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# Motivation in the decision - making process of choosing a university product

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**Abstract**
This article aims to study and demonstrate the place and importance of the factor called motivation in the process of acquiring a university product. Like various theories showed, we can take the word motivation ahead and call it as a first step in the purchasing decision, such as we can see in the research conducted in this paper, it is an element of major importance in the economy of an organization, in its existence, even more in the case of a higher education institution. The decision underlying the acquisition of a university product is the finality of a motivational drive, a psychological influence acting on the consumer, and knowing it is a sine-qua non element in the proper functioning of any university. The action was aimed at highlighting the concordance between the needs and motivation of consumers in the choice of educational products, with a qualitative type research carried out with the help of a Focus Group. In the research process, more specifically in setting the discussion themes, the consumer's experience with the university was taken into account, in this case the faculty on which the decision was to be taken. The research from the paper leads to the verification of the incidence between the decision-making process and the start-up phase of this process, the motivation, as well as the adaptation of its phasing according to the thinking of the respondents.

**Keywords:** university product, motivational research, purchasing decision, decision-making process

**JEL Clasification:** I23, M39.

## 1. Introduction

*Definition of the university product*

Starting from the product definition in marketing theory, as Yudelson (1999, p.64) considers, the product is a *"present or anticipated"* advantage that the buyer obtains from an exchange.

In a focused manner, Gherguţ (2007, p.214) give a definition of the educational product, classifying it as what the educational market offers in order to acquire and satisfy the need for education. Ivy (2008, p.289) provides a broader perspective on the definition of the educational product and reflects the representation of what the university offers to its consumers, a set of advantages related to the need of the clients.

In essence, summing up the definitions given by many authors, we can state that the academic product can be defined as a sum of consumers' tangible or intangible needs designed to provide satisfaction. In a more specific way, from the consumer's point of view, the university product is represented by the specialization it wants, or more directly, the bachelor, master's or doctorate program to which it wishes to accede.

*The need and decision to choose a university product*

Awareness of need is a whole psychic process, through which consumer passes almost unconsciously and reaches the decision to purchase a product. Therefore, inner desire or motivation is an important aspect to study, in order to know the consumer's need in the most depth and to adapt and focus on providing satisfaction in the best conditions.

Olshavsky and Granbois (1979, p.93) say that the assumption accepted by most researchers argues that procurement is preceded by a decision-making process and that all models proposed by different authors conclude that there are several alternatives in this process, the prediction of alternatives is easy by the existence the choice is made by a rule decision, and the information received or already conscious, pass through the filter of that decisional rule. Therefore, it can be said that the influence on the decision is divided into what can be call

motivation or psychic process of awareness of the need and information that acts from the individual's extraversion, which have a less predominant role, being separated according to certain criteria.
Knowing all the needs underlying the acquisition of educational products by their consumers (students), taking the data on the needs underlying their satisfaction is the basis of all action undertaken by the organization, the university, and as Al Fattal and Ayoubi (2013, p.206) states, this affect the marketing strategies of universities.
The whole process of understanding how consumers want to meet their needs through and acquisition is extremely laborious and contains a number of variables that are difficult to decipher, and it reflects on a decision to be taken.
Complexity of choice largely depends on the intensity of desire, need and price of the product purchased, as can be distinguished based on impulse purchases, as stated and Faber and O'Guinn (1989, p.150), in many countries research has shown that the decision to choose products is the result of momentum.
However, necessity and reason make this momentum short, medium and long lasting, and in the case of a university product, as defined above, the decision is long-lasting and based on a number of variables.
Al Fattal and Ayoubi (2013, p. 205) propose a model of the purchasing process from the perspective of a student, as can be seen in the following figure, a process that includes needs and reasons as a first step in the momentum of choice.

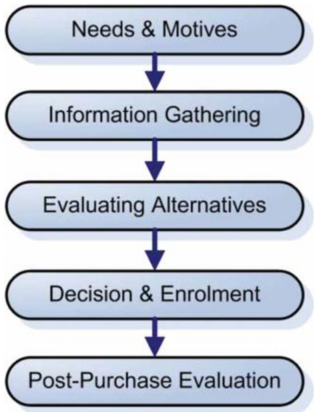


***Figure 1. Student's purchasing behavior pattern***

*Source: Al Fattal, A. & Ayoubi, R., 2013. Student needs and motives when attending a university: exploring the Syrian case. Journal of Marketing for Higher Education, December 17, pp. 204-225.*

The same reasoning is explained by Kotler (2008, pp. 208-210), which extrapolates each stage of the decision-making process and highlights its psychological complexity.
In the Romanian education system, in the case of the decision to purchase a university product, we can think of the process concern from the point of view of a current student, who is in the position of choosing a master's program, doctorate or from a high school student's perspective to undertake university degree courses. So, the decision is left to a motivational or experimental influence that reflects on the efforts of universities to attract new and current consumers.

*Aspects of motivation and motivational research*
As Blythe states (1998, p. 25), "motivation is the rationale of action taken by people". Therefore, everything that defines the choice or acquisition of a product or service is based on the concept of motivation which from a psychological point of view. According to this theory, motivation is a psychic process that relates to the character of desire and the intensity with which it is transposed into reality.

The importance of motivational research in marketing is due to the need for in-depth knowledge of the consumer's thinking and the anticipation of his needs, which he sometimes overlooks almost unconsciously, as Kotler (2008, p.199) affirms the concept of the psychoanalysis father, Sigmund Freud argues that "people are very little aware of the real psychological forces that shape their behavior".

Cătoiu and Teodorescu (2004, p.74) explain the reasoning of research on marketing motivation and its importance and refer to the results of motivational research, which can lead to the knowledge of extremely valuable information about the consumer and to decisions that can positively influence the work of the organization.

That is why it is necessary to distinguish in the research of motivation, the qualitative character imposed by the association to unlimited terms in its expression by putting, as Balaure et al. (2002, p. 225) highlights, consistently, the endogenous and exogenous elements of consumer behavior. Same Balaure, et al. (2002, p. 226) give a perspective on the typology of motivational research, putting it on two synergistic steps, namely small -scale motivational research that studies the needs to form a set of ideas on products / services and research motivational in a broad sense that goes deeper into studying these needs, until defining the psychological factors underlying their definition.

In order to verify the incidence of these issues and to understand the purchasing behavior as well as the decision-making process, we have set up a motivational research on a group of students in the position to choose a master program.

## 2. Research methodology

This research aims to provide more information about the motivational influence on the decision making process in the choice of the Master's program of the students of the Faculty of Marketing of the University of Economic Studies in Bucharest.

In terms of the problems that research is studying is the knowledge of the motivational elements in the choice of the master program, which directly proportionate the increase of the number of masters at the faculty level and the success on the market.

*The aim of the research* is to assess, identify and describe the required characteristics of the targeted consumers for the services provided by the Faculty of Marketing in order to know the decision-making process and the most important influences on it.

At the level of *objectives*, research aims to find out:

- Verifying the similarity of the model built by Al Fattal and Ayoubi with the stages considered by the respondents;
- Determining the stages in the decision-making process of acquiring the university product;
- Making a behavioral model in the purchasing decision based on respondents' answers;
- Knowledge of the respondents' system of values.

To achieve the research the data will be collected from respondents in a focus group, so for this cope there was done a series of discussion topics and also there were set the coordinates of spatial, temporal and sampling. The Focus Group included all the observation units in the possibility of discussing, the sampling method being an exhaustive one, taking into account the group of students in the undergraduate programs of the Faculty of Marketing at University of Economic Studies of Bucharest. Regarding the time coordinates, the Focus Group took place on April 26 at 18:00 with a total of 8 respondents, a more detailed analysis of which is presented as can be seen in the next section.

## 3. Research results

*Topic 1: How do you rate your experience so far in the Marketing Faculty?*

Previous experience is an extremely important motivational factor in choosing a purchase, in the absence of experience and detailed information about the product to be purchased , therefore the respondents believe that too much detailed information, the lack of knowledge of the motivation to know that information, even more often, considering them as unnecessary, the rupture between theoretical and practical knowledge, as well as the fact that many employers consider the insufficient theoretical background for employment, and also the actuality of the information, are among the reasons that make them consider an unpleasant experience in the faculty, but the relatively easy program that allows them to have a job is a strength of the faculty.

Therefore, a strong enough element in their decision, which would make it easier to increase the number of master students, the knowledge of the university product from the perspective of previous experience is a major influence factor.

A statistical analysis of grades from 1 to 5 of the Marketing Faculty experience (1-very poor, 5-very good) can show us that the value of standard deviation is small, which means that the values of the respondents are, in a significant measure, close, as they expressed, as can be seen also in Figure 2, Table 1 respectively.

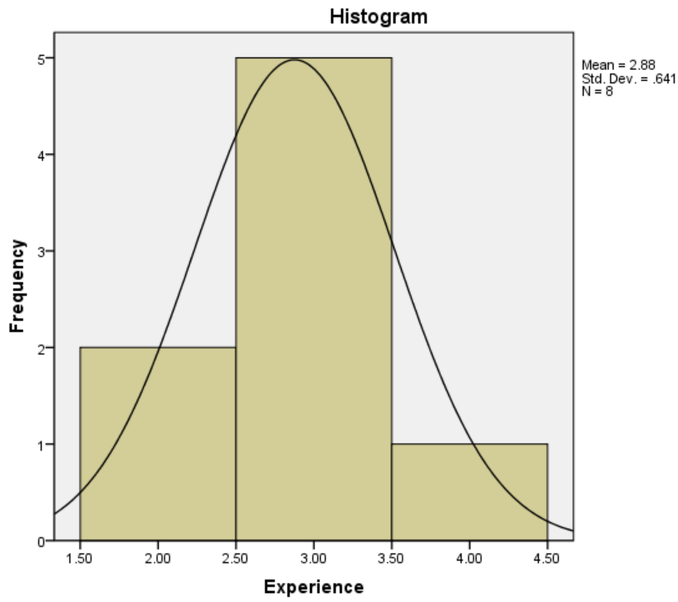


***Figure 2. Respondents satisfaction***

***Tabel 1. Descriptive statistic for respondents satisfaction***

| | | |
|---|---|---|
| N | Valid | 8 |
| | Missing | 0 |
| Mean | | 2.8750 |
| Median | | 3.0000 |
| Mode | | 3.00 |
| Std. Deviation | | .64087 |

*Topic 2: What improvements do you think would be useful to implement at the Marketing Faculty?*

Awareness of needs becomes a useful factor through which creates a communication bridge between the consumer and any organization. The students of the faculty believes that the utility of correlating the program of practical expectations of employers in the industry and the theory learned here, the updated school curriculum, as well as a more interactive and current teaching, or the digitization of textbooks and the use of existing platforms are elements that would help to create their satisfaction. Other improvements mentioned by the respondents include the possibility of studying the last year's courses in previous years and their continuity in order to better understand the information, the current teaching mode pushing them to know the theory only to be admitted to the exams. Also mentioned was a proposal to invest in the renovation of classrooms research laboratories, eye-tracking technology being mentioned as unpromoted and irrelevant although it is current and innovative in the field.

Therefore, students are asking for a change in the things mentioned in their answers, in order to give them added value to the field and to develop their skills, which can lead us to the idea that the impact of the already formed image is a sufficient one strong, and, as we have seen in Al Fattal's model, time-consuming information on a product makes the decision clearer in the mind of the consumer.

*Topic 3: Have you ever thought about whether or not to follow a Masters degree at the Marketing Faculty or any other faculty? What are the reasons why you want this?*

Knowing the desire to pursue a masters program and the reasons why students do it is a way to know the main issues that stimulate demand, so in the 8 respondents, 6 have shown their willingness to follow a program a Master of which 2 would not choose the Marketing Faculty, motivating that there are no programs according to their professional aspirations. Three respondents are decided on the choice of program at the Marketing Faculty, saying that the desire to advance in the career and deepening the current studies are the main reasons why they would continue here. The indecision of the other respondents is based on the form of education to which they would be admitted (budget/fee), the lack of knowledge of the main advantages of a mastership.

As a result, the personalization of programs according to their wishes is necessary for their attraction, and the alternatives are already outlined in the minds of the consumers prove again the applicability of the above-mentioned computational model and the decision to choose a university product.

*Topic 4: What are your expectations on Masters programs, both at the Faculty of Marketing and at another faculty?*

Considering the main needs of the students, the elements that can establish the major points of interest for the promotion and increase of the quality level of the educational services, according to the respondents are the following: the theoretical reasoning, the knowledge of a well-informed and current information base for the innovation of the field, , the creation of skills and knowledge of people providing information in the field, as well as the existence of a mentor to guide their activities or a job provided by the faculty.

The psychological perspective from which this discussion can take place is important, the implications for the decision-making process go from the very beginning to a post-acquisition assessment, so a cost-benefit analysis is already introduced from an early stage of the acquisition.

*Topic 5: What do you think are the benefits of following a masters program?*

The purpose for consumers to move on to purchase a product serves an inner desire that can be translated by the benefits they are expected to have. As a result, wage benefits, wealth of information, good employment, shorter career advancement, knowledge of people in the field, statutory benefits, seen as a constraint on the current society, a consequence of labor market development are among the aspects considered by them to be beneficial. Also among them were respondents who believed that a masters do not consolidate their skills by arguing by examples from the everyday life of acquaintances who demonstrate that education at this level does not necessarily have a chance for development in life.

Exerting a strong pressure from society, it feels psychologically in choosing an academic product, so the decision undergoes less internal changes. It is remarked that from an external factor that acts on the consumer, the social influence, tends to become an endogenous factor, with motivational implications, the individuals being so preoccupied to be categorized by society, in a certain way, that it attaches greater importance to this aspect than to its own belief.

*Topic 6: What do you think are the strengths and weaknesses of a master at the Faculty of Marketing?*

Perceiving the elements that could create satisfaction or dissatisfaction is of particular importance for a good knowledge of the issues on which to act for the better functioning of the services provided by the higher education institution. The strengths mentioned by them are related to the reputation of the university and the possibility to deepen the previously learned theoretical knowledge or the specific specialization in the field. Among the weaknesses considered by them, the multitude of theoretical experiences related to the practical ones, the relationship between the student and teacher and the poor knowledge of the masters programs. It is therefore that the approach to a particular field of study, the image of the university and other elements acting from the outside, manage to put enough pressure on the psyche and, more specifically, on the purchasing decision.

*Topic 7: Based on the following lists, build the portrait of the person carrying out the following activities:*

*List 1. Wake up, Breakfast, Walking Dog, Work, Lunch, Walking in the Park, Watching Movies, Dinner, Sleep.*

*List 2. Wake Up, Breakfast, Walking Dog, Work, Lunch, Master, Watching Movies, Dinner, Sleep.*

The perspective from which students refer to the mastership is of particular importance, knowing this information by interpreting their own lives in the situations suggested by each list. Respondents wrote a list of characteristics for a character that would take them in their daily lives, so they said about the person in list 1 that this is a happy one, with free time, always relaxed, open, it is an artistic thread, does not take into account the opinions of others and does not align with a standard pattern, learns from his / her own experiences and is free; List 2 is specific to an organized, sociable, bohemian, responsible, free, tired and a bit depressed person. From a psychological point of view, the difference between the two characters built by respondents is represented by a barrier, a rule that acts on the second character, a moral censorship that can be interpreted as an ethical factor, they want it, but something acts on them and prevents, but does not necessarily stop, the decision to follow a masters program (the acquisition of the university product).

*Topic 8: How do you think a fresh graduate would react if one person says, did you notice that all the students who graduated the masters did it for nothing?*

An external stimulus is another factor that gives impetus to the purchasing decision, and in order to look for the stimulus states they have been put in the situation of thinking from the perspective of a graduate who would be demoted to attend a master's program, and the most vehement responses these were "demoralization of the graduate, induction in a state of confusion and creating the reason that the influence of others is extremely important in the decision to proceed or not a master and the intensity of their beliefs suffers " .

Awareness of one's own fear of being cataloged by others in a positive or negative way proposes a shift from the external influencing factor to the internal one, but juggling with these variables denotes a change in behavioral paradigm.

*Topic 9: Continue each of your story: "That day I realized that I would continue my studies at the Marketing Faculty, but ...*

The question is about knowing why not to pursue masters courses, looking for barriers that students consider to be a deadlock, and their answers are: "not pleasure but need, I have to see

if I go to the budget, I think they will be two years hard for my mind, but do not make me too happy, I do not know if it will help me or hope it will bring me a benefit in the future. "
Their responses are based on insufficient information but with an expressed safety desire, which is proof that in the case of university products, the graduation or the purpose of acquisition has an extremely important role in the decision-making process and classifies the cost-benefit analysis from the consumer's mind.
*Theme 10: How important think that it is influence those around us (family, friends, college friends, acquaintances) in continuing the university studies, in this case, following a masters program?*
The question concerns knowledge of the important social influences, and the respondents stated that the most importance influence for they come from the parents, the mentality of their parents constrain. The same for friends or current fellow students have a special contribution in choosing to go to master, but they say that this do not affect the masters program to which the want saddle go and the fact that information received come from people who probably passed through experience like theirs, is a point of support but on the base which will not take decision, however is a factor that includes motivation based on beliefs society.

## 4. Conclusions

On the base results research, we can, to a certain extent, but not altogether, the model built by Al Fattal and Ayoubi, an extremely important stage in the decision-making process, to be added as follows:

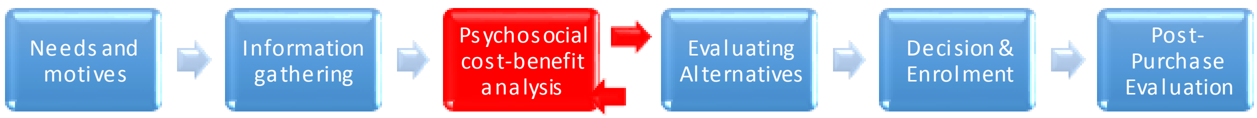


***Figure 3. Student's purchasing behavior model***

According to the model proposed, a cost analysis stage relative to the benefits psychosocial, can be introduced, and involves thinking from the society perspective and its values, and also the evaluation of need on long term in personal development. So, the opportunity cost in election of a university product, put into the decision process the question “what lose if I choose?” and “what lose if I do not choose?”.
Also in regard of research objectives, it can be conclude through the idea that the value system of individuals strive saddle pass to a total synchronization with social environment, and the decision tend to suffer at psychologically level, of this process.
Even though this process undergoes a number of changes that can be translated by changing social values, the specificity of the decision-making is based on the need for evolution, on the individual's desire to change this social environment and to bring its own contribution to its growth. In other words, if the social environment undergoes a change (good or bad), the individ feels it right away, and the personal interest becomes a common guilt with others, and obviously the desire is to create a benefic personal environment, which means that becomes such a part of a common process.

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# Blockchain: China's Leading E-commerce Players Innovate in Traceability

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**Abstract**
The purpose of the research presented in this paper is to identify the answer to the following question: "RQ: Which is the present stage of the innovative blockchain-enabled traceability initiatives of China's leading e-commerce players?". A literature survey in prominent databases revealed that such review question is raised for the first time. The use of blockchain for goods traceability is extremely recent. The topic is almost absent in the research literature on logistics and supply chain. Consequently, an exploratory research design was applied. The research focused on the Alibaba Group and JD.com, China's leading e-commerce players. Both players seized the opportunities of the new technology to improve goods traceability and supply chain transparency. They took initiatives and launched projects on blockchain-enhanced traceability. The present stage is pilot testing and a business ecosystem paradigm is applied. Implications for the e-commerce players that intend to use blockchain to enhance traceability are presented. They range from project aim and scope to strong partnerships and standardisation. The papaer addresses a research question in the nascent study field of blockchain-enabled traceability. Specific implications for practice are disclosed. A substantial agenda for further research is suggested.

**Keywords:** blockchain, traceability, transparent supply chain, e-commerce, innovation, food safety.

**JEL Classification:** M31, L81, O39.

## 1. Introduction

The term "blockchain" refers to a hyped technology usually associated with cryptocurrencies.
While the use of the term is recent, the core idea is related to the "Merkle tree" of late 1970s (Merkle, 1988). Blockchain is also related to bitcoin and implicitly to the name Satoshi Nakamoto – unidentified person that authored the first whitepaper on bitcoin (Nakamoto, 2008).
Blockchain is a decentralized ledger that allows information sharing between the members of a network. The members view and write data that cannot be modified.
The basic principles of the blockchain technology refer to distributed database, peer-to-peer transmission, transparency with pseudonimity, irreversibility of records and computational logic (Casey & Wong, 2017).
Blockchains may be classified based on the permission criterion (Bussmann, 2017). The permissionless blockchain is an open platform that everyone may join. In contrast, in the permissioned blockchain, the access is granted by an authority to increase confidence and security. At present, there is a trend towards developing blockchains that are able to combine the benefits of both types of chains.
There are various domains of blockchain applications, besides the financial field. Recently, companies started to consider the use of this technology in logistics and supply chains to improve traceability and transparency.
The research presented in this paper refers to the innovative initiatives of China's leading e-commerce players in the field of blockchain-enabled traceability. The paper brings several contributions to the extant research literature. Firstly, it addresses innovation in an area of high logistic importance, respectively traceability. Secondly, the contribution of the paper consists in addressing the use of blockchain, a disruptive technology in an area that traditionally was ineffectively managed by many companies to the detriment of final consumers. Thirdly, the paper highlights logistics developments related to China, a market of substantial scale and with high growth potential, which is not always analysed in-depth. Fourthly, the specific

contribution consists in an overview that relies on the most recent information on blockchain-enabled traceability. Finally, the paper discloses the implications for practice and advocates a substantial agenda for further research. Potential research directions and questions are suggested.

## 2. Blockchain in the research literature

The use of the term "blockchain" has a very recent history in the research literature. This term started to be used in published documents in 2013. The previous mentions of the term do not actually refer to the blockchain technology (they relate to other aspects such as graphs etc.).

The published research literature points out various domains in which blockchain may be used, besides the financial field and cryptocurrencies. Examples of new application domains are the following: manufacturing and smart factory (Angrish *et al.*, 2018; Li *et al.*, 2018; Lin *et al.*, 2018); online social networks (Bahri *et al.*, 2018); Internet of Things security (Banerjee *et al.*, 2018; Kumar and Mallick, 2018); network security and authentication (Boireau, 2018; Hammi *et al.*, 2018); cybersecurity and privacy (Kshetri, 2017); digital rights management (Ma *et al.*, 2018); digital identity (Sullivan, 2018); e-residency (Sullivan & Burger, 2017); medical field and electronic health records (Beninger & Ibara, 2016; Brogan *et al.*, 2018; Dagher *et al.*, 2018; Zhang *et al.*, 2018), legal field and intellectual property law (Castell, 2018; Gürkaynak *et al.*, 2018; Millard, 2018; Savelyev, 2018); sharing economy (Hawlitschek *et al.*, 2018; Huckle *et al.*, 2016; Pazaitis *et al.*, 2017); customer loyalty programs (Kowalewski *et al.*, 2017); energy field (Khaqqui *et al.*, 2018); construction management (Turk & Klinc, 2017); large-scale elections (Wang *et al.*, 2018); resources conservation and recycling (Saberi, *et al.*, 2018; Smetana *et al.*, 2018); smart cities (Sharma & Park, 2018). Besides these fields, supply chain emerges as significant domain of potential blockchain application (Casado-Vara *et al.*, 2018; Casey & Wong, 2017; Foerstl *et al.*, 2017; Hofmann & Rűsch, 2017; Leng *et al.*, 2018; Ndraha *et al.*, 2018).

In logistics and supply chain, blockchain technology may be used to enhance product traceability, among other applications.

## 3. Potential benefits of blockchain-enabled traceability

Traceability developed as research topic during the last decades. The concept was applied in various industries from food to IT. However, there is no common definition accepted by the research community, even in the same industry.

In essence, traceability refers to the ability to follow the "flow of material and information within a company and/or through a supply chain" (Karlsen *et al.*, 2013). In the food sector, traceability allows the identification of the causes of safety failures that occur in the supply chains (Ringsberg, 2014). Record keeping is an essential aspect of traceability (Olsen & Borit, 2013).

Traceability information is one of the three important dimensions of supply chain transparency. The other two dimensions are the sustainability conditions of suppliers and their purchasing practices (Zandén *et al.*, 2015).

Blockchain-enabled traceability provides benefits to all the supply chain members. For companies, the main benefits are the following:

- maintaining and expanding customer portfolio by meeting quality and safety expectations;
- reduced costs and faster recall/withdrawal by tracing the problematic batches and avoiding the removal of all inventories within the supply chain;
- increased trust and security due to the "end-to-end" transparency in supply chains;
- mitigating the risk of sourcing and selling counterfeit products.

Consumers also benefit from the blockchain-enabled traceability:

- peace of mind in terms of the quality and safety of the products and brands they buy;

- enhanced power in the relations with suppliers, being able to make informed choices;
- efficient money spending on authentic products, not on counterfeit goods;
- increased trust in the brands that participate in blockchain-enabled traceability programs.

## 4. Research methodology

The need for the research presented in this paper evolves from the fact that blockchain technology was associated with logistics applications extremely recently. Worldwide, the debate on blockchain started in relation to cryptocurrencies. However, the benefits of this technology make it relevant to various fields besides finance. The potential use of the blockchain technology for product traceability is a novel topic in logistics and supply chain.

The research presented in this paper was based on the question: *"RQ: Which is the present stage of the innovative blockchain-enabled traceability initiatives of China's leading e-commerce players?"*. The study had an exploratory nature justified by the scarcity of the information available in the research literature to answer the question. The need for an exploratory research was uncovered following a literature survey in prominent international databases.

The aim of the literature survey was to spot documents (e.g. research articles in peer-reviewed journals, conference papers, books etc.) focused on the topic under investigation. The design of the literature survey started from the research question. The string of search terms was the following: *blockchain AND (traceability OR tracing OR trace OR tracking) AND (good OR product) AND China*. The searched databases were (in alphabetical order): Emerald Insight, Science Direct, Scopus and Web of Science. The search was made on 19 August 2018 and targeted only documents that include the search terms in the title, abstract or keywords, respectively in the topic addressed. The search process led to the identification of one published document related to the investigated topic, respectively the conference paper of Tse *et al.* (2017). This paper is abstracted in Scopus and Web of Science databases. The search in the Emerald Insight and Science Direct databases did not lead to any result.

The exploratory research focused on the Alibaba Group and JD.com, China's leading e-commerce players. It is based on secondary sources of information available online in English language. The information on the investigated topic is recent, mostly from 2017 and 2018. Whenever available, corporate sources of information were preferred to other sources.

## 5. Research findings

This section refers to the blockchain-based innovations in traceability in China's e-commerce. The findings focus on the initiatives of the Alibaba Group and JD.com, key players in this field.

### 5.1. The Alibaba Group

The Alibaba Group is based on the concept of platform and marketplace. In the fiscal year ended on March 31, 2018, the revenue of the group reached RMB 250,266 million (USD 39,898 million), 58% higher than in the previous fiscal year (Alibaba Group, 2018a). The core commerce achieved a revenue of RMB 214,020 million (USD 34,120 million) and a growth of 60% over the previous fiscal year. The main sources of revenue were: core commerce (85.52% of the total revenue), cloud computing (5.35%), digital media and entertainment (7.82%), innovation initiatives and others (1.31%). The company announced that the number of active customers of the Alibaba Group's China retail marketplaces was 522 million, marking an increase of 98 million compared to the fiscal year that ended on March 31, 2017 (Alibaba Group, 2018a). The group is listed on the New York Stock Exchange.

The Alibaba Group had several initiatives related to the blockchain-enabled traceability:

**a) Active involvement in blockchain research and patent filing**

The database of the World Intellectual Property Organisation revealed that 406 blockchain-related patent applications were filed in 2017. Out of these, 225 were filed by China (compared to 59 in 2016), 91 by the USA and 13 by Australia (Noonan, 2018). Thus, China ranks first worldwide in terms of the number of blockchain patents filled.

In 2017, in China, *the People's Bank of China* filed 68 patents, followed by the Alibaba Group with 43 patents (Smith, 2018). Data show that the Alibaba Group is very active in the blockchain research.

Not all blockchain technologies are protected by means of patents. Some organisations do not disclose their blockchain technologies. At the same time, the patent application fees are high. Consequently, a large number of patents may indicate a high importance attached to the market potential of the patented blockchain technologies (Chiu, 2017). The number of patents filed by the Alibaba Group indicate not only a substantial investment in blockchain research, but also great expectations relative to blockchain in generating competitive advantage and profit.

The late adopters of the blockchain technology will potentially face entry barriers created by the existing patents, as well as high costs and dependency on the patent owners.

The fact that a company owns such patents may be a positive sign for investors.

**b) Creation of the Food Trust Framework**

In April 2018, Alibaba announced the creation of the consortium Food Trust Network (Hsu, 2018). The aim of the consortium is to establish a blockchain-enabled food tracing system in the context of cross-border trade and to prevent food fraud. The Food Trust Network focuses on products sourced from Australia and New Zealand to China.

Besides the Alibaba Group, four organisations are members of the consortium, respectively two important exporters to China and two providers of postal services that have large logistic infrastructures. The organisations from New Zealand are Fonterra – world's largest dairy exporter (Fonterra, 2018) - and New Zealand Post. The organisations from Australia are Blackmores - Australia's leading natural health company (Blackmores, 2018) - and Australia Post.

In the Food Trust Framework, supply chain transparency is ensured by means of the blockchain technology. Information on all the supply chain stages is available to the Chinese customers that buy from Tmall Global, Alibaba's international online marketplace. In March 2018, the Tmall Global facilitated the access of the Chinese consumers to 18,000 brands from 74 countries and regions (Alibaba Group, 2018a).

In the first semester of 2018, the project entered the pilot stage (Sharma, 2018). At the beginning, the blockchain-enabled traceability will be used for the Odourless Fish Oil products of Blackmores and Anchor dairy products of Fonterra.

Based on the results of the pilot project, the Alibaba Group could consider expanding the framework to all its e-commerce markets (PwC China, 2017).

The project has a twofold goal to ensure product traceability in cross-border transactions and to prevent counterfeiting and fraud within the framework of e-commerce.

**c) Forming partnership between major businesses of the Alibaba Group for blockchain project**

Another blockchain initiative is the creation of a partnership between two major businesses of the group, respectively Tmall and the Cainiao Network. The aim is to ensure traceability and to prevent counterfeit products.

Tmall is a platform launched by the Group in 2008 for Chinese consumers looking for premium brands and shopping experience. In 2017, Tmall became China's largest third-party platform for brands and retailers in terms of gross merchandise value (Alibaba Group, 2018b). On March 31, 2018, there were over 150,000 brands on the Tmall platform (Alibaba Group, 2018b).

Cainiao Smart Logistics Network Ltd. was founded as an affiliated company by an Alibaba-led consortium in 2013. At present, the Alibaba Group has a stake of 51% in Cainiao (Chen,

2017). This is the logistics data platform operator that connects e-commerce companies and logistics operators. The platform processes data on 77% of all the parcels delivered in China, respectively 100 million out of 130 million parcels per day (Chou, 2018). It collaborates with more than 90 domestic and international partners (Cainiao Network, 2016). The target objective is to reach single-day delivery across China and 72-hour delivery to the rest of the world (Chou, 2018).
In February 2018, Tmall and Cainiao Network announced a project that will consist in applying blockchain technology to all imported products on the Tmall platform (Sunny, 2018). The traceability information will refer to aspects such as: country of origin, shipping port, transport method, arrival port, customs and inspection details. Consequently, the information will be provided by various stakeholders such as companies selling by means of an online store on the platform, ports, transport operators, custom authorities etc.
This project aims to provide traceability information on 30,000 products from 50 countries. The initiative targets 80% of the sellers on the Tmall platform. The project will be applied to several ports among which range Shanghai, Shenzhen, Guangzhou, Hangzhou and Tianjin (Megget, 2018).
Online buyers will access and analyse traceability information. The blockchain initiative will support the efforts of Tmall to fight counterfeit products.
The Alibaba Group has numerous other initiatives to fight counterfeit products. These projects rely on innovative approaches like cloud and big data analytics.

### 5.2. JD.com

JD.com, Inc. is the largest e-commerce company in China by revenue and ranks the 28th in the Top 250 global powers of retailing (Deloitte, 2018). In the fiscal year (FY) 2016, the retail revenue of JD.com. Inc. was USD 35,177 million achieved in non-store retailing, in one country only, respectively China.
Lately, the company witnessed a tremendous growth that ranked it second among the Top 250 retailers worldwide. The compound annual growth rate (CAGR) of the retail revenue of JD.com for the period 2011-2016 reached 62.6%. In comparison, Amazon.com. Inc. - direct competitor of JD.com – holds the rank 6 by revenue, but registered a CAGR of 17.6%, lower than that of JD.com. The fast evolution of JD.com is the result of the substantial increase in the number of customers, from 155 million in FY 2015 to 226 million in FY 2016 (Deloitte, 2018). At present, JD.com has over 300 million active customer and is China's leading one-stop e-commerce platform (JD.com, 2018a). JD.com is member of the NASDAQ 100 and a Fortune Global 500 company.
JD.com had numerous initiatives centred on the blockchain technology. In August 2018, the company announced the application of blockchain tracing for 400 brands and 11,000 SKUs on JD.com (JD.com, 2018e). Important strides towards blockchain-enabled traceability were made by JD.com in 2017 and 2018. The initiatives of JD.com are presented hereinafter:

**a) Creation of the JD Tracing and Anti-Counterfeiting Alliance**

In 2017, JD.com set up the JD Tracing and Anti-Counterfeiting Alliance. The company partnered with the China's Ministry of Agriculture, the State Quality Inspection Administration, the Ministry of Industry and Information Technology, the China Quality Certification Center, as well as with several fresh food and consumer brands (Marbridge Consulting, 2017). The blockchain-enabled platform that will be used by the alliance aims to provide buyers of fresh foods the opportunity to access information on product source. In June 2017, the number of brands that joined the alliance reached 27. Among them range global brands like Mars, Nestlé, Evian and Huggies (JD.com, 2017a). For the future, JD.com plans to add wine, baby care, luxury and fashion brands.

**b) Pilot testing the new blockchain-enabled traceability system with Chinese suppliers**

In the context of this alliance and of tracking food products, JD.com pilot tested the new traceability model in partnership with the Chinese production company Kerchin that provides beef and dairy products (JD.com, 2017a). The two companies developed a list of criteria for the tracking of the beef sold on JD.com. Each slaughtered cow was associated a serial number for tracking. Thus, supply chain transparency became reality based on "end-to-end" information including data on cow origin, beef meat handling, quality control and transport. The level of detail is significant, including information such as: breed, age and weight of the cow; farm of origin; cow diet; results of the tests for bacteria, water content and growth promoters; place and date of packaging etc.

The architecture of the blockchain designed and developed by JD.com is an adaptation of the open-source project Hyperledger. The data collected and stored by Kerchin are provided to JD.com which writes the information in blockchain. While Kerchin has the responsibility to ensure the authenticity of product information that will be presented to consumers, JD.com will periodically check how Kerchin records information and if information validity is ensured. Any change in the information registered in blockchain is possible only if a digital signature is provided and if both parties are informed (Huang, 2017). Consumers access traceability information by scanning with the JD app the QR code existing on the label of the beef package that is delivered by JD.com. The webpage that opens in the app's browser provides information under a title like "The wonderful journey of the beef" (Huang, 2017).

The blockchain-enabled traceability system of JD.com and Kerchin involved only the two parties. Thus, it did not reflect the issues related to multiple participants in the supply chain, in the case of international/global trade. The pilot testing was limited to a group of Chinese cities, including the capital Beijing, Shanghai and Guangzhou (Huang, 2018). This pilot testing provided JD information for further improvement of the blockchain-enabled traceability.

**c) Development of the new system through strategic partnerships with strong international brands**

The focus on blockchain-enabled traceability led to the development of strategic partnerships with international suppliers of goods for the Chinese consumers. An example is the partnership with InterAgri, leading exporter of Australian meat products (JD.com, 2018b). The partnership centred on the blockchain-enabled traceability system for premium quality fresh food, respectively pure black Angus beef. The complexity of the project is higher than in the pilot project with the Chinese company Kerchin. The main reason is the larger number of the supply chain members that make logistics transparency more difficult. The pure black Angus beef is sourced from the Australian exporter InterAgri that buys from the Australian exporter HW Greenham & Sons Pty Ltd which procures beef from Australian farms in Tasmania, Victoria etc. The system will enhance supply chain transparency and provide consumers access to information on: animals; farm of origin; raising methods; meat processing; transportation etc.

Another example of strategic partnership is that concluded by JD.com with the Osborne Group, leading Spanish food and beverage provider. The two parties planned to use blockchain-enabled traceability from production to delivery for the Cinco Jotas (5J) ham (JD.com, 2018c). The 5J ham is 100% acorn-fed free-range Iberian ham produced through an artisanal process. The product is available not only on the e-commerce platform of JD.com, but also in the "7Fresh" premium offline supermarket of JD.com.

**d) Forming the Blockchain Food Safety Alliance (BFSA) together with other partners**

In December 2017, the BFSA was established by several partners: Walmart, JD.com, IBM and Tsinghua University National Engineering Laboratory for E-Commerce Technologies. The aim of this alliance is to increase transparency along the food supply chain, as well as to improve product safety (JD.com, 2017b). The four organisations have the ambitious objective to provide real-time traceability by means of the blockchain technology. They will develop a standards-based method for the collection of data like product origin, safety and authenticity.

The need for such a novel approach to traceability stems from the various safety and counterfeiting issues that occurred in the offline and online commerce and from the gradual increase in the expectations of consumers. This innovative project is a progress compared to the former fragmented information and limited transparency in the food supply chains in China. Each member brings specific expertise to the alliance. IBM has technological expertise and the IBM Blockchain Platform. The Tsinghua University Engineering Laboratory for E-Commerce Technologies has technical expertise and knowledge of the Chinese food safety ecosystem. Walmart and JD.com bring their knowledge of offline and online retailing, as well as of food supply chains.
Walmart Stores, Inc. operates in 29 countries and ranks first in the Top 250 global powers of retailing (Deloitte, 2018). The operational formats are hypermarkets, supercentres and superstores. In the fiscal year (FY) 2016, the revenues of Walmart Stores, Inc. reached USD 485,873 million, four times higher than those of Costco Wholesale Corporation that ranked second in the Top 250, with a revenue of USD 118,719 million achieved in the cash & carry warehouse clubs operated in 10 countries.
In 2016, Walmart opened the Walmart Food Safety Collaboration Centre in Beijing (IBM, 2016). Walmart planned to invest USD 25 million until 2020, for technological innovation able to enhance food safety in China (Megget, 2017). The company also started a collaboration with IBM and Tsinghua University with the aim to generate transparency and efficiency in supply chain record-keeping using blockchain.
The standards, solutions and partnerships that will be developed within the BFSA aim to enable a broad-based food safety ecosystem in China (JD.com, 2017b). The founding members of the alliance plan to attract the suppliers and retailers existing in the food supply chains and to collaborate with the regulatory bodies. Thus, the efforts deployed by BFSA will benefit not only the four initial members, but a wide range of organisations, as well as Chinese consumers. The BFSA planned to provide to each company that will join the alliance, the possibility to select from several standards-based traceability solutions the one that best suits own specific needs and legacy situation.

**e) Launch of the AI Catapult accelerator**

JD.com demonstrates an active and strong interest in the disruptive technologies such as artificial intelligence (AI), blockchain, drones etc. In November 2017, JD.com announced the launch of SAIL-JD programme (Dehua, 2017). This is a joint initiative of JD.com and Stanford Artificial Intelligence Laboratory (SAIL). The initiative focuses on research in artificial intelligence technologies, such as machine learning, deep learning, robots, natural language processing and computer vision.
In February 2018, JD.com launched AI Catapult, a new accelerator for the development of the AI and blockchain technologies (JD.com, 2018d). The new accelerator will be based in Beijing. Multiple operational teams of JD.com will partner with innovative blockchain start-ups. The accelerator aims to build new businesses, as well as to develop and test their blockchain technology applications at scale. The AI Catapult program will help JD.com to improve its logistics and supply chain performance. This accelerator could support the efforts of the company to expand in the offline fresh-food retailing (Xiaochun, 2018).
The list of initial partners included five companies: Bankorous – Chinese fintech pioneer; CanYa – leader in cryptocurrency in Australia; Bluezelle – blockchain-powered database service located in Singapore; Nuggests – e-commerce payments and ID platform centred on blockchain, company based in the United Kingdom; Devery – startup focused on secure product verification and protection against counterfeiting (Devery.io being an open-source product verification protocol powered by blockchain on the Ethereum network) (JD.com, 2018d).

