011), drink driving (Clapp et al., 2005), and healthy eating (Carins & Rundle-Thiele, 2014). One of the main characteristics of social marketing is a consumer focus. In social marketing formative research is used to gain consumer insight that can be later used to design, implement, and evaluate a social marketing campaign (Andreasen, 2002). Consumer led program design can enhance program outcomes by more effectively retaining participants in programs and by delivering solutions that meet consumer needs and wants (Carins & Rundle-Thiele, 2013; Kubacki et al., 2015; Wymer, 2011).

There are different methods used in formative research in social marketing interventions. Research techniques include but are not limited to, widespread use of techniques such as in-depth interviews (Zainuddin, Previte, & Russell-Bennett, 2011), focus groups (Baranowski et al., 2003), and surveys (Beech et al., 2003). Use of alternate research methods has been called for (Sharyn Rundle-Thiele et al., 2013) to gain alternate research insights. In terms of alcohol, consumption data has previously been investigated via surveys (Glider et al., 2001), national government data including sales (WHO, 2000) and crops data used to produce alcohol (WHO, 2000). Self-reported surveys have their limitations, such as underestimating drinking (Rundle-Thiele, 2009) and recall bias (Beck, Guignard, & Legleye, 2014) although these remain the most widely used method in formative research.

In comparison to frequently used methods such as surveys and focus groups application of observations in the formative research phase of social marketing studies in the context of alcohol is scarce. For instance, Nguyen, et al. (2014) used an observation technique in Vietnam, to investigate group drinking behaviours and dynamics. It was observed that collective ordering and alcohol drinking was the norm. Bot, et al. (2007) observed drinking

behaviour and investigated the relationship between whether the amount of alcohol consumption was impacted by engaging in leisure time activities during consumption. It was concluded that, for males engaging in leisure activities such as games or watching TV drank alcohol at lower rates when compared to passive times. Rundle-Thiele (2009) monitored people who consumed alcohol in 7 licensed venues observing the types and amount of beverages consumed. It was found that, 70% males and 49% females drink at risky levels and alcohol drinking levels were higher than self-claimed drinking behaviour.

Even though the majority of alcohol consumption happens to be in domestic settings (Siemieniako, Rundle-Thiele, & Kubacki, 2010), public access to licensed premises provides a setting where public drinking behaviour can be observed. The current study is an attempt to understand actual drinking behaviour in licensed premises as part of a larger formative research study that is being undertaken to design an on premise social marketing intervention

2.0 Methodology

Covert observation methods were applied to capture alcohol drinking behaviour in a licensed premise. The data reported in the current study was collected in a licensed premise in one entertainment district in Queensland. Ethical application was obtained from the university's ethical committee to observe public behaviour in a public space. An observation record sheet was developed based on Rundle-Thiele's earlier study (2009). The variables captured in the current study included total duration of drinking on premise, observation time, type and brand of the drink, food consumption, consumption patterns; buying individually or buying in rounds. Duration of each drink and drinking with straw were also recorded extending beyond measures used in Rundle-Thiele (2009).

2.1 Pilot study

A pilot study was conducted in a university bar to ensure the observation record sheet's accuracy and usefulness. The pilot study took 6 hours and 45 minutes in total across three occasions. Data during the observation study was collected by four different research assistants. An accuracy check was undertaken and some alterations were made in the data record sheet. First, some variables were disregarded to ensure user friendliness of the recording sheet. Second, an observation manual was adapted from Graham (2000) prior to observation commencement and was sent out to all observers to explain observation and safety procedures in case of emergency or violence and to standardise data collection across multiple research assistants.

2.2 The venue

The venue is in the heart of one of Brisbane's leading entertainment districts. The venue has operated since 1885, and was bought by the Coles Liquor Group 4 years ago. The venue is dominated by patrons from the LGBT (Lesbian, Gay, Bisexual, and Transsexual) community.

After a meeting that presented the objectives of the research, the venue manager agreed to open the venue for observations and provided consent in writing. Information about the observations was given to staff by the manager. Venue staff assisted giving information to researchers when asked. For instance, members of the research team often gained the type of drink served to a particular customer from staff.

There are 4 bars fully functioning in the venue. Each bar is in a different section of the venue. One bar is in the gaming room, one bar is in the middle section which is inside and busier when the weather is cold. One bar is in the night club section which operates only on Saturdays. The final bar, the "Beer Garden" is outside and is fully in operation both day and night. The current study was focused on only one section namely the "Beer Garden" which is the main attraction of the venue.

3.0 Study

A total of 8 observers were employed in the current study. Before the study started, all observers visited the venue to get familiar with the premise and to indicate where the best spot to conduct observation sessions would be. The premise operates during the lunch time as well as night time. Thus, day time drinking behaviour is observed along with night time drinking in the current study.

Both paper and pen and electronic data capture forms were used to record data. Although observations were covert, where observers were approached by a customer (n=3) and questioned about the action, the purpose of the study was explained. In all cases where the research team was approached exclusion of his/her data was offered and was declined in all three cases.

The average daily observation time was 284 minutes across 17 days of observations. Convenience sampling was employed, observers chose the subject according to convenience of the observer. If the observer had a disrupted view of a customer or if the customer was out of sight and could not be found somewhere else in the venue, the episode was recorded as a partial episode in order to prevent any misreporting. Episodes were mainly fully recorded. Data was recorded quantitatively in units following Australian Government National Health and Medical Research Council (NHRMC, 2009) picture guidelines to prevent any bias caused by researchers (Jones & Somekh, 2005). It is important to note that a glass of a wine was counted as a unit when poured into a glass from a bottle rather than as a standard drink, which is the typical Australian drinking unit measurement.

Descriptive statistics were applied to analyse the total duration of observations, quantity, and type of drinks, gender of patrons and length of episodes. Linear regression was undertaken to analyse whether quantity of drinks consumed was associated with the number of members in a group and buying in rounds.

4.0 Findings and discussion

Recorded data was entered into SPSS 22.00 software. Observed drinking behaviour was reported. Total duration of observation across 17 days and 25 sessions was 191 hours and 18 minutes. A total of 714 drinkers were observed, 28 of them being abstainers. The biggest proportion (63%) of observed subjects were males while 37% of observed patrons were females. Episodes for individual patrons varied from as little as 6 minutes to as high as 480 minutes and the average episode length for patrons was 284 minutes. After listwise data cleaning 613 cases were left. In listwise cleaning technique, only valid data for model variables are kept (Odom & Henson, 2002). Some data demonstrated inconsistent timeframe and when checked with observers a clear recall was not evident. For instance, the observation of a particular person starts at 8:05 pm but first drink is recorded as 6:08 pm. It can be as a result of mistyping but could not be risked. Instead of considering sample size, accuracy was made priority. In fact, after data cleaning, data sample is big enough to conduct modelling (Odom & Henson, 2002).

Mean total time spent in the venue for patrons was 80.73 minutes. Beer and cider is served on tap and can also be served in bottles. Most beer and cider served on tap was full-strength. The Beer/Cider category was the most preferred drink while; spirits were second and wine was third. Water consumption was observed 6 times across 613 cases.

The quantity of drinks varied from 0 to 8 beverages with the mean number being 2.5 servings of alcohol. Further details of the number of people across quantity of drinks are reported in Table 1

Table 1: Number of alcohol drinks consumed

Quantity of drinks	1	2	3	4	5	6	7	8	TOTAL
Frequency	266	156	68	73	35	20	10	4	632
Percentage	42.1%	24.7%	10.8%	11.6%	5.5%	3.2%	1.6%	0.6%	100%

More than 40% of people consumed one alcohol drink while being observed in the licensed venue. More than one third (33.3%) people drank more than the recommended daily intake levels which are less than Rundle-Thiele's (2009) findings. However, it should be noted that, while Rundle-Thiele (2009) study established findings in standard drink units while the current study establishes in serving units.

Factors impacting quantity of drinks were analysed. First of all, buying in rounds is a common practice in licensed premises and has previously been linked to higher drinking levels (Room, 2013). Slightly more than 20% of patrons observed on premise purchased alcohol in rounds. Buying in rounds significantly impacted the quantity of drinks consumed. As it can be seen from the Table 2, people buying in rounds are drinking 0.924 more alcoholic drinks.

On top of that, data analysis of quantity of drinks, minimum group numbers and buying in rounds showed that, the regression is significant ($p < 0.05$) with the number of people in the group and buying in rounds explaining the quantity of drinks consumed in one drinking episode ($p < 0.05$). The total amount of variability in amount of alcohol consumed explained was 9.7% and these were explained by the number of members in a group and buying in rounds (Please see Table 2). People purchasing in rounds consumed one more alcoholic drink on average than people who did buy drinks in rounds. For every additional 1 person in a group 0.14 more alcoholic drinks were consumed.

Table 2: Multiple Regression

Model 1	Dependent variable: *Quantity of drinks*	Unstandardized B	Standardized beta	t-value	Significant
	(Constant)	1.729		8.740	**.000**
	Minimum group numbers	.143	.158	2.916	**.004**
	Rounds	.924	.267	4.929	**.000**
	R² = .103	Adjusted R² = .097	F-value = 17.670	Sig = **.000**	

5.0 Expected contributions

This study contributes to social marketing formative research literature by demonstrating use of covert observations to understand the extent of alcohol drinking behaviour on premise and factors which impact alcohol drinking behaviour which may lead a social marketing intervention aiming alcohol intake reduction.

This study has some limitations. The study was conducted only in one venue in Australia, therefore, the results cannot be generalised beyond the present venue. Although the venue is a commercial operating unit, the patrons were dominated by LGBT community members and this small sub-group may differ from the general population.

Data presented in the current study underestimates the amount of alcohol consumed and drinking patterns. Firstly, not all people observed were captured for the full length of time they spent on premise (partial episodes) as they moved from observer sight (e.g. changing location), or the observer left before the person being observed. Secondly, data is recorded by serving and not standard drink which significantly underestimates the levels of alcohol consumed given that a typical serving of wine in the licensed venue would vary from 1.4 to 1.8 standard drinks while a typical serving of beer or cider would be 1.4 standard drinks. Further research should consider overcoming these restrictions to record more reliable data.

Findings of the current study are restricted to days and times of the study (April to May). More comprehensive data can be collected in various time of the year, month and day which will also impact the amount of alcohol consumed given that people drink more alcohol in the festive season.

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SOCIAL MARKETING

ABSTRACTS

An Exploratory study to evaluate the Impact of Social Marketing Campaigns in India

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ABSTRACT

Social marketing campaigns are used to urge people to behave in a way that would be beneficial to more than just themselves. Sometimes these campaigns are associated with negative dispositions towards their offering. This study, exploratory in nature, using both projective techniques and a survey questionnaire studied the impact of seven campaigns communicating different social themes. The study found that campaigns with emotional messages or communicated by celebrities had a fair degree of recall but none of them had any significant impact on changing the behavior. The reason for non-action included the perceived risk or effort associated with the behavior. Movement along a 'risk-effort' matrix is suggested to improve the effectiveness of social campaigns.

