

**Developments in Marketing Science:
Proceedings of the Academy of Marketing Science**

**Mark D. Groza
Charles B. Ragland *Editors***

Marketing Challenges in a Turbulent Business Environment

**Proceedings of the 2014 Academy
of Marketing Science (AMS) World
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Mark D. Groza • Charles B. Ragland
Editors

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Science (AMS) World Marketing Congress



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Contents

Engineered Customer Referrals: Prevalence and Antecedents	1
Ina Garnefeld and Sabrina V. Helm	
Norwegian Best Practice of Sustainable Business Models	7
Juan Carlos Sosa-Varela, Göran Svensson, Carmen Padin, Nils Høgevold, Beverly Wagner, Carlos Ferro, Daniel Petzer, and H.B. Klopper	
Cultural Transition and Socio-Cultural Taxonomy of Consumers in BRICS Countries	9
Gregory J. Kivenzor	
Five-Stage Acculturation Process of Hispanic Consumers: Theory and Findings.....	15
Arturo Z. Vasquez-Parraga and Humberto Valencia	
Fear Versus Efficacy: Evaluating Dual-Process Models with Workplace Safety Messages.....	17
Michael D. Basil and Debra Zabreznik Basil	
Social Media in Higher Education: An Investigation into UG Marketing Education in the UK	19
Nikoletta-Theofania Siamagka and George Christodoulides	
The Influence of Product Color on Perceived Weight and Consumer Preference	25
Henrik Hagtvedt	
Understanding Green Consumption: Is Perceived Consumer Effectiveness a Predictor of Green Behaviour?.....	27
Caroline Boivin, Durif Fabien, Rajaobelina Lova, and Rodier Francine	
Drivers of Long-Term Savings from a Consumers' Behavioral Perspective: A Large-Scale Empirical Investigation	33
Matthias Rüfenacht, Tobias Schlager, and Peter Maas	

A New Method for Benchmarking Marketing Organizations with Inter-Connected Departments.....	35
Shrihari Sridhar, Murali K. Mantrala, and Prasad A. Naik	
Assessing Sales Contest Effectiveness: The Role of Salesperson and Sales District Characteristics.....	37
Srinath Gopalakrishna, Jason Garrett, Murali K. Mantrala, and Shrihari Sridhar	
Building a Theoretical Model of Trust in Direct-to-Consumer Advertising.....	39
Jennifer G. Ball, Danae Manika, and Patricia A. Stout	
Relational Capability in a Key Outsourced Supplier–Buyer Relationship	41
Aurathai Lertwannawit	
“Can You Do Something About the Price?”—Exploring the Indian Deal, Store-Brand and Haggling-Prone Consumer.....	43
Jagrook Dawra, Kanupriya Katyal, and Vipin Gupta	
Assessing the Impact of Corporate Reputation on Firms’ Cost of Debt: An Empirical Study of German DAX 30 Companies	45
Benjamin Pfister and Manfred Schwaiger	
Considerations When Marketing Scales from Developed Countries Are Utilised for Marketing Research in Emerging Markets.....	47
Nic S. Terblanche	
Differential Effects of Supervisory Coaching and Leader Member Exchange on Salesperson’s Behavior and Performance.....	59
Claudio Pousa and Anne Mathieu	
The Role of Service Provider Groups Stereotypes During Service Failures	65
Amro A. Maher and Najam U. Saqib	
Performance Implications of the Interplay Between Sales Intra-Functional Flexibility, Customer Orientation and Role Ambiguity	67
Milena Micevski, Belinda Dewsnap, John W. Cadogan, Selma Kadić-Maglajlić, and Nathaniel Boso	
Market Orientation and Innovation in Dynamic Competitive Markets	73
Juho-Petteri Huhtala, Iiro Vaniala, and Henrikki Tikkalanen	
The Influence of Eleven P’s of Internal Marketing on Brand Awareness: An Emerging Economy Perspective.....	75
Elizabeth Stephanie Conradie, Mornay Roberts-Lombard, and H.B. Klopper	

The Effect of Economic and Social Satisfaction on Partner Trust	89
Hong-Youl Ha, Swinder Janda, and Myung-Soo Lee	
An Examination of the Effects of Scarcity and Discounting on Purchase Decision Regret.....	91
Colin B. Gabler, Vincent Myles Landers, and Kristy E. Reynolds	
Frontline Store Manager's Entrepreneurial Orientation for Merchandising and Service Role Performance: Scale Development and Validation	93
Jagdip Singh, Gary K. Rhoads, and Detelina Marinova	
Corporate Social Responsibility and Market Orientation in an Emerging Economy: Relationships and Outcomes	99
Reto Felix	
Multi-Brand Loyalty: Propositions and Insights from a Quantitative Study.....	101
Reto Felix	
Increasing Salesperson's Self-Efficacy and Performance Through Coaching: A Quantitative Study in Canada.....	103
Claudio Pousa and Anne Mathieu	
Building a Platform for Change: Identifying Salient Beliefs Surrounding Fruit and Vegetable Consumption.....	109
Stephanie M. Judd, Joshua D. Newton, Fiona J. Newton, and Michael T. Ewing	
Emerging Market Consumers: Latvian and Georgian Perceptions of Global Brands	115
Al Rosenbloom and James Haefner	
Beliefs and Attitudes Towards Online Advertising in a Social Network Context.....	117
Melanie Wiese	
Customer Loyalty in U.S. Hispanic Markets.....	119
Arturo Z. Vasquez-Parraga and Miguel A. Sahagun	
Is Knowledge Transfer Within MNCs Good for Subsidiary Performance? The Role of Subsidiary Capabilities and Innovative Culture.....	121
Ruby P. Lee and Jingxun Li	
What If I Make the Wrong Decision? The Role of Anticipated Regret in Switching Barrier Based Customer Retention	123
Jiun-Sheng Chris Lin, En-Yi Chou, and Cheng-Yu Lin	
Reconsidering Business-to-Business Relationships: Multi-Dimensionality and Traces Left Behind.....	127
Annmarie Ryan and Jaana Tähtinen	

The Moderating Effects of Self-Brand Concept and Reference Group on Consumer Innovativeness Toward Purchase Intention	129
Danupol Hoonsoon	
Advertising Directed at Children: An Empirical Study from Parents' Perspective on Television Advertising and Advergames.....	131
Sibylle Böttner, Björn Sven Ivens, and Isabelle Hillebrandt	
How Dynamic Marketing Capabilities Affect Market Share Performance Output: An Innovative Brand Oriented Approach	133
Nebojsa S. Davcik and Nicholas Grigoriou	
Export Decision-Making: Combining Planning and Improvisation to Enhance Performance	135
Ekaterina Nemkova, Anne Souchon, and Paul Hughes	
Investor Associations Concerning Sustainability and the Impact of Misperceptions on SRI Decision-Making	137
Verena Gruber and Bodo Schlegelmilch	
When Do Measured Attitudes Reflect Past Behavior?	139
Jaebeom Suh, Ji Hye Kang, Swinder Janda, and Junsang Ahn	
Positioning as Strategic Balance: The Case of Complementary and Alternative Medicine (CAM)—A Structured Abstract.....	141
Marta Bicho, Ralitza Nikolaeva, and Carmen Lages	
Why Has the Chinese Leadership Style Prevailed over Millenia? Towards an Evolutionary Theory of Leadership	149
Hans Jansson and Antony Drew	
Learning to Improve New Product Outcomes.....	151
Ravipreet S. Sohi and Avinash Malshe	
Child Participation in Family Purchasing Process: Evidence from Lithuania	153
Sigitas Urbonavicius and Vytautas Dikcius	
Which Do I Prefer? A Theoretical Framework for Biculturals' Advertising Response Towards Hedonic and Utilitarian Products in Japan.....	159
Emi Moriuchi	
Deciphering the Brand Value Structure: New Measures and Business Insights	165
Chengliang Huang, Fang Wang, and Xiao-Ping (Steven) Zhang	
Strategic Importance of Marketing Planning Capability: A Perspective from Saudi Arabia	171
Avinash Malshe, Michael T. Krush, Jamal Al-Khatib, Mohammed Al-Habib, and Habiballah Torkistani	

Donate to Me: Applying the Servicescape Framework to an Online Donation Setting.....	173
Triparna Gandhi, Kathleen Bagot, and Liliana Bove	
Presence or Absence of Unit Price Display and Its Influence on Snack Food Choices.....	179
Sean B. Cash, Anna R. McAlister, and Chen Lou	
Global Use and Access of Social Networking Websites: A National Culture Perspective	183
Wen Gong, Rod L. Stump, and Zhan G. Li	
Talking with You—Not at You: How Brand Ambassadors Can Spark Consumer Brand Attachment?	189
Roberta Crouch, Michael Ewer, Pascale Quester, and Michael Proksch	
Materiality of Online Brand Community	195
Laurence Dessart, Cleopatra Veloutsou, and Anna Morgan-Thomas	
Exploring Consumer Acceptance and Engagement with “Smart Meters”	201
Richard Feinberg and Nathan Hartmann	
Multichannel Customer Journeys: Mapping the Effects of Zmot, Showrooming and Webrooming.....	205
Julia Wolny and Nipawan Charoensuksai	
Adding Dynamics into Transaction Cost Economics: The Social Capital Approach	207
Sebastian Ludorf	
Determinants of Customer Loyalty: Evidence from the Egyptian Mobile Market.....	221
Rania Hussein, Amr Kais, and Hamed Shamma	
Specific Uncertainties in the Distribution of Products from Renewable Resources: Empirical Evidence from the German Forestry and Wood Cluster	223
Sebastian Ludorf and Waldemar Toporowski	
An Empirical Examination of Drivers Impacting Usage Intentions of Social Media Shopping.....	225
Christian Brock, Markus Blut, Marc Linzmajer, Björn Zimmer, and Gopalkrishnan R. Iyer	
An Improved Understanding of the Moderator Effects of Switching Costs Types on the Relationships Between Customer-Perceived Value, Trust, and Customer Loyalty.....	227
Dahlia El-Manstrly	

Shopper's Attitude and Demographics Influence on Store Patronage: A Comparison of Formal vs. Informal Food Retail Stores in India	229
Prashanth Mishra, G. Sridhar, and Tinu Jain	
The Congruency Between the Container and the Content: Should We Texture Everything to Seduce the Consumer?	231
Bruno Ferreira, Sonia Capelli, and Olivier Trendel	
Turning Brand Undesirables in Brand Heroes: Capitalising on Corporate Social Responsibility in Sport Sponsorship Alliances.....	233
Shenae Beus, Margaret J. Matanda, and T. Michael	
Company Initiated Communities of Fantasy and Brands as Relationship Builders.....	239
Cleopatra Veloutsou and Georgia Maria Arvaniti	
An Empirical Examination of the Interrelationships Between Service Recovery Paradox and Its Key Antecedents and Outcomes	245
Dahlia El-Manstrly, Ge Liu, and Mark Rosenbaum	
Informational Empowerment: Cross-National Comparison of Internet Health Information Use and 'Patient-Consumer' Behaviour	247
Debbie Isobel Keeling and Angus Laing	
Barriers to Access Consumer Finance and the Influence of Workforce Insecurity.....	249
David Gray	
Market Resistance in Developing Nations: The Sustenance of Gaucho Consumer Culture in Brazil	267
Marlon Dalmoro, Lisa Peñaloza, and Walter Meucci Nique	
How United Nations Global Compact Impacts Business Performance: The Mediating Role of Quality of Life of Employees in Emerging Market.....	269
Satyendra Singh	
Purchase a New Car: The Effect of Impulsiveness in the Brazilian Market	271
Fernando Oliveira Santini, Wagner Junior Ladeira, Marlon Dalmoro, Clecio Araujo Falcão, and Miriam Mariani Henz	
Putting Visual Rhetoric into Context: Levels of Abstraction in the Analysis of Rhetorical Images in Print Advertising.....	277
Lampros Gkiouzepas	

Customer Empowerment, Top Management Team and Product Development: Success Paths in Turbulent Markets	279
Antti Sihvonen, Juho-Petteri Huhtala, Iiro Vaniala, Henrikki Tikkanen, Pekka Mattila, and Joel Hietanen	
How Social Communities Create Value: The Dynamics of Surf as a Social Practice.....	281
Oscar Naranjo and Mario Giraldo	
The Effects of Destination Personality on Tourist Satisfaction, Identification, and Behaviour	285
Magnus Hultman, Dionysis Skarmeas, and Matthew Robson	
How to Explain Infatuation with the Online Secondhand Market? An Analysis of Motivations and Perceived Risks	287
Durif Fabien, Rajaobelina Lova, Boivin Caroline, and Dehling Aurélie	
Examining the Public's Desire to Punish Socially Stigmatized Service Workers in Crisis: Can Empathy Buffer Anger?	293
Simon J. Pervan and Liliana L. Bove	
Cross-National Emic Scale Development in Health Care Service Quality	299
Pia Polsa, Ritu Narang, Alabi Soneye, Wei Fuxiang, and Katarin Hellén	
Geomarketing Mix Optimization Using a Fuzzy Spatial and Multiscale Segmentation	301
Jérôme Baray, Gérard Cliquet, and Martine Pelé	
Predit Is a Useful Technique for Detecting Consumer Fraud When No Training Sample Is Available	305
Linda L. Golden, Patrick L. Brockett, John F. Betak, Mark I. Alpert, Montserrat Guillen, and Richard Derrig	
Innovative Materials Facilitating Resource Efficiency: Do Consumers Accept Eco-Friendly Materials?	307
Victoria-Sophie Osburg, Micha Strack, and Waldemar Toporowski	
Managing Foreign Subsidiaries in Emerging Countries: Are They Different from Western Subsidiaries?	309
Masato Sasaki, Yuko Yamashita, Yuichi Washida, Wataru Uehara, Gen Fukutomi, and Hiroyuki Fukuchi	
Assessment of a Web Comparative Behavioural Model with an Interdisciplinary and Complexity Approach.....	311
Antonio Hyder and Enrique Bigné	
Targeting Consumers at the Bop: What Implications?	317
Marielle A. Payaud and Dwight R. Merunka	

The Impact of Corporate Social Responsibility and Contributions to Local Communities on Brand Identification, Corporate Reputation and Brand Loyalty	319
Sami Kajalo and Annukka Jyrämä	
What Marketing Strategy Matters? Examining a Contingency Model of the Relationship Between Marketing Performance Management and Business Unit Performance	321
Michael T. Krush, Kevin J. Trainor, Avinash Malshe, and Raj Agnihotri	
Pricing Capabilities: Drivers and Effects on Performance	323
Dionysis Skarmeas, Emmanuela Plakoyiannaki, George Baltas, Flora Kokkinaki, and Magnus Hultman	
Triangulation Without Tears	325
Jillian Farquhar and Nicolette Michels	
Uses and Gratifications of Social Networking Sites: Towards the Construction of a Measuring Instrument	331
Teresa Treviño, Flor Morton, and Carolina Robles	
Consumer Schadenfreude: Deservingness of Product Ownership Impacts Affect Following Another's Product Failure.....	343
Ethan Pancer and Laurence Ashworth	
A Snowball to Introduce Sustainability into Supply Chain	345
Gloria Camacho and Consuelo García de la Torre	
A Typology of Barriers to Pro-Environmental Behaviors: Evidence from a Three-Country Study.....	347
Kathleen A. Keeling and Peter J. McGoldrick	
Artifacts of Corporate Identity in Emerging Business Relationships.....	349
Cláudia Simões and Katy Mason	
Key Performance Indicators for Measuring Employer Brand Success.....	351
Isabelle Hillebrandt, Bjoern S. Ivens, and Nina Krey	
The Recommendation Bias: The Effects of Social Influence on Individual Rating Behavior.....	353
Sören Köcher, Stefanie Paluch, and Sarah Küsgen	
The Influence of Parental Style on Consumer Socialization in Mother-Adolescent Dyads and Father-Adolescent Dyads	355
Chankon Kim, Hanjoon Lee, and Miguel Morales	
Understanding Situated Learning in Stressful Service Experiences: A Cross-Cultural Perspective.....	357
Mousumi Bose and Lei Ye	

To Be or Not to be... Does the Level of Empathy Contribute to Successful Personal Selling ?	359
Jean Roy, Caroline Boivin, and Fabien Durif	
Deriving Value from Advertising as a Consumable Product: Ideas and Evidence	363
Amaleya Goneos-Malka, Arien Strasheim, and Anské Grobler	
Social Media: Harming or Enhancing Your Employer Brand Attractiveness? An Empirical Investigation.....	369
Isabelle Hillebrandt, Bjoern S. Ivens, Philipp A. Rauschnabel, Carolin O. Hartmann, and Nina Krey	
In-Person and Out-Person Factors in Perception of Product Attributes	371
Zoltán Veres	
Sustainability in Higher Education Institutions: Validation Process of Quantitative Instrument.....	377
Fernando O. Santini, Clécio F. Araujo, Wagner J. Ladeira, Elivelton N.R. Finkler, and Miriam Mariani Henz	
A Dyadic View on Buyers and Sellers Social Capital: Its Effect on Customized Treatments and Relationship Commitment	383
Chris Storey, Agnieszka Blonska, and Ko de Ruyter	
The Importance of Being Earnest: The Authenticity of Reciprocity in Marketing Exchange Relationships	385
Jessica J. Hoppner and Ryan C. White	
The Pursuit of Loyalty in Grocery Stores: Differences by Retail Format	387
Alicia Izquierdo-Yusta, Maria Pilar Martinez-Ruiz, and Murali K. Mantrala	
The Mixture of Network Marketing Types in Emerging Markets: The Case of Swedish MNCs in China	389
Hans Jansson and Susanne Sandberg	
Evaluations of a Destination Across Travel Contexts: Examining the Evoked Set	391
Samantha Murdy	
Is It Better to Shop Together? Influence of Group Characteristics on Individual Buyer Utility in Mexico and the United States	393
Eva M. González-Hernández, José-Domingo Mora, and Manouchehr Yousef Sibdari	
Exploiting Proactive Interaction to Improve Retail Experiences	399
Hyunju Shin, Alexander E. Ellinger, and David D. Mothersbaugh	

The Effect of Market Structure on Pricing Behavior of Industrial Service Firms	401
Kostis Indounas	
Firm Strategic Behavior Versus Consumer Behavior: An Explanation Through the Inoculation Theory	417
Amina Djedidi and Mouhoub Hani	
When Employees' Retailers Create Value Against Competition from E-Commerce.....	433
Tatiana Henriquez	
The Tribal Consumer: A Comparison of Traditional Māori and Modern-Day Tribal Social Systems.....	439
Jörg Finsterwalder and Alastair Tombs	
Toward a Unified Brand Engagement Construct Definition	441
Colin Campbell and Daniel Heinrich	
Quantity Surcharges for Consumers with Consumption Uncertainties.....	443
Krishanu Rakshit, Subhasish Gupta, and Srinivas Prakhy	
Persuasive Design of Wellness Apps: Consumer Behavior Perspective.....	455
Sandy Ng, Kimberley Dunstone, and Mike Reid	
The Five Creatures Lesson: How Students Learn to Relate Animals to Industry	457
Brent Smith	
Multi-Latina's Leadership Role in Corporate Social Responsibility and Sustainability Effort in Latin America.....	461
Gladys Torres-Baumgarten and Thierry Rakotobe-Joel	
An Investigation of the Relationships Between Hispanic Retailers' Human and Social Capital, Migration and Gender	467
Elsie L. Echeverri-Carroll and Linda L. Golden	
Copycat or Distinctive? An Empirical Study of Consumers' Perception Towards Private Label	473
Chen (Cici) Chen and Patricia Huddleston	
A Managerial Perspective of Social Media: Managing the Tension Between the Need for an Integrated Communications Approach and Consumers' Need for Personalization	475
Ginger Killian and Kristy McManus	
Endowment Effect in Latin America: Empirical Evidence and Implications.....	481
Enrique Manzur, Sergio Olavarrieta, Pedro Hidalgo, and Pablo Farías	

Brand Familiarity in Latin America: A New Three-Dimensional Conceptualization and Measure	483
Eduardo Torres, Sergio Olavarrieta, and Cristobal Barra	
Perceptions of Country Image and Product Marketing: A Study of Wine Brands from Chile and Argentina.....	485
Christopher J. Robertson, Ricardo Buitrago, Lorenzo Lucianetti, Gina Pipoli, and Jose Rojas-Mendez	
Perceived Risks and Psychological Well-Being in Online Education: Implications for Grade Expectations and Future Enrollment.....	487
Karin Braunsberger, Velma McCuiston, Gary Patterson, and Alison Watkins	
Assessing Organizational Financial Health of Nonprofit Arts Organizations.....	489
Theresa A. Kirchner, Edward P. Markowski, and John B. Ford	
Experiences with Gamification: The MDE Framework	491
Kirk Plangger, Jan Kietzmann, Karen Robson, Leyland Pitt, and Ian McCarthy	
Adding Personality to New Products with Fashion Co-branding	493
George Balabanis and Vincent-Wayne Mitchell	
Consumer Confusion Choosing Me-Too Snack Packages: An Experimental Study	495
Ana M. Arboleda and Julio C. Alonso	
Acting on Boycott Intentions: A Vietnamese Perspective on the Role of Ethnocentrism, Animosity, and Regionality	513
Dayananda Palihawadana, Matthew Robson, and Magnus Hultman	
Building Brand Love Through Co-creation	515
Georgia Liapati, George Skourtis, Ioannis Assiouras, and Nicholas G. Paparoidamis	
A Cross-National Study of Consumer Beliefs, Attitudes and Behaviors Toward Liking Brand Page.....	517
Alexander Muk, Christina Chung, and Jonghoon Kim	
South African Business Bank Customers' Product Utilisation and Likelihood to Recommend	519
P.B. Wiese, Y. Jordaan, and A.N. Schreuder	
The Role of Affect in Luxury Brand Extension	521
Jiseon Ahn, JungKun Park, and Suk Hyung Bryan Lee	
Purchase Intention of Socially Responsible Apparel Goods: Investigating Consumers Cross-Culturally	533
Ji Hye Kang and Joy M. Kozar	

Towards a Model of Strategic Charity Rebranding Process: A Managerial Perspective	539
Zoe Lee	
Effects of Ewom Campaigns with Rewards from the Perspectives of Givers and Receivers	545
Tengchen Chiu, Mai Kikumori, and Akinori Ono	
Differential Impact of Price Demands in B2B Relationships.....	547
R. Mohan Pisharodi, John W. Henke Jr., and Ravi Parameswaran	
Social Networks and Online Advertising: Should Companies Promote Their Brand Fan Page or Their Brand Website?	549
Jean-Eric Pelet, Saïd Ettis, Salma Hammami, and Alexandre Schwob	
A Closer Look at the Effects of LMX and Emotional Exhaustion: Are Drained Salespeople More Deviant?	563
Mahmoud Darrat, Guclu Atinc, and Barry Babin	
Corporate Sponsorship Effects in Business-to-Business Markets.....	569
Mark D. Groza and Joe Cobbs	
The (Additional) Missing Link: The Role of Tailors as a Service Provider for Customization.....	571
Mya Pronschinske Groza	
Unusual Product Differentiation: Strategic Use of Trivial Attribute and the Separate Evaluation Mode.....	573
M. Deniz Dalman and Junhong Min	
To Investigate Antecedents of International Tourists' Place Attachment and Its Relationships with Memories and Post-Behavioral Intentions: The Case of Seoul City	575
Lanlung (Luke) Chiang, Aikaterini Manthiou, and Liang (Rebecca) Tang	
Measuring the Self, the Social and the Task Oriented Side of Service Customers in Joint Co-Creation Experiences.....	577
Jörg Finsterwalder, Volker G. Kuppelwieser, Ray Fisk, and Sven Tuzovic	
Exploring the Nature of Value and Well-Being Through an Internal Social Marketing Approach	579
Anne M. Smith	
Salesperson Role Stress and Unethical Behavior	585
Anssi Tarkiainen, Nick Lee, John W. Cadogan, and Sanna Sundqvist	
Crisis Communication: Lowering Attributions to Restore Behavioral Intentions.....	587
Sonia Capelli and William Sabadie	

The Relationship Between Personality and the Creativity of Frontline Employees: Evidence from Services.....	589
Filipe Coelho, Cristiana R. Lages, and Carlos M.P. Sousa	
Clustering Geo-markets Using Self-Organizing Maps: Application to Natural Disaster Planning and Recovery	591
Salman Kimiagari and Benoit Montreuil	
Building Customer Trust and Loyalty: Does Salesperson Empathy Matter?.....	611
Fernando Jaramillo and Leslier Valenzuela	
Consumer Ethnocentrism in Modern Armenia	613
Anahit Armenakyan	
Marketing Towards Happiness in Peru	615
Gina Pipoli	
Employer Branding: Preliminary Thinking on the Role of Corporate Sponsorship	631
T. Bettina Cornwell and Christopher Lee	
Accepted, Rejected, or Withdrawn: A Content Analysis of Reviewer Feedback and Some Advice for Marketing Educators.....	633
Karen Robson, Leyland Pitt, Douglas West, and Adam Mills	
The Role of NGOS in Business-To-Business Markets	635
Mohammad Latifi	
Here, There and Everywhere: The Polycentric Consumer	647
Mark Cleveland and Melvin Prince	
The Role of Sales and Marketing in Innovation Implementation, an Empirical Analysis in Six South American Countries	649
Teresa Cometto, Kenneth Le Meunier-FitzHugh, Gaston J. Labadie, and Felix Roux	
Can You Read the Sign? Consumers' Utilization of Water Use Information and Price as Sign Cues.....	651
Patricia Huddleston, Bridget K. Behe, Allison Jones, and R. Thomas Fernandez	
Growing Nonprofit Giving Via Peer-To-Peer Connections: Benefits and Potential Backlash.....	653
Mark R. Mulder, Jeff Joireman, and Yany Gregoire	
Investigating the Impact of Individual Attitudinal and Organizational Variables on Green Behaviors and Commuting at the Workplace	655
Danae Manika, Victoria Wells, Diana Gregory-Smith, and Michael Gentry	

Exploring the Use of Online Social Marketing Tools in Motivating Healthy Alcohol Consumption Patterns in Britain	657
Diana Gregory-Smith and Danae Manika	
A Conceptual Model of Design Benefits and Brand Engagement: The Mediating Role of Emotions—Structured Abstract.....	659
Frank Franzak, Suzanne C. Makarem, and Haeran Jae	
Profit and Opportunity Cost Outcomes of Sales Force Turnover and Recruiting Strategies Upon Various Performance Segments	665
René Y. Darmon	
Demystifying Adaptive Selling: Exploring Salesperson Attributes and Service Behaviors	671
Piyush Sharma and See Mei (Mandy) Lo	
How to Deal with Unpleasant Surprises During Service Provision?!	683
Edward Kasabov	
A Theoretical Framework of Multichannel Strategy Success	685
Julia Beckmann and Michael Paul	
Self-determination Theory and the Influence of Extrinsic and Intrinsic Motivation for the Value Co-creation Measurement: A Proposition for a Higher Education Service Quality Scale	687
Flávio Régio Brambilla	
Consumer Complaining Behavior: An Ethnic Triangulation Perspective.....	689
Tony L. Henthorne, Alvin J. Williams, and Kate Pounders	
Understanding e-Word of Mouth at Chinese Social Networking Sites	691
Edward Kasabov and Yufeng Peng	
Antecedents of Patient-Centric Collaboration in the Emergency Department	693
Felicia G. Lassk, Yang W. Lee, and Carole Kenner	
Relationship Quality as a Function of Luxury Car Brand Image and Personality	695
Sandra Maria Correia Loureiro	
Use of Facebook and the Formation and Maintenance of Social Capital: Evidence from Latin America	701
Pedro Hidalgo and Pablo Farías	
Overpromotion and the Learned Intermediary Doctrine in Advertising of Medicine and Medical Devices in the United States.....	711
Paul Sergius Koku	

The Impact of Political, Economic, and Environmental Uncertainty on the Possible Futures of Consumption	715
Edward Ramirez	
My Perfect Wedding: How Mexican Consumers' Decisions Are Influenced by Consumerism and Traditions.....	717
Consuelo García de la Torre and Julia Azucena Villa Silva	
From Evangelical Roots to Capitalist Returns: Market Formation from Community Beginnings.....	731
Sam Holloway, Diane M. Martin, Emily Plant, John W. Schouten, and Suzanne G. Tilleman	
Teleological Actions in Negative Service Encounters	733
Carmen Padin, Göran Svensson, Carmen Otero-Neira, and Nils Hovevold	

Engineered Customer Referrals: Prevalence and Antecedents

Ina Garnefeld and Sabrina V. Helm

Introduction

Customer referral programs (CRPs) are a common customer relationship management tool that many large service firms use to reward customers who recommend the firm to their friends or acquaintances. CRPs appear in an array of service industries, including online and mail-order retailers, banking, insurance companies, and fitness clubs. Service providers turn to CRPs because they provide an effective tool for new customer acquisition (Schmitt et al. 2011). As Biyalgorsky et al. (2001) further emphasize, CRPs are also efficient because the service provider only pays the reward if it actually gains the new customer. Given the growing interest in CRPs it is important to investigate their possible unintended consequences. Wirtz and Chew (2002, p. 157–158) expound that “opportunistic behavior might become an issue” for CRPs and call for a clearer understanding of “the potential dangers of design elements of (...) WOM incentive programs”; Schmitt et al. (2011, p. 46) particularly voice concern that “stimulated WOM is prone to abuse by opportunistic referrers.” Potential customers may take advantage of a CRP by engineering an artificial referral situation to obtain the reward (Wirtz and Chew 2002). This means that somebody who has already decided to become a customer of a specific firm learns that it offers a CRP; he or she then searches for a friend or acquaintance who already is a customer of the firm and asks them to “pose” as a referrer. Then, the

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potential customer purchases from the firm faking the referral situation which invokes a reward that can be shared between the artificial referrer and the potential customer or kept by only one of them. According to anecdotal evidence from the cellular services industry, such opportunistic use of CRPs can account for more than 50 % of all referrals, implying that such programs may not be as effective as often proclaimed. Furthermore, the conclusions derived from sophisticated customer lifetime evaluations that consider referral activity (e.g., Schmitt et al. 2011) may also be inconclusive when a “fake” referrer is assigned value for his or her acquisition of a new customer.