**f) Setting-up the JD Blockchain Open Platform**

In August 2018, JD.com announced the launch the JD Blockchain Open Platform dedicated to business customers (JD.com, 2018e). The aim is to support companies to build, host and use new blockchain applications in order to improve operations management. The platform reflects the "business as a service" strategy of JD.com. The platform includes an application store that provides users various tools and software developed in-house by JD.com or by independent software vendors. The users may select the tools and software which are suitable to their needs and may adapt them. The first customer that used the platform was the China Pacific Insurance Company (CPIC), in order to ensure the traceability of e-invoices, based on a unique blockchain ID associated with each document.

**g) Involvement in the development of blockchain standards**

JD.com demonstrates interest in the elaboration of standards related to the blockchain technologies. A relevant example is related to JD Logistics, a business group within JD.com that owns one of the largest logistics infrastructures of an e-commerce company worldwide.

In February 2018, JD Logistics joined the Blockchain in Transport Alliance (BITA) (Freightwaves.com, 2018). This is the first Chinese domestic logistics enterprise to become member of BITA.

BITA was founded in August 2017 and is the largest blockchain commercial alliance in the world. The number of members reaches hundreds of global freight transportation companies with combined revenues of more than USD 1 trillion (Freightwaves.com, 2018).

The aim of BITA is twofold. The former is to develop blockchain technology standards for global freight and logistics companies. The latter is to improve the security and safety of global supply-chains.

## 6. Discussion

The research question was *"RQ: Which is the present stage of the innovative blockchain-enabled traceability initiatives of China's leading e-commerce players?".* The answer to this question encompasses several aspects:

a) **Seized opportunities.** The Alibaba Group and JD.com seized the opportunities of the new technology to improve goods traceability and supply chain transparency. Experts estimate a significant growth of the global blockchain technology in the supply chain management market. The forecast points out an increase from USD 40.99 million in 2017 to USD 666.61 million in 2024 by a compound annual growth rate of 49.16% (Globe Newswire, 2018).

b) **Innovative initiatives.** Each of the two leading players in China's e-commerce developed a set of innovative initiatives related to the blockchain-enabled traceability. For the Alibaba Group, this is a confirmation of the fact that company ranges among the most innovative 50 companies in China, in 2018 (Forbes China, 2018). At the same time, the Alibaba Group ranges among the 50 largest public companies that explore blockchain (Del Castillo, 2018). The number of patents related to blockchain applications that were filed by the group in 2017 contributed significantly to this ranking. Even if JD.com does not match own research and development efforts of the Alibaba Group, the company stands out by pioneering the use of this technology and jump-starting its evolution in logistics.

c) **Pilot testing.** The information released by the two major players reveals that their projects are rather in a pilot testing stage. Many efforts should be deployed in the supply chains until the large-scale use of blockchain for traceability and transparency is achieved. This could be in line with the estimates made by Gartner in 2017 that blockchain technology will reach mainstream adoption in 5-10 years (Gartner, 2017). Within the "hype cycle for emerging technologies 2017" Gartner estimated that blockchain was in the second stage labelled "peak of inflated expectations" and close to the entry in the third stage called "through of disillusionment". However, the research findings on blockchain-enabled traceability do not provide enough information to compare expected with actual results obtained in use cases. It is too early to assess if results will be above or below expectations. The pilot testing stage is also in line with the recommendations for a pragmatic incremental approach (Deloitte, 2017) in applying blockchain to supply chain, respectively to start small, to try and fail and to scale progressively.

d) **Business ecosystem paradigm.** The initiatives taken and projects launched by the Alibaba Group and JD.com have as common feature the paradigm of "business ecosystem" coined by Moore (1993). These innovative initiatives involve a community of stakeholders interested in the use of this revolutionary technology for traceability and transparency purposes. Besides the traditional typology of supply chain members (that includes producers, processors, distributors, logistic service providers, ports etc.), the business ecosystem associated with the blockchain-enabled traceability also comprises: reputed providers of blockchain technology platforms; innovative start-ups (at first glance potential competitors of the initiative owners); universities with strong research capabilities; public authorities etc. The findings of the exploratory research revealed that blockchain initiatives of the two leading e-commerce players are founded on alliances, consortia and partnerships. Such an approach is not only compatible, but it is a must for revolutionising traceability and transparency along all the stages of the supply chains.

The present stage of the innovative blockchain-enabled traceability projects of the two leading e-commerce players generate expectations for continued actions in the near future. The initiatives taken will pave the way to blockchain application and progressive scalability.

## 7. Conclusions

China's leading e-commerce players seized the opportunities provided by the blockchain technologies for traceability and transparency in supply chains. Their initiatives are a reference for other e-commerce players in China and worldwide.

The present exploratory research has several limitations. Firstly, only sources of information in English language were used. Secondly, the available data are rather few because the topic addressed refers to a technology that was very recently associated with logistics in general and goods traceability in particular. Thirdly, the available information consists in published data, while the status of the projects managed by the leading players could be more advanced than that reflected by the information released by the Alibaba Group and JD.com. Ultimately, quantitative data on the efficacy and efficiency of the use of blockchain for goods traceability in China is not publicly available.

### 7.1. Implications for practice

The findings of the exploratory research reveal several implications for the e-commerce players that intend to use blockchain technology for product traceability. The organisations that initiate or participate in blockchain-enabled traceability projects could consider the following recommendations:

a) **Project aim.** The aim of the project should not be limited to the promotion and use of this innovative technology or to facilitating product tracing to ultimate buyers. The actual aim is to ensure transparency of the entire supply chain, as well as to prevent fraud and goods counterfeiting. The transparent information immutably recorded in the blockchain should not refer only to product origin, but to all the stages of the supply chain and to the various operations carried out in relation to a specific product/brand along the entire network (such as processing, packaging, quality control, handling, storage, transportation etc.), as well as to the time coordinates and to the logistic conditions (e,g. storage temperature).

b) **Project scope.** The blockchain technology has the potential to support end-to-end traceability in supply chains of various degrees of complexity. It may be applied to supply chains in which the e-commerce players source directly from a producer/processor operating on the local market (see the partnership between JD.com and the Chinese producer Kerchin). The technology can be applied to supply chains involving cross-border transactions and several parties (see the Food Trust Network of the Alibaba Group).

c) **Setting-up alliances and consortia.** The experience of the Alibaba Group and of JD.com - China's leading e-commerce players - shows that alliances and consortia represent an effective strategic approach to initiate and launch projects for blockchain-enabled traceability. The knowledge and expertise brought by the members may facilitate the achievement of the project objectives.

d) **Initiator of the alliances, consortia or collaborations.** According to one of the approaches, the initiator is the e-commerce player. Examples in this respect are the Alibaba Group for the Food Trust Network and JD.com for the JD Tracing and Anti-Counterfeiting Alliance. Another approach is the initiation of the alliance/consortium/collaboration by other prominent global players. This is the case of Walmart that created the Food Safety Collaboration Centre in Beijing, started a collaboration with IBM and Tsinghua University and afterwards jointly created the Blockchain Food Safety Alliance with a group of partners (IBM, JD.com and Tsinghua University).

e) **Typology of the alliance/consortium members.** According to the specific aim of the alliance/consortium, the members are two or more categories of project stakeholders that have direct or indirect interest in the successful completion of the project. For instance, the Food Trust Network comprises the Alibaba Group - the e-commerce player that owns the Tmall International, two exporters of products and brands valued by the Chinese consumers (Blackmores from Australia and Fonterra from New Zealand), as well as two postal service providers that were selected for their logistic infrastructure in the countries of origin of the two exporters. A more complex member typology is specific to the JD Tracing and Anti-Counterfeiting Alliance initiated by JD.com. Besides JD.com and global companies with outstanding brands, the alliance includes public authorities as stakeholders from China, respectively the China's Ministry of Agriculture, the State Quality Inspection Administration, the Ministry of Industry and Information Technology, the China Quality Certification Centre. Universities and innovative start-ups are also two important types of members that can bring important knowledge and applied expertise in the technological field. Complex typologies are not an end in themselves. The types of participating members must be related to the aim and specific objectives of the project.

f) **Pilot testing.** The practitioners started to consider the use of blockchain for traceability and transparency purposes fairly recently. As any other disruptive technology, blockchain requires pilot testing in order to identify the specific issues to be solved in relation to its use at real-world scale. Pilot tests were also achieved by the Alibaba Group and JD.com. For example, the Alibaba Group launched the pilot test in the first semester of 2018, for the traceability of the Odourless Fish Oil products of Blackmores (Australia) and Anchor dairy products of Fonterra (New Zealand). Similarly, JD.com pilot-tested blockchain with the Chinese company Kerchin for beef. The results of the pilot tests may indicate the necessary changes to further expand the blockchain application to a larger portfolio of domestic or imported brands.

g) **Own research and patents.** Innovative companies that invest in research in blockchain technologies and identify applications with significant market value may protect them by means of patents. Even if applying for a patent is costly, protection by means of patents would be recommended if the estimated revenue is high. Leading e-commerce companies could consider research and patents as the Alibaba Group. The innovators and early adopters can enjoy advantages over the early majority and late majority adopters. The patents may lead to entry barriers for latecomers.

h) **Accelerate innovation.** Besides the research and development efforts deployed internally by companies, the creation of accelerators could be beneficial. A relevant example is provided by JD.com that created the AI Catapult accelerator. Innovative start-ups will partner with internal teams of JD.com to develop and test new disruptive technology applications.

i) **Strong partnerships between business units.** A company that decides to initiate or participate in a blockchain-enabled traceability project must ensure a direct and strong collaboration between the business units or between these and the affiliated companies (that represent a "logistic arm") that will be involved in the project. Project success depends on seamless collaboration. Such an example is provided by the partnership between Tmall and Cainiao, in the case of the Alibaba Group.

j) **Joint efforts to develop and promote standards.** The application of blockchain to achieve traceability and transparency along the supply chain requires technological solutions that will be applied by all the members of the supply chain. Standards are necessary due either to the specific requirements of a country's authorities or to an industry initiative. For instance, China's goal is to develop national blockchain standards by 2019 (Smith, 2018). Worldwide, in the field of logistics, there are organisations that aim to develop such blockchain standards. For example, Blockchain in Transport Alliance (BITA) planned to develop and publish its first blockchain standards in freight in 2018 (BITA, 2018).

k) **Joint endeavour to train human resources.** The interval 2018-2020 will probably be a period of early adoption of the blockchain technologies. Further waves of adoption require training programs to develop awareness and knowledge of blockchain and its various applications besides the financial domain. Communication of the potential benefits and applications in the supply chains, as well as of actual business cases may contribute to the progressive adoption of blockchain by companies to enhance product traceability, to improve supply chain transparency and to fight fraud and counterfeiting.

### 7.2. Future research agenda

The way from proof of concept to real-life implementation of a new technology like blockchain is not spared of challenges. Research may contribute to the effective and efficient application by a thorough evaluation of the implications for logistics and supply chains. Potential directions for further research and suggested research questions are the following:

a) **Concept of blockchain-enabled traceability.** The research literature could benefit from a clear definition of the concept of blockchain-enabled traceability. Examples of research questions are:
   - What specific differences exist between the traditional concept of traceability in the supply chains and the concept of blockchain-enabled traceability?
   - Which are the dimensions of this concept?
   - What additional concepts should be clarified in relation to the blockchain-enabled traceability?

b) **Specific benefits.** The interest in the use of the blockchain technology to ensure traceability and transparency in supply chains is based on the clear understanding of specific benefits. The main research questions are the following:

- What added value does blockchain bring in terms of traceability, compared to the traditional methods and the technologies applied until present?
- What specific benefits does blockchain bring to each level of the supply chain?
- What methods can be applied to quantitatively assess the benefits of blockchain-enabled traceability for each organisation and respectively for the entire supply chain?
- How do the benefits differ from one industry to another?
- What factors influence the intensity of the benefits for each level and for the entire supply chain?

c) **Application mechanism.** There is a need for research on the application mechanism at the entire supply chain level and at each stage within the network. Several research questions may be raised:

- What types of factors influence the effectiveness of the blockchain use for traceability and transparency purposes in the supply chains?
- How could alliances/partnerships be designed and developed to generate effective blockchain application to enhance traceability and transparency along the entire supply chains?
- What joint strategies should the partners apply for the successful use of the blockchain technology?
- What types of tools could partners use to achieve the objectives of their common projects?
- Is there a need for a "project champion", an organization that could initiate a supply-chain-wise project and involve the other organisations of the network in the application process?
- What types of supply chain members (leading producers, distributors, key retailers, logistics providers etc.) or other members of the ecosystem (state authorities, quality control authorities etc.) are better suited for the role of "project champion"?
- What role and functions should the "project champion" accomplish?
- What dimensions does process management have in relation to the application of the blockchain-enabled traceability?

d) **Traceability information management.** This is an important area of future research because it is the essence of the blockchain solutions. Many research questions may be formulated, among which range the following:

- What categories of traceability information should be recorded in the blockchain?
- What expectations do the various levels of the supply chain have relative to traceability and transparency?
- Which is the level of information granularity necessary to effectively manage traceability and to which a token / electronic seal will be attached?
- How should blockchain be integrated with the Internet of Things to improve information management?
- How will disruptive technologies such as blockchain, cloud computing and big data be interconnected to enhance product traceability and to prevent counterfeiting?
- What control mechanisms may be applied to ensure that information recorded in the blockchain by each supply chain member is accurate (fully reflects reality)?

e) **Risk management.** In logistics, the blockchain is a nascent technology. There may be associated risks that have not been identified and assessed yet. Several research questions may be raised:

- What types of risks should supply chain members envision before starting a blockchain-enabled supply chain?

- Are risks similar at every stage within the supply chain?
- How should organisations manage the risks associated with the inaccurate information recorded in the blockchain compared to the real-life situation?
- What additional risks exist in the case of blockchain-enabled traceability in comparison to the traditional traceability methods?
- How can the supply chain members mitigate the new risks identified?

f) **Case studies.** Research methods are diverse. In the present stage of development of the blockchain-enabled traceability, the exploratory investigations based on case analysis may be beneficial to supply chain members and potential investors. Several research questions may be addressed:
   - What types of challenges face the organisations that pioneer the blockchain-enabled traceability?
   - What implications have these cases for further research?
   - How can the benchmarking between the company/industry cases help to enhance traceability in supply chains?

g) **Standardisation process.** The blockchain technology implies a decentralized ledger approach. At first glance, standardisation may seem irrelevant. Nevertheless, several research questions could lead to helpful answers:
   - How may standardisation help to enhance blockchain-enabled traceability in the supply chains?
   - What aspects related to the blockchain may be standardised?
   - Should the same standard be applied to all the supply chains in an industry (e.g. food, automotive etc.)?

h) **Scalability problems.** The use of blockchain for traceability and transparency is in a preliminary stage. The way to real-life scale may be full of challenges. Some of the possible research questions are:
   - What factors influence the evolution from proof of concept to real-life scale?
   - How should blockchain solutions for traceability be successfully and progressively scaled?

i) **Costs entailed.** The adoption of the new technologies may be limited by cost factors. Research of the actual costs generated by the blockchain-enabled traceability is necessary. The following research questions may be considered:
   - What additional costs are entailed by the use of the blockchain technology for product traceability compared to the existing traceability systems?
   - Which are the major categories of costs generated by the use of blockchain to enhance traceability and transparency?
   - How could costs/investments be shared among the supply chain members?
   - What factors influence the cost levels and cost structure?
   - How costs are influenced by the type of infrastructure required to use the blockchain technology?

j) **Return on investment (ROI).** Worldwide, the use of blockchain to enhance traceability and transparency in supply chains is in an early stage of development. Nevertheless, practitioners need information on the estimated ROI in order to evaluate if deploying resources for the blockchain-enhanced traceability is worthwhile. Potential research questions are:
   - How can the triple bottom line (financial, environmental and social) model be applied to the use of the blockchain technology for traceability and transparency in supply chains?
   - What is the ROI of the blockchain-enabled traceability at each supply chain level?

- What factors influence the ROI of the blockchain-enabled traceability system at organisational level and at the entire supply chain level?
- Is the ROI of blockchain-enabled traceability above or below the ROI of the present investments in traceability?
- How does the use of blockchain-enabled traceability by major brands impact brand equity?

**k) Impact on consumers/users.** Organisations are interested in traceability especially in cases of product recall or withdrawal. Nevertheless, the impact on consumers/users is also important. The research questions may be the following:

- What types of traceability data are perceived most useful by the different consumer/user segments?
- How blockchain-enabled traceability influences the buying decisions of the final customers?
- Under what circumstances such traceability may positively influence consumer/user loyalty?

Additional research directions and research questions may be progressively identified as the blockchain technology develops in the field of traceability.

China's major e-commerce players – the Alibaba Group and JD.com - are both pioneering the blockchain-enabled traceability innovations. Their initiatives are excellent examples for other companies that attempt to use this disruptive technology to enhance traceability and transparency in supply chains. The present stage of development for these powerful players is pilot testing, while other companies are not even aware of the benefits of the blockchain technology further than cryptocurrencies. Worldwide, numerous strides are still to be made until the expanded implementation along the supply chains will become real-life practice. How fast this evolution will be? Will stakeholders fully support such initiatives? Are the potential applications efficient? The answers substantially depend on the dedication of the supply chain members from various industries to make this quantum leap in blockchain-enabled transparency.

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# The Impact of Conversational Agents on Humans in Services: Research Questions and Hypotheses

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**Abstract**
The research focused on conversational agents and chatbots is dominated by perspectives specific to computer science, engineering and social sciences. The fields of business, management and decision sciences are almost not represented. This paper aims to provide a starting point to the research on the impact of conversational agents on humans in services. To accomplish this purpose, several questions are raised and hypotheses are formulated for the research community. The approach of the topic is conceptual. The need for this perspective was uncovered by means of a literature survey that answered the question: "*Did researchers studied the impact of conversational agents on humans in services?*". The findings showed that researchers have not published yet such studies. The paper formulates research questions and hypotheses in four major domains in which conversational agents impact humans in services. These domains are: human capital of service companies, service customer behaviour towards conversational agents, service customer interviewing; decision-making in service companies. The questions and the hypotheses formulated in this paper provide potential directions for further research in the field of services. This paper is among the first to formulate questions and hypotheses related to the impact of conversational agents on humans in the field of services with the aim to serve further research.

**Key words:** conversational agents, chatbots, artificial intelligence, cognitive systems, services

**JEL classification: M15, M31, L89, O14, O39.**

## 1. Introduction

Conversational agents are systems that imitate the communication between humans. They interpret and respond to statements made by users in natural language (Lester *et al.*, 2005). A conversational agent is defined as "a software that accepts natural language as input and generates natural language as output, engaging in a conversation with the user" (Griol *et al.*, 2013). Conversational agents may be used for various applications among which customer service, help desk, website navigation, guided purchasing and technical support.

An example of conversational agent is the chatbot. This is a computer program that interacts with users by means of natural language (Shawar & Atwell, 2007), especially over the Internet (Oracle, 2017).

Conversational agents use channels such as: mobile applications, Web applications, messaging platforms (Facebook Messenger, Twitter, Twilio, Slack etc.), personal assistance devices (Amazon Echo, Google Home, Siri of Apple etc.). Recently, Facebook announced that 300,000 messenger bots are active monthly (Kraus, 2018). Researchers envisage that future artificial intelligence (AI) which will be embedded in various objects and in the walls of the rooms will communicate with humans in natural language (IBM, 2017a).

The history of conversational agents spans over more than half a century. It started with the text-based chatbots Eliza in the 1960 and Parry in the 1970s. Further, conversational agents evolved to task completion systems in the years 2000s, intelligent personal assistants (such as Siri) in the 2010s and to social chatbots like Microsoft's XiaoIce (Shum *et al.*, 2018). The conversational agents progressed from simple rule-based chatbots to AI-infused assistants and will continue with the development of cognitive conversational agents. The human interaction with the conversational agents shifted from typed text towards talking to machines. Nevertheless, there is still a long way until the artificial general intelligence (AGI) will be developed by researchers and will be associated with conversational agents.

The quasi-totality of the research on conversational agents and chatbots is dominated by perspectives specific to computer science, engineering, mathematics and social sciences. The fields of business, management and decision sciences are almost not represented.
This paper is among the first to provide a conceptual perspective of the impact of conversational agents on humans in services. The research questions and associated hypotheses formulated on this topic aim to contribute to the launch of further research.

## 2. Taxonomy of conversational agents

Conversational agents differ in terms of their *dialog domain*. According to this criterion, two major categories of agents exist. The former focuses on closed domain and the latter on open domain.
The closed-domain agents are task-oriented or goal-driven. Research on this category was the first to evolve. The communication medium between the human user and the agent is text or speech. Such a goal-driven system was approached in a dialogue problem as a partially observable Markov decision process (POMDP) (Young *et al.*, 2013; Young *et al.*, 2010). Neural network models were also applied (Henderson *et al.*, 2014).
The open domain agents do not aim to effectively and rapidly accomplish a specific task. They are oriented towards conversations relative to a range of issues, respectively to a sequence of questions and answers on different topics. Natural language interactions raise specific challenges to these dialog systems (Perez-Marin & Pascual-Nieto, 2011).
The open domain agents may be classified according to the *method applied* to formulate a response to the questions of the human user. Research identified two main categories of methods (Wu *et al.*, 2018). One consists in the retrieval-based methods that select a reply from a pre-built index (Zongcheng *et al.*, 2014) and use a large chat corpus. The second encompasses the generation-based methods. Researchers approached the open domain response generation by means of phrase-based statistical machine translation (Ritter *et al.*, 2011), a knowledge base of interactions (corpus built from movie subtitles) to deal with out-of-domain requests (Ameixa *et al.*, 2014), vector space model (Banchs & Li, 2012) and lately by means of neural networks (Serban *et al.*, 2016; Shang *et al.*, 2015; Sordoni *et al.*, 2015, Vinyals et Le, 2015).
The development of the deep learning technology will open new research directions related to conversational agents (Io & Lee, 2017).
Another classification criterion is *embodiment*. Conversational agents may be embodied or disembodied (Araujo, 2018). Chatbots are disembodied agents that communicate by means of a messaging-based interface. The embodied agents have a human-like body or face and communicate with people not only by means of natural language (text or speech), but also by non-verbal cues.

## 3. Approach

Decisions to adopt conversational agents in services should be based on a thorough evaluation of the impact on humans, not only on productivity or cost criteria.
This paper focuses on the potential research questions and hypotheses relative to the impact of conversational agents on humans in services. In order to assess the need to approach this topic, a literature survey was designed and implemented. The survey aimed to answer the following question:

- **LSQ: Did researchers studied the impact of conversational agents on humans in services?**

To answer this question the following main search string was created: (impact OR effect) AND ("conversational agent" OR chatbot) AND (human OR user OR individual) AND services. Several additional search strings were developed from the main string in order to focus on specific services: medical services; insurance and legal services.

Four prominent international databases were surveyed: Emerald Insight, Science Direct, Scopus and Web of Science Core Collection. The search encompassed all published documents, irrespective of their type (articles published in peer-reviewed journals, conference papers, book chapters etc.); publication status (already published or "in press"/"Earlycite" articles); availability (abstract only or full-text) or language. The key terms were sought in the title, abstract or keywords of the documents. The survey was achieved on 14 September 2018. The use of the search strings in the four databases led to 17 distinct documents. After screening and filtering these documents, only two may be considered related to the impact of conversational agents on humans in services (Chung & Park, 2018; Tielman *et al.*, 2017).

Literature survey findings reveal that researchers have not published such studies yet. Until now, researchers that investigated conversational agents did not focus on the impact in services. The paper aims to contribute to the launch of future research on this topic by suggesting potential questions and hypotheses in four major domains in which conversational agents impact humans in services. These domains are: human capital of services companies, service customer behaviour towards conversational agents, service customer interviewing; decision-making in service companies.

## 4. Impact of conversational agents

The future evolution of conversational agents is based on AI, respectively on machine learning, deep learning, natural language processing, understanding and generation, as well as on cognitive computing.

### 4.1. Impact of conversational agents on human capital in services

Companies and employees in the service sector are preoccupied of the effects these new technologic trends will have on human capital. A legitimate research question may be raised:

- **RQ1: What impact will conversational agents have on human capital in services?**

A set of set of sub-questions and hypotheses related to this major research question are formulated hereinafter.

The first research sub-question is:

- **RQ1.1:** *Will conversational agents totally displace humans in services?*

Experts give warnings that human labour will be displaced by automation, robotics and artificial intelligence (World Economic Forum, 2017).

Based on the current demonstrated technology, in the US, the McKinsey Global Institute (MGI) estimates that 60% of all occupations have at least 30% potentially automatable activities (McKinsey Global Institute, 2017). Nevertheless, according to the MGI, there are occupations with a technical automation potential close to 0%, such as psychiatrists and legislators.

The first hypothesis is the following:

- **H1.1:** *In services, the adoption of conversational agents will displace some activities accomplished by human employees, especially the repetitive tasks and the activities that do not require high-level thinking and empathetic skills.*

The second sub-question derived from the major research question RQ1 is:

- **RQ1.2:** *What changes in the employee skills will be required by the use of conversational agents in services?*

Many disruptive trends will drive changes in the future work skills at the horizon 2020. Some of these drivers (Institute for the Future, 2011) are the following: *rise of smart machines and systems* (that leads to workplace automation and to replacing humans for the repetitive tasks); *development of the computational world* (based on the use of sensors and on increased processing power); *new media ecology* (that will impact attention and cognition, as well as sensitivity towards reality and truth); *emergence of superstructured organisations which focus on collaboration at large scale* (that will change the value creation by means of new

communication technologies and social media); *globally connected world* (that will require competitive adaptation to various markets and consumers).
According to the Institute for the Future (2011), ten skills will be necessary for the future workforce: *sense-making* (higher-level thinking skills that are not owned by learning machines and determine the deeper meaning of communication); *social intelligence* (ability to socially and emotionally interact with other people, which is necessary to develop collaboration and trustful relationships); *novel and adaptive thinking* (proficiency at thinking and providing responses beyond those based on rules, when faced with unexpected circumstances); *cross cultural competency* (ability to work in diverse cultural settings); *computational thinking* (ability to make sense of large volumes of information by applying simulations, models and statistical analysis); *new media literacy* (ability to use new media and generate content for engaging and persuasive communication); *transdisciplinarity* (ability to deeply understand a specific discipline and to communicate in other disciplines); *design mindset* (ability to develop tasks, processes and environments leading to the desired outcomes); *cognitive load management* (ability to filter information in function of its importance and to use tools and techniques to maximize cognitive function); *virtual collaboration* (ability to work as an active member of a virtual team).
The future of the workforce will be marked by skill shifts. Automation and artificial intelligence are the main drivers of changes in the employee skills. Research conducted by McKinsey Global Institute (2018) revealed that during the period 2016-2030, there will be a growth in the demand for advanced technological skills (such as programming), social and emotional skills (e.g. leadership and managing others) and higher-level cognitive skills (especially creativity). In parallel, the need for basic cognitive skills (for example, basic data input and processing) will decline (McKinsey Global Institute, 2018).
Based on the above-mentioned aspects, the second hypothesis may be formulated as follows:

- **H1.2:** *In services, the future development of conversational agents will drive changes in the employee skills, requiring abilities like sense making, novel and adaptive thinking, creativity, social and emotional skills etc.*

The third sub-question related to the major research question RQ1 is:

- **RQ1.3:** *What new tasks and jobs will emerge in services following the use of conversational agents?*

New types of jobs will be necessary to build and maintain proper relationships between humans and conversational agents. A survey made by Accenture (among 1,075 process professionals from large companies that use artificial intelligence technologies in at least one business process) identified the emergence of three new types of jobs that will be accomplished by humans only (Accenture, 2018). According to this study, these jobs are: trainer, explainer and sustainer. Trainers will teach the AI systems (including chatbots/conversational agents) to better understand the meaning of the customer communication, going beyond the literal significance of the words. The training will be necessary to ensure a proper tone of the conversation and an empathetic response of the AI systems in their dialogue with humans/customers. As AI systems become more sophisticated due to the progress in machine learning and deep learning, the explainers will facilitate communication between the AI technology specialists on one side and the decision makers, non-technical professionals and consumers on the other side. The sustainers will ensure that AI systems deployed will fulfil their mission and the unintended outcomes will be promptly addressed. They will maintain the confidence in the AI in terms of safety and respect of ethical values. New job titles will appear (Wilson *et al.*, 2017). Examples are: customer-language tone and meaning trainer, transparency analyst, AI usefulness strategist, machine relations manager.
Thus, the following hypothesis may be developed:

- **H1.3:** *In services, the adoption of the conversational agents will create the need for new tasks or new jobs focused on training, explaining and sustaining the new AI-powered systems.*

The fourth sub-question that emerges from the major research question RQ1 is the following:

- **RQ1.4:** *In services, will the use of AI in conversational agents be able to solve only complex customer problems?*

Research shows that collaboration between humans and machines leads to higher performance levels than teams made of humans only or of machines only (Wilson *et al.*, 2018). Consequently, companies should develop a new mindset and a new culture that rely on the idea that humans and machines have complementary not competitive roles.

The collaboration "human +machine" has a multiplier effect on the key performance indicators (KPIs) of companies. Complementarity may improve the values of KPIs up to 6.5 times compared to the situation when there is no collaboration between employee and machine (Wilson *et al.*, 2018).

There is a need for workforce reskilling in the context of the collaboration between employees and machines. The employees must renew and adapt their skills in order to ensure complementarity with the AI systems in delivering customer experience. (McKinsey Global Institute, 2017). Conversational agents will become the co-workers of humans, within organisations.

At present, a new era begins for human kind – the cognitive era. Experts underline that "boundaries between people and technology become blurred" (IBM & Globoforce, 2016). This new era is made possible by the development of machine learning, natural language processing, understanding and generation, as well as of cognitive computing. The employee experience and customer experience will be strongly impacted by the cognitive trends.

Cognitive computing is able to improve business performance by expanding the expertise of the employees and providing valuable support for decision making. In essence, the cognitive systems have three major capabilities, respectively to understand, reason and learn (IBM, 2017b). The understanding capability consists in processing large volumes of unstructured information in order to identify existing patterns based on keyword frequency, tone and sentiment. The reasoning capability refers to the ability of the cognitive systems to formulate relevant responses based on the identification of underlying concepts, on the development of hypotheses, on inferences and idea extraction. A distinct capability of the cognitive systems is learning. They are able develop a knowledge base with updated and meaningful information from various sources of data and an extremely large number of interactions (e.g. conversations between customers and the human agents of call centres etc.).

The new concept "augmented intelligence" was developed to underline the role of the artificial intelligence to assist humans. The AI is designed to enhance and not to replace human intelligence. IBM suggest the term "intelligence augmentation" (IA).

The concept of intelligence augmentation may be applied to the relation between humans and cognitive conversational agents.

From the perspective of IBM, customer service and call centres may benefit from cognitive systems that are accessed through conversational agents (Costa, 2017). A specific share of the total number of customer calls will be answered by the conversational agent, the rest of the calls being turned over to the human agent. The employee of the call centre will enjoy advantages such as improved performance and higher job satisfaction. The customers are satisfied because their problems are quickly addressed.

The use of technology to augment frontline employees instead of replacing employees is a business decision that is triggered by the objective to increase customer satisfaction not only to decrease costs and increase efficiency (Marinova *et al.*, 2017).

An additional hypothesis may be developed:

- **H1.4:** *In services, providing solutions to complex customer problems will require augmented intelligence or intelligence augmentation instead of artificial intelligence only.*

The final sub-question raised in relation to the major research question RQ1 is:

- **RQ1.5:** *What feelings do employee have towards conversational agents in the service domain?*

Intelligence augmentation is a relevant concept. However, its implementation requires the support from the employees.

In the European Union, the population of the countries considered digital front-runners (Norway, Finland, Sweden, Denmark, Estonia, Ireland, Netherlands, Luxembourg and Belgium) have a positive view of automation and AI. A survey organized in these nine countries showed that overall, 60% of the population has a fairly positive view and 15% a very positive view (McKinsey & Company, 2017).

Recent survey research made by IPSOS in seven countries (France, Germany, Spain, United Kingdom, United States, Canada and China) revealed that respondents (18 years old and over) have mixed feelings about the consequences of AI on own work in the coming years (IPSOS, 2018). The most widely spread feeling is curiosity, being expressed by 60% of the interviewees, while concern reaches 40%, optimism 35%, indifference 21%, confidence 17%, anxiety 15% and rejection 12%. At least one positive feeling is associated with AI by 78% of the respondents, compared to 52% that cite at least one negative feeling. According to the findings of this study, only 18% of the respondents working in services stated that AI-enabled tools are already in use, compared to 82% that declared that none are in use. The expectations relative to the effects of the AI on work efficiency are the following: reducing the time spent performing certain tedious tasks (72% of respondents); enhancing own abilities to meet deadlines and do things faster (68%); reducing the risks of error (67%); increasing the time spent on tasks with the most added value (64%); enhancing the quality of own work (63%); reducing the danger associated with certain tasks (61%); enhancing ability to innovate in own work (61%). Respondents associate several risks (negative consequences) with the AI-enabled tools: more control and surveillance (76% of respondents); job losses due to a reduced workload (68%); work dehumanizing and less social cohesion (65%); ethical problems related to personal data protection (64%). The users of AI-enabled tools envisage higher risks than the other respondents. Less than one third of the employees expect that AI will revolutionize their workplace in the next five years. In addition, about 70% of the current users of AI think that in the next ten years, AI will have profound transformational consequences at the level of own job (71% of the respondents that use AI) own profession (70%) and own company/organization (71%).

These aspects lead to the following hypothesis:

- **H1.5:** *In services, employees will have overall positive feelings about the use of AI cognitive conversational agents, while some concerns will still exist.*

These hypotheses reflect an optimistic perspective of the profound impact of conversational agents on human capital.

### 4.2. Impact on the behaviour of service customer relative to conversational agents

At present, researchers study the "service encounter 2.0". In essence this is defined as "any customer-company interaction that results from a service system that is comprised of interrelated technologies (either company or customer owned), human actors (employees and customers), physical/digital environments and company/customer processes" (Larivière *et al.*, 2017). Integral part of the "service encounter 2.0" are the interactions between humans and conversational agents in the service domain.

In this context, the following major question is suggested for further research:

- **RQ2: What response will customers have to the use of conversational agents in services?**

The sub-questions derived from this major research question and the suggested hypotheses are presented below.
The first research sub-question is:

- **RQ2.1:** *Would people treat conversational agents differently from humans when interacting with them in the service domain?*

Chatbots as conversational agents progressed from the initial script-based Eliza created by Weizenbaum (1966). However, their conversational capabilities do not fully reach the complexity and sophistication of human-to-human dialogue. This state of fact is reflected by the experiment made by Shah *et al.* (2016) on a sample of 100 respondents that included males and females, people speaking English as native language or not, aged between 13 and 64 years old. The participants were invited to compare five modern chatbots (Ultra Hal, Elbot, Cleverbot, Eugene Goostman and JFred) to an online version of Eliza. The findings showed that all the five chatbots received a conversational ability mode score of 50, meaning *good conversation, but still machinelike*. The maximum score *100 = human-like* was received as follows: Ultra Hal 2.6% of the time; Elbot 4.4% of the time; JFred 5.8% of the time; Eugene Goostman 13.8% of the time and Cleverbot 14.8% of the time.
People consider computers as social actors (Nass *et al.*, 1994). Based on the results of five experiments, Nass *et al.* concluded that individual's interactions with computers are fundamentally social. The explanation of researchers for this perception is that social responses to computers are commonplace and easy to generate. They consider that social responses are neither the result of conscious beliefs that computers are human/human-like nor the effect of user's ignorance or psychological or social disfunctions.
Reeves and Nass (1996) formulated the *media equation*: "media equals real life". Their studies led to the conclusion that humans perceive their interactions with computers, TV and new communication technologies as identical to the real social relationships and to the navigation of the real physical space. Their research findings uncovered that people are polite to computers, but treat them differently depending on their female or male voice. Also, findings showed that people perceive large faces on a screen as invading their personal body space. In addition, the physical responses of humans are similar in the case that motion is seen on screen or in real-life. Thus, people treat computers and television as social actors and they apply the same rules to interactions irrespective of their type, respectively with other people or with media.
A review of several experimental studies uncovered that individuals mindlessly apply social rules and expectations to computers (Nass & Moon, 2000). Four distinct sets of studies were identified in terms of their main topic and findings. The first set reveals that individuals apply gender stereotypes and ethnic identification to computers. According to the second set of studies, politeness and reciprocity are social behaviours manifested towards computers. A third set of studies refers to premature cognitive commitments. The fourth set refers to the response of individuals to computer "personality".
Based on the above-mentioned aspects, the following hypothesis is formulated:

- **H2.1:** *In services, customers tend to equate interactions with conversational agents to interactions with people and mindlessly apply social norms and expectations to these agents.*

The second sub-question related to the major research question RQ2 is the following:

- **RQ2.2:** *How will the human-like appearance of conversational agents influence the affinity of people towards such agents used in services?*

The reaction of humans towards conversational agents emerged as an important topic of study. In this context, researchers often refer to the concept of "uncanny valley". This term is a

translation found in the book of Reichardt (1978). The original wording in Japanese was introduced by Masahiro Mori in his essay of 1970 (Mori, 1970). The created word "shinwakan" used by Mori generated translation difficulties and was associated with the English words "familiarity," "likableness," "comfort level," and "affinity" (Hsu, 2012). A revised translation was suggested by MacDorman and Kageki (Mori, 2012), respectively "a valley in one's sense of affinity".
Mori formulated the hypothesis according to which the response of a person towards a human-like robot would shift from empathy to revulsion as the robot approaches but fails to attain the lifelike appearance. The affinity towards a robot increases as the robot appears more human, but it abruptly decreases when individuals experience an eerie sensation when they realize that the robot that looked real is in fact artificial.

- **H2.2:** *In services, the affinity of customers towards conversational agents will increase as agents are more human-like, but will decline if customer realize that a gap exists between their expectations and reality in terms of agents' human-like representation.*

The third sub-question related to the major research question RQ2 is:

- **RQ2.3:** *What influence will similarities between service customers and conversational agents have on the attitude and response of individuals towards such agents?*

Guadagno *et al.* (2007) investigated the extent to which gender and behaviour of an embodied agent ("virtual human") influence the change in attitude of humans that listen to the agent's persuasive communication in a virtual environment. Results showed greater change in the attitude of the participants when the embodied agent was of the same gender as them. These researchers also studied the influence of behavioural realism on attitude change in function of the belief that the other is an embodied agent or an avatar (an online representation of an actual person). According to the findings of the study, the agents in high behavioural realism condition are more influential/persuasive when participants believe they interact with an embodied agent. This influence is moderated by the gender of the "virtual human" and of the human participant in the research. The male agent was more persuasive when the participant believed that he interacted with a computer-controlled agent (not a human), the opposite being found in the case of female agents.
In their research, Moreno *et al.* (2002) investigated whether people apply stereotypes to animated agents based on visually apparent social group memberships. Research results indicated that participants applied social stereotypes based on sex. However, they did not apply stereotypes based on ethnicity.
In contrast, the empirical research of Pratt *et al.* (2007) found that computer users are more likely to change their actions based on input from a computer agent with the same ethnicity as theirs. The participants in the experiment received advice from two personified computer agents, one of African American and one of European/ Caucasian American ethnicity.
Based on two experimental studies Baylor and Kim (2004) found that transfer of learning was positively influenced by the more realistic images of the agents and the non-traditional representation of "expert" agents (as Black versus White). The pedagogical agents were animated, delivered the same messages and had computer-generated voices.
Behrend and Thompson (2011) studied the similarity effects in online training related to computerized trainer agents. Similarity in terms of appearance and feedback-giving style were assessed objectively by the researchers and subjectively by the trainees based on their perceptions. The findings of the study uncovered that in the case of objective similarity, the trainees scored higher on a declarative knowledge test and the trainees liked more their computerized trainer. Subjective similarity improved the trainees' reaction to and engagement in training, as well as the liking of the trainer. Researchers concluded that subjective similarity is more important than objective similarity in predicting training outcomes.
A hypothesis can be formulated:

- **H2.3:** *In services, the attitude and response of customers towards conversational agents will be positively influenced by the similarities between customers and agents (e.g. in terms of gender, appearance, ethnicity etc.).*

The fourth sub-question derived from the major research question RQ2 is:

- **RQ2.4:** *What factors moderate the influence of facial similarity on the response of service customers?*

Similarities do not always lead to positive reactions to conversational agents. The study of Van Vugt *et al.* (2010) revealed a negative response. Researchers investigated the effects of facial similarity between users and embodied conversational agents. The variables manipulated during the experiment were facial similarity and agent helpfulness. Research findings showed that male participants had negative responses to the similar-looking agent when it was perceived as being unhelpful. More specifically, the male participants were less inclined to use again an obstructing agent that is facially similar, in comparison to an obstructing agent that is facially dissimilar. A facially similar obstructing agent affected the intention of individuals to use it again, in the case of male users, but not in the case of female participants.