Key words: *Social Marketing, India, Advertising Effectiveness, Risk-effort matrix.*

Track: *Social Marketing*

The moderating influence of socioeconomic status on the decision-making processes surrounding fruit and vegetable consumption among Australian adults

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Abstract

Relatively few Australian adults consume the recommended daily intake of fruit and vegetables. In particular, those from lower socioeconomic backgrounds have been found to have especially poor levels of fruit and vegetable intake. As such, the current paper explores the moderating influence of socioeconomic status on the decision-making processes of Australian adults in order to better understand the reasons for these low rates of fruit and vegetable consumption. A face-to-face survey conducted was among 470 individuals of varying socioeconomic backgrounds revealed that participants' socioeconomic background influenced how they made decisions about eating fruit and vegetables. Such findings provide insights that could be used to design more effective social marketing campaigns aimed at encouraging increased fruit and vegetable consumption among the socioeconomically disadvantaged.

Keywords: Social Marketing, Fruit and Vegetable Consumption, Theory of Planned Behaviour, Socioeconomic Status

Track: Social Marketing

Influencing Experiential Value through Social Marketing M-Games

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Abstract

Experiential value is an important driver of customer repeat behavior and is necessary for achieving sustained behaviour. Understanding the value gained by consumers is particularly important when adopting innovative techniques, such as new technology. Social marketing practice is increasingly using the technology of mobile games (m-games), yet there is little scholarly research to explain how these games can create experiential value for the user, or which game attributes influence this value. The current research employs a two-study research design examining four social marketing m-games in four focus groups (n=23) and an online survey (n=497). A key finding is the importance of achieving a balance between entertainment value and behaviour value through the use of key game attributes relating to disguise and performance. The research offers a contribution to address current managerial problems faced by social marketing practitioners looking to employ m-games to achieve behavioural outcomes.

Keywords: m-games, Experiential Value, Game Attributes, Social Marketing

Track: Social Marketing

Ethical Ideology and Software Piracy:
An Analysis of Chinese Computer Users

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ABSTRACT

By empirically examining Chinese computer users' ethical ideology and its influence on their software piracy intention and behavior, this empirical study has generated several important findings. First, it reveals that ethical ideology serves as an important determinant of software piracy intention and behavior. Second, between the two ethical ideology dimensions, the study further shows that ideological relativism exerts a significantly higher influence on both software piracy intention and behavior than does ideological idealism. This contrasts with findings from Western contexts. These findings remind policy makers and authentic software developers of the importance to highlight the proximate harms of software piracy in their relevant communication/educational campaigns.

Keywords: *Ethical Ideology, Software Piracy*

Track: *Social Marketing*

A Socio-Ecological Approach to Social Marketing

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Abstract

Social marketing has traditionally taken a downstream focus, targeting individuals to change their behaviour. Using diet and obesity as an example, this paper takes a critical perspective, supporting moves towards upstream social marketing and applying a socio-ecological model to social marketing theory. At the macro level the socio-economic environment means it is difficult for some consumers to make healthy choices – for example, food and drink. At the micro level there is robust evidence that parenting style and quality of pre-school education during the critical early years' period of child development profoundly influences long-term health and life outcomes. Ecological models enable social marketers and policy makers to understand which interventions are likely to reduce inequality through sustainable, holistic positive behaviour change compared with short-term issue-based programmes.

Key words: *Upstream Social Marketing, Socio-Ecological Model, Early Childhood Education*

Track: *Social marketing*

Young consumers' advertising attributions, irrational behaviour and new directions for social marketing

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Abstract

Food marketing has undergone profound changes during the past 30 years, shifting from television to digital advertising with more aggressive outreach activities aimed at children. Current debate about children's exposure to food advertising involves negative rhetoric as children are expected to be impressionable; this is exacerbated by the mixed evidence regarding children's application of their advertising knowledge when choosing foods. While this may be due to young consumers' asserted inability to resist advertising, our knowledge about the relationship between children's advertising attributions (informative vs persuasion/selling) and consumer behaviour remains limited. For example, there is no conceptual explanation of how confounding variables (taste, curiosity, or social appeals) impact on behaviour even when consumers are fully aware of commercial bias. Whether advertising itself contributes to the development of informative and persuasive attributions is also poorly conceptualised. To address the above-mentioned gaps a new conceptual framework was developed to provide new insights.

Keywords: Children, Understanding Of Food Advertising, Attribution

Track: Social Marketing

The Influence of Fear Mixed with Challenge Appeals on Help-Seeking Behavioural Intentions

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Abstract

Despite the negative impact problem gambling poses to individuals and society, very little attention has been paid to the available resources of social marketing as an effective prevention tool for raising awareness of problems associated with gambling. The present study addresses this gap. This research investigates the impact of fear mixed with challenge appeals on help-seeking behavioural intentions (BI) among gambling afflicted consumers. The research findings indicate that systematic mode and depth of information processing (SMD_{IP}) is significantly and positively influenced by evoked emotions of fear mixed with challenge. In turn, advertising messages that are processed systematically and in-depth positively influence attitude towards the advertisement (Att_{Ad}). Lastly, BI is positively impacted by the Att_{Ad}. Findings from this study support the role of fear mixed with challenge as catalysts for efficient information processing, which enhances consumers' abilities to engage in meaningful deliberations in a social marketing context, indirectly impacting on BI.

Keywords: *Fear Mixed With Challenge Appeals, Systematic Mode And Depth Of Information Processing, Help-Seeking Behavioural Intentions, Gambling*

Track: *Social Marketing*

Denormalising the Object of Consumption:
Could Dissuasive Sticks Enhance Standardised Packaging?

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Abstract

Standardised ('plain') packaging reduces the appeal of smoking by removing imagery that smokers use to affiliate with brands. We examined whether unattractively coloured sticks, or sticks featuring text warnings, could further reduce smoking's appeal. An on-line study of 313 smokers involved a best-worst choice experiment that tested warning message, branding level, warning size and stick appearance, and a rating task. We identified three segments whose members' choice patterns were strongly influenced by the stick design; warning theme and size, and warning theme, respectively. Each test stick was less preferred and rated as less appealing than the two control sticks tested; a stick featuring a 'minutes of life lost' graphic was the most aversive of these. Our findings are the first to show how changing cigarette stick appearance would significantly enhance standardised packaging. For maximum impact on smokers' behaviour, countries introducing standardised packaging legislation should also denormalise cigarette sticks' appearance.

Keywords: *Plain Packaging, Tobacco Control, Affective And Cognitive Dissonance*

Track: *Social Marketing*

Consumer loyalty to healthy and unhealthy cereal brands

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Abstract

Obesity is a global pandemic; the primary cause being poor diets abundant in high sugar and fat foods. Daily consumption of a healthy breakfast is associated with improved health outcomes. In this study, we seek to determine whether healthier brands of breakfast cereal, attract higher levels of loyalty than less healthy counterparts. We use three years of real purchase data in the UK and three calculations: Mean Absolute Deviation, Mean Absolute Percentage Error, and a correlation. Our results replicate and extend the findings of Sjostrom et al. (2014) addressing its limitations in the choice of SKUs and using manufacturer-claimed "light"/"regular" classification of healthfulness. Using the objective Nutrient Profiling Model we identify that consumers tend to buy healthier brands slightly more often than expected based on the brand size. These findings have positive implications from healthier brands manufacturers perspective, suggesting there is a trend towards healthier breakfast consumption.

Keywords: Healthy Brands, Loyalty, Consumer Behaviour, Dirichlet

Track: Social Marketing

Theory versus past behaviour: Predicting children's walking to and from school behaviour from a parent's perspective. [1]

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Abstract

Using a longitudinal research design, this paper examined the predictive utility of Theory of Planned Behaviour (TPB) and parents self-reported past walking behaviour on current children's walking to and from school behaviour. A total of 801 responses were obtained via an online survey as part of VicHealth's Walk to School 2014 evaluation. The results of hierarchical linear regression indicated that both TPB and past behaviour predicted the current behaviour. However, results further identified that past behaviour was the strongest predictor amongst all measured variables. The findings suggest while TPB can be used to predict future behaviour, consideration of other variables such as past behaviour for future campaign development and evaluation is warranted. Three potential factors were identified within the TPB which can contribute to further improvement of future campaigns targeting children's active school travel. Limitations of the present study and recommendations for future study are outlined.

Keywords: *Walk To School, Children, Active Transport, Physical Activity, Theory Of Planned Behaviour*

Track: *Social Marketing*

The Influence of Goal Characteristics on Consumer Decisions to Adopt mHealth Services

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Abstract

Mobile health (mHealth) services, which use mobile phones to deliver behaviour change support, may be instrumental in efforts to address increasing rates of obesity in Australia. The benefits of these services, however, cannot be realised without their widespread adoption. Few studies examine consumers' decisions to adopt mHealth services and those that do employ attitudinal models which fail to account for the consumer goal motivating this behaviour. This research examines the effect of goal centrality, which has received scant research attention, relative to the influence of goal desirability, goal feasibility and anticipated emotions on consumers' intentions to adopt mHealth services. The results of structural equation modelling on data collected from 718 respondents indicate that goal centrality may be useful in explaining instrumental behaviours such as adopting mHealth services. Individuals that had integrated their weight management goal into their self-definition were found to be more likely to adopt a mHealth service.

Keywords: *Consumer Acceptance, mHealth, Goal Centrality, Weight Management*

Track: *Social Marketing*

Which consumer characteristics are associated with healthier supermarket baskets: an analysis of the health star rating of real grocery purchases

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Abstract

Healthfulness of supermarket purchases is of great interest to social marketing and public health academics, practitioners and policy makers. It has a strong influence on the overall quality of a population diet, which in turn has direct links to the prevalence of obesity and chronic illnesses. Using the objective Health Star Rating, proposed by the Government, for every purchased item (n=1 356), this research identifies consumer characteristics associated with healthy or less healthy purchases on a supermarket trip. We find that single-person households tend to buy the healthiest items, while households with five plus people choose least healthy options. The results also show marginal positive effects of the Body Mass Index on the healthfulness of grocery choices. Our particular contribution is the use of objective healthfulness classification and the real purchases, representing an advancement on prior consumer classified and self-reported studies.

Keywords: food purchases, supermarket, healthfulness, consumer characteristics, BMI

Track: Social Marketing

Should social marketers use Theory of Planned Behaviour in intervention planning and implementation?

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Abstract

Theory use in social marketing can significantly improve the effectiveness of interventions and campaigns, even though theory usage reporting in social marketing is still scarce. To achieve behaviour change, which is the ultimate goal of social marketing, it is necessary to understand the factors explaining behaviour. The aim of this study is to test and examine the explanatory potential of the Theory of Planned Behaviour (TPB) in three social marketing studies. The TPB was chosen given that it is one of the most used theories in social marketing. The three studies focussed on influencing children's behaviour for the better. Each study focused on one behaviour; walking, binge drinking and healthy eating (lunches). TPB can be effective when applied in physical activity and alcohol consumption contexts, while TPB did not explain healthy lunch eating. Limitations of the study and suggestions for future research are outlined.