The current research raises the following key research questions: How prevalent are engineered referrals in services industries? How do the size of the reward and the reputation of the service firm affect engineered referrals?

Theoretical Background

The creation of a fake referral situation can be characterized as a form of dysfunctional customer behavior (Fisk et al. 2010) that is unethical or opportunistic. The intentional engineering of the artificial referral does not match the firm’s intended use of a CRP; it can be characterized as opportunistic behavior because it breaks “generally accepted norms of conduct in consumption situations” (Fullerton and Punj 2004, p. 1239) by intentionally misleading the firm to pay a reward for a fake referral.

Opportunistic use of marketing instruments has been studied for instance in the context of service guarantees (Wirtz and Kum 2004) and return policies (Harris 2008). Wirtz and Kum (2004) regard cheating on service guarantees as a function of the perceived benefits and costs prompted by the behavior. For example, the potential material gain of a behavior, the perceived injustice in the customer–firm relationship, and customers’ dissatisfaction with the firm or the service increase the benefits of opportunistic behavior, whereas sanctions, the risk of being detected, and feelings of guilt increase costs.

Hence, potential customers engage in engineered referrals when they anticipate that the benefits outweigh the costs. For example, some people might aim to reinforce their self-concept of being smart shoppers, increasing the transaction value (Grewal et al. 1998). On the cost side, engineering an artificial referral situation creates transaction costs as the potential customer must find a fake referrer and persuade him or her to participate. The risk of being judged negatively by the potential fake referrer for engaging in such opportunistic behavior increases social costs. Engineering a referral may also invoke psychological costs associated with feelings of guilt for being involved in opportunistic behavior, or shame in case of detection; however, it is nearly impossible for firms to differentiate between authentic and engineered referrals so the likelihood of detection is low. Finally,

the referral reward offered clearly has a positive influence on the anticipated outcome of engineering referrals. If all other benefits and costs of engineered referrals are equal, the reward size should positively influence outcomes, such that a potential customer is more likely to engineer a referral when the offered reward is larger. Consequently,

H1: Consumers are more likely to engage in engineered referrals when a large reward, rather than a small reward, is offered.

According to neutralization theory (Sykes and Matza 1957), people often justify opportunistic behaviors to themselves and others. Past literature has identified several neutralization techniques (Hinduja 2007; Sykes and Matza 1957), such as denial of the victim, which reinterprets any occurrence of damage as fair. For music file sharing, for example, many opportunistic users consider it fair to download music illegally because they believe multinational music corporations charge overly high prices. In the context of engineered referrals, potential customers' ability to neutralize their opportunistic action may depend on the firm's corporate reputation. When a firm is held in low esteem, potential customers may deny the victim, because they perceive that the disreputable firm deserves the consequences of customers' opportunistic actions. Guilt costs should be lower when faking referrals than they would be in the case of a reputable firm. Social costs also might be lower because it is easier to justify opportunistic actions against disreputable firms to others. Finally, the benefits from harming a less reputable firm might expand to include retaliation for its unfair treatment of others that led to the unfavorable reputation in the first place. When a firm has a good reputation, the social and psychological costs of engineering referrals increase, because the favorable reputation complicates the neutralization process. There are no benefits of retaliation, so customers likely engineer referrals only when reputable firms offer large rewards in their CRPs. In contrast, for a less reputable firm, customers perceive the costs of behaving opportunistically as low because their ability to neutralize potential feelings of guilt and shame increases. With low costs and additional benefits of retaliation, benefits likely exceed costs. Therefore, the size of the CRP reward offered by the less reputable firm plays a less important role, whereas the reward offered by reputable firms must be great enough to make opportunistic behavior beneficial for a potential customer, leading us to hypothesize:

H2: Reward size has different effects on customers' engagement in engineered referrals, depending on the firm's reputation. Reward size has a stronger effect on the likelihood of engineered referrals for a reputable firm compared to a non-reputable firm.

To answer our research questions, we conducted two studies. The first is an exploratory survey study which sheds light on the prevalence of engineered referrals; the second study is based on a scenario experiment and offers insights into the antecedents of engineered referrals.

Study 1

For our exploratory study, we conducted a telephone survey among 1318 German consumers to identify service customers who participated in a CRP by referring another person to a certain service provider. We could identify 155 respondents whom we then asked to recall the last time they participated in a CRP, the name of the firm offering the specific CRP, and whether they actively recommended the service (authentic referral) or whether they were prompted by the recipient to do so to attain the reward (engineered referral). Approximately one-third of the sample (31.0 %) had participated in a CRP as a referrer. The most common service industries in which respondents participated in CRPs were retailing (43.9 %); newspaper and magazine subscriptions (17.4 %); book, automobile, or fitness clubs (13.5 %); telecommunications (9.7 %); financial services (9.7 %); and digital television (3.9 %). In the case of 71 respondents (45.8 %), the last CRP participation was based on an engineered referral. No significant differences arose regarding the occurrence of engineered referrals between service industries ($\chi^2(6, 155)=3.88$, $p>0.05$).

Study 2

In a second study, we analyze the effects of reward size and reputation on intentions to engineer referrals. We conducted a 2×2 between-subjects factorial design and chose cellular services as the study setting. To create a representative sample with regard to age and gender, we e-mailed a link to the survey to potential subjects who fulfilled certain age and gender quota. When subjects clicked on this link, they were randomly directed to one of four online scenarios. We found no differences in age or gender distribution across cells. At the beginning of the experiment, all subjects were asked to imagine that they were about to sign up for a new cell phone contract. They learned that the fictitious provider “mymobile” had a favorable offer for them. We manipulated mymobile’s reputation on two levels, using three key attributes of reputation (Helm 2011). Then, all subjects were told that, when they visited the fictitious website of mymobile to close the contract, they coincidentally came across the firm’s CRP offer. To manipulate the reward size, the high reward group viewed a CRP offering a €50 reward, whereas the small reward group was offered €20. We then measured subjects’ intentions to engineer a referral on a 0–100 % likelihood scale (Ryu and Feick 2007), as well as their evaluations of mymobile’s reputation (Nguyen and Leblanc 2001), the reward size (Ryu and Feick 2007), and the realism of the scenarios. Finally, subjects provided age and gender information. We checked the convergent validity of the reputation and perceived reward size constructs according to their factor loadings (>0.83) and factor reliability (>0.97). We ensured that subjects regarded the scenario as realistic and that they could imagine the

situation ($M_{realistic}=5.02$, $M_{imagine}=5.17$, seven-point scale) and confirmed that the manipulations were successful (firm's reputation: $M_{bad_rep}=3.2$, $M_{good_rep}=4.5$, $t=7.76$, $p<0.000$; perceived reward size: $M_{20€}=2.7$, $M_{50€}=4.9$, $t=14.5$, $p<0.000$, seven-point scales). We tested for a positive effect of reward size on subjects' intention to engineer a referral. The ANOVA results reveal a significant direct effect ($F=6.2$; $p<0.05$) and thus confirm H₁. In response to a large reward, subjects exhibit a 72.7 % average intention to engineer a referral; for a low reward, this intention decreases to 62.6 %. The direct effect of reputation on intention to engineer a referral was not significant ($F=0.1$; $p>0.05$), though the hypothesized interaction between reward size and reputation on intention was significant ($F=4.0$; $p<0.05$). Reward size only matters for reputable firms, because when signing a contract with a more reputable firm, subjects' intentions to engineer a referral increase from 59 to 77.3 % for a large compared with a small reward. In contrast, referral engineering intentions for the less reputable firm remain the same for large and small rewards, in support of H₂.

Discussion and Implications

Our exploratory study is in line with anecdotal evidence that CRP programs are frequently exploited by customers who engineer referrals. Fake referrals require firms to provide the reward even though the new customer was not actually acquired by the referrer and would possibly have signed up for the service anyway. Shedding light on the prevalence of engineered referrals is important for managers who need to evaluate the effectiveness and profitability of CRPs more accurately. To date, no empirical research has taken into account the potential opportunistic use of these programs; therefore, our study offers several key implications for managers.

First, managers need to decide whether the unintended consequences of offering a CRP require reconsideration of the program. Our exploratory study indicated that almost half of the referrers engaged in engineered referrals and that this phenomenon is not specific to any single service industry. It might be more or less cost-effective to gain these new customers via alternative acquisition means; however, the effectiveness of CRPs is questionable if a large share of customers does not really rely on customer word-of-mouth in their purchase decision. This is also an important research insight: the majority of past studies tout CRPs for their effectiveness due to the high credibility of word-of-mouth among customers. However, today's savvy customer may not interpret the offer of a CRP as an invitation to share word-of-mouth but simply as an opportunity to receive a discounted product. Here, it may also be instrumental to reconsider how CRPs are advertised: advertisement directed only at current customers may be less prone to exploitation by potential customers seeking financial advantage than a campaign directed at a broader population.

Second, should managers indeed seek to reduce the number of engineered referrals, this research offers additional insight. When firms offer large rewards for referrals, they increase the likelihood of opportunistic behavior; using smaller rewards might decrease opportunism. However, as other studies show, the participation likelihood in CRP generally increases for larger rewards (e.g., Ryu and Feick 2007), requiring managers to prioritize: Do they want to increase the number of authentic referrals articulated among customers or the number of new customers acquired, irrespective of the authenticity of the referral? Managers may also take into account their firm's reputation. For less reputable firms, opportunistic customer behavior likely occurs independent of reward size while reputable firms can offer smaller rewards to reduce the likelihood of engineered referrals.

Despite the susceptibility of CRPs for engineered referrals firms can still successfully use them and simply tolerate opportunism by customers as long as new customers are efficiently acquired. In this context, it is interesting to note prior studies that indicate consumers regard unequal pricing as unfair (Campbell 1999; Oliver and Shor 2003). For example, promotion prices exclusively offered to new customers may be perceived negatively by current customers. Here, a CRP may offer a solution as new customers might be equally attracted by a referral reward or a new customer promotion reward, implying that the end justifies the means as both programs could be equally effective for new customer acquisition. Nonetheless, our findings do put a damper on all studies that proclaim CRP to be effective because of the credibility and “power of word-of-mouth”.

References: Available upon request

Norwegian Best Practice of Sustainable Business Models

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Abstract The objective of this study is to describe corporate reasons, organizational challenges and the evolution of economic effects, social boundaries and environmental actions in sustainable business practices.

This study is based on insights gained from eight Norwegian companies in different industries.

The empirical findings indicate evolutionary changes as companies move on a continuum from superficial to embedded sustainable business models and the application of sustainable business practices.

The planning, implementation and evaluation of sustainable business models evolves over time within companies and their supply chains, as well as in the marketplace and society. A limitation of this study is that it is exclusively undertaken in Norwegian companies, although the companies are from different industries with different characteristics.

Future research is clearly necessary and will be conducted in other countries in similar industries, so as to explore the empirical findings from this study in other

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contexts. In addition, the interfaces between environmental actions, economic effects and social boundaries need to be investigated further. The study contributes to a growing body of knowledge on corporate reasons for and organizational challenges of sustainable business models, as well as environmental, social and economic aspects of sustainable business practices.

This study only sheds initial light on these aspects, and more work is required to confirm and extend the present findings. Specifically, further research is required into underlying corporate reasons and organizational challenges—as well as economic effects, social boundaries and environmental actions.

The authors believe that the empirical findings provide useful and relevant insights applicable to both research and practice in this important and evolving element of contemporary business.

References: Available upon request

Cultural Transition and Socio-Cultural Taxonomy of Consumers in BRICS Countries

Gregory J. Kivenzor

Introduction

BRICS countries (Brazil–Russia–India–China–South Africa), represent a collective market of 3 billion consumers with quickly growing purchasing power (O’Neil 2011). Unlike slow changes in developed countries, BRICS markets experience a comprehensive transformation resulting in socio-economic processes, affecting life status of consumers, and challenging their present and future behavior (Wong and Ahuvia 1998).

The present research contributes to the body of knowledge developing a better understanding of changes in cultural ecology to predict consumer value orientation in BRICS. We start with an analysis of the nature and dynamics of socio-economic transition taking place in BRICS to describe multiple risks and uncertainties affecting consumers. We examine socio-psychological and cultural research concepts to establish a connection between cultural transformation and changes in consumer self-construal under psychological stress induced by transition. Then, we integrate conceptual findings to develop a Taxonomy of Cultural Ecology and map dynamics in consumer value orientation in BRICS societies. Using this Taxonomy, marketers will be able to review, analyze and predict cultural changes in the target markets in a systemic manner.

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Transition and Consumer Emotional Stress

Political regimes may change fast—sometimes literally overnight. Economic transition is slower and conversion of an economic system may be a matter of years. Social transformation takes much longer time and may last a decade or more. The slowest, by far, is cultural transformation (Triandis 1972; Hofstede 1991): adjustments in cultural values may take generations to set in, e.g., desegregation in the US, social responsibility movement in Europe, and ongoing cultural changes in BRICS. Steep transitions cause significant stress: consumer social identity is constantly threatened; life status unexpectedly changes; and social norms keep shifting (Deaux 1996; Kivenzor 2007). Consumers have to cope with multiple socio-economic and socio-psychological uncertainties related to personal and household income, social standing, value orientation, belonging to particular social groups. Transitional processes modify prior consumption patterns due to steep changes in “social attachments” (Baumeister and Leary 1995).

Migration of Self-Construals and Social Transition

Social psychologists base value orientation in societies on construals reflecting “fundamental relatedness of individuals to each other” (Markus and Kitayama 1991, 1996; Cuddy 2009). Therefore, for members of a society, construals depend on a relative weight of personal vs. social context of values, ideas, behavior and communications. Greater emphasis on interdependence, communal values, harmony in social relations, communications is attributed to collectivist cultures. In individualist cultures, higher priority is given to independent perception of self, personal values, self improvement, etc.

Thus, under emotional stress, consumers are forced to alter their choices based on a new set of norms and beliefs. According to the theory of planned behavior (Ajzen 1991, 2002), consumers are guided by “beliefs about the likely consequences of the behavior (*behavioral beliefs*), beliefs about the normative expectations of others (*normative beliefs*), and beliefs about the presence of factors that may facilitate or impede performance of the behavior (*control beliefs*).”

For the purposes of this study, we associate control beliefs mainly with consumer perception of the political and economic transition, and normative beliefs mainly with subjective understanding of the social and cultural transition. Based on those beliefs, consumers slowly amend their value orientation (e.g., Welzel et al. 2003; Schwartz 2006; Sidhu 2010) and alter their views on the probable future outcomes of their present behavior.

Lack of relevant information about environment confuses consumer beliefs, causing additional emotional stress. Consumers, whose life is upset by the rapid socio-economic and socio-psychological transformation, have troubles building

new construals determining their new social identity and self-definition. Depending on the dominant type of a culture, such construals may be skewed toward either individualist or collectivist identification. We call them “I Identity” or “We Identity,” respectively.

In individualist cultures, the group choice is optional and individuals may simultaneously belong to many groups by not necessarily identify themselves with any particular group (Triandis 1989). In collectivist cultures, people espouse highly inter-dependent construals of selves; thus, they determine their relationships through perceived similarities and differences among social groups they are presently associated with or strive to belong to in the future (Deaux 1996; Wong and Ahuvia 1998).

Self-Concept and Cultural Transition

Cultural research characterizes BRICS as collectivist cultures (e.g., Hofstede 1983; Triandis 2004; Schwartz 2004). “We Identity” dominates in the countries like China, India or Russia where social group values frequently supersede personal values (Ralstone 2008; Rudnev 2009). This contrasts the ways dominant in individualist societies like the US, Netherlands or Australia where most people develop and put forth their individual values and independence from others—“I Identity”—before considering any group membership (Markus and Kitayama 1991; Ardichvili and Kuchinke 2002).

However, individualism/collectivism is an umbrella characteristic applied to so-called “national culture” which corresponds to the general value orientation in the society but may not fit subcultures coexisting in the same country (Erez and Earley 1993; Ralstone et al. 2008). For example, within the same nation, there might be various subcultural pockets, reflecting cultural origins of inhabitants. In addition, value orientation is strongly affected by economic status: poor people typically exhibit stronger collectivist trends than their wealthy compatriots (Hirshman 1973).

Cultural research goes more in depth characterizing different types of collectivist and individualist societies, discerning vertical vs. horizontal collectivism, and vertical vs. horizontal individualism. Extant literature introduces a social construct of equality to create dual characterization: an attitude towards equality is added to a perception of self with respect to a social group (Singelis et al. 1995; Cukur et al. 2004; Schimmack et al. 2005). When individuals put an emphasis on personal values and autonomy, but recognize and accept inequality in the society, this value orientation is characterized as vertical individualism. When members emphasize individual values, but strive to achieve equality in the society, the culture is defined as horizontal individualism. Horizontal collectivism results from the dominant value orientation towards tradition, conformity and equality among all members. Finally, vertical collectivism characterizes the society where group members value their belonging to a particular group, but still recognize and accept inequality among them within this group.

Taxonomy of Cultural Transition

Extant literature suggests various classifications of national cultures presented in a form of a table or matrix (e.g., Hofstede 1980; Singelis 1995; Ralstone 2008) representing a static snapshot of cultural dimensions. To understand the cultural transition in dynamics, we suggest an integration of frameworks provided by socio-psychological and cultural research to describe “cultural ecology” (Frake 1962) of a society.

For this purpose, we combine conceptual consideration of the self-relevance and behavioral stimuli governing such relationships suggested by Marcus and Kitayama (1991) and characteristics of vertical and horizontal individualism/collectivism (Triandis and Gelfand 1998; Cukur et al. 2004). This allows us to devise a socio-cultural taxonomy characterizing a relationship between self and society in different types of cultures over time. Serving as a tool mapping a migration of cultural values, such taxonomy shall have both explanatory and predictive power. Furthermore, bridging cultural research with consumer choice, marketers shall be able to better understand current and future consumption preferences and more effectively meet consumer needs and wants.

In each culture, value orientation and consumption choices of individual members arise from a variety of factors, including family and social group influence during the years of personality formation. For the purpose of this research, we consider “Dependency” as a characteristic describing the value individuals place on their membership in social groups and its respective influence on consumer choice. We also consider “Parity” as a degree of tolerance toward relative inequality among members within a social group. The following definitions explain the underlying constructs:

- Cultural environments with high level of Dependency stimulate tight intra-group integration, indoctrinate members on group values, and police styles and levels of public and private consumption. Cultures of that type espouse “Connectedness”—most members ascribe the value of belonging to a social group above and beyond their personal values, aspirations and preferences, e.g., China and India (Triandis 1972; Hofstede 1980; Wong and Ahuvia 1998).
- In cultural environments with low level of Dependency, members afford to have only volitional and loose affiliations with social groups, completely disassociating group membership from consumption patterns. Those cultures advocate “Detachment”—members care mostly about individual freedom and accomplishments, viewing groups memberships as fleeting affairs, e.g., the US, Netherlands, France (Hofstede 1980; Trompenaars and Hampden-Turner 1998).
- Cultural environments, where intra-group Parity is a stated goal, tolerate no distinctions among members by either ignoring individual differences or invalidating them via group conventions to achieve “Equality” of members within a group. Examples are a kibbutz-like environment, e.g., Israel, or cultures of independent individualists, e.g., Denmark, Sweden (de Mooij 2005).
- Cultures, where member Parity is not a concern, embrace “Hierarchy” within a group and society at large, and adopt social ranking using attributes such as per-

sonal talents, achievements or ancestry. Some of those cultures espouse aristocracy, e.g., UK; some—meritocracy, e.g., US; and some—cast system, e.g., India (Verma and Triandis 1999; de Mooij 2005).

The suggested approach characterizes cultures by varied degrees of Dependency and Parity rather than pegging them into a single category, e.g., horizontal collectivism. A graphic depiction of the taxonomy represents a circle with two horizontal focal points denoting Connectedness and Detachment and two vertical focal points denoting Equality and Hierarchy. A vector rotating around the center has a length and rotational angle depending on a degree of Dependency-Parity characteristics of a particular culture.

The suggested Taxonomy of Cultural Ecology represents a tool, which may be used for cultural characterization in static and dynamics. A static application of this tool allows for snapshot-type comparison of multiple cultures around the world or subcultural orientations within the same nation. Even more important, the Taxonomy allows to assess cultural dynamics via registering the temporal transition of a single culture with Dependency-Parity measurements taken with reasonable regularity (e.g., Schwartz's National Value Survey, GLOBE Project). Finally, this taxonomy can be used to categorize a particular culture in terms of hierarchy of human needs and social values, and compare and contrast them with established system (e.g., Maslow 1943; Schwartz 2006).

According to published research, cultures in BRICS slowly migrate from horizontal to vertical collectivism and, eventually, to vertical individualism (Verma and Triandis 1999; Ralstone et al. 2008). Therefore, the vector reflecting this process and denoting a particular culture's position on the chart will slowly rotate clockwise from the lower left quadrant "Connectedness-Equality" to the upper left one "Connectedness-Hierarchy" and subsequently to the upper right quadrant "Detachment-Hierarchy." At each particular period of time, the radius and angle of this vector will denote measured cultural values.

Discussion and Implications for Theory and Practice

This study of BRICS cultural environment and ensuing concepts were validated through a preliminary qualitative research. Qualitative research via interviewing middle and upper classes consumers with distinct cultural background in three BRICS countries support the outcomes of conceptual study.

This research contributes to the body of knowledge by integration of the frameworks developed by social psychologists and cultural researchers, which produced a fruitful result—the Taxonomy of Cultural Ecology. The Taxonomy shall help marketing scholars formulate clear research hypotheses focusing of measurement of social Dependency and social Parity values of consumers belonging to a particular culture. Measurement of consumer value orientation at various times during social

transition will serve a basis for systemic mapping of cultural changes to understand cultural dynamics in BRICS.

Greater clarity of the suggested Taxonomy of Cultural Ecology affords an easier interpretation of disparate, and oftentimes confusing, metrics used in extant literature. This tool shall allow marketing managers to map cultural transition of consumers, more precisely predict incoming changes, and develop goods and services meeting future consumer demand.

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Five-Stage Acculturation Process of Hispanic Consumers: Theory and Findings

Arturo Z. Vasquez-Parraga and Humberto Valencia

Abstract This study seeks to explain the process of how consumers acculturate by validating a typology of five acculturation states, which includes four final states (assimilation, integration, separation and marginalization) and one transitional (resilience). Using U.S. Hispanic consumers as a cardinal example, and six coordinated samples of consumers, this study introduces continuous measures of cultural awareness and ethnic loyalty to learn how those two antithetical forces shape the acculturation process of immigrant consumers. Employing the CETSCALE, cultural awareness is measured by the degree of adoption of the host culture as represented by the adoption of American products, and ethnic loyalty is measured by the degree of retention of the culture of origin as represented by the retention of products from the country of origin. The results show that consumers who have more cultural awareness than ethnic identity are assimilated, whereas those who have more ethnic loyalty than cultural awareness are fundamentally separated or ethnic consumers. Consumers that have a high degree in both measures are integrated consumers. Conversely, consumers that have low levels of both traits are marginalized. A substantial number of consumers, however, are in a transitory path towards one of the four final states. The revision taken herein overcomes limitations of existing theories and models by emphasizing the process of acculturation, measuring two key forces shaping such process, and finding a transitional state of resilient consumers that previous studies had overlooked, thereby showing that the process of consumer acculturation can best be reflected in a typology of five states.

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Fear Versus Efficacy: Evaluating Dual-Process Models with Workplace Safety Messages

Michael D. Basil and Debra Zabreznik Basil

Abstract Threat messages are often used to try to change people's behavior. Several dual-process models propose that threats can either cause people to control their fear or mitigate the danger. A critical review of these dual process models suggest that severe threats or susceptibility are more likely to result in fear control while self-efficacy should result in the more adaptive outcomes. An online experiment tested these predictions with 1802 men across four English-speaking countries—Australia, Canada, the UK and the US. Path analysis results supported a strong relationship between gore and defensive reactions consistent with the fear control process while efficacy shows a closer relationship with protection motivation and the danger control process. The results provide strong support for this revision of the dual process approach, with fear provoking defensive motivations, and efficacy resulting in self-protection. These results show scaring people is less effective than providing options to avoid the danger.

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Social Media in Higher Education: An Investigation into UG Marketing Education in the UK

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Introduction

Undoubtedly social media (SM) is currently one of the hottest topics in marketing circles (academic and practitioner). Its scholarly importance is reflected in the growing number of special issues of journals (e.g., Journal of Personal Selling and Sales Management, Journal of Marketing Communications, Journal of Business Ethics) and themed conferences around SM and various aspects of marketing. Also, employers of marketing graduates are increasingly seeking candidates adept in SM platforms because of the potential of the aforementioned tools in marketing (e.g., Rapp et al. 2013; Walker et al. 2012; Michaelidou et al. 2011; Kozinets et al. 2010). Notably, the majority of today's university students are "digital natives" (Prensky 2001), representing one of the most active user segments of the internet and Web2.0 technologies. It is, therefore, unsurprising that the Marketing and PR functions of most Higher Education (HE) institutions have devised SM strategies to target and attract new students (Constantinides and Stagno 2011).

What remains under-researched is the extent to which SM is used by academics in the delivery of marketing modules. Addressing this gap, this research aims to investigate the use of SM as content and as a supporting tool for the delivery and/or assessment of Marketing modules in the UK. To satisfy our objective, both the educators' and the students' perspectives will be examined. In particular, our

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objectives are to: (a) identify the extent to which SM marketing is covered in existing marketing modules and to explore its coverage in the immediate future, (b) understand the extent to which SM are currently used to assist the delivery and/or assessment of marketing related modules and to identify future patterns in terms of SM utilisation as (supporting) tools in the delivery and/or assessment of such modules, (c) understand whether SM adoption is related to individual characteristics of the module leader as well as university characteristics and (d) understand student attitudes towards SM as a content and supporting tool in the delivery/assessment of marketing modules.

Research Methods

The research was carried out in two phases. The first phase involved an online survey administered to academics teaching marketing modules in HE institutions in the UK. The Association of Business School (ABS) members' list was used to identify Business Schools in the UK, which were likely to offer marketing modules. The list consisted of 1329 marketing academics from 120 institutions/members of the Association of Business Schools (ABS). The second phase involved four mini focus groups with maximum of five undergraduate students from two HE institutions in the UK who had studied at least one marketing modules over the last 12 months. The focus groups took place at two Business Schools chosen to represent HE institutions of different sizes and geographic regions (north and south).

Results and Discussion

Survey of Marketing Academics

Following an email invitation and three reminders, 259 completed questionnaires were received from Marketing academics (19.5 % response rate), of which 205 were retained as these represented academics involved in UG teaching. The final sample included academics from 79 UK institutions. Results from the survey highlight a limited use of SM in the delivery of Marketing modules ($\text{mean}=3.29$, $\text{sd}=1.26$),¹ while they also suggest that academics are still reluctant to adopt SM for assessment purposes ($\text{mean}=2.12$, $\text{sd}=1.61$). However, SM are used more extensively as content ($\text{mean}=3.87$, $\text{sd}=1.53$). WOM (11.61 %), consumer engagement (10.69 %) and branding (9.45 %) are the top three areas that academics cover when addressing SM. Unsurprisingly, the most popular SM platform used is YouTube (34.41 %), followed by Facebook (17.96 %), LinkedIn (15.71 %) and Twitter (14.21 %). Other platforms used but to a much smaller extent (17.71 %) include Google+, Pinterest, Instagram and MySpace.

¹ Scale ranges from 1 = "Not at all" to 7 = "To a great extent"

Although current use of SM as supporting tools in Marketing education is very limited, academics seem to appreciate the relevance of SM and therefore appear to be more willing to use SM in the delivery of modules more extensively (mean=4.26, $sd=1.75$)¹ in the future. The same pattern is observed when coverage of SM is examined; academics seem to be planning to cover SM more extensively in their modules (mean=4.54, $sd=1.41$). With regards to the specific topics, more academics showed their intention to focus on marketing strategies (8.96 %) and WOM (8.65 %). However, results show that academics remain sceptical regarding SM as an assessment tool (mean=3.02, $sd=1.82$). When considering the platforms that academics are planning to use in their teaching, YouTube appears to be again the most popular one (mean=1.44, $sd=1.09$),² while Twitter (mean=3.04, $sd=1.51$) and Facebook (mean=3.03, $sd=1.56$) also remain very popular.