A hypothesis reflecting this situation in services could be the following:

- **H2.4:** *In services, gender is one of the factors that moderate the relationship between the unhelpfulness of the conversational agent and the customer's intention to use it again.*

The fifth sub-question related to the major research question RQ2 is:

- **RQ2.5:** *What influence will anthropomorphic design cues have on the perceptions of service customers towards conversational agents and service company?*

The mindful or mindless nature of agent anthropomorphism is also a relevant topic of study. There are different viewpoints on what anthropomorphism is. As defined by Nass and Moon (2000, p. 93, 82), anthropomorphism involves the "thoughtful, sincere belief that the object has human characteristics" and it consists in "the assignment of human traits and characteristics to computers". According to Sundar (2004), it is a mindless tendency towards long-term social relationships with computers, being a strong predictor of "hard-core" loyalty to computers.

Mindful anthropomorphism consists in the conscious evaluations made by individuals whether the conversational agent is human-like or machine-like. In contrast, mindless anthropomorphism refers to the unconscious attribution of human characteristics to the agent.

The experiment designed by Kim and Sundar (2012) aimed to investigate if anthropomorphism is mindful or mindless. The experimental variables were the presence/absence of the human-like agent and the low/high interactivity on a health website. These variables served as anthropomorphic cues. Researchers found evidence of mindless anthropomorphism.

Recent research made by Araujo (2018) focused on the influence that anthropomorphic design cues and communicative agency framing have on the people's perceptions about conversational agents and companies. The study referred to the disembodied conversational agents that are available in social media and in messaging applications. The findings revealed that use of human-like language and name enhanced people's perception that agent is human-like. These results were obtained in the case of both mindful and mindless anthropomorphism. In the research of Araujo, no difference was found in terms of social presence between human-like and machine-like- agents. As defined by Heeter (1992), social presence is "the extent to which other beings (living or synthetic) also exist in the world and appear to react to you". Besides the personal presence and the environmental presence, the social presence is one of the dimensions of the subjective experience of presence.

According to the findings of Araujo, framing the conversational agent as intelligent diminishes the perceptions of mindless anthropomorphism for the machine-like agent, but not for the human-like agent. In addition, research results uncovered that designing conversational agents

with human-like cues positively influences relationship building and the emotional connection between the individual and the company that uses the agent.
Another hypothesis is issued:

- **H2.5:** *In services, the use of anthropomorphic design cues would positively influence individuals' perceptions about disembodied conversational agents and would favourably impact relationships between the individuals and the service company.*

The next sub-question evolving from the major research question RQ2 is:

- **RQ2.6:** *Does the attribution of mental capabilities to the conversational agent explain the feelings of eeriness that service customer could experience in the communication with that agent?*

The research of Gray and Wegner (2012) aimed to identify the causes of the "uncanny valley of the mind" which they named "the unnerving nature of human-like robots". Their explanation for the "uncanny valley" is the attribution of mind to robots, respectively the attribution of experience (capacity to feel and sense) rather than agency (capacity to act and do). The attribution of experience was considered one of the factors that drive the "uncanny valley", besides the facial features, threat avoidance and general perception of categories.
Recently, the experiment of Stein and Ohler (2017) introduced a virtual reality chat program to a group of participants. A pre-recorded 3D scene with two digital characters engaged in an emotional and emphatic dialogue was presented. The characters expressed their own emotions and empathized with the mental state of each other. In the experiment, the manipulated variables were the type of character (human-controlled avatars vs. computer-controlled agents) and the character autonomy level (scripted vs. self-directed). Researchers found that participants experienced the strongest feelings of eeriness when they perceived the characters as being autonomous artificial intelligence, social beings with their own mind. In conclusion, the "uncanny valley of mind" is based on the attribution of emotion and social cognition to the computer-controlled agent.
The hypothesis developed for this sub-question is:

- **H2.6:** *In service, customers could experience an "uncanny valley of mind" when they associate emotions and social cognition to the conversational agent.*

The final sub-question related to the major research question RQ2 is:

- **RQ2.7:** *Do effects of the uncanny valley (the valley in one's sense of affinity) depend on the type of interface between service customers and conversational agents?*

The experiment made by Ciechanowski *et al.* (2018) revealed the affective responses of humans to different types of interfaces used when they interact with a chatbot. Two types of chatbots were used, respectively a simple text chatbot and a more complex animated chatbot. Research findings uncovered that uncanny effects were lower and the affective responses were less negative when participants interacted with the text chatbot, compared to the animated chatbot. The psychophysiological reactions were less intense in the case of the text chatbot.
The following hypothesis is developed:

- **H2.7:** *In services, the effects of the uncanny valley (valley in one's sense of affinity) depend on the type of interface used for the interaction between the consumer and the conversational agent.*

The hypotheses associated with the major research question RQ2 underline the multi-faceted impact of conversational agents.

### 4.3. Impact of conversational agents on the interviews with service customers

In the service sector, conversational agents can potentially play the role of interviewer in various situations. For example, agents could ask customers for feedback relative to the service

experience, could question respondents on various market research topics or could interview patients to accomplish the health screening in the medical field.
Computer-assisted interviewing and the use of survey platforms became commonplaces in market research. Face-to-face interviewing progressively loses ground in front of modern techniques applied in the virtual environment.
Conversational agents are able to provide new opportunities for customer interviewing, especially for data collection from various types of subjects. The relevance of conversational agents as interviewers will depend on the reaction of individuals towards the "AI-powered" interviews. Consequently, a major question may be raised for further research:

- **RQ3: How will conversational agents impact the interviews with humans in the service sector?**

Several sub-questions that evolve from this major question and the suggested hypotheses are presented hereinafter.
The first sub-question derived from the major research question RQ3 is:

- **RQ3.1:** *Will response rate and efficiency be the differential advantages of the interviews led by conversational agents compared to those led by humans in services?*

Researchers studied the use of conversational agents to interview respondents in the virtual world. This approach represents a new stage in the evolution of surveys in the online environment. Several other interviewing methods preceded this stage, such as computer assisted self-interviewing (Couper & Nicholls, 1998) and the automated online interviewing via the instant messaging service ICQ (Stieger & Reips, 2008). In the social online environment Second Life, bots (computer-controlled agents) were used to collect data, engage in simple interactions and achieve simple automated experiments (Friedman *et al.*, 2007), as well as to interview human avatars on their opinion about genetically modified tomatoes (Van Vliet *et al.*, 2009).
The experiment conducted by Hasler *et al.* (2013) assessed the use of embodied survey bots to automate data collection in 3D virtual worlds such as Second Life. A comparison was made between a bot (software-controlled avatar) and a human-controlled avatar. Participants were asked about their religion. The findings showed that in comparison with the survey bot, the human-controlled avatar led to a higher response rate (65.6% against 30.9%) and more negative answers. However, the embodied survey bot is more cost-effective than a human interviewer, due to two main reasons. Firstly, it contacted a larger number of respondents than the human-controlled avatar within the same time interval. Secondly, it carried out interviewing in an automated manner, without the need for monitoring or maintenance. The findings of this research support the use of bots as virtual research assistants for interviewing avatars in large scale surveys in social online environments.
The hypothesis issued for the RQ3.1 is:

- **H3.1:** *The use of conversational agents to interview service customers (on their experience with the service company, its brands and employees) will be cost-effective, but the response rate will be lower than that of a human-controlled avatar interviewer.*

The second sub-question related to the major research question RQ3 is:

- **RQ3.2:** *What changes will incur conversational agents as interviewers in comparison with human interviewers in the communication with service customers?*

In their research, Hill *et al.* (2015) compared 100 instant messaging conversations to 100 exchanges with the chatbot Cleverbot. In comparison to a conversation with a human, they found that communication with a chatbot has longer duration, shorter messages, lower vocabulary richness and greater profanity (use of more banned words of different levels of intensity). The researchers considered that an explanation for this situation could be the adaptation of individuals to the communication style of the chatbot. On average, individuals were inclined to send to the chatbot two times more messages than to another human. The number of words per message varied between 2 and 13 in the human-chatbot communication and between 2 and 25 in the human-human communication. In addition, the results highlighted a 30-fold average increase in profanity in the human-chatbot communication compared to the human-human conversation.

The hypothesis based on these findings is:

- **H3.2:** *The communication of service customers with a conversational agent differs from a conversation with humans in terms of duration, message length, vocabulary richness and level of profanity.*

The third sub-question related to the major research questions RQ3 is:

- **RQ3.3:** *What differences exist between the human-agent and the human-human communication as regards the attitude of the service customer towards self-disclosure?*

The research of Mou and Xu (2017) focused on studying whether individuals during their initial interaction with a chatbot would disclose their personality traits and communicative attributes differently from an interaction with humans. The researchers investigated the communication of individuals with the chatbot Xiaolce (of Microsoft) and with humans on the social media platform WeChat. According to their findings, users tended to be more open, more agreeable, more extroverted, more conscientious and self-disclosing when interacting with humans than with the chatbot. In their communication of Xiaolce, users had a higher level of neuroticism. In essence, individuals demonstrated more desirable traits in the communication with humans than in the conversation with the chatbot. There were no significant differences in the level of control over social interaction between the communication with humans and communication with the chatbot.

The hypothesis developed for the sub-question RQ3.3 is:

- **H3.3:** *Service customers tend to be more open to disclose their personal traits in the initial communication with a person rather than with a chatbot.*

The fourth sub-question entailed by the major research question RQ3 is:

- **RQ3.4:** *How will the use of conversational agents as interviewers impact the disclosure of highly sensitive personal information by service customers?*

Richman *et al.* (1999) achieved a meta-analysis of the social desirability distortion in three types of surveys, respectively based on computer questionnaires, paper-and-pencil questionnaires and face to face interviews. The comparison of these surveys showed there is less social desirability distortion in computerized surveys compared to surveys based on paper-and-pencil questionnaires and to the face-to-face interviews.

Based on a laboratory experiment, Lind *et al.* (2013) found that respondents tend to disclose more information in audio computer-assisted self-interviewing (ACASI) than in other types of interviews such as face-to-face interview and automated interviewing systems with more or less facial movement (even if the virtual interviews involved the computerized self-administration of the questionnaire). The researchers concluded that the absence of facial representation in ACASI was the reason for the higher level of disclosure.

An exploratory study made by Pickard *et al.* (2016) investigated the influence of topic sensitivity on the preference of individuals to disclose personal information to a human interviewer or to an embodied conversational agent. Research findings uncovered that individuals prefer to be interviewed by an embodied conversational agent when the topic is highly sensitive or evokes negative self-admission. In contrast, the preference for a human interviewer is associated with topics that are low in sensitivity or evoke positive self-admissions. The reason for such preferences is the fact that individuals feel being judged/evaluated by a human interviewer, but not by an embodied conversational agent.

In the service sector, several topics may be perceived as highly sensitive by customers. People could be less eager to disclose information on aspects such as specific health problems, addiction situations, financial difficulties etc. Thus, they would prefer an AI interviewer.

In medical context, Gratch *et al.* (2014) studied the impact of virtual humans on the disclosure of personal information by patients, during the health screening procedure. In the experiment, participants interacted with two types of *virtual humans* – one being teleo-operated by humans ("Wizard-of-Oz") and the other controlled by artificial intelligence (fully automated). Lower resistance to self-disclosure, lower impression management and higher system usability were reported by the participants who believed that interacted with an automated system than by those who believed that interacted with a human operator.

The laboratory experiment of Schuetzler *et al.* (2018) examined the influence of conversational relevance and embodiment on socially desirable responding (respectively on answers given by individuals to sensitive and non-sensitive questions). Responses to three types of interviews were compared: interaction with a conversational agent, face-to-face interview and web-based survey. In the case of sensitive questions (related to alcohol consumption), the human interviewer elicited responses with a higher social desirability than the chatbot interviewer. The potential explanation suggested by researchers was the social presence specific to the face-to-face interviews. When interviewed by a conversational agent with better conversational abilities (i.e. that provides more relevant responses), individuals tend to provide more socially desirable responses. The influence of the agent embodiment had no significant influence on the responses to sensitive questions.

These findings lead to the following hypothesis for the sub-question RQ3.3:

- **H3.4:** *Service customers would prefer to disclose highly sensitive personal information to a conversational agent rather than to a human interviewer, especially when the conversational relevance of the agent is low or moderate.*

The hypotheses related to the major question RQ3 reflect opportunities for the use of conversational agents in research context for service customer interviewing.

### 4.4. Future impact of conversational agents on decision-making in service companies

The advancement of research in cognitive computing within the field of artificial intelligence will open new opportunities for the use of conversational agents in the decision-making process within service companies.

A major question for further research can be raised:

➢ **RQ4: How will conversational agents support business decision-making in service companies?**

Cognitive computing refers to "systems that learn at scale, reason with purpose and interact with humans naturally" (Kelly, 2015). These systems have the ability to learn from the interactions with humans and environment. Thus, the capabilities of the cognitive systems improve by means of training and use.

Such systems are also able to make sense of the unstructured data that represents the overwhelming majority of world's data. The core capabilities of cognitive systems are the following: *to create deeper human engagement* – based on the detailed data about individuals (geolocation data, Web interactions, transaction history, electronic medical records etc.)*; to scale and elevate expertise* – through the access to professional knowledge/expertise*; to infuse products and services with cognition* – with the support of the Internet of Things*; to enable cognitive processes and operations* - for the enhancement of operational effectiveness*; to enhance exploration and discovery* - in order to identify patterns, opportunities and to formulate actionable hypotheses (Kelly, 2015).

The first sub-question derived from the major research question RQ4 is:

- **RQ4.1:** *What contribution will conversational agents based on cognitive computing have to decision-making in service companies?*

Experts envisage a partnership in decision-making between humans and artificial intelligence. The role of conversational agents will be to augment human capabilities. This will be possible due to cognitive services like: locating knowledge, pattern identification, natural language recognition, machine learning and eliminating bias (Michiels, 2017). The cognitive systems will provide information to help humans make decisions. The contribution of cognitive computing to decision-making will depend on the capabilities to facilitate the effective search of large and relevant volumes of knowledge, as well as to process natural language related to the human queries (Cognizant, 2017).

Research demonstrated that combined predictions made by humans collaborating with intelligent agents (artificial neural network agents) are more accurate and robust compared to predictions made only by groups of humans or only by agents (Nagar & Malone, 2011). The combined approach is recommended when identifying patterns in data is difficult, data cannot be easily codified and unexpected changes occur.

The IBM Watson for oncology (WFO) cognitive system provides evidence-based treatment options for the decisions made by oncologists. The options are presented in three categories: "recommended", "for consideration" and "not recommended" (Zhou *et al.*, 2017).

The hypothesis formulated for the RQ4.1 is:

- **H4.1:** *In service companies, conversational agents based on cognitive computing will help decision-makers to locate and analyse knowledge, identify patterns, make predictions and better understand the alternative options.*

The second sub-question corresponding to the major research question RQ4 is:

- **RQ4.2:** *What specific types of services will benefit from the support of conversational agents based on cognitive computing in the decision-making process?*

In the healthcare field, the increasing data complexity and the fact that universal solutions are not effective for all the patients open the way to mobile health services provided by a chatbot with a knowledge base for cloud computing (Chung & Park, 2018).

Human pathology benefits from new screening techniques based on artificial intelligence. Experiments show that top pathologists reach 96% accuracy in detecting cancer cells in biopsy samples, while an AI screening technique developed by a Harvard-based team reaches 92%. When the same top pathologists collaborate with the AI, the level of accuracy increases to 99.5% (Wanjek, 2016). To ensure high accuracy, the algorithms must be trained by "deep learning," using thousands of images of cancer cells in order to better recognize and diagnose them.

In insurance, cognitive computing is already applied for customer self-service, call centre representative assistance, underwriting and claims tools, regulatory policy compliance management (IBM, 2017c). With cognitive systems, underwriters will be able to make informed decisions based on the assessment of each customer risk by means of weather data, geolocation data and other types of data. In addition, in claims management, the cognitive systems will be able to recognize the relevant text from various documents (IBM, 2015).

The legal field is also a domain of potential application of AI. An example is ROSS – an AI supported platform for legal services, an advanced research tool provided by the company ROSS Intelligence. Compared to the traditional Boolean search tools, the ROSS platform provides better performance in information retrieval, respectively: 40% more relevant authorities cited, 30% decrease in search time; an annual revenue increase of $8,466 to $13,067 per attorney (based on a 25% conversion of unbillable time into billable time) (Chang, 2018).

An algorithm developed by Katz *et al.* (2017) predicted the behaviour of the Supreme Court of the United States for the period 1816-2015. The prediction accuracy was 70.2% at the case outcome level (for 28,000 cases) and 71.9% at the justice vote level (for 240,000 votes).

The hypothesis developed for the sub-question RQ4.2 is:

- **H4.2:** *All the types of services will benefit from the support of conversational agents based on cognitive computing, especially the medical, insurance and legal services.*

The third sub-question evolving from the major research question RQ4 is:

- **RQ4.3:** *At what managerial levels will conversational agents based on cognitive computing support decision-making in service companies?*

An experiment made by the Massachusetts Institute of Technology uncovered that decision-making groups assisted by AI perform better by at least 17% than teams that are not supported by AI (Tikka, 2018). However, there is extremely few information relative to the experience acquired by companies in involving conversational agents in decision-making.

In 2014, the Hong Kong-based venture capitalist fund Deep Knowledge Ventures (DKV) included the software VITAL (Validating Investment Tool for Advancing Life Sciences) as an AI-member of the management team (PRWeb, 2014). The aim was to make more logical decisions of investment in biotechnology, sector marked by a very high failure rate (96% of the drugs being unsuccessful in clinical trials). In 2017, the fund stated that VITAL helped to avoid bankruptcy (Burridge, 2017). VITAL 2.0, the new version of the algorithm will rely on diversified data sources such as scientific literature, grants, patent applications, clinical trials and even the biographies of individual team members of companies in which DKV is interested.

Tieto, the Finnish software and service company listed on OMX - the Nordic Stock Exchange ranged among the first companies that promoted a conversational agent to a senior management position (Tieto, 2016). Named Alicia T., the conversational agent is full-member of the management of the data-driven business unit and also has voting rights. Alicia T. assists the business unit in data-driven decision-making. The role of Alicia T. is to support "truly data-driven decision-making and innovate new data-driven ideas" (Järvelä, 2016). This conversational agent is based on natural language processing and supervised learning. Thus, Tieto will study the impact of human-robot teams on decision-making (Tieto, 2016).

Artificial intelligence was also "hired" by the advertising agency McCann-Erickson Japan (McEleny, 2016). Created by the McCann Millennials Taskforce, the AI-CD β holds the position of creative director. AI-CD β is able to give creative directions on ads for various real accounts. Its capabilities are based on data about TV shows and the winners of the All Japan Radio & Television Commercial Confederation's CM Festival. In addition, AI-CD β becomes more effective by learning from the results of the campaigns it directed.

The hypothesis for the RQ4.3 is:

- **H4.3:** *In service companies, conversational agents based on cognitive computing can support decision-making at different managerial levels, including the board of directors.*

The hypotheses related to the major research question RQ4 consider the development in the capabilities of conversational agents due to cognitive computing. Nevertheless, the idea that such an agent is member of the board of directors could have not only raving fans, but also serious opponents.

## 5. Discussion

The topic of this paper emerged in the context of the active debate on the effects that artificial intelligence (AI) will have on individuals and society. Opinions range from very optimistic to very pessimistic with various degrees of intensity. Illustrative examples are the optimism of Mark Zuckerberg, the CEO of Facebook, and the pessimism of Elon Musk, the CEO of Tesla, both being prominent supporters of the AI (Jones, 2017). To answer questions like "Should we fear AI?", experts engage in scientific foresight (Metzinger *et al.*, 2018) or use models to analyse the implications (Berg *et al.*, 2018).

The optimistic approach relative to the artificial intelligence recognizes the future shifts in labour due to the accession of the AI, but states that humans will still be part of the equation (Davenport & Kirby, 2016). While knowledge workers will be affected by the development of intelligent technologies, humans will have to learn how to play a significant role augmenting their capabilities by means of AI.

Within this context of mixed viewpoints, the perspective of this paper is founded on the favourable future foreseen by experts for conversational agents. In 2018, Gartner estimated that 25% of customer service operations will use virtual customer assistants or chatbot technology by 2020, compared to less than 2% in 2017 (Gartner, 2018). Gartner experts also predict that by 2020 over 50% of medium to large enterprises will have deployed product chatbots (Goasduff, 2018).

The approach specific to this paper is based on the expected evolution of conversational agents from chatbots to the cognitive dimensions. According to Forrester, one of the top emerging technologies of the period 2017-2021 will be the intelligent agents coupled with AI/cognitive technologies that will automate engagement and solve tasks (Hopkins, 2016). Over the next ten years, AI technologies will be the most disruptive class of technologies (Panetta, 2017). The main factors that will contribute to this trend will be the augmentation in the computational power, big data and the development of the deep neural networks.

## 6. Conclusions

The aim of this paper is to contribute to the conceptual approach of the impact of conversational agents on humans in services. The literature survey in several prominent databases revealed that such topic has almost not been addressed by researchers.

The actual contribution of the paper consists in raising a set of major questions for further research. Each question focuses on a distinct domain related to humans in services. Overall, four impacted domains were targeted: human capital of services companies, service customer behaviour towards conversational agents, service customer interviewing; decision-making in service companies.

In each domain, several hypotheses were developed. They were formulated to serve the study of the impact of conversational agents on humans in services.

This conceptual approach has several limitations. It refers only to the impact on humans. Other perspectives can also be considered such as the impact on the organizational structure, company performance, personal data protection, business customers and overall society.

The direct implications of the paper for further research emerge from the sub-questions and hypotheses suggested in each of the four domains. They represent an invitation to analyse the new opportunities and challenges generated by the artificial intelligence under the form of conversational agents.

Future studies may consider a more granular view of the impact of conversational agents on humans in services. Each domain may be studied in-depth, hypotheses may be reviewed and refined.

Even if the present narrow AI is sometimes below the expectations of users and if AGI (artificial general intelligence) has not become reality yet, humans have to make decisions on how to act and position themselves towards the new forms of artificial intelligence. Conversational agents are an integral part of this (r)evolution.

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# Improving Hotel Services in Romania Using Marketing Campaigns

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**Abstract**
Hotel services represent a basic component of tourism services as tourists spend more than half of the holiday time in these spaces (8 hours of passive rest, 3 hours of active rest, 2 hours for body hygiene and changing the outfit). A tourist product cannot be watched, tried or checked before being purchased. This is why the promotional activity must create a true image, express an accurate description of the offered services. Promotion needs to be compelling in such a way as to determine customers to make the purchasing decision. Thus, promotion must be as diversified as possible to inspire customers. The purpose of my investigation is finding ways to raise the hotel services in Romania. The objective is to research if marketing campaigns has an impact or influence in raising hotel services in Romania. Can we do it? using marketing as a tool to reach our customers and then make them ours for a lifetime? The methodology used in deep interviews with hotel customers during three months before and after the marketing campaigns. The qualitative results have shown the fact that customers are influence to a large extent by the marketing campaigns undertook by the hotels. The implications of the answers of the results offer tour managers a way to increase the quality of the services they provide and also to develop customs loyalties.

**Keywords:** tourism, marketing, promotional mix, loyalty, qualitative research

**JEL classification:** M3, Z3.

## 1. Introduction

Customer satisfaction was considered one of the most important aspects of financial performance within a company. Travel firms try to increase customer satisfaction to remain competitive on the global market (Radojevic et al., 2018). Customer satisfaction is also known as a vital marketing concept for business success. Performance depends on meeting customer needs and wishes (Zavattaro & Fay, 2019). Tough competition from the hospitality industry sphere has led customers to become more and more demanding when selecting a hotel. Numerous research studies have been dedicated to customer satisfaction, quality management of marketing campaigns and the importance of the promotional mix in streamlining hotel operations (Jafar& Zeynab, 2018; Aliperti et al., 2018; Dai et al., 2019; Yousaf & Xiucheng, 2018; Ely, 2013).

The emergence of the Internet has greatly influenced the tourism industry (Shang et al., 2010), and researchers have shown changes in the way customers buy in travel channels, and in making a marketing campaign to promote hotels.

Electronic word-of-mouth communication (eWOM) represents any positive or negative statement made by potential, actual or a former customer which is available to a multitude of people via the internet (Cantallops & Salvi, 2014; Hennig- Thurau et al., 2004). eWOM includes social media posts, online reviews, blogs and messages posted on online groups (Hunold et al., 2018). Thus, eWOM gradually gains in the consumer buying process and influences them when they decide to stay at a particular hotel (Garrido-Moreno et al., 2018).

A marketing campaign includes a series of actions linked to each other by a common idea, and they are publicized on the basis of a well-developed action plan (Eline & Duque, 2018). The activity is coordinated for the benefit of the service rendered and extends over a certain period of time (Kubickova et al., 2008).

During the research we analyzed the market of accommodation services in Romania in general and in Bucharest in particular in order to give us a real idea of the active competitive environment in which the hotel analyzed. The hotel also implemented a new campaign to promote its business services, and we studied it using the in-depth interview method if the hotel guests felt the changes made by the new promotion campaign. Has the hotel's customer satisfaction increased as a result of the new promotional campaign? We will see exactly what the respondents answered and we will highlight the impact of the promotional campaign on the increase in the quality of business services offered by the hotel.

## 2. Literature review

Marketing communication policy is part of the marketing mix of particular importance. Why? Because the public gets information about the services offered by the company, the brands promoted by the company, the CSR events and policy (Corporate Social Responsibility) in which the company is involved (Amado dos Santos et al., 2017, Eagle et al., 2016 Vries & Duque, 2018; Gómez-Pérez et al., 2009; Uribe et al., 2013, Sanclemente-Téllez, 2017).
The marketing mix in tourism is special because the 3P (people, process, physical evidence) are added to the 4P (product, price, place, promotion). So we have 7 P's of marketing in tourism. The combination of marketing strategies aims at achieving growth in tourism by maximizing the satisfaction of tourists (Michopoulou & Moisa, 2019).
Obtaining a favorable image in the eyes of the clientele is part of the communication mix (Yadav et al., 2019; Rendón et al., 2014; Gabor & Oltean, 2019). Mediating the services offered, presenting offers to the general public, and even influencing purchasing behavior are the core objectives of the promotion mix (Hvass, 2014).

The structure of communication and promotion activity includes: advertising, sales promotion, public relations through lobbying, and personnel selling (Sukhdeep, 2014; Štefko et al, 2015).

Regarding 3P (people, process and physical evidence) their importance is given by the image that is created in the mind of the consumer. Thus, people refer to all actors involved in the tourist service: hotel employees, local population, resort managers, local town hall employees, and local entertainment managers.
The warmth with which the hotel's guests are met, or the name of the customer's name repeated by the receptionist, makes the difference between customer choices. The atmosphere and local gastronomy, kindness and ability to provide help when tourists require it, represent key points in the hospitality industry. Tourism employees are responsible for the image and reputation of the hotel resort because they represent an interface between the hotel business brand and business clientele. Business customers are increasingly difficult to satisfy on a tight competition market (Perez-Mujica et al., 2014). Business hotels require great attention in selecting employees from all front-of-the-house departments because they will be dealing face-to-face with all hotel guests.
Process in tourism refers to the value chain model from the online websites on which accommodation offers are published up to accommodation at destinations. The basic factors in the process are planning, procedures, investigation, quality control and reviews.
Physical evidence are necessary due to the fact that services are intangible and customers cannot see, feel or touch them before purchase. It is all about dazzling atmosphere, business facilities, ambience, surroundings, tastes, flavours, designs, intimacy, and personalized services. Part of the Physical evidence is represented by the image of the hotel supported by symbols and signs, and also by the comfortable beds and wifi connections at customers disposal, employees uniforms, main entrance design and hallway scent. As the first impression is unforgettable, the hotel management must create in the tourists minds the loyalty feeling.

As far as the hotel industry is concerned, this is the total of the processes taking place in the accommodation units from the arrival of the client until he leaves the accommodation unit. In the past, the reception of travellers and their hosting did not have a tourist connotation, but with the development of tourism and increased traffic, the accommodation started to experience a new development and greater attention from both the travellers and the owners who owned the accommodation (Marin-Pantelescu, 2009; Li et al., 2015; Divisekera & Nguyen, 2018; Dolnicar & Ring, 2014; Eagle et al., 2016). The content of the hotel industry has evolved over time in parallel with the development of accommodation capacity and its involvement in tourism.

Taking into account the multitude of tourists' needs with regard to the moments they spend in the hotel units, the hotel services can be: accommodation and additional services: food, cultural and arts and leisure activities, information and brokerage services, as well as special services. The concierge service is responsible for many additional services: from booking a taxi to purchasing tickets for concerts and various performances for tourists (Ghaderi et al., 2019).

The category of a hotel classification is determined by the fulfilment of mandatory criteria (including the minimum services offered to tourists) and the achievement of a minimum score, obtained by evaluating additional criteria referring to additional services, facilities and installations, recreational and fitness facilities or events.

The basic aspect in hotels is the participation of the client in the realization of the service. For example, a receptionist cannot make a reservation without exchanging information with the customer, so the latter is actively involved in the accommodation.

Regarding the promotion of the hotel is have to be convincing in such a way that it determines the customers to make the purchasing decision. Thus, promotion must be as diversified as possible, and quality improved so as to inspire and give confidence to clients.

When a hotel decides to carry out a promotional campaign, it has to meet some functional features that have proven to be effective over the years (Emiroğlu et al., 2015). First, the communication campaign must be ethical and take advantage of the consumer's lack of consumer information or trust (Zhang et al., 2018). Secondly, the imitation of advertisements, texts, slogans, graphic, and logo should be avoided. This does not create confusion about the hotel brand. Thirdly, the communication campaign must be loyal and decency and not violate country-specific culture and conduct rules (Gerber, 2006).

In what concerns the promotion of tourism, the emphasis is put on personal sales and online sales; therefore, the arguments needed to convince the tourism potential should be as clear and differentiated as possible, depending on the clientele: business or leisure.

Thus, a businessman's needs are different from the needs of a customer who has arrived with his family for loisir. Business clients are looking for ease of booking, quick and efficient check-in, early breakfast, discrete meeting places, a quick check-out and business facilities: conference rooms, simultaneous translation system, room service, concierge service, scheduled hotel wake-up service, spa and wellness club, comfortable bed for a good sleep, intimacy, quietness, privacy, beverages and fine meals, spacious parking, hotel-airport taxis, location hotel near the airport or in the city center, exchange office, bank office near the hotel, fast moving from the hotel staff, knowledge of the hotel staff of as many international languages as possible: English, French, German, Spanish, Chinese, etc.

Including the service for the return of lost items is taken into consideration by a business tourist, especially the reputation and the image of the hotel. A business meeting to sign a contract of tens of thousands of Euros will be done in an environment with a perfect reputation. The attention to details is greatly sought after by the business clientele and any hotel that takes care of the details will take a step forward in the accommodation options of the business customers.

Why? Because many of them are relieved of paying accommodation services. Payment of the accommodation is done by the company; they come to the hotel in the interest of the service and are concerned only with the signing of the business contract (Baum et al., 2018). Anything which means accommodation and additional services are settled by the company to which the businessman is hired.

A hotel can overcome its rivals if it can establish a differentiation that it can maintain. In addition to innovation, technology is a strength that they can focus on. This allows hoteliers to improve their performance and competitiveness. The presence of technology increases the ability of hotels to respond quickly to the opportunities and threats that may arise in the environment, makes the administrative process more efficient and increases customer satisfaction, and hoteliers can more easily adapt to the needs of each client.
The online environment is another aspect that challenges a hotel. Due to transparency, customers can easily compare one hotel to another (Hanna et al., 2018).
The Internet is an instrument that has expanded in recent years and continues to evolve. Most customers look for information about accommodation units and services they want, predominantly on the internet (Fink et al., 2018). In this way, they can see the pictures, the conditions offered, and even the opinions of other tourists, but most important, they have the opportunity to compare and choose. That is why hoteliers have to take care of how they promote themselves in the online environment, the information they provide, how they provide the services to satisfy as many customers as possible, customers who can easily make a badly or a good impression through the online environment.

"Disappointed clients report, on average, about 10 to 20 others about their unpleasant experience. Some of them, especially in the digital age of communication, can speak to many on different blogs" (Wei-Han & Ooi, 2018).
Another strategy that not only leads to positive media advertising but also to benefits for hoteliers is to make tourism a sustainable activity (Sari & Suslu, 2018). Hotels are encouraged to adopt new ways of protecting the environment in day-to-day operations, reducing losses and increasing resource efficiency, which leads to cost savings, which allows a higher profit margin or lower tariffs, thus increasing hotel competitiveness (Li et al., 2015).
"About 96% of unsatisfied customers do not report to the companies the bad services they have had, but simply leaving them to compete. However, 95% of unhappy customers become loyal customers if their grievances are taken into account, being resolved well and quickly" (Gulbahar & Yildirim, 2015).
An element to which all hotels dream and many succeed in is customer loyalty. Fidelity includes five factors: general satisfaction, the desire to build a customer-supplier relationship, the desire to buy the service repeatedly, the desire to recommend to others, the resistance to a competitive company.

Regarding the hotel, there are some promotional techniques that can produce good results, so that the hotel will be as visible as possible on the market and among consumers. Among these techniques we can mention: the hotel registration on many tourist portals; obtaining contracts with as many domestic and foreign travel agencies as possible; participation in tourism fairs; printing and distributing flyers and brochures as much as possible; having as many offers as possible in season and off season; holding a presentation catalog (printed and present in travel agencies); a well-optimized presentation site; making guestbook available; organizes events and encourages invitees to share information or photos within the hotel by offering discounts, bonuses or various incentives to motivate them to help promote; conducting activities with well-trained staff both online and within the hotel (Karbakhsh et al., 2019). These are among the most important promotional techniques that can deliver, but their success depends largely on how they are applied by the marketing department. Today online presence is very important and social networking is growing.

## 3. Analysis of the hotel market in Romania

In 2018, in Romania, the accommodation units were 8,449 with 45.15% more than in 2012. In 2018 there were 1,613 hotels in Romania, which represents about 20% of the total number of accommodation units in our country. The growth rate of hotels compared to the base year 2012 is 10% in 2015, 14% in 2016 and 17% in 2018. The revitalization of tourist activity due to promotion measures from the Ministry of Tourism have made favourable contributions in this sphere of activity. Allowing holiday vouchers has made many accommodation units work "in black" to register as accommodation units that will now pay taxes and duties to the state. Also, customers will also have a greater responsibility in providing a tax invoice for the nights spent in the hotel. During the 7 years of economic activity in the field of tourism in Romania (2012-2018) we have 45% more accommodation units, which show a continuously expanding and developing market. We therefore have market demand for accommodation services in general and for hotels in particular.

***Table 1. The evolution of the total accommodation units in Romania and Hotels in Romania between 2012 - 2018***

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|
| **Total (number)** | 5821 | 6009 | 6130 | 6821 | 6946 | 7905 | 8449 |
| **growth rate with fixed base (%)** | - | 3.23 | 5.30 | 17.20 | 19.33 | 35.80 | 45.15 |
| **Of which Hotels (number)** | 1384 | 1429 | 1456 | 1522 | 1530 | 1577 | 1613 |
| **growth rate with fixed base (%)** | - | 3.25 | 5.20 | 9.97 | 10.55 | 13.95 | 16.55 |
| **% Hotels/Total accommodation units** | 23.78 | 23.78 | 23.75 | 22.31 | 22.03 | 19.95 | 19.09 |

Source: calculations were made by the author according to the official data of the National Institute of Statistics of Romania, tempo online http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table

Of the total of 1,613 hotels in Romania in 2018, 34 hotels were classified as 5 stars, 358 hotels were registered as 4 stars, 841 hotels were 3 stars, 337 hotels were in the comfort category of 2 stars, 41 hotels were rated 1 star and 2 hotels were unrated on the stars. If in 2012 we had 228 4-star hotels in 2018, we have 358 4-star hotels with 57% more. The 4-star, 5-star and 3-star hotels are the most sought-after for business tourism. They have the necessary facilities: conference rooms, specialized equipment, trained staff, comfortable accommodation, good location, prestigious name, elements necessary for a business tourist.

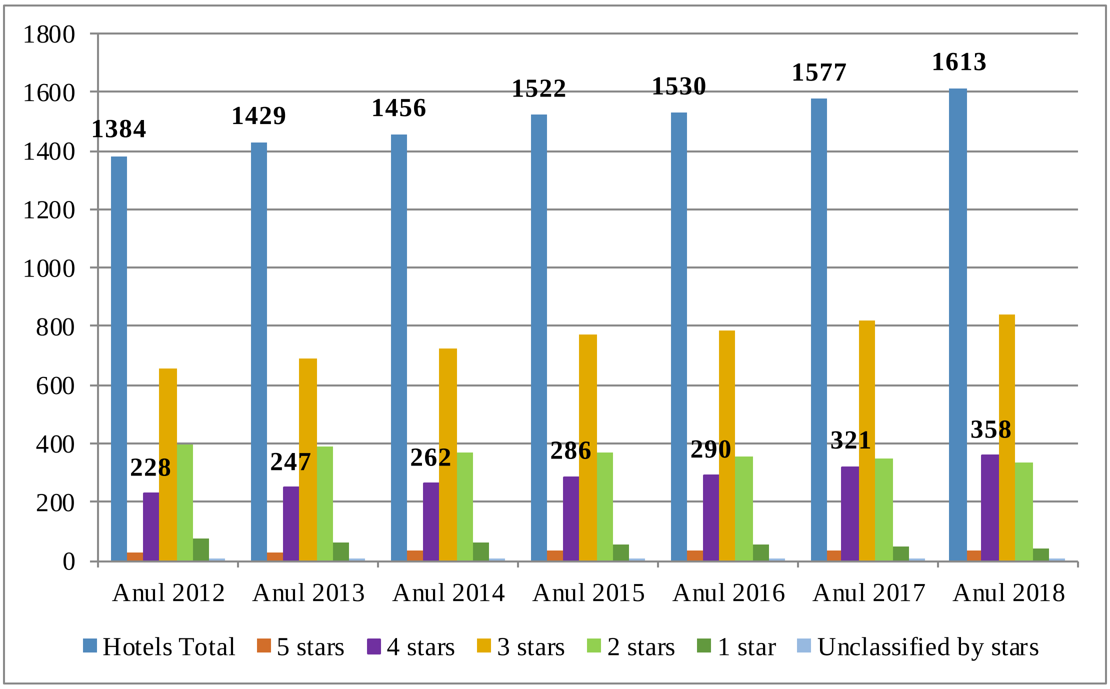


***Figure 1. Structure of hotels in Romania by categories of comfort between 2012-2018***
Source: The data was processed by the author in online tempo, Romania National Institute of Statistics, Anul=Year

In 2018, according to the Romanian National Institute of Statistics, the Romanian hotels had 194,940 accommodation places, of which 51,676 represented accommodation in 4-star hotels. The occupancy rate in hotels in Romania is not more than 40% of 100% possible, and in 7 years of activity (2012-2018) it was not able to grow by more than 7.4%.

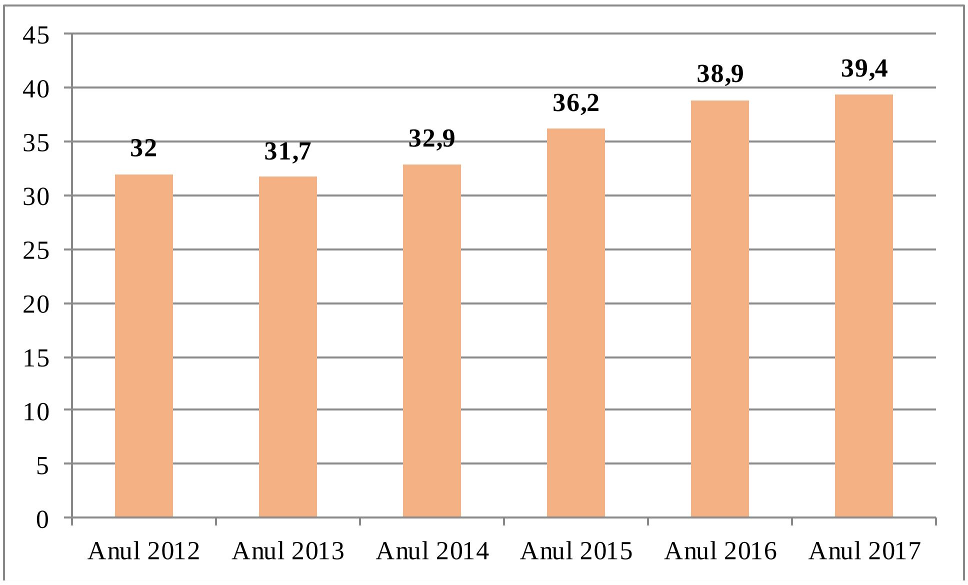


***Figure 2. Evolution of the occupancy rate in hotels in Romania between 2012-2018 in percentages***
Source: The data was processed by the author in online tempo, Romania National Institute of Statistics, Anul=Year

We can say very little compared to hotel accommodation capacity, which entitles us to say that some clients choose other forms of tourist accommodation different from hotel accommodation (like tourist guest house, villas, holiday camps, cottages).
In Bucharest, in 2018, we had 19,696 accommodation places in hotels, 6% more than in 2012, when there were only 18,531 accommodation places.