Consumer Insights from a Quantitative Formative Research Study: Encouraging Physical Activity Behaviour in Australian Adults

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Abstract

Developing a social marketing physical activity intervention requires formative information about the target audience and target behaviour. A cross sectional online survey was conducted as part of a larger formative research study that aims to gain insights into understanding how physical activity of obese Australian adults can be effectively increased. Five hundred and thirty-one participants were recruited through email invitation issued to a convenience sample. Exploratory factor analysis, reliability and regression analyses were undertaken to examine a range of variables to gain insights into factors influencing physical activity in normal weight, overweight and obese samples. Amongst the significant predictors (gender, cultural background, crime safety and services) social support was found to be the strongest predictor for total physical activity of Australian adults. Variables found to be significant in this study should be considered to design an effective physical activity behaviour change intervention. Study limitations and future research directions are outlined.

The Rise of Self-Tracking: Investigating the Adoption of Fitness Trackers and the Relationship on Preventive Health Care

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Abstract

Recently, a new movement called "self-tracking" has been emerging: measuring your everyday physiological activities, nutrition and vital signs to improve your quality of life (The Economist 2012). In addition, a growing number of trackers are being used in corporate wellness programs (Nield 2014). Yet, academic research on the adoption and utilization of wearable technology is still non-existent. The purpose of this first study is to investigate the antecedents and effects of consumers' adoption of fitness trackers. In a next step, we plan to examine how fitness trackers are adopted and utilized as part of corporate wellness programs. Based on literature of TAM, gamification and preventive health care we develop a theoretical model that is then empirically tested. Contributions will be relevant to consumer behavior and services marketing researchers who investigate technology adoption in healthcare and directors of corporate wellness programs who want to implement wearable technology in wellness initiatives.

Keywords: *Wearable Technology, Fitness Tracker, Fitbit, Corporate Wellness Program, Wearable Device Adoption, Health Care, Transformative Service Research*

Track: *Social Marketing*

The influence of health consciousness and weight bias on eating behaviour

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Abstract

498 participants from South-East England were questioned about their diet, attitudes and beliefs towards obese people, health consciousness and normative influences. The findings confirm the prevalence of weight bias but also demonstrate anti-fat attitudes are positively related to eating behaviour. Surprisingly, healthy eating behaviour is negatively related to health consciousness. Significant differences exist between people with or without obese family members. There are important implications for social marketers and public health professionals: attempts to encourage healthy eating may have the unexpected negative outcome of exacerbating stigmatizing anti-fat attitudes; however, interventions which focus on the negative impact of obesity itself *may* influence some people to eat healthily. Attempts to raise health consciousness will not necessarily translate into healthy-eating behaviour.

Keywords: *Weight Bias, Health Consciousness, Obesity, Eating Behaviour, Social Marketing*

Track: *Social marketing*

Leveraging source effects in co-created social marketing communications

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Abstract

Recent statistics underscore high failure rates of many health and social campaigns. With 73% of Millennials not trusting institutions to tackle health and social issues alone, this research investigates the potential of advertising co-creation for generating more impactful social marketing communications. An exploratory study confirms the more positive evaluation of co-created messages. Study 1 explores the interrelationships between the source effects driving these positive ad evaluations, shedding light on the role played by perceived motives and advertising authenticity. Study 2 confirms and explains how the disclosure of different message sources (i.e., institution-created vs. consumer-generated vs. co-created) influences the evaluations of ads with otherwise identical content. Implications for policy and practice are discussed.

Keywords: *Advertising authenticity, Ad evaluations, Co-created advertising,*
              Responsibilisation, Source effects

Track: *Social marketing*

Are we a Business or a Medical Service? Ethics of Customer Relationship Marketing Practices for Non-Surgical Cosmetic Procedures

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Abstract

This paper aims to investigate how customer relationship marketing (CRM) activities are utilised by plastic surgery practices in order to encourage the sale of non-surgical cosmetic procedures (such as Botox). Because these procedures are considered to be an important gateway for increasing future use of more invasive (and profitable) services, the CRM techniques employed to build a relationship with clients may be considered unethical because they prioritise increasing financial performance and customer profitability rather than enhancing consumer wellbeing. To explore this, a conceptual model is presented which compares and contrasts the CRM activities, mediators and expected outcomes for plastic surgery providers primarily motivated by profit, to those primarily motivated by mutual betterment. This paper demonstrates how practices to retain and "improve" customers may harm the customer and commoditise the service unless mutual betterment is a key objective.

Keywords :   Ethics, Customer Relationship Marketing (CRM); Medical Services; Cosmetic Surgery

Track :   Social Marketing

Wymer and why social marketing is more than just individual behaviour change: Exploring upstream in wicked animal welfare issues using an ecosystems approach

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Abstract

This paper demonstrates how upstream social marketing can be applied to understand wicked problems through conceptualising them using an ecosystems approach to design upstream interventions that support the success of downstream programs. This paper explores the application of Wymer's causal factor model to understand the perspectives of upstream stakeholders regarding wicked animal welfare issues. Researcher reflections further assist in understanding the upstream environment. This application of Wymer's model improves understanding of the concept and practice of upstream social marketing. It provides a practical tool to apply an ecosystems perspective to address wicked problems. The findings support the view that long-term social change requires a social engineering approach, involving multilayered interventions targeted at all levels of Wymer's model, but particularly at the broader environmental levels. This paper also highlights the definition and practice of upstream social marketing should include greater emphasis on increasing dialogue around policy.

Keywords: *Wymer, Ecosystem, Upstream, Animal Welfare*

Track: *Social Marketing*

Segmenting caregivers based on their attitudes and behaviours relating to their children lunchboxes

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Abstract

The purpose of the present study is to investigate the existence of segments within caregivers of children using the Two-step cluster analysis method. A convenience sample of 876 carers/guardians of primary school-aged children formed the basis of this study. Segments were examined on the basis of demographic, psychographic and behavioural variables. Three different caregivers´ segments (*wealthy and less concerned, concerned with low SES* and *concerned wealthy & educated*) were identified based on psychographic, demographic and behavioural variables. Different social marketing programs are proposed as a possible path to meet the needs and wants of these three different segments.

Keywords: Lunchboxes, Caregivers, Social Marketing, Segmentation, Cluster Analysis

Track: Social marketing

How to best present salient product information to encourage ethical consumption: A conceptual framework

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Abstract

Encouraging ethical consumption has become an important aspect of product related communication for several years, however, salient ethical product information is not always successfully presented. This paper therefore reviews current literature to identify consumers' specific requirements concerning the presentation of ethical product information. Comprehensibility, meaningfulness, credibility, and cost effectiveness emerged as the most important factors influencing the purchase intention of ethical products. Moderating effects of individual factors are also presented, resulting in a conceptual framework of how the most salient product information can best be presented to encourage ethical consumption. Research propositions concerning the presentation of ethical product information are stated to provide future directions for research and application. Overall, we argue that ethical product features must be communicated thoroughly, and that the information provided must be chosen deliberately to engage consumers to seriously consider a product's salient ethical aspects during their purchase decision process.

Keywords: *Green Marketing, Ethical Consumption, Product Information, Information Presentation, Conceptual Framework*

Track: *Social Marketing*

Title: The role of trust in deceased donation decisions – a model of organ donation registration.

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Abstract

A conceptual model is presented which argues that organ donor registration is best framed as a contingent promise to society, a behaviour that should be understood in terms of the collective rather than the individual. As such, two objects of trust – depersonalized and institutional – become critical to explaining registration behaviour. This model marks a significant shift away from existing models of donor registration based on theories of individual prosocial behaviour.

Keywords: *Organ Donation, Donor Registration, Trust, Social Inclusion*

Track: *Social Marketing*

EduCATE: Early long term follow-up results from a cluster randomized control trial

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Abstract

Early alcohol misuse is a major contributor to alcohol-related harm. Programs should aim at prevention, reduction and maintenance of low levels of binge drinking. This study reports on long-term impacts of a social marketing program applied to change adolescent knowledge and attitudes towards harmful alcohol consumption. Using a simple cluster randomized controlled trial design, the long term impacts of the EduCATE social marketing program were evaluated in sample of 14 to 16 year olds. EduCATE had a significant and sustained long-term effect on alcohol related knowledge, instrumental attitudes, and affective attitudes towards binge drinking. This research provides insight demonstrating the sustained effect supporting use of social marketing featuring interactive games and activities rather than traditional didactic approaches to changing adolescents' attitudes and behaviour.

Keywords: adolescents, alcohol, binge drinking, randomized controlled trial, social marketing

Track: Social Marketing

Problem recognition in social marketing

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Abstract

Problematic online gaming poses a threat on young Australian men's mental well-being as it produces symptoms of problematic behavioural and negative mental health outcomes. This coupled with poor help-seeking among young men establishes the need to integrate the theory of help-seeking and Stages of Change to investigate triggers for problem recognition for problematic online gaming that lead to help-seeking behaviour. The research used Critical Incident Technique (CIT) to collect and classify a total of 78 incidents from 12 self-identified young Australian male problematic online gamers. The research contributes to the social marketing literature by providing novel findings into the types of problem recognition triggers and expanding current understanding of the processes between pre-contemplation and contemplation.

Keywords: *Social Marketing, Help-Seeking, Problematic Online Gaming, Critical Incident Technique*

Track: *Social Marketing*

Does Social Business influence fishers' attitude towards cooperative in the mud-crab value chain? A structural model approach

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Abstract

The livelihood of crab fishers in coastal Bangladesh is open to risk and vulnerability. The fishers are not organized among themselves and no cooperative system exists among the crab fishers of coastal Bangladesh. This research, guided by the Social Business concept, identifies different factors such as individual factor, channel factor, perceived benefit, perceived barrier, social and situational factors that influence crab fishers' attitude towards and intention to adopt cooperative to attain sustainable livelihood. Data were collected from 185 crab fishers of south-eastern coastal areas of Bangladesh through structured questionnaire. The findings reveal that individual factor and channel factor significantly influence perceived benefit and perceived barrier respectively. Perceived benefit has positive effect on fishers' attitude towards cooperative, which influence their intention to be engaged with the cooperative. The intention eventually influence fishers' perceived sustainable livelihood. The policy implications of the findings are discussed.