Following the investigation of current and future trends regarding SM use in marketing education, the focus was next placed on adoption. In particular, different factors were examined for their relationship with the extent to which SM are currently used. The factors include individual (educators') characteristics, such as age, gender, personal innovativeness, experience with SM and hours spent on SM, as well as institutional characteristics, such as size and reputation (Russell Group³ vs. other UK HE institutions). The correlation matrix below suggests that none of the institutional characteristics are associated with SM adoption, contrary to some individual characteristics, which appear to be linked with SM use in HE. In particular, personal innovativeness is significantly correlated with SM use in assessment only ($r=0.405$, $p<0.05$), while hours spent on SM were found to be significantly related to all areas of SM usage ($r=0.292$, $p<0.01$ for content; $r=0.369$, $p<0.01$ for delivery; $r=0.320$, $p<0.01$ for assessment). T-tests were next run to examine the impact of gender and reputation of the institution on adoption of SM as content and supporting tool. The results indicate that neither gender ($t(99)=-0.857$, $p>0.05$ for coverage; $t(98)=-0.426$, $p>0.05$ for delivery; $t(97)=-0.080$, $p>0.05$ for assessment) nor reputation ($t(111)=-0.366$, $p>0.05$ for coverage; $t(110)=-1.746$, $p>0.05$ for delivery; $t(109)=0.844$, $p>0.05$ for assessment) affect SM adoption levels.

Addressing future adoption of SM, significant relationships were found with both individual and institutional characteristics. Interestingly, there is a significant relationship between the reputation of the institutions (measured by proxy of Russell Group vs. other UK HE institutions) and all three areas of SM adoption, namely coverage, delivery and assessment. Our results indicate that reputation plays an important role on future coverage and use of SM in the delivery of marketing modules ($t(40)=-2.626$, $p<0.05$ for coverage; $t(111)=-1.992$, $p<0.05$ for delivery; $t(110)=-1.065$, $p>0.05$ for assessment). The above results suggest that Russell group institutions plan to use SM as content and supporting tool in the delivery of marketing modules more extensively than non-Russell institutions.

²Scale ranges from 1 = "Very Unlikely" to 5 = "Very Likely"

³The Russell Group represents 24 leading UK universities which are committed to maintaining the very best research, an outstanding teaching and learning experience and unrivalled links with business and the public sector (The Russell Group 2013).

Personal innovativeness is again only related to future SM use in module assessment ($r=0.481$, $p<0.01$), which might illustrate that academics are not very experienced in terms of utilising SM for assessment purposes and perceive this as a new technology only in this particular context. Consistent with our expectations, both current adoption ($r=0.770$, $p<0.01$ for coverage; $r=0.810$, $p<0.01$ for delivery; $r=0.738$, $p<0.01$ for assessment) and hours spent on SM per week ($r=0.268$, $p<0.1$ for coverage; $r=0.343$, $p<0.01$ for delivery; $r=0.313$, $p<0.01$ for assessment) are significantly related to future SM adoption. Contrary to the findings regarding current use of SM where no effects of gender or reputation were found, the results for future use illustrate that coverage is affected by gender, with women indicating more extensive coverage ($t(98)=-1.954$, $p<0.05$).

Consistent with earlier findings, which highlight academics' intention to adopt SM more extensively in the future, especially in terms of delivery, their perceptions on the usefulness of these platforms are also found to be positive. In particular, academics in the UK seem to value SM as content and supporting tools (in the delivery and assessment of modules) for enhancing student experience, satisfaction, learning and engagement.

Student Attitudes Towards SM Use in Marketing Education

Relevance: The overwhelming majority of the students interviewed argue that academics should engage in careful planning of their modules and the use of SM in particular. Students specifically referred to the importance of relevance of SM in Marketing modules, emphasising that there are specific modules that lend themselves to the use of SM, such as Marketing communications. Interviewees encourage academics to use SM only 'when appropriate'. A.P. suggested that '*if you are teaching something traditional maybe focus on theory more and don't involve SM then there is no point of abusing it. People are just going to get, not annoyed with you, but they are just going to switch off because they will think "oh they are trying to get involved in SM but it's not relevant". There is no point even doing it*'. When students perceive SM as irrelevant to the context of the module, qualitative evidence suggests that this will have an adverse effect on their learning. In the words of A.G., '*just using them for the sake of it so that you don't get bored is not going to be effective and it will actually distract you more*'.

Usage Level: Students also made special reference and cautioned academics in terms of the levels of usage. There was significant evidence suggesting that students are sceptical and seem to disapprove high levels of SM usage for two main reasons. The first one relates to the perceived image of SM platforms, which is mainly associated with leisure and social interactions and less so with pedagogic purposes. Students seem to also appreciate traditional virtual learning environments, such as Moodle or eBridge, highlighting the fact that in some cases, more traditional platforms are more appropriate. Excessive and unwarranted use of SM is negatively perceived and will have an adverse impact on student experience and learning.

Balance of Theory and Practice: Students emphasise the need to be exposed to both theoretical and practical aspects of SM during their undergraduate education. A lot of arguments were made in favour of the use of theory to explain the use of SM as a marketing tool and also identify suitable strategies for specific companies. In particular, students referred to the need to build knowledge on the areas of strategy and incorporation of SM within strategic marketing plans as well as effectiveness measures of SM marketing.

Academic Presence and Multi-level Collaboration: Effective use of SM in HE appears to be increasingly dependent on the presence and active participation of academics themselves on these platforms. Students will only appreciate the use of SM in modules when academics are actively engaged in such platforms, posting and updating material on a regular basis. Students almost unanimously acknowledge the potential of SM in creating a cohesive community, where information will be freely shared and benefits will be gained from inputs from individuals in different disciplines. Students, academics and employers could be brought together in platforms, where collaboration would be the key aspect. A.S. highlighted the benefits of online collaboration: '*what I find literally exciting and really stimulating for my mind is sharing information, like a virtual place, where you can exchange information between people and some people will be really useful because it makes you understand the concept that you study, but they also give you a better understanding of a broader environment, like a different perspective from different lives*'.

Conclusions

This study contributes to a gap in the HE literature by investigating the use of social media as content and also as a support tool in the delivery and assessment of undergraduate marketing modules in UK HE institutions. A two-phased research design involving a survey with academics in the UK and focus groups with students has revealed useful insights into current and future use of SM and how these are likely to affect students' learning and experience. Despite educators acknowledging the benefits of SM for their students their current use of them as content or support tool in module delivery is only moderate whilst the use of SM in module assessment is low. Their intentions for future use are significantly higher across all three areas of SM usage (content/delivery/assessment). On the other hand, qualitative research with students has revealed that SM should only be used when and where relevant and in ways that should not distract them from learning. Students have emphasised that where relevant they would require both a practical and theoretical understanding of SM that could be enhanced by multidisciplinary teaching teams. Use of SM should, by no means, become an end in itself but instead should be well planned and underpinned by clear learning objectives.

References: Available upon request

The Influence of Product Color on Perceived Weight and Consumer Preference

Henrik Hagtvedt

Abstract This research investigates the influence of color lightness on perceived product weight, perceived product attributes, and consumer preference. Three preliminary experiments provide nuance to prior findings regarding the influence of color lightness on the perceived weight of objects. Four main studies subsequently provide evidence that consumers perceive a product to be more durable if its color is dark rather than light, but more convenient if its color is light rather than dark. Both effects arise because darker products are perceived to be heavier. The findings may be especially useful for managers in turbulent business environments, to the extent that the documented phenomena and their influence on consumer behavior do not depend on specific, transient changes in these environments.

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Understanding Green Consumption: Is Perceived Consumer Effectiveness a Predictor of Green Behaviour?

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Introduction

In recent years, increased consumer interest in the environment has led to a surge in the availability of green products and services. However, academic literature on green consumption finds that individual concerns about the environment do not necessarily translate into purchases of green products and services (Kim 2011). The gap between consumer attitudes to the environment and the adoption of green behaviour has been labelled the ‘green gap’ (Gupta and Ogden 2009).

Accordingly, the predictive power of consumer attitudes to explain green behaviour appears limited. Similarly, the predictive power of other variables such as ‘environmental concern’, ‘altruism’, ‘collectivism’, ‘liberalism’ or ‘faith in others’ have been tested without a consensus ever having been reached (Straughan and Roberts 1999). Other authors have focused on the perceived consumer effectiveness (PCE) construct (e.g. Tan 2011; Webb et al. 2008) which is defined as *‘perception by consumers of the extent to which their actions can make a difference in solving environmental problems’* (Akehurst et al. 2012, p. 976).

Studies on the role and impact of PCE on green purchasing behaviour do not provide consistent results and some authors question the construct’s efficacy (e.g. Ellen et al. 1991). Moreover, many studies have been conducted using student or convenience samples. As Kim (2011, p. 86) concludes in his study on the moderating

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effect of PCE on green purchases, '*future research using a sample representing population is recommended.*' Tan (2011, p. 22) also advises '*to investigate to what extent the indirect factors (environmental knowledge, environmental threat, PCE) relate to the respective direct factors (general environmental attitude and green purchase attitudes) as well as their ability to explain green purchase behaviour.*' As pointed up by Roberts (1996), given that consumer opinions relating to self-efficacy change rapidly as a result of media coverage of environmental issues, there is a need to pursue research into PCE. The object of this paper is to test the predictive power of PCE to explain green behaviour. Testing relates to two types of green behaviour, namely green purchasing behaviour and green behaviour (recycling and composting).

Literature Review and Hypothesis Development

Twenty studies involving application of the PCE construct were identified in our review of topical literature. PCE was first described and measured by Kinnear et al. (1974). Initially, PCE was deemed an element of consumer attitude (e.g. Webster 1975). Following subsequent developments, attitudes and PCE were treated as two distinct constructs (Ellen et al. 1991). Kim (2011, p. 74) provides a definition of PCE reflected in recent literature: *PCE, defined as the evaluation of the self in the context of the issue, differs from an attitude that reflects an evaluation of an issue and predicts importantly environmentally conscious consumer behaviour.*

Generally, literature has tended to focus on the predictive role of PCE on green behaviour. The first studies into the phenomenon demonstrated the positive impact of PCE on *energy saving behaviour* (e.g. Kim and Choi 2003; Balderjahn 1988; Allen 1982; Allen and Dillon 1979; Seligman et al. 1979), on the *degree of shopping for low polluting products* (Balderjahn 1988; Kinner et al. 1974), on *socially responsible consumption behaviour* (Webb et al. 2008; Antil 1984); and on the choice of *green detergents* (Webster 1975; Kinner et al. 1974). However, there does not appear to be any real consensus respecting the impact of PCE on behaviour such as *green purchasing behaviour* ('Yes': Akehurst et al. 2012; Straughan and Roberts 1999; no: Kim 2011), *recycling* ('Yes': Ellen et al. 1991; 'No': Lee and Holden 1999) or an individual becoming an *active member of an environmental group* ('Yes': Lee and Holden 1999; 'No': Balderjahn 1988). Furthermore, it has been demonstrated that PCE does not impact the choice of *green home insulation* (Balderjahn 1988), *ecologically responsible use of motor vehicles* (Balderjahn 1988), the *seeking out of biodegradable products* (Lee and Holden 1999) or *car pooling* (Lee and Holden 1999). Using two series of hypotheses, this study measures the impact of PCE on green purchasing/use behaviour and general green behaviour. It should be noted that PCE is measured negatively (e.g. I consider that I alone have absolutely no impact on the environment) as it is standard in the literature (e.g. Ellen et al. 1991).

H1: PCE negatively impacts green purchasing/use behaviour

H1a: PCE negatively impacts the purchase of paper products made from recycled paper

H1b: PCE negatively impacts the purchase of energy-efficient heating systems

H1c: PCE negatively impacts the purchase of environmentally friendly toys

H2: PCE negatively impacts green behaviour

H2a: PCE negatively impacts recycling behaviour

H2b: PCE negatively impacts composting behaviour

Methodology

Data was gathered in September 2011 via a self-administered e-mail survey from a Web-based sample of 1039 adult respondents residing in one of Canada's ten provinces. The sample was diverse in terms of gender, age, education and household income. Females comprised 55.2 % of the sample. Respondents ranged in age from 18 to 83, with a mean value of 47.7 years. A total of 37.1 % had attended high school, 25.0 % had completed undergraduate studies at a university, and 52.0 % reported annual household income ranging from \$10,000 to \$50,000 a year.

PCE was measured on a 10-point Likert scale using four items adapted from topical literature (Webb et al. 2008; Laskova 2007; Roberts 1996; Antil 1984; Webster 1975; Kinnear et al. 1974). Green purchasing behaviour was measured on a 10-point Likert scale by asking respondents to indicate how often they had used or purchased a given product in the past 12 months. Three types of products were included: paper products made from recycled paper, energy-efficient heating systems, and environmentally friendly toys. Green behaviour was measured on a 10-point Likert scale by asking respondents to indicate how often such behaviour applied to purchases made in the past 12 months. A confirmatory factor analysis (CFA) was conducted to test the hypotheses.

Results

The Cronbach alphas vary between 0.83 and 0.93, and are thus exceed the recommended threshold level of 0.70. Composite reliability indices range from between 0.84 and 0.93, thereby also exceeding the 0.70 threshold necessary for measurement reliability (Fornell and Larcker 1981). With regard to *convergent validity*, all items in the model have significant factor loadings greater than 0.50. Also, average variances extracted (AVEs) vary between 0.56 and 0.80, and are greater than 0.50 which

suggests adequate convergence (Hair et al. 2010). Furthermore, *discriminant validity* is confirmed since no squared correlation (off-diagonal value) is greater than the AVEs (on-diagonal) (Hair et al. 2010).

We performed a confirmatory factor analysis (CFA) to test the adequacy of the measurement model using EQS 6.1. Results indicate an excellent fit between the model and observed data. The overall fit indices of the measurement model are as follows: $\chi^2=228.91$ (d.f.174), $p=0.003$, Chi-square/df = 1.32, NNFI = 0.99, CFI = 0.99, RMSEA = 0.03, with 90 % confidence interval of RMSEA = 0.02–0.04. The hypothesized relationships in the model are tested simultaneously using structural equation modelling. The resulting χ^2 is 617.14 with 184 degrees of freedom and the ratio of χ^2 to degrees of freedom is 3.35 ($p=0.000$; NNFI = 0.91; CFI = 0.92; RMSEA = 0.08; 90 % confidence interval of RMSEA = 0.07–0.08), suggesting that the hypothesized model is consistent with the data. The results reveal that the proposed hypotheses are not confirmed. The path coefficients are not significant among latent variables, except for recycling behaviour (H2a) and the use of energy-efficient heating systems (H1b). It should be noted that in the case of H2a, the percentage of variance for recycling explained by PCE (R^2) is only 1.6 % which reduces overall predictive power and that in the case of H1b, the impact of PCE on the use of energy-efficient heating systems is positive rather than negative as hypothesized.

Conclusion and Implications for Theory and Practice

The object of this paper was to test the predictive power of PCE to explain green behaviour. Employing a self-administered e-mail survey from a Web-based sample of 1039 adult respondents residing in one of Canada's ten provinces, the hypotheses were tested using structural equation modelling. The results are highly interesting as they reveal that five out of six hypotheses are not confirmed. PCE does not impact green purchasing/use behaviour (e.g. purchase of paper products made from recycled paper, purchase of energy-efficient heating systems and purchase of environmentally friendly toys). Moreover, PCE does not impact green behaviour (e.g. composting behaviour). It is possible to surmise that PCE impacts recycling behaviour, although it should be noted that the percentage of variance explained by this variable (R^2) is only 1.6 %. Consequently, PCE is not an effective predictor of either green behaviour or green purchasing behaviour.

While not in line with results from other authors, our results confirm those of Kim (2011) and Kim and Choi (2005) who conclude that PCE should not be used to predict generalized pro-environmental behaviour. They are also in line with Kim and Choi's (2003) findings which point up that PCE directly impacts only specific green behaviour such as energy-saving and recycling behaviour. Research to date thus clearly demonstrates that PCE should not be used alone to predict green behaviour or green purchasing behaviour, especially given the difficulty of predicting green behaviour. Many authors concur and agree that the observed difficulty likely lies in rapid, ongoing developments in this field (e.g. Webb et al. 2008).

In conclusion, it might be relevant to test alternative explanations of the role of PCE in explaining green behaviour. For instance, Joonas (2008) suggests that PCE impacts the search for information on green products and services and that this search for information relates to green behaviour. This alternative explanation is based on the assumption that consumers require information to be able to identify green behaviour.

References: Available upon request

Drivers of Long-Term Savings from a Consumers' Behavioral Perspective: A Large-Scale Empirical Investigation

Matthias Rüfenacht, Tobias Schlager, and Peter Maas

Abstract Putting money aside for future needs and expenses as opposed to immediate consumption poses a very important trade-off for nearly every individual. Adequate savings ensure smooth consumption in the course of time and buffer sudden income shocks (Modigliani 1986; Ülkümen and Cheema 2011). Especially in times of financial turmoil the decision to save, notably for the long term, gains relevance for most households and directly affects their present as well as their future asset allocation. Regarding the crucial impact of savings on an individual's life, we investigate the long-term savings behavior in an empirical study. Via a self-administered online survey we have collected the data necessary for our analysis. 1281 completed questionnaires from European savers were used in our study.

By drawing on Giddens' (1984) structuration theory, Fishbein and Ajzen's (1975) theory of reasoned action as well as Bentler and Speckart's (1979) generalization of Fishbein and Ajzen's theoretical approach, we directly relate the social context to the savings attitudes and the savings attitudes to long-term savings behavior. Therefore, the two savings attitudes—perceived anxiety and perceived importance—directly affect long-term savings in our research model, whereas the two social context variables—social influence and relationship quality to the savings institution—represent antecedents of the savings attitudes. Thus, we do not expect a direct influence of the social context on the decision to save for the long term, which could have been confirmed by mediation analysis. Further, we have operationalized our research model by applying structural equation modeling. Global fit measures indicate a reasonably good model fit ($TLI=0.931$, $CFI=0.942$, $RMSEA=0.062$, $SRMR=0.082$; $\chi^2(143)=697.414$). The resulting path coefficients show that social influence exhibits a significant positive influence on both savings attitudes (0.103** on perceived anxiety and 0.298*** on perceived importance), while relationship quality is positively related to perceived importance (0.378***) but negatively influences perceived anxiety (-0.286***). In addition

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perceived anxiety negatively affects long-term savings (-0.161^{***}) whereas perceived importance exhibits a positive influence (0.182^{***}).

In conclusion, our proposed framework delineates the crucial drivers of long-term savings. Our results reveal that a well-established relationship with a financial intermediary (a) reduces perceived anxiety towards long-term savings and (b) enhances perceived importance. Both of these aspects in turn positively influence long-term savings in a direct manner. Thus, a sustainable partnership between the consumer and the savings institution, which is based on satisfaction, retention and trust, can affect the attitudes towards long-term savings and ultimately increase the savings rate. Hence, by being a trustworthy and reliable partner and satisfying customers' needs financial institutions can clearly influence an individual's savings behavior. In addition, we delineate the attenuating effect of social influence on long-term savings by finding a net negative indirect effect on long-term savings. Thus, family members and friends have a strong impact on the formation of savings attitudes, which can lead to decreasing savings rates.

References: Available upon request

A New Method for Benchmarking Marketing Organizations with Inter-Connected Departments

Shrihari Sridhar, Murali K. Mantrala, and Prasad A. Naik

Abstract Efficiency benchmarking analysis is commonly used to assess and compare the productivity of similar making units (DMUs), e.g., marketing organizations of firms in an industry. In this research, we broaden the applicability of efficiency analysis to situations where each DMU comprises interconnected sub-DMUs (e.g., departments). Extant research espouses that embracing the connectedness between sub-DMUs (e.g., marketing-sales interface, marketing-R&D interface) helps maximize sub-DMU and DMU performance. For example, the marketing sub-DMU generates sales leads through advertising while the sales force sub-DMU convert leads into sales. The sales force sub-DMU partially relies on the marketing sub-DMU to generate sales, and the DMU benefits from the efficiency gained by the sales force sub-DMU in following through the leads generated by the marketing sub-DMU. To conduct efficiency analysis of DMUs with inter-connected sub-DMUs, we need a method that produces sub-DMU level efficiency scores, accounts for the inter-connectedness among sub-DMU inputs and outputs, and provides statistical inference on the impact of efficiency on overall DMU outputs, all of which are not provided by extant methods. Accordingly, we propose a new method that combines the intuition of the existing methods to address the problem. In addition, based on syndicated data from over 300 newspapers with interconnected sub-DMU, we present empirical evidence that the proposed method outperforms traditional approaches that do not consider sub-DMU inter-connectedness. Finally, the proposed

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method yields substantive insights. For example, the newsroom department was the most efficient; yet newsrooms appear to have been the major focus of cutbacks during the last decade.

Keywords Benchmarking • Efficiency analysis • Sliced inverse regression • Data envelopment analysis • Stochastic frontier analysis

References: Available upon request

Assessing Sales Contest Effectiveness: The Role of Salesperson and Sales District Characteristics

**Srinath Gopalakrishna, Jason Garrett, Murali K. Mantrala,
and Shrihari Sridhar**

Abstract Sales contests are widely employed to improve short-term sales performance, but knowledge about their effectiveness at the individual salesperson level remains sparse. Proponents argue that contests increase sales by stimulating salespeople while critics say that contests merely encourage strategic timing of sales efforts. The authors draw on the strategic sales timing literature as well as self-efficacy and goal theories to hypothesize that in a consultative selling scenario, sales dip below the baseline before the contest, but increase above the baseline during and after the contest. They posit that sales district potential and salesperson self-efficacy moderate the pre-contest sales dip, contest sales boost, and post-contest sales. Results from a model using individual-level data on 1180 salespeople in 78 sales districts support the hypotheses. The findings stress the need for researchers to integrate the role of strategic timing, salesperson and sales district characteristics to assess sales contest outcomes. For practitioners, the findings show that in consultative selling situations, contests can generate a net sales increase despite the occurrence of timing games, and the sales gain is higher in districts with lower sales potential and among salespeople with higher self-efficacy.

References: Available upon request

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Building a Theoretical Model of Trust in Direct-to-Consumer Advertising

Jennifer G. Ball, Danae Manika, and Patricia A. Stout

Abstract Direct-to-consumer pharmaceutical advertising (DTCA) is believed to empower consumers, but national surveys indicate declining trust in DTCA. Given the unique characteristics of this category, it is unclear what the likely consequences are of reduced trust in these ads. Furthermore, previous research is inadequate to discern the basis of trust toward DTCA. To address this issue, a model of the antecedent and consequent factors connected to trust in DTCA was developed based on prior empirical findings and the Persuasion Knowledge Model (PKM). This paper presents survey findings testing the model. SEM results show trust is predicted by perceptions of mediated health information sources, advertising in general, pharmaceutical companies, and the perceived value and informativeness of prescription drug ads. Regarding outcomes, results were mixed for the relationship of trust with attention, attitudes, and behavioral intent. Overall, findings suggest trust plays a complex role in shaping consumer reactions to prescription drug ads. Implications and future research directions are discussed.

References: Available upon request

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Relational Capability in a Key Outsourced Supplier–Buyer Relationship

Aurathai Lertwannawit

Abstract The strategic partner relationship has been depicted as a key competitive tool in the business market. Numerous researchers have described business relationships as ranging from arm's length transactions to collaborative partnerships (Anderson and Narus 1991; Day 2000; Jap and Mohr 2002). Although there is widespread agreement that a seller's relational capability is a complex construct, the literature, for the most part, is silent on how this should be explicated. The aim of this paper is to develop a scale that taps into the continuum of closeness between a supplier and a buyer with the presumption that the closer the supplier is to its most important buyer in a key relationship, the more likely it will be to have other similarly valued relationships. A quantitative methodology using a survey was adopted to collect data. The final sample size was 349 valid responses, from owners of or top-level management in manufacturing firms operating in Thailand. We used AMOS (Arbuckle and Wothke 1999) to test the confirmatory factor models and evaluate the measurement data from the final survey. In developing the construct, we reviewed relevant industrial marketing literature and followed standard scale development procedures (Churchill 1979; Gerbing and Anderson 1988). The work of Cannon and Perreault (1999) enabled us to identify the sub-dimensions that should be presented. In particular, Cannon and Perrault indicate that operational linkages, legal bonds, cooperative norms, information exchange, seller adaptation, and buyer adaptation are six critical facets in capturing the extent to which a seller interrelates and conducts business with a buyer firm. However, important social aspects of relationships not anchored behaviorally did not fall within the scope of their conceptualization. And, because this study is based in a collectivistic context on which social aspects of relationships have great bearing, we incorporated scales

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that tapped into trust, commitment, long-term orientation, and power. Kumar et al. (1995) suggest that benevolence trust and honesty trust are important facets of exchange in collectivist cultures, so those two scales were incorporated, along with scales for commitment (Wilson and Vlosky 1998), long-term orientation (Ganesan 1994), and power (El-Ansary 1972). These eleven factors were identified for initial investigation. The results show that the relational capability construct consists of the proposed three primary dimensions, i.e., governance, cooperation, and social mechanisms. In addition, relational capability is a multilevel factor, and some of the primary dimensions have sub-dimensions associated with them in business practice. In conclusion, the data fit the multi-dimension and multilevel model well and suggest that the relational capability scale can be utilized to tap into the closeness exhibited within an industrial dyad.

References: Available upon request

“Can You Do Something About the Price?”— Exploring the Indian Deal, Store-Brand and Haggling-Prone Consumer

Jagrook Dawra, Kanupriya Katyal, and Vipin Gupta

Abstract Organized retail stores offer discounts (price, freebies, coupons etc.) and introduce store-brands (Dhar and Hoch 1997) to attract the value conscious customers. Research done on the western consumer has studied how a deal prone customer differs from a store-brand (SB) prone customer (Lichtenstein et al. 1995; Ailawadi et al. 2001). In India, the traditional neighborhood stores use a third mechanism to attract value conscious consumers—Bargaining (or haggling). Customers haggle for a variety of reasons—ranging from economic to psychological (Jones et al. 1997; Sharma et al. 2000). Though haggling is a prevalent phenomenon in the Eastern economies, it has not been studied in the literature.

While research in the past has looked at the role of benefits and demographics (Ailawadi et al. 2001; Lichtenstein et al. 1993; Urbany et al. 1991), personality orientation has not been used to explain deal-proneness or store-brand proneness. Personality orientations have been found to impact the bargaining-proneness of consumers (Mowen 1999) and their buying behavior (Butori 2010).

This paper explores how a deal prone, store brand prone and bargaining prone customer is psychographically different from each other. We study psychological benefits—value consciousness and price mavenism, personality orientation—need for special treatment (distinctiveness and play) and demographics.

We found the Indian deal-prone consumer is value conscious and price maven. This behavior is similar to the research done on the US consumers (Ailawadi 2001). We observe a distinct departure from the US literature on SB prone customers. The Indian SB customer is not characterized by value consciousness but are price mavens. The retailers position SBs not as a cheap alternative, but introduce them

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in categories where the national brands are not at all present (Deloitte 2013). Traditionally, grocery products in India have been purchased from the neighborhood store (unorganized sector). The comfortable and upmarket ambiance of the stores in malls gives the customer a feeling of being ‘exclusive’ or special. This explains the positive relationship between need for special treatment (NST)—distinctiveness and the negative relationship with NST—play. Bargaining-prone customers have a positive relationship with play orientation. These consumers enjoy the process of negotiating. Indian bargaining-prone consumers are value conscious and price mavens. They consider themselves well informed on price perhaps they feel price knowledge to be a prerequisite for effective bargaining. We find that women have higher likelihood of being deal-prone. SB prone consumers are likely to be younger and have higher incomes. Interestingly, none of the demographics seem to explain bargaining-proneness.

References: Available upon request

Assessing the Impact of Corporate Reputation on Firms' Cost of Debt: An Empirical Study of German DAX 30 Companies

Benjamin Pfister and Manfred Schwaiger

Abstract Corporate reputation is a key intangible asset for maintaining and enhancing companies' competitiveness in the globalized economy. It has been shown that reputable firms enjoy high levels of other consumer mindset metrics, such as customer satisfaction and loyalty, benefit from higher income and return on assets, and outperform the market in terms of stock returns. Furthermore, a high level of reputation shields companies' future firm value from harmful consequences of external shocks, such as economic crises. The notion that corporate reputation lowers companies' cost of capital is commonly accepted in management practice, but, surprisingly, has to date received little attention in academic literature. This study strives to fill this research gap by answering the question whether a company can lower its cost of debt by means of reputation management.

Apart from disclosing financial performance indicators, companies try to convey an impression of financial health to creditors via alternative sources, such as auditor choice or analysts. Additionally, there is empirical evidence that intangible assets can serve companies in their efforts to build confidence among creditors that they will be able to service their debt in the future. These assets help accelerating and enhancing cash flows, thus lowering the latter's volatility and vulnerability and increasing their residual value. We therefore expect lenders to reward reputable firms with more favorable credit conditions, i.e. lower cost of debt, defined as the interest rate on debt adjusted by the lender to compensate for known risks. Furthermore, we assume that firm size moderates this relationship, as large (i.e., highly visible) firms are under constant scrutiny from their stakeholders. Thus, they have a stronger incentive to engage in efforts shaping their reputation, such as corporate social engagement, as their actions will be noticed by a large community. This helps them to build a large and loyal customer base, which in turn leads to more stable cash flows, reducing the probability of bankruptcy and inability to service their debt. Besides, large firms possess more assets that act as securities in

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case of payment default. Therefore, lenders should be less reluctant to incorporate reputation into their credit decisions.