There were 1,917,293 people in the hotels in Bucharest in 2017, and the hotel nights in Bucharest were 3,124,701, resulting in an average stay for the hotel clientele in Bucharest of about 1.6 days.

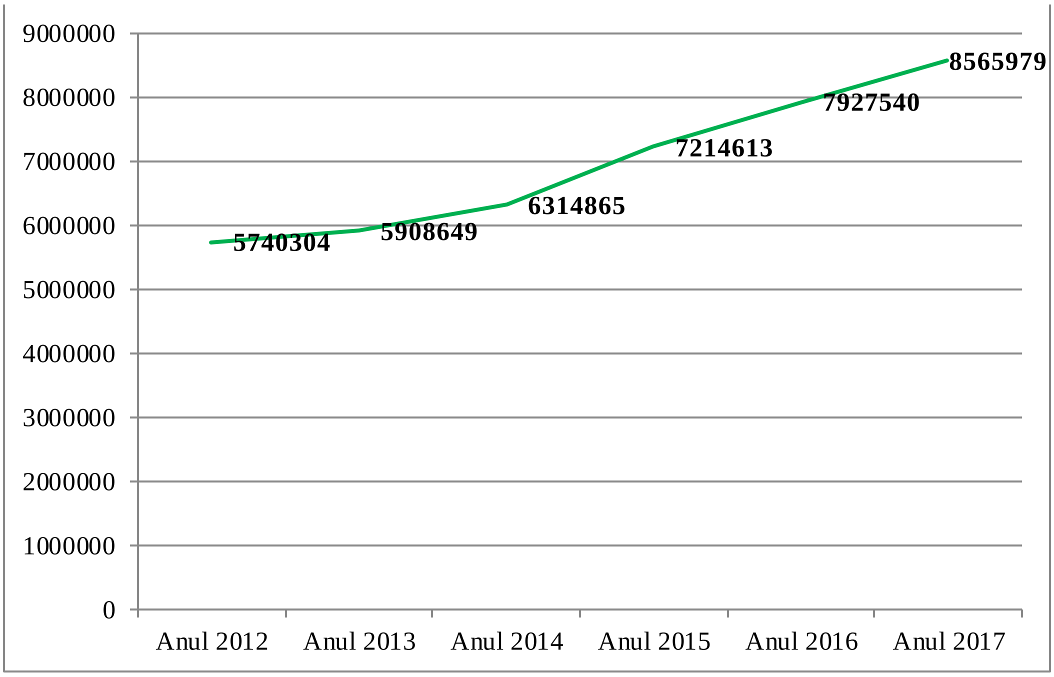


***Figure 3. Evolution of tourists staying in hotels in Romania between 2012-2017 (number of tourists arriving in hotels)***

Source: The data was processed by the author in online tempo, Romania National Institute of Statistics, Anul=Year

Tourists' arrivals represent the demand, and for hotels in Romania we have over 8.6 million accommodation in 2017, up 50% compared to 2012 when the number of tourists in hotels registered 5.7 million people. Growth brings good news to the hospitality industry in Romania. Of the total arrivals of tourists in hotels 2.37 million (27.6%) were foreign tourists.

In 2017, 124 hotels were registered and operated in Bucharest, where 1,917,293 tourists were accommodated. The Bucharest hotel market is dominated by 4 * and 5 * hotels, which represent over 70% of the total capacity, while 1 * and 2 * hotels account for only 10%. At the same time, almost 47% of the hotel rooms in Bucharest are operated under the logo of the major international chains. Bucharest is predominantly a destination for business tourism and the average duration of the holiday we calculated at 1.6 days, dividing the number of overnight stays in tourists' arrivals.

Analyzing the hotel market in Romania and Bucharest, we can say that it is growing and the main factors that encourage expansion are the high dynamics of air traffic, hotel investment projects, business clientele, tourism, government policy which encourages tourism.

## 4. Presentation of the qualitative research carried out

### 4.1 Description of the hotel

For confidentiality purposes, I would name the hotel where qualitative research took place, as "Quiz". We wanted to test a hotel promotion campaign if it had an impact on business customers, enhancing the quality of the hotel's services.

The hotel is dedicated to business tourism and it is classified as a 4 star comfort category with 20 employees, 63 rooms and a net turnover of 3,323,099 lei (720,000 euros). Reception area is available at any time and offers flexibility in check-in / check-out. Hotel facilities include a wardrobe, a luggage room and a safe. In common areas, Wi-Fi connectivity provides customers

with internet access. The accommodation has a range of wheelchair conveniences. The accommodation has wheelchair facilities. A garden offers more space for relaxation and rest in the open air. Other facilities at the hotel include a newspaper kiosk. If traveling by car, customers can park in a garage or in the car park. Other services include a shuttle service, room service and a laundry service. Presentations, meetings or conferences can be held at one of the 5 conference rooms.
The hotel rates are 72 euros per night for a junior suite with 2 guests, 56 euros per night for a double room for 2 guests, and 62 euros per night for a deluxe double room for 2 guests.
Before the promotional campaign, the Quiz hotel used the classic promotional tools: the hotel's website, the Facebook social network and the special travel sites Booking.com Trip advisor and Trivago.

**4.2 Research methodology**
I selected 8 business people, loyal customers of the "Quiz" Hotel, who are hosted every month in the business hotel. 2 business tourists from Cluj, 1 business tourist from Alba, 2 businessmen from Timisoara, 2 business travellers from Sibiu and 1 business tourist from Iasi. The respondents' age is in the range of 45-55 years, the monthly incomes are over 6000 lei, and as a level of education, university and postgraduate studies. The selection was based on respondents' accommodation history, their permissiveness and availability to answer questions, and the frequency with which they come and stay in the hotel (once a month). They are "people’s house" and "feel at home" because hotel staff makes them feel that way. Since 2012, everyone has developed a friendly relationship with the front office manager, maître d hotel and even the hotel manager.
The research was qualitative and the in-depth interview was used between February 2018 and September 2018 at the hotel's conference center. Interview time with each respondent was around 45 minutes.

**4.3 Results of the interviews before starting the new promotional campaign**
*February-March 2018*
Respondents are pleased with the hotel's prices, the location of the hotel and the kindness of the serving staff.
Respondents called for improvements in hotel parking, improving the hotel's Wi-Fi connection at a higher speed without blocking and repeated stops, 24-hour room service and a better sound system in conference rooms and a a more diversified menu at the breakfast buffet. They also complained about bed mattresses in the double rooms and the hotel's reservation site which is very busy.
They said they had not seen any advertisements TV, radio, or internet about the hotel in the past 12 months. They did not benefit from any promotional package for the purchased accommodation services, nor did they receive discounts from the hotel's conference rooms. Respondents claim that they receive via email the satisfaction rating questionnaire, but most of them do not complete it and do not post it on social networking sites. They say they take pictures in the hotel and send them to their families only to know where they are and if they're well.

**4.4 Running the communication and promotion campaign**
*April-August 2018*
Hotel "Quiz" runs the promotional campaign on several fronts. What it does: firstly, changes the interface of the hotel's website, makes the navigation environment faster and creates a special menu with "Special Offers for our clients".

Secondly, in every hotel room on the desk beside the hotel logo and pen inscribed with the hotel's logo, a notebook with access to the hotel's Wi-Fi network is provided, and each client can sign in with a password. The first thing that opens on the notebook is the client satisfaction questionnaire. The notebook menu is set to go further in its use only if you complete and submit this satisfaction questionnaire.
Third, it signs three new tour operators renowned for their turnover and market share as leaders in the distribution of business packages.
Fourthly, the hotel designs and launches a promotional package for corporate customers. Thus, at a unique price of 166 Euros offers a business package that includes one night accommodation in Junior Suite, lunch for two, unlimited access to sauna, Late checkout (2 PM), Car parching, Fruits and Prosecco wine as compliments of the house.
Fifth, the hotel organized an online contest on the Facebook Social Network where the followers had to answer the question "*How many conference rooms owns the hotel*?" Those who gave the correct answer participated in a raffle by extracting the winner and he earned a 10% discount on accommodation.
Sixthly, 12 mattresses were replaced in the hotel's rooms in the project "How did you sleep dear guests?" being highlighted the hotel's preoccupation for a quiet guest's sleep.
Seventh, was renewed a part of the technical equipment in the conference rooms, new appliances were purchased and in this moment, the hotel has a professional projector, sound amplification system, wireless microphones, simultaneous translation system for 3 languages with separate cabins, wireless headphones, portable video projector, flip chart, pinwand, foil backlight projector, separate high-speed wireless network and hologram projection alongside Smart TV.

**4.5 Results of interviews after the hotel's promotional campaign**

*September 2018*

Respondents were asked one by one if they reported changes regarding hotel services, hotel rooms, conference rooms and all the additional services offered by the hotel.
To the question: "Have you been in the hotel in one of April-August 2018?". All respondents answered "yes".
The most eloquent responses to the interviews were the following:
"Interview 1": "What I really liked was the new bed mattress in the hotel room. I had a good and quiet, restful sleep that gave me the opportunity to focus on the business meeting that took place the next morning. I think one of the reasons why I won the tens of thousands of Euros contract for my company was the restful sleep we had. "
"Interview 2": "I participated in May at the hotel's contest on the social networking Facebook and I won! I was glad to get the 10% discount for accommodation. My corporation boss appreciated me because I told her and said I was an employee who deserved to be rewarded because she was considering the company's resources. They just pay for their accommodation! The appreciation strongly motivated me. Next time, I'll pick this hotel for the business meeting.
"Interview 3": "We had an event in the hotel's most spacious conference room. There were 80 people involved and there was a lot of pressure on me. I was pleasantly impressed by the quality of the technical systems in the conference room, the equipment: wireless microphones, simultaneous translation system and wireless headphones. The presentation was a real success just like the event itself. The quality of the optimal sound. I am very pleased. I was going to book another hotel, but now I've changed my choice and will stay here. "
"Interview 4": "I've noticed something new in the room, the notebook that you can use during your stay if you fill out the satisfaction questionnaire. I've completed it! I liked Internet speed and the Wi-Fi network was not blocked anymore. I did not even need to open my mobile data from my phone. "

"Interview 5": "You have special offers now for business customers. Very good! A great pack with access to the spa. For a long time, I never entered the spa. I do not have time, I'm always busy. It caught me well in the cost of the pack. "
"Interview 6": "I do not like the notebook in my room. It makes me uncomfortable on the writing table. And I can not use it unless I complete your satisfaction questionnaire. I do not have time for that. "
"Interview 7": "I do not think the raffle has been arranged. I think you can really win. A colleague of mine from the company came to the hotel in May after winning the raffle. I was glad for him. I recommend the hotel to other business partners. Surely I will post it on social networks. I do not like parking, it's too crowded. "
"Interview 8": "The hotel's website is functional, fast and I like the new design. Wi-Fi works better. We booked online, but a business colleague said he came through a tour operator to your place to stay. I liked the bed in the hotel room. You replaced the mattress, the bed is softer. "

## 5. Conclusions and discussions

From the interviews before and after the communication and promotion campaign conducted by the hotel "Quiz", attention was paid by the respondents to the details. Every promotional technique was felt by customers. From changing the mattresses to changing the design and accessibility of the hotel's new site. From promotional offers to the new technical systems in conference rooms. Everyone said they would advertise the hotel for the services they provided in a positive way. The hotel is their first choice and are pleased with the new conditions. The promotion campaign has felt the presence and quality of the services offered, which has satisfied a demanding business clientele with new needs.
The research has helped management to figure out what needs to be improved, what needs to be done, where financial resources have to be allocated. Transparency offered by social networks in which everyone poses experience in the hotel makes managers more alert to customer needs, more responsible in their offering, more determined to make a difference of their services to competition. It gives customers the power to comment on anything that looks good or less.
The hotel continues to work on special offers and receives more and more business customers both through the site and from booking.com or the tour operators with which it has signed contracts. The activity is growing in the same way as turnover.

## 6. Limits and constraints

For privacy reasons, the promotional campaign costs incurred within the hotel are not covered. Also, the allocated budget is confidential. The hotel is currently undergoing an impact study of the promotional campaign and a branded hotel audit.

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# Student Behavior as a Sport Consumer

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**Abstract**
Sport sells for centuries. Sport sells sports products and services provided directly to sports consumers and industrial and consumer products. The sport consumer is regarded as an individual or a group of individuals who use a sports or sport - related product or service in exchange for a direct or indirect payment. The present study was an ascertaining one and it was conducted in November, December 2018 and January 2019, in Bucharest University of Economic Studies, on a sample of 576 students from first and second year of study. The objective of this study was to establish the student behavior as a sport consumer. The study used the questionnaire method, for this it was applied a questionnaire with 27 questions with given answers. The questions were about sport popularity in media and business area and about sports marketing – direct and indirect sells.

**Keywords**: sport consumer, student.

**JEL classification**: M31.

## 1. Introduction

Sport has an almost universal attraction and penetrates into all spheres of life, including in the economic field (Schwarz, Hall & Shibli, 2015).

Sport sells for centuries, since the ancient Olympic Games (Smith, 2008). But what does sport sell? Sport sells sports products and services provided directly to sports consumers (athletes, coaches, officials, spectators, listeners, readers, collectors) and industrial and consumer products (drinks, foods etc). Why does sport sell? Sport sells because it attracts all demographic segments, it is present in every nation in the world and has played an important role in most civilizations (Hunt, Bristol & Bashaw,1999).

If sport sells, this means it has consumers (Samra & Woss, 2014). ,,The sport consumer is regarded as an individual or a group of individuals who use a sports or sport - related product or service in exchange for a direct or indirect payment"(Iftime, 2015, p. 161).

,,Some researches consider that there are four main groups of individuals involved into sporting activities: athletes, spectators, sponsors and consumers, while others identify three main groups defined as primary clients: fans, sponsors and media (…) Other authors take into consideration the consumer's connection to the specific activities and divide them in categories: the consumers of sporting goods (are the individuals who buy a physical product related to sport - sporting gear and apparel, books, newspapers, magazines, nutritional supplements, games, souvenirs, licensed products), the consumers of sporting products (are the individuals who use an experience or a service related to sport, apart from of their attendance or tele viewing of a sport event (education thru and for sport, recreational services, services for health maintenance in the gyms, swimming pools etc., sports bets) and supporters, spectators and fans (are the individuals who exhibit an active interest on sporting competitions, especially at professional level. They can attend directly the specific events or can watch the competitions on TV or in the Internet" (Iftime, 2015, pp. 161-162).

In “Sport Facility Operations Management: A Global Perspective” (Schartz, Hall & Shibli, 2015, pp. 255-256) define traditional sport consumers and new sport consumers. Traditional sport consumers are “sport fanatics … who share a persistent interest in the sport and tend to be most loyal to their team … and club/team loyalists … who tend to be very loyal to a particular club or team”. New sport consumers are ,,social viewers” who use sports as a tool for social interaction- they ,,are not necessarily loyal to any club or team, but they are happy to spend significant money – for corporate suites and related facility services”, ,,opportunistic viewers” who ,,consume sports through traditional channels such as television or the Internet, and will attend a sport event when asked by friends… for these, sports are simply one form of entertainment” and ,,sport indifferent consumers” who ,,are not very much interested in sport teams, sporting events, or sport programming and only attend or read about major events that everyone seems to be interested in”.

“In developed European countries, consumer spending related to sports are on average 2% of total consumption expenditure” (Cyd, 2016).

Expenditure on sport refers to: expenses related to direct participation in sports (club fees, sports ground charges, equipment and materials, and expenses related to indirect participation in sports as a spectator (entry tickets, transport costs, food, drinks, sport bets) (Koivula, 1999). So sport is a consumer market, no matter we talk about practicing sport at professional or amateur level, or we are just interested by a competition, sport organization or an athlete as a regular consumer (Mahony, Madrigal, & Howard, 2000; Stebbons, 2010).

## 2. Method

The present study was an ascertaining one and it was conducted in November, December 2018 and January 2019, in Bucharest University of Economic Studies, on a sample of 576 students from first and second year of study - 266 men (46.18%) and 310 women (53.82%) with ages between 18 and 29 years (14.58% have 18 years, 47.57% have 19 years, 31.60% have 20 years, 5.55% have 21 years and 4 students have ≥23 years).

The objective of this study was to establish the student behavior as a sport consumer.

The study used the questionnaire method, for this it was applied a questionnaire to students. The questionnaire had a number of 27 questions with given answers. The questions were about sport popularity in media and business area and about sports marketing – direct and indirect sells- from the youngsters' point of view.

## 3. Results and data interpretation

1. Do you practice sports in your free time??

| a. Yes | | b. No. | | c. Sometimes | |
|---|---|---|---|---|---|
| Females | Males | Females | Males | Females | Males |
| 46 | 122 | 104 | 26 | 160 | 118 |

29.17% of students regularly practice sports in their free time; 14,84% females and 45.87% males answered affirmative of this question. 48.26% of students said that they practice sports in their free time, but they don’t have a regular schedule for this – 51.61% of females and 44.36% of males. 22.57% said they don’t practice any sports activities in their free time – 33.55% of females and 9.77% of males. We observed that men practice sports activities more than women both constantly and as well as occasionally. It’s a dramatic fact that more than a quarter of female students don’t pay attention to physical activities.

2. Do you participate in sports activities that you pay for?

| a. Yes. | | b. No. | |
|---|---|---|---|
| Females | Males | Females | Males |
| 86 | 184 | 224 | 82 |

53.13% of students – 72.26% of women and 30.83% of men - said that they don't pay for their sports activities that they practice. Only 27.74% of female students pay for their sports activities. In men case we see that 69.17% of them pay for their participation in sports activities, so we can say that men are willing to do sports despite the fact that they pay for these services.

3. Would you want to participate in future sports activities that you will pay for?

| a. Yes. | | b. No. | |
|---|---|---|---|
| Females | Males | Females | Males |
| 294 | 236 | 16 | 30 |

Talking about the future, both men and women said that they would like to pay for practice sports activities – 92.01%. Only 6.99% of students said they wouldn't pay for sports activities -5.16% of women and 11.28% of men. So we think that they, especially student girls, don't pay in present for sports because they don't have an own income.

4. Do you think that if you invest in sports, would you invest in your own health?

| a.Yes. | | b. No. | | c. I don't know. | |
|---|---|---|---|---|---|
| Females | Males | Females | Males | Females | Males |
| 302 | 238 | 0 | 6 | 8 | 22 |

Students (93,75% - 97,42% of women and 89.47% of men) believe that sport is a vital factor in an adult's life. No woman and only 6 men said that an investment in sport isn't an investment in health and only 1.04% of students (2,58% of women and 8.27% of men) couldn't offer a certain answer. We can say that students associate sport with health being statement.

5. What sport would you like to practice for a fee?

| a.Football | | b.Gymnastics | | c.Basketball | | d.Volleyball | | e.Handball | | f.Combat | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| F. | M. | F. | M. | F. | M. | F. | M. | F. | M. | F. | M. |
| 0 | 44 | 70 | 2 | 14 | 20 | 14 | 10 | 10 | 10 | 4 | 10 |

| g.Swimming | | h. Athletics | | i. Fitness | | j. others | | k. no one | |
|---|---|---|---|---|---|---|---|---|---|
| F. | M. | F. | M. | F. | M. | F. | M. | F. | M. |
| 108 | 36 | 0 | 8 | 64 | 66 | 26 | 50 | 0 | 10 |

If they have to pay for one sport we see that women will pay for fitness classes (20.64%), gym classes (22.58%) and for swimming classes (34.84%). In terms of men's responses we observed that they aren't orientated for one sport. Men would like to pay in a large percent for fitness classes (24.81%), for playing football (16.54%) and for swimming lessons (13.53%). So we can say that both women and men would pay in a large percent for fitness classes (22.57%) and for swimming lessons (25%). At this stage of their age they are not interested to pay for sports like athletics (1.39% of students will play for practice it), combat (2.43% of students will play for practice it), handball (3.47% of students will play for practice it) and volley (4.17% of students will play for practice it).

6. If you would have a child what sport would you take him to, taking in consideration you would have to pay?

| a.Football | | b.Gymnastics | | c.Basketball | | d.Swimming | | e. Rugby | | f. Athletics | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| F. | M. | F. | M. | F. | M. | F. | M. | F. | M. | F. | M. |
| 16 | 60 | 22 | 4 | 34 | 32 | 174 | 90 | 2 | 4 | 6 | 2 |

| g. Combat | | h. Volleyball | | i. Handball | | j. others | | k. I wouldn't take him | |
|---|---|---|---|---|---|---|---|---|---|
| F. | M. | F. | M. | F. | M. | F. | M. | F. | M. |
| 16 | 22 | 8 | 2 | 6 | 4 | 20 | 46 | 0 | 0 |

When we put students to have an imagination exercise about the future both men and women said that they would like to pay swimming classes for their own child (45.83% of students – 56.13 females and 33.83% of males). We think that this answer is associated with the danger of drowning and the safety life that each parent wants for his child. A large percent of men would like to pay for football classes for their sons (22.58%), and for this football is the second sport option for students as parents, followed by basketball with a 11.46 percent. For the other answers it can't be noticed that one sport is preferred instead of another.

7. Do you watch sports channels?

| a. Yes. | | b. No. | | c. Sometimes | |
|---|---|---|---|---|---|
| Females | Males | Females | Males | Females | Males |
| 72 | 150 | 134 | 52 | 104 | 64 |

We noticed that a large percent of men (56.39%) use to watch sports channels, compared with 23.22% of women. Women have a large percent in watching sports channels from time to time (43.23%), compared with men (24.06%).

8. Do you watch advertising spots on sports channels?

| a. Yes. | | b. No. | | c. Sometimes. | |
|---|---|---|---|---|---|
| Females | Males | Females | Males | Females | Males |
| 68 | 50 | 62 | 104 | 46 | 60 |

The students affirmed that they don't watch advertising spots on sports channels (48.60% of men and 35% of women), but a large percent of them watch spots in sports channels even if this is not an everyday act (51.40% of students with a large percent of women 64.81% and it is known that women are more influenced by advertising for buying things).

9. How many sports channels do you know??

| a. 1 | | b. 2 | | c. 3 | | d. 4 | | e. 5 | | f. More than 5 | | g.None | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| F | M | F | M | F | M | F | M | F | M | F | M | F | M |
| 10 | 12 | 62 | 18 | 100 | 44 | 86 | 58 | 24 | 28 | 22 | 104 | 6 | 2 |

At this question we noticed that men (39%) know more than 5 sports channels compared with women (7.10%). A quarter of students sample know at least 3 sports channels.

10. Do you read sports news?

| a. Yes. | | b. No. | | c. Sometimes. | |
|---|---|---|---|---|---|
| Females | Males | Females | Males | Females | Males |
| 58 | 150 | 54 | 10 | 198 | 106 |

88.89% of students read sports articles, men in a large percent (96.24%) than women. Men often read (56.39%) and women read sporadically (63.87%) these kind of articles.

11. What kind of sports news do you prefer?

| a. Gossips articles | | b. Articles about results | | c. Articles about innovation in sport | |
|---|---|---|---|---|---|
| Females | Males | Females | Males | Females | Males |
| 66 | 18 | 142 | 182 | 36 | 28 |
| d. Others | | I don't read sports articles | | | |
| Females | Males | Females | | Males | |
| 12 | 28 | 54 | | 10 | |

More than a half of students (56.25% of them - 45.81% women and 68.42% men) prefer to read articles which present results. We remark that women (21.29%) like to read gossip articles about sportsmen life.

12. You are a:

| a. Fan | | b. Spectator | | c. None | |
|---|---|---|---|---|---|
| Females | Males | Females | Males | Females | Males |
| 30 | 100 | 182 | 118 | 98 | 48 |

More than a half of students (52.08%) consider themselves to be spectators (58.71% of women and 44.36% of men). A larger percent of men (37.59%) than women (9.68%) said that they are real fans, so we find here the man's need to identify himself with a sportsman or a team and to belong to a group. Women are known from ancient times, that they like to watch competitions without getting themselves involved, for this 58.71% of then declared to be only spectators.

13. Do you attend at live sports events as a spectator?

| a. Yes. | | b. No. | |
|---|---|---|---|
| Females | Males | Females | Males |
| 164 | 186 | 146 | 80 |

60.76% of students declared that they attended and attend at competitions and matches as a spectator. 39.24% of them didn't attend as a spectator at these kind of events (47.1% of women and 30.08% of men)

14. Do you buy tickets for matches?

| a. Yes. | | b. No. | | c. Sometimes. | |
|---|---|---|---|---|---|
| Females | Males | Females | Males | Females | Males |
| 48 | 86 | 184 | 82 | 78 | 98 |

More than a half from our students (53.82%) buy entry tickets for matches (23.26 % of them do this often and 30.56% of them sometimes). A larger percent of women don't buy tickets (59.36%). We noticed a difference between women who attended sport events as a spectator (52.9%) and women who bought tickets (40.64%), this can be interpreted whether they accompany someone or they prefer to watch live free sports events.

15. When you go to a match do you buy snacks from there?

| a. Yes. | | b. No. | | c. Sometimes. | |
|---|---|---|---|---|---|
| Females | Males | Females | Males | Females | Males |
| 62 | 52 | 38 | 58 | 64 | 76 |

At this question we noticed that 72.57% of students who attend a sport event buy a snack there, for 32.57% of them is a habit and for 40% is for sometimes. We remarked that 31.18% of men said that they don't eat something when they are on the stadium.

16. When you go to a match do you buy something to drink from there?

| a. Yes. | | b. No. | | c. Sometimes. | |
|---|---|---|---|---|---|
| Females | Males | Females | Males | Females | Males |
| 42 | 108 | 28 | 16 | 94 | 62 |

87.42% of students said that they buy something to drink when they attend a match or a sport event. Men (58.06%) use to buy every time something to drink and 57.32% of women said that they buy drinks but is not a habit.

17. When you are watching a sports competitions on TV do you buy snacks for these?

| a. Yes. | | b. No. | | c. Sometimes. | |
|---|---|---|---|---|---|
| Females | Males | Females | Males | Females | Males |
| 224 | 184 | 38 | 50 | 48 | 32 |

We noticed that is a habit to eat something when you are watching a sport event, even it is on TV or is on sporting arena. 70.83% of students eat a snack every time they watch a sport event on TV and 18.89% of them eat a snack sometimes, so we can affirm that 83.89% of students eat something during watching a sport event on TV.

18. When you are watching a sports competitions on TV do you buy something to drink for these?

| a. Yes. | | b. No. | | c. Sometimes. | |
|---|---|---|---|---|---|
| Females | Males | Females | Males | Females | Males |
| 234 | 218 | 28 | 16 | 48 | 32 |

Regarding buying of drinks that are consumed during watching TV sport events, we noticed that 78.47% of students are buying drinks every time they watch TV sport competitions (75.485 of women and 81.95% of men), only 7.64% of them didn't buy something to drink for watching a sport match.

19. Did you play on sports bets?

| a. Yes. | | b. No. | | c. No, but I want to. | |
|---|---|---|---|---|---|
| Females | Males | Females | Males | Females | Males |
| 50 | 192 | 226 | 72 | 34 | 2 |

At this question is a significant difference between men and women, 72.18% of men bet on sports and only 16.13% of women bet. 72.90% of women compare with 27.07% of men didn't bet and they don't want to bet on sports scores. Here we found out another man's characteristics who likes to take risks and to win easily money.

20. Did you buy or do you buy nutritional supplement products?

| a. Yes. | | b. No. | | c. Sometimes. | |
|---|---|---|---|---|---|
| Females | Males | Females | Males | Females | Males |
| 62 | 75 | 184 | 150 | 64 | 46 |

Students (57.99%) prefer not to buy nutritional supplements, there isn't a significant difference between men and women at this item.

21. If you have to pay only for one field of interest, which will be a must for you??

| a. Education | | b. Sport | | c. Fun | | d. Technology | | e. Other | |
|---|---|---|---|---|---|---|---|---|---|
| F | M | F | M | F | M | F | M | F | M |
| 238 | 132 | 8 | 48 | 32 | 40 | 24 | 32 | 8 | 10 |

We are glad to find out that the young generation is interesting to pay for education (64.24% of students – 76.77% of women and 49.62% of men). Only 2.58% of women would have sport as the main interest, this field is on the last place in order of their interest. In men case the percent is better 18.04, so sport takes the second place in their interest areas, in front of fun and technology.

22. Do you buy

| a. sportswear clothing. | | b. match tickets. | | c. sports newspapers? | |
|---|---|---|---|---|---|
| Females | Males | Females | Males | Females | Males |
| 306 | 248 | 126 | 184 | 0 | 6 |

We noticed that almost all women and men (96.18% - 98.7% of women and 93.23% of men) pay for sportswear, more than a half of students buy tickets for matches and only 6 men said they buy sport newspapers. We observed that only 1.04% of students buy sport newspapers, but we found out that 88.89% of students read sports articles (no.10 question), so we interpreted that they read sport news on the web.

23. Do you prefer brand items sportswear which were advertised?

| a. Yes | | b. No. | | c. I have no preferences, it is indifferent for me. | |
|---|---|---|---|---|---|
| Females | Males | Females | Males | Females | Males |
| 186 | 170 | 4 | 20 | 120 | 76 |

More than a half of students (61.80%) prefer to buy brand sportswear, 34.03% of them affirmed that they buy both brand and non-brand sportswear and only 4.17% buy unknown brand sportswear. We noticed that students are influenced by advertisement in their clothing purchases.

24. When I say sport, I associate with the following brand:

| a. Adidas | | b. Nike | | c. Puma | | d. Lotto | | e. Mizuno | |
|---|---|---|---|---|---|---|---|---|---|
| F | M | F | M | F | M | F | M | F | M |
| 154 | 84 | 150 | 162 | 0 | 8 | 0 | 0 | 0 | 0 |

| f. Champions | | g. Reebok; | | h. Asics | | i. other. | |
|---|---|---|---|---|---|---|---|
| F | M | F | M | F | M | F | M |
| 0 | 0 | 4 | 2 | | | 2 | 10 |

Sport is associated with 2 famous brands Adidas (41.32%) and Nike (54.17%). In women case Adidas and Nike had close percentages – 49.68% and 48.39%. For men Nike represents sports more than Adidas – 60.90% than 31.58%. The rest of the brands we can not say they are meaningful.

25. Which sport sells better?

| a. Football | | b. Gymnastics | | c. Basketball | | d. Karate | | e. Swimming | |
|---|---|---|---|---|---|---|---|---|---|
| F | M | F | M | F | M | F | M | F | M |
| 266 | 246 | 4 | 0 | 24 | 8 | 0 | 0 | 6 | 2 |
| f. Athletics | | g. Rugby | | h. Volleyball | | i. Handball; | | j. others | |
| F | M | F | M | F | M | F | M | F | M |
| 2 | 0 | 0 | 0 | 2 | 0 | 2 | 0 | 4 | 10 |

88.89% of students think that football is the king from the sells point of view. 85.81 percent of women and a 92.48 percent of men affirmed that. The rest of the percentages is not significant.

26. Do you think sport is an optimal business field?

| a. Yes | | b. No. | | c. I don't know | |
|---|---|---|---|---|---|
| Females | Males | Females | Males | Females | Males |
| 234 | 234 | 30 | 16 | 46 | 16 |

81.25% of students consider that sport is a good business field (75.48% of women and 87.98%of men). Less than 10 percent think that sport is not a prosperous domain of business (9.68% of women and 6.01% of men)

27. Would you engage in a sports business?

| a. Yes. | | b. No. | | 28. I don't know | |
|---|---|---|---|---|---|
| Females | Males | Females | Males | Females | Males |
| 158 | 158 | 80 | 74 | 72 | 34 |

Although they considered sport to be an optimal business field, more than a quarter of students (26.74% - 25.80% of women and 27.82% of men) would not risk investing in a sport business. Despite previous statements (26 item) only 54.86% of students would invest in a sport business – 50.79% of women and 59.40% of men.

## 4. Conclusions

- Young people know the importance of physical and sports activities, but not all of them have regular physical activities.
- Young students can be considered moderate sport consumers, they are more spectators than fans.
- The sport consumer was the spectator attending the sporting event live, but our students watch the sporting events especially on TV or Internet.

**Student profile as a sport consumer**

| Woman | Man |
|---|---|
| Practices sports for time to time. | Practices often sport in his free time. |
| Would like to practice sport for fee. | Practices and would like to practice sport for fee |
| Would pay for swimming, fitness and gym. | Would pay for swimming, fitness and |
| Knows the importance of sport for the heath. | Knows the importance of sport for the heath. |
| Watches sports channels and spots on the sports channels, sometimes. | Watches sports channels. |
| Sometimes reads gossips sport articles and articles about result. | Reads articles about result. |
| Sometimes buys tickets to matches and attends sport events. | Buy tickets to matches and attends sport events |
| Takes snacks and drinks when she watches sport competitions. | Takes snacks and drinks when he watches sport competitions. |
| Buys brand sportswear. | Buys brand sportswear. |
| | Bets on sport. |
| | Invests in sport. |

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# Considerations Regarding Applicable Marketing Strategies in the Adventure Tourism, from a Youth Perspective

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**Abstract**
Adventure tourism is a new concept which was created to meet the needs and the wants of consumers facing different psychological challenges in the changing world. A suitable marketing strategy for this specific sector must follow the principles of classic marketing, service marketing, tourism marketing and only afterword include specific elements. In order to understand the steps to be followed for creating a marketing strategy, there must be a clear vision of the marketing evolution which was achieved through a desk research using secondary data. To understand, which is the differencing element for the adventure tourism, there was coordinated a focus group with experts in the field to decide over the most relevant elements which were tested in a quantitative research using primary data. The population was built of University Students studying marketing, they have been chosen because they are one of the important targets of the Adventure tourism market and they have as well marketing background. The used instrument was a questionnaire developed by the authors, to identify the elements students look for when traveling, the perception about Adventure tourism by identifying the needs it fulfills and deciding over the most suitable methods to promote it. There were 110 questionnaires respondents and the answers were collected within one month. Most respondents considered that relaxing is the most relevant element in choosing a touristic destination, they believed that adventure tourism is a trend and it could be relevant, but its benefits are not known enough.

**Keywords:** service marketing, tourism marketing, Adventure tourism.

**JEL classification:** M31, Z32.

## 1. Introduction

As the product is the first element of the marketing mix- product, place, promotion and price, the attention must be centered on it while creating a campaign, though, marketing has become such an important element in our daily lives, that some methods and tools have been used and adapted to fit to most products from a specific category, often not emphasizing exactly the unique features each product has. To build a marketing strategy for adventure tourism there must be taken into considerations the general marketing principles (Bennet, n.d.), then the service marketing principles, the tourism marketing principles and afterword to emphasize each adventure tourism activity through a specific element. In the 70' when the services were only beginning to expand, (Wyckham, 1975) considered, that the variance group is so large, that there shouldn't be different approaches of marketing according to the subject, but rather have different and well-defined taxonomies, like an extensions of marketing. Beginning with 1987, *The Journal of Marketing* regarded the subject with more interest, and since then, the service marketing and further on all the other variations have learned an explosive growth,

Marketing is an approach and a practical activity in the same time (Marketing - C. Florescu (coord.), n.d.), targeting the consumer as much as is targets the producers and the intermediates. It calibrates the market, either to promote a good, or to decrease the consumption as it is the case of some touristic destinations like Barcelona or Venice. The aim is on the one hand functional (Kotler, 1997), to manage all the elements related to the product, to establish the price and to put together the demand and the supply (Alderson, 1957). On the other hand, marketing is also a discipline researching the tendencies (Pop, 1993) and the needs, constantly feeling the pulse and adapting to the market's demand. As marketing is such a vast field, it has faced several specializations to better represent each market.

Service marketing was long time considered not to benefit of a great attention separately from the general marketing (Gummerson, 1978)**. T**he rapid evolvement of the service sector and the occurring challenges to manage those, led to the appearance of service marketing (Fisk, et al., 1993), a more recent version of marketing (Kotler, 1997) which focuses mainly on the consumer behavior (Berkovitz, et al., 1989)**.**There are several characteristics that define the service marketing, each one applicable to specific kind of services (Gronroos, 1982) **,**but there are four of them, that are generally valid, which refer to the essence of service marketing itself. This refer to the fact that the offered products are intangible, these can't be sensed before purchasing (Catoiu & Teodorescu, 1997), therefore the way to refer to them is abstract and conceptual. Services are inseparable, regardless if these are an outcome of a human, machine or online jobholder, the service is only possible to be achieved, as long as it is connected to the provider, therefore they cannot be stored, which gives the third characteristic, the perishability (Wirtz, n.d.)**.**Unlike the goods marketing, the quality of the service is depending on the provider and the supply chain - the place, the time and the used method (Kotler, et al., n.d.)**.** The wide range of services (Rathmell, 1966) nowadays recognize the importance of this segment of marketing and highlight it enough to be totally distinct of product marketing.

The service marketing includes the touristic marketing (Pelau & Chinie, 2018), although the latter one existed in practice before the first one was theoretically developed (Olteanu, 1999) and contributed to the differentiation process of the goods marketing (Grönroos, 1984). Supplementary, the touristic marketing includes the emotional factor which is predominantly higher than the rational one (Stancioiu, 2000) as it is a kind of service that is rather related to a desire more than it is fulfilling people's needs, the motivation is a key factor. The tourism industry offers to the client an experience that is created through the collaboration of various stakeholders, therefore, those are inter-dependent, and the marketing strategy (March, 1994) should not focus only on the big picture created by the touristic product, but also on each element separately.

According to (Dragan & Demetrescu, 1996), the main reason for which the marketing science is constantly developing, is not referring to the growing variety of offered goods and services, but to the constant changing economic environment, customer perception and market reality. The marketing approach which resulted from these changes, is called the new or neo- marketing which is marked by the technology evolution with all its implications (Middelton, et al., 2009). These changes are also affecting the tourism marketing, especially the adventure tourism marketing which is also a new concept and requests new techniques. Another approach that marked the marketing evolution is the change of paradigm from attracting new customers to retaining the existing ones (Berry, 1983) **.**This trend has been theorized into the relationship marketing which is a solution for most services, but for the tourist destinations, retaining the customers is not applicable in the long run (Seth, 2002)as people seek through tourism, an escape from the daily and do not use repeatedly the same service for more than a while, but the relationship marketing could be though considered a method to promote the tourism agencies or other suppliers which can always come up with different offers (Lovelock, 2004). The relationship marketing is "to identify and establish, maintain and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met (Saddle River, 2003). This is done by a mutual exchange and fulfilment of promises" (Bitner, 1995)**.**The strategies for achieving a relationship marketing are: (1) emphasizing the whole process not only the result, (2) making a service rather than offering a product, (3) a large base of partnerships and networks (Gronroos, 1996).

Tourism is a kind of service that offers satisfaction and excitement through experiences, even more when it comes to adventure tourism (Berthon, 2012). In the marketing strategy to be developed should also be elements of the community marketing (Levison, 1998), considering the collective character (Kane, et al., 2009) especially the online communities when it comes to tourism (Wang, 2002)**,**the interaction with the product (Pop, et al., 2012)and the creativity which are summed up into the so-called guerilla marketing (Isoraite, 2009) and ambush marketing which is already typical for the spectacular events (Pop & Baba, 2018).