Keywords: *Mud-crab, Value chain, Cooperative, Social Business and Sustainable Livelihood.*

Track: *Social Marketing*

CONSUMER CULTURE THEORY

FULL PAPERS

United Breaks Guitars: exploring the complexity of engagement from a multi-actor individual/organisation perspective

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Abstract
We challenge the traditional view of engagement in the marketing discipline, which has been based on research that considers engagement as dyadic, customer-centric and static. Our exploratory case study of a popular social media incident, the "United Breaks Guitar", allows us to explore the complexity of the dynamics of multi-actor engagement with individuals and organisations through six sequential case episodes. It reveals the complex nature of engagement associated with the changing number of actors, interactions, connections and networks, and the diverse actors' dispositions and a multi-actor perspective of the valence of engagement. This suggests that future engagement studies need to explore engagement in a dynamic context that goes beyond the dyads and examine engagement valence from a multi-actor individual/organisation perspective.
Track: Consumer Culture Theory

Introduction/background

Previous engagement studies in the marketing literature tend to focus on interactive one-to-one dyads, usually between customers and a focal engagement object such as product, brand, firm or online community (Brodie, Hollebeek, Juric, & Ilic, 2011; Brodie, Ilic, Juric, & Hollebeek, 2013). However, customers are engaging using online platforms that involve interactions with multiple actors and enable engagement over time. This highlights the need to explore the dynamics of engagement among multiple actors that are individuals and organisations and within networks. Recent studies suggest that engagement should go beyond customer-provider dyads (Vivek, Beatty, Dalela, & Morgan, 2014; Vivek, Beatty, & Morgan, 2012), and focus on a broader constellation or network within a service eco-system (Chandler & Lusch, 2014). A few studies have explored engagement within a customer network (Jaakkola & Alexander, 2014), or network that includes variety of stakeholders (customers, family members, and employees) (Verleye, Gemmel, & Rangarajan, 2014).

The 'systems' or 'birds-eye' view necessitates a multi-actor network perspective (Mickelsson, 2013), where a customer is seen as only one actor among other individuals and organisations, and who uses and establishes connections while being engaged over time and space (Tax, McCutcheon, & Wilkinson, 2013; Vargo & Lusch, 2011). In the same vein, Storbacka, Brodie, Böhmann, Maglio and Nenonen (2015) propose actor engagment as the micro-foundations for macro-level perspectives such as value co-creation (Prahalad & Ramaswamy, 2004) and service-dominant (S-D) logic (Lusch & Vargo, 2014). However, their suggestions remain at a conceptual and abstract level, and without a specific context to demonstrate the nature and especially underlying dynamics of multi-actor engagement phenomena.

In addition, valence, as a 'force' that leads to different behavioural directions (Colombetti, 2009), has been considered as a key engagement dimension (Brodie et al., 2011; van Doorn et al., 2010). Particularly research on negative engagement (NE) demonstrate that NE antecedents and outcomes could be quite different from those of positive engagement (PE) (Juric, Smith, & Wilks, 2015; Smith, Juric, & Niu, 2013), and thus should be taken into account when exploring engagement phenomena. However, the few studies, who take a

network perspective towards engagement, focus exclusively on positive forms of engagement. For example, although Verleye et al. (2014) acknowledge the detrimental effects of some forms of negative engagement, their study only covers CE behaviours that benefit the firm and its stakeholders, thus failing to capture the harmful ones and their detrimental effects.

Motivated by these issues, this paper employs the case of "United Breaks Guitars" to explore multi-actor engagement. The case is based on Dave Corral's service experience with United Airline (UA), known as a popular social media incident (Carroll, 2012). Multiple actors have engaged through time, as the case moved along from one episode to another, thus permitting the examination of the dynamics of engagement and characteristics of multi-actors engagement. The paper proceeds as follows. First we review the literature on engagement of multiple actors and through time. Second the theoretical tensions underlying engagement valence conceptualisation are discussed. Third we use the "United Breaks Guitar" case to elaborate actor engagement in six sequential episodes, from which we are able to explore the complexity of engagement from a multi-actor individual/ organisation perspective and to shed light on engagement valence understanding. In the last section, we concluded by drawing implications and suggestions for future engagement research.

Engagement among multiple actors through time
Research to date has largely portrayed engagement as dyadic and customer-centric (e.g. Bowden, 2009; Brodie et al., 2011; van Doorn et al., 2010; Vivek, Beatty, & Morgan, 2012). More recently the need to research multiple actors in the network and the engagement dynamics through time (Chandler & Lusch, 2014; Storbacka et al., 2015) has been acknowledged.

Chandler and Lusch (2014) conceptualise engagement to encompass two properties, *connections (temporal and relational)* and *dispositions*, and use these two properties to demonstrate how and when different actors get connected through service experience over time. Through *relational connections*, different actors are able to be linked in a larger constellation or network; *temporal connections* explain how previous connections among actors influence their engagement in the future. *Dispositions* represent actors' internal propensity (i.e. psychological state, intentions, desires and goals) towards engagement. In addition, they argue that value proposition serves as an *invitation* for actors to engage. The more intensive the value proposition is, the more appealing this invitation is. If the perceived value proposition aligns with the actor's dispositions and connections, the actor will get engaged. Furthermore, Storbacka et al. (2015) conceptualise actor engagement as *both the conditions of engagement, and the activity of engaging in an interactive process of resource integration within a service ecosystem* (p.1). However, these conceptual studies adopt abstract, macro-level nomological vacubulary such as *resouce integration* and *value co-creation,* and do not demonstrate dynamics of muti-actor engagement and how *connections* and *dispositions* function through time. Thus this theoretical gap serves as the first motivation to conduct the case study.

Engagement valence
Valence has been considered as a key engagement dimension of customer engagement (Brodie et al., 2011; Van Doorn et al., 2010). While according to Storbacka et al.'s (2015) conceptualisation actor engagement encompass activities of value co-creation, Juric et al. (2015) found out that unhappy customers, who perceived that their resources were misused in a service encounter and feel self-threatened (Smith, 2013; Smith et al., 2013), may engage in interactive processes of value co-destruction (Plé & Cáceres, 2010). Thus, we consider valence as an essential component in exploring actor engagement.

In the NE exploratory study of an online Facebook community called "I hate Facebook", S. D. Smith et al. (2013) identified that NE goes through a different process and that negatively engaged customers have different engagement goals (*disposition*) and outcomes, thus, arguing that NE is a distinct construct from PE. This study echoes to the challenge for research which seeks to contextualise actor engagement as micro-foundations for S-D logic and to cover NE.

Exploratory case study
This case is adopted from Dave Carrol's published book, where he retold the story about his service experience with UA in 2008 (Carroll, 2012). Six sequential episodes can be identified throughout the case. The breakdown of the phases is based on Dave's (as the focal engagement actor) goals (*disposition*). A description of each episode is followed by the interpretation and summary.

Episode 1: Dave approached UA flight attendants for an explanation after he saw his expensive guitar being mistreated by UA handlers.
Interpretation: Dave was concerned and decided to ask UA for an explanation (*disposition*) as to why his luggage was mistreated; he understood UA's value proposition as delivering safe and pleasant service (*relational connection*), which can be seen as *the invitation* to engage. Based on Dave's common sense or previous service experience (*temporal connection*), he decided to engage with UA by communicating with flight attendants (*activity*).
Summary: There are three actors in the first episode: Dave, UA baggage handlers and UA flight attendants. The only interaction is dyadic between Dave and UA flight attendants.

Episode 2: Dave started a compensation claim, first with Air Canada (UA partner in the trip), and then with several UA departments (UA Indian agents, baggage office in Chicago and NY); Dave encountered an unresponsive loop which involved different service departments.
Interpretation: Dave found his guitar smashed; Dave knew the customer policy and rights to make a claim and to ask for compensation (*temporal connection*), and thus he felt unhappy (*disposition*) and decided to start a compensation claim with UA (*activity*). Dave's value proposition at this stage is being a customer in need of service recovery. In order to reply to Dave's invitation, the service departments of UA (*relational connection*) engaged with Dave; also the departments engaged with each other.
Summary: There are five actors in this episode: Dave and four organisations (Air Canada, UA Indian agents, UA baggage office in Chicago and NY). Dave interacted with all the other actors; different UA departments also interacted with each other.

Episode 3: Dave concluded that UA's service recovery process is ineffective and was designed to frustrate customers. Dave felt angry and decided to revenge UA by creating three YouTube video songs with his band Sons of Maxwell and by inviting audiences to watch.
*Interpretation:* Frustrated and angry, Dave developed the goal of getting back at UA (*disposition*). His *disposition* and value proposition is to harm UA. He knew that as a song writer and singer in a band (*relational connection*), he had the power to let more people know about this incident (*temporal connection*), thus humiliating UA through negative publicity and negative word of mouth (WoM). Therefore, he created three music videos (*activity*).
Summary: Two engaging actors: Dave and the music band. Their interaction is dyadic.

Episode 4: Dave uploaded the first YouTube video and gained a huge number of hits; UA contacted Dave and offered a compensation; Dave refused. The UA stock price fell by 10%

in the following week. Other airlines approached Dave and offered free tickets to experience their service; Tayler Guitar offered Dave two expensive guitars, which he can use to create his next two songs; UA grudge-holders supported Dave; UA loyal customers supported UA and criticised Dave and grudge-holders. A month later Dave uploaded the second video song and half a year later the third one. The direct interactions among actors are illustrated in Figure 1. Of note is that the indirect interactions in episode 4 are also interesting. For example, Dave humiliated UA and refused UA's compensation offer; on the other hand, other airlines reacted to this incident by taking advantage of their competitor's (UA) "misfortune". Although UA and other airlines did not interact directly, indirect interactions can be induced.

Figure 1: Actors and interactions in Episode 4
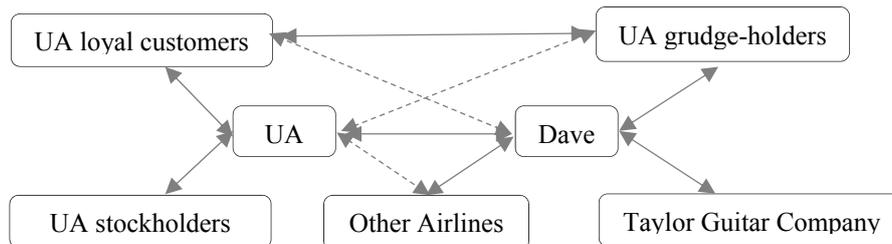
——: direct interactions, explicitly stated in the case data
------: indirect interactions, induced from the case data

Interpretation: Dave uploaded the video and invited YouTube viewers to watch entertaining video songs (*activity*), still having a goal (*disposition*) of revenging against UA. UA sponsors and stockholders (*relational connections*) were concerned about the impact of the publicised incident on brand image, customer trust and stock price, and they wanted to stop the scandal and offer the compensation (*activity*). UA grudge-holders, people who had been harmed by UA (*temporal and relational connections*), regard Dave as an exemplar, and they supported Dave and want to see UA get punished (*disposition and activity*). Tayler Guitar is the brand that Dave used and favoured (*temporal and relational connection*), and they want this revenge to continue in order to leverage this incident as promotion of their brand (*disposition, activity*). In addition, Tayler Guitar is an actor that is not directly linked to the original service *network* where Dave and UA engaged. UA loyal customers loved UA from their previous service experience (*temporal and relational connection*), and thus they want to support UA and argue with Dave and UA grudge-holders (*disposition and activity,*). Dave developed additional goals (*disposition*) as he saw opportunities to leverage this incident to attain value (career as a musician, popularity and fame) by engaging with other actors.
Summary: Among various actors in this episode are Dave, UA, UA loyal customer and grudge-holders, UA competitors and Tayler Guitar Company. Dave interacted with all of the actors. UA loyal customers also interacted with grudge-holders.