We operationalize the cost of debt as the so-called realized interest rate by dividing a firm's annual interest expenses by its total debt. To account for industry-specific idiosyncrasies, each firm's cost of debt is scaled by the annual industry median. Corporate reputation is defined as an attitudinal mindset towards the company. Following the model of Schwaiger (2004), it is conceptualized as a two-dimensional construct comprising a cognitive (competence) and an affective (likeability) component; reputation is the linear combination of these two dimensions. In a longitudinal study, reputation data for DAX30 companies (an index comprising the 30 largest firms listed on the German stock exchange) was collected by a major market research agency in seven annual waves (2005–2011) from large-scale samples representing the general public in Germany. By applying panel data analysis on a dataset containing 140 firm-year observations and controlling for commonly known factors, we find that a good reputation results in lower future cost of debt, relative to the firm's industry peers. This relationship holds when reputation is corrected for prior financial performance and industry affiliation, factors known to affect the general public's perception of the company. Furthermore, as expected, we observe that the larger a firm is, the better it can exploit reputational advantages when it comes to raising debt capital. While our results should help marketing managers to further strengthen their argument that reputation management is value-relevant, this study serves as a starting point for further research to gain a deeper understanding of the reputation-cost of capital-interface.

References: Available upon request

Considerations When Marketing Scales from Developed Countries Are Utilised for Marketing Research in Emerging Markets

Nic S. Terblanche

Abstract Marketing scales that are used widely today were mostly created in developed countries with the aid of sophisticated and well-informed consumers. The question addressed in this paper is whether these scales are suitable for research in developing markets. The study reported here tested the customer based corporate reputation scale with a do-not-know (DNK) option for every item. The findings of this study clearly indicate that scales found to be reliable and valid in developed areas might contain items and in some instances, even whole dimensions, that respondents are incapable of answering. Although the reasons why a respondent was unable to respond to a particular item was not considered in this study, it seems that certain concepts could be unheard of to respondents or respondents regard themselves as having insufficient knowledge to respond to items measuring such knowledge. The contribution of this study is that it conclusively confirms the need to pre-test existing scales before it is used in developing markets.

Keywords Marketing research • Scales • Developing markets • Do-not-know option • Pre-test

Introduction

It is likely that the majority marketing scales used in academic and business today were developed in high income industrialised countries. It is therefore important that substantial thought is applied when such scales are considered to study marketing phenomena in an emerging market. For instance, Burgess and Steenkamp (2006) point out that the circumstances in emerging markets imply departures from the assumptions of theories that were used to construct most of the existing scales. Mouncey (2012) refers to research methods from developed countries being applied

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in a “cut and paste” fashion in emerging economies. The rising demand for products and services in emerging markets also increase the demands for marketing research in such markets. The envisaged extent of this demand is recognized by Malhotra (2012) who states that it is likely that the rate at which the demand for marketing research in emerging economies will eventually exceed that of marketing research in developed economies. De Jong et al. (2009) state that most “(U.S.-developed) scales may contain items that are into local cultural expressions of the construct in question may be missing”. This research is also in response to Hunter’s (2001) call for more empirical replication studies in diverse service contexts. The primary purpose of this paper is to report on research undertaken to validate the 2009 customer based corporate reputation scale of Walsh et al. (2009) in the supermarket industry of a developing country. In this study respondents were also given the DNK option as an alternative response. The paper will address the methodology used, the sampling procedure, the findings as well as the managerial implications of the findings. The influence of the DNK option on responses has received a fair amount of attention in the literature (Luskin and Bullock 2011; Lietz 2010; Schuman and Presser 1996). When DNK is considered as a response, two alternatives, with or without an explicitly offered DNK are available to the researcher. These two alternatives can be applicable for both open-ended and closed-ended items.

The Customer-Based Corporate Reputation Scale

Walsh et al. (2009) published their revised customer-based corporate reputation (CBCR) scale in 2009. The 2009 scale is a shortened version of a scale published in 2007. The 2007 CBCR scale of Walsh and Beatty regarded corporate reputation as a multi-dimensional construct. Customer-based reputation was defined as “the customer’s overall evaluation of a firm based on his or her reactions to the firm’s goods, services, communication activities, interactions with the firm and/or its representatives or constituencies (such as employees, management, or other customers) and/or known corporate activities” (Walsh and Beatty 2007, p. 129).

The 2007 CBCR scale underwent substantial testing in the USA and finally materialised as a scale consisting of the following five dimensions: Customer Orientation, Good Employer, Reliable and Financially Strong Company, Product and Service Quality, and Social and Environmental Responsibility. The dimensions of the scale are defined as follow:

Customer orientation: customers’ perceptions about the degree to which the firm and employees’ go to satisfy customer needs and focus on customers

Good employer: customers’ views as to how the firm treats employees and has competent employees

Reliable and financially strong company: customers’ perceptions of the firm’s competence, strength, and profitability and of the firm’s vision and its attractiveness to investors

Product and service quality: customers' perceptions of the firm's innovativeness and quality of products and services offered and which the firm back

Social and environmental responsibility: customers' perceptions in respect of how responsible the firm is on environmental and social issues.

The five dimensions of the initial scale had 28 items. The sample for the 2007 CBCR study consisted of customers of banking services, retailing and fast-food restaurants. The customers had to evaluate their current providers of banking, retailing and fast-food services.

The 2009 study to test the reliability and validity of the shortened scale took place in Germany and the United Kingdom. The 2009 study lead to a CBCR scale that had the same five-dimensions as the 2007 scale; this time with 15 items (3 per dimension) measuring customer-based corporate reputation.

Validating the 2009 CBCR Scale in South Africa

The 2009 CBCR scale was validated in an earlier study in South Africa. Terblanche (2014) found that respondents in South Africa perceived customer-based corporate reputation as to consist of only two dimensions. These two dimensions are labeled as follows:

Customer orientation—this dimension relates to customers' perceptions about the extent to which a company and employees' go to satisfy customer needs and focus on customers. The items measuring customer orientation are the following:

ABC has employees who treat customers courteously

ABC has employees who are concerned about customer needs

ABC is concerned about its customers

Competitiveness—this dimension refers to the firm's ability and its performance to deliver goods and services at competitive prices and service levels and to make the most of market opportunities. The items measuring competitiveness are the following:

ABC tends to outperform competitors

ABC seems to recognize and take advantage of market opportunities

ABC looks like it has strong prospects for future growth

ABC develops innovative services

What is important here is to take note of the “origin” of the items (based on the 2009 CBCR scale) that make up these two dimensions. The “Customer Orientation” dimension is measured by the three items used to measure “Customer Orientation”. In the case of “Competitiveness” one of the items comes from the “Product and Service Quality” dimension and the other three items are from the “Reliable/Financial Strong Firm” dimension.

Rationale for the Current Study

Because the attempt to validate the 2009 CBCR scale in South Africa only found support for two dimensions, it was considered sensibly to undertake a further study to try and identify possible explanations for this state of affairs. The same questionnaire, with an option to indicate “Do Not Know” were a respondent was unsure or did not know what the question was about, was given. All the items explicitly offered a “Do Not Know” option. The rest of this paper focuses on the findings of the study where respondents selected the “Do Not Know” option. The first research question that was studied is the quantity of concepts that respondents seems to be unfamiliar with or are unable to answer questions about. A further research question in this study is whether what could possibly make up a firm’s corporate reputation for customers in a developing country, is similar to that found in a developed country. The opportunity to respond to the DNK option only offers insight into what customers cannot respond to in respect of an existing scale.

Methodology

The methodology followed attended to sampling, data collection and the statistical analyses of the data. The questionnaire used in the study is the same used to develop the 2009 CBCR scale.

Questionnaire Used in the Study

The questionnaire comprised of 15 items that measured five dimensions of the shortened version of the CBCR scale as well as 13 more items that measured loyalty, trust, repatronage intentions and overall reputation. Respondents also had to specify how long they have been shopping at the particular retailer. The dimensions and their items were, where necessary, adjusted for the supermarket industry. The particular five dimensions are Customer Orientation, Good Employer, Reliable and Financially Strong Company, Product and Service Quality, and Social and Environmental Responsibility. All the items in the questionnaire were measured on a 7-point Likert scale, where 1 represented *Strongly disagree* and 7 *Strongly agree*. [Annexure A](#) contains the questionnaire used.

Method of Data Collection and Sample Characteristics

A list of 10,000 email addresses of respondents was purchased from a firm specializing in the provision of customer research data. A web-based questionnaire was placed on a website to collect data. All respondents were able to access the website

by email. Check Box version 4.7.1.6.0 was used to capture data electronically. A letter which briefly dealt with the purpose of the study and which also asked respondents to participate in the study, accompanied the online questionnaire. The number of fully completed questionnaires received totalled 706. The response rate for fully completed questionnaires was thus 7.06 %.

Findings of the Study with the DNK Option

Of the 706 respondents almost half, namely 350 (49.6 %) indicated that they did not know the answer to one or more items; these respondents are referred to as DNK-respondents from hereon. Most of the DNK-respondents (324 or 92.57 %) have been shopping at the particular retailer for more than 5 years and they were therefore assumed that they possess sufficient experience with the retailer to respond in a meaningful way to the items of the questionnaire. Table 1 illustrates the years and the amount of the DNK-respondents that have been shopping with the retailer. The statistics in respect of the items that were indicated as DNK by respondents are set out in Table 2. The total number of items evaluated as DNK by respondents represent 6.93 % of all possible responses to all items [1370/(706 × 28)]. This figure is, however, very misleading as potentially almost half of the responses cannot be used because of missing data. As indicated earlier, 350 respondents (49.6 %) indicated that they did not know the answer to one or more items.

The number of times a respondent did have DNK as a responses varied widely amongst the respondents. Table 3 illustrates that the frequency of indicating a DNK differs from 15 times in the case of 2 respondents to 83 respondents that reported only 1 DNK. Table 4 illustrates the gender composition of the sample as well as that of the respondents that indicated DNK as a response to one or more items. There does not seem to be a difference between genders as far as responses are concerned.

Table 1 Years that a DNK respondent have been shopping at the retailer

Years shopping at retailer	Number of respondents	% of total respondents
Less than 2 years	6	1.71
Between 2 and 5 years	20	5.71
Between 5 and 10 years	46	13.14
Between 10 and 20 years	143	40.86
More than 20 years	135	38.57
	350	100

Table 2 Extent of DNK responses

Item type	No of responses
Number of scale items indicated as DNK	1114
Number of validity items indicated as DNK	256
Total number of items indicated as DNK	1370

Table 3 Frequency of DNK as response

No of times a particular respondent indicated a DNK	No of respondents
15	2
14	5
13	5
12	3
11	7
10	9
9	5
8	4
7	16
6	16
5	29
4	48
3	61
2	57
1	83
Total	350

Table 4 Gender composition of the sample and respondents that indicated a DNK

Total sample		DNK Respondents	
Female	404	Female	214
Male	302	Male	136
Total	706	Total	350

The next issue that warrants attention is how the individual items fared in respect of responses. Table 5 contains the statistics in respect of this issue. The DNK responses of six items, namely items 2, 5, 14, 20, 23 and 28 were more than 10 % of the responses for the particular item. The items that had more than 10 % DNK responses measure two dimensions. Items 2, 20 and 28 measure the Good Employer dimension, whilst items 5, 14 and 23 measure Social/Environmental Responsibility. The total percentage of items produced by DNK responses, per dimension, is as follows (it is also illustrated in Table 6):

Customer orientation: 2.88 %

Good employer: 12.61 %

Reliable/financial strong firm: 7.74 %

Product/service quality: 4.15 %

Social/environmental responsible: 25.21 %

The items that measured the scale validity dimensions in the Terblanche study of 2014 were also examined in this study. These dimensions, namely Loyalty, Trust, Repatronage intentions and Overall reputation, produced little DNK responses, except for the items that measured Trust. Two of the items that measured Trust had more than 8 % DNK responses.

Table 5 Responses per individual item

Question	Q 1	Q 2	Q 3	Q 4	Q 5	Q 6	Q 7	Q 8	Q 9	Q 10	Q 11	Q 12	Q 13	Q 14
DNK responses	62	88	33	27	236	2	13	17	12	29	27	73	58	95
% DNK responses	8.79	12.5	4.68	3.83	33.5	0.28	1.84	2.41	1.7	4.11	3.83	10.4	8.23	13.5
Q 15	Q 16	Q 17	Q 18	Q 19	Q 20	Q 21	Q 22	Q 23	Q 24	Q 25	Q 26	Q 27	Q 28	
DNK responses	8	10	14	13	20	81	58	3	203	5	62	11	12	98
% DNK responses	1.13	1.42	1.99	1.84	2.84	11.5	8.23	0.43	28.8	0.71	8.79	1.56	1.7	13.9

Table 6 DNK responses for the different CBCR-scale items and dimensions

Customer orientation		Good employer		Reliable/ financial strong firm		Product/ service quality		Social/ environmental responsible	
Items	%	Items	%	Items	%	Items	%	Items	%
Q 10	4.11	Q 2	12.5	Q 3	4.68	Q 4	3.83	Q 5	33.5
Q 19	2.84	Q 20	11.5	Q 12	10.4	Q 13	8.23	Q 14	13.5
Q 27	1.7	Q 28	13.9	Q 21	8.23	Q 22	0.43	Q 23	28.8
% DNK responses for dimension	2.88		12.61		7.74		4.15		25.21

Discussion and Implications for Management

The findings of this study clearly indicates that scales found to be reliable and valid in developed markets and environments might contain items and in some instances, even dimensions, that respondents are not capable of answering. The responses obtained in this study seems to indicate that certain concepts could be unknown to respondents or respondents regard themselves as having insufficient knowledge to respond to items measuring such items.

On the face of it, it seems as if respondents only responded by indicating a value to an item when they were certain about what the item asked. For items that they did not know the answer (because they probably did not understand what was asked or they are unsure about what is asked) the DNK option was indicated.

It seem like as if customers are more at ease and willing to respond to subject matter that can be seen as “micro” by nature. Micro subject matter are those issues that customers are exposed to regularly/frequently on shopping trips such as customer orientation and product and service quality. It can therefore be expected that consumers are, because of their frequent exposure/experiences, able to respond to items related to such issues with confidence.

An example to illustrate the difficulty to get reliable and valid responses are the items that measure a dimension such as “Good Employer”. Can it be expected from customers to know a how good an employer a retailer really is? Why should they be concerned about it? Where do customers access or are exposed to information that enable them to respond with confidence to answer items such as?

ABC looks like a good company to work for

ABC seems to have excellent leadership

ABC seems to treat its people well

For instance, what is meant by excellent leadership? The high percentage of DNK responses in respect of the items that measure the “Good Employer” dimension, indicate a great deal of uncertainty or lack of knowledge related to the concept. Another perspective here is whether consumers in developed countries are able to respond to such a question—stated otherwise, should such an item be part of a CBCR scale?

A further aspect that begs to be answered is whether consumers that buy groceries at a supermarket in a developing country are really concerned about the retailer's involvement in social and environmental issues? As long as the retailer is not the subject of negative publicity with regard to social and environmental issues, it is questionable how sensitive customers will be to such issues. Is it likely that any reputation issues, because of the budget constraints of these customers, are more important than say grocery prices? Some of the items that were used to measure the social and environmental dimension, especially those dealing with the creation of jobs as well as the one dealing with a reduction of profits to ensure a clean environment are also most likely challenging to answer by consumers in developed markets.

One can thus ask the question whether responses are really representative of a respondent's opinion when a respondent is not given a DNK choice. The latter is the case in many web-based questionnaires where a respondent either quits completing the survey or is obliged to respond to all items before a questionnaire can be submitted online.

Limitations and Future Research Opportunities

Although the respondents in this study have shopped for numerous years at the particular retailer, they still only represent a small selection of the clients of one supermarket group. A study amongst customers of competitive supermarkets is deemed advisable.

On a macro-scale, an area of research thus seems to warrant further investigation is to undertake qualitative research to understand why items function differently across countries. The local cultural expressions of a construct are highly desirable from a marketing point of view if we were to have reliable and valid measures. As corporate reputation is an important element of the picture that a firm would like have in a customer's mind, it is imperative to firstly find out what customers in developing markets use to form positive images of a firm. Secondly it will also be of great value to determine how these positive images can be communicated to such customers. The rise of social media and the continual sophistication of consumers in developing areas will undoubtedly place pressure on retailers in developing environments to attend to those issues that constitute a customers' image of corporate reputation.

The positive outcome between corporate reputation and various positive outcomes such as loyalty, customer satisfaction and positive word-of-mouth make the development of a reliable and valid CBCR scale meaningful. Focus groups would most probably be very useful in this respect. The local cultural expressions of a construct should be highly desirable from a marketing point of view if we were to flesh out reliable and valid measures for developing markets. In some instances it could be that only the wording, and not the concepts, needs to be adjusted to capture true responses.

It is possible that the inability of a respondent to select a particular option (and therefore the DNK option is selected), is not limited to respondents in developing or emerging markets only. This could possibly also be the case of respondents in developed markets who are exposed to even more sources of communication and media.

Annexure A

The statements below deal with how you view/perceive ABC. Please indicate the extent to which you agree/disagree with each statement by awarding a value to each statement. Crossing a value of 7 means that you strongly agree with the statement and a value of 1 means that you strongly disagree with the statement. If you do not know or are unsure what a statement represents, please make a cross in the “DNK” column. There are no wrong or right answers. Please respond to all the statements.

		Disagree strongly			Agree strongly			DO NOT KNOW	
1	I can depend on ABC to do the right thing	1	2	3	4	5	6	7	DNK
2	ABC looks like a good company to work for	1	2	3	4	5	6	7	DNK
3	ABC tends to outperform competitors	1	2	3	4	5	6	7	DNK
4	ABC is a strong, reliable company	1	2	3	4	5	6	7	DNK
5	ABC seems to make an effort to create new jobs	1	2	3	4	5	6	7	DNK
6	I am a loyal customer of ABC	1	2	3	4	5	6	7	DNK
7	I trust ABC	1	2	3	4	5	6	7	DNK
8	I intend to remain a customer of ABC	1	2	3	4	5	6	7	DNK
9	ABC has a good reputation in the market	1	2	3	4	5	6	7	DNK
10	ABC has employees who are concerned about customer needs	1	2	3	4	5	6	7	DNK
11	ABC can be relied upon	1	2	3	4	5	6	7	DNK
12	ABC seems to recognize and take advantage of market opportunities	1	2	3	4	5	6	7	DNK
13	ABC develops innovative services	1	2	3	4	5	6	7	DNK
14	ABC seems to be environmentally responsible	1	2	3	4	5	6	7	DNK
15	I have developed a good relationship with ABC	1	2	3	4	5	6	7	DNK
16	I have great confidence in ABC	1	2	3	4	5	6	7	DNK
17	I plan to use ABC in the future	1	2	3	4	5	6	7	DNK
18	ABC is highly reputable	1	2	3	4	5	6	7	DNK
19	ABC is concerned about its customers	1	2	3	4	5	6	7	DNK
20	ABC seems to have excellent leadership	1	2	3	4	5	6	7	DNK
21	ABC looks like it has strong prospects for future growth	1	2	3	4	5	6	7	DNK
22	ABC offers high quality products and services	1	2	3	4	5	6	7	DNK
23	ABC would reduce its profits to ensure a clean environment	1	2	3	4	5	6	7	DNK

(continued)

(continued)

		Disagree strongly		Agree strongly		DO NOT KNOW
24	I am loyal to ABC	1	2	3	4	5
25	ABC has high integrity	1	2	3	4	5
26	I would like to use ABC in the future	1	2	3	4	5
27	ABC has employees who treat customers courteously	1	2	3	4	5
28	ABC seems to treat its people well	1	2	3	4	5
		6	7	6	7	DNK

How long have you been shopping at ABC?

Less than 2 years	Between 2 and 5 years	Between 5 and 10 years	Between 10 and 20 years	More than 20 years
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What is your gender? Please cross the relevant box.

Female	Male
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Differential Effects of Supervisory Coaching and Leader Member Exchange on Salesperson's Behavior and Performance

Claudio Pousa and Anne Mathieu

Introduction

In the last few decades, the world of personal selling and sales management changed dramatically; turbulence and rapid change challenged salespersons and sales managers to proactively respond to a more complex sales environment, and to an increased demand to collaborate with customers and colleagues (Ingram 2004; Ingram et al. 2005).

At salespersons' level, a complex sales environment means that sales representatives must be more responsive and more adaptive to customer demands, and react more quickly to shifting customer expectations. These growing demands require more adaptive selling and customer-oriented behaviors while increased collaboration means collaboratively working with customers, sales managers and other people in the organization to generate more value (Ingram 2004).

At the sales manager level, increased complexity and collaboration mean that they have to abandon old authoritative approaches when managing subordinates (e.g. command-and-control) and embrace new collaborative ones, like leader-member exchange (LMX) and coaching (Dixon and Tanner 2012; Ingram 2004; Ingram et al. 2002, 2005).

Although LMX and coaching have gained increasing attention in the leadership literature in recent years, research in sales contexts has been limited. In particular, studies exploring the similarities and differences of both constructs, as well as proximal and distal consequences on subordinate behavior and performance are few.

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In this paper, we explore the differential impact of LMX and coaching on two salesperson behaviors which are central to success in the present environment of complexity and collaboration: adaptive selling and behavioral performance.

Theoretical Framework

Employee coaching is an activity performed by managers at different levels of any organization, and it is considered to be a different construct than executive coaching, management, leadership, supervising or providing feedback (Pousa 2012). In sales contexts, coaching can be characterized as a non-directive, goal-focused and performance-driven intervention led by the sales manager within his/her role to develop salespeople, help them achieve their goals and increase performance (Pousa 2012). Through the coaching process the coach and the salesperson develop a high-quality relationship based on mutual trust and respect (Rich 1998). This relationship allows them to work in an open and collaborative way, characterized by exchange in the form of greater empowerment, commitment, harder work and increased tolerance for errors.

These variables also describe what happens in high-quality LMX relationships. These relationships are characterized by high degrees of mutual trust, respect and obligation between both parties. Leaders usually initiate the exchange by providing more information, support and assistance. They give subordinates higher levels of latitude to perform their jobs, thus contributing to subordinates' job enrichment. Subordinates reciprocate by taking additional responsibilities, developing ownership feelings toward the unit and its goals, and providing more effort and commitment in the pursuit of mutual interests (Dansereau et al. 1975; Graen and Uhl-Bien 1995; Gerstner and Day 1997; House and Aditya 1997; Ilies et al. 2007; Lee 2005; Liden and Maslyn 1998; Sparrowe and Liden 1997).

Despite the apparent overlap between coaching and LMX, there are some significant differences. During the coaching intervention, the manager and the salesperson openly discuss problems with customers, what the salesperson did to solve them and the results that these actions rendered. The sales manager uses questions and a conversational approach to raise sales representative's awareness of future courses of action, their advantages and disadvantages and how they fit in the big picture. By the end of the coaching intervention they agree on the best alternatives to be implemented in future encounters with the customer (Latham et al. 2005; Pousa 2012; Richardson 2009). Thus, when the salesperson is faced with the actual situation he is better equipped to deal with it. Then,

H1: Supervisory coaching increases salesperson adaptive behavior

Concerning high-quality LMX relationships, the increased trust, respect and obligation between both parties motivate subordinates to reciprocate by showing discretionary behaviors that benefit the leader and others in the work environment (Ilies et al. 2007; Liden et al. 1997). The salesperson develops increased loyalty

towards the manager and his goals, and is more committed towards reciprocal behaviors that are important to the sales manager, such as helping achieve his goals, providing accurate paperwork or managing expenses and time. Accordingly:

H2: LMX increases salesperson behavioral performance

Salespersons showing higher adaptive selling capabilities will be able to better adapt their sales pitch to customers' needs, thus making it easier for customers to purchase from that individual. It is well documented in the sales literature that adaptive selling is an antecedent of performance (Roman and Iacobucci 2010; Spiro and Weitz 1986, 1990; Sujan et al. 1986, 1994), thus:

H3: Salesperson's adaptive selling increases behavioral performance

H4: Salesperson's adaptive selling increases sales performance

Finally, it was argued that behavioral performance is an indicator of the quality and effectiveness of the sales process followed by the salesperson (Fang et al. 2004). Higher behavioral performance will positively impact customers' satisfaction with the salesperson and the sales process, making it more likely that they will buy from that individual (Fang et al. 2004), thus:

H5: Salesperson's behavioral performance increases sales performance

Methodology

We used a non-experimental, cross-sectional design, and existing measuring scales from the literature in coaching, leadership and sales. Supervisory coaching was measured using Ellinger et al. (2005) scale (8 items), LMX using the LMX-7 scale (Graen et al. 1982), salesperson's adaptive selling using Sujan et al. (1994) scale (5 items), salesperson's behavior performance using Fang et al. (2004) scale (6 items) and sales performance using Fang et al. (2004) (7 items). All scales were anchored at 1=completely disagree and 7=completely agree.

We invited 459 sales representatives, covering a wide range of industrial (e.g. Oil & Gas, Telecom) and service industries, to participate in the study and answer a web-based survey.

Analysis and Results

We received 174 complete, usable questionnaires for a 38 % response rate, evenly distributed between male (49 %) and female (51 %) respondents.

We assessed scales' reliability using Cronbach's alpha, corrected item-total correlations and composite reliability. All four scales showed Cronbach's alpha above the accepted threshold of 0.7 as well as corrected item-total correlation above 0.6 and composite reliability indexes above 0.6 suggesting acceptable reliability for the measures (Bagozzi and Yi 1988; Fornell and Larcker 1981; Nunnally 1978).

We performed a confirmatory factor analysis for the measurement model by restricting each scale's item loadings on its a priori specified factor and allowing correlation among factors (Gerbing and Anderson 1988). Items showing standard regression weights lower than 0.60 were eliminated. Standardized factor loadings of the resulting items were all greater than 0.65 and significant at $p < 0.01$. The Average Variance Extracted (AVE) for the four factors was higher than 0.65 suggesting that the measures explain more variance than what is left behind. Globally, this suggests adequate convergent validity of the measures (Fornell and Larcker 1981; Gerbing and Anderson 1988).

Finally, discriminant validity was assessed by comparing the square root of the AVE values ($AVE^{1/2}$) to the correlations between the factors. The results indicate that the square root of AVE for each factor is bigger than any of its correlations with the other factors suggesting adequate discriminant validity (Fornell and Larcker 1981).

After the measuring model was deemed to be acceptable, we used the structural model to test the hypothesized relationships. The fit indexes ($\chi^2=354.978$, $p < 0.01$; $\chi^2/df=1.682$; CFI=0.957; IFI=0.957; TLI=0.948; RMSEA=0.062; HI90 RMSEA=0.074) suggest that the hypothesized model adequately fit the data (Byrne 2010).

As hypothesized, supervisory coaching increases salesperson's adaptive selling behavior ($\beta_1=0.374$, $p < 0.01$) in support of H_1 ; adaptive selling behavior increases salesperson's behavioral performance ($\beta_3=0.189$, $p < 0.05$) as well as his sales performance ($\beta_4=0.157$, $p < 0.05$), and behavioral performance increases sales performance ($\beta_5=0.821$, $p < 0.01$) in support of H_3 , H_4 and H_5 . Also, as expected, support for the relationship between LMX and behavioral performance was found ($\beta_2=0.321$, $p < 0.01$) in support of H_2 .

In order to improve our understanding of the model, we also tested some paths that were not hypothesized. For example, some scholars found a positive impact of coaching on sales performance but without identifying mediators in this relationship (Agarwal et al. 2006; Trépanier 2010). In our case no support was found for the direct effect of coaching on salesperson behavioral or sales performance, suggesting that adaptive selling might be fully mediating this effect.

We also tested for the impact of LMX on adaptive selling behavior. This path was non-significant, suggesting that, although there are some overlap between coaching and LMX ($r=0.704$), they are two distinctive managerial constructs with different effects on salesperson's work attitudes and behaviors.

Discussion

Effective coaching empowers employees and facilitates employee discovery, development and learning. Accordingly, scholars identified coaching as the most effective managerial behavior (Beattie 2002; Ellinger 1997; Ellinger and Bostrom 1999) while being directive, authoritarian, dogmatic and controlling were identified as

ineffective (Ellinger et al. 2008; Hamlin et al. 2006). Following this line of thought, Pousa and Mathieu (2010) have recently proposed that managers can either coach or command their subordinates, but these are opposed behaviours and they cannot perform both simultaneously. Further to that, this paper suggests that relational models of leadership like LMX can be *complementary* to coaching because, despite their high correlation, each behavior can increase salesperson's variables that the other cannot.

In this regard the current paper makes an original contribution to the literature in sales management by suggesting that LMX and coaching are two different management behaviors that should be used complementary by sales managers because they help achieve different salesperson outcomes. The high-quality relationship developed through LMX helps achieve increased collaboration and reciprocity, while coaching helps achieve concrete relational behaviors like adaptive selling. In sales contexts characterized by increased complexity, salespeople must excel in an increased number of different behaviors (like adaptive selling or customer-orientation) to be successful. Likewise, sales managers must also excel in an increased number of different behaviors (like coaching and LMX) to successfully manage the sales force. Accordingly, it is not that sales managers should use coaching or LMX, they should use both.

A second contribution concerns the understanding of supervisory coaching behavior in sales contexts. Research in employee coaching is limited (Ellinger et al. 2005) especially in sales contexts. Only recently scholars started to test the impact of coaching on salesperson performance (Agarwal et al. 2006; Pousa 2012; Trépanier 2010). Further to these findings, only a handful of studies explored the impact of coaching on salesperson attitudes and behaviors or the mediating mechanisms between coaching and performance (Mathieu and Pousa 2011; Onyemah 2009; Pousa 2012). An original contribution of this paper is the identification of a new variable (adaptive behavior) that can be positively affected by the coaching intervention.