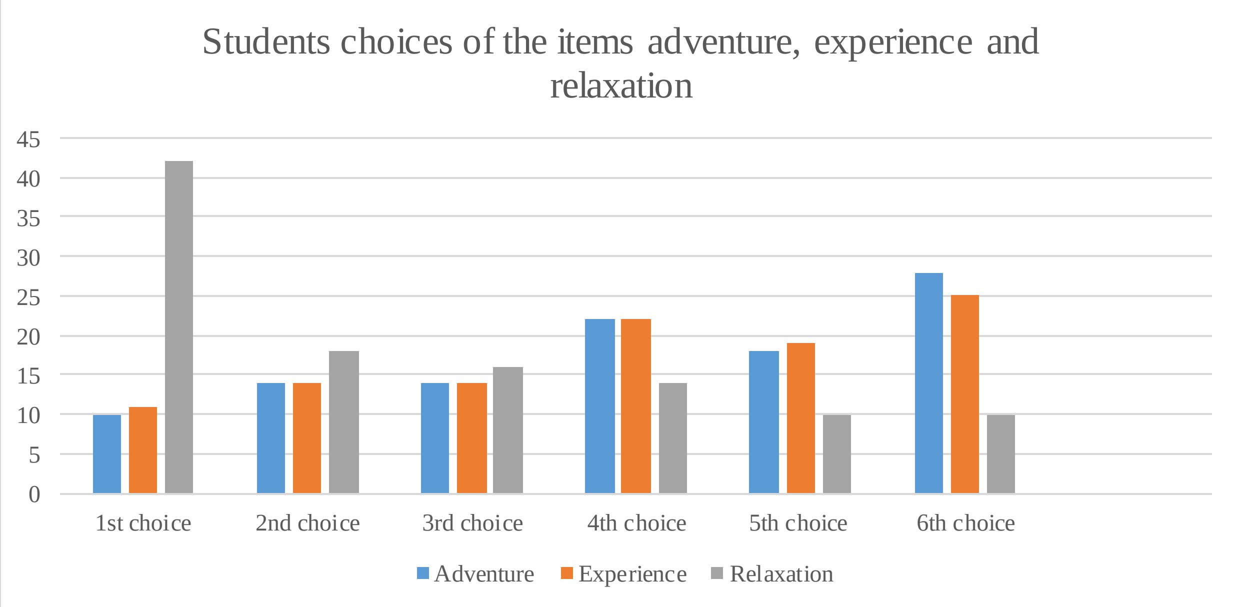
Despite all the studies in the field, the marketing strategies that follow all the evolutionary steps of marketing, taking into consideration each specification of the process or of the target group, could sometimes have a surprising result. The market dynamics, the aggressive campaigns, the trends and the influencers make it more difficult to predict the consumers reactions. All these variable factors and challenges often require creative and innovative ways to engage customers through unexpected methods, including technology, reduced bureaucracy and empowered employees.

**Methodology**
Prior to this research, there was organized a round-table discussion with 12 specialists form tourism agencies and officials who discussed about the needs people seek in tourism and helped to develop the form to be tested afterword. This study is based on a quantitative research using primary data. The population was built of University Students in Bucharest studying marketing, they have been chosen because they are one of the important target groups of the Adventure tourism market, they represent the age group of people between the Millenials and the Generation Z which let themselves be influenced by different issues to be discovered and they also have a marketing background. The used instrument was a one-time applied questionnaire using the Rosenberg scale which has been developed by the authors after the round-table discussion, to shows the extent to which adventure tourism responds to their needs in terms of tourism and identifies the environment through which tourism is more identifiable with concrete examples for the most common adventure tourism activities. From the 117 questioners, 2 were rejected, because the respondents did not rank the answers using the Rosenberg scale, and the distance among the preferences could not be determined.

**Discussion**
In the round table discussion, the specialists representing the tourism agencies have developed a list of items which should be the most important one when traveling, namely: relaxation, nature, adventure, experience, release of stress and visiting the touristic objectives.
The students were asked to rank the items, showing the order of the preferences and the percentage out of 100, to identify the distance between the choices. The first option of 40% of the respondents was *relaxation* by a far distance from the following ones, *visiting the specific objectives* and *spending time in nature* with 16% respectively 14%. Adventure has been chosen among the last items in the list of desires.

The focus of the study is the Adventure tourism, therefore, to see if there is a dependence among the respondent's choices, there has been performed the Pearson Correlation Coefficient. The correlation between Adventure tourism and visiting the objectives is not significant, H0 is rejected, the correlation between Adventure tourism and release of stress is not significant, H1 is rejected, the correlation between Adventure tourism and nature is insignificant, H2 is rejected, the correlation between Adventure tourism and experience is significant and positive, with a Pearson Correlation Coefficient of 0,98, H3 is accepted, showing that the population who has chosen Adventure as an option has ranked experience on a similar level, and the preference for one item encourages the preference for the other one in the proportion of 96%, having a determination coefficient $r^2$ of 0,35. The correlation between Adventure tourism and relaxation is significant and negative, with a Pearson Correlation Coefficient of -0,71, H4 is accepted, showing that the population preferring the relaxation is not preferring Adventure and the reciprocal is valid. Hence, having 40% of the population ranking the criteria of relaxation as the first choice, determined the population in a proportion of 50% to rank Adventure on the latter positions, having the determination coefficient $r^2$ of 0,50. In Table 1 is represented the correlation between the coefficients adventure, experience and relaxation.

**Table 1: The correlation between the items Adventure, experience and relaxation**




Source: Processed by the author based on the applied questionnaires

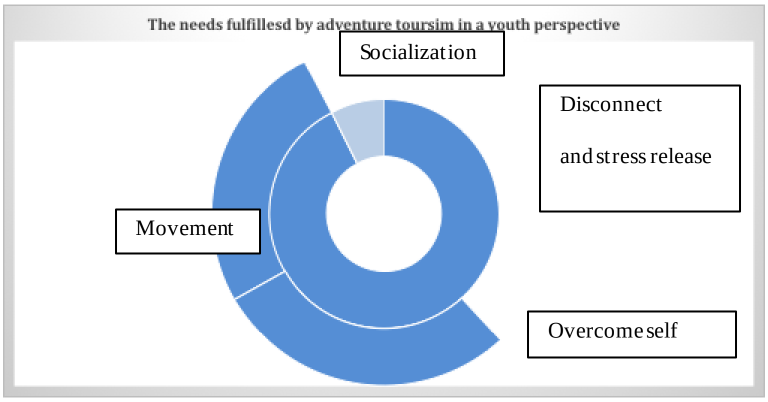
The students had the opportunity the add the own answer, referring to the important elements in choosing a travel destination, and the most recurrent answers were: extreme sports, culture differences, interaction with locals, destination specific cultural activities, events/festivals. Most of the mentioned elements are included in the Adventure/experience categories which shows that the population is not completely understanding the notions, moreover, the population mentioning these elements, ranked adventure and experience on lower positions. Table 2 is representing all the choices of the students.

**Table 2: Student's ranking of the most important items when traveling**

| | 1st choice | 2nd choice | 3rd choice | 4th choice | 5th choice | 6th choice |
|---|---|---|---|---|---|---|
| Relaxation | 42 | 18 | 16 | 14 | 10 | 10 |
| Adventure | 10 | 14 | 14 | 22 | 18 | 28 |
| Nature | 16 | 25 | 15 | 20 | 16 | 8 |
| Visiting | 19 | 18 | 28 | 20 | 15 | 9 |
| Experience | 11 | 14 | 14 | 22 | 19 | 25 |
| Stress release | 12 | 21 | 21 | 13 | 25 | 25 |

Source: Processed by the author based on the applied questionnaires

The respondents were asked in the second question in the questionnaire to select the needs they think Adventure tourism would fulfill. There were displayed five elements, which correspond to the five levels of the Maslow pyramid, namely the need to disconnect and release of stress, the need for movement, the need for socialization, the need for knowledge, the need to overcome self. The respondents could choose as many answers as they considered relevant. The need to disconnect and release of stress was chosen 82 times as very relevant for Adventure tourism. The need for movement was selected 60 times and the need to overcome self 54 times. The need for socialization was only chosen 16 times, contrary to the literature which mentions the community building as one of the strengths of Adventure tourism.




Source: Processed by the author based on the applied questionnaires

Adventure tourism is the element that connects the needs with the wants. It was mostly considered a suitable method to disconnect from the daily routine which could be associated to the first needs students mentioned, namely relaxation and stress relieve. Though, in the first question, Adventure tourism was little selected in the personal ranking moreover, synonyms were mentioned. The results show that the level of understanding the concept and the awareness are still low.

Considering the fact that the respondents have a double identity. They are firstly consumers, but they are also studying marketing, therefore they have been asked to choose the method as well as the tool they consider necessary to highlight specific adventure activities taking into consideration specific features. It is followed if the responses are rather general, correlated to the new marketing, tourism marketing, service marketing, or product marketing and in which extent, or if the identified tools are exclusively focused on a specific element. As the Adventure tourism is still to be developed, the answers give an insight about the possible

The most Adventure activities are available outside cities where the biggest percentage of the target group is living, therefore most respondents suggested that the marketing strategy should be mixed, a combination between the online and the offline marketing. The outcome of the survey shows that, even though a combination of the two is the favorite answer, the online marketing scores better. The suggested instruments are presentation websites, social media and payed commercials which are common, and some specific suggestions as the following:

- Online communities – groups of people with similar interests who gather on specialized online platforms or on groups created on social media. Adventure tourism brings people together and approaching a community is more effective than individuals.

- Vloggers and bloggers – opinion leaders in certain fields or influencers who explain the concept and even gives a review in form of a video or text. Other clients can also share testimonials in written form or video to raise the interest of possible practitioners.

Among the instruments of the offline marketing are named mostly service marketing and touristic marketing. Besides tourism agencies, catalogs and brochures, the respondents consider that the decision to practice Adventure activities often comes on spot and unplanned, therefore there should be specialized stands to offer packages on the spot. Among the specific idea are to be mentioned:

- Demonstrations of flying, skiing, biking etc. to draw attention
- Partnerships with the NGO's promoting healthy lifestyles and Adventure or /and with specialized shops for Adventure sport equipment
- Offline advertising using Adventure sport equipment and the possibility to interact with it
- Information campaigns containing the advantages Adventure tourism is offering.

In the marketing mix there should also be contests and events included to encourage the beginners to step toward the Adventure tourism area as well as team building activities.

**Conclusion**

Adventure tourism is a new concept aiming to meet the needs of the customers offering a different type of tourism which help them achieve the stare of relaxation, stress release and fulfilling the need of movement and socialization while overcoming self. There is an ongoing process represented by the changing needs of the customers and the adapting steps of the tourism industry, therefore people should interact more with this concept, learn about the benefits and correlate the action with the reaction, or learning the methods which can offer them the wished experience.

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# Determinants of the Individuals' Willingness to Support Nonprofit Organizations – An Integrative Theoretical Perspective

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**Abstract**
The manner by which nonprofit organizations relate to individuals that possess a donor status is a defining factor in the proper conduct of their work. The aim of this paper is to approach this issue from a theoretical point of view. Although the literature offers numerous benchmarks in terms of adapting the fundraising activity to the particularities of this category of stakeholders, there is still plenty of room to optimize the documentation that accompanies this bilateral relationship. In this respect, a first topic debated in the paper refers to the relational context that characterizes the interaction of the two types of entities. Thus, creating a high level of trust is a matter of major importance. The second theme is one that integrates practical examples of studies focusing on the operationalization of fundraising for strategic reasons so as to be able to reach an optimal degree of achievement. At the heart of this theme there is a number of elements characterizing the donation behavior of individuals. The third theme integrated in the structure of the paper refers to the premises of ensuring a long-term collaboration relationship. Among the topics we deal with are: the utility deriving from the act of donation, the manner in which solicitations are made, and the way in which the decision to offer support can be revoked.

**Keywords:** nonprofit organizations, fundraising, individual donor behavior, collaboration relationship.

**JEL classification:** M31, L31.

## 1. Introduction
The trends of diminishing the financial base of nonprofit organizations determine nonprofit theorists and practitioners to try to better understand the peculiarities of the private philanthropic behavior (Moon and Downey, 2011). Regarding the criticism of the literature, Hibbert and Horne (1996) consider that its orientation was mainly on the motivation and processing of information while in reality the decision regarding making donations is more in response to social learning and conditioning. Thus, it is advisable to also consider situational factors from the perspective of their potential to determine the adoption of the donating behavior.
In their turn, Prendergast and Hak Wai Maggie (2013) consider that nonprofit organizations should operationalize a detailed understanding of the donation process so as to obtain donations and attract new donors, especially when the relationship with the donor is desirable to be maintained for a long time. Another issue raised by the authors is the donor–beneficiary relationship. Even if this relationship is not a direct one, being practically inter-mediated by the organization, its importance should not be ignored. For the purpose of donor retention, fundraisers need a detailed understanding of the underlying motivations of donations. Donors remain loyal only if, in return for donation, the provision of tangible or emotional benefits is continued (Sargeant and Jay, 2004a).
According to Wiepking and Breeze (2012), the psychological costs that donors perceive should also be taken into account when looking at how the donation process works. Although some donors can support different organizations regardless of the incentive structures used to attract them, others may be motivated to donate being conditioned by the benefits provided by organizations. A better understanding of donor preferences will enable them to personalize the fundraising process and attract more donations (Sieg and Zhang, 2012). Quantification in monetary terms of the value of a donor to a nonprofit organization can be a useful tool for the

strategic framework of fundraising activity in the sense that it can be pursued to ensure an appropriate level of the return on investment. At the same time, this concept should also be considered in terms of the possibilities of personalizing the organization's offer according to the donor's needs and requirements (Sargeant, 2001).

**2. Donors as interacting with nonprofit organizations – a relationship-based approach**

On the basis of its private donation form, Anheier and List (2005, p. 132) define individual donation as '*the act by which an individual donates money, time (volunteering), goods and services and resources to other individuals, civil society organizations* [...] *without receiving anything in return*'. In economic terms, donation is a transfer and does not involve a *quid pro quo* in monetary or material terms, even if the benefits obtained by the donor refer to the psychological plan or to a certain form of moral satisfaction.

Waters (2008) advances the idea that the nonprofit organization–donor relationship is vital to the maintenance and longevity of the nonprofit sector, and points out that allocating resources to foster relationships with donors is a matter of major importance. Fundraising expenditures are an important strategic decision for nonprofit organizations' managers, given that the resources obtained from donors are limited. The nonprofit organizations' competition for donations may produce an excessive level of fundraising (Thornton, 2006). Referring to the idea of offering donations, Radley and Kennedy (1995) assert that the donor–recipient relationship should be one of the fundraisers' main concerns. In response to addressing the question linked to the fundraising activity: 'Is it about relationships or about donors' rights?', Greenfield (2013, p. 36) considers that taking into account the building of lasting relationships with donors is an imperative.

Complementing this idea, Bennett (2013a) asserts that fundraisers have to go beyond the scope of conventional relational marketing and turn to approaches that have the capacity to generate deep and lasting connections between donors and supported organizations. Emphasizing credibility and performance in terms of activities are some of the communication actions recommended to nonprofit organizations. A key issue associated with sustained donor support to a nonprofit organization is the degree of trust in that organization and the nonprofit sector in general (Burt, 2014). Bennett and Barkensjo (2005) argue that trust is important in the context of donation as it is an attestation that the nonprofit organization will use donations appropriately.

Nonprofit organizations involved in fundraising from individuals must make a consistent effort to obtain and maintain donor trust. Individuals take a risk when making a donation to a nonprofit organization. In order to convince potential donors that their funds are used efficiently in relation to the nonprofit organization's mission, it is advisable to offer the opportunity of accessing different information related to costs (Handy, 2000). One of the problematic issues involved, as stated by Pollach, Treiblmaier and Floh (2005), is that nonprofit organizations need to create high levels of trust, as the service they provide in return is not, in most cases, visible directly. Despite the efforts to communicate results and create a high level of transparency, the direct benefit to individual donors can often not be easily assessed.

As Sargeant and Lee (2002) argue, the relationship between a nonprofit organization and its donors is unique in the sense that donors often receive nothing tangible from the organization in return for the offered donation. Instead, they acquire an impact on a group of beneficiaries that may not have the means to measure it. Nonprofit organizations could increase confidence by communicating to both current donors and potential donors the results they have obtained from previous donations. In strengthening trust, there may be a need to communicate not only these results, but also the process that has led to them being obtained. The above point of view is reinforced by O'Loughlin Banks and Raciti (2014) who note that both current and potential donors are influenced by the perceptions of organizational communication actions.

## 3. Evidence of a detailed perspective upon conceiving a feasible fundraising strategy

Pope, Isely and Asamoa-Tutu (2009) believe it is essential for nonprofit organizations to understand donor motivations. Thus, any fundraising strategy must consider the reasons for donors to donate but also incentives designed to motivate them to select different types of social causes represented by nonprofit organizations. In order to provide an explanation for the fact that individuals choose different social causes in terms of their donation options, Bennett (2012) referred to the 'main' nonprofit organization of a person (*i.e.* the one to whom the highest amount was donated) and the 'secondary' (*i.e.* the one to which the next highest sum was donated). The findings of the study have shown that supporting a balanced cause portfolio can be one of the arguments. In addition, the results suggest that, for a nonprofit organization, it may be advantageous to target donors who support different types of causes compared to the represented one.

The conclusions of one of the studies conducted by Bennet (2003) on a sample of 250 respondents have shown that personal values have the potential to influence the specific type of nonprofit organization that an individual can choose to support. Moreover, people who have certain values seem to favor particular types of organizational values. At the same time, selecting a certain type of nonprofit organization to donate gives individuals the opportunity to express their own values. Given that donors become more and more individualized and given more choice, the criteria according to which social causes will be selected will become more personal and more radical (Duschinsky, 2009). In order to gain a better understanding of the influence of psychological factors on the willingness to grant donations and contrary to previous approaches centered on demographic segmentation, Todd and Lawson (1999) indicate the major importance that belongs to the values of individuals.

Regarding the study of donor behavior in terms of belonging to a particular social class, Piff *et al.* (2010) claim that lower-class individuals are more willing to offer donations than those in the upper social class, even if such a decision is costly. According to Rotemberg (2014), individuals' donations tend to grow when other individuals donate. Lwin, Phau, and Lim (2013), investigating a sample of 300 respondents, concluded that there is no relationship between age, income and gender and donor behavior. The results of another study conducted in a sample of 154 respondents show that the segmentation of current donors only by demographic criteria implies a series of limitations in the sense that their motivations do not differ according to gender and age (Shelley and Polonsky, 2002). Individuals in different income categories tend to donate roughly the same amounts in distinct situations because they use the same social information, and as a result, lower-income individuals donate a higher percentage of income to nonprofit organizations (Wiepking and Heijnen, 2011).

Aiming at analyzing the availability of donations and their value on the basis of the information received from 500 households in the Netherlands, Wunderink (2002) concluded that the donor's budget influences the availability of donations and, the higher its level, the higher its value. Mature people seem to donate more often and also higher values than young ones. Feelings of empathy have a strong positive effect on the willingness to donate, but they do not say anything about value. Much more relevant for value seems to be the age and the way the donation is given. On the other hand, a similar study examined whether donation decisions tend to be individual or common in relation to the household's financial behavior. The results indicated that these decisions occupy a marginal position relative to other expenditures (Burgoyne, Young and Walker, 2005).

The study conducted by Srnka, Grohs and Eckler (2003, p. 70) shows that when certain sociodemographic features are approached in addition to a number of behavioral issues, they can be brought back to the dimensions that effectively ground the criteria for segmentation of potential donors. Three basic conditions have been identified in accordance with which individuals are willing to donate: (1) when the purpose represented by the nonprofit

organization is correlated with the individual's personal values; (2) when the individual could benefit from the services of an organization; (3) when the donation *per se* does not amount to an expense and/ or effort that is perceived to be excessive.
According to Feiler, Tost and Grant (2012), the combination of selfish and altruistic reasons reduces the willingness to offer donations by raising individuals' awareness of an attempt to persuade. In addition, referring to selfless or selfish reasons in a separate form determines greater availability for donation compared to the combined form. Although altruism is an important variable for understanding the donation behavior, altruism itself is not a determinant of behavioral intentions (Ranganathan and Henley, 2008).
Bennett (2006) argues that the type of individual most willing to interact with a nonprofit organization for a long time is one involved in the act of donation, which donates relatively generous, donates through several methods and to a wide range of organizations, donates both small amounts very frequently and larger amounts less frequently (but regularly) and who appreciates the thanks for the given donations. Referring to a study on the effect of information regarding the size of a nonprofit organization on donor availability, Borgloh, Dannenberg and Aretz (2013) concluded that individuals prefer to donate to small nonprofit organizations with relatively low incomes compared to large nonprofit organizations.
The results of an experimental study by Buchheit and Parsons (2006) that investigated the role of accounting information relative to the individual donation process referred to the fact that, on one hand, only a small number of individual donors are asking for and take into account information of a financial nature. On the other hand, they have shown that there is a real need for the classification of nonprofit organizations' expenditures from the viewpoint of achieving a high level of precision. In addition, according to the initial assumptions, the results have shown that information on efforts and achievements associated with the activity influences potential donors in a favorable way.

## 4. Prerequisites of dealing with a long-term collaboration relationship

Andreoni (2001 cited in Sargeant and Shang, 2010, p. 68) refers to the fact that the utility deriving from the donation act can be explained by the following aspects:

- The public good theory, *i.e.* people will support nonprofit organizations because they recognize that society as a whole will benefit from the respective donation.
- The exchange theory, *i.e.* donations will be granted due to the tangible rewards.
- The warm glow effect, *i.e.* the usefulness of a donation can be of a psychological nature and thus completely intangible.

Yörük (2009, p. 209) considers that individuals are not only willing to donate, but also tend to donate more when they are asked to do so. Requests are one of the most important reasons why people contribute to the work of nonprofit organizations. The solicitation technique refers to '*the simple act of asking an individual to donate money or time to a charitable organization*'.
The results of a study by Van Slyke and Brooks (2005) revealed that the availability of donations determined by addressing a solicitation decreases in relation to income but increases with participation. Therefore, the authors emphasize the idea that volunteers are the individuals most willing to donate. According to Reed II, Aquino and Levy (2007), nonprofit organizations should formulate explicit donation strategies for both time and money because consumers' perceptions and motivations may vary according to the type of donation.
The results of a study by Kemp, Kennett-Hensel and Kees (2013) indicated that persuasive solicitations which induced sympathy were more effective for women than men, by encouraging prosocial behavior. Although no significant differences between men and women have been identified into the solicitations that have accentuated pride, the intention to donate of men was more pronounced when exposed to a pride-related solicitation, unlike one for sympathy. Small and Verrochi (2009) note that often the advertising ads representing nonprofit

organizations render photos of recipients in order to evoke the type of sympathy that causes donation. Following a study, the findings indicated that the availability for donation is higher when facial expressions expressing sadness *vs*. the situation in which facial expressions are some that express joy or express a neutral feeling.
The practical implications of a study on the post-donation behavior of a sample of 551 young people who offered donations to nonprofit organizations and who, afterwards, for whatever reason, offered a donation, refer to the fact that fundraising managers should know whether the financial efforts involved in attracting donors that donate for the first time can determine further donations to the recruiting organization, or whether these costs support other nonprofit organizations (possibly rival) to obtain donations after the first one (Bennett and Ali-Choudhury, 2009).
Bennett (2009a) conducted a study that approached the issue of interrupting the support offered to a nonprofit organization in order to donate to another. Consequently, there was identified a series of determinants: matching the image of the person and the image of the nonprofit organization, the relationship with the main nonprofit organization supported, excessive familiarity with the communication actions of nonprofit organizations, and the attractiveness of other organization's campaigns of the same type.
In order to obtain a deeper understanding of the potential reasons behind the donation decision, as an integral part of a study on a total sample of 402 respondents, Bennett (2013b) obtained the following results: 63% – financial problems, 33% – loss of interest, 32% – giving donations to another nonprofit organization, 15% – poor quality of nonprofit organization services and 13% – decision to support the nonprofit organization by other means. Other reasons for non-donation mentioned by Sargeant, Ford and West (2000) refer to financial difficulties, to the perceptions that nonprofit organizations require inadequate amounts, or to the fact that nonprofit activity should be funded by government institutions. In addition, the results of another study by Sargeant and Jay (2004b) on a sample of 4846 respondents, of which 2500 were current donors and 2346 were lost donors, showed that the main reason for the renunciation refers to financial resources.
Recognition and relationships with donors begin with the first contribution and can continue throughout their life span. For as long as it continues, it is a matter almost entirely dependent on the nonprofit organization and its efforts to maintain positive contact with donors and to strengthen and develop engagement and commitment to the cause it represents. Recognition is only a tool to use; is centered on respect for each donor, and on their potential for additional support (Greenfield, 2013). On the other hand, Winterich, Mittal and Aquino (2013) consider that when recognition is operationalized to encourage donor behavior, funders should consider maximizing effectiveness while minimizing costs.
The combined results of a field and laboratory experiment conducted by Karlan and McConnell (2014) confirmed the assumption that public recognition is an important factor influencing the decision to donate due to the fact that the number of donations may increase as a response to the promise of public recognition, primarily because of the desire of individuals to improve their social image. From their point of view, Merchant, Ford and Sargeant (2010) argue that the feedback donors receive from the nonprofit organization favorably affects not only the emotional rewards of donors but also their future donation intentions. What should be kept in mind is the assumption that a nonprofit organization should thank each donor, regardless of the amount of donation.

## 5. Conclusion

Firstly, the detailed analysis of private philanthropic behavior is a matter that should be included in the list of priorities of a nonprofit organization. At the same time, issues related to

the cultivation of donor relationships can definitely contribute to the continuity of nonprofit activity.
Secondly, beyond the significance of the marketing concept's operationalization in a relational context, consideration should be given to those steps that have a real impact on the longevity of the collaboration relationship. Given that the assessment of the benefits to the individual donor is a difficult task, the trust factor becomes a precursor to an optimal way of operating of nonprofit organizations. Thus, the communication actions concretized by exemplifying the obtained results and the way of carrying out the preliminary activities can prove to be particularly useful.
Thirdly, another area of interest for nonprofit organizations is that of donor motivators. Consistent with this, it is advisable to study in depth how individuals relate to different types of social causes.
Last but not least, in line with the iteration expressed by Andreoni (2001 cited in Sargeant and Shang, 2010, p. 68), the usefulness of the individual's donation should always be considered. As a consequence, the focus can be on the motivation of individuals to donate on the background of the overall benefit of society, the acquisition of tangible rewards, and psychological satisfaction.

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# Building a Brand in the Romanian Music Industry

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**Abstract**
The music industry has reached a turning point, represented by the moment when it ceased to be just an auxiliary element, and has begun to become a product itself. In the same note, the role of the artist has changed, and it has become increasingly important to the point where it has come to be seen as a brand. This paper focuses on building a musical brand in the Romanian industry. Thus, starting from the branding theory, especially that of personal branding, plus the results of a qualitative research on the Romanian market, a series of strategies are proposed through which new artists can build a brand, and those already consecrated and can improve it.

**Keywords:** Music Industry, Branding, Brand Dimensions

**JEL classification:** M31.

## 1. Introduction

If in the beginning, in the music industry, the product was viewed separately from communication, because a good artistic product could be promoted on its own, not with special help, now promotion plays an important role in the visual and verbal culture (ZhiYan & Borgerson, 2008). With the evolution of marketing, there has been a visible change in the music industry, now being viewed more as a business, at the expense of a simple experience.
As a fundamental part, it has evolved even more. Different musical subcultures began to appear along the way, songs began to appear in various types of advertising, stores began to use sounds to attract customers, artists became more than products, etc.
The music industry has reached a turning point, represented by the moment when it ceased to be an ancillary element, and has begun to become a product itself. In the same note, the role of the artist has changed, becoming more and more important, to the point where it has come to be seen as a brand.
There is a need to identify a coherent process of building a musical artist's brand, a process based on both the interstellar characteristics of the artist and the potential and expectations of the reference market. Being a market in which the consumer makes a very subjective evaluation of the offer, building the brand is all the more difficult, and artists should keep in mind that what seems at first sight to be a correctly built musical product may not necessarily be well received by the market.

## 2. Branding from a marketing perspective

We can say that brand is an extension of marketing. It symbolizes a promise that represents the covenant between a product/service and a consumer. The brand is an idea. It is that mental

image that the consumer associates with a particular firm, service, city, etc. (Lianu, 2010). That image may include feelings, mental associations, basically everything the consumer thinks when he sees a product made by a particular company, hears the name of a city, country or service (Olins, 2010).
For more than 10 years now, we can see the domination of three mega trends: the spectacular evolution of technology, financial responsibility and globalization. They force companies to adapt to market requirements, both through marketing and branding (Kotler, 2003).
In Romania, a former communist country, as well as the eastern part of Europe, the concept of branding has developed in rapid steps to recover the delayed start to the western continent. By its definition, the brand requires a business education due to intangibility, hence the need for differentiation. The Eastern European consumer profile differs from the West European one. The Romanian client is based on trust, a feeling that arose from the fall of communism. Romanian marketing is anchored in communication, it does not emphasize added value (Bogdan, 2011). Also, the creation process (from names to visual elements), while pursuing the trend, is many years behind. In the last few years, business designers have begun to develop by thinking outside of the box. Although an artistic evolution is being attempted, the target audience is difficult. Online marketing and digital branding attract more young people, which is a small part of consumers.

## 3. Branding in the music industry

In the case of the music industry, where we are talking about the musical brand and the personal brand, the AIDA model is slightly different, but it is based on the three dimensions of the attitude. The first step could be cognition through awareness of the existence of a musical artist. The second stage is represented by the affection, the interest or the desire to listen to the creations of the artist. The third and final stage is behavior, represented by the very action of listening to the songs. As we can see, the model is modified by fusing interest and desire, including them in the same stage, the stage that represents the affection, what the consumer feels for the artist. We can also talk about an added stage, namely satisfaction, which measures the satisfaction of the consumer, in this case by the number of songs played by the same artist, the number of repetitions of the same song, the degree to which the respondent empathizes with the respected artist, etc.
Visual identity has become and continues to become more and more important in the marketing sector. This is an interconnection between art, global branding and consumer behavior, described from the point of view of aesthetic representation and culture influence. This connection is essential. It has become increasingly difficult to separate art and business, and in this new context, art seems to be of major importance. We look at aesthetics in marketing and communication as innovation, play, focusing on the term of creativity. Therefore, under this premise, greater creativity can lead to distinct communication, and distinct is good (Schroeder, 2006).
The artist's brand concept exploded with the advent of the internet and social networks. Thus, advertising on social networks through rapidity, transparency, timeliness and accessibility has become essential in communication. The Internet helps artists to share their songs, projects, albums, work and concerts, in order to minimize the costs of classical promotion. It should be noted that the impact of the Internet on the music industry is a major one, leading to a fundamental restructuring of the industry.
Driessens Olivier argues that celebrity has become a valuable resource in that it can place some people on a hierarchical scale higher than others, based on features such as voice, charisma, ability to interpret, etc. Moreover, in its view, it should be regarded as an independent industry because its main purpose is to sell an image, together with all its commodities and ancillary

products, as opposed to the media industry, whose primary purpose is the rating (Driessens, 2013).
From the consumer's point of view, there are certain attributes that create value for the product, or, in other words, capture their attention. These include: emotion, aesthetics, product identity, impact, technological core and quality (Pamfilie & Procopie, 2013). If we talk about the brand of a music artist, emotion can be transferred to lyrics and musical genre (through these two, the singer can awaken an emotion in the consumer or make him listen to the songs when the latter feels a certain emotion and associates it with artist's music), aesthetics change in artist's aesthetics (clothes, accessories, the way he behave), identity, quality and impact remain common features, and the technological nucleus will be represented by the entire team behind the artist (from the tools needed to create new tracks, to the recording space and the personnel).

## 4. The musical industry in Romania

In Romania, the evolution of music was different. Until the 1990s, light music and Romanian folk were at the forefront. We are currently pursuing the global course on musical genres. We have artists who approach all genres, the most popular being pop, R&B, dance, rock and electronic. The rest of the troops adopt an underground approach, being present on club scenes or participating in different events.
There are also less-known music artists at international level, but also in Romania, who are very appreciated. They approach another type of promotion and often do not appear on television or radio stations, choosing underground culture, attending music festivals or club shows. These include Golan, Macanache, Silent Strike, Subcarpati, Les Elephant Bizzare, Sophisticated Lemons, and these are just a few names, from a larger crowd. They focus more on music, creating a unique brand and brand endorsement, in order to differentiate themselves from the crowd (a strategy that is not approached by the top Romanian artists, who rather rely on copying internationala esthetics and sounds).
We can discuss the example of the Romanian singer Silent Strike, who, along with Monooka, associated himself with the Romanian tourist brand Explore the Carpathian Garden, the song of the two appearing in the country’s official promotional video. Another example is Subcarpati band that tries to differentiate itself from others by combining Romanian folklore with hip-hop and electronic, both in lyrics and sounds, alongside their image, using in the videos, and not only, motifs, elements and combinations of traditional colors.
Of course, many artists use products, other stars or shows to enhance their brand. We also mention Puya, who associated himself with Chio Chips, appearing in the chips commercials. Antonia and Alex Velea, two different brands (with target audiences, values and similar songs) created a new brand together. Inna was a couple of years ago ambassador for Pepsi and Claudia Pavel for Lotto Peanuts. Delia started a collaboration with a new band, The Motans, from Chisinau (Delia's popularity is bringing value for the band, and the band's musical capacities help Delia develop even more musically).

## 5. Research on dimensions of a musical brand

Aaker (1997) talks about five dimensions of a brand personality: sincerity, through honesty and security; enthusiasm, through sensuality, spirituality, humor and courage; competence, through uniqueness and popularity; sophistication, through reasoning, trust and prestige; and asperity, by the strength of character.
These dimensions have been tested at the level of the Romanian music industry through a qualitative research in order to identify their level of applicability and how they contribute to building the brand on the domestic music market.
The high incidence of the young segment at the level of the Romanian musical market has led us to organize a series of focus groups with people between the ages of 18 and 30. The main

objectives of the research were focused on the relevance of an artist's brand, the identification of the artists who, from the participants' point of view, have already a brand, as well as the identification of how the five dimensions of a brand's personality are found in the Romanian music industry.
Although the dimensions proposed by Aaker are more than 20 years old, according to the answers given by the participants to qualitative research, they are still valid. Fame and reputation are also defining elements in the brand, by the fact that a brand is successful when it differs from other competitors and has come to be known by a significant number of consumers.
Regarding the dimension of sincerity proposed by Aaker, we can look at it from two perspectives: the sincerity proposed by Aaker and the necessary authenticity, considered by the public to be very important.
It all starts with the **internal characteristics** of the strategy, namely: purpose, vision and values (Alipour, Jahan & Jamaati-e-Somarin, 2015).
The ***goal*** must be well defined because often being famous or having money is different from doing what you like. For example, approaching pop music, an artist will have a very large number of viewers, an extremely wide target audience. However, by approaching the jazz genre, in Romania, the singer will be limited to a smaller audience.
***Vision*** gives the artist stability. Vision must be seen from the perspective of future actions and their consequences. It needs to be realistic and well established because it cannot change all the time, depending on the achievements. Exaggerated vision will have serious consequences on the image.
***Values*** are what the artist wants to share with the audience. Thus, the closer these values get to the target audience, the more the artist's brand will be appreciated. The features consumers expect to find are: sincerity, eccentricity, respect, and passion for what the artist does (Csaszar, 2012). Innovation comes from marketing communication through branding. Examples of such artists in Romania are Delia and Smiley. According to the answers, although they are not appreciated to the same extent as musical performers, they are especially appreciated for the person they promote, and are very close to the features mentioned above.
From the singer's point of view, as a musician, the talent is very important. Even though technology has evolved so much that sound effects and voice are no longer obstacles, respondents particularly appreciate the artist’s ability to sing in live concerts.
As **external aspects**, we relate more closely to the communication side and strategies used by marketing teams working with interpreters. Although it is harder to meet the aspects of the internal dimension exemplified above, with a good team behind you, you can save the brand of a singer through various methods.
Maintaining consistency is, however, the most important step in the whole personal brand strategy. So, the basic idea is kept, in order not to confuse the public, by offering different directions in the strategy. While the foundation remains fixed, other aspects can change to animate the audience, blurring everything that can be predicted in brand communicating for the artist.

## 6. Concepts used in building a musical brand

First of all, interpreters do not have to meet all the characteristics and requirements of the public. ***Honesty*** and ***respect for the public*** come hand in hand and are the easiest to accomplish. Respect for the public is self-evident, although some artists, on the contrary, do not appeal to it in order to continue their musical style, such as hip-hop or rap. When we say honesty, we refer both to the lyrics of the songs, approaching personal subjects, in order to generate emotion, and to the artist's opening to the public.

Second, the chosen ***name*** is very important, whether it's a band, or a single person. Singers who use their own name create a connection of sincerity through transparency. Of course, not every name can be used. For this reason, you have to take into account the music genre (you cannot be called Smiley if you play rap or rock). The name must be easy to remember and representative, both from the artist's point of view and the music genre.

Moreover, the music market is extremely competitive, both globally and in Romania, making it difficult to enter and stay on this market. With this in mind, addressing a less popular ***musical genre*** in Romania, such as country or jazz at first, may be a good idea. These genres can in the long run be combined with others, such as the pop, fulfilling two purposes: to create something different, but at the same time to have success and money. This combination, which we see, for example, at Carla's Dreams, is beneficial. By appealing to a second target audience, while retaining initial consumers as well as the values promoted at the beginning, a certain differentiation is created in this saturated market. Moreover, this collaboration gives the singer the opportunity to migrate from one genre to another, he can sing either pop, either the genre he has chosen from to start, or combine them, increasing the possibilities.

This type of approach is also found in the international industry, from Taylor Swift, which was released in a country-style music, but then migrated to pop, to Jordin Sparks, which began with a commercial pop, having no message, and has gone to an urban style. Although the approach seems simple, it is not successful every time, because the values promoted, the foundation around which the artist's brand is formed, and the musical genre chosen at the beginning cannot, in all situations, migrate in another direction without consequences. We can take the example of Macanache, in his associating with Delia. For Delia, an artist with a major target audience and a renowned success, this collaboration has provided a nice surprise to her audience. Instead, for Macanache, the collaboration has done nothing but reduce the number of fans. The same thing happened to Puya, who along with Sisu, grew up on the music market just to go down now with this inclination towards a commercial style.

Last but not least, we need to talk about a ***communication strategy*** that suits the style, values and names chosen. If pop means everything heard on radio and TV and hip-hop or electronic means club, there are many combinations that can be made with a good marketing team. Artists use, especially now, the power of the Internet and other alternative promotion media.

## 7. Adapting strategies for new and existing brands

### 7.1. Proposals for new bands

Taking into account the theory presented in the first part of this article, as well as the qualitative research results, we propose a series of brand strategies with adaptability for new bands:

- *For rock, punk, heavy metal*: events

For example, new bands can appeal to a teasing strategy. In social media, you can give clues about a specific location where a concert will take place. Of course, the name of the location and the participating band(s) will not be mentioned at first, and entries will be free of charge. There will be clues that will lead to the location, keeping the new band a secret, but appealing to other more well-known ones to support new interpreters.

- *For rock, alternatively, electronic reggae, DJ:* use of urban radio, more precisely the word-of-mouth technique in virtual space

Instead of investing in television and radio stations, the artist can try to approach online influencers, especially in Youtube and social networks. The speed at which they move is greater than the alternative mentioned. A larger number of people can listen to a shared song faster on the Internet than the number of people watching the song on radio or TV.

- *For any genre:* creating an alter ego

Through an alter ego, performers can create a border between the two personalities: the singer and the actual person. An alter ego offers unlimited possibilities in terms of creativity, but it is essential that it does not differ greatly from the person in question, in order not to create confusion among the viewers.

Of course, these strategies are designed from the perspective of a young public, who is open to new ideas about new or emerging market players or even those who change their musical genre.

**7.2. Proposals for existing bands**

Speaking from a different perspective, namely performers who have already created a reputation, personal branding strategies seem to follow the trend of strategies chosen by major product companies:

- Here we can talk about *social responsibility* from a different perspective. In order to create a positive image, using only the image of an artist, in terms of its values and characteristics, not of the interpreted music, involvement in social cases is regarded as a positive element. This upward trend is not only found in the music industry, but also in the cinema, where famous actors support the humanitarian cause, both through financial involvement and time. When an artist is associated with a positive image, the audience tends to be more open to the music the singer interprets, and vice versa;
- Established artists can appeal to *line extension*, by creating a brand of products. For example, Delia could create a make-up line, Carla's Dreams could create a line of shirts, Smiley could create a line of clothing, and so on, depending on the target audience and the artist’s brand;
- It is important that on this musical market, both global and Romanian, a balance exists between what the artist likes and what the public wants. Research has shown that ***originality***, especially through authenticity and innovation, is most appreciated by music listeners. Embracing various forms, from Lady Gaga's eccentricity to the sincerity of Kurt Cobain and Sid Vicious, who sacrificed their music, all the way to the anonymity of Carla's Dreams.