Episode 5: The event cooled down. Not as many people discussed this event as at the time when the first video was released. Dave no longer felt angry towards UA.
Interpretation: Few actors remain in the *network*. Dave was not active as he was in previous engagement with UA.
Summary: The network collapsed. Engagement entered in dormancy. Previously engaged actors left and interactions terminated.

Episode 6: Four years after the incident (in 2012), Dave published a book titled "*United Breaks Guitars: The Power of One Voice in the Age of Social Media*". He became a social media innovator and expert in customer service, and started giving public speeches to share his experience and/or insights with the world.

Interpretation: Dave had the goal of attaining the value from this incident (*disposition*), wrote books and gave speeches (*activity*) to gain popularity and expand career as writer and service expert (*disposition*).
Summary: Connections among Dave and other actors and the networks rebuilt, and new actors and networks emerged. People started discussing the book and speeches, and interacting with Dave or other actors.

Emergent knowledge around the complexity of engagement
The interpretation of engagement in six sequential case episodes revealed the following findings that have implications for further research: the dynamic nature of actor engagement – the changing number of actors, connections, interactions and links of associated networks, and the ambiguity of engagement valence due to diverse dispositions of actors.

1) The number of types of actors and interactions increased and decreased through time.
        For example, the number of the types of actors increased from two to five in the episode 2 where some of the actors were organisations, and where actors not only interacted with the focal actor Dave, but also interacted with each other. Thus the number of interactions also increased. Then the number of actors decreased to only two actors in the third episode, where the interactions went back to dyadic. Episode 4 had the most actors and interactions in the network, they all interacted with the focal actor Dave; some of them (e.g. UA loyal customers and grudge-holders) also interacted with each other. In episode 5, network collapsed; few actors and interactions remain. Then actors got connected and actors started to engage again in the last episode.

2) The number of connections and networks associated with actors in other networks increased and decreased over time.
        Based on *relational connections*, when an actor gets engaged in the network at a certain point of time, this actor will also bring in *new networks* of actors (Chandler & Lusch, 2014). These new actors will also be potentially engaged in this focal network if they find alignment between value propositions and their *dispositions and connections*. For example, in the case, Dave's value proposition attracts the network where Tayler Guitar Company resides and the network of UA grudge-holders. The actor associated with multiple networks and therefore has a powerful position (Storbacka et al., 2015), will serve as the intersection point where different networks or systems could be linked (Chandler & Lusch, 2014). In this case, due to Dave's value proposition multiple networks got connected.

3) Engagement valence is determined by actor dispositions: a multi-actor individual and organisation perspective reveals the complexity of engagement valence.
        In episode 4, Dave revenged against UA by uploading YouTube songs. His engagement with UA aligned with his revenge goal, and thus he would see this engagement as PE. Tayler Guitar Company had the goal (*disposition*) of leveraging this incident to promote their products, and thus they would see Dave's engagement with UA as PE. UA grudge-holders had the goal (*disposition*) of getting back at UA, and hence they would interpret Dave's engagement with UA as PE. UA competitors had the goal (*disposition*) to promote their service and increase market share, and they would treat Dave's engagement with UA as PE. For these actors, Dave's engagement with UA is aligned with their goal, and thus they would see such engagement as PE. However, taking the perspective of UA, UA partners and UA's loyal customers, who had the goal (*disposition*) to maintain a positive brand image and UA reputation, they would regard Dave's engagement as NE. Dave's engagement with UA violated the *dispositions* of the actors, and thus they would perceive

such engagement as NE. Therefore, this particular engagement could be interpreted differently from multiple actors with diverse *dispositions*, which reveals ambiguity of engagement valence.

Conclusions and implications

Through our exploratory case study, we challenge the traditional view of engagement prevalent in current research, which is customer centric, focuses on dyadic interactions, and conceptualise engagement valence in a simplistic positive and negative dichotomy. Our analysis revealed the six episodes of Dave's and associated actors' engagement, which were initially triggered with a critical incident, i.e. service failure. Three dimensions are identified to demonstrate engagement complexity from a multi-actor individual/ organisation perspective. First, the changing number of actors renders interactions shift between dyadic ones and networked ones. Second, the network evolves through number of actors and connections, and includes and excludes links with other networks. Third, the multi-actor individual/ organisation perspective and various actor dispositions lead to engagement valence ambiguity. Therefore we suggest that engagement studies should go beyond dyads to cover connections and interactions among multiple actors, and engagement should be explored through time to examine the network dynamics. In addition, engagement studies should take into account diverse actors' dispositions that influence engagement valence.

      Even when the customer is the focal actor engagement happens beyond dyadic, through time, and nest within networks where multiple actors get connected. Dispositions serve as essential determinant points to influence the engagement valence. Implications for managers involve understanding of how multiple actors beyond the traditional service network might influence the focal engagement actor and the brand, and how actors' goals and a multi-actor perspective could influence engagement valence and thus affect the engagement activities and outcomes. Further research will explore the evolution of the networks and the patterns of engagement at a certain point of time and through time (Storbacka et al., 2015). With regards to engagement valence, further research on different deterministic factors of valence (e.g. dispositions, activities and outcomes) (Hollebeek & Chen, 2014; Smith et al., 2013) and different elements of dispositions (i.e. goals and psychological states) (Chandler & Lusch, 2014) will offer more insights.

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CONSUMER CULTURE THEORY

ABSTRACTS

Shifting Masculinities:
The Remasculation Strategies of Acculturating Consumers

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Abstract

Despite emerging research on marketplace-enabled masculinities, it is unclear how masculinities are reconstituted through consumption in the context of transnational mobility. A hermeneutic study of 14 skilled migrant men reveals three remasculation strategies: status-based hypermasculinity, localised hypermasculinity, and flexible masculinity. By contributing a transnational dimension to the academic discourse on masculinities and the marketplace, this paper extends previous studies which have largely focused on masculinity within a single consumer culture. This paper also extends emerging research on masculinities and acculturation by augmenting existing perspectives of female migrants and second generation immigrants with the perspective of skilled first generation migrant men. In particular, our study uncovers a wide range of remasculation strategies which show how pre-migration regimes of manhood are both re-inscribed and revised through acculturation.

Keywords: *Acculturation, Gender, Masculinity, Hermeneutics, Migration*

Track: *Consumer Culture Theory*

Trolling brands online: Understanding the struggle against consumption & marketing

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Abstract

This study focuses on establishing an in depth understanding of the online culture of trolling brands. Building from a theoretical base of consumer movements, the online culture of trolling is explored through netnography. Findings suggest that trolls share ideological values and beliefs that are consistent with a consumer movement against consumption and corporate capitalism. Trolls see themselves as enlightened to the perils of excessive consumption and aim to disrupt the social order of hyper-hedonistic society through targeted attacks on brands and marketing, manifested and operationalised through fake brand content and attacks on marketing campaigns. This study deepens our understanding of trolling as a form of anti-consumption activism, examines the elusive goals of activists and sheds light on the role of consumer generated content and the disinhibition provided by the online context in enacting troll culture, co-constructing the troll identity and equalising the power balance between trolls and their corporate adversaries.

Keywords: Trolling, Brands, Consumer Movements, Consumer Generated Content, Consumer Culture Theory

Track: Consumer Culture Theory

Conspicuous Consumption in the Name of Allah

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ABSTRACT

While there has been considerable study of conspicuous consumption in marketing, no research has investigated conspicuous consumption of religious products. In this paper, we argue that consumers may need to demonstrate their association and support for a religion in part by the purchase, use and display of religious products. We explore consuming of religious products via observations and in-depth interviews conducted with different stakeholders involved in the distribution and consumption of religious commodities in Pakistan. Automated computer analysis of transcripts and field notes highlights the different concepts that shape the thinking of each group. A large majority of the participants' accounts offered justifications and excuses (Corrado, 1991) as possible explanations for consumers' conspicuous behaviour. Our findings can help better understand these dynamics within a Muslim society. It is recommended that visual elicitation technique be used in any future data collection exercise.

Keywords: *Conspicuous Consumption, Religious Products, Pakistan, Leximancer*

Track: *Consumer Culture Theory*

Authenticating with the mainstream: Civilizing 'coming out' tensions with playfulness

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Abstract

The practices tribes use to authenticate with the mainstream remain under researched. The existing literature highlights consumers engage in tribal practice as part of a larger life theme. Yet, how tribal members go about authenticating during this expansion is still in question. Certainly, a tribe's divergent nature may hinder its desire to authenticate with the mainstream. Nevertheless, the authors' explore a process of civilizing, through the art of playfulness, as one practice a tribe of Furries use to help stay true to the subculture, to their own sense of identity, and build a relationship with people outside the community. The research examines how tribe members "come out" with outsiders, thereby taking the ultimate transformative step. The findings show that Furries are motivated to disclose under three competing concerns: being true to oneself, true to the tribe, and compassionate to outsiders. This witnesses an act of playfulness which balances egosystem and ecosystem goals. As a consequence tribe members remain true to themselves while expanding the boundaries of their identities with the mainstream.

Keywords: *Civilizing, Disclosure, Self-Authentication, Transformation, Zoomorphism.*

Track: *Consumer Culture Theory*

Muslim identity and symbolic boundaries in beauty discourses

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Abstract

Women's fashion and beauty magazines in every culture present and depict beauty in different textual and visual form that makes up the beauty discourse. Magazines contribute towards creating ideologies of beauty and are social tools that readers consume; they exert power and influence over social and cultural meanings. Cultural meanings are often drawn from religion, a key component of culture influencing consumption behavior. Beauty discourses provide an opportunity to explore how fashion is used to express a community's shared norms of expressions of beauty. This study used magazines as a vehicle to show how the media can suggest, influence or persuade towards a consumption community with shared ideologies of beauty. We explore how physical expressions of beauty are used to draw symbolic boundaries and affiliation to a Muslim community. Textual and visual analysis of three Malaysian women's lifestyle and beauty magazines, over a period of one year were conducted using a cultural discourse. The exclusivity of being Muslim is demonstrated in the text and visuals allowing for identity spaces to be created where individuals can engage in constructing the meaning of being Muslim. Physical expressions of beauty are used to draw symbolic boundaries and affiliation to a Muslim community.