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The Role of Service Provider Groups Stereotypes During Service Failures

Amro A. Maher and Najam U. Saqib

Abstract Previous research has focused on examining how differences between the services provider and the customer, whether demographic or cultural, contribute to service expectations, service quality and service failure (e.g., Baker et al. 2008). However previous research has not examined how stereotypes of the group that the service provider belongs to might play a role during a service encounter. The main purpose of this research is to examine the role of group stereotypes during service failures. More specifically we examine how stereotypes of warmth and competence influence anger and post failure behaviors. This study adopted a 2 (competence: high, low) \times 2 (warmth: high, low) between subjects experimental design. Data was collected via Mechanical Turk, a crowd sourcing website. We find that consumers experience high levels of anger when the service provider belongs to a group characterized by high levels of warmth, and that this anger leads to a desire to retaliate against the service provider. We also find that anger is likely to be experienced towards service providers from groups that are characterized by high warmth and low competence, e.g., the elderly. Finally, we find that the more competent the group of the service provider the more likely that the consumer is to experience anger, because higher levels of competence imply that the cause of the service failure was controllable.

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Performance Implications of the Interplay Between Sales Intra-Functional Flexibility, Customer Orientation and Role Ambiguity

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Introduction

The competitive sales landscape is changing rapidly, moving away from the traditional arms-length transactional exchange and more towards the relational exchange (e.g., Ingram et al. 2001). Within this changing competitive environment, firms need greater flexibility to proactively and quickly reallocate critical resources (Storbacka et al. 2009) in order to meet customers' changing exceptions. Although it is suggested that salespeople are becoming more interdependent (i.e. dependent on their colleagues) to acquire the necessary resources needed for effective work with customers (Schmitz 2013; Kennedy et al. 2001), research has yet to systematically examine such flexibility in salespeople internal resource exchange.

The main focus of this research is, therefore, the investigation of the role of flexibility within the exchange relationship among salespeople, i.e. *sales intra-functional flexibility* (SIF). In order to define flexibility within the context of sales intra-functional relationships, we turn to social exchange theory (SET) and explicate the resource movement between salespeople in dynamic market conditions via their social processes (Emerson 1987). Secondly, we posit that as salesperson customer orientation (CO) levels increase there will be a greater sales function-wide cultural value system that encourages information sharing and salespeople collaboration

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within the sales function, and this culture is expected to enable salespeople to open-up to customer-related information from the wider sales organization (Malshe 2009; Sheth and Sharma 2008). Thus, we argue that high levels CO should facilitate the effectiveness of SIF on performance. Finally, we argue that efforts to increase flexibility between salespeople may also result in reduction of role ambiguity (RA) that would in turn reduce any negative performance consequences associated with RA (Mohrman 1993). That is, where a salesperson is more flexible in co-working with other salespeople within the sales function, the salesperson's primary task of satisfying customer needs should be given greater priority. Where the task of satisfying customers is clearer to salespeople, sales unit performance should be correspondingly positively affected. While avoiding RA and its negative consequences is key, current understanding of the role of salesperson RA in the relationship between SIF and performance, and the extent to which CO interacts with SIF to reduce RA, is limited. Thus, in view of repeated calls for systematic reconsideration of the salespeople's role within the competitive marketplace (Brown et al. 2005; Steward et al. 2010), we contend that greater understanding of the interplay between SIF, CO and RA is one important way to more clearly explain the mechanisms for enhancing sales function performance in changing, competitive environments.

Theoretical Background and Hypotheses

Despite widespread acknowledgement that flexibility plays an important role in organizational success, most sales unit level studies tend to concentrate on the salesperson's external behavior and relationships with customers. This is achieved by researching adaptive selling behavior or agility (e.g., Dixon et al. 2001; Hughes et al. 2013) with less attention directed to understanding how salespeople may engage in internal relational exchanges. To address this oversight this study draws on SET to study the exchange relationship between salespeople as a dynamic process in which they continuously adapt to each other's needs by modifying their resources in order to respond to those needs (Newcomb et al. 1952). Based on the norm of reciprocity (Blau 1964), adaptations that a salesperson exhibits towards his/her colleagues will be reciprocated by adaptations made by those salespeople benefiting from such modifications, and vice-a-versa. Flexibility of salespeople in moving resources within their departmental boundaries in order to address changing market demands will enable salespeople to leverage their resources effectively through: (a) reorganization of their shared resources to seize market opportunities and to solve market and customer-related problems, (b) harmonized sharing of such resources and (c) joint efforts in implementing these newly structured resources. Based on SET, we define SIF as '*the extent to which salespeople redefine, reconfigure, reallocate and redeploy sales resources within the sales unit*' (Dewsnap et al. 2012, p. 116). As a relational norm, flexibility represents a 'good faith' modification, one that fosters mutuality and connectivity between salespeople (Macneil 1980; Noordewier et al. 1990) and consequently, enhances performance. For example, greater flexibility in managing resources enables salespeople

to switch critical resources (e.g. personnel and budget) amongst themselves and re-focus their joint efforts on supporting their colleague in dealing with the market issue he/she might be facing. In addition, greater closeness and understanding of flexible resource usage ensures greater solidarity, consensus and trust among salespeople. This can help increase sales function effectiveness. When intra-functional exchange is high, there is greater willingness of salespeople to support one another emotionally and logically, helping build a sense of mutuality and togetherness, which can then be extended to customers. Thus, greater good faith flexible resource exchange between salespeople would mean that salespeople would find it easier to ensure that the best customer opportunities are exploited. As such, we expect that increases in levels of SIF would lead to increases in sales function performance (Johnson et al. 2003). Accordingly, we posit:

H1: SIF is positively related to customer, market and financial performance.

Extant empirical research confirms that RA significantly decreases salesperson performance (e.g. Ford et al. 1985; Fry et al. 1986). Implicitly, when salespeople are certain about what they are expected to do in their job they should perform better (Ford et al. 1985). We argue that the extent to which salespeople apply SIF should enhance their ability to serve their customers better and also develop better relationships with their sales colleagues (as they are required to share resources among each other). Such supportive sales behaviors, in turn, lead to clarifying their respective roles within the sales team, as each salesperson would work towards superordinate goals in sales, rather than each individual salesperson taking a parochial view. The primary job of the salesperson, which is to satisfy customer needs (Homburg et al. 2011) is made clearer and more compelling for salespeople when levels of sales resource sharing is higher. By this, sales function tasks and expectations are clarified to salespeople when SIF is higher. Accordingly, although RA has a negative relationship with performance, SIF should work to decrease RA. Hence, we contend that:

H2a: High levels of SIF will lead to decreases in salesperson role ambiguity; and (H2b) high levels of salesperson role ambiguity will lead to decreases in firm performance. Thus, the direct effect of SIF on firm performance will be mediated by salesperson role ambiguity.

CO is “practising the marketing concept by trying to help customers make purchase decisions that will satisfy customer needs” (Saxe and Weitz 1982, p. 344). CO is seen as a long-term oriented activity, which can ultimately binds salespeople together around a common customer-related purpose (Kennedy et al. 2001). Further, CO makes salespeople more responsive in respect of addressing customer needs (Wachner et al. 2009), as it furnishes salespeople with the knowledge to better tailor products and services to customers relative to competitors. Hence, we contend that greater levels of CO are needed to facilitate the effectiveness of SIF. However, there is a limit to how far sales units can benefit from intra-functional closeness embedded within the concept of SIF: there is a risk of lack of central authority within the sales unit, customer information diversity and novelty may be ignored, and absence of good social relationships with other groups (e.g. with the marketing function) (Oh et al. 2004). To address these challenges associated with SIF, greater CO is needed

because CO brings with it exploitative market routines embodying refinement of existing market knowledge and reliance on the “processes of search, collection and assimilation” (Hughes et al. 2007, p. 364). Since highly customer-oriented sales functions tend to focus more on addressing customer demands, stable routines are needed to act promptly on those demands. We therefore argue that flexibility of SIF processes and the stability of CO processes, when combined, will help foster performance.

H3: The positive effect of SIF on performance is stronger when levels of sales unit CO are higher

CO ensures that all salespeople do “what needs to be done” to achieve collective customer satisfaction goals (Babakus et al. 2009, p. 484). This implies that CO can help amplify role clarity within the sales unit. The effectiveness of the resource coordination processes inherent in SIF are enhanced when salespeople develop customer-related supportive behaviors. This may lead to further clarification of their respective sales team roles as each salesperson would know better what needs to be done for customers in order to maximize revenues (Martin and Bush 2006). Thus, it can be argued that as levels of CO increase, the clarity of salespeople’s roles is maximized such that the negative relationship between SIF and RA should be more pronounced (i.e. more negative):

H4: When levels of SIF are higher, and when levels of CO increase, levels of salespeople’s role ambiguity are lower.

Methodology and Model Testing

As part of a larger study, data was collected in a UK-wide, multi-industry survey of marketing and sales managers. After obtaining the data, we compared the means of the two groups and our test results indicated no significant differences across these two categories of respondent (marketing vs. sales response); hence responses from both groups of respondents were used for this study with a final response rate of 12.1 %.

Regarding measures used, for capturing SIF we developed new items to capture this construct through extensive interviews with sales managers and insights from the resource flexibility literature (e.g. Sanchez 1997). As an example questionnaire item: “Our sales department is able to shift resources from one sales activity to another if needed” was used. Our CO measures were taken from Homburg and Jensen (2008), we also adapted our RA measures from Rizzo et al. (1970), and our performance measures from Hooley et al. (2005). For completeness and in line with previous research (Hooley et al. 2005), we also examined control paths between CO and market performance and financial performance. In addition, we control for the effect of RA on all three performance variables.

To analyze the data a two-step approach (Anderson and Gerbing 1988) was followed. First, reliability and validity of each construct was evaluated using CFA in LISREL 8.71. Results indicate a good model fit. Composite reliability (CR) and average variance extracted (AVE) are above recommended thresholds of 0.60 and 0.50 (Bagozzi and Yi 1988). Additionally, all constructs exhibited discriminant validity since all AVE scores are greater than the square of the correlations between each pair of constructs (Fornell and Larcker 1981). We then tested the data for common method variance using the marker variable technique (Podsakoff et al. 2003).

Second, we tested our hypotheses by estimating three nested models in hierarchical moderated regression analyses using maximum likelihood estimation. In Model 1, the control variables and SIF were estimated on performance and RA. CO was added in Model 2, while the interaction term was added in Model 3.

Findings and Discussion

Findings indicate that Model 3 (which is the higher-order nested model) returns superior model fit, relative to Model 1 and Model 2: (Chi-square/D.F.= 134/184.40=1.376; $p < 0.05$; RMSEA=0.041; GFI=0.92; CFI=0.98; and NFI=0.94). As such, we rely on Model 3 to interpret our hypotheses. We find that SIF is positively related to customer ($t = 1.75$; $p < 0.05$), financial ($t = 1.79$; $p < 0.05$), and market ($t = 0.95$; $p > 0.10$) performance although the direct effect on market performance is non-significant, arguing that H1 should be supported. Evidence shows that in addition to the direct positive effect of SIF on performance, the direct effect of SIF on ambiguity is significant ($t = -2.75$; $p < 0.01$), providing support for H2a. However, we also introduced an alternative hypothesis to H1 that RA negatively mediates the positive relationship between SIF and performance (i.e. H2b). Moreover, since direct impact of RA on customer ($t = -4.22$; $p < 0.01$) and financial ($t = -2.20$; $p < 0.01$) performance are significantly negative and Sobel test of the mediation path is significant at 5 % level, our proposition in H2 that the relationship between SIF and performance is through RA is supported, thus rejecting H1. We argue in H3 that the positive effect of SIF on performance is stronger when levels of sales unit CO are higher, and is supported: market ($t = 4.06$; $p < 0.01$) and customer ($t = 2.99$; $p < 0.05$). Although the impact on financial performance is positive, its impact is non-significant ($t = 1.06$; $p > 0.10$). Thus, we conclude that SIF is a more effective predictor of market and customer performance when CO levels within the sales unit are higher. We have also argued in H4 that when levels of SIF are higher, and when levels of CO increase, levels of salespeople's RA are lower. This is modestly supported ($t = -1.48$; $p < 0.10$). The support for H4, implying that CO acts to further minimize the positive effect of SIF on RA such that when CO levels are higher RA is lowered to its minimum levels, making it possible for salespeople to perceive greater role clarity in their job.

Conclusion

By responding to the calls for research (Brown et al. 2005; Jones et al. 2005; Steward et al. 2010; Weitz and Bradford 1999) that reconsiders the salesperson role in today's dynamic and competitive environments, this research introduces the notion of SIF and examines its relationship with performance and salesperson's RA under differing levels of CO. Findings indicate that when CO is higher and increasingly pervasive across a sales unit, the positive values of SIF, including its potential to boost market, customer and financial performance, are maximized. The major theoretical implication is that beyond the much advocated benefits of flexibility, sales organizations are able to extract greater benefits from their flexible use of sales resources and processes when CO is encouraged within the sales unit. An additional benefit that flows from CO is that it helps to minimize levels of salesperson RA. Findings from the current study suggest that aside from the direct effects of CO often discussed in the sales literature, CO also plays two important facilitating roles: it helps to maximize economic benefits to sales organizations; and also aids sales organizations to minimize RA within the sales unit.

Our study is not, of course, without limitations. The conceptual model assessed in this study presents a very simple explanation of the importance of SIF in sales operations. Accordingly, future research should look at potential drivers of SIF (e.g. salespeople's level of interdependence, trust, commitment to one another) and external environment moderators and controls of the SIF-performance relationship.

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Market Orientation and Innovation in Dynamic Competitive Markets

Juho-Petteri Huhtala, Iiro Vaniala, and Henrikki Tikkanen

Abstract Market orientation is a source of sustainable competitive advantage in static markets. When competition in the markets becomes more dynamic, sustaining a competitive advantage is challenging. Consequently, sustainable competitive advantage may merely be achieved by concatenating the temporal advantages emerging in the market. In order to obtain temporal competitive advantages, the potential of market orientation is deployed through strategic capabilities and actions. While the extant research has focused on examining the relationship between market orientation and inter-firm capabilities, little attention has been given to competitive actions, particularly in dynamic contexts. In this study, the authors examine the relationship between market orientation, innovation actions, and business performance. Specifically, the focus of innovation actions is on product innovation aggressiveness since it represents the competitive action domain of innovativeness. An analysis of 181 firms across various industries in competitive dynamic environment reveals the important role of competitive aggressiveness in a firm's new product-related actions. Moreover, to be able to leverage product innovation aggressiveness for superior business performance within a dynamic competitive environment, the firm benefits tremendously from having a market-oriented culture in place. Market orientation plays an important role in accelerating product innovation aggressiveness, especially when the rate of technological change is low.

References: Available upon request

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The Influence of Eleven P's of Internal Marketing on Brand Awareness: An Emerging Economy Perspective

Elizabeth Stephanie Conradie, Mornay Roberts-Lombard, and H.B. Klopper

Abstract Car rental companies like many other services organisations, are operating in a complex and extremely competitive environment. Employees of car rental companies require special attention since the brand's image depends on the role of employees in delivering the service (Wilson et al. 2012). This research aimed to provide guidance to emerging South African car rental companies to improve their respective brand awareness, enabling them to expand customer bases whilst retaining existing customers. The influence of eleven internal marketing mix elements (product, price, place, promotion, people, processes, physical evidence, personal relationships, packaging, positioning and performance) on South African car rental customers' perception of brand awareness (brand recognition, trustworthiness, overall evaluation and loyalty) was investigated using structural equation modelling and equivalence testing. Recommendations emanating from the findings include continuous training of employees, communication with employees, rewarding employees and participation of employees in strategic discussions.

Keywords Services organisations • Internal marketing • Marketing mix • Brand awareness

Introduction

The South African automotive industry is a complex and challenging industry, which incorporates the manufacturing, distribution, servicing and maintenance of motor vehicles and components. The automotive industry represents the third

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largest sector in the South African economy, after mining and financial services (The Department of Trade and Industry 2010).

Car rental companies, which are the focus of this study, have come a long way in achieving a competitive edge globally. However, despite the marketing efforts, car rental companies still face challenges operating in retaining both employees and external customers. South African car rental companies are competing in a very competitive market and have continuously to be innovative to maintain a good standing among customers and potential customers, especially since they are operating in an emerging economy.

The employees of car rental companies are their most important asset and therefore special attention is required to ensure loyalty and commitment from employees to deliver service excellence. Irrespective of the fact that the service organisation may have developed a well-conceived positioning for its brand, the brand's successful positioning and awareness depend on the role the employees play in delivering the service (Wilson et al. 2012).

Literature Review

Internal Marketing and the Service Environment

The homogeneity and heightened competition in the car rental industry are forcing car rental companies to consider the connection between internal marketing and brand awareness to achieve competitive differentiation. To ensure consistency, service brands have developed internal marketing programmes in order to recruit, train and manage employees to deliver on the brand's promises (Pina et al. 2006). A key factor distinguishing the services marketing from the marketing of physical products is the human element. The distinctive characteristics of services require the addition of three more Ps to overcome the limitations of the traditional marketing mix (product, price, promotion and place). The additional elements of the service mix, namely people, process and physical evidence, provide customers with that evidence and allow them to form their own judgement (Chen et al. 2012).

Communication and relationship building are fundamental elements of service organisations. These elements are not adequately addressed by the 4Ps, and therefore personal relationships are included in the study. Beckwith (2001) claimed that the personal character of services makes the quality standardisation a difficult and challenging task and packaging is thus an element that can assist with the standardisation of services. He also argued that due to changes in the marketing of services, previous product paradigms and marketing fallacies should be rejected and the focus should be to increase customer satisfaction. One of these changes includes packaging of the service offering that is therefore an internal marketing mix element on its own.

The contribution of Fryar (1991) who introduced positioning, which refers to the environment in which the organisation operates, is also included in this study.

Positioning is based on segmentation and differentiation of target markets. Segmentation and differentiation of internal markets are important for organisations to ensure employees in the various segments receive the correct training and support. Therefore, positioning of the internal market might have an influence on brand awareness. Grove et al. (2000) added performance of employees, since employees are a powerful element tool of customer persuasion and a major parameter affecting the customer's perception on the delivered service quality (Constantinides 2006).

Based on the arguments above, supported by Simister (2009) who claims that up to 22 additional Ps were recently introduced in the marketing environment, eleven services internal marketing mix elements were selected as theoretical foundation for this study. These eleven elements are products, price, place (distribution), promotion, people, process, physical evidence, personal relationships, packaging, positioning and performance. Internal marketing, also known as internal branding or employee branding, is viewed as equally important to external brand building or the brand management of customers (O'Callaghan 2009). Another factor playing a role in business success is the establishment of favourable brand awareness (Park et al. 2009).

Brand Awareness

Theories of marketing and branding support the idea that there is a functional connection between the marketing of services and the awareness of the brand (Kotler and Keller 2009). Internal marketing, also known as internal branding or employee branding, is viewed as equally important to external brand building or the brand management of customers (O'Callaghan 2009). Another factor that plays a role in business success is the establishment of favourable brand awareness (Song et al. 2012).

Brand awareness refers to the strength of a brand's presence in the customer's mind. Awareness is measured according to the different ways in which customers remember a brand, ranging from recognition (exposure to the brand), to recall (what can be recalled about the brand), to first in the mind (the brand appearing first in the mind), and finally to dominant (the only brand recalled) (Chen et al. 2012). Brand awareness is created by increasing the familiarity of the brand through repeated exposure and strong associations with the relevant cues enabling the customer to recall the brand effectively. Brand associations are divided into three categories, namely attributes, which for the purpose of this study, refer to the trustworthiness of the vehicles; benefits and perceived quality, translating into the overall evaluation of the service customers receive; and the attitude, which refers to the customer's loyalty towards the brand (Keller 2009; Kapferer 2005).

In order to enhance the brand awareness of a service organisation, the organisation has to adapt its marketing activities to mix and match the internal marketing mix elements that will reinforce the brand awareness (Song et al. 2012). Although most South African car rental companies' brands are well-known, formal research is required as it is not evident that internal marketing programmes are implemented in these companies.

Problem Statement

It is not clear what the influence of internal marketing is on the brand awareness of car rental customers in South Africa and the researcher could not find any direct studies related to the influence of internal marketing elements on brand awareness in the car rental industry in South Africa. This is relevant, because if all elements do not contribute positively to the overall brand awareness of car rental companies in South Africa's emerging economy, it could receive reduced attention, which could damage the overall image of the brand of the car rental company. Additionally if certain activities demonstrate ineffectiveness, they could be altered and improved, thereby creating more competitiveness for car rental companies. Customers in a services environment become aware of the brand through their experience during consumption of the service, which is created by employees of the organisation. This raises the question of whether the internal marketing elements (internal product, price, promotion, place, people, processes, physical evidence, personal relationships, packaging, positioning and performance) presented to employees have a positive influence on brand awareness (brand recognition, trustworthiness, overall evaluation and loyalty) as perceived by the external customers of car rental companies.

Research Objectives and Hypotheses

The primary research objective is to determine the perceived influence of the different elements of internal marketing on the brand awareness of selected car rental companies in South Africa. The secondary research objectives are: (1) To determine whether there is a difference between the perceived influences of the different elements of internal marketing on brand awareness of selected car rental companies in South Africa. (2) To determine which elements of internal marketing have the largest influence on brand awareness of selected car rental companies in South Africa.

The influence of the eleven internal marketing mix elements on the brand awareness derived from the research objectives has therefore been formulated in hypotheses that can be tested among customers. The hypotheses are listed below:

H(1a): There is a difference in the influences of the traditional internal marketing elements on brand awareness of selected car rental companies in South Africa.

H(1b): There is a difference in the influences of the services internal marketing elements on brand awareness of selected car rental companies in South Africa.

H(1c): There is a difference in the influences of the recent internal marketing elements on brand awareness of selected car rental companies in South Africa.

H(2a): There is a difference between the level of influence of the traditional internal marketing elements on brand awareness of selected car rental companies in South Africa.

H(2b): There is a difference between the level of influence of the services internal marketing elements on brand awareness of selected car rental companies in South Africa.

H(2c): There is a difference between the level of influence of the recent internal marketing elements on brand awareness of selected car rental companies in South Africa.

Systems Approach and Theory

By stating the objectives in relation to possible sources for solutions, the theoretical and empirical logic of this study is clarified. The nature of the research problem necessitates a brief explanation of the interrelatedness of the domains within which this study falls, as well as the various theories that govern this study. These domains and theories are summarised in Table 1 and discussed below.

The meta-theoretical approach applicable to this study is systems thinking within a systems approach. The systems approach is an abstract perceptual framework that is an exceptionally good aid to understanding and practising internal marketing. The approach identifies the principles common to all systems, the most important of which are wholeness, hierarchy, self-regulation, openness and adaptability (Oxenham 2010).

The development of the general systems theory is one manifestation of the fundamental changes in the nature of scientific analysis. Rather than investigating the universe in a cause-and-reaction frame of mind, researchers have realised that any

Table 1 Systems approach

Meta-theoretical approaches	Systems thinking ↓ Systems approach ↓ Systems theory	
World view	Brand awareness management within an internal marketing management approach	
Domains	Internal marketing	Brand awareness
Theories	Services marketing theory Internal marketing theory	Brand awareness theory
Major concept	The influence of eleven services marketing mix elements on brand awareness	
Concept 1	Management of internal marketing	
Constructs	Tactical services marketing mix elements Strategic services marketing mix elements	
Concept 2	Management of brand awareness	
Constructs	Brand recognition Brand recall (trustworthiness, overall evaluation and loyalty)	

Source: Author's own construct

cause-and-reaction relationship takes place in a more complex system of relationships. Nothing is analysed in isolation, but in terms of its relationship with others within a larger system. These systems of inter-influential happenings indicate that the whole is larger than the sum of its parts. In a service dominant environment, customers take own initiatives and are active in creating for themselves and co-creating with others. In a viable system approach, network and systems complexity is recognised (Gummesson et al. 2010).

Since the systems theory is such a complex system referring to several parts that form part of the holistic view, it can also be applied to the car rental industry, where the internal marketing elements need to have a relationship with brand awareness dimensions resulting in satisfied and loyal customers. The services internal marketing mix elements are deployed to instil in customers the need for interdisciplinary creative cooperation as a tool towards holism, to enable and to motivate them to develop and use their capacity to meet this need (Rosi and Mulej 2006), which represent the world view relevant to the study. The essence of the primary objective falls within two domains, namely, internal marketing management and brand awareness management.

The theories applicable to the study include the services marketing theory, internal marketing theory and brand awareness theory. The major concept is derived from the primary objective and is thus defined as “the influence of eleven services marketing mix elements on brand awareness”. In this study, each concept is linked to the major concept, and the constructs derived from these concepts contribute to the empirical investigation of the research objectives. The constructs were divided in tactical and strategic constructs. The tactical level refers to selling the organisation's services and to support the services. The objective of the strategic level is to create an internal environment that supports sales-mindedness. Research constructs are described as unobservable abstract concepts that are measured indirectly by a group of related variables. Variables are described as latent variables (independent or exogenous) and observable variables (dependent or endogenous) which are measurable elements of an object and are measured directly (Hair et al. 2009). Therefore, the latent variables that will be measured in this study are the eleven internal marketing elements: tactical namely, product, price, place, promotion, people, process, physical evidence, personal relationships, packaging; strategic, namely positioning and performance. The brand recognition and brand recall (trustworthiness, overall evaluation and loyalty) are the dependent or endogenous variables or constructs as they are the variables the researcher is seeking to explain (Hair et al. 2009).

Research Methodology

The research study made use of a quantitative process by way of a descriptive survey design to gather the necessary data from a large sample size to seek data that could be expressed in numbers and statistically analysed (Zikmund and Babin 2010). The target population was car rental companies in South Africa. Company A,

company B and company C are international car rental companies in South Africa that were willing to participate in the research. These three companies are representing car rental companies in South Africa due to all three companies having more than 30 branches and fleets in excess of 6000. Company A, Company B and Company C combined have a market share of more than 55 %, thus it was believed that they were a fair representation of the car rental industry in South Africa.

The sampling unit consisted of customers of companies A, B and C over a period of 3 months, from November 2010 to January 2011, covering business as well as a vacation period. The sampling elements included customers of all three companies at OR Tambo, Port Elizabeth, Durban, Cape Town, George, Lanseria, Bloemfontein, East London, Kimberley and Nelspruit airports and branches in Johannesburg, Cape Town, Durban, Port Elizabeth, Bloemfontein, Kimberley, George, Nelspruit and East London. Directly proportionate stratified sampling was used in the study, as the goal was to draw a probabilistic sample from a population to describe the population's characteristics, or parameters, based on statistics calculated from the sample (Iacobucci and Churchill 2010). In a directly proportionate stratified sample the population is divided into groups according to characteristics (Aaker et al. 2011). The 80-20 rule was applied, as customers of the car rental companies rented vehicles regularly during the period of observation. The sample size was 5600 customers from the three companies who were sent the questionnaire. Respondents had to indicate the current situation as well as how they would perceive an ideal situation.

Structural equation modelling (SEM) was the statistical technique used for the study's empirical investigation because SEMs are well recognised as the most important statistical method to evaluate a series of simultaneous hypotheses about the impacts of latent variables and manifest variables on other variables, and take the measurement errors into account (Lee 2007). SEM has the ability to assess relationships comprehensively and therefore it is suited for theory testing which focuses more on a systematic and holistic view of research problems than on theory development (Hair et al. 2010). SEM, in general, requires a minimum sample of at least five times as many observations as the number of constructs analysed. The more acceptable sample size would be ten times the number of constructs analysed (Hair et al. 2010). The measurement instrument in the study contained 75 constructs to be analysed, therefore the minimum required sample would be 375, and the maximum 750. A total number of 581 responses were received, which provided for a good sample.

The data analysis consisted of conducting descriptive statistics, such as the frequency distributions and means in order to summarise the sample data. SEM was conducted to determine the model fitness. Generally accepted values for Goodness-of-fit information included, the Chi-square test, (χ^2/df): < 3; the Root Mean Square Error of Approximation, RMSEA: between 0.05 and 0.08; the Chi-square test of model fit (CFI/TLI), CFI: > 0.9; TLI: > 0.9; and Standardised Root Mean Square Residual, SRMR: < 0.05.

The validity of the questionnaire was considered by evaluating the validity of its constructs by means of considering the factor loadings in the CFA in the SEM procedure using a comparison of the variance figures. SEM also has a built-in testing of

reliability, but in addition, the Cronbach alpha (α) coefficients were computed to assess the internal consistency reliability of the measuring instrument and items that were used in the study. The hypothesised relationships were tested by evaluating the point and interval estimates of the parameters provided during the SEM procedure. This allows the researcher to reject or accept hypotheses based on the results. Finally, statistical analysis was performed to compare the current situation and ideal situation as perceived by the customers of car rental companies. Equivalence measurement was used to perform the comparison. Three levels of equivalence are possible, namely measurement/unit equivalence, construct/structural equivalence and full-scale equivalence (Byrne and Van de Vijver 2010). The steps followed to measure equivalence in this study include an omnibus test of equality of covariance matrices across groups (measurement invariance), configural (factor structures) invariance, structural or functional invariance, and confirmation of functional invariance by applying factor loading and path coefficients.