**8. Conclusions**

In the current period, we are seeing a change in the music industry, compared to the last century. If then the artists were just focusing on music and live shows, now this are no longer enough to keep a celebrity status. They have begun to associate with various products and brands, which they use in the idea of growing in the hierarchy and preserving the idea of celebrity. In this paper, we have shown some examples of artists that can collaborate with other artists as well as other products, people, or social causes, given that these collaborations can help both parties get something of value (from popularity, to quality and other values they did not initially have).

This paper referred to both foreign and Romanian native singers, as well as to those who conquered the public in the past, remaining a musical symbol even today. We have to notice that the songs weren’t the only factor leading them to success, but also the originality, the artist’s image, and collaborations. This proves that rebranding is beneficial at times, in order to follow current trends, but it must be accompanied by major changes in the artist’s brand, such as appearance, collaboration, or even music genre.

Taking into account the dimensions of the brand's personality, the research showed that authenticity remains the most interesting feature, representing an important factor in the branding process. Authenticity can embody several original aspects or only a very good one. Starting from this, a recipe for success is recommended, according to which the first step is to choose the aim, vision and values, after a comparative analysis of the music market. Next, choose the desired musical genre and then the name of the artist, finally approaching the communication strategy, which will include promotion media and tools.

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# Marketing Science as Approached into a Nonprofit Context

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**Abstract**
From a conceptual point of view, the historical course of marketing science has indicated that it can assimilate new valences, as a reference is made to the nonprofit sector. Its distinctive character has as a precedent the distinctive character of the domain in cause. Consequently, through the nature of its purpose, the work seeks to facilitate the shaping of a rigorous conceptual framework of the marketing operationalization in a different field from the conventional one. In order to provide a better theoretical understanding of such an approach, the elements that ensure the peculiarities of social marketing's theoretical framework are highlighted. Last but not least, in terms of revealing the importance of the fundraising activity by the means of using the concept of marketing by nonprofit organizations, the paper highlights the characteristics associated with building donor relationships as a way of aligning the mission statement formulated by the nonprofit organization and the meaning of offering a donation by the person who approaches this endeavor.

**Keywords:** nonprofit organizations, nonprofit marketing, fundraising, social marketing

**JEL classification:** M31, L31.

## 1. Introduction

The starting point regarding the referral to the concept of strategic marketing in nonprofit organizations is represented by a clear perception and understanding of the particular character of the framework where these operate. The nonprofit organizations could be defined from a legal point of view, but understanding both the organizational environment in its integrality and the activities involved by the multiple endeavors linked to fulfilling the mission is a considerably more important aspect. The nonprofit organizations' missions differ in terms of the demand that is considered as well as relative to the typology of activity in whose involvement they manifest their presence (Andreasen and Kotler, 2008).

Gordon, McDermott and Hastings (2008) conclude that, similar to conventional marketing, social marketing offers a strategic planning process that uses conventional marketing techniques. The main purpose derived from the meaning of the concept of social marketing resides in improving the individual wellbeing and society, not only for the potential benefits that could be obtained by the organization that deals with social marketing activities. As long as there exists an agreement that emphasizes that the role of social marketing consists of changing people's attitudes towards social ideas, first of all, it must be recognized the fact that a person's attitudes are outlined by their own values. Therefore, the real purpose associated with the concept of social marketing translates itself into the attempt to change the values of a person (Robin, 1974 cited in Kennedy and Parsons, 2012).

Albeit the nonprofit organizations could obtain funds from other sources as well, Andreasen and Kotler (2008) highlight the idea that the fundraising activity remains an essential one. The transition from a product or sales orientation toward one focused on customers describes the new approach of the organizations in terms of the fundraising activity. From a general perspective, as Padanyi (2008) considers, the marketing is recognized as being one of the defining functions of what, in generic terms, refers to strategic management. In particular, the expertise from the field of marketing is a critical one when an organization need to address itself to tertiary groups in order to generate income and/ or to compete with other organizations so that to be able to access different sources of income.

## 2. The theoretical framework of marketing as integrated into the field of nonprofit marketing

During the late 60s, Philip Kotler and Sidney J. Levy were the first ones that opened the debate on the relevance of the marketing concept for the organizations that operate into the nonprofit field. In their view, the marketing had the capacity of extending itself beyond his role as self-contained business activity and to acquire a larger societal understanding (Hibbert and Horne, 1996).

The more important issues relative to a nonprofit setting include products' intangibility, the non-monetary price of the purchase, the limitation of the purchasing frequency, the absence of the behavioral rewards, the orientation toward categories of heterogenous audiences as well as the extreme levels of involvement, ranging from some very low to some very high. Because of the factors, the transfer of marketing principles from the for-profit sector to the not for profit one is much more complex than it was believed initially, as Rothschild (1979) considers. Another problem of the marketing practiced by the nonprofit organizations refers to the fact that there still exists a negative perception with regard to the real meaning of marketing activities so that it could be referred as being undesirable, expensive or even something approached as a matter of waste by considering stakeholders' viewpoint (Helmig, Jegers and Lapsley, 2004).

'*What can offer marketing to a nonprofit organization?*' – To this question Sargeant (1999, p. 17) answers as follows:

a. Marketing can improve the levels of customer satisfaction.
b. Marketing can contribute by assisting the process by which an organization is trying to attract resources. Numerous nonprofit organizations must raise funds because in this way it will support its activity. The tools and techniques that marketing provide can offer fundraisers a substantial utility while offering them multiple opportunities in order to fulfill their mission.
c. Adopting a professional approach relative to the use of marketing can help a nonprofit organization to define its distinctive competencies. In other words, marketing can define what an organization can offer to society, unlike other competitors who cannot do so.
d. A professional approach to marketing also offers nonprofit organizations a framework to work within. A systematic approach to researching the needs, establishing the objectives, planning in order to achieve those objectives as well as taking formal control activities in order to ensure their fulfillment should minimize the waste of valuable marketing resources.

Pope, Isely and Asamoa-Tutu (2009) insist on the three main areas of focus of nonprofit organizations in terms of marketing, namely clients, volunteers, donors or financiers. Thus, in order to support the subjected sector in fulfilling the various missions, but also the associated objectives, whether on long or short term, there appears the need to develop a nonprofit marketing strategy that integrates references to all the three target markets. Since nonprofit organizations are multi-stakeholder entities, nonprofit marketing needs to be sensitive to the different audiences and to adjust both its communication patterns and the other approaches accordingly (Anheier and List, 2005).

## 3. Comparative perspectives regarding the conceptual delineation of social marketing

In the essay signed by him, Michael Rothschild emphasizes the major importance associated with creation, delivery, communication and exchange constituted as the four pillars on which there is formulated the definition. In a more concrete form, these words represent the basis for conceiving the strategies that make us of the social marketing tools. The audiences from this field are generally guided by the immediate realization of their own interest and free choice.

Therefore, there is necessary an accommodation by creating benefits that provide value. The environments involve barriers, complications and competition, so that the need for delivery comes in by facilitating people's access to benefits. Alternatively, there should be implemented communication actions on the benefits created, the barriers overcome by delivery and the exchanges offered to individuals from the point of view of their own interest.
Kotler and Zaltman (1971) refer to the precedent associated to the period of time during which the social marketing concept appeared – the 70s –, by noting the question: '*Why cannot you sell the brotherhood as you sell soap?*'. Therefore, this wording becomes the expression of an antithetic situation justified by the fact that the sellers of commodities such as soap are unanimously effective, while the 'sellers' of social causes are unanimously ineffective. The solution intervenes by solving the conflict situation itself, according to which the social goods such as brotherhood can be 'sold', as it happens when the commercial goods are considered (Corner and Randall, 2011).
According to Peattie and Peattie (2003), there is a danger that too much emphasis placed on the direct translation of general marketing principles and practices into social contexts could create not only practical problems but also a misunderstanding from a theoretical perspective relative to the real meaning of social marketing. In order to solve this problem, the authors, through the study entitled '*Ready to fly solo? Reduce social marketing's dependence on commercial marketing theory*', treats in a critical note the commercial marketing– social marketing report, aiming to encourage the development of the theoretical framework of social marketing. In accordance with the argument put forward, the manner in which the field of social marketing will be developed may depend to a significant extent on deepening the differences between the two contexts. The findings of the study highlight that social marketing requires a unique identity in terms of vocabulary, ideas and instrumentation.
Originally, social marketing has been designated – as in the case of other marketing branches such as industrial marketing – to refer to a particular marketing sub-area. In other words, Donovan and Henley (2010) underline that the delimitation of these sub-disciplines has been achieved because even if the marketing principles and tools could have been applied in multiple areas, there were notable differences between each market.
Adherence to five basic principles differentiates social marketing from other approaches to social and/ or behavioral change (Glanz and Rimer, 1995; Bryant *et al.*, 2003 cited in Marshall *et al.*, 2006):

a. The establishment within the conceptual framework of marketing (*e.g.*, the notion of exchange and marketing mix, competition assessment, branding);
b. Segmentation of populations into distinct subgroups;
c. Focusing on the consumer or target audience and conducting research with a formative specificity in order to understand what they want and what they need;
d. A certain willingness to adapt the product on a continuous basis in order to satisfy the potential wishes and needs expressed by the consumer;
e. Monitoring and reviewing program activities from a cautious and continuous perspective.

In order to document the answer derived from the question: '*How does social marketing differ from commercial marketing*', Kotler and Lee (2009, pp. 54–55) refer to three main areas where there exist differences:

- On one hand, in a setting of commercial marketing, the marketing process is aimed at selling something tangible – be it a product or a service. On the other hand, in a setting of social marketing, the marketing process is used in order to 'sell' a desired behavior.
- Unlike the situation where, in the commercial sector, the primary purpose is the financial benefit, in the one that refers to social marketing, it is limited to individual or societal gain. Profit-oriented marketers choose those target audiences that will deliver

the highest volume of profitable sales. On the other hand, *i.e.* in social marketing, segments are selected based on a set of different criteria, considering what will produce the highest 'quantity' of behavioral change.

- Competitors are very different. In the commercial sphere, comparisons with competitors are realized as being other organizations that offer similar goods or services or some that deal with the satisfaction of similar needs. In the social sphere, competition is seen as being the actual or preferred behavior manifested by the target audience, along with the benefits and costs involved in adopting it. Moreover, the competition attached to such a context includes any other organizations that promote competing behaviors.

Another point of view regarding the differences between social and commercial marketing is the one formulated by Andreasen (2012):

- Performance signals in terms of financial benefits come from multiple sources – sales (sometimes), individual and corporate donations, foundation grants, contract fees with government agencies, and returns from cause-related marketing activities handled by corporate organizations.
- Significant performance signals come from non-financial volunteer activities (*e.g.*, employees, members of the board of directors), free allocation of physical resources as well as free counseling (*e.g.*, *pro bono* consulting services, legal assistance and accounting).
- Organizational competition is not only about behavioral outcomes, as is the case in the private sector, but about the resources needed to get them *per se* (*e.g.*, grants, contracts, partnerships, volunteer support).
- The 'market' signals that could guide donors and other sources of financial and non-financial support are often impossible to be distinguished due to the presence of one or all of the following problematic aspects:
  - The target audience intended to be influenced is ignorant;
  - Achievements of other entities seeking to achieve the same social outcome;
  - The difficulty of identifying the point where a 'sale' actually took place;
  - Delayed occurrence of expected social effects.

## 4. Managing the fundraising activity by the lens of marketing

From the perspective of using the marketing into the nonprofit field, according to the viewpoint formulated by Pope, Isely and Asamoa-Tutu (2009), also the nonprofit organizations should invest time and money directed toward all marketing efforts they make. In this regard, the first step is represented by the greater understanding of the significance associated to this concept in relation to all the aspects that concern the management of the nonprofit organizations. The first thing that should be recognized by the nonprofit organizations refers to the major difference between what means marketing and means fundraising.

By referring itself to the sense of the fundraising activity – '[The fundraising represents] *the activity directed toward securing financial resources from donors*' –, Najev Čačija (2013, pp. 59–60) submits to debate the problematic of the definitions of this concept formulated over time. Thus, the discussion starts from the premise that the process of defining it is a difficult one. Moreover, the author states that the fact that the existing literature is predominantly oriented over practical approaches and tools is a limitation of approaching the fundraising concept into a clearly defined theoretical framework aimed at contributing to the development of the discipline *per se*.

In its turn, Andreasen (2012, p. 37) refers to an essential terminological clarification relative to the field from which the fundraising activity is an integral part. Consequently, the concept of nonprofit marketing is '*a more comprehensive term involving all the marketing activities in*

*which a nonprofit organization might be involved, including fundraising, volunteer recruitment, and sales of merchandise or services*'.
Tempel, Seiler and Aldrich (2011) claim that in the center of the fundraising activity there is the art of building relationships – the bilateral creation of that intersection between the organization's mission and the donor's philanthropic vision. The strong relationships with the donors do not occur randomly; these need an increased degree of attention materialized not only with regard to donors but also in terms of the fundraising activity's fundamentals which, in their turn, are based on a series of practices that belong the field of ethics.
All the efforts made under the aegis of the fundraising activity are aimed at acquiring, renewing, cultivating, educating and serving the donors. There is a long-term approach that helps fundraisers to optimize the process by which the donors could become 'agents of good'. In a general comparative note, Frumkin (2010) considers that the philanthropic alternative to the idea of charity seeks to make the result of its operationalization more durable and, at the same time, more radical. The nonprofit organizations confront themselves with a series of challenges relative to managing the relationships with the stakeholders. This fact emphasizes the necessity of referring to stakeholders depending on their degree of importance when there is taken into account the creation of a relationship marketing strategy (Knox and Gruar, 2007). Kelly (1998 cited in Waters, 2009) translated the meaning of fundraising under the form of '*the management of the relationships between a nonprofit organization and the audiences that are donors by their role*'.
The subject that concerns the fundraising activity is also approached by Anheier and List (2005) who note the fact that this activity has reached an increased importance relative to the nonprofit operations by their nature, the latter ones being determined to a significant extent by the fundraisers' professionalization process. If, at the beginning, offering donations with a private character was the primary element related to the fundraising activity, presently this endeavor comprises activities such as grants identification, contributions and contracts from governmental agencies, but also ones that are subjected to generating various forms of income.

## 5. Conclusion

The most nonprofit organizations do not sell products but they sell their own represented mission, ideas, programs and services, consider Blery, Katseli and Tsara (2010). According to the point of view formulated by Huizenga (2011), the role of marketing into the nonprofit sector lies in developing, maintaining and improving the organization's public perception but also of building and enhancing the vision and trust that support and give meaning to it. Marketing implies a series of efforts so that its related activities to determine an influence on the target audiences. These audiences could be customers or buyers, donors as well as other entities that can constitute themselves as financing ones, respectively volunteers.
Expanding the meaning of the concept of marketing beyond the conventional sphere of business involves the assimilation of a new way of thinking. In this sense, the simple transfer of knowledge in one area cannot be achieved, but the new perspective brings with it a distinct set of operational challenges. One of the most relevant possibilities for effective use of the theoretical instrumentation associated with marketing science refers to its relevance and usefulness in the termination of the fundraising activity.

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# Marketing Study: Online Purchase Trends Regarding Smart Devices

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**Abstract**
In Romania, in the last decade, according to INSSE (2018), the interest of online shopping has increased, especially for clothing, footwear and sporting goods, electronics and different intelligent devices. The present paper, gives attention to the online consumer behavior in terms of buying goods, more exactly, to the recent smart devices appeared on the market. In order to highlight the main purpose of the study, it has been realized an analysis of secondary data from the most popular Romanian online retailer, based on the number of reviews received for each intelligent device. The results of the study reflect that the major trends of Romanian online shopping are various, the population have embraced the latest developments in technology, in different areas, such as smart home goods, smart daily use devices, smart audio and video devices, smart products used in the workplace. The conclusions outline that Romanian online buyers are more open when it is about acquisition of intelligent devices, becoming interested, year by year, in the technology industry, but they are still sensible to some marketing factors. The implications of the present marketing study can be appreciated on two levels: both among online distribution stakeholders who can track from a qualitative point of view the comments left by buyers and attracting new ones, which gives credibility to the smart product, and on the other hand, a social analysis can be made in terms of increasing the quality of life by purchasing such products and their use, by the degree of satisfaction offered and reflected in reviews.

**Keywords:** online consumer behavior, online purchase trends, smart devices.
**JEL classification:** L81.

## 1. Introduction

"The widespread adoption of the Internet as retail channel is impacting a range of stakeholders" (Beckers, Cárdenas and Verhetsel, 2018). In the same direction, there was also the Romanian distribution market, which gained more and more place in the online environment once with the development of technology.

The present paper, tries to identify the online shopping trends regarding smart devices. An analysis of secondary databases from a known online shopping platform called, eMAG, has been constructed.

The word "smart" has recently become a common term for new technology which is based on AI - Artificial Intelligence. One of the most important characteristics of smart technology is the ability to obtain information from the surrounding environment and react accordingly (Balta-Ozkan, Amerighi, and Boteler, 2014).

A "smart device" is an electronic product (for example: smartphones, smartwatches, smart thermostats, smart locks, smart speakers, smart doorbells, smart refrigerators, phablets and tablets, smart key chains, smart bands and others) which is usually connected with other equipments or networks via 4G, Wi-Fi, Bluetooth, NFC, or LiFi. "A smart device can also refer to a product that exhibits some properties of ubiquitous computing, including—although not necessarily—artificial intelligence" (Wikipedia, 2019).

For a better understanding, in the next paragraphs, there will be a brief introduction about the largest online store in Eastern Europe, E-mag, as general manager had concluded (Stanciu, 2011).

eMAG is a Romanian company that sells online IT equipment, electronics, home appliances, personal care articles, car products, sports items, books, music, movies, home and garden products, pet shops, children's goods. eMAG started its activity in 2001 as an online shop of computer systems and office products, being founded by Radu Apostolescu, Dan Teodosescu and Bogdan Vlad. In 2009, 51% of the company's shares were bought by Asesoft Distribution, and the eMAG general manager became Iulian Stanciu (Wikipedia, 2019).
In July 2012, the South African Naspers investment fund, with over $ 5 billion in global media, e-commerce and internet business, buys 70% of eMag shares, and Iulian Stanciu remains the general manager of the company. In June 2014, Radu Apostolescu, renounced the shares held, namely 8.4% of the eMAG shares, which were taken over by Iulian Stanciu and the Naspers group. Thus, Iulian Stanciu owns 25.8% of eMAG and the Naspers group 74.2% (Capital.ro, 2014).
In 2012, eMAG expanded to foreign markets, with the company doing business online in Bulgaria through the platform called, www.emag.bg, where it quickly reached a market share of 60% (Zamfir, 2014). This expansion was followed by that in Hungary in 2013 (Vioreanu, 2013) where eMAG has a market share of 10% (Zamfir, 2014) and Poland in 2014 by taking over the local Agito platform and transforming it into emag.pl (Dumitrache, 2016). In 2014, foreign markets accounted for 10% of the company's sales (Muresan, 2015).
In 2010, by far, the best-selling products through the online shopping platform were laptops (25% market share), LCDs (9%), smartphones (10%), photo-video (20%), printers (21%), electronics (over 5%), consumer products in general, given that at that time eMAG held a share of over *70% on the online Romanian commerce market*, according to the eMAG company officials (Stanciu, 2011).
At the moment, they have expanded their range of products with cosmetics and personal care, books, office and gifts, house products, DIY and pet shop, sport and for outdoor activities products, accessories and insurance for cars and motorcycles, toys and goods for babies, and the newest line is the supermarket (Emag.ro, 2019).

## 2. Evolution of Romanian online shopping (2007-2018)

The National Institute of Statistics published at the end of 2018, some statistics regarding the usage of TIC among the population (Insse.ro, 2018).
In the ***Table 1. Share of people aged 16-74 who ordered / bought goods over the Internet in the last 12 months, by categories of goods ordered / bought,*** it can be observed that between 2007-2018, there has been registered an increase of online sales, especially among household goods, 23.4% in 2017, by 10 percentage points more than the 2007; clothing, footwear and sports 75.4% in 2017, by 56.5 percentage points more than the 2007 and in 2018 were 72.7%, less with 3.3% percentage points than 2017; sales of electronic products are relatively constant, 15.1% in 2018 comparing with 2007 year of reference (14.2%), but the products dedicated to the games are on the rise in terms of sales starting with 2014 by ordering in percentage of 8.5, than in 2017 increased at 9.3, but in 2018 it goes down at 4.5%.
As a conclusion of present statistic data, it can be outline that, the online Romanian shopping exists, but, they are not constant, some of the goods increased, or decreased in terms of online buying percentage.

***Table 1. Share of people aged 16-74 who ordered / bought goods over the Internet in the last 12 months, by categories of goods ordered / bought***

| Share of people aged 16-74 who ordered / bought goods over the Internet in the last 12 months, by categories of goods ordered / bought | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Categories of goods ordered/ bought on the Internet | Years | | | | | | | | | | | |
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| | UM: Percentage | | | | | | | | | | | |
| Household goods | 13,1 | 9,1 | 9,1 | 11,6 | 13,3 | 12 | 18,8 | 15,9 | 15,3 | 13 | 23,4 | 22,6 |
| Movies, music | 46 | 43,8 | 31,4 | 35,4 | 31,8 | 21,9 | 20 | 15,1 | 9,4 | 8,7 | 10 | 5,9 |
| Books (including electronic books), magazines, newspapers | 47,5 | 57,6 | 47,2 | 50,4 | 47,2 | 36,4 | 38,5 | 25,2 | 21,1 | 20 | 14,7 | 18 |
| Clothing, footwear, sports goods | 18,9 | 20,8 | 37,9 | 35,7 | 52,8 | 53,4 | 54,4 | 57,9 | 66,7 | 71 | 75,4 | 72,7 |
| Software products | 31,6 | 27,9 | 29 | 32,4 | 31,4 | 12,2 | 15,5 | : | : | : | : | : |
| Hardware products | 13,9 | 10,8 | 17,8 | 15,1 | 16,6 | 8,2 | 6,7 | 11,2 | 7,3 | 9,3 | 4,8 | 5,1 |
| Electronic products | 14,2 | 12,4 | 19,7 | 16,8 | 22,3 | 18,7 | 16,3 | 20,9 | 21 | 23,1 | 15 | 15,1 |
| Travel arrangements and / or accommodation | 14,3 | 19,4 | 34,2 | 28,6 | 40,5 | 33,4 | 29,6 | 20,9 | 21,6 | 2,2 | 16,8 | 14,3 |
| Tickets for different events, manifestations, performances | 6,4 | 12,3 | 18,6 | 24,4 | 27 | 18,1 | 18,7 | 18,1 | 16,7 | 14,4 | 15,4 | 10,1 |
| Video games | : | : | : | : | : | : | : | 8,5 | 7,4 | 5,6 | 9,3 | 4,5 |

Source: INSSE.RO, 2018.

According to a report released by GPeC, the Romanians have been shopping online by spending about 3.5 billion euros in 2018, 30% more than in 2017. Articles for children, cosmetics, and clothes have a higher buying frequency on the mobile (Pavel, 2019).
The Romanians spent nearly 10 million euros online shopping each day in 2018, a significant increase, compared to 7.67 million euros - the average of 2017, said Andrei Radu, GPeC Founder.
The value of more than 3.5 billion euros is covered only by the e-tail segment; it means tangible products that were bought over the Internet. It does not include services, holidays and travels, hotel bookings, air tickets, tickets to shows or events, downloadable content and others.
According to the results of the studies, estimated by Romanian Online Store Association (ARMO), the Romanian e-commerce market will be and probably exceed the 5 billion euro threshold in 2020 (ARMO, n.d.).
The Romanian retail market is estimated at approx. 45 billion euros, which means that the e-commerce market (3.5 billion euro) represents approx. 8% of total retail, rising significantly from 5.6% in 2017 and approx. 4% in 2016. The percentage is lower compared to the developed countries, but shows the huge growth potential of the Romanian e-commerce market in the coming years (Pavel, 2019).
During 2018, the Romanians spent for electronic products, an average of 184. 9 € (42,7%) on an online shopping made on the Desktop and 120.4 € (57.3%) for a mobile phone purchase (Boerescu, 2018).

The Romanians are increasingly using their mobile phone to browse the Internet, approx. 80% of the traffic recorded by major online stores is generated by mobile devices, up 10% compared to 2017 and 30% over 2016. However, the conversion rate on mobile devices is still half of the conversion rate recorded on Desktop for most online stores, which means that the Romanians prefer to use their mobile phone to search for product information, but they choose to complete the transaction at the computer, where they have monitors larger than the mobile phone screen. There are also exceptions for online stores and online stores that have a dedicated mobile app, in which case the conversion rate already exceeds the Desktop (Pavel, 2019).

53% of urban internet users bought online at least monthly, up from 44% in 2017. On average, online shoppers visit 9 stores per year at a frequency of 3-4 times a week, while non-buyers visit 5 online stores within 12 months at a lower frequency (1 per week). In other words, online stores are often visited even by those who have not yet made the purchase. The data remained unchanged in 2018 compared to 2017 (Isense Solutions, n.d).

Mistrust and transportation charges are the main barriers to online shopping. The main reason given by those who did not buy online is the mistrust that the products presented on the online store websites correspond exactly to the reality: 65% in 2018 compared to 68% in 2017; failure to see and test products: 58% in 2018 compared to 53% in 2017. The two most important arguments that would convince non-buyers to take the step towards online purchases are that the product prices are lower than in classic stores: 65% in 2018 vs. 54% in 2017, and that the delivering of the products is done as fast as possible: 38% in 2018 vs. 27% in 2017 (Pavel, 2018).

According to the INS (2018), the 16-34 age segments are the most active online shopping category, accounting for 52.3% of all online buyers.

## 3. Online Purchase Trends Regarding Smart Devices

### 3.1. Methodology

The methodology used to conduct the study was based on an analysis of the secondary databases found on the eMAG.ro website; 13 product ranges, 49 product lines, approx. 500 products have been verified. They were extracted as the product type, characteristics, number of reviews, pricing and presentation image. Several charts have been realised in order to highlight online shopping trends for smart devices.

### 3.2. Results

According to *Figure 1. Top selling smart devices by number of reviews (%)*, it can be observed that, the most accessed and bought smart products are *IOS smartphone* (29%) and *smartphone with Android* operating system (21%), followed by *Smart LED TV* with 22%, the 4th place is occupied by *smartwatch* (10%), then *tablet* (8%), *VR Head Glasses* (4%), and both *smart plug, smart video camera* have 2% each from the total number of reviews counted for smart devices, and 1% is represented by other smart devices.

Other smart devices include: 2 in 1 laptop, gaming laptop, ideapad laptop, OLED Tv, smart vacuum cleaner, smart thermostat, ultrabook laptop, smart bulb, electronic smart home kit, smart video camera, smart video projector, smart air conditioner controller, smart weight scale, smart tooth brush.

It can be concluded that the smart devices purchased by the Romanian consumers as targeted as daily use goods, which they could not carry on and organize their activity, or otherwise their life without. The Smartphone, TVs and Internet connection are considered basic and primary goods, after food and shelter. The surprise is coming with next products classified into this top, like smartwatch; the explanation is, that people want to be connected at all times with the smartphone activity and with the body's activity, realising good measurements for different parameters such as body weight, temperature, calorie count, effort, pulse and others. This gadget is becoming increasingly popular, globally. Also, new comings are presented, from smart devices category, like VR Head Glasses, smart plug, smart video camera; it seems that the consumer embraces everything that is new.

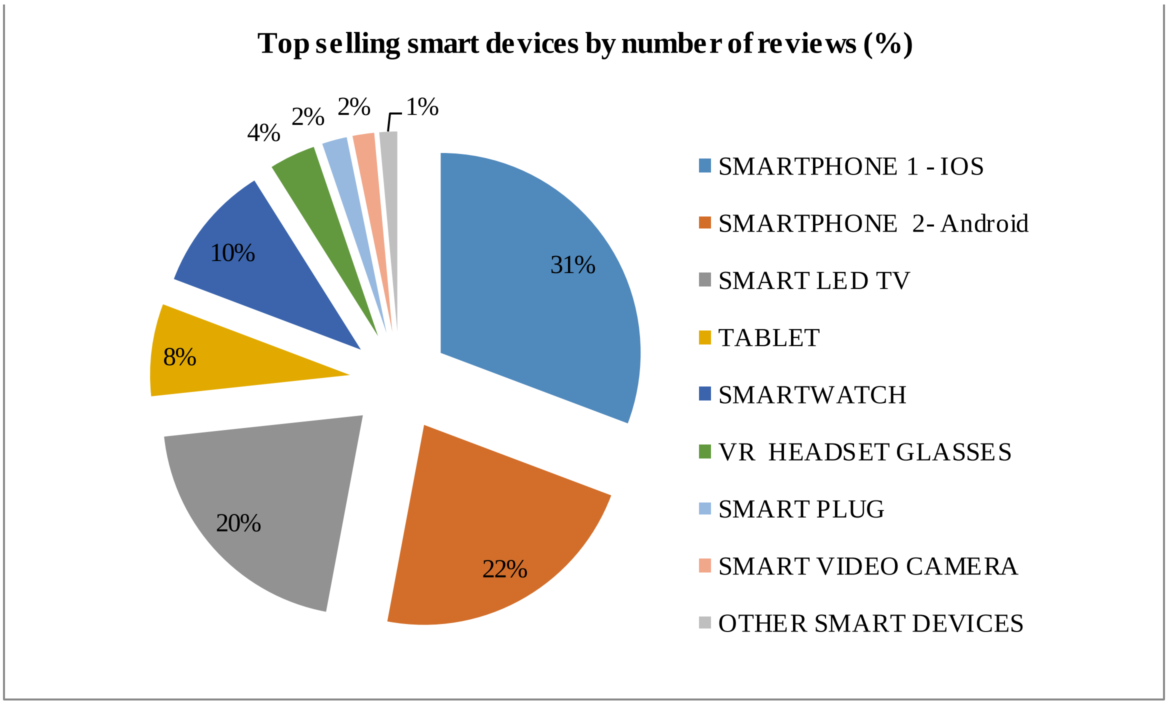


***Figure 1. Top selling smart devices by number of reviews (%)***

*Figure 2. Online shopping of intelligent devices by number of reviews - long list* shows that romanian consumers puchased smart devices considered of primary importance like *smartphones* - 808 reviews, *LED TV, small size* – 411 reviews, *tablet* – 196 reviews, then smart devices considered of secondary importance, such as *smartwatch, other brand* – 148 reviews, reviews *LED TV, big size* – 124 reviews, Smartwatch – Samsung - 123 reviews, *VR HeadSet Glasses* – 98, *Smart Plug* - 53 reviews, *Smart Video Camera* – 46 reviews, and smart devices considered of tertiary importance, for eg. *2 In 1 Laptop* – 38 reviews, *Gaming Laptop* - 33 reviews, *Ideapad Laptop* - 27 reviews, *OLED Tv*- 26 reviews, *Smart Vacuum Cleaner* - 23 reviews, *Smart Thermostat* - 22 reviews, *Ultrabook Laptop* - 20 reviews, *Smart Bulb* - 17 reviews, *Electronic Smart Home Kit* - 16 reviews, *Smart Video Camera* - 15 reviews, *Smart Video Projector* - 3 reviews, *Smart Air Conditioner Controller* - 2 reviews, *Smart Weight Scale* - 1 review, *Smart Tooth Brush* - 0 reviews.
From the results it can be affirmed that the behavior of online buyers is influenced by the product type, its importance and sometimes the brand.

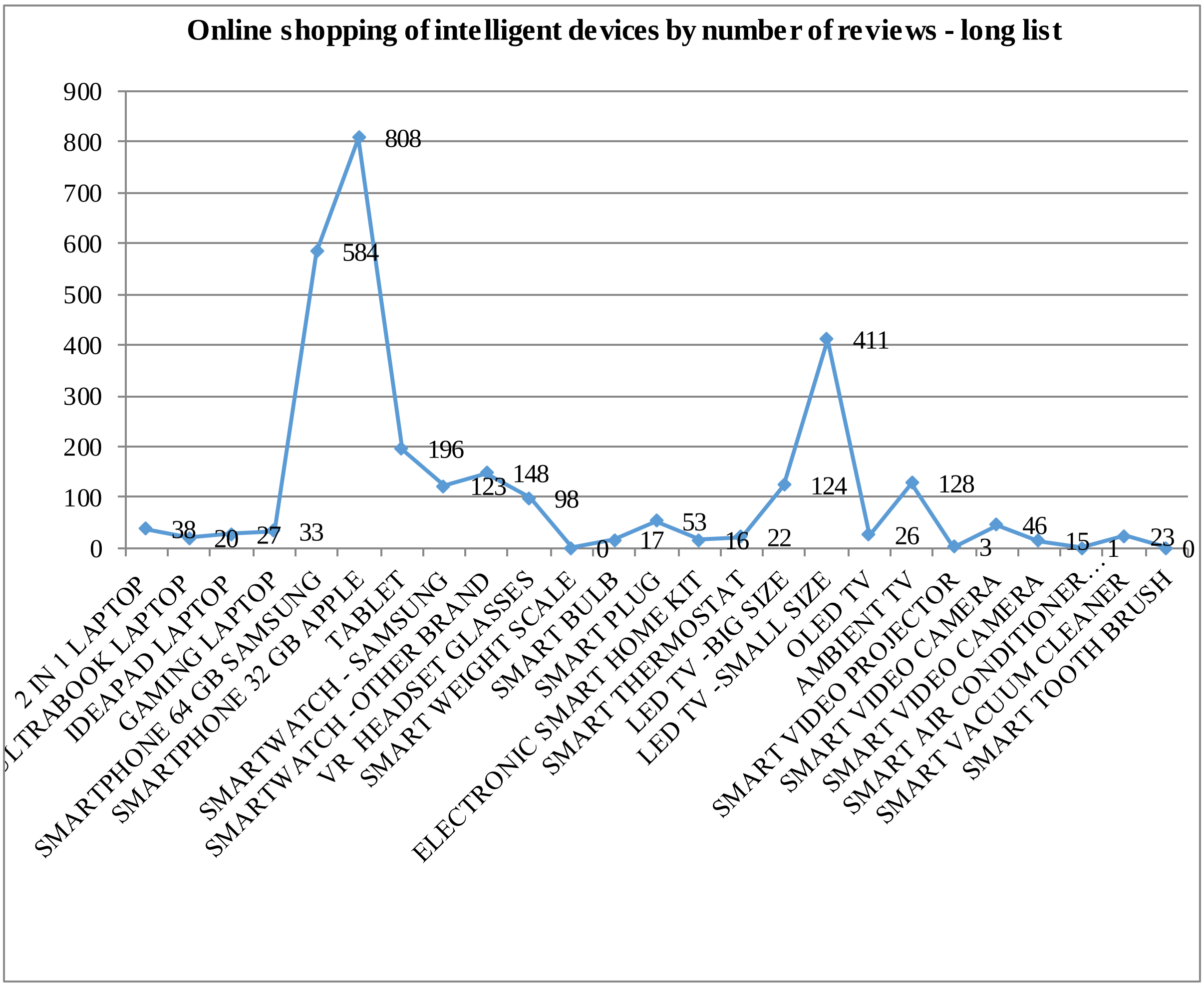


***Figure 2. Online shopping of intelligent devices by number of reviews - long list***

*Figure 3. Online shopping of smart devices by number of reviews, price and brand* highlights the online consumer behaviour regarding purchasing of smart devices taking into account three marketing stimuli number of reviews, price and brand. In smartphone case, the brand and the importance of product influence the online purchasing, and less the price; when it is about TVs, the price and the importance are the main influencing factors, and less the brand, because they have chosen a small size, and not a famous brand. For the rest of smart devices analysed, the influencing factors of buying are in the next order: importance of product, price and the last is the brand.

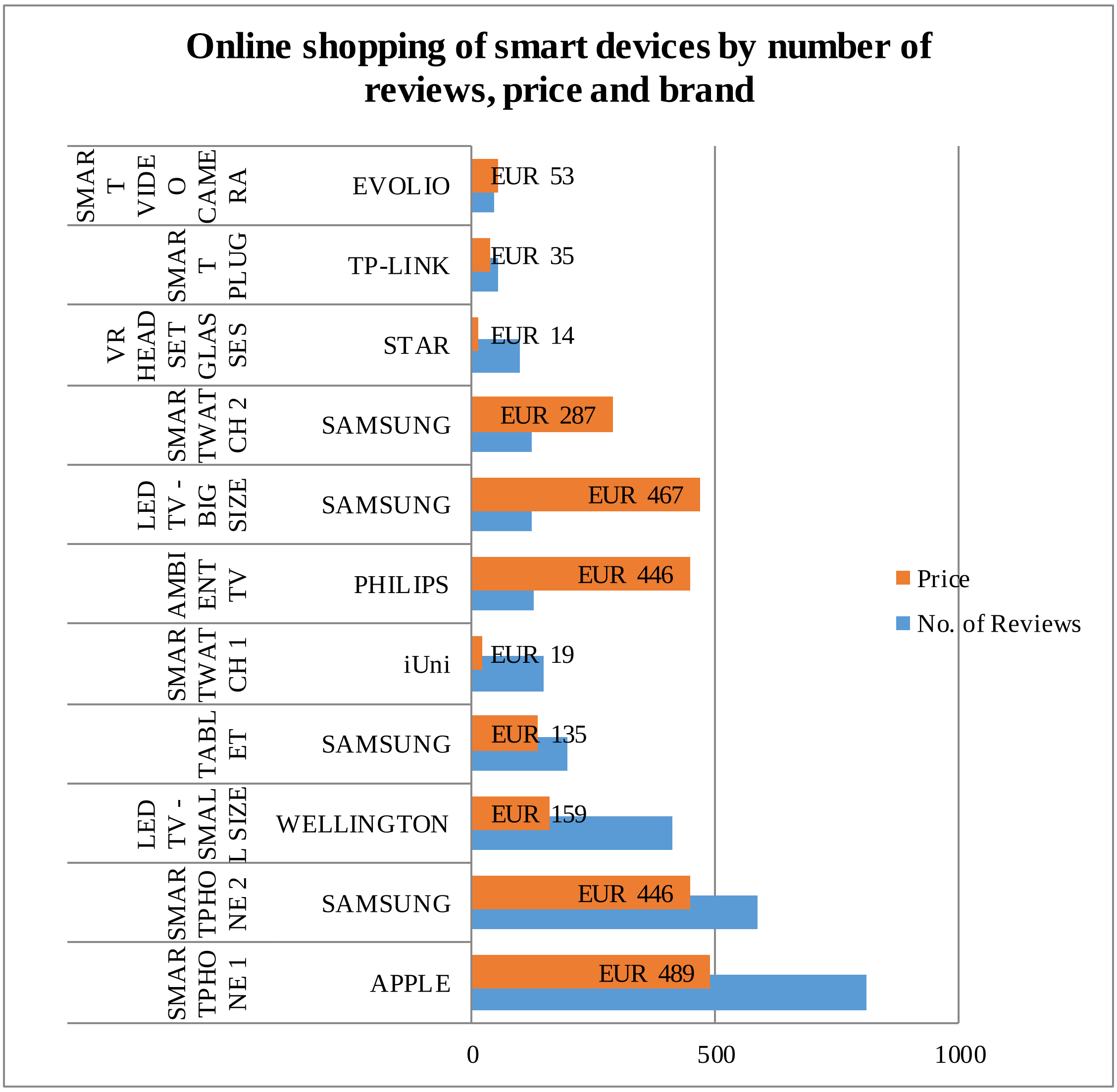


*Figure 3. Online shopping of smart devices by number of reviews, price and brand*

According to *Figure 4. Top smart device's brand*, the most reviewed and purchased brands of smart devices are Samsung (47%), Apple (26%), Wellington (13%), Philips and iUni 4% each, Star (3%), TP-link 2%, and Evolio 1%.