Understanding how visitors and non-visitors co-create value in the context of culturally diversified museums

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Abstract

This study extends the literature related to consumer or visitor resource integration and co-creation of value, in the context of culturally diversified museums (e.g., Islamic museums). The study addresses the gaps in the literature concerning how visitors co-create value jointly with museums resulting in greater social inclusion outcomes. Visitor and non-visitor motivators and inhibitors for attendance at museums are also incorporated in the context of value co-creation. Drawing on the literature related to museums, service logic, and resource integration this paper develops a conceptual model showing the dynamics of visitor's integration of resources leading to value outcomes at individual, community and societal levels. The paper also presents a set of propositions and directions for future research.

Keywords: *Visitor Integration Of Resources, Service Logic, Culturally Diversified Museums, Co-Creation Of Value*

Track: *Consumer Culture Theory*

Consuming representations of 'mother' in Modern Family

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Abstract

This paper explores the cultural representation of mothers through an analysis of the popular American sitcom, Modern Family. Modern Family, as the title suggests, delivers a new mode of family sitcom along with the promise of a fresh view on family dynamics and expectantly a contemporary view of mothers. Discourse analysis was the methodology chosen because of its ability to interpret language and action. The analysis reaffirmed traditional gender norms, all mothers in the show were stay-at-home caregivers, who revolve their world around their children, espousing the current intensive mothering ideology. The persistent representation of the stay-at-home mother does not mesh with the needs of the majority of women today. This study contributes to understanding how mothers are currently represented in the media and goes further to highlight how this dated image of mothering is creating a barrier for work and individual pursuits for women as well as exacerbating identity issues.

Consumer Innovation through Mindful and Creative Consumption

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Abstract

This research explores the emergence of creative consumption as a form of consumer-led innovation. Previous research on consumers living urban-based sustainable lifestyles argues that such consumers consider a multitude of individual and social attributes when making purchases and make compromises between a few key attributes. This research presents evidence of mindful consumption decisions where highly involved consumers were unwilling to compromise. These consumers responded by saving for the right product, or creating their own products from both new and reconstituted materials. The current gap in market offerings has led to consumer-led innovation in the form of creative consumption. Instead of being anti-consumption, these informants elevated their consumption choices to be acts of meaning and purpose. These findings are based on a two year longitudinal study of urban-based consumers using a multi-modal research methodology.

Keywords: *Mindful Consumption, Consumer-Led Innovation, Creative Consumption, Sustainable Lifestyles.*

Track: *Consumer Culture Theory*

Living the Dream: A Phenomenological Investigation into the Lived Experience of the Opt Out Mother

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Abstract

This research investigated the lived experience of managerial women who 'opted out' of the workforce to become the primary carer for their children having had well paid, responsible work positions. Drawing on cultural, ideological and societal influences, the women navigate their way from full-time professional worker to full-time at home mother.

Using a phenomenological framework seven mothers were interviewed and the results revealed that intensive mothering ideology was detrimental to the mothers interviewed. These women experienced guilt, loss of confidence and feelings of failure. A reliance on the 'experts' eradicated their personal power with concomitant effects on the ability of the mothers to change their situation. Their loss of control leads to a loss of 'self' and in turn a self-prescribed exclusion from society. This study contributes to the growing body of literature linking intensive mothering ideology to the decreased well-being of mothers who practise it.

Keywords: *Mothers, Opt Out Mothers, Identity, Stay-At-Home Mother, Intensive Mothering Ideology*

Track: *Consumer Culture Theory*

Plastic Fanatic: An Examination of the Curatorial Practices of Collectors as Consumers

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Abstract

A general theory of collecting has developed Since Belk et al.'s (1988) seminal study. Nevertheless, research attention on the curatorial aspects of collecting is still limited. Moreover, the rituals associated with collecting objects, products, and brands have evolved since the onset of social media, thereby resulting in the need to revisit and further explore collecting behaviors in contemporary consumer culture. We draw from theorizations of materiality as an extended process of objectification to analyze consumer interactions with the objects they collect. We analyze netnographic data collected on an online community of consumers of plastic shoes, who display their collections in carefully prepared YouTube videos. Our findings point to consumers' interactions with the material substances, designer intentions, and marketing efforts embedded in the objects they collect, and demonstrate how these interactions shape the ways in which consumers curate their collections, including how they care for, catalog, and display the shoes.

Unbinding the book: Amazon, Kindle and the discursive construction of freedom

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Abstract

To better understand recent and significant changes in the publishing industry, a comparative discourse analysis investigates to what extent producer and consumer understandings overlap. Specifically, this study compares the discourses of narrative and visual promotional materials relating to the Amazon Kindle (the world's most popular dedicated e-reading device) with consumer-generated narrative and visual materials relating to reading practices. The findings show that the construct of freedom plays an important role: for readers, reading is a materially, temporally and socially constrained practice that represents an escape from the uncertainty of real life; for Amazon, the Kindle represents freedom from the constraints of reading itself. However, Amazon's discourse silences the primary social constraint placed on reading—its devaluation as a way to spend one's time—revealing a fundamental disjuncture between how producers and consumers understand reading practices.

Keywords: *ebooks, Reading Practices, Discourse Analysis, Nostalgia, Volitional Reconsumption*

Track: *Consumer Culture Theory*

What Traditional Indian Sweets Mean: A Consumer-Culture Perspective

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Abstract

Consuming traditional Indian sweets is a significant part of the Indian way of life. The traditional sweet industry in India is currently estimated to be worth US $8 billion. This study adopts a consumer culture perspective to understand what traditional sweet consumption means for consumers in India. The findings show that traditional sweet consumption is symbolic of a shared historical and socio-cultural tradition associated with auspicious tidings, good-luck and celebration, and also of a self that comes into being *with* others rather than separately or in isolation. Such consumption resists assimilation into an undifferentiated global-culture in terms of preference for what is considered traditionally Indian over other possible alternatives. The study has implications both for the traditional sweet industry in India and also for alternatives (confectionary, ice-creams, chocolates, cookies, cakes) in terms of market-entry-openings, growing market share and developing product and brand-related communication strategies.

Key Words: *Food, Sweets, Consumption, Tradition, Culture*

Track: *Consumer Culture*

The rise of veganism: Destigmatisation and fashionalisation of veganism in a British newspaper

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Abstract

Veganism has undergone a transformation from a marginalised, stigmatised form of consumption to a fashionable trend as many celebrities are also joining the movement. This study consists of a longitudinal media analysis to investigate how and why veganism has been both destigmatised and turned into a fashion trend. Thus, the paper argues, firstly, that the destigmatisation has taken place after so-called fashionalisation of veganism, suggesting a previously unchartered route to destigmatisation. Secondly, despite the cultural power media holds, extant destigmatisation literature has generally tended to ignore the role of media institutions in the destigmatisation process. This is a gap this paper aims to address. Thirdly, the paper questions the notion that destigmatisation always requires a power struggle among different groups. Destigmatisation certainly involves power but, in this case at least, the profit-seeking logic of the media institution seems to have been the over-riding logic of this change.

Keywords: *Veganism, stigma, media, critical theory, celebrities*

Track: *Consumer*

From Replication to Ostentation: The Quest for Authenticity among E-Cigarette Users

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Abstract

Although use of e-cigarettes (EC) has recently increased, few studies report in-depth analyses of motivations and evolving behaviours among young adults, the group most prone to risk experimentation. We developed an authenticity-social identity framework to explore EC uptake and continued use among 16 young adults. Using a thematic analysis, we identified four key themes: replication; ostentation; nostalgic dissatisfaction, and simplified social connections. While some participants hoped to recreate the appearance and experience of smoking, others used highly distinctive 'mods' to distance themselves from smokers. Two smaller groups either found ECs unsatisfying and yearned for attributes found only in cigarettes, or saw ECs as an acceptable alternative to tobacco, which they had previously used reluctantly to maintain social connections. Our findings extend population studies, enrich understanding of EC users' motivations, and contribute an important new perspective – that of consumers – to the international evidence base.

Keywords: Young Adults, E-Cigarettes, Authenticity, Social Identity

Track: Consumer Culture Theory

Unbounded Pleasure: Consumer Tensions in the 'Legal High' Market

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Abstract

This paper draws on research relating to desire (Belk, Ger, & Askegaard, 2003), contained illegality (Goulding, Shankar, Elliott, & Canniford, 2009) and consumer culture surrounding pleasure (Karababa & Ger, 2011). Pleasure is often constrained by regulation, confining its "acceptable" consumption to a certain space and time; as seen with illicit drugs whereby clubs provide legally sanctioned places for consumers to enjoy illicit pleasures in predictable, regulated and manageable environments (Goulding et al., 2009). This paper argues that the rise of 'Legal Highs' has allowed consumers to 'break free' from these constrains and consume *unbounded pleasure.* Consumers navigate this contested market by weighing up the tensions between the pleasurable experience that come with the consumption of these products and the risks associated with them. This negotiation between pleasure and morality has given rise to drug consumption being 'normal' within the culture of intoxication (Szmigin, Bengry-Howell, Griffin, Hackley, & Mistral, 2011).

Keywords: *Unbounded Pleasure, Morality, Legal Highs, Culture of Intoxication*

Track: *Consumer Culture Theory*

ANZMAC-GAMMA SYMPOSIUM

Abstracts

CO-CREATING STAKEHOLDER AND BRAND IDENTITIES: A CROSS-CULTURAL CONSUMER PERSPECTIVE

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ABSTRACT

The literature on co-creation of stakeholder and brand identities draws from and reflects a Western perspective. However, this type of co-creation in a global context requires understanding of how cross-cultural differences can simultaneously shape identity development and co-construction, from both a brand and a stakeholder point of view. Processes involved in such a reciprocal co-creation of identity, as well as outcomes, are likely to differ across cultures, especially in the way brands, consumers, and other stakeholders use one another in their respective identity construction processes. This study offers a conceptual framework and a set of propositions that unpack how cultural differences affect the reciprocal co-creation process. Drawing from this framework, the study also advances the cross-cultural and co-creation literature by offering several theoretical, managerial, and methodological implications and by highlighting important but currently under-developed avenues for future research.

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THE EFFECTS OF INDIRECT LEARNING ON MARKET ENTRY SUCCESS: EVIDENCE FROM KOREAN EXPORTERS

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ABSTRACT

Market entry is a key marketing decision for a firm that desires to grow and compete internationally. Some firms have achieved substantial growth in foreign markets even though they have had little prior experience in those markets. Drawing on the organizational learning theory, the author develops a model that may explain the effects of learning from the experience of other firms on the success of these entries. Specifically, the author hypothesizes that exporters can overcome their lack of direct experience in new countries by learning indirectly through their leaders, competitors, and channel partners. Using a uniquely complied archival dataset regarding the international growth in foreign markets of a sample of Korean exporters, the author empirically tests the model. The author discusses the importance of indirect learning in explaining the international growth of exporters in new markets. In addition, the author discusses the implications of the findings of the present study for policy makers in the field of international trade as well as for managers in the areas of management recruitment, competitor analysis, and managing international relationship marketing.