Results and Findings

The full set of demographic results are not included in this paper, but of most relevance to car rental companies was that the majority of respondents hired vehicles most often from Company A with 225 (40.5 %) respondents, Company B with 207 (37.3 %) and Company C with 149 (22.2 %) respondents. Most respondents used car rental for business travel as indicated by 343 (61.8 %) respondents, while 212 (38.2 %) respondents indicated that they use car rental for leisure purposes. The survey was done covering both business months and the December holiday season, but still the majority of customers 316 (56.9 %) travelled for business purposes.

It was assumed that business customers did not have a choice in car rental, since the company they work for normally has an agreement with a particular car rental company. Therefore, respondents were requested to indicate that if they had a choice, would they choose the same company to which the majority of respondents (80.5 %, n=447) answered positively. Only 38 (6.9 %) respondents indicated that the question was not applicable.

All Cronbach alphas' for the internal marketing and brand awareness variables were higher than 0.7, providing evidence that the constructs and scale items had a satisfactory reliability.

Structural Equation Modelling Results

Hair et al. (2010) indicated that for a sample size larger than 250, as in the case of this study, the χ^2 normally resulted in insignificant p -values, even with a good fit. Therefore, more emphasis was placed on the other goodness-of-fit indices.

Although the exogenous variables had a goodness-of-fit for exogenous constructs, because three of the values, namely CFI, TLI and SRMR for all constructs were

within the stipulated norms and the endogenous constructs indicated a moderate goodness-of-fit, the researcher also examined the paths between the constructs. The paths with factors significant at the 0.05 level or less were trustworthiness on process ($p=0.009$); trustworthiness on performance ($p=0.001$); and loyalty on performance ($p=0.006$).

Interestingly, the traditional marketing mix elements had no significant paths with any of the endogenous constructs. One possible reason could be that the four traditional Ps (product, price, promotion and place) are more important in a product market environment. To improve the fitness of the model, the traditional marketing mix elements were omitted for further analysis. After omission, the goodness-of-fit of the exogenous latent variables had clearly improved. The RMSEA = 0.056 was still within the parameter of the recommended <0.07 value, CFI = 0.096; TLI = 0.896, and SRMR = 0.056 was very close to the recommended 0.05 value. The SEM results indicated a standard scaled Chi-square measure of 2877.632. The normed Chi-square (χ^2/df) for the hypothesised SEM model was 2.359. These results displayed a goodness-of-fit of the model, which proved to be satisfactory.

The traditional marketing mix elements, namely product, price, promotion and place did not have any significant relationships with and influence on brand awareness constructs, therefore the null hypothesis is accepted, while the alternative hypothesis is accepted for people, processes, physical evidence, personal relationships, packaging, positioning and performance.

Equivalence Testing

The above results supported the validity of the status quo model. The ideal situation model tested even better with RMSEA = 0.045; CFI = 0.906; TLI = 0.897 and SRMR = 0.058. The results also supported the validity of the ideal model. Since the ideal situation was only tested on the internal marketing mix elements, in other words the exogenous latent variables (people, process and physical evidence, personal relationships, packaging, positioning and performance), the assumption was made that the results for the endogenous latent variables (brand recognition, trustworthiness, overall evaluation and loyalty) would be similar. The normed Chi-square (χ^2/df) was 2.12, which was within the required parameters of <3 . The contribution of each group, namely status quo and ideal situation was 1089.167 (status quo) and 917.840 (ideal situation). The model demonstrated a good fit, suggesting that a unidimensional congeneric measurement model is plausible across all measurement occasions.

In the last step, the goodness-of-fit indices of the configural invariance, also called the Becker model, and the path coefficients or Byrne model were considered (Vandenberg and Lance 2000). The Becker model indicated that the normed Chi-square (χ^2/df) for the configural invariance was 2.075, which was within the required parameters of <3 . The contribution of the status quo group was 2611.954 and the ideal situation group was 2240.558. According to the Byrne model, the normed

Chi-square (χ^2/df) for the path coefficients was 2.085. The contribution of the status quo group was 2643.279 and the ideal situation group was 2290.889. The RMSEA, CFI, TLI and SRMR values were also close to the required parameters. Since the goodness-of-fit indices indicated a reasonable fit, it further confirmed functional equivalence. Therefore, the developed SEM model can be applied in both the status quo as well as the ideal situation. Figure 1 displays the final SEM model applicable in the current and an ideal situation.

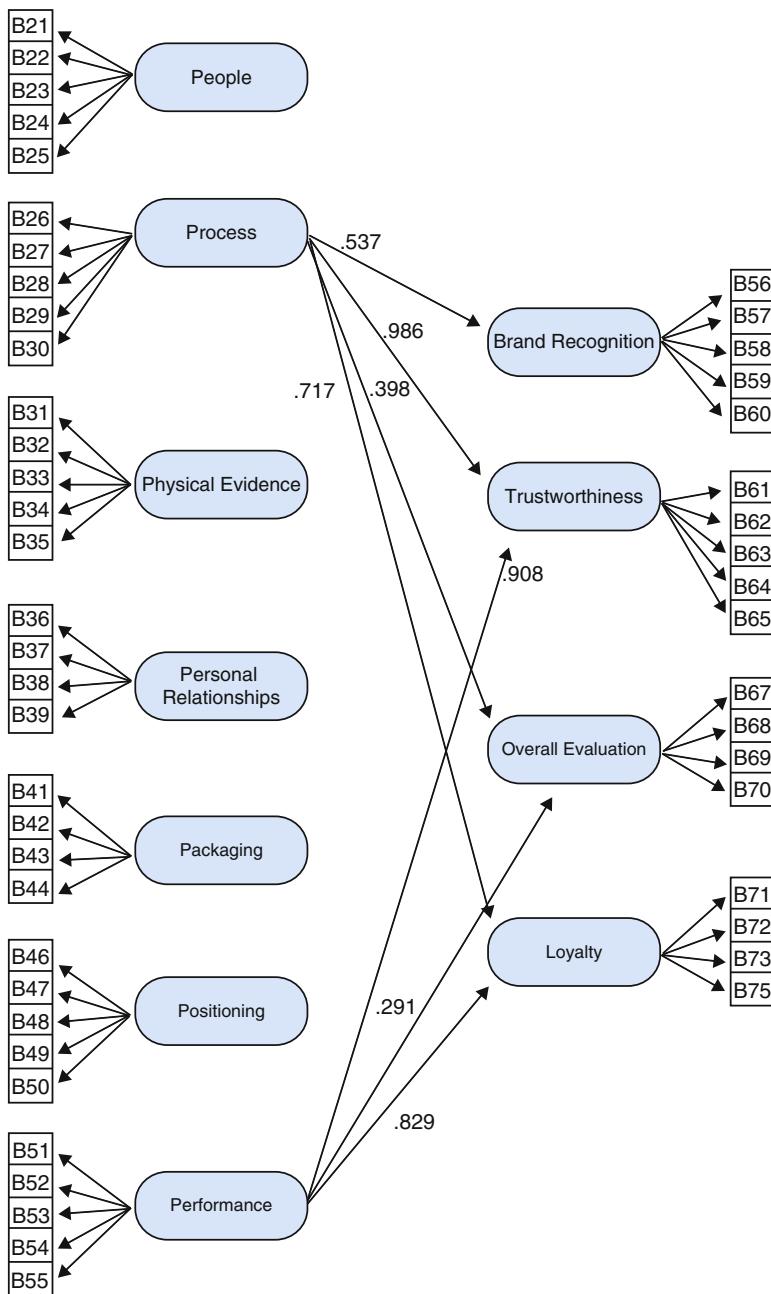
Managerial Implications for Car Rental Companies

The findings of the study indicated some areas where car rental companies could improve their internal marketing efforts to enhance the overall brand awareness of the company as experienced by customers. The results in terms of the newly added Ps indicated that packaging and personal relationships did not play such a vital role as process and performance. This might be because the most obvious indicators in an effective car rental company are the process flow and performance of the employees and car rental company as a whole when rendering services to customers. People displayed negative or weak positive relationships with trustworthiness, overall evaluation and loyalty. Therefore, people require special attention by car rental companies to improve the relationships and influence of brand awareness constructs as perceived by customers.

To provide a service that addresses the expectations of customers, it is vital for the car rental company to match customers to the company's capabilities. Although the service itself remains important, people and social processes add value. Interactions may include negotiations and sharing of insights in both directions (Lovelock and Wirtz 2008). Therefore, employee attitudes and behaviours, such as customer orientation, job satisfaction, organisational commitment and role stress, are contributing factors to the interaction between the car rental company and customers. Employees have to be motivated and willing to participate at all levels of the company to act in a marketing capacity, generate and disseminate information, and respond in a customer-focused way to the best interest of the company (Lings and Greenley 2009).

On the other hand, customers are the co-creators of value, which is a desirable goal because it assists organisations to understand customers' point of view and identify their needs and wants (Payne et al. 2008). However, customers will only participate if they anticipate benefits from the relationship. Car rental companies should therefore realise that employees cannot choose to accept or reject customers' participation, but their interactions with customers shape the returns they gain from the interaction process (Chan et al. 2010).

The dialectic process between employees and customers further requires that managers understand the value proposition involved, and that capturing this interactive process is important for successful service definition, development and delivery. However, these interaction points with customers provide many opportunities for



Source: Author's own construct

Fig. 1 Final SEM model indicating only significant relationships. *Source:* Author's own construct

mistakes, and therefore, car rental companies need to pay specific attention to their front-line staff and the services they are providing (Angelis et al. 2010).

Process, on the other hand, was ranked as one of the most important aspects to have a positive overall evaluation and establish customer loyalty. Car rental companies should therefore ensure that their processes are of high standard to retain existing customers and to build their reputation to attract new customers. Car rental companies provide accessibility through numerous branches nationally and some internationally and thereby increase the accessibility of their services and products to customers. However, all branches have to ensure that their processes are well planned, consistently implemented and coordinated throughout the organisation. The internal process has to be reliable and must have integrity to provide a satisfying experience to the external customer in delivering the service or product. Car rental companies should review their internal process from time to time and make improvements where required. Feedback from customers is also very valuable to assess if existing internal processes have a positive effect on the service delivery to customers. If car rental companies ensure that processes are functioning optimally, customers regard them as trustworthy.

The fact that there were weak positive relationships between physical evidence and brand awareness displays that customers are relatively satisfied with the offices of the car rental companies. They are also reasonably satisfied with the offices in their overall evaluation of car rental companies. The level of influence is a further indication that physical evidence does not play a major role when car rental customers make use of car rental services. Physical evidence represented the physical dimensions, including ambient condition, space, signs, symbols and artefacts, as well as servicescape, namely personal experience and spatial context.

Customers of car rental companies regarded performance of the company as very important. This implies that if car rental companies improve their performance and ensure that such performance is of a high standard, customers will trust the car rental company. Customers that trust their car rental company results in loyalty towards the car rental company.

Employees of car rental companies play a significant role in the performance of the organisation, and car rental companies will only be able to perform well if their internal performance is managed effectively. Employees should have the same values as the company and should be able to adopt the culture of the car rental company. Performance cannot be sustained if there is no measurement in place. Therefore, car rental companies have to measure employee performance, as well as the overall performance of the organisation.

Constructive feedback from employees should be encouraged and management and employees should be committed to each other. They should also have fun together, be helpful and compassionate about one another. Employees who are satisfied tend to put more effort in to ensure that the organisation performs better, and therefore continuous training and performance measurement are imperative to increase the car rental company's overall performance. Furthermore, satisfied employees who are motivated to perform well, create satisfied and loyal customers who have trust in the organisation.

Conclusion

Car rental companies function in a very competitive industry and at the same time in an emerging economy, and therefore they should recognise the importance of the brand awareness they are creating with customers. They should be aware of the fact that the organisations' efforts to attract and retain customers are influenced by their internal marketing programmes. Furthermore, they have to realise that the eight marketing mix elements have an influence on the perceptions of the brand awareness of their customers. Successful implementation of internal marketing programmes further ensures positive relationships being built with customers, resulting in trust being established between the car rental company and its customers. A relationship of trust ultimately creates loyalty towards the car rental company, which leads to positive brand recognition and recall. Car rental companies that succeed in sustaining positive and strong brand awareness will experience economic growth and competitiveness.

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The Effect of Economic and Social Satisfaction on Partner Trust

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Abstract In the B2B research literature both perceived value from a relationship with a partner and satisfaction from the relationship over time have been viewed as playing important roles in improving loyalty intentions (Johnson et al. 2006), behavioral intentions (Mittal et al. 1999, 2001), and trust (Friman et al. 2002; Selnes 1998; Ulaga and Eggert 2006). Since extant research predominantly provides a cross-sectional understanding of customer satisfaction (e.g., Geyskens and Steenkamp 2000; Johnson et al. 2006), the present study aims to bolster this literature by investigating customer satisfaction from a longitudinal perspective.

To summarize, this study looks at the relationships among perceived value, satisfaction, and trust. In addition, this study evaluates two types of satisfaction (economic and social) previously outlined in the literature as possible mediators of the value-trust relationship. We define economic satisfaction as “a channel member’s evaluation of economic outcomes that flow from the relationship with its partner such as sales volume, margins, and discounts” (Geyskens and Steenkamp 2000, p. 13). An economically satisfied channel member is willing to consider the relationship a success with respect to goal attainment, productivity, and financial outcomes (Geyskens et al. 1999). On the other hand, social satisfaction reflects a channel member’s evaluation of the extent to which interactions with the exchange partner are fulfilling, gratifying, or facile (Geyskens and Steenkamp 2000). We propose that perceived value builds partner trust both directly and indirectly through the evaluation of both economic and social satisfaction. Since trust evolves over time (Bart et al. 2005), our model employs longitudinal data in order to evaluate the proposed relationships.

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The sampling frame included a list of market participants obtained from Techno-park and Electronic Land, the central markets of the electronic industry in Seoul, South Korea. Data for this study was generated from a longitudinal survey of channel relationships between 431 channel participants (shop owners and their partners). The original questionnaires at time point T were dropped off and picked up by the interviewers in the spring of 2010. After a review for missing items and careless responses, 236 useable questionnaires were collected. At time T+1 (which occurred 24 months after the initial survey), the same questionnaire was sent to the original participants via emails. Telephone follow-ups were conducted after a month and this helped boost response rates. These procedures resulted in 179 usable questionnaires. Thus, 75.8 % of respondents who participated at time point T returned the follow-up questionnaires. Of 179 respondents, 41 % were electronic shop owners and 59 % were small and medium-size companies.

Findings indicate that the relationship between economic satisfaction and partner trust becomes less strong over time. Meanwhile, the effect of social satisfaction on partner trust becomes stronger over time and plays a significant role in enhancing trust between two parties. Thus social satisfaction is a key factor in sustaining a channel partnership over time after initial perceived value has been enhanced via the economic satisfaction route. Results further show that temporal effects are involved in all three relationships related to how perceived value affects satisfaction and trust (e.g., perceived value→ economic satisfaction, perceived value→ social satisfaction and perceived value→ partner trust). The effect of perceived value dramatically decreases from time point T to T+1, indicating that these relationships exhibit significant temporal downward effects over time.

These results provide important implications for channel members working toward enhancing trust with partners. In initial stages of a relationship, channel members should concentrate their marketing resources on enhancing economic satisfaction. As channel relationships evolve, the role of social satisfaction becomes more crucial and thus a greater focus on activities aimed at enhancing social satisfaction would be prudent. Furthermore, the strong positive carryover effects found in this study illustrate the added value of engaging in and maintaining longer-term relationships. Thus, channel members should continually re-evaluate and redesign social interactions strategically during the course of a relationship with a business partner in order to enhance overall satisfaction and trust within the relationship.

References: Available upon request

An Examination of the Effects of Scarcity and Discounting on Purchase Decision Regret

Colin B. Gabler, Vincent Myles Landers, and Kristy E. Reynolds

Abstract In a post-recession American shopping landscape, discounting has become even more prominent as a sales promotion tool. Consumers understand this tactic, but one needs only watch the television show, *Extreme Couponing*, to understand the importance of saving money. Similarly, one must only watch the 2012 “Enough. Is. Enough.” J.C. Penney commercial to realize the possible negative consequences of discounting. Seasonal discounting, in particular, is a managerial technique utilized to unload excess inventory and make room for newer merchandise. The Steadily Increasing Discount (SID) model is a pricing strategy that manipulates scarcity (availability of the product) and the upcoming discount schedule to maximize purchase intent (Gabler and Reynolds 2013). While the SID model has been shown to have a positive impact on purchase intent, the possible negative side effects have not been examined. The current research investigates the decision regret associated with such a strategy. Specifically, we explore two types of regret: action regret, or the regret associated with making a purchase and later discovering a missed discount; and inaction regret, or the regret associated with waiting for a discount to take effect and then missing out on the product itself. Using Expected Utility Theory and the omission bias effect, we design and implement an experimental scenario to test these relationships. We uncover that both the level of discount and the number of available products influence the regret felt after a purchase decision. By examining the negative consequences of the SID model, this research serves as a cautionary tale for managers who implement such a model. While persuading people

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to purchase products is an important goal, considering the need to establish loyalty and customer lifetime value, the risk of alienating, upsetting, or angering customers is one that managers must consider when developing their pricing schedules.

References: Available upon request

Frontline Store Manager's Entrepreneurial Orientation for Merchandising and Service Role Performance: Scale Development and Validation

Jagdip Singh, Gary K. Rhoads, and Detelina Marinova

Introduction

At the frontlines, retail store managers serve a unique boundary spanning role of creating value by blending merchandising and service practices that lead to superior customer experiences and strong financial outcomes (Brady and Cronin 2001; Voss and Voss 2000; Mulhern 1997). As Lusch and Serpkenci (1990, p. 98) noted there is, “a strong positive relationship between the [role behaviors] of managers and the financial outcomes for the retail unit.” Historically, store managers have primarily focused their role on *merchandising performance* as the critical component for retail store success (Mulhern 1997; Allenby and Lenk 1995), while in the last decade the importance of *service role performance* has been established for building customer loyalty and financial outcomes of the store (Homburg et al. 2002; Rajala and Westerlund 2012; Jasmand et al. 2012).

Merchandising and service role performance, though desirable, are quite different and focus on different aspects of retailing. A merchandising role performance focuses on activities that involve point of purchase displays, advertising, weekly sales/pricing, product assortment (e.g., breadth/depth, variety), and store atmospherics (e.g., “look and feel” factors). By contrast, service role performance focuses on activities that enhance customers’ transactional experience (e.g., checkouts, returns),

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interactional experience (e.g., personnel to answer [questions], assist [in locating], and solve [problems]), and relational experience (e.g., building relationships with, and recognizing loyal customers). Strategically, merchandising utilizes a push strategy to induce customers to buy in-store while service oriented focuses on a pull strategy to draw customers in by superior experiences (Friend and Walker 2001; Grewal et al. 2009). We draw on the concepts of entrepreneurial behaviors (Lumpkin and Dess 1996; Wiklund and Shepherd 2003; Brown et al. 2001; Pearce et al. 2010) to conceptualize retail manager's role by distinguishing between, and incorporating merchandising and service as distinct foci of store manager's role performance. Frontline store managers are increasingly required to adopt the role of an entrepreneur (Lusch and Serpkenci 1990) and blend innovative merchandising and service practices to create superior customer value and experiences (Brady and Cronin 2001; Voss and Voss 2000; Mulhern 1997). Studies show that retail stores benefit from managers who have a strong disposition to innovate, take risks, and be proactive (Ireland et al. 2003). Given the increasingly entrepreneurial role of the store manager, it is surprising that entrepreneurship theory and retail practice have not been integrated to provide novel insights into retail store manager's role.

The purpose of this study is to conceptualize and operationalize an entrepreneurial orientation for merchandising and service performance (EOMSP) construct that is suited for studying frontline manager role in retailing context. We begin by providing a background and review of retail manager role, and conceptualize the EOMSP construct. Thereafter, we describe the method for developing and validating the proposed EOMSP construct. Our retail setting is drugstores, who compete with other pharmacies for prescription drugs where service orientation is especially valued (e.g., MinuteHealth clinical centers at CVS stores), and grocery and convenience stores for front-end sales where merchandising orientation can offer a competitive advantage. We collect survey data from 737 store managers and match it with supervisory evaluations of their merchandising and service performance as well as longitudinal store archival data on profitability and revenue. Our analytical approach focuses on psychometric properties of the EOMSP construct with careful attention to mitigating common method and other biases that might confound reliability and validity evidence, thereby providing strong evidence to evaluate the empirical quality of the proposed construct.

Retail Manager Role: Background and Review

Over its historical evolution, the role of frontline store managers has expanded from a primary focus on *merchandising* (Mulhern 1997; Allenby and Lenk 1995) to a concurrent emphasis on *service* to build customer loyalty and achieve financial returns (Homburg et al. 2002; Jasmand et al. 2012). As noted, merchandising and service roles focus on disparate aspects of retailing, and represent competing strategies for customer management. A merchandising role involves activities such as point of purchase displays, advertising, weekly sales/pricing, product assortment, and store atmospherics, while service role involves activities that enhance customers'

transactional, interactional, and relational experience. Past studies have examined entrepreneurial orientations of retail store managers, but none to our knowledge has adopted a role theory perspective to analyze store managers' entrepreneurial performance or distinguish between their merchandising and service performance. For instance, Griffith et al. (2006) examined store manager's entrepreneurial orientation and found that it influenced self-report store performance by enhancing market responsiveness. In fact, Rauch et al.'s (2009) meta-analysis of entrepreneurial orientation effects on firm performance shows that only 2 of the 51 studies identified for inclusion utilized a retailing context. Our premise is that frontline store managers are likely to differ in the way they internalize the merchandising-service role duality. For some frontline managers, role internalization may indicate dominance of one role (e.g., merchandising), while subordinating the other role (e.g., service). Such internalization has pragmatic value in avoiding role conflict, and may represent managers' intuitive beliefs that store profitability is driven dominantly by the role internalized as more important (e.g., merchandising). By contrast, some store managers may internalize both roles as equally important requiring them to balance competing priorities in their decision making. While merchandising-service duality may harbor role conflict, research on ambidexterity shows that this conflict can be productive (Jasmand et al. 2012). Thus, we posit that using role theory to study entrepreneurial performance of store managers offers important insights for theory and practice. We next describe our study design for developing the EOMSP construct for understanding the degree to which store managers perform on dimensions of *innovativeness*, *risk taking* and *proactiveness* (hence entrepreneurial) in their merchandising and service roles. In so doing, we draw from the entrepreneurial literature (Lumpkin and Dess 1996; Brown et al. 2001, Pearce et al. 2010) to conceptualize and develop the EOMSP construct relevant for the retailing context.

Method

We sought the cooperation of one of the three largest national drug-store retailer in the United States with over 8000 retail outlets in all 50 states, District of Columbia, and Puerto Rico. Drug-stores are an appropriate setting context for our study because they operate in a highly competitive environment where both service and entrepreneurial orientations are important. Drug-stores compete with other pharmacies for prescription drugs where service orientation is especially valued for customer retention (e.g., MinuteHealth clinical centers at CVS stores), and grocery and convenience stores for front-end sales where merchandising orientation can offer a competitive advantage in customer acquisition and satisfaction (e.g., roughly 63 % of front-end sales are to consumers living with 3 miles of the drugstore). In addition, we reasoned that a national chain would be better organized to collect and process relevant financial and KPI data to assess store performance, which is an important outcome in our study. The research design involved three phases. The first phase included focus groups, qualitative interviews and think aloud exercises with selected

retail store managers for the purposes of developing and refining scale items for merchandising and service orientation. The second phase involved an online survey of randomly selected retail store managers (1 per store) to obtain self-report data on their orientations and other relevant study constructs. To ensure high response rates, we designed the survey to include multiple follow-ups (3 in all), nonmonetary inducements (e.g., CEO letter of support), a token in-kind incentive (entered in a lottery for iPods), and confidentiality promise (e.g., responses returned directly to researchers). The third phase involved compiling monthly financial data on store revenue and profitability (outcome measures), and store descriptive data such as customers served and employees (control measures) for each store for 3 years centered by the survey mailing date (1.5 years before and after the survey). In all, 1200 retail stores were randomly selected (from a total of over 8000) based on the following inclusion criteria: (a) located in a metropolitan area, (b) no change in store manager in the last 2 years, and (c) proportionate-to-number selection from diverse regions of the United States (North-East, Mid-West, South-East, Mid-South and West). For each selected retail store, the store manager was emailed a link to a survey designed in Qualtrics[©] that included a cover letter explaining the purpose of the survey, introduced the researchers, and explained the confidentiality promise. Thereafter, the store managers were guided through the survey items, organized around coherent sections with detailed instructions about the purpose for each section and response scale utilized. Care was taken to ensure that the sections did not follow the hypothesized causal order (e.g., orientation scale items were separated from passion items by filler sections), and a uniform response scale was used to avoid confusion (e.g., 5-point, strongly agree to strongly disagree). After follow-ups, 875 completed surveys were returned for a 73 % response rate, of which 737 were usable for a 61.4 % usable rate. The survey data were then matched to 36 store financial and descriptive data-points (monthly for a 3 year duration), ensuring that we had data of equal duration before and after the survey date. Due to technical glitches, data from some stores for the required duration could not be obtained. Fully matched data were secured for 570 stores, which were then analyzed for the proposed hypotheses.

Results: EOMSP Scale Development

We followed recommended scale development procedures for constituting an inventory of merchandising and service performance items that meet conditions of (a) theoretical meaningfulness, (b) face validity, and (c) pragmatic relevance (DeVellis 2011; Edwards 2001; Clark and Watson 1995). In terms of link to theory, we initially explored the meaningfulness of entrepreneurial dimensions of innovation, proactiveness and risk-taking in store manager's role at the participating company. We conducted open ended interviews with four district managers and six store managers, and asked them to (a) elaborate on the roles and responsibilities of store managers, (b) identify behaviors that are distinctive of effective store managers, and

(c) role of entrepreneurial behaviors in store manager's performance. We used the obtained interview data to both extract behavioral themes meaningful for store manager performance, and develop an initial set of survey items to capture these themes. The emergent themes were consistent with entrepreneurial dimensions reported in past research; however, the extracted items were specific to merchandising and service role of store managers. We developed 35 items each for merchandising and service role performance of retail managers.

In the next step, we conducted a "card-sorting" exercise along with interviews with 15 store managers to screen and revise survey items based on face validity and pragmatic relevance considerations. Each store manager was provided definitions of merchandising and service role performance along three dimensions (i.e., innovativeness, proactiveness, and risk taking), and asked to categorize each survey item into one of six categories with the option of indicating "not-classifiable" for items that fit none of the definitions. As store managers worked through the categorization process, they were asked to think aloud to get an insight into face interpretation and relevance of each item. We reasoned that items with greater face validity and pragmatic relevance would be categorized with greater consistency and think-aloud comments would indicate links to expected conceptual meaningfulness. We revised and/or refined survey items as needed after every three interviews to facilitate emergent updating and convergence. We also deleted items that did not meet the desired conditions of consistency, relevance, and meaningfulness. At the conclusion of this interview process, we identified 27 items each for merchandising and service role performance that had acceptable consistency (>70 %), face validity, and pragmatic relevance. We retained these items for further exploratory analysis.

We utilized exploratory and confirmatory factor analyses (EFA and CFA) in accord with recommended scale development procedures. Initially, we randomly split the survey response data in two equal halves and used one-half for exploratory analysis and saved the other-half for confirmatory analysis. For the merchandising and service items, a maximum likelihood exploratory factor analysis with oblique rotation was performed to examine if the items loaded on their expected factor with significant loadings (threshold set at > 0.30) and cross-loaded minimally on adjacent dimensions (threshold set at ≤ 0.20). Items that did not meet the set thresholds were candidates for deletion. Because EFA results rely on properties of a reduced correlation matrix of all items in the analysis, deletion of even one item can sometimes substantially alter the results. Thus, items identified as candidate-for-deletion were removed sequentially beginning with the item that evidenced the most serious violation, and the EFA results examined in each step to reevaluate the factor structure and reassess candidates-for-deletion. Our overall goal was to obtain a satisfactory factor structure with strong convergent (i.e., high loadings on the theoretically meaningful factor) and discriminant properties (i.e., minimal contamination due to cross-loadings) with as few item deletions as possible. Once the EFA yielded a satisfactory factor structure, maximum likelihood confirmatory factor analysis (CFA) was performed on the second split-half of survey data to examine if the EFA factor structure would hold in an independent data set of selected items. Goodness of fit was tested both at the measurement model (overall) and construct (specific) level.

Measurement model fit was evaluated using statistical (e.g., chisquare test), pragmatic (e.g., NFI, NNFI, CFI) and residual (e.g., RMSEA) properties. As is customary in such analysis, the statistical fit was given less prominence because of its proclivity for rejection with reasonable sample sizes (e.g., > 200). Construct fit was evaluated by multiple criteria including (a) statistical significance of its individual item loadings (threshold: $p < 0.01$), (b) average variance extracted (threshold: ≥ 0.50), (c) reliability (threshold: > 0.70), and (d) discrimination (threshold: $AVE >$ Average variance shared). To be acceptable for hypotheses testing, we retained construct items only if they satisfied both the measurement and construct fit conditions outlined above. In the event these conditions were not met, we planned for reverse cross-validation by using the second-half of survey response data for EFA and the first-half for CFA to achieve convergence.