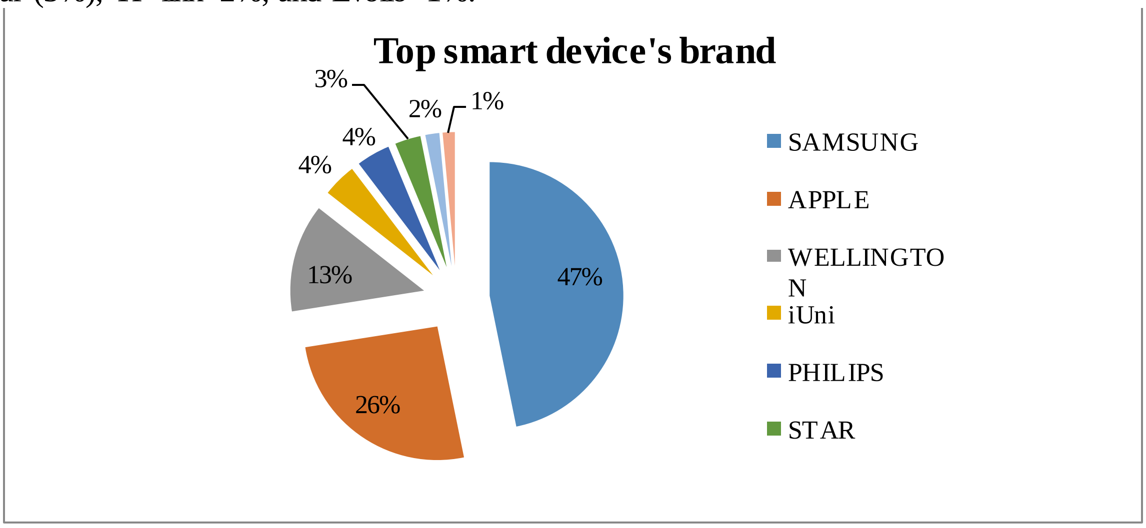


*Figure 4. Top smart device's brand*

## 4. Conclusions

The conclusions outline that Romanian online buyers are more open when it is about theacquisition of intelligent devices, becoming interested, year by year, in the technology industry, but still, they are sensible to some marketing factors.

It can be concluded that the smart devices purchased by the Romanian consumers are targeted as daily use goods, which they could not unfold and organize their activity, or otherwise their life without. The Smartphone, TVs and Internet connection are considered basic and primary goods, after food and shelter. The surprise is coming with the next products classified into this top, like smartwatch; the explanation is, that people want to be connected at all times with the smartphone activity and with the body's activity, realising good measurements for different parameters such as body weight, temperature, calorie count, effort, pulse and others.

The limits of the study are the manually collecting data, the lack of a program that automatically extracts the data, like data mining, or big data platform.

The implications of the present marketing study can be appreciated on two levels: both among online distribution stakeholders who can track from a qualitative point of view the comments left by buyers, and attracting new ones, which gives credibility to the smart product, and on the other hand, a social analysis can be made in terms of increasing the quality of life by purchasing such products and their use, by the degree of the satisfaction offered and reflected in reviews.

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# Clothing Importance on Entrepreneurial Marketing

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**Abstract**
In the field of business clothing can lead to the success of a discussion or negotiation. The fashion culture allows the business man to fit into the circuit of values and be accepted in society. Every professional group respects a certain style of clothing. In the business environment, certain rules on behaviour and clothing are respected. The clothing element is a sign of showing respect to others. Using clothing properly, the person demonstrates that he belongs to a particular professional group, respecting certain rules that have been established in the environment.

**Keywords:** entrepreneur, clothes, business, success, suits.

**JEL classification:** L26.

## 1. Introduction

In ancient Egypt the aristocrats, the representatives of the high society, were dressed in expensive clothes and adorned with jewels. In ancient China, the aristocrats wore expensive gold embroidered clothes. Concerning Athens, from the historical sources, we find that women's and men's clothing was simple. The women wore long, draped dresses, tied in the middle with straps. The hair was trapped. They were wearing sandals. And the men wore a tunic and were dressed in sandals (Berthram, 1938, p. 22). Romania's history, on the Dacian culture, distinguish the following statements: "Their dress consists of trousers and a shirt tied at the waist and wearing cold weather and fur. The women had long skirts. Shoes were used as footwear. The poor class walked with his head uncovered, and the nobles wore a hat, a distinctive sign of their power " (Nanu, 1976, p. 16).

Regarding the other historical periods, we mention that the clothing differed greatly from that of the ancient and medieval period. Subsequent epochs, according to their wardrobe style, resemble the present one, but there is currently no differentiation of wearing clothes according to class membership.

As A. Curteza mentions, the evolution of fashion changes can be transposed into a spiral arrangement, and between 1900 and 1960, clothing trends have been penduline from the "hourglass" figure, characteristic of 1900, to the image more "natural" since 1910, to return later to the wide shoulders and the marked mark (characteristic of the " hourglass" figure) around 1933. When this cycle followed, after 20 years, the figure returns to a "rectangular" or "angular" shape, when the "Dior" house launches, in 1954, the silhouette of the letter A (Curteza, 2003, p.249).

By her symbolic charge, the clothing talks about people before they take out a word. The display shows the self-image of each. Through the chosen outfit, the person recommends himself / herself (is the successful person or not).

Historians, concerned with the field of design, find the incipient elements of clothing aesthetics still in antiquity. As D. Karneghi mentions, more than 2400 years ago, Socrates emphasized the importance of the link between the function and the form of the objects: "All things that

serve man are both beautiful and good, as long as they are useful. Unless they fit their purpose ... " (Tărîţă, 2007, p.13).
The author of Anthoni Berthram, entitled "Design," wrote: "Around 1588, the word design had the meaning of purpose, intention; to 1657 he also gained the meaning of successful work. In 1938 he is presented to us with the composite meaning of goal and the accomplished thing toward which he tends. By design, in this case, we will no longer understand a drawing made in his office by the designer, but rather the work himself, which once realized presents a certain idea underlying the realization of that thing, as well as the process of obtaining it as object " (Berthram, 2000, p. 44). By referring this term to the present situation, we can say that its meaning has become even wider, so how does it mean the procedure of selecting clothes for people depending on the field of activity.
In conclusion, we can mention that throughout history people used clothes to show their belonging to an ethnic group or rank, the social position within the group; the clothes were either revolutionary or conservative; have expressed their own conception of beauty. Differences today are expressed in style. Lifestyle, style of thinking, fashion style.
Clothes are the ones who make statements about us. The clothing style of each person is the external manifestation of his personality. And personality is the only result of the combination of the individual's natural temperament, the instruction, the education, the environment in which he has formed, the personal values acquired. Clothes identify without lying, they cover (body) and discover (the inner man) at the same time. Thus, when a certain profession is adopted, a statement is made.
Dressing is a tongue tinted endlessly, an instrument of social relation, a creation that prolongs and corrects the work of nature. In business, the clothing is one of the main elements that contribute to a professional image and obtaining a desired result in the field. Apparel intended for business activities and official meetings requires the specifics of the field. The main characteristics of professional style, whether characteristic of men or women, are: inspiring confidence; reflection of seriousness and perspicacity; the manifestation of intelligence, etc.

**Dress up for business women**
In clothing, the first thing we pay close attention to, first of all, is understanding how we have to make the difference between the right clothes to be worn in the profession and those exclusively for the private space.
At the top of the top professional women's clothing is the skirt suit. By suit is meant the ensemble of the jacket and the skirt, both made of the same material. The following principles will allow easier handling of the suitability of the situation.
The jacket covers the top of the body, so it draws special attention. Jackets are always tailored to the body. The way the neck area is exposed is a very powerful sign of body language. Looking at the vast majority of ladies, we will see that they have 90% of the neck uncovered. The highest authority jackets are those that cover the neck area.
The optimal length of the skirt is 1 cm above the knee. This makes it possible for the lady to sit comfortably. As Jelev F. mentions, a too short skirt is "the passage to the eternal refusal of promotion" (Jelev, 1996, p.136). A woman who highlights excessive or indecent physical qualities - consciously or unconsciously - is charged shortly as unprofessional.
In some situations, the skirt can be substituted with pants but in the business environment, they are not recommended. The main reason for this is the indecency expressed by the "top of the trousers", because they exhibit the shape of the body to a greater extent than the skirts. Through their construction, the pants emphasize the thighs and buttocks. If the cut and the jacket combination are incorrectly chosen, a woman in pants can create the appearance of a light woman who is not taken seriously or from which you can get a lot with not too much effort.

Cutting material of the suit is essential to keep in shape and intended for the costume. It welcomes the woollen costume choice, because it creates a rendered image reason.
As M. Platon mentions, the colours recommended and suitable for the costumes for a public woman's attire are:
1. uni colours (black, navy, gray (in all shades), beige, cream and ultra-elegant dark gray);
2. with fine stripes (all colours previously exposed) (Platon, 1995, p.23).
If the conformation requires the matching of several colours, it is important to retain the unit of a set of colours, not more than three colours. Another important rule is that dark colours are used in the lower part, and lighter colours in the upper part of the trunk.
Blouses are chosen in light, pastel colours: white, cream, pink, blue, pale yellow. These colours have to match the colour of the costume and the way this colour matches one or other people. The material of the blues, of course, must be natural to ensure the skin's comfort and create a favourable image.
An important element of women's business design is their shoes, and of course the indispensable component of their stockings. The shoes are better seen if they are made of natural leather, with hems of up to 5 cm, locked in front.
Acceptable is the version of the heel-cut shoe that closes with the bead over the leg. The format of the shoes should be simple, without decorative stitching, no sharp or round peaks. The colour of the shoe should be slightly darker than that of the skirt. With regard to stockings, then they must be simple, without stripes, patterns or bright colours. Discretion and professional success are guaranteed if you wear stockings of the colour of your foot.
The last element, but no less significant, of the wardrobe of a business woman is the coat. Elegance is played if the cut of the coat is a simple one, the material is the quality, and the colours are right.
If we are talking about a complete dress, it is necessary to present the accessories. The golden rule shows the following: "The simpler, the more elegant". Thus, an appropriate choice is required for the following items: purse, belt, wallet; jewellery; the watch; scarf.
All this will contribute to the message you want to play, unless you do not abuse them. In conclusion, we can say that keeping a professional women's outfit is one of the foundations of success.

**Dress up for business men**

The costume is the basic piece from which the construction of a man's outfit starts. The components of the costume are jacket and trousers (called two-piece suit) made of the same material. The costume to which it is attached and a vest is called a three-piece suit.
As M. Dragostin mentions, people involved in business activities, whether they are in a managerial position or simply employed, need to know the following situations when choosing a suit:
• it must match the situation in which it is to be worn;
• must be in the range of colours accepted by the business environment;
• it is necessary to be made of suitable materials, which behave well at wearing, which ensures the comfort of the wearer and sends a welfare message;
• it is advisable for clothing to match the personal confirmation (Dragostin, 2005, p.61).
Before making a decision regarding the choice of a suit, it is advisable to know the psychological significance of the colours in clothing. Thus, the black colour is the colour of authority, of power, but it is also a colour that stops the process of communication. If we refer to the gray colour, then this is a neutral colour and gives a more relaxing air. The more gray the gray is, the more open it is to collaborate with the partner. The traditional colour of the man in the business sphere is the blue navy.

The distinction and refinement of a suit can be obtained if the above colours are accompanied by thin strips rather than thick ones. And elegance can be achieved if the colours are darker.

As A. Marinescu mentions, choosing a colour does not entirely create the possibility of solving the problem of harmony between person and circumstance, it is necessary to apply appropriate colours and quality materials (Marinescu, 2004, p. 40). The main material used in making suits is wool. The wool is finer, the suit is more elegant. A woollen costume drapes beautifully, handsomely wearing the body.

Choosing a costume is made according to personal figure, usually choosing a custom-made suit. A well-chosen outfit highlights the positive parts of body construction. Costume chosen according to personal conformation, leads others to emphasize that it is "well-cut", which means that it is made in proportion to body. In order to achieve such a result, it is advisable to observe some rules for achieving proportional equilibrium:

1. if the man is tall and thin, then the costumes that "round" the silhouette with the following elements are called:

• Two-string suits, because they give a plus in the chest area;

• Costumes in unique colours, without stripes;

• can easily use a sharp contrast between the colour of the jacket and trousers, the trousers are usually darker than the coat;

2. If the man is tall with a full silhouette, then it is advisable to wear suits that do not magnify the silhouette unnecessarily. Thus, the following situations need to be respected:

• avoid two-row jackets that give a plus in the chest area;

• to circumvent the jackets in a single row of buttons with excessively wide curves;

• avoid pockets or keyboards, as they attract attention and add an unwanted addition to the waist area (which also applies to three-pocket models);

• a two-sided side skirt can provide more lightness compared to overly long curtains;

• to choose the colours that are closed, uniquely or with very fine stripes;

• The trousers should be pendant / cute, which ensures smooth movement, but also hides a fuller waist;

3. if the person is short and fat, then it is recommended:

• the wearing of single or stripe jackets at a row of buttons;

• It is acceptable to wear lighter neutral colours, as far as possible;

• the jacket ends just below the buttocks, if the jacket is much longer, there will be a disproportion, the legs will look shorter;

• wearing the jackets in a row with only two buttons, which will allow you to see a large area of shirts and thus attract your attention more easily to the face;

• Do not wear shoes with high heels or with a thicker sole than normally (Marinescu, 2004, p.74-77).

Of particular interest in choosing a suitable outfit shows lapels, namely volume. Thus, the basic rule is: "lapels should have a maximum width of 9-10 cm, that is, half the width of the chests measured between the outer end of the collar and the shoulder of the jacket." A far too wide or too small width will cause imbalance. Depending on the size lapels choose tie. So, tie correctly chosen a width comparable to the lapels.

An important element of a man's suit is vest. Namely, it gives a costume a plus of elegance. It requires a certain age the wearer or a top position. The vest must not be tall, up to the collar of the shirt. A correct waist pattern is when it is only a few inches (2-3 cm) above the first button of the jacket, and when it does not hide the tie.

The breast of the vest must be of the same material as the costume, and the back is generally made of the jacket lining. The vest must always have the last bottom unfinished button (Dragostin, 2005, p.68).

A man's costume is inconceivable without a shirt. When choosing a shirt, the message to be transmitted is taken into account. So, we need to pay attention to the colour, shape of the collar, the cuffs and its material.

The white colour of the shirt is the most appropriate in any situation. The pastel colours, yellow, pink, blue and their fine-grained variants bring an opening to communication when accompanied by a sober, authoritative costume. The shape of the collar is distinguished by the width of the space between the corners of the collar. There are narrow-sleeved shirts (close collar wings) and wide-walled (collar wings).

It is worth mentioning that the space between the corners of the collar should be completely covered by the tie of the tie as well as the first button on the collar. When choosing the type of collar according to the collar, the person silhouette is taken into account. A round-faced man will avoid wearing shirts with wide space between corners. A regular shirt with close corners is the right one. The thin, narrow-faced man can easily wear a shirt with distant corners. The collar of the jacket should be 1 cm above the jacket collar

Increased attention is paid to the cuffs of the shirt. These can be finished with buttons or buttons. When choosing a buttonhole shirt, it is advisable that the jackets of the jacket are so long that the buttons are visible, the shirt sleeve should be at least 1 cm below the jacket sleeve.

As complementary help in declaring personality it is a tie. There are single, striped or printed ties. The most valuable ties are natural silk. The colours of the tie match with the stripes in the suit. Avoid wearing a tie that is absolutely similar to that of the jacket. The most common mistakes are made in choosing the width and length of the tie.

Thus, the width of the tie should be close to the width of the lapel of the jacket with which it is worn. The tie knot must completely fill the space between the collar's wings. The usual knot is suitable for small wings between wings, and the most voluminous knot is suitable for collars with long wings.

Pants and shoes are the next element of men's clothing to be taken into consideration. The appearance of the pants should follow the natural shape of the body. The width of the trousers should be three quarters of the length of the shoe. The tour should be comfortably positioned. Looking from the side, the pockets of the pants should be flat, without seeing the pocket bag. The pants can be with or without creases. The trousers must be so long that the socks do not appear in the walk. As far as shoes are concerned, the rule is applied again in the simplest, the more appropriate. As M. Platon mentions: shoes should be darker than pants (Platon, 1995, p.56). Thus, the only accepted colours for men are: black, navy, cognac (red or burgundy brown). For professional wear we recommend wearing high-heeled shoes with laces and thin sole (no more than 7 mm and heels over 2 cm).

The belt and socks are indispensable components of the fashionable set of a man present in the business world. The colour of the strap should be of the same hue as the pants and shoes. The rule of socks after O. Aivanhav is that they are matched with darker pants without prints (Aivenhav, 2000, p.55). Essential is their length, so it must be so great that neither nakedness foot.

Coat and hat are also important accessories. The rule about coat is the rule of the classic. His sleeves must be long enough to not see the shirt's sleeve at all. The material, dark, and the length should not exceed 15-18 cm below the knee.

A hat must be wide enough for a finger to be inserted between the borrow and the top of the ear. Small and narrow faces fit the small, low-boned birch. A full face needs broader bows and a higher hood.

The appropriate colour is the one that suits that of suit or trousers. Thus, a properly worn hat indicates the elegance of a man. Accessories for men's professional wear include the following: briefcase, gloves, umbrella and wallet. The chosen accessories show to those around you what

is your attitude toward personality. A simple lack of attention to these details can generate a disillusionment with those around you.
In business, as in other occasions, the attire can determine the success of a discussion or negotiation. The business sphere is not the place where the latest trends in fashion are demonstrated, the atmosphere in question must be accompanied by a certain style.
The fashion culture in the modern period is refined according to the weather; which allows the businessman to fall into the circuit of values and be accepted by society (Tărîţă, 2007, p. 248).

**Case study**

Defining the decisional problem
At present, a significant number of business people choose to be as elegant as possible at business meetings. They place a lot of emphasis on clothing, considering that it is very important for the success of a negotiation or meeting. For most customers, the more important it is perfect matching clothing for their construction and designed for the event or occasion and this research propose to assess the importance they attach to business attire in their business success.

The purpose of the research
Through this article, we want to analyse how important people think of business is being held at bargaining and business events.

Research objectives
**O1.** Identifying entrepreneur preferences regarding the choice of clothing items worn at a business meeting.
**O2.** Determination of the type of fabric and material preferred by the entrepreneurs.
**O3.** Determining the importance of accessories in an entrepreneur's business.
**O4.** Identifying the respondents' opinion on the importance of the business success.

Research hypotheses
**I1.** The majority of respondents opt for classical business suits, in uni or closed colours, that do not go out of the way.
**I2.** Most respondents opt for high quality wool fabrics that fall hard on the body and provide a neat look.
**I3.** Most respondents opt for classic shoes, oxfords - men, stiletto - women, and focus mainly on upper body accessories.
**I4.** Respondents agree that in order to have a successful business, you have to be very careful with the outfit you choose and the way you present yourself at a business meeting.

Defining conceptually and operationally the variables of research
The conceptual definition refers to how the question is formulated, and the operational definition aims at identifying possible response variants.

Designing the questionnaire
The questionnaire was conducted according to the funnel principle, the questions were addressed from general to specific and it had 23 questions, out of which 2 question filter ,18 closed, 2 scaling and one questions with multiple choice question. The questionnaire contains 6 socio- demographic identification questions.
The questionnaire was designed in electronic format on http://www.isondaje.ro/surveys/. In order to complete the questionnaire, the address http://www.isondaje.ro/sondaj/658865451/

was accessed and it was applied at the level of the Bucharest, having as a sample the entrepreneurs.

Determination of the size and structure of the sample
The sample size shall be determined according to the following formula:
The legend:
Δw 2 = maximum permissible error;
p = the proportion of the population that has the main feature of research;
t 2 = the theoretical coefficient corresponding to the probability of guaranteeing the results.
In research presented using a judgmental sample of 101 respondents, respondent's selection technique used was "snowball". The questionnaire was distributed to a total of 110 respondents, 101 of whom completed the questionnaire and 9 respondents were eliminated by the first filter question
Univariate analysis and interpretation of research results.

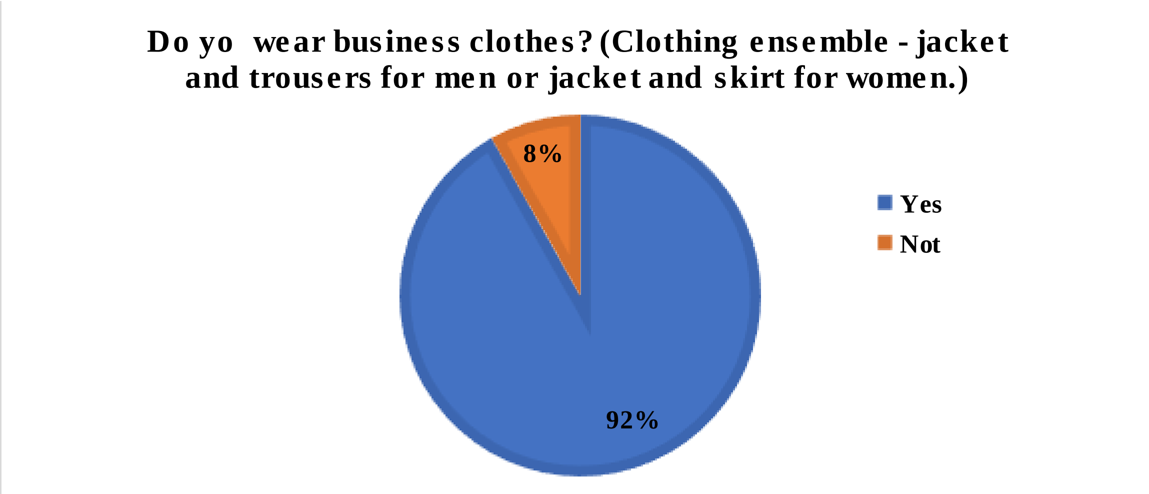


**Figure 1 - Do you wear business clothes?**

The questionnaire was completed by 92% of respondents who use to wear business suits.

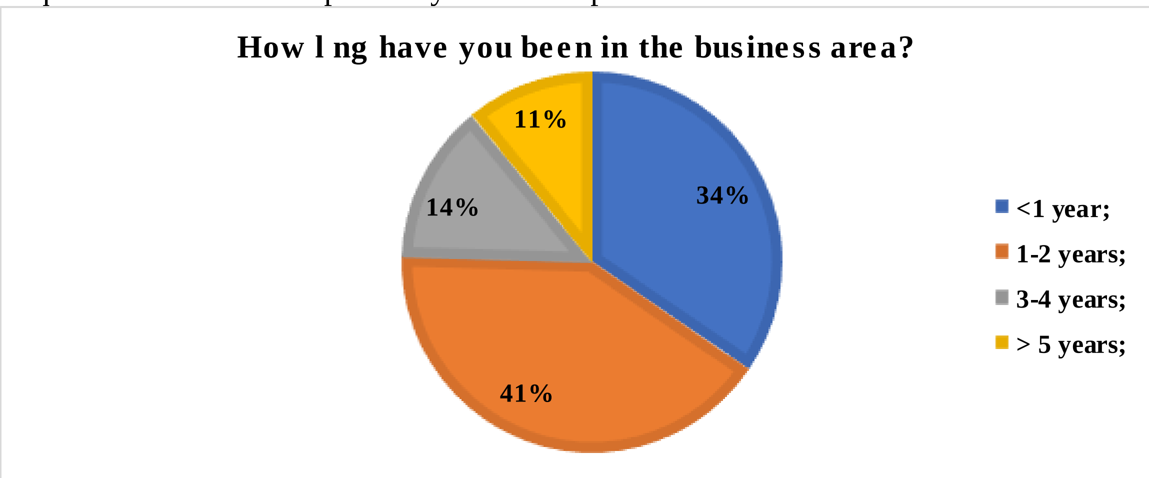


**Figure 2 - How long have you been in the business area?**

34% of respondents are less than 1-year-old in business, 41% are aged between 1 and 2 years, 14% are between 3 and 4 years old, and 14% are older than 5 years.

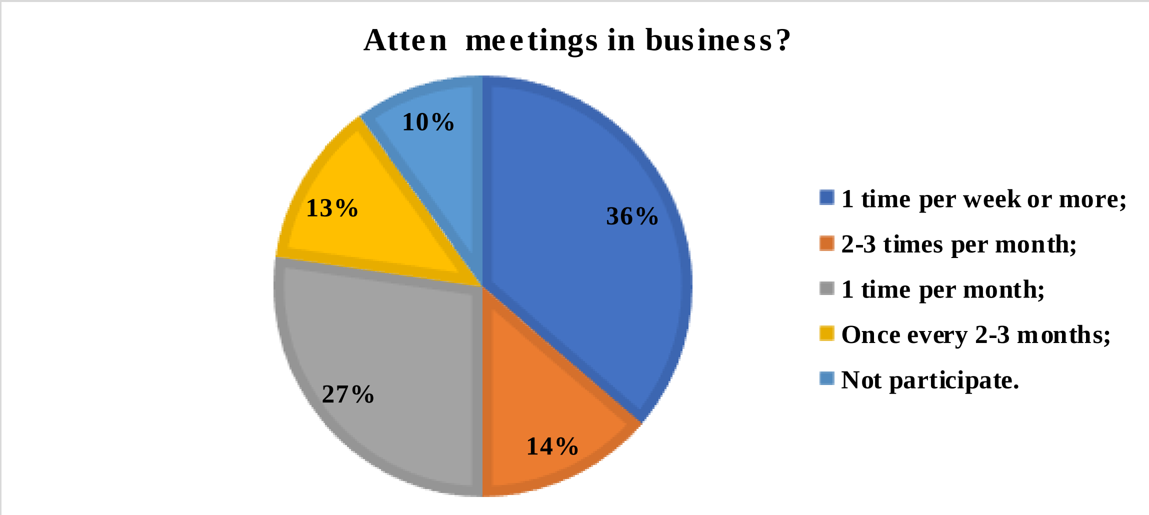


**Figure 3- Attend meetings in business?**

36% of respondents attend business meetings at least once a week, 14% attend meetings 2-3 times a month, 27% go once a month to a business meeting, 13% participate once in 2- 3 months at meetings and 10% do not attend business meetings.

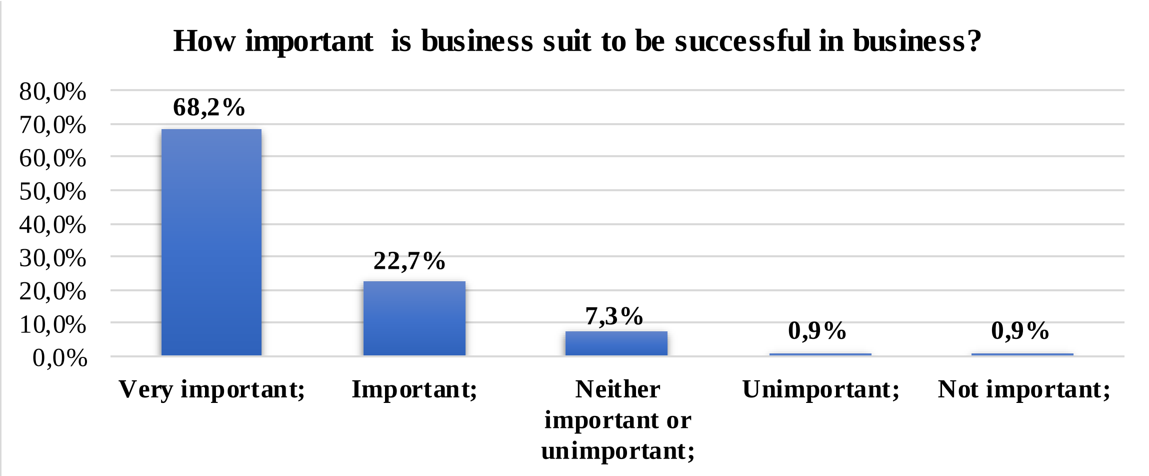


**Figure 4 - How important is business suit to be successful in business?**

90.9% consider that a business suit is very important or important in the success of a business, 7.3% think it is not important, but not unimportant too, and 1.8% think clothing is not very important.

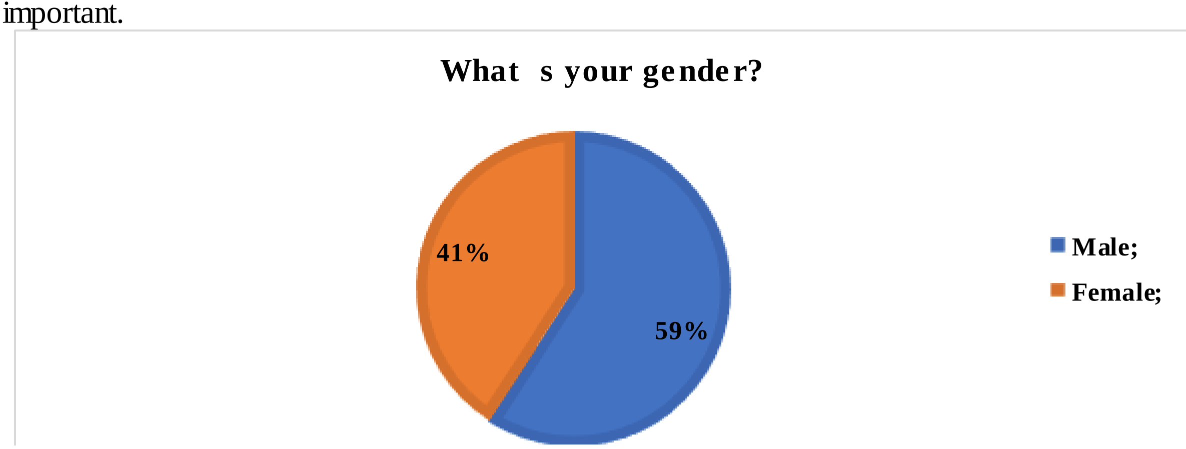


**Figure 5 - What is your gender?**

The questionnaire was diversified, for women and men. 41% of women and 59% of men responded to this questionnaire.

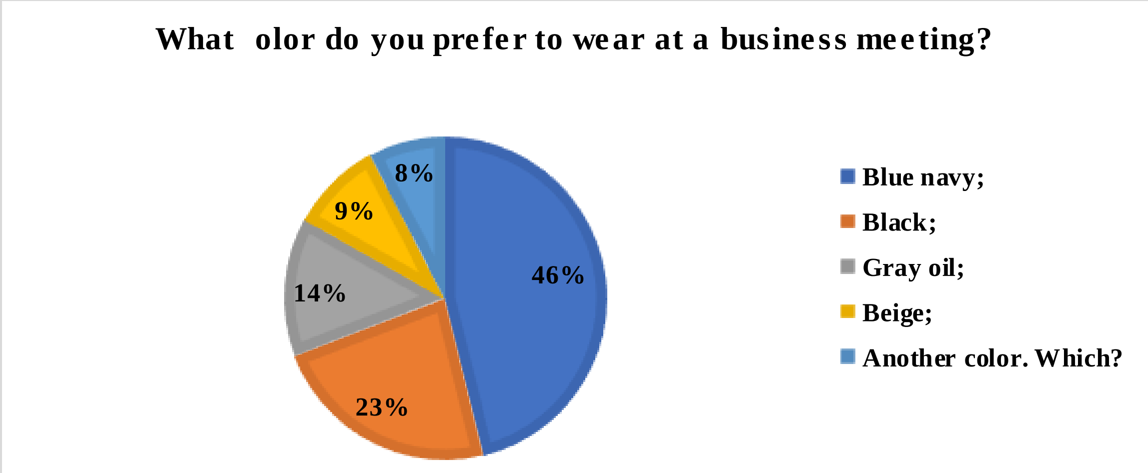


**Figure 6 - What color do you prefer to wear?**

Following the questionnaire men specified a rate of 46%, that wear suits colour blue navy suit, 23% opt for black, 14% choose gray oil, 9% choose beige, and the remaining 8% choose other colours.

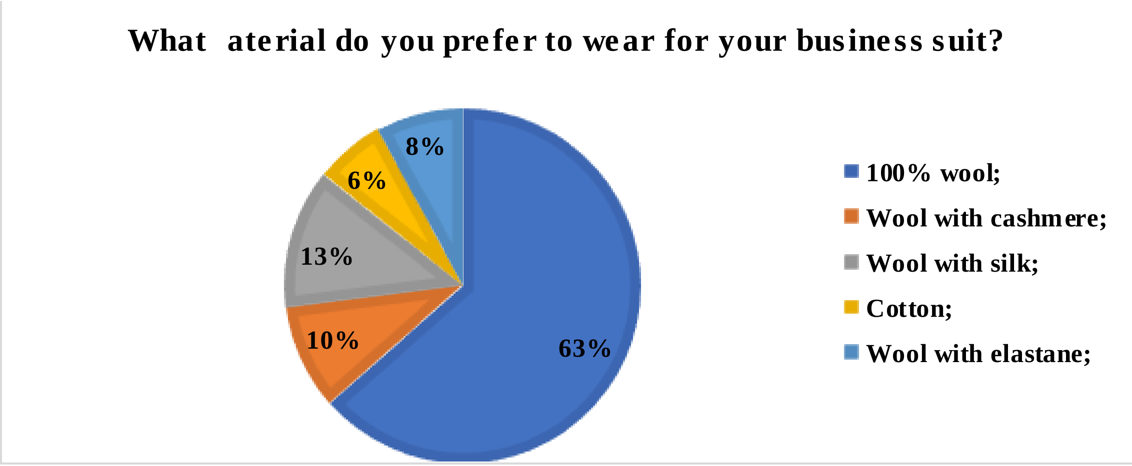


**Figure 7 - What material do you prefer?**

63% of respondents choose to wear wool suits, 31% choose wool suits combined with other materials, and 6% choose cotton clothes.

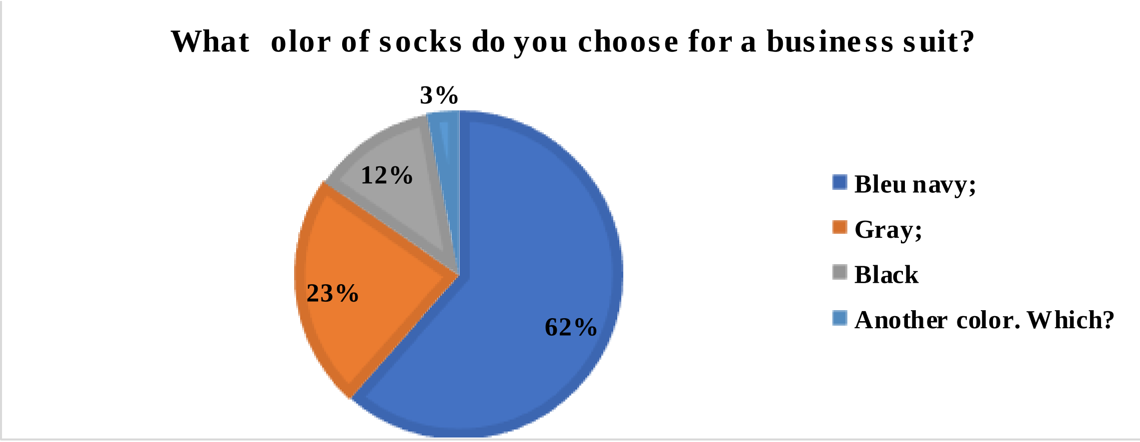


**Figure 8 - What color of socks do you choose?**

Most of the respondents, 62%, choose blue navy socks, 23% choose gray socks to suit, 12% choose black socks and 3% choose socks of other colours.

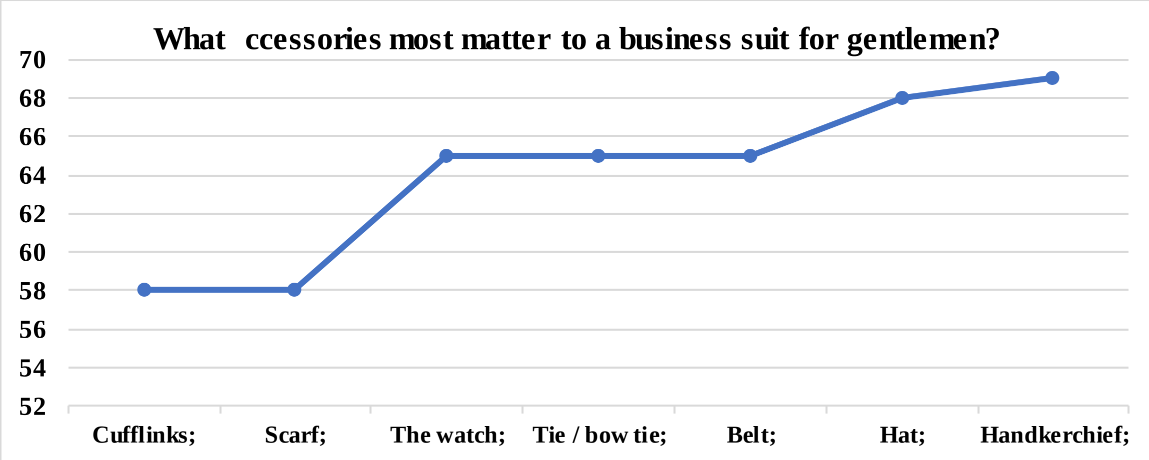


**Figure 9 - Which accessories is more important?**

According to the respondents' preferences the most important accessory is the handke rchief, the second is the hat, the 3rd is the belt, the 4th tie / the bowtie, followed by the watch, the scarf and, last but not least, the cufflinks.

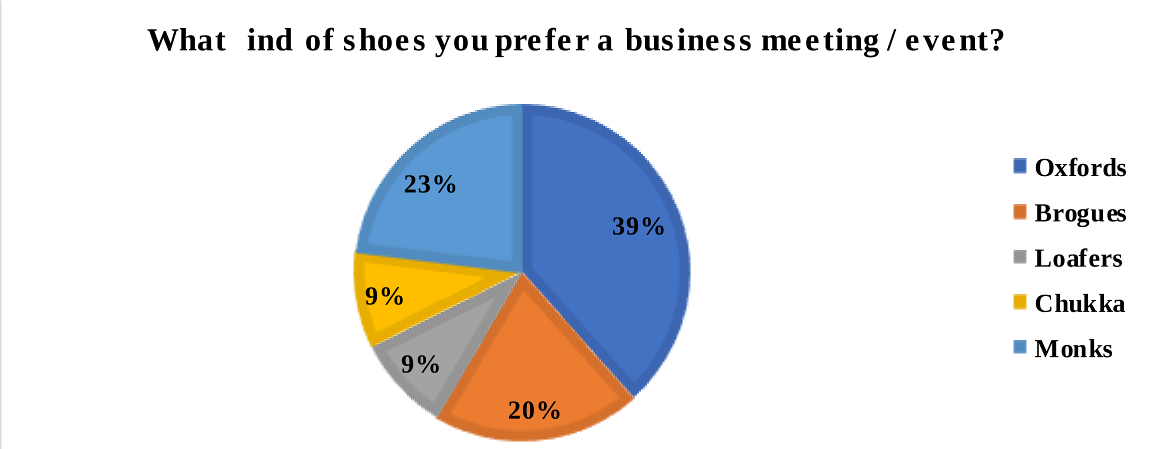


**Figure 10 - What kind o shoes do you prefer?**

According to the results, the main model of shoes chosen are oxfords (39%), then the monks' shoes (23%), 20% chosen brogues, and 9% opt for loafers and chukka.

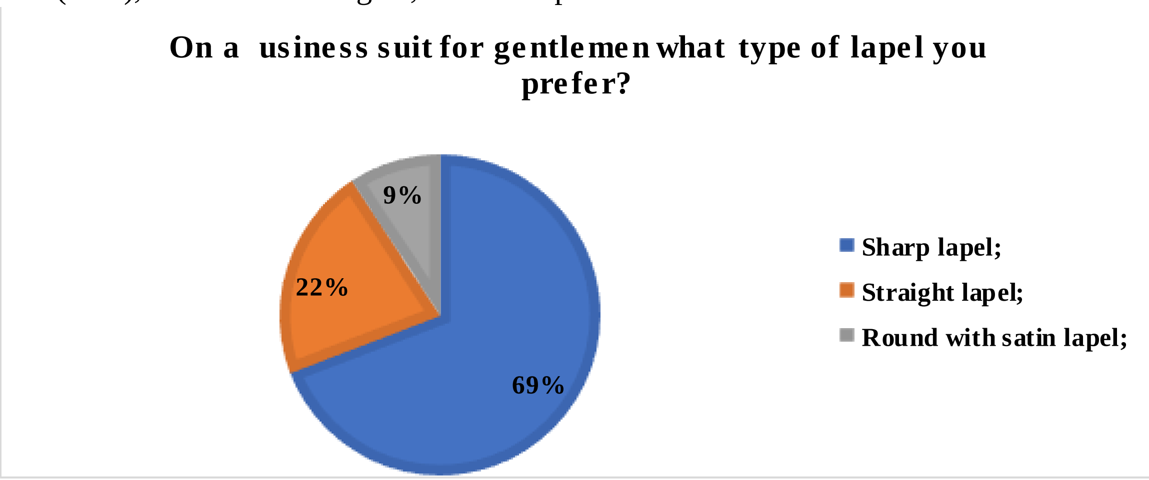


**Figure 11 - What tipe of lapel you prefer?**

The men surveyed said that for a business suit, they opt for a sharp lapel (69%), but they also think that a straight lapel (22%) is suitable, and also see a satin round lapel right (9%).