Keywords: indirect learning, market entry, Korean exporters, management, international

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FROM KOREAN POPULAR CULTURE PREFERENCE TO HALLYU: THE EFFECT OF HALLYU ON KOREAN PRODUCT CONSUMPTION

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ABSTRACT

The Korean wave refers to the phenomenon of Korean entertainment and popular culture diffusion through the world with pop music, TV dramas, and movies. Also known as "Hallyu" (한류) in Korean, the term was first coined by the Chinese press in the late 1990s to describe the growing popularity of Korean pop culture in China.

Whereas in the past Hallyu phenomenon was focused on the preference of Korean popular culture, it has extended into the preference of Korean products. In addition, its boundary is extending into Europe and America beyond Asia. Although Korean firms can get high added value by Hallyu, there have been few research in this area.

Therefore the purposes of this research are the followings. First, the research examines the concept of Hallyu in terms of marketing. Second, the research demonstrates the effect of Hallyu on marketing activities. Finally, the research provides firms with the implication that they need to establish the marketing strategies.

Keywords: Korean wave, Hallyu, culture diffusion, national image, customer equity

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ENCOURAGING INNOVATIVENESS IN UNIVERSITIES THROUGH MARKET ORIENTATION PRACTICES

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ABSTRACT

Market oriented organizations are committed to understanding and satisfying customer needs. Market oriented firms innovate, develop and modify their products and services to satisfy their customer expectations and preferences. The main aim of this study is to investigate the influence of market orientation on innovation in universities. The findings of this study are useful to enhance innovativeness of the courses and services provided by universities and other higher education institutions through market orientation practices. The sample comprised 300 managers attached to faculties and schools in Sri Lankan universities. The surveys were administered for data collection. All the three components of market orientation, i.e., Intelligence Generation, Intelligence Dissemination and Responsiveness to Intelligence, significantly and positively influenced Innovation in universities. From these findings, implications for theory and practice have been discussed.

DO PEOPLE CARE ABOUT THE BRAND OF THEIR LIMITED EDITION LUXURY BRAND?

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ABSTRACT

This proposal aims to examine the effect of attitude, subjective norm and perceived behavioural control towards purchase intention of limited edition of luxury brands as supported by the Theory of Planned Behaviour. Two studies were conducted to measure the influence of brand effect on purchase intention by comparing non-fictitious brands (Louis Vuitton) and fictitious brands (Touché). The influence of the personality factors and subjective norm on attitude was also investigated. Theoretically, this study closed inherent gaps as identified by the literature. Managerially, the use of real life consumers and brands increase the ecological validity of the study. Managerially, this study contributed in profiling limited edition of luxury brands consumers and identifying strategies to attract consumers in purchasing limited edition products.

EXAMINING A HIGHER-ORDER MODEL OF CONSUMER EVALUATION OF RETAILER CORPORATE BRANDS AND IMPACT ON CONSUMER LOYALTY INTENTIONS

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ABSTRACT

We offer a consumer-based higher-order model of brand, value and relationship equities called perceived customer equity (PCE). The three equites, derived from the customer equity theory, represent the first-order dimensions of PCE. We argue that PCE represents a holistic (Gestaltist) evaluation of retail corporate brands. An online survey of over 800 Australian consumers provided data for empirical testing. The higher-order model is validated, revealing brand equity as the strongest dimension of PCE followed by value and relationship equities. We observe that PCE not only impacts but also explains greater variance in loyalty intentions as compared to the combined effects of the three equities. Through this framework we shift the focus from relatively atomistic to an integrative approach to managing retailer brands.

A CASE STUDY OF AN AUSTRALIAN FREE TRADE AGREEMENT

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Jasha Bowe, University of South Australia
Richard Lee, University of South Australia

ABSTRACT

As Australia sets out to improve cross-border trade with Asia, it has signed bilateral or multilateral regional trade agreements (TA). The key objective of these TA is to bring about direct and indirect economic benefits, through reducing trade barriers in a preferential approach. In this paper, we present a case study that deliberates the TA that Australia has signed with Malaysia. Through the case, we highlight the major components which potentially affect the actual uptake and impact of TA, and highlights issues brought about by the agreements. In particular, we argue that to make TA compelling, econometrical modelling must take into account not only the benefits that can be directly attributable to the TA, but also short-term economic issues as well as other social impacts such as environmental population and work force displacements.

A NOVEL AFFECTIVE ACCOUNT OF SHELF-BASED SCARCITY EFFECT

Billy Sung, University of Queensland
Min Teah, Curtin University
Isaac Cheah, Curtin University

ABSTRACT

Recent research has demonstrated that shelf-based scarcity in the form of stock level depletion can influence product evaluation however the affective process underpinning these effects have rarely been explored. Consumers may misattribute shelf-based scarcity cue as a positive signal of product popularity and product uniqueness but they may also misattribute the same visual cue as a negative signal of product contamination. Drawing on from appraisal theory and research on emotion differentiation, we propose that different affective processes and emotions underpin the misattribution consumers make toward shelf-based scarcity. By identifying these emotions and their appraisal structure, we provide an adequate account of the antecedent and consequence of the seemingly different and contradicting effects of shelf-based scarcity.

CONSUMERS NEED FOR SUBTLE BRANDING

Jared Lloyd, Curtin University
Isaac Cheah, Curtin University

ABSTRACT

This research aims to extend the literature on subtle branding, by developing an operational concept of consumers need for subtle branding, within the luxury brand industry. The signaling process is facilitated through brand specific characteristics and markings. While conventional signaling theories suggest that the more prominent these characteristics are the more conspicuous the consumption and a greater impression to others, however the contrary may apply, this research will investigate the function of consumers need for subtle branding. The research will consider the respective roles of social factors of normative susceptibility and information susceptibility as well as personality factors of status consumption, consumers need for uniqueness, and finally the role of consumers need for subtle branding upon consumers luxury brand perception and willingness to buy.

FACTORS AFFECTING CONSUMER ATTITUDE AND PURCHASE INTENTION OF LUXURY BRANDS

Jared Lloyd, Curtin University
Isaac Cheah, Curtin University

ABSTRACT

This paper identifies the key antecedents and moderators with regard to brand attitude and purchase intention of luxury brands. The findings suggest that is a strong importance of status seeking, as well as informational influences towards consumer brand attitude of luxury brands for both subtle and prominent brands. In addition, the moderating results indicate that consumer need for subtle branding only moderated the relationship between informational influences and consumers band attitude for subtly branded luxury products.

MANAGING INTERDEPARTMENTAL GOVERNMENT RELATIONSHIPS: THE IMPACT OF ORGANISATIONAL CULTURE DIFFERENCE AND COMPATIBILITY

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Joanne Ho, The University of Adelaide

ABSTRACT

Public administration requires close cooperation between many actors within a network of governmental departments, agencies and external stakeholders. Reflecting on these critical interrelationships, this paper addresses the related yet under-researched concepts of organisational culture difference and compatibility by examining their impact on relationship outcomes in a public sector setting. The research hypotheses draw on prolific relationship marketing and organisational culture literatures and an exploratory study. Data gathered on the relationships between public sector agencies and their partners show perceived organisational culture difference negatively influences relationship performance, with perceived compatibility directly and positively impacting both performance and the certainty of the relationship future. Findings also suggest the effects of compatibility on performance and performance on relationship duration be moderated by the extent to which the culture of government agencies emphasises the importance of collaboration.

Keywords: Organisational culture; cultural difference; cultural compatibility; inter-departmental relationships, relationship performance; structural equation modelling

THE EFFECTS OF ADVERTISING ON CHILDREN'S FAST FOOD CONSUMPTION

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ABSTRACT

This study endeavours to investigate the impact of the online advertising in social network sites on children intention to consume fast food in Australia. The study adopted a qualitative, inductive approach in data collection using a sample of 30 Australian children who use social network sites. It was found that fast food ads on social networking sites could manipulate the young audience in terms of their purchasing likelihood, their views of fast food and their eating habits. The results from the interviews also show that peer pressure is an important element of online communications in social networking sites. By showing the ads to a group of young consumers, the company can create a sense of socialisation and associate their product with a community. This study is one of the first studies that take broad aspects of children's perception of marketing communications on social networking sites in the context of fast food industry.

A LONGITUDINAL STUDY OF THE TEMPORAL EFFECTS OF SITUATIONAL CUES

Richard Lee, University of South Australia
Larry Lockshin, University of South Australia
Armando Corsi, University of South Australia
Justin Cohen, University of South Australia

ABSTRACT

This study sheds light on the interplay between the role of a tourist and that of a consumer, and how this combined role can influence consumption behaviour over time. A three-wave longitudinal approach surveyed visitors to a country and examined how situational cues may influence product perceptions. The results suggest that situational cues may increase initial product perceptions and purchase behaviour, but the advantages decayed over time. The findings offer evidence of a new and viable marketing strategy for international marketers and exporters to enhance their competitiveness.

Keywords: Longitudinal research, situational involvement, product image, purchase behaviour

THE INFLUENCES OF THE MESSAGE OF NEW PRODUCT PREANNOUNCEMENT ON CONSUMERS' WILLINGNESS TO BUY

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ABSTRACT

New product preannouncement (NPP) is one of the most important preannouncement behaviors for the firms. It is the market signal that sends from firms to the target audience, and belongs to the introduction process of new products. It also can be seen as market communication behavior. Along with the increasingly fierce market competition and the shortened life cycle of new products, NPP has become one of the most popular marketing strategies for firms and gained more and more attention in academic researches. The message of NPP is the main content that the target audience can accept. Although there are researches focused on the response of competitors, distributors and investors, there is little research focused on how the messages influence customers. Thus, this paper will discuss how the message of NPP influences consumer behavior.

From consumer perspective, the study is divided into two stages. The first stage is a pilot study to explore whether the NPP has direct effect on consumer's willingness to pay. In the second stage, we will explore how the NPP message influences consumer's willingness to pay, and also discuss the moderators which influence the effect of NPP message.
Based on the market signaling theory, experimental research method is used to test the theoretical hypotheses. Smart phone is selected as the experimental products. Three experiments were designed. Undergraduate students are the respondents to answer the questionnaire based on the given scenario.

After the data analyses, we get the following results: First, the pilot study proves that the NPP has positive effect on consumers' willingness to pay, no matter on what level of brand awareness. Second, the clarity of NPP message has positive effect on consumers' willingness to pay. Third, brand awareness and consumer innovativeness can be a positive moderator to strength the effect of the clarity of NPP message. Fourth, consumer brand preference can be a negative moderator which weakens the effect of the clarity of NPP message.

The findings have several theoretical and practical contributions. The findings focus on the message of NPP, and prove the positive effect of the clarity of the message. The study also tests several moderators which have influences on the effect of NPP message. The findings also can give practical suggestions when a firm set up the preannouncement strategy and launches its new products.