References: Available upon request

Corporate Social Responsibility and Market Orientation in an Emerging Economy: Relationships and Outcomes

Reto Felix

Abstract Corporate social responsibility (CSR) can elicit favorable responses from stakeholders toward the company and may positively influence market share and profits. However, it is not clear if a CSR-based stakeholder approach may affect the focus on customers and competitors (i.e., a market orientation) in a negative way, or if companies can maintain high levels of CSR and market orientation simultaneously. This research tests the relationship between CSR and market orientation based on a sample from marketing managers of Mexican companies and embeds it into a larger managerial framework. The results from structural equation modeling based on partial least squares (PLS) suggest that those companies with advanced CSR programs are also the strongest on market orientation. That is, the relationship between CSR and market orientation seems to be synergistic rather than detrimental. Further, this research tests the relationship of CSR and market orientation with other relevant variables, such as innovation, company reputation, and employee commitment. Implications for marketing theory and practice are discussed.

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Multi-Brand Loyalty: Propositions and Insights from a Quantitative Study

Reto Felix

Abstract Consumer loyalty is a declared goal for many organizations and remains central in order to increase market share and profits. However, a substantial number of consumers seems to be loyal to not just one, but several brands. This research develops a series of propositions related to multi-brand loyalty and presents findings from an empirical study with 262 consumers from an emerging economy in Latin America. The results suggest that young consumers from an urban metropolis in Northern Mexico are predominantly multi-brand loyal in three relevant product categories (sportswear, perfume, and beer). Further, share-of-wallet (a behavioral measure of brand loyalty) seems to reflect attitudinal brand loyalty relatively well in a multi-brand loyalty context. However, consumers who are loyal to one brand (single brand loyalty) are not significantly different in their personality traits and values from consumers who are loyal to several brands (multi-brand loyalty). The implications for marketing theory and practice are discussed, and avenues for future research are proposed.

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Increasing Salesperson's Self-Efficacy and Performance Through Coaching: A Quantitative Study in Canada

Claudio Pousa and Anne Mathieu

Introduction

In the last few decades, the world of personal selling and sales management changed dramatically. Sales managers face now an increasingly complex work environment as well as challenges not frequently found in other less dynamic work settings (Ingram et al. 2005). Scholars propose that, in order to cope with these challenges and help salespeople achieve success, sales managers must embrace new collaborative managerial approaches like coaching (Dixon and Tanner 2012; Ingram 2004; Ingram et al. 2002, 2005).

Although there is consensus that coaching is a powerful tool that effective sales managers use to increase sales representative's job performance (Deeter-Schmelz et al. 2002, 2008) there are very few empirical studies that studied this relationship. Recently support was found for the positive impact of coaching on salesperson performance (Agarwal et al. 2006; Pousa 2012; Trépanier 2010).

However, very few studies identified mediators between coaching and performance (Pousa 2012). Identifying mediators "... is invaluable because this information can be used to modify and intervention or for adapting its principles to another area ... mediators answer the question as to why an intervention worked" (Latham 2007, p. 64). This is an important gap in the theoretical literature. Sales managers are called to use more coaching, but the scientific literature doesn't provide answers as to how coaching works or what are the behavioral changes in the salesperson that the manager has to observe to know if the intervention worked.

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In this paper we address this gap by identifying one key mediator between coaching and performance: salesperson's self-efficacy. We build on Social Cognitive theory and we propose a theoretical model where self-efficacy acts as a mediator between coaching and performance. We test the model with a sample of salespeople from Canada using structural equation modeling, and we find support for our main hypotheses.

Theoretical Framework

Employee coaching is an activity performed by managers at different levels of any organization, and it is different than executive coaching, mentoring, leadership, supervising or providing feedback (Onyemah 2009; Pousa 2012; Rich 1998). Coaching is a managerial process aimed at improving work performance (Fournies 1978) by providing focused feedback, encouragement and raising awareness through the use of questioning (Corcoran et al. 1995; Heslin et al. 2006; Orth et al. 1987; Richardson 2009; Whitmore 1985). Coaching is also considered as "a form of social persuasion where people are led, through suggestion, into believing that they can cope successfully with specific tasks" (Onyemah 2009, p. 940).

In sales contexts, coaching can be characterized as a non-directive, goal-focused and performance-driven intervention led by the sales manager to develop sales representatives, help them achieve their goals and increase performance (Pousa 2012).

During the coaching intervention, the sales manager and the salesperson openly discuss problems with customers, what the salesperson did to solve them and the results that these actions rendered. The sales manager uses questions and a conversational approach to raise sales representative's awareness of new courses of action, their advantages and disadvantages and how they fit in the big picture. By the end of the coaching intervention they agree on the best alternatives to be implemented in future encounters with the customer (Latham et al. 2005; Pousa 2012; Richardson 2009).

Self-regulatory systems of human agency suggest that "people form beliefs about what they can do, they anticipate the likely consequences of prospective actions ... and ... plan courses of action that are likely to produce desired outcome" (Bandura 1991, p. 248). In particular, Social Cognitive theory suggests that this cognitive activity will increase the individual's self-efficacy, that is, his perception that he is capable of coping with a given set of circumstances and achieve his goals (Bandura 1977, 1982, 1991). Accordingly:

H1: Coaching increases salesperson self-efficacy

Recent research supports the idea that coaching increases performance (Agarwal et al. 2006; Ellinger et al. 2005; Pousa 2012; Trépanier 2010). The rationale is that the coaching intervention increases commitment, motivation and satisfaction (Onyemah 2009), thus the salesperson will be more motivated to pursue the assigned goals, will put more effort in the task, and eventually will achieve higher performance (Pousa 2012). Accordingly:

H2: Coaching increases salesperson behavior performance

H3: Coaching increases salesperson sales performance

Evidence from different studies shows that beliefs of own efficacy significantly contribute to individual motivation and performance (Bandura and Locke 2003). A recent meta-analysis showed a high correlation ($r_{corr} = 0.38$) between self-efficacy and work-related performance (Stajkovic and Luthans 1998). The rationale for this result lies in the fact that “expectations of personal mastery affect both the initiation and persistence of coping behavior” (Bandura 1977, p. 193). Accordingly, people with high self-efficacy will initiate actions to cope with a given situation, will spend more effort, will persist longer and will make better choices of activities and settings, compared to people with low self-efficacy (Bandura 1977, 1982; Stajkovic and Luthans 1998). Thus:

H4: Self-efficacy increases behavior performance

H5: Self-efficacy increases sales performance

Finally, it was argued that behavioral performance is an indicator of the quality and effectiveness of the sales process followed by the salesperson (Fang et al. 2004). High behavior performance will positively impact customers' satisfaction with the salesperson and the sales process, making it more likely that they will buy from that individual (Fang et al. 2004), thus:

H6: Behavior performance increases sales performance

Methodology

We used a non-experimental, cross-sectional design, and existing measuring scales from the literature in coaching, leadership and sales. Supervisory coaching was measured using Ellinger et al. (2005) scale (8 items), salesperson's self-efficacy using Sujan et al. (1994) scale (7 items) and salesperson's performance using Fang et al. (2004) scales, with 7 items for sales performance and 6 for behavior performance. All scales were anchored at 1= completely disagree and 7= completely agree. We invited 373 sales representatives from a financial services institution to participate in the study and answer a web-based survey.

Analysis

We received 122 complete, usable questionnaires for a response rate of 32.7 %, evenly distributed between male (48.9 %) and female (51.1 %) respondents.

Confirmatory factor analysis was used to estimate the properties of the measurement model. The model was estimated by restricting each scale's item loading on its a priori specified factor and allowing free correlation among factors (Gerbing and Anderson 1988). Items showing standard regression weights lower than 0.50 or high cross-loadings were eliminated.

We assessed scales' reliability using three different indicators: Cronbach's alpha, corrected item-total correlations and composite reliability (CR). All four scales showed Cronbach's alphas above the accepted threshold of 0.7 that suggests acceptable reliability (Nunnally 1978). Corrected item-total correlation values ranged from 0.560 to 0.910, also above the accepted threshold that suggests acceptable reliability. Composite reliability values ranged from 0.816 to 0.950, also exceeding the threshold of 0.6 necessary for measurement reliability (Bagozzi and Yi 1988; Fornell and Larcker 1981). Globally, results suggest good reliability.

The average variance extracted (AVE) for each of the factors was higher than 0.5, also suggesting adequate convergent validity (Fornell and Larcker 1981).

Discriminant validity was assessed by comparing the square root of the AVE values ($AVE^{1/2}$) to the factor correlations; the results indicate that the square root of AVE for each factor is bigger than any of its correlations with the other factors, suggesting adequate discriminant validity (Fornell and Larcker 1981).

The fit indexes for the measuring model indicated a good fit between the model and the data (Byrne 2010; Kline 2011) with $\chi^2=341.23$, $p<0.01$; Comparative Fit Index (CFI)=0.94; root mean square error of approximation (RMSEA)=0.08, Incremental Index of Fit (IFI)=0.94; and Tucker Lewis Index (TLI)=0.93.

Results

After the measuring model was deemed to be acceptable, we run the structural model to test the hypothesized relationships. The fit indexes ($\chi^2=359.02$, $p<0.01$; CMIN/DF=1.80; CFI=0.93; IFI=0.93; TLI=0.92; RMSEA=0.08) suggest that the hypothesized model acceptably fit the data.

As hypothesized, supervisory coaching increases salesperson's self-efficacy ($\beta_1=0.45$, $p<0.01$) in support of H₁. No support was found for the direct impact of coaching on behavior performance (H₂) and sales performance (H₃). It seems that the mediating effect of self-efficacy captures all the variance in performance, thus turning the direct link between coaching and performance to non-significant.

Also as hypothesized, self-efficacy increases behavior performance ($\beta_4=0.51$, $p<0.01$) in support of H₄ and sales performance ($\beta_5=0.68$, $p<0.01$) in support of H₅, and behavior performance increases sales performance ($\beta_6=0.40$, $p<0.01$) in support of H₆.

Globally, the model explains 20 % in the variance of self-efficacy, 26 % of behavior performance and 85 % of sales performance.

Assessment of the Effects of Same-Source Bias

In order to assess the potential impact of this form of bias in our study, we reestimate the hypothesized model by adding a first-order factor to the indicators of coaching, self-efficacy, sales performance and behavior performance that could potentially account for CMV, as described in Podsakoff et al. (2003). The significance values of the standardized regression weights for the model don't change when controlling for common method variance, and their sign and magnitude are similar when not controlling for CMV. This suggests that even a small amount of CMV might still exist it doesn't affect the conclusions of the study.

Conclusions

Research in coaching is limited and it has been criticized for being predominantly practice-driven and guru-led, and lacking solid theoretical basis (Ellinger et al. 2008; Grant and Cavanagh 2004; Hamlin et al. 2006).

In that aspect, this paper makes an important theoretical contribution to the understanding of coaching in sales contexts. Building on Social Cognitive theory we found that, through the coaching intervention, the sales manager can increase salesperson's perceived self-efficacy. We also found that increased self-efficacy can increase salesperson's initiation and persistence of coping behavior, thus increasing his sales performance.

References: Available upon request

Building a Platform for Change: Identifying Salient Beliefs Surrounding Fruit and Vegetable Consumption

**Stephanie M. Judd, Joshua D. Newton, Fiona J. Newton,
and Michael T. Ewing**

Introduction

Numerous governmental and international organisations have developed nutritional guidelines outlining recommended daily intakes of fruit and vegetables (National Health and Medical Research Council 2013; World Health Organisation 2004). Australians, for example, are advised to consume 2 serves of fruit and 5 serves of vegetables each day (National Health and Medical Research Council 2013). Unfortunately, data suggests that few Australians actually meet these recommendations (Australian Bureau of Statistics 2009), placing them at a greater risk of developing cardiovascular disease (Dauchet et al. 2006; Lock et al. 2005) or receiving a diagnosis of cancer (Feskanich et al. 2000; Key 2010). Given the deleterious health outcomes associated with limited fruit and vegetable intake, considerable scholarly attention has been directed towards understanding the factors that curtail fruit and vegetable consumption in an effort to promote healthful behaviour change (Guillaumie et al. 2010; Kamphuis et al. 2006). One method that can assist in understanding these factors is to examine the beliefs associated with the consumption of adequate quantities of fruit and vegetables. From a theoretical perspective, this approach is consistent with Ajzen's (1991) notion that beliefs ultimately underpin the enactment of behaviour. As such, understanding the beliefs associated with the consumption of fruit and vegetables may provide insights into the factors that could be targeted in social marketing campaigns aimed at improving

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fruit and vegetable consumption. The aim of this study was therefore to quantitatively ascertain the beliefs associated with meeting recommended intakes of fruit and vegetables.

Method

A face-to-face survey was completed by 475 Australian adults living in three communities located in Victoria, Australia. The age of participants ranged from 18 to 89 years ($M=42.00$, $SD=15.59$). With respect to gender, 351 (73.9 %) were female, 88 (18.5 %) were male, and 36 (7.6 %) chose not to disclose their gender. A total of 25 cases were removed from the dataset because of incomplete survey responses. Beliefs about fruit and vegetable consumption were assessed within a theory of planned behaviour (TPB) framework (Ajzen 1991). According to this theory, the most distal determinants of a specified behaviour are the salient beliefs that individuals hold about that behaviour. Three kinds of salient beliefs were identified by Ajzen (1991): behavioural beliefs, normative beliefs, and control beliefs. In the context of the current study, behavioural beliefs capture the perceived outcomes associated with eating fruit and vegetables, while normative beliefs relate to perceived social pressures relating to the consumption of fruit and vegetables. Finally, control beliefs refer to issues that may influence an individual's ability to eat fruit and vegetables. Participants in the current study were presented with three separate sets of beliefs (12 behavioural, 12 normative, and 16 control beliefs). These beliefs were derived from semi-structured interviews conducted with residents and professional stakeholders living or working within the sampled communities. Belief salience was assessed following the method advanced by van der Pligt and De Vries (1998a, b) and Newton et al. (2012). That is, participants were instructed to select the three beliefs from each set that they considered to be most important to them. Actual fruit and vegetable consumption was assessed using a brief two-item measure developed by Prochaska and Sallis (2004). Participants were recruited from a range of public locations in each of the study communities. The survey was administered face-to-face on an electronic tablet device. As an incentive, participants received a \$10 grocery-only supermarket gift card.

Results and Discussion

Chi-square tests of independence were performed to examine whether belief salience differed by fruit and vegetable consumption. Initially, participants were categorised into one of three groups: those who met current recommendations for fruit *and* vegetable consumption (MF $n=69$); those who met current recommendations for either fruit *or* vegetable consumption (MF/V; $n=229$); and those who did not meet recommended consumption levels for both fruit *and* vegetable (MN; $n=152$). However, the relatively small number of participants in the MF&V precluded further analysis

of this group as statistical power calculations indicated that including this group in the analyses would suppress statistical power. As such, the analyses focused on examining whether salient beliefs differed between participants in the MF/V and MN groups. This analytical strategy has the additional benefit of allowing insights to be obtained into how those in the MN group could be encouraged by social marketers to meet at least one of the fruit and vegetable consumption guidelines.

Behavioural Beliefs

Significant differences in belief salience between the MN and MF/V groups were identified for three behavioural beliefs. Compared to the MN group, participants in the MF/V group were more likely to believe that eating 2 serves of fruit and 5 serves of vegetables each day would keep their bowel movements regular ($\chi^2=8.20$, $p<0.01$). This is perhaps unsurprising given that fruit and vegetables are a natural source of fibre, and fibre is known to play a key role in keeping bowel movements regular and preventing constipation (Mugie et al. 2011). While constipation may be largely avoided by regularly consuming a diet rich in fruit and vegetables (Mugie et al. 2011), a recent Australian epidemiological study found a high prevalence (between 6 and 30 %) of constipation among Australian adults (Peppas et al. 2008). Not only does this condition have a severe impact on the quality of life of sufferers (Belsey et al. 2010; Wald et al. 2007), it also represents a considerable public health cost for governments (Martin et al. 2006). For instance, in the United States alone, approximately \$1 billion is spent annually on the management of constipation (Martin et al. 2006). As such, future social marketing campaigns could emphasise that regularly consuming recommended servings of fruit and vegetables is a natural, cost effective, and convenient way to regulate bowel movements. Such messaging may be particularly efficacious among elderly cohorts given that they are at elevated risk of experiencing irregular bowel movements (Potter and Wagg 2005). The belief that consuming recommended servings of fruit and vegetables is fiscally unaffordable was more prevalent within the MN than the MF/V group ($\chi^2=4.51$, $p<0.05$). This is an important finding since prior research has indicated that fruit and vegetables are perceived to be more expensive than less healthy foods, such as take-away and sweets (Drewnowski and Darmon 2005). In the current study, cost was not identified as a major barrier among participants who met either the fruit or vegetable guidelines. This suggests that cost barriers may be a misperception rather than a structural barrier within Australia. As such, further research is needed to identify the most effective strategies for changing this misperception among MN group members. Strategies that could be leveraged include the dissemination of tips on how to plan and budget for fruit and vegetable consumption and the provision of easy low-cost menu ideas that meet fruit and vegetable guidelines. Such strategies may be particularly useful among those consumers most vulnerable to the effects of financial constraints, such as consumers living in low socioeconomic areas (Kettig et al. 2009). Finally, those in the MN

groups were also more likely to identify time constraints as a key barrier to the adequate consumption of fruit and vegetables compared with those in the MF/V group ($\chi^2=11.07, p<0.01$). As noted by Pollard et al. (2002), time constraints typically include the amount of time needed to both purchase and prepare fruit and vegetables. As such, efforts to ameliorate the impact of perceived time constraints on fruit and vegetable consumption should take these factors into account. Promoting frozen varieties of fruit and vegetables may go some way towards addressing this barrier since they not only have a longer storage life than fresh produce, but they typically come pre-prepared thus reducing preparation and cooking time.

Normative Beliefs

Participants in the MN and MF/V groups differed in their perceived salience with respect to one normative belief. Relative to MN, MF/V group members were more likely to believe that their doctor would approve of them consuming 2 serves of fruit and 5 serves of vegetables each day ($\chi^2=3.98, p<0.05$). This finding points to the possible effectiveness of using doctors to encourage greater fruit and vegetable consumption, and accords with other research highlighting the effectiveness of health practitioner-led food counselling in efforts to improve fruit and vegetable consumption among adults (Maskarinec et al. 1999; Pignone 2003). Maskarinec and colleagues (1999) for example, found fruit and vegetable consumption increased by 3.2 servings per day among 29 Hawaiian women after they received individual and group counselling from a doctor. Although such face-to-face doctor-led food counselling may not be scalable as a population-wide intervention, future communication campaigns could consider leveraging the source credibility of doctors by using them as expert spokespersons. Moreover, medical experts could be used in internet-based interventions aimed at encouraging individuals currently not consuming adequate quantities of fruit and vegetables to increase their daily consumption of these healthful foods. This latter communication channel has the advantage of reaching large numbers of people in a cost-effective way. Integrating internet-mediated information from doctors with other online elements commonly found to motivate health behaviour change (e.g., edutainment, which refers to the blending of educational material with entertainment; Long et al. 2006) may further enhance the effectiveness of such efforts.

Control Beliefs

Finally, of the 16 control beliefs that dealt with issues that could prevent participants' consumption of fruit and vegetables, five were found to differ in salience between the MN and MF/V groups. Relative to the MF/V group, a larger proportion

of those in the MN group believed that it was more convenient to purchase ready-made meals than it was to cook/prepare meals themselves ($\chi^2=6.28, p<0.05$). As such, efforts are required to encourage the manufacturers of pre-prepared foods to incorporate greater quantities of fruit and vegetables into their product range. This, in turn, would allow individuals to more easily consume greater quantities of fruit and vegetables. However, enacting such a strategy is not without its difficulties. Regardless of their good intentions, many major food manufacturers are limited in their capacity to provide more healthful foods (Lang et al. 2006), which may be due to high costs associated with incorporating additional serves of fruit and vegetables into their product line-ups. As such, efforts should also be directed towards finding ways of reducing the costs associated with manufacturing more healthful foods. Difficulties in getting other family members to eat fruit and vegetables were more likely to be identified by those in the MN group ($\chi^2=9.04, p<0.01$). This finding accords with recent studies from the marketing domain, which have found that certain family members, such as children, exert considerable influence on family fruit and vegetable consumption patterns (Kerrane et al. 2012; Lawlor and Prothero 2011). As such, there is a need to equip those individuals responsible for preparing family meals with the skills to better manage the unhealthy food preferences of family members. Such efforts could include promoting whole-of-family engagement in the planning, purchase, and preparation of fruit and vegetables, as this can help to counteract food fussiness among family members (Fulkerson et al. 2011). Another potential means of circumventing food fussiness may be through enrolling fussy food eaters in community gardens and cooking classes, for these activities have frequently been shown to improve fruit and vegetable acceptance and consumption among children and adolescents (Morgan et al. 2010; Newell et al. 2004). Findings highlighted that those participants in the MF/V group were more likely to experience greater difficulties in getting to stores that sell good quality fruit and vegetables ($\chi^2=4.90, p<0.05$). This finding more broadly points to issues surrounding fruit and vegetable accessibility and availability, which have been consistently identified as important determinants of fruit and vegetable consumption (e.g., Smith et al. 2010). Potential solutions to this barrier, such as increasing the number of stores selling fruit and vegetables or improving transport linkages, are often difficult or costly to implement. However, one way in which this seemingly intractable issue could be addressed is by educating consumers about effective food planning and storage techniques so that they do not need to shop for fruit and vegetables as frequently. Participants in the MF/V group were also more likely to nominate difficulties in fitting fruit and vegetable shopping into their daily routine as a salient belief than those in the MN group ($\chi^2=5.41, p<0.05$). Once again, this barrier could conceivably be addressed by teaching consumers about food planning and storage practices as this may help them to be more efficient in purchasing fruit and vegetables. Finally, those in the MF/V group were more likely than MN group members to identify as salient the notion that preparing or cooking fruit and vegetables is unenjoyable ($\chi^2=9.10, p<0.01$). One way of promoting culinary enjoyment would be to reduce some of the barriers associated with cooking, such as the time and effort required to prepare a meal. This could be achieved through encouraging the use of

cooking implements to assist in vegetable preparation or advocating the use of frozen vegetables that have been pre-prepared.

Conclusion

Encouraging individuals to adopt the fruit and vegetable guidelines advocated by the Australian government is likely to be difficult, particularly for those not currently meeting any of these guidelines. A more realistic goal may be to encourage individuals to adopt one of these guidelines. Attaining this interim goal may therefore act as a stepping stone to the more distal goal of consuming the quantities of fruit and vegetables necessary to achieve healthful outcomes. The current findings are therefore of particular import in that they identify a set of actionable strategies that social marketers could implement to encourage those not meeting fruit and vegetable guidelines to meet at least one of these guidelines. For example, increasing the convenience of fruit and vegetable consumption and finding ways to encourage the consumption of these foodstuffs among all family members may provide important approaches for improving fruit and vegetable consumption among those do not currently meet recommended intakes of fruit and vegetables. Social marketers and public health officials may therefore want to consider these findings when designing campaigns or programs aimed at increasing fruit and vegetable consumption.

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Emerging Market Consumers: Latvian and Georgian Perceptions of Global Brands

Al Rosenbloom and James Haefner

Abstract This empirical study explored eight global branding constructs on the purchase intent for ten well-known global brands. The study compared Latvian consumers with consumers from the Republic of Georgia on each construct. Truncated versions of published scales related to consumer ethnocentrism, cosmopolitanism, global-local identity, global consumer culture were used in the study. Also explored were consumer perceptions related to the importance of knowing a brand's country-of-origin, degree of brand familiarity, degree of brand trust and degree of brand liking.

Logistic regression was used to understand differences between the two consumer groups. Findings indicated a much higher propensity for Georgians to purchase Avon, Chanel, HSBC, Levi's, Prada, and Zara than Latvians. The study contradicts earlier work done by the authors that found trust to be much more important variable than was found in this study. This study does, however, support a growing body of research that knowing a brand's country-of-origin has limited influence in brand purchase intent. The study also considered how each country's historical legacy from the Soviet era and repercussions from the recent global financial crisis have influenced consumers' global brand purchase intent.

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Beliefs and Attitudes Towards Online Advertising in a Social Network Context

Melanie Wiese

Abstract Social network advertising is a very interesting topic for marketers today for the reason that mass collaboration is influencing consumer's beliefs and attitudes. The study aims to investigate the relationships among consumers' beliefs and attitudes towards online advertising on social networks, as well as gender and ethnic responses towards online advertising on social networks. The survey was conducted using a convenience sampling method and a sample size consisting of 420 were realized.

The study found a positive correlation between beliefs about and attitudes towards online advertising. However no significant gender differences were reported for beliefs and attitudes towards online advertising but some significant differences were found between African and Caucasian respondents. It was found that the more positive peoples' beliefs about online advertising was the more positive was their overall attitude towards online advertising.

Online marketers and managers can eliminate gender as an influencing factor when compiling online marketing strategies as gender has proven to be non-influential factor. Therefore, when advertising on social networks, advertisers may use the same general elements when communicating with male and female audiences. However as significant difference were identified between African and Caucasian students' beliefs, ethnicity should be taken into account when advertising online. Companies should however focus on the various belief constructs, namely entertainment, information, credibility and economy as it has been proven by the research conducted that a positive correlation exists between these constructs and the attitude that consumers hold towards online advertising on social network sites. The entertainment seeking factor proved to be the strongest predictor of attitudes towards online advertising. Marketers should therefore focus their efforts on creating online advertisements that are enjoyable, pleasing and interesting.

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The main limitation of this study was that a non-probability sampling approach was used for the study, therefore the results of the study cannot be generalized to the larger population and ultimately this study needs to be replicated with non-student samples.

The findings could assist marketing professionals to better understand the role of online advertising, an increasingly important dimension of the marketing discipline.

Keywords Online advertising • Social network sites (SNS) • Beliefs • Attitudes • Gender • Ethnicity

References: Available upon request

Customer Loyalty in U.S. Hispanic Markets

Arturo Z. Vasquez-Parraga and Miguel A. Sahagun

Abstract Explaining customer store loyalty in emerging markets, in particular Hispanic markets, is the main purpose of this paper. Acknowledging that there have been many attempts to better understand customer store loyalty, this study employs an explanation chain and, thus, a model describing key relationships in the generation of customer loyalty, from initial customer satisfaction to trust, to commitment, to loyalty. Additional variables are explored as moderators of the relationships taking place within the explanation chain. Using both SPSS and SEM analyses, the results support a strong explanation chain of customer store loyalty with moderators adding less than 5 % explained variance. Managerial implications and research limitations are also examined.

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Is Knowledge Transfer Within MNCs Good for Subsidiary Performance? The Role of Subsidiary Capabilities and Innovative Culture

Ruby P. Lee and Jingxun Li

Abstract While a large body of research in the context of multinational corporations (MNCs) indicates that increases in knowledge transfer lead to better subsidiary performance, some studies suggest otherwise. When does knowledge transfer in a MNC benefit its foreign subsidiaries? To answer this question, this study extends the literature on knowledge transfer in MNCs by exploring how two sources of knowledge transfers, one from headquarters and the other from peer subsidiaries, influence a focal subsidiary's capabilities and firm performance. Drawing on the tenet of the resource-based and dynamic capabilities perspectives, and using data from 167 foreign subsidiaries in China, we propose and find that both sources of knowledge transfers positively influence a focal subsidiary's capabilities, albeit at different rates. Our results further show that while a focal subsidiary's innovative culture strengthens the effect of headquarters knowledge transfer on its capabilities, it weakens the impact of peer subsidiary knowledge transfer on the focal subsidiary's capabilities. More results and their implications are discussed toward the end.

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What If I Make the Wrong Decision? The Role of Anticipated Regret in Switching Barrier Based Customer Retention

Jiun-Sheng Chris Lin, En-Yi Chou, and Cheng-Yu Lin

Introduction

The examination and management of customer switching barriers has been an important issue on customer retention because switching barriers deter defection. Similarly, psychological inhibitors can act as negative drivers to customer defection. However, there has been little research investigating the role of customers' psychological mechanisms in relation to switching behavior. This study aims to explore such a mechanism by incorporating customers' anticipated regret into existing switching barrier research.

Increased competition and diminishing customer loyalty have propelled customer retention to the forefront of marketing concerns. As the cost of attracting new customers increases, companies are increasingly focusing their strategies on customer retention. Scholars have indicated that customer retention can be achieved mainly through establishing attitudinal and behavioral loyalty, as well as erecting switching barriers (Jones et al. 2000; Patterson and Smith 2003). Therefore, for service firms, switching barriers (interpersonal relationships, switching costs, and attractiveness of alternatives) represent additional retention strategies beyond the traditional customer satisfaction and loyalty tactics (Jones et al. 2000). Such barriers are important because they may foster greater retention, increases strength of engagement in actual behavior and help service firms weather fluctuations in service performance that might otherwise result in defections. Psychological inhibitors can also play a role in defection decisions. Customer decision making often requires individuals to make judgments about what they expect to experience in the future. As people often feel regret when decisions lead to disappointing outcomes, there

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exists an underlying psychology that consumers will try to avoid options that could possibly generate an unfavorable outcomes in the future. In other words, when considering the aftermath of a decision, a person is likely to be motivated to engage in behaviors that minimize the chances of future regret. In general anticipation of regret refers to the belief that regret will follow from inaction. In the service context, anticipated regret refers to a consumer's active consideration of the regret he/she would feel after dropping a service (Lemon et al. 2002; White et al. 2007).