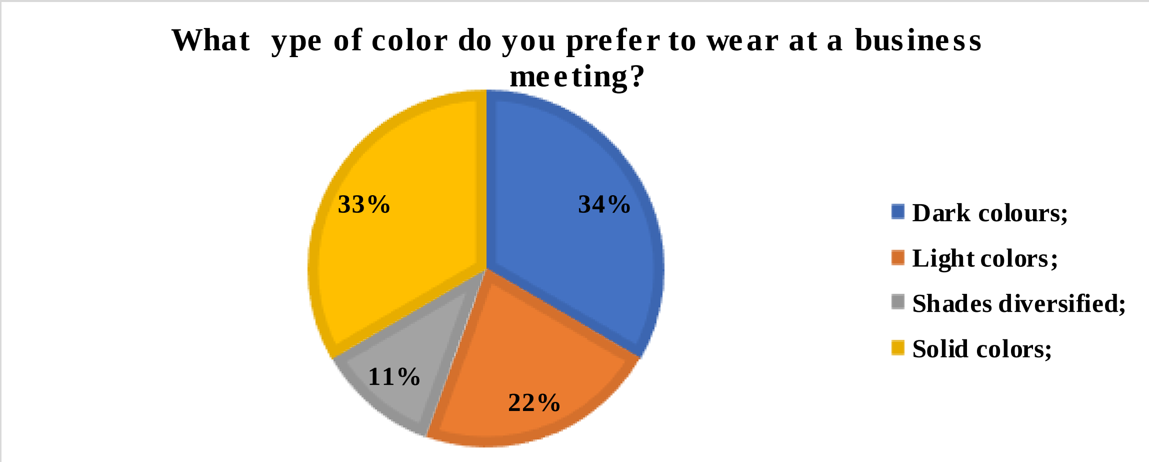


**Figure 12 - What color do you prefer?**

Among the women surveyed, they responded to the colour chosen for the business suit as follows: 34% choose dark colours, 33% choose solid colours, 22% choose light colours, 11% choose shades diversified.

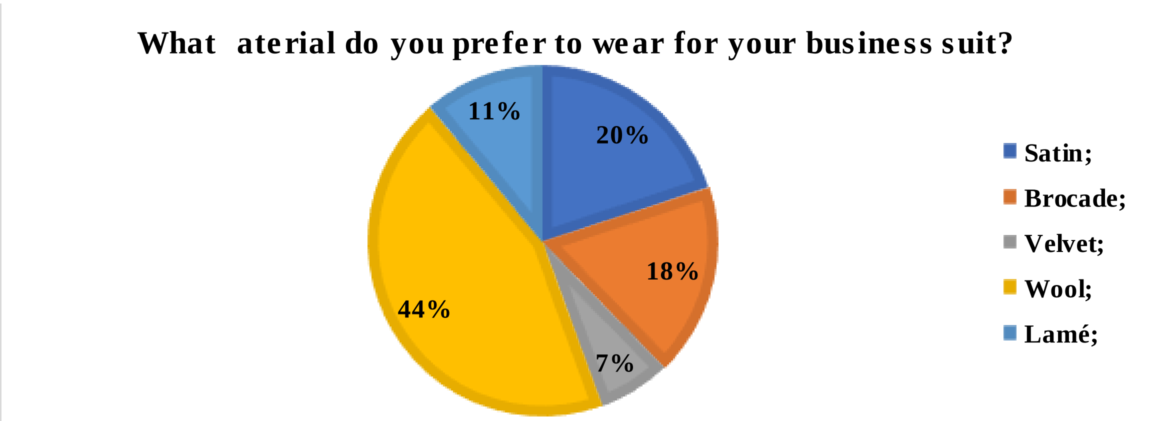


**Figure 13 - What material do you prefer?**

Most women (44%) choose woollen outfits, 20% opt for satin suits, 18% find fit to wear a brocade outfit, and 11% choose lamé suit or 7% velvet suit.

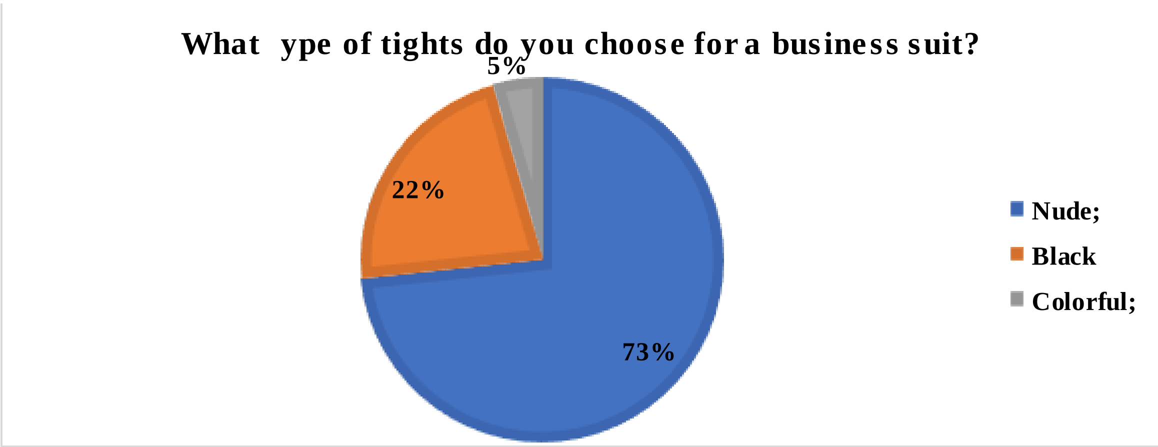


**Figure 14 - What tipe of rights do you prefer?**

In choosing stockings, women are categorical, 73% of them choosing nude tights, 22% opted for the black, and only 5% choosing some colored tights to a business meeting.

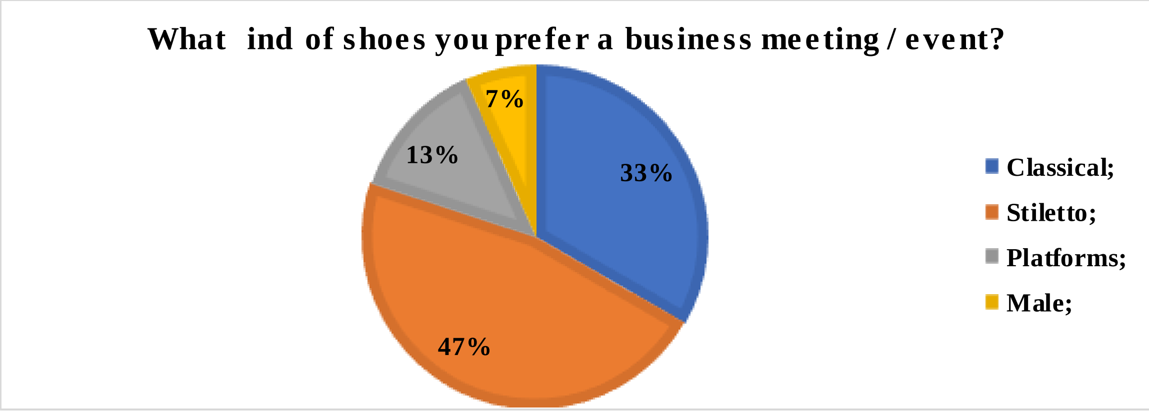


**Figure 15 - What kind of shoes do you prefer?**

Women's favourite shoe model is represented by stiletto (47%), followed by classics (33%), followed by platforms (13%), and only 7% choosing men's shoes.

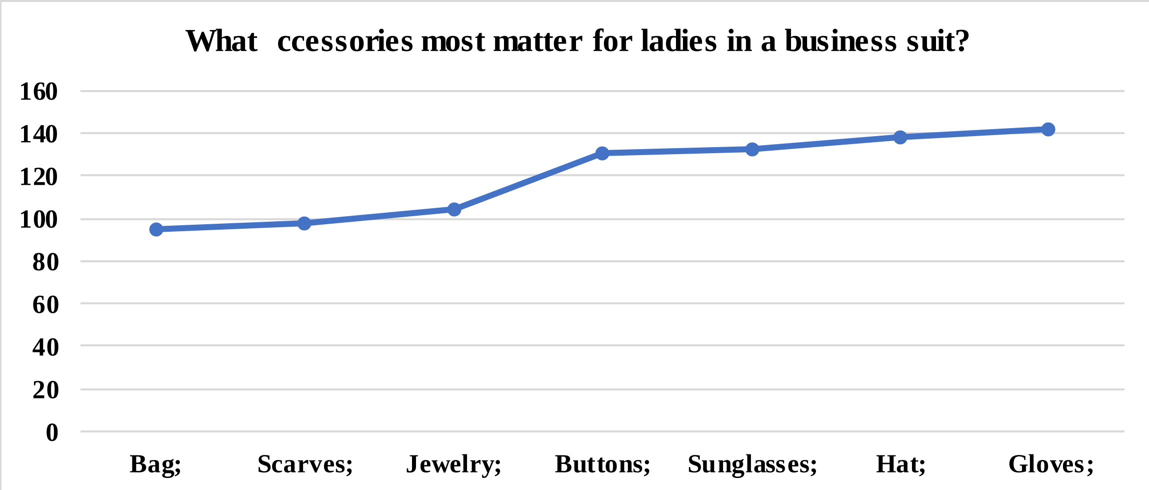


**Figure 16 -Which accessories is more important?**

According to the respondents' preferences the most important accessory is the gloves, the second is the hat, the 3rd are the sunglasses, the 4th buttons, followed by jewellery, the scarves and, last but not least, the bag.

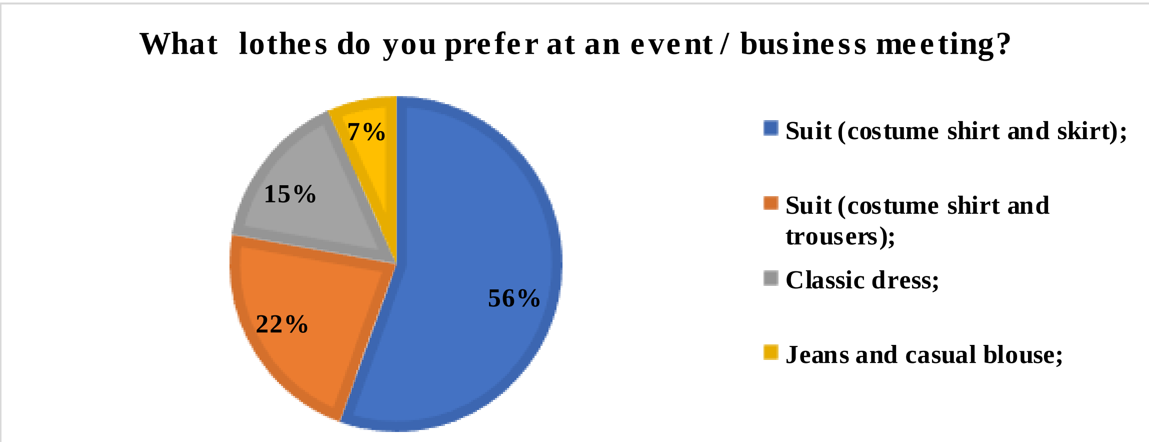


**Figure 17 - What clothes do you prefer at an event/ business meeting?**

If a business event, women choose to suit ensemble of jacket and skirt (56%) also have some focus and costume consists of jacket and pants (22%), or choose a dress classical (15%) and in last but not least, choose jeans with a casual blouse (7%)

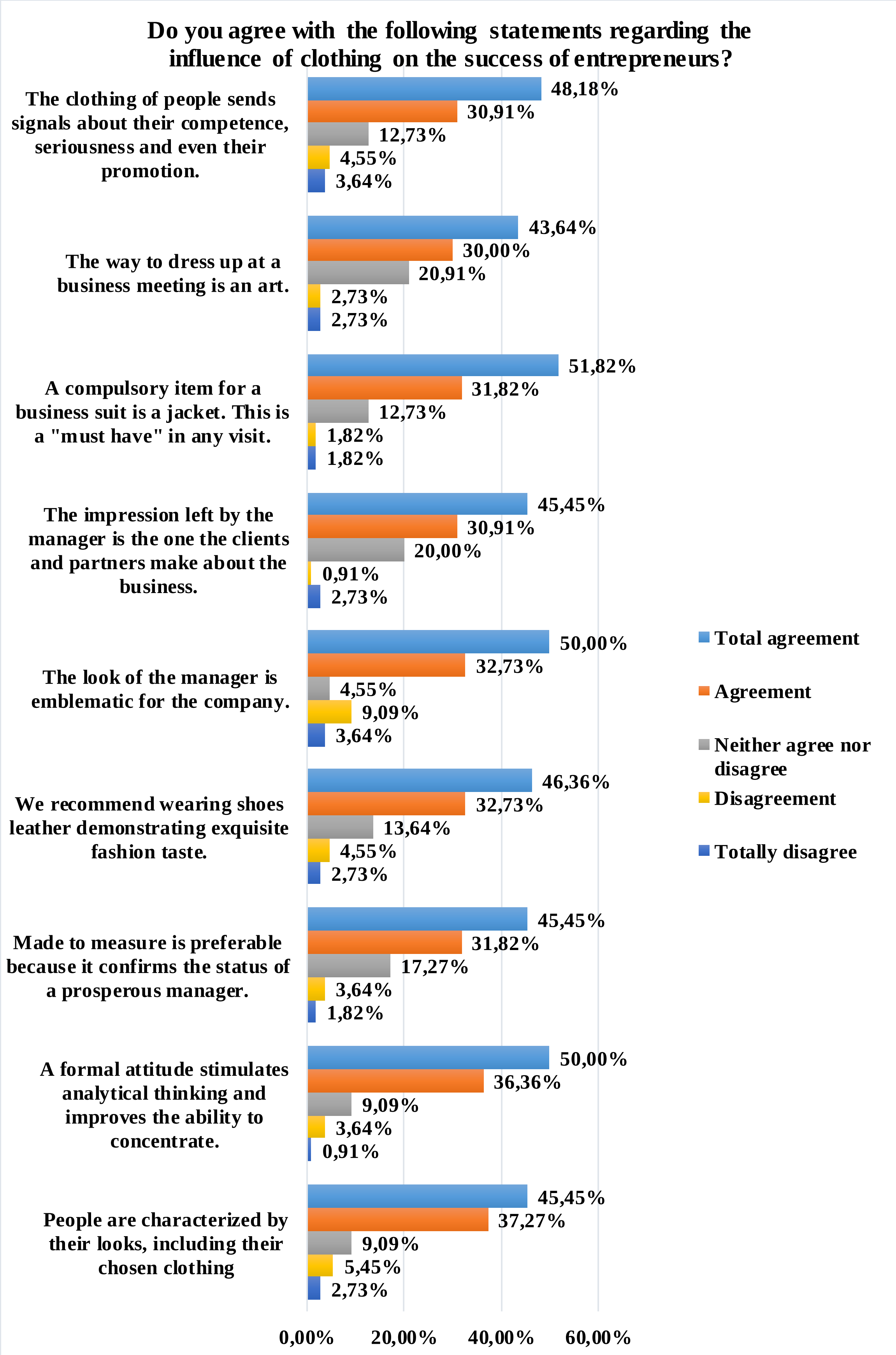


**Figure 18 - Do you agree with the following statements regarding the influence of clothing on the success of entrepreneurs?**

Following the presentation of various opinions on the importance of clothing at business meetings, the respondents were, most of them in total agreement with them, and said they were also applicable in everyday life.

- 48.18% think that "People are characterized by their looks, including their chosen clothing"
- 43.64% specify that formal dressing stimulates analytical thinking and improves the ability to concentrate
- 51.82% agree that the best fit is "made to measure" as it confirms the status of a prosperous manager.
- 45.45% agree that natural leather shoes show refined clothing tastes.
- 50% think the manager's look is emblematic for the company.
- 46.36% think that the impression left by the manager is the one that the clients and partners make about the business.
- 45.45% consider the jack as a mandatory element for a business suit. This is a "must have" in any visit.
- 50% say that getting dressed at a business meeting is an art.
- 45.45% agree with the statement that "Apparel of people transmit signals about their competence, seriousness and even their promotion."

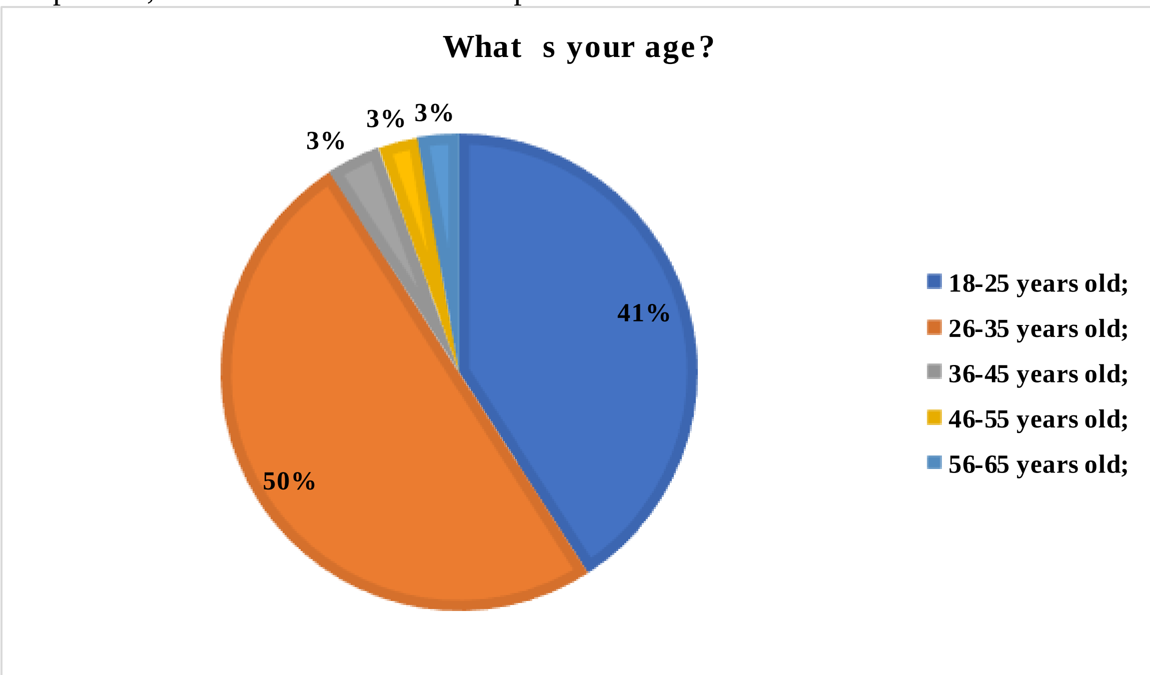


**Figure 19 - Respondents age**

Respondents have in a ratio of 50%, aged between 26 and 35 years old, 41% between 18 and 25, and 9% at the age of 36 years to 65 years.

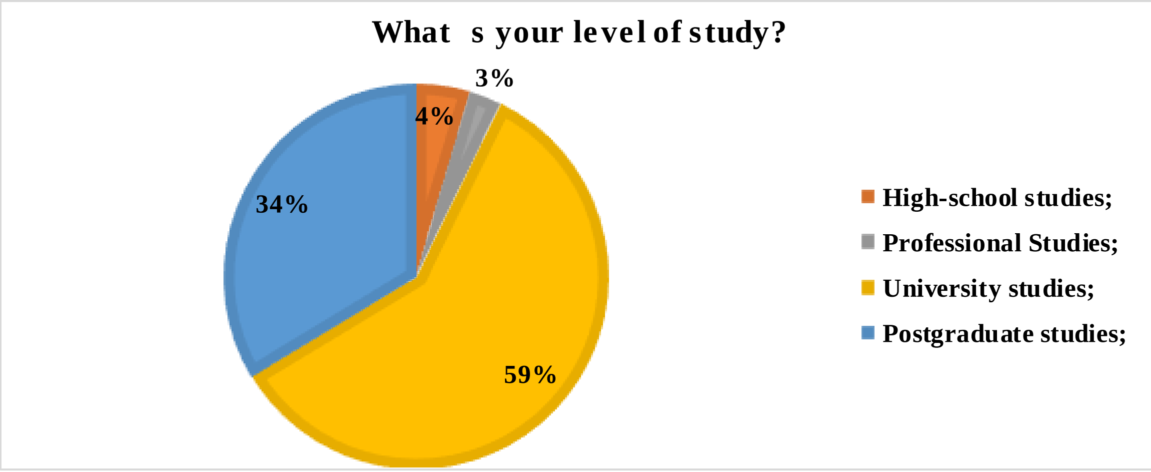


**Figure 20 - Respondents study**

59% of respondents have university studies, 34% have postgraduate studies, 4% have high school studies, and only 3% have professional studies.

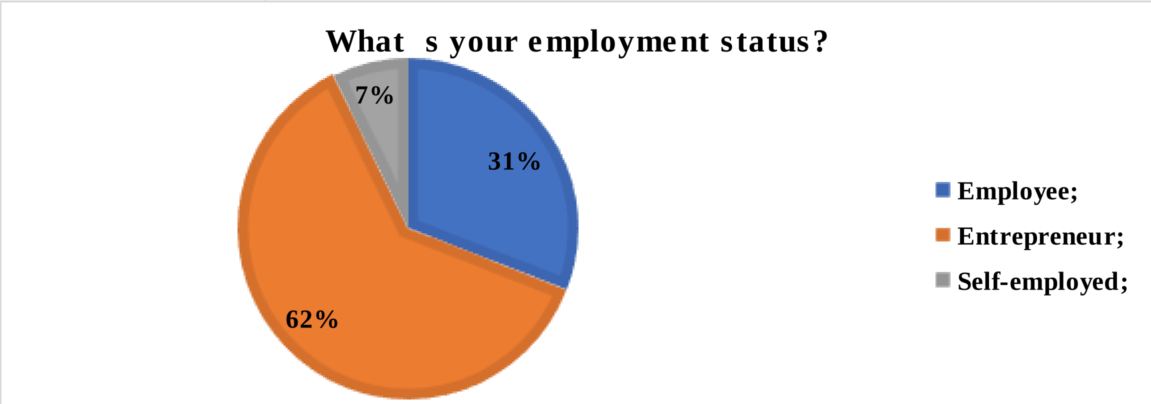


**Figure 21 - Respondents employment status**

62% of respondents are entrepreneurs, 31% are employed and only 7% are self-employed.

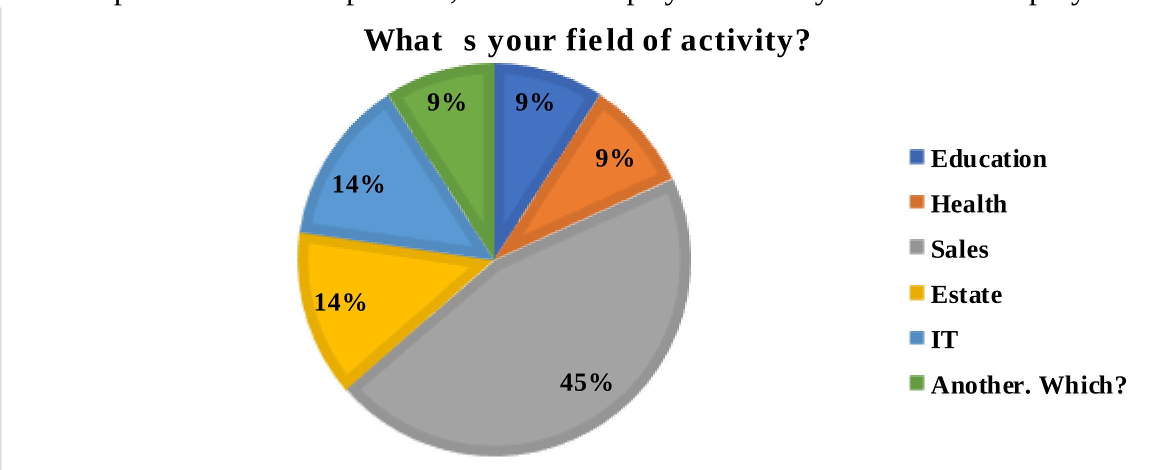


**Figure 22 - Respondents field of activity**

Respondents in this questionnaire were representatives of various business areas: sales - 45%, real estate - 14%, IT - 14%, health - 9%, education 9%, other domains - 9%.

## Conclusions

*Male:*

63% of respondents choose to wear wool suits, 31% choose wool suits combined with other materials, and 6% choose cotton clothes.

According to the respondents' preferences the most important accessory is the handkerchief, the second is the hat, the 3rd is the belt, the 4th tie / the bowtie, followed by the watch, the scarf and, last but not least, the cufflinks.
According to the results, the main model of shoes chosen are oxfords (39%), then the monks' shoes (23%), 20% chosen brogues, and 9% opt for loafers and chukka.

*Female:*
Most women (44%) choose woolen outfits, 20% opt for satin suits, 18% find fit to wear a brocade outfit, and 11% choose lamé suit or 7% velvet suit.
Women's favourite shoe model is represented by stiletto (47%), followed by classics (33%), followed by platforms (13%), and only 7% choosing men's shoes.
According to the respondents' preferences the most important accessory is the gloves, the second is the hat, the 3rd are the sunglasses, the 4th buttons, followed by jewellery, the scarves and, last but not least, the bag.
If a business event, women choose to suit ensemble of jacket and skirt (56%) also have some focus and costume consists of jacket and pants (22%), or choose a dress classical (15%) and in last but not least, choose jeans with a casual blouse (7%)

*Importance:*
- 48.18% think that "People are characterized by their looks, including their chosen clothing"
- 43.64% specify that formal dressing stimulates analytical thinking and improves the ability to concentrate
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# Needs and Solutions at the Basis of the Successful Academic Research Process - A Qualitative Analysis

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**Abstract**
Academic research is an essential factor that leads to performance within educational services, it is the driver of scientific progress. People involved – the researchers – are the main pawns as they may contribute to a successful research activity, if they are well trained, motivated and satisfied. The question that derives from the previous paragraph is related to what stands below their motivation and satisfaction. The answer is related to their needs that should be pinpointed in order to find out the proper tools to motivate and satisfy the researchers. Therefore, the article focuses on the academic researchers' needs in the economic higher-education presenting a qualitative approach. The paper is based on the results of a complex qualitative research within The Bucharest University of Economic Studies, including the results of three focus-groups. The conversion guide is divided into two parts: the researchers' needs related to their workplace and their needs related to the research process and its evaluation. The main conclusions indicate that the teamwork is really important to the researchers as it imposes a specific rhythm to their activity and the professional relationships with the colleagues can lead to successful results. The physical space and the auxiliary facilities do not have the same importance to all the respondents, taking into account the fact that researchers can conduct their project in their private space instead of the institutional one. In the end, the focus-groups emphasize the necessity of keeping constant for a certain interval of time the evaluation criteria for the research activities.

**Keywords:** academic research, researchers' needs, focus-group, qualitative analysis

**JEL classification:** M31.

## 1. Introduction

At present, the educational system is a factor of great importance in the international economic evolution. Quality in higher education increased after 1990, the first step being the signing of the Sorbonne Declaration in 1998. The aim of this document is to introduce the notion of quality of service and quality management at higher education level.

In the academic field in Romania, the scientific research activity is focused on interdependent activities from the university and the business environment.

The main persons involved in this scientific research activity are university professors, by organizing individual or group studies, which are part of various fields of activity.

Research universities are considered among the central institutions of knowledge-based economies in the 21st century, integrating advanced research and education, which have a very important role to play in expanding knowledge at both social and economic levels.

This article examines The Bucharest University of Economic Studies researchers' needs and the tools that are motivating them to involve to a greater extent within the academic research activity.

## *2.* Literature Review

A report published by the Council of European Francophone Referees (CREF, 1996) expresses clearly and unequivocally the point of view of academic authorities regarding the phenomenon: "Since businesses are the 'engine of the economy', university research must be one of the 'fuels'."

The university environment and scientific research are closely linked, with universities having the primary responsibility for the process of fundamental scientific research. Numerous renowned universities have developed research departments, achieving impressive results in creating "knowledge". According to an analysis conducted by the Philadelphia Institute for Scientific Information, the top 10 research universities are Harvard, Yale, Stanford, MIT, University of California-Berkeley, Caltech, Cornell, University of Chicago, Princeton and the University of Washington. (Popescu, Tăchiciu, 2006, p.186)

In Romania, the general institutional approach lead to new research centers within universities. At present, the state budget allocated for scientific research and technological development represents a share of less than 0.20% of GDP compared to 1% in 1990, even though in the country's annual reports, the European Commission proposes to Romania to increase this share at least closer to the other European countries, but also in line with the decisions taken by the Lisbon European Council to increase the role of research in order to raise the competitiveness of European firms worldwide. (Iancu, 2005, p.7)

The number of Romanian researchers who have published ISI articles in the last years is between 8222 and 9522. According to the National Institute of Statistics (INS) in Romania the number of researchers who published at least one ISI in 2005 is between 4345 and 4916 people. (Florian, 2006, p.2)

Although the scientific research in Romania – as a whole – has been steadily rising recently, it is still far from meeting international minimum standards. The Romanian researchers - especially the young ones - are not interested to return to Romania while the local research process keeps being defined as crossing a "dolce far niente" period. They will return only if there are real possibilities for carrying out research activities similar to those conducted in the foreign laboratories. (Szedlacsek, 2004, p.1)

From these data, it results that in Romania we have a number of researchers 3 times lower than EU values or even 2 times lower than in other Eastern European countries. Of those existing researchers in the country, only 34% have real research results (publications in scientific journals from the mainstream). The growth trend among researchers in Romania after 2000 is mainly based on the increase in the number of researchers aged over 40 and the increase in the number of young researchers who choose to go abroad. It can also be noticed that the international researchers' results are not appreciated, as the current research system in Romania continues to reward, through funding and decision-making functions, some people with no real results, to the detriment of the performing scientists. (Florian, 2006, p.13)

"Considering that, according to a recent study, the most important factors determining the emigration decision of researchers are the level of funding for research and the possibility of professional assertiveness, the lack of the latter, the lack of appreciation of the international level, cannot lead only to the continuation of the process of emigration of young and performant researchers, even if the Romanian research funding is increasing." (Pătraşca, 2005)

In this context, it is important to identify the factors that can motivate the researchers to involve to a greater extent in the research activity within Romanian academic units. At the same time, there should be emphasized the needs that they have in relation with scientific resources access, colleagues and working environment.

The next paragraphs highlight the tools that various units from other countries implement in order to motivate and satisfy the researchers, according to their needs.

Therefore, increasingly, researchers depend on web access to primary source materials mainly on the preliminary part of their work, but also on their entire research project.

As Borgman (2003, p.110) points out, "Experts have a variety of strategies and tactics to overcome poor design in digital libraries. If experienced researchers cannot effectively find the content they need, other audiences may have less the experience will have even more difficulties".

The issue has expanded beyond the experienced researchers; and following a study of 111 students, which was published in 1995, the conclusion emphasized that: "In all cases of digital library users, updates of their real experiences are lower than desired levels of use". (Koohang, Ondráček, 2005, p. 415)

Studies on the behavior of researchers in the context of digital libraries are quite rare. In a 2012 report on research practices, Rutner and Schonfeld (2012, p.25) presented the immense challenges faced in locating scientific sources, managing notes and research papers collected, as "digital systems do not seem to respond to all needs even to those who are trying to use them".

Chassanoff (2013, p.472) also acknowledged these issues in his 2013 study, saying that "Research tools must be flexible enough, so it does not really matter if historians access the materials online or personally ... it will become essential to integrate organizational tools, annotating and analyzing primary source materials in their workflows".

The first obstacle encountered by a researcher when he begins to formulate a possible investigation is to find the appropriate sources of information. After finding a private database, the researcher must obtain the access firstly and afterwards to determine whether or not it contains useful information for his/ her research. During this initial exploration, the researcher often has general responses to display and navigation options. Then, the focus is on search and navigation.

Rutner and Schonfeld noted in the Ithaka study in 2012 (p.40): "Almost all historians are experiencing a continuous increase in paper and electronic resources, notes, writing and images. Organizing these materials in a consistent manner so they can easily access the writing process - usually for many years - is an enormous challenge".

Research from the study by DeRidder and Matheny (2014) goes even deeper, by highlighting many suggestions for improving the design and services of the digital library, including:

- Providing continuous support and expanding databases and aggregates over time;
- Increasing information;
- Improving search;
- Offering browsing options, especially after the date range and location and views of the content.

The same study also highlighted the main need, namely that of services that develop beyond the interface of a single database:

- Providing web search and notification services that provide user-searched information, content innovation, and databases.
- Providing query-based search services that are based on a query that results in quotes for the found content.
- Educating students about the relative value of the content of Google's results.
- Developing software to help manage personal information folded on the needs of researchers.
- Providing courses designed to prepare for the organization and management of the information gathered in the field of research.
- Providing databases and search instructions

Geuna and Nesta (2006, p.791) pointed out in one of their studies that there were some changes in the financial resources corresponding to the legal status of the researchers. They receive incentives to complete research with technology transfer activities.

For example, in France, researchers now have the right to spend some of their time in the industry (Llerena et al., 2003).

It is noteworthy that these legal changes have produced numerous changes in the rewards offered within universities, and so a number of EU countries have provided researchers with some of the royalties derived from their patented discoveries, even though the patent lawfully belongs to the institution where it was developed (Geuna, Nesta, 2006, p. 792)

"Another challenge for higher education research is to keep in touch with its various disciplinary feeding bases in order to increase its quality and to avoid being too determined by thematic concerns and political agendas. On the other hand, research-based thematic creativity has the potential and the need to often overcome disciplinary perspectives". (Brennan, Teichler, 2008, p.261)

## 3. Research Methodology and Analysis

The qualitative research was conducted in October – November 2018 and its objectives were to identify the researchers' needs regarding the working environment and related facilities, sources of information and professional relations with colleagues.

Respondents' groups are characterized by diversity, since university staff have a teaching degree from assistant to teacher, have different professional backgrounds and are part of several faculties and departments of The Bucharest University of Economic Studies.

At each of the three focus groups there were eight participants. The responses were collected by being recorded audio/ video, and afterwards they were analyzed by following the structure of the conversation guide.

The focus-group conversation is split in two parts, the first one is focusing on the physical space or the workplace, while the second is related to the process of research – including its coordination and evaluation.

When it comes about the workplace, where the respondents conduct their research activity, there are multiple needs. As such, we can say that they want first and foremost a pleasant, quiet, uninterrupted work environment in which they can focus on topics of interest, where they can access certain resources (both online and offline) but where they also have the ability to keep their own books. In this respect, a solution identified by a few respondents would be to program researchers to access a space dedicated to research for a short period of time - perhaps several hours - during which no other person would go unannounced in order to not disturb. In this framework, meetings can be organized between academics and practitioners in order to launch new scientific ideas that can afterwards be developed in other meetings or other workspaces.

Several responses have provided additional information on the ideal work environment in the perception of focus group participants. For them it is important to have access to generous spaces with ambiance, comfort and brightness, not only in the study rooms, but also in the rooms where they teach.

However, respondents believe that there is flexibility in the workspace. In other words, they claim that they use institutional spaces to carry out research activities, such as meetings with specialists, in-depth interviews, consulting resources, but once collected, they are then processed in a more relaxing environment more intimate that is at home.

The second section of the focus-group which is revealing the process, coordination and evaluation of research include "ingredients" such as: the necessary sources of information and their access, the teamwork that depends on the colleagues and the professional relationships between them, the transparency and the evaluation criteria of the research process.

Therefore, in most respondents' opinion, the research process should be continuous and not fragmented by other bureaucratic activities that take away the researchers' working time and divert them from the main objective.
A focus group participant considers that this research process has two components, one being mandatory - academic research - and the other one - in research projects that can bring not only personal and scientific benefits but also financial ones.
In this context, the subject of access to various sources of information is also approached. For example, respondents argue that they need easy access to data-in-time series, microdata, market studies, or upgraded software needed to make a better analysis of the information collected. At the same time, their general opinion is that participation in various meetings, colloquia and scientific conferences is also a source of valid information, especially as it fosters professional networking and the initiation of joint research. A representative answer is given below:
*"In terms of potential needs for sources of information and modalities of access, I believe that they should be met at the highest possible level. In this respect, existing resources in the online environment should be extraordinarily easy to access, one of the main defining aspects being the "topicality" factor. Moreover, I consider that participation in various scientific events (whether conducted at a local level or at a global level) has a definite influence on the good work and the achievement of a high level of performance in the research activity being practically a valuable and motivating learning process, at the same time."*
The need for participation in the international scientific manifestations is justified by the respondents by emphasizing its usefulness in order to recover the gap between the research environment in Romania and that of other European states.
It also identifies the need to support interdisciplinary activities, as well as the need to identify potential research partners, paying particular attention to themes of common interest. Interdisciplinarity is seen by respondents from an internal perspective, involving collaborations with researchers within the same institution, and from an external perspective, with reference to partnerships with other similar or different educational institutions, research institutes, and business units.
A barrier to achieving this goal is, according to some respondents, the slightly faulty, inadequate approach to education. Thus, between universities in Romania, regardless of their profile, there should be rather collaboration relationships, instead of competition. At the same time, there is a need for partnerships with private universities and with the business environment, on the basis of which it is possible to draw the research directions from the practical sphere and not only from the academic sphere. This proposed measure is all the more necessary as it could generate a positive impact on student training and market demand. Another argument is that some scholars tend to approach practical themes, while others prefer conceptual themes.
As such, without interdisciplinarity, scientific progress cannot be highlighted, since an important, innovative idea will be associated with researchers from several fields of specialization. One answer underlines this conclusion.
*"At the level of scientific articles there is a culture of interdisciplinarity determined by the requirements of the journals. At research projects level, this component is not always present. Normally, interdisciplinarity is a source of progress and success of research projects and therefore it should be promoted."*
In addition, an equidistant approach to research topics and an overcoming of the challenges posed by the research agenda or funding policies adopted at institutional, national or even European Union level is indicated. Therefore, one of the expectations of the respondents is related to Romania's potential to insert proposals, starting from the topics of interest of the Romanian researchers, into the European research agenda.

Regarding the evaluation of the research activity, the respondents state that they need and expect constant evaluation criteria that will last for a longer period of at least 10 years. The unpredictability of these criteria would, in their opinion, be a demotivating factor in the way of much involvement in research. At the same time, as one of the participants in the focus-group points out, *"the process can continue to be done on the basis of the statements made by the researcher and then checked by the specialized department, but the standards and assessment methods must be clear, there shouldn't be doubts about the way in which each activity is scored"*.

In addition to this idea, some respondents argue that research results need to be assessed objectively and unitarily, and in case of a failure in this activity, such as non-acceptance of a research project for funding or non-acceptance of a paper for publication, *"the feedback has to be based on objective elements, related to specific requirements. Not only should the shortcomings, but also a number of suggestions, tips to help with future corrections be highlighted"*.

At the level of some respondents, the idea is that there is a need for a sustained effort on research and human resource involvement. Therefore, although working teams are currently formed on the basis of common interests, it is necessary to create and implement a coherent strategy at each department level. Its usefulness is, in the respondents' opinion, the more it can prevent situations where there are difficulties in synchronizing between different team members in the tasks of a research project. An answer that points to the problems that may arise is as follows:

*"... Sometimes there may be a variety of disagreements about the flow of activities ... which are related to the alignment of the rhythm of fulfillment of the various tasks by several people involved in a process-related framework of research."*

Most focus group participants appreciate teamwork as a driver of professional development and outline the principles underpinning it. Two answers illustrating this advantage in a very clear way are reproduced in the following:

*"I am a team worker. Developing new ideas and capitalizing on them is more effective within a team than on an individual basis. "*

*"With regard to the way the set of activities is distributed, I think the interpenetration of individual and collective is a good thing."*

## Conclusions

The first premise to a successful research process within the academic field is to promote a collaborative thinking and behavior among the personnel from various educational units, by forming interdisciplinary teams, with different specializations, skills, knowledge and views. This requires a strategic approach that can design major directions of research and subordinated tactics. The colleagues and their professional relationships are important, but a good leader can enhance the potential of a well-structured and informed team's effort and results. Therefore, the interventions should be made at the local, but also at the national level, by including the feedback collected from every member of the scientific community.

The second premise can be molded according to the principle "think global, act local", which means that all the research ideas designed at the national level can be adjusted to the local needs of the researchers. They need freedom and flexibility in addressing different research themes of local interest.

As a conclusion, designing a strategy and the appropriate tactics, setting some tasks and allocating responsibilities by offering the researchers the necessary tools – such as transparency, consistency, access to sources of information, international visibility and collaboration – may be the keys to progress in academic research.

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