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MEASURING SERVICE QUALITY AND RISKS IN RIDE-SHARING SERVICES: THEORY OF PLANNED BEHAVIOUR

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Isaac Cheah, Curtin University

ABSTRACT

This paper identifies the key antecedents and moderators with regard to intention to use ridesharing services, namely UberX. Three antecedents namely, service quality, consumer's susceptibility to interpersonal influences and perceived risks are proposed to have significant influences on consumer attitudes towards the ridesharing service. The perceived behavioural control is proposed to moderate the relationship between attitudes and intention to use the ridesharing service. Furthermore, the theory of planned behaviour is identified as a framework to explain the antecedents and moderator as proposed. A research model is developed together with an agenda of five hypotheses. These hypotheses will be tested with structural equation modelling. The main contributions of the proposed research are also delineated.

THE INFLUENCE OF COUNTRY IMAGE AND COUNTRY OF ORIGIN'S IMAGE ON CONSUMER'S UNCERTAINTY, ASPIRATION AND PURCHASING INTENTION OF HIGH-TECH PRODUCTS

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ABSTRACT

The purpose of this paper is to investigate consumers' behaviour in relation to their purchasing intention of high-tech products. In particular, it simultaneously assesses the effects of country image and country-of-origin's image on consumers' uncertainty, aspiration and purchasing intention of high-tech products. The theory of schema congruity, the theory of planned behaviour, self-image congruity theory and confirmation bias form the theoretical underpinning of the research model. A research model is developed together with an agenda of seven hypotheses. The hypotheses will be tested using SPSS statistical software and structural equation modelling techniques. The main contributions of the proposed research are also delineated.

COOPETITION EFFECTS ON PRODUCT INNOVATION PERFORMANCE: : A FOCUS ON FIRM SIZE AND COMPETITION INTENSITY

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Tony Garrett, Korea University Business School
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ABSTRACT

Firms increasingly cooperate with their competitors in simultaneous pursuit of cooperation and competition – coopetition. The role of the competitor as an innovation partner is still largely unknown, despite the growing interest. This study develops and tests a conceptual model using a large sample of manufacturing firms. The model results show the competitors importance as an information source has a significant influence on coopetition's contribution, which then has a significant influence on exploratory performance, however, no significant influence on exploitative performance. Depending on focal firms' size and market competition condition, their coopetition strategy should be modified to achieve better innovation performance.

Keywords: Cooperation, Competition, Innovation Performance

AN ANALYSIS OF PRODUCT-PLACE CO-BRANDING: THE CASE OF CEYLON TEA

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ABSTRACT

Place branding is a novel concept gaining popularity among academia and practitioners. This study focuses on Sri Lanka's tea industry and formally analyses its success in using product-place co-branding. The purpose is to evaluate the applicability of the Strategic Place Brand-Management Model (SPBM) for product-place co-branding in a less-developed country setting. Conducted as an exploratory case study, I employ pattern matching and explanation building methods to analyse data from secondary sources such as archival data and documentation. Findings indicate that strategic components of place branding in SPBM are applicable to a less-developed country setting although key strategies appear to be reactive than proactive. The study extends place branding literature by focusing on the unique setting of successful product-place co-branding in a less-developed country, and by researching the value of place branding for industries other than popularly studied tourism.

THE EFFECTS OF STORE ATTRIBUTES ON CUSTOMER EQUITY: CASE OF FASHION SHOPPING MALLS IN TRADITIONAL MARKET

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ABSTRACT

The tourism authorities show that the most preferred tourist activity is shopping. Income from tourism set a record in Kora because of a lot of Chinese tourists in 2014. Dongdaemun fashion market was selected as the most preferred destination for Chinese tourists' shopping in Korea. Understanding the store attributes is one of the most important means to improve the customer equity. This study aims to identify the effects of store attributes on customer equity in fashion shopping malls in Korean traditional market.

This study employed survey method to collect data. 637 questionnaires were used in the final analysis. The collected data were analyzed using SPSS 21.0 and AMOS 18.0.

The main findings of this study are as follows: Store attributes appeared to have an impact both upon the three drivers of customer equity. Value equity was identified to give a positive impact on the CLV, brand equity. Relationship equity was identified as having a positive impact on revisit intention. Korean Wave is suggested to be studied in the future research upon store attributes and customer equity. This study offers a valuable implication for brand marketers to manage customer equity of fashion malls in traditional market.

Keywords*: Tourist Shopping, Korean Fashion Shopping Mall, Store Attributes, Customer Equity, Revisit Intention, Korean Wave

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SERVICE QUALITY, CUSTOMER EQUITY AND CUSTOMER SATISFACTION IN CHINESE AND KOREAN TRADITIONAL MARKET

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ABSTRACT

The operating margins for traditional Chinese retail industries have been on a sustained downward trend as of 2008 to 2014; however, the operating margins for online-stores have been increased. Online-stores such as Taobao or Tmall have had a significant impact on traditional retail industries. The Chinese ecosystem (especially in traditional markets) has been completely subverted. This research is to understand how to improve traditional markets since 92.5% practitioners in the retail industry conduct business in traditional markets. There for the research objectives are: First, to understand the relationships among service quality, customer satisfaction, brand attitude and customer equity drivers in traditional markets; Second, to understand how to improve the customer equity drivers through these variables mentioned above in traditional markets. Customer equity can estimate customer lifetime value for the company (Rust et al, 2004). The firm can make proper marketing strategy with customer equity. Customer equity can both satisfy consumers and make a profit for the company (Lemon et al., 2001). This study constructed a research model to connect service quality to customer equity in the traditional market. The data were collected from China and Korea. The multi-group analysis was used in this research to test the relationship between service quality and customer equity drivers. This research tries to find how to improve the CLV through the service quality and what the relationship between CLV and customer satisfaction is in traditional markets.

Keywords: service quality, customer satisfaction, customer equity, CLV, traditional market

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CAPABILITY, SUSTAINABLE COMPETITIVE ADVANTAGE AND CUSTOMER EQUITY IN TRADITIONAL FASHION MARKET

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ABSTRACT

The traditional market is a place where buyers and suppliers exchange goods and services. It functions as the commercial center for local communities, providing employment opportunities (Ko, Choo, Lee, Song, & Whang, 2013). Traditional market characteristics are perfectly inherented in Dongdaemun fashion market in South Korea. It is a wholesale hub of fashion industry in South Korea that functions as the national wholesale fashion market.

Dongdaemun fashion town is a self-contained industrial cluster that contains all fashion related features. It creates services through partnership, cooperation, and outsourcing between various suppliers and resources (Nam, Kim, Yim, Lee, & Jo, 2009). It has sustainable competitive advantage through collaboration with suppliers. However, there have been not many empirical studies upon sustainable competitive advantage of traditional market. The customers' present behavior and their future behavior are key strategic assets for firms which want to maximize long-term performance (Rust, Lemon, & Zeithaml, 2004). The purpose of this research is to understand the capability, sustainable competitive advantage, and customer equity for Dongdaemun fashion town. Samples were collected for the analysis. Descriptive statistics, exploratory factor analyses, reliability analysis, and confirmatory factor analysis were conducted. The results of this study provide an insight into the dynamic relationships among sustainable competitive advantage and customer equity in traditional market. This study concludes with suggestions for future research.

Keywords: Traditional market, Dongdaemun fashion town, Industrial cluster, Sustainable competitive advantage, Customer equity

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SUSTAINABILITY INDEX IN FASHION INDUSTRY

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ABSTRACT

Sustainability was first presented in 1972. It was how biological systems remain diverse and productive indefinitely. Long-lived and healthy wetlands and forests are examples of sustainable biological systems. Now, people do not only focus on economy but also focus on social and environment. The Dow Jones Sustainability Index (DJSI) was created in 1999 which was based on economy, social and environment to evaluate and rank companies according to their corporate sustainability performance.

In this paper we try to find out how to build sustainability index in fashion industry. Through testing the sustainability performance of fashion industry using sustainability index this study tries to find out how customers were affected by fashion companies sustainability performance and how to improve customer repurchase intention through sustainability performance.

Keywords: sustainability index, sustainability performance, fashion industry, consumer, repurchase intention

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SUSTAINABLE PURCHASE DECISION MAKING PROCESS: FOCUS ON CONSUMER BEHAVIOR MODEL IN FASHION INDUSTRY

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ABSTRACT

The concept of sustainability has been recognized as one of major concerns in fashion industry due to the use of intensive resources, controversy of ethical issues, and economic efficiencies. Many of fashion brands have launched secondary lines or separate brands targeted for sustainable fashion products. The influential factors of sustainable purchase decision making processes have not been identified yet. In order to expand sustainable fashion in today's fashion market place, it is essential to identify influencing factors in sustainable purchase decision making process.

The purpose of this paper is to examine the relationship between influencing factors and sustainable purchase decision process. The theoretical base of this study is the Engel, Blackwell, and Miniard model on consumer decision making. The results of this study produce positive the implications for fashion corporations to understand the sustainable purchase decision process which can help the marketers to build more efficient strategic marketing campaigns.

Keywords: Sustainable fashion product, Sustainable purchase decision, Environmental influences, Individual difference, Engel Blackwell Miniard Model

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SUSTAINABLE ECOLOGICAL CHARACTERISTICS, STRATEGY FIT, AND SUSTAINABLE COMPETITIVE ADVANTAGE IN SOCIAL NETWORK PLATFORM

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ABSTRACT

In April 1987, the United Nations Committee on Environment and Development introduced the concept of 'sustainability' by presenting a report entitled "Our Common Future" which established the conceptual foundation for environmental preservation, economic development, and social phenomena. The 2008 OECD report called "Sustainable Development" addressed that worldwide problems cannot be resolved only by economic growth and the triple bottom of economic, social and environmental should be considered simultaneously.

The social network platform, which has been used in all aspects of human lives such as economy, society, environment, and culture, became a cutting-edge business strategy. Social network platform can create a network effect and build eco-system of new businesses.

Sustainability has been focused on corporate growth, and then the entire society had to pay the cost which needed for the social and environmental sustainability.

This study derived strategic fit from the sustainable organizational ecology and examined the factors that affect the sustainable competitive advantages.

This study found that first, the sustainable ecological characteristics influenced strategic fit, second, strategic fit influenced sustainable competitive advantage. Academic and practical implications were discussed.

Keywords: social network platform, strategy fit, sustainable competitive advantage, sustainability, ecological characteristics

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Sustainable Marketing Activities for Customer Experience and Brand Trust

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ABSTRACT

As marketing has evolved from product centric to consumer perspective and then to human centricity, customer experience was emphasized to increase customer commitment for its brand. Perceived service experience of brand through customer involvement is also increasing customer satisfaction which helps to reinforce customer equity eventually.

But there are not many investigations upon the relations between sustainable marketing activities, customer experience and brand trust in previous researches. This study intends to close this gap mentioned in previous researches.

In this research, the findings show that sustainable marketing activities affect sustainable customer experience, and brand trust. Favorable customer experience and brand trust increase customer equity.

Keywords: Sustainable marketing, Customer experience, Customer equity, Brand Trust, Services marketing

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