Whether switching barriers can create disincentives to customer defection depends on the capability of such barriers to create psychological obstacles when consumers make decisions about future use. When a customer perceives that switching barriers could be high, there is a realization that a price must be paid in order to defect. Under such circumstances, customers would experience a simulated regret over the negative result of switching, and this feeling could affects consumer decisions (Lemon et al. 2002). Anticipated future regret is thus an important factor to consider when assessing the impact of switching barriers on customer retention. Such anticipation of negative emotions not only arouses a strong emotional response, but also provides behavioral prescriptions for avoiding negative emotions. While both switching barriers and anticipation of regret have been researched, there has been no attempt to link them together. Extant research on switching barriers tends to focus on the influences on customer retention (e.g. Jones et al. 2000; Patterson and Smith 2003; Sharma and Patterson 2000). Anticipated regret is an important but under-studied driver of consumer behavior that should be taken into consideration by marketers (White et al. 2007). There has yet to emerge a study that integrates customer psychological mechanisms of anticipated regret into existing switching barrier research. Therefore, this study proposes that current research on switching barriers can be enriched by incorporating the effects of anticipated regret. In addition, as intentions do not always be equated with repurchase behavior (Chandon et al. 2005; Daryanto et al. 2010; Wang et al. 2012), both behavioral intention and actual purchase behavior of customers will be included and examined in this research. Service firms can better plan their retention strategies by understanding that customers take into account such future considerations when making decisions.

Methodology

We tested our model by surveying customers of a health club with 26 branches. Lists of customers whose membership will expire in 3 months were acquired from the database of the health club. We sent the questionnaires to those members by mail in prepaid return envelopes along with a cover letter which highlighted that a cash voucher will be awarded to the respondents. Then we tracked the respondents' actual purchase behavior (i.e. amount of money spent in membership renewal) before their membership expired. The final sample contained 597 usable responses. The questionnaire was constructed based on the above literature and interviews with managers and customers of the target service provider, and pre-tested three times to

ensure that questions were understood as intended and to assess the feasibility of the survey approach. Survey participants responded to seven-point Likert scales anchored from “*strongly agree*” (7) to “*strongly disagree*” (1).

Results and Discussion

We tested our measurement model using LISREL VIII. Confirmatory factor analysis (CFA) was employed as the primary data analysis tool. Results suggested a good overall fit ($\chi^2=193.74$, $df=80$, RMSEA=0.050, GFI=0.96, NFI=0.98, NNFI=0.99, CFI=0.99, IFI=0.99). Reliability estimates were assessed using Cronbach’s coefficient alpha (α). All the α values for constructs in our model, surpassed the acceptable level of 0.70, indicating high internal consistency. We assessed convergent validity by first reviewing the t-tests for the factor loadings in the CFA. All factor loadings surpassed twice their standard error and at a $p<0.001$ significance level. We then assessed discriminant validity by comparing each pair of constructs using a chi-square test between measures allowing phi (Φ) to vary and then constraining Φ correlation to unity. Results show chi-square for the unconstrained model to be significantly lower than the constrained model, supporting discriminant validity. Next, we tested whether the correlation for each pair of the constructs was significantly less than one by examining the confidence interval of each correlation estimate. The exclusion of the value one in the confidence interval for each pairwise correlation estimate (± 2 standard errors) further indicated support for discriminant validity. The above results demonstrated the measures employed in this study possessed adequate construct validity.

The structural model was estimated, producing the following statistics: $\chi^2=216.30$, $df=94$, RMSEA=0.047, GFI=0.96, NFI=0.98, NNFI=0.99, CFI=0.99, IFI=0.99. Results indicated that all hypothesized relationships were statistically significant. Estimated structural coefficients were next examined to evaluate individual hypotheses. As predicted, interpersonal relationships have a significant and positive impact on anticipated regret ($\gamma_{11}=0.10$, $p<0.05$) and behavioral intention ($\gamma_{21}=0.52$, $p<0.01$). H_1 and H_2 were supported. Switching costs also have positive effects on anticipated regret ($\gamma_{12}=0.68$, $p<0.01$) and behavioral intention ($\gamma_{22}=0.29$, $p<0.01$), thereby confirming H_3 and H_4 . Results also showed that attractiveness of alternatives has negative impact on anticipated regret ($\gamma_{23}=-0.14$, $p<0.01$), supporting H_5 . In addition, attractiveness of alternatives has negative impact on behavioral intention ($\gamma_{33}=-0.10$, $p<0.05$), thereby confirming H_6 . The proposed link of anticipated regret and behavioral intention (H_7) was also confirmed ($\beta_{21}=0.14$, $p<0.01$). Results also support a positive relationship between behavioral intention and actual purchase behavior H_8 ($\beta_{32}=0.54$, $p<0.01$). These results illustrate the importance of switching barriers and anticipated regret in predicting customer retention behavior which leads to actual behavior.

Understanding the customer viewpoints of retention is critical for both researchers and practitioners. Consumers tend to value reducing negative emotions linked to trade-offs, and work hard to reduce the chances of post-decision regret. Therefore,

anticipated regret has been suggested an important additional determinant of consumer decision making, especially when the outcome is uncertain and the decision is viewed as difficult. The current research provides insights into customer expectation of future regret. Results of the current study validate a relationship among switching barriers, anticipated regret, and customer retention, which hitherto has not been empirically or theoretically established. Specifically, our empirical findings show that switching barriers have a significant influence on anticipated regret and behavioral intention. In turn, anticipated regret also has an impact on behavioral intention, which influences actual purchase behavior. This indicates the need to incorporate anticipated regret into switching barriers-customer retention models, and suggests the need to extend existing theories of switching barriers to include more customer psychological mechanisms.

Conclusions and Implications for Theory and Practice

Current results provide a number of managerial implications for service firms. When attempting to influence retention behavior, companies need to consider how marketing might succeed based on how well it prevents certain thoughts from entering the consumer's mind. The combination of negative emotions and behavioral plans can be particularly effective at inducing consumer intentions. Our results suggest a mechanism by which customers face a decision to continue the service relationship. They evaluate various switching barriers and simulate expected future regret from alternatives to make a decision that results in the least future regret. Consequently, firms should manage to increase customer expectation of future regret through various switching barriers. Building closer interpersonal relationships between customers and service employees, establishing higher switching costs, and providing differentiated services all encourage customers to worry about losing existing social, psychological, temporal, and economic benefits.

The current finding that anticipated regret plays an important role in customer retention represents a valuable marketing opportunity. Marketing managers can benefit from integrating anticipated regret into marketing communications, retention-based marketing, and other interactions with customers. By making the potential regret salient to customers before decision making, firms may be able to reduce churn rates and get a second chance to regain a customer who otherwise would not have been retained. Marketing strategies should be designed with these ideas in mind. Firms can increase the likelihood of customer retention by encouraging customers to focus on anticipated regret (i.e. the loss of a potential gain) by asking consumers to consider all that they might miss if they switch providers (White et al. 2007).

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Reconsidering Business-to-Business Relationships: Multi-Dimensionality and Traces Left Behind

Annmarie Ryan and Jaana Tähtinen

Abstract This paper elucidates the possibilities of using theoretical lenses from complexity theory in inter-organisational research to reconsider business relationships and to understand patterns of interaction and change within dyads. We consider two lenses; complex adaptive systems and dissipative structures, to reveal details that have been mostly obscured. These offer us understanding not only of the multi-dimensionality of business relationships in one point in time but also how traces of relationships may stretch their boundaries over time. The two lenses are discussed one at a time, with illustrative empirical examples, highlighting what comes to light when applying the lenses.

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The Moderating Effects of Self-Brand Concept and Reference Group on Consumer Innovativeness Toward Purchase Intention

Danupol Hoonsopon

Abstract New products can succeed in the market if they are adopted by consumers. Considerable research has investigated the effect of consumer innovativeness on purchase intention. However, moderating effects to increase the adoption rate have been overlooked. Drawing from the concept of innovativeness, using survey research among Thai consumers, and analyzing data with hierarchical regression analysis, the author demonstrates that self-brand concept and reference group positively moderate the relationship between consumer innovativeness and purchase intention toward new products. This research suggests that self-brand concept and reference group can accelerate the adoption rate of new products. Successful firms can define marketing strategies to increase the adoption rate by developing new products to fit with the individual or his/her group.

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Advertising Directed at Children: An Empirical Study from Parents' Perspective on Television Advertising and Advergames

Sibylle Böttner, Björn Sven Ivens, and Isabelle Hillebrandt

Abstract Advertising directed at children has recently received a tremendous boost. Firms in various industries develop advertising activities seeking to appeal to children as a relevant market segment. Because consumption behavior of these vulnerable consumers is largely influenced by their parents, a profound understanding of parents' attitudes and behaviors toward advertising to children is paramount. With new challenges imposed to parents by children's proliferated addressing of advergames and an increased internet usage, the purpose of this study is to improve understanding of parents' assessments and behaviors regarding two important advertising activities directed at children (i.e., TV commercials and advergames). This article is the first to examine parents' perceptions, knowledge and mediation of children's consumption behavior regarding both advertising formats. By doing so, this article addresses important desiderata to research referring to evidence-based empirical data on advergame mediation and potential comparisons to other media.

Results of a quantitative study are based on a sample of 362 parents and reveal a significantly better knowledge level for television advertising than for advergames. Parents hold a rather skeptical attitude and utter concerns especially about the exploitation of children's gullibility and their limited critical abilities. This negative assessment can be seen as a predictor of their mediation behavior: The more concerns parents have, the greater is the execution of restrictive or active mediation. The results further substantiate that mediation behaviors can diverge considerably for different media and represent a contribution to mediation theory. Findings promote parental education and suggest advertisers and policy makers to handle parents' perceptions carefully.

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How Dynamic Marketing Capabilities Affect Market Share Performance Output: An Innovative Brand Oriented Approach

Nebojsa S. Davcik and Nicholas Grigoriou

Abstract Resource-based theory (RBT) posits that firm performance is the result of how firms manipulate their resources and dynamic capabilities to achieve performance goals. Research to date has not focused enough on the relationship between brand innovation, product differentiation (as a marketing construct), and market share (as a performance metric). This is surprising given both the relatively large amount of academic research in each of these three areas, and the emphasis placed on each by industry practitioners. We bridge this gap in the extant literature by empirically validating the relationship between these phenomena and find that brand oriented dynamic marketing capabilities have limited effect on performance metric—market share. These findings are useful for both academics and practitioners because they address new and future research. In doing so, we advance the firm performance and branding literature with extension in the resource-based theory.

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Export Decision-Making: Combining Planning and Improvisation to Enhance Performance

Ekaterina Nemkova, Anne Souchon, and Paul Hughes

Abstract The increasing interdependence of economies and the recent economic crisis have considerably strengthened the importance of exporting. Exporting is recognised as promoting the survivability of companies as they are better able to diversify risks and generate multiple income streams. Against this background export marketing decision-making has been identified as one of the main determinants of firms' success. However, little is known about how export marketing decisions are made.

The application of decision theory helps to disentangle two key decision-making approaches managers rely on, namely *planning* and *improvisation*. While planning has received extensive research attention in the past, the topic of improvisational decision-making is mostly overlooked in marketing, especially export marketing. As a result, a holistic view of export decision-making is currently lacking from the field. This is one of the first studies examining the impact of both planning and improvisation simultaneously on a firm's export performance. While planning is considered to be a unidimensional construct, improvisation is comprised of three facets: *spontaneity, creativity and action-orientation*.

This research was conducted in two phases, including a qualitative exploratory study (12 in-depth interviews) and an online quantitative survey (200 respondents) among export managers in the UK. A conceptual model was tested through the use of structural equation modelling.

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The results indicate that export customer performance is negatively affected by planning and positively influenced by action-orientation, whilst export financial performance is found to benefit from planning and creativity. All decision-making approaches (planning, spontaneity, creativity and action-orientation) are positively related to responsiveness to environmental changes. Using moderator analysis, important insights were uncovered into combining decision-making approaches. The export function is found to benefit from a combination of planning and action-orientation, whereas spontaneity and creativity, while having separate positive effects, are not well combined with planning, producing negative moderation effects.

Keywords Exporting • Decision-making • Planning • Improvisation • Export performance

References: Available upon request

Investor Associations Concerning Sustainability and the Impact of Misperceptions on SRI Decision-Making

Verena Gruber and Bodo Schlegelmilch

Abstract Given the growing importance of sustainability and corporate social responsibility (CSR) in the field of marketing and management, it is not surprising to increasingly encounter these topics in capital markets as well. The creation of socially responsible investments (SRI) as distinct investment type has led to the fact that “responsible investing has become mainstream” (Sievänen et al. 2013, p. 137). Against the background of cognitive consistency theory we suggest that the personal values of individuals should be similarly apparent in their consumption as in their investment decisions. In case of discrepant behavior, the respective person would feel the unpleasant affect of cognitive dissonance. Drawing on a sample of private investors, we examine the discrepancies between investors’ and consumers’ associations concerning sustainability and further provide empirical evidence about how commonly held misperceptions among investors can influence their likelihood to engage in SRI.

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When Do Measured Attitudes Reflect Past Behavior?

Jaebeom Suh, Ji Hye Kang, Swinder Janda, and Junsang Ahn

Abstract Building on current literature on the effect of measurement order, this study aimed to examine the effect of measurement order on the correlation among measured constructs of attitude, cognition, and past behavior. We particularly focus on the effect of past behavior, as a knowledge activator, on the attitude formation since research also demonstrates that past behavior, in addition to attitudes, can be a good predictor of future behavior. The current study suggested that when cognitions were measured prior to attitudes, the results were consistent with the attitude construction process. Perhaps the most interesting finding is that the self-reported behavior predicts the self-reported attitudes only when the measurement of the former precedes the latter. Measuring behavior upfront, prior to attitudes, can weaken the attitude-behavior consistency.

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Positioning as Strategic Balance: The Case of Complementary and Alternative Medicine (CAM)—A Structured Abstract

Marta Bicho, Ralitza Nikolaeva, and Carmen Lages

Introduction

“Minister of Magic”—this is how the new British health chief, Jeremy Hunt, was dubbed by the UK mainstream media in 2012, because 5 years-ago he signed a Parliamentary motion in support of homeopathy. Prominent scientists spoke up that this is a bad omen as belief in science and homeopathy is incompatible (Cheng 2012). This is an example of widespread societal attitudes in the Western world towards homeopathy and Complementary and Alternative Medicine (CAM). At the same time, the market for CAM services continues to grow (Eardleya et al. 2012). The World Health Organization estimates that 70–80 % of the population in many developed countries has used some form of CAM (WHO 2002). Thus, although CAM is a market category swathed in legitimacy challenges, it experiences an increasing demand. This prompts the question of how CAM organizations address legitimacy issues while expanding category demand. Specifically, our theoretical proposition is that organizations in a marginalized/new category would be searching for legitimacy and differentiation across categories in contrast to a stable category where this search occurs within the category.

The concept of conflicting institutional demands refers to antagonistic pressures on the organization by different institutional actors (Pache and Santos 2010). In the case of CAM, on one hand increasing growth is fueled by consumers’ mounting demands for more natural and “whole person” understanding of health that Western

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health care systems are short to meet (Baer 2002; Winnick 2005). On the other hand, as CAM started infringing on the health care field, conventional medicine has portrayed it as non-scientific quackery (Winnick 2005).

The current study focuses on organizational responses to the conflicting institutional pressures of growing demand for alternatives and for professional legitimization. CAM is inherently based on negation of an orthodoxy and yet striving to achieve the orthodox status. Deephouse's (1999) strategic balance theory argues that organizations try to maintain a balance between *differentiation* and *legitimation* pressures. We propose that an important tool for striking a strategic balance is organizations' positioning, which seeks to "find a match between market requirements and company abilities to serve them" (Hooley et al. 1998, p. 97). As such, it is a strategic choice of an organization on how to present itself by communicating how similar or different it is to be perceived in comparison with alternatives.

Our findings support the proposition that CAM managers try to balance demands to conform with the biomedical establishment, i.e., signaling credibility, with demands to be different, i.e. to offer an alternative to orthodox health care. As suggested by theory (Suchman 1995), we observe efforts mostly aimed at gaining procedural legitimacy combined with emphasis on aspects which conventional medicine has failed to embrace such as a holistic understanding of the patient (Eisenberg 2002).

This paper answers to the call for more research on how managers use legitimizing strategies to differentiate their firms from others in a competitive landscape (Humphreys 2010; Rao et al. 2008). The main contribution of the study is the proposition that organizations in a marginalized category engage in *category positioning* as a strategic response to conflicting institutional demands. As they are in category level legitimacy vacuum, firms focus on developing communication intended to trigger mental associations directed at gaining legitimacy as well as differentiation across categories. Moreover, organizations aim to achieve balance in how they address market category pressures, which corresponds to the strategic balance theory operating within categories (Deephouse 1999). While Deephouse (1999) and other ensuing studies look at balancing strategies post factum and how they affect performance, we look at managers' actions constructing the positioning strategy. We do not treat an organization's position as an objective measurement or a mental model, rather we observe and systematize managerial actions aiming at a particular positioning outcome.

Theoretical Framework

In order to address the research question regarding organizations' response to legitimacy pressures in a growing market, we took on board legitimacy theory (Suchman 1995), strategic balance theory (Deephouse 1999) as well as competitive positioning from the marketing literature.

Organizational legitimacy has been defined as a “a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions” (Suchman 1995, p. 574). Suchman (1995) defines three levels of legitimacy in terms of difficulty of achieving them—pragmatic, moral, and cognitive. Pragmatic legitimacy is the easiest to gain as it involves the self-interest of the direct audiences and consequently can be easily “bought”. Moral and cognitive legitimacy, on the other hand, are derived from broader cultural rules. Moral legitimacy relies on judgments whether organizational actions are right in terms of societal welfare. Cognitive legitimacy is achieved when an organization is taken for granted. In the case of CAM, we explore a particular type of moral legitimacy—procedural legitimacy—which organizations obtain by following “socially accepted techniques and procedures” (Suchman 1995, p. 580).

The theory of strategic balance states that in markets with both strong competitive and institutional forces, companies should strike a strategic balance between differentiation and conformity (Deephouse 1999). Specifically, a firm should be similar enough to other members of the organizational field so that its legitimacy is not challenged and different enough so that it can find its own segment of customers (Deephouse 1999).

We can find parallels of this idea with the concept of strategic branding proposed by Keller et al. (2002). In particular, a successful positioning strategy should not only accentuate the relevant points of difference with other brands, but should first establish a frame of reference, and then leverage the points of parity with competing brands. The frame of reference offers a series of mental associations that condition the positioning, because consumers decipher the offer against it. Further, leveraging the points of parity allow perceiving the offer as recognizable against existing cognitive categories whereas effective points of difference should distinguish the organization in relation to alternatives in order to be chosen by consumers (Keller et al. 2002).

Method

A qualitative study was developed to examine how CAM service providers address legitimacy challenges with increasing demands for an alternative health care offering. Qualitative techniques present a good starting point for exploration when there is little knowledge on the subject, because of the richness and intensity of detail (Miles and Huberman 1994). We gathered data from three sources: (a) semi-structured interviews with founders/managers of CAM organizations; (b) observational details of the physical space (such as decoration, workrooms and provision of facilities); (c) website as a communication output.

We built an interview protocol with 14 questions deriving from our research question and the legitimacy framework. Our sample has 10 Portuguese CAM organizations and we interviewed 11 founders/managers. Portugal is a good example of

a conflicting institutional context, because the official law regulating CAM in Portugal came into effect only recently—10 years after it was first set on the table in 2003. And, during this 10 year process the financing for the National Health System has been decreasing prompting more people to search for alternative solutions.

The interviewed service establishments are based in the two major cities in Portugal—Lisbon and Porto. Between November 2012 and April 2013, we undertook semi-structured interviews lasting between 40 and 105 min with each participant. Confidentiality was guaranteed to participants. They were also informed that the interviews pertained to address their experiences and perceptions of legitimacy obstacles they face and the sustainability of their enterprises (Thompson et al. 2006). All respondents received the same set of questions although, in order to keep with depth interview protocols (McCraken 1988), we allowed for respondents to guide the flow and content of the interview, which minimizes the risk of interviewer-induced biases (Thompson et al. 2006). Most of the interviews were conducted in the facilities of the CAM establishment except for two, which were conducted via Skype videoconference. All the interviews were recorded and then transcribed. The interviews resulted approximately in 9 h and 30 min of audio and the transcription of the interviews in a document of 129 pages of single-spaced text and 78,577 words.

Our unit of analysis is the CAM organization. CAM organizations are firms that provide CAM services. CAM organizations are usually small companies (up to five employees) and are typically managed by their founder. They might assume a denomination of clinic or center. CAM clinics are organizations that focus on CAM therapies recognized by government regulations. CAM centers are organizations that provide holistic therapies, such as reiki and meditation, in addition to the regulated CAM therapies. In some cases the centers also offer beauty services such as face and body treatments.

Findings

Positioning of CAM Organizations Vis-À-Vis Conventional Medicine

A first step in a positioning strategy is establishing a frame of reference. Choosing the proper frame is important because it dictates the types of associations that will shape audiences' expectations as to the utilitarian and social function of the brand/category (Keller et al. 2002; Moreau et al. 2001). We observe that the interviewees allude to "health" as their frame of reference. They see themselves as providing health services to consumers and want to be seen as such by various stakeholders. Similarly to conventional medicine, CAM services purport their ultimate objective to be the healing and well-being of patients. The name of the market

category—complementary and alternative medicine—while not exclusive, also very firmly establishes the medical, healing frame of reference. In addition, CAM providers think of CAM services in the health care market dominated by conventional medicine as complementary rather than alternative to it. The two paradigms together are seen to have the ability to provide the best health solution to a patient.

Points of Parity with Conventional Medicine

Points of parity with the chosen frame of reference are important, because they reinforce familiarity with already existing cognitive categories (Keller et al. 2002). Our results show that in relation to parity points with biomedicine, CAM services try to establish above all procedural legitimacy, which is quite important in a field with uncertain outcomes such as health care (Suchman 1995). As biomedicine has well-established procedures that have achieved cognitive legitimacy in society, CAM organizations hope to gain legitimacy by copying procedures from conventional health care practices. Specifically, CAM establishments vis-à-vis medical clinics employ similar: medical protocols; requirements for formal academic training of practitioners; professional ethics in peer relations; physical space; communication outputs. We find evidence that establishments attempt to meet the biomedicine category's minimum requirements in order to fit into an established frame that is recognized by its consumers, which is consistent with theory. Conforming to such requirements is an expression of their search for legitimacy (Deephouse 1999).

Points of Difference with Conventional Medicine

Effective points of difference should suggest strong, favorable and unique mental associations to consumers in order to distinguish the organization from alternatives (Keller et al. 2002). CAM establishments develop a discourse about the points of difference with conventional medicine in order to assure consumers that they care about their pain. CAM organizations seek to differentiate themselves in areas which often leave consumers dissatisfied with conventional medicine. For example, CAM practitioners claim to have a holistic philosophy of health as opposed to conventional medicine's symptomatic approach. They also realize that many consumers turn to their services as a reaction to the harried and impersonal interactions with physicians (Winnick 2005) and, as a result, CAM practitioners develop closer relationships with patients. CAM organizations further attempt differentiation by emphasizing preventive medicine and the use of natural treatments instead of pharmaceuticals.

Discussion and Conclusion

Our research addresses management's strategic positioning in response to conflicting institutional demands characteristic of a marginalized market category. We chose complementary and alternative medicine (CAM) as an example of a category facing both legitimacy obstacles and a growing market demand. Our goal is to understand how individual organizations address legitimacy problems through their positioning strategies in light of an expanding market for such services despite demarcating efforts by biomedicine.

We focus on positioning, because it is the expression of the strategic balance between pressures to conform to existing norms of the reference category (biomedicine) and pressures to differentiate in order to gain competitive advantage (Deephouse, 1999). Positioning is a comparative and competitive process that provides a direction and helps organizations to create a strategic locus and leverage its offerings in the marketplace (Chew and Osborne, 2009). We extrapolate Deephouse's (1999) theory of strategic balance to the inter-category level and we find evidence that organizations take efforts to both differentiate from and conform to orthodox medicine in search of sustainability. As the CAM category is marginalized, organizations have to resort to inter-category positioning, which increases the pool of available resources.

We analyze the data by focusing on frames of reference, points of parity, and points of difference with a category boasting strong cognitive legitimacy, biomedicine. We come across evidence of a balance between differentiation and conformity tactics across categories. Outcomes are uncertain in the medical field, which drives the importance of procedural legitimacy—a form of moral legitimacy (Suchman 1995). By conforming, CAM managers adhere to the norms and values of what is seen as right in terms of socially accepted procedures in the medical field (Suchman 1995). On the other hand, the identified differentiation points are linked with the basic characteristics of CAM services, which is the search for a sustainable solution to health problems from the holistic point of view. In sum, parity points are mostly related to "how" the services are delivered, which is in accordance with procedural legitimacy, whereas the differentiation points are related to the characteristics of CAM therapies. It appears that CAM providers want to offer their "unique" service (differentiation), but through the established rules defined and accepted by their frame of reference—biomedicine (similarity).

Our research contributes to the literature in several ways. First, we undertake the study in a marginalized market category experiencing significant growth. The lack of category legitimacy moves managers on a quest of positioning across categories. Thus, we propose an extension of the brand positioning concept by applying it to organizations and across market categories—something that has not been shown in the literature. Second, we propose a theoretical justification for the positioning process, namely that it is an expression of a search for strategic balance (Deephouse

1999). While existing research has concentrated on the outcomes of balanced or unbalanced positions (Dornier et al. 2012b), we emphasize the role of managers in the construction of positioning strategies. Third, we identify the positioning building actions as mechanism through which managers engage in active construction of category meaning. Finally, by taking on a rarely addressed topic—health improvement services by socially marginalized providers, our study answers the calls for more research on consumer health and well-being in the marketing field (Berry and Bendapudi 2007; Ostrom et al. 2010).

References: Available upon request

Why Has the Chinese Leadership Style Prevailed over Millenia? Towards an Evolutionary Theory of Leadership

Hans Jansson and Antony Drew

Abstract Several scholars call for more context-specific research to draw on indigenous thought in developing new theories on management practices throughout the world. Given the importance of China in today's globalising economy we examine the cultural influence on one particularly important management function—leadership. Previous research shows that the principles of leadership in Chinese organizations today are similar to those of more than 2000 years ago. Research also indicates that leadership is a main area, in which Western firms in China adapt to the Chinese leadership style as part of their hybrid organization. To study these issues, we analyse and discuss the foundations, nature, practice and development of leadership in the Chinese context. We further develop and integrate two major strands of theory: evolutionary theory that focuses on organizational change over time and institutional theory that focuses on organizational inertia and difficulties in change processes.

Theories attempting to explain cross-cultural variations in leadership and how it changes over time must adopt an interdisciplinary approach to identify the root variables in human organizing behaviour and ensure epistemological soundness. We define leadership from an institutional perspective to comprise a system of embedded social rules that structure social interaction. Since leadership is enacted in an authority system, we define leadership as execution of authority in hierarchical relationships—viewed from the perspective of the superior. We use an abductive methodology based on social constructionism. This permits the evolution of the theoretical framework and the empirical work which are parallel and inter-related. This paper reports on an early phase of this process, where a theory is developed, based on literature and previous empirical research.

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We have identified that psycho-biological, cultural and institutional processes have resulted in the embedding of leadership and authority patterns in Chinese organizations. Further, the cultural factors have been replicated over time, mainly three meta-traditions: Confucianism, Legalism and Taoism. For example, Confucianism and Legalism have masculinity in common, and share the agonic world view of high power distance. Meta-traditions are crystallized into leadership and authority relations whilst leadership routines, thought styles, norms and values and the enforcement mechanisms of organizations act as replicators. Execution of authority is hierarchical and primarily paternalistic. However, the Taoist Yin influence infers nurturant aspects such as benevolence and compassion. Based on the combined influence from all three meta-traditions, leadership takes place by moral example. The replication occurs through a sense-making process, e.g. the idea of one source of power originating from the Confucian and Legalistic meta-traditions. Examples of replicators as semantic spaces or thought styles reinstitutionalized from Taoism are that leadership is founded on harmony and compromise, that visions are central and that leading could take place without action, e.g. by moral example.

We suggest that the high resistance to change of the major Chinese principles for leading and organizing is the theme of harmony. It is core to all three meta-traditions and has been culturally inherited over millennia. Although China has experienced several highly systems-breaking revolutions this theme has been reinstitutionalized repeatedly by being crystallized into the new institutions and thereby organizations, forming a core principle of leadership and authority. Even today harmony infuses the core of private and political organization. The implication for western firms wanting to conduct business in China or with Chinese partners is that leadership style and authority patterns are not likely to change in China. Therefore we strongly advocate Western firms in China adapt to the Chinese leadership style as part of their organizational strategizing.

References: Available upon request

Learning to Improve New Product Outcomes

Ravipreet S. Sohi and Avinash Malshe

Abstract This paper highlights the role of firm's three "basic capabilities"—customer orientation, proactiveness, and mindfulness in determining its learning capacity—a "dynamic capability", which in turn can help firms improve new products outcomes. The authors use data collected from manufacturing firms in the United States and test a model using structural equations. The results indicate that customer oriented firms that are proactive about identifying future opportunities and mindful of their current surroundings have greater learning capacity. Further, they show that firm's learning capacity enhances new products outcomes such as creativity, timeliness and new product advantage.

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Child Participation in Family Purchasing Process: Evidence from Lithuania

Sigitas Urbonavicius and Vytautas Dikcius

Introduction

It is well acknowledged that children influence purchasing decisions within a family, and this influence is widely observable in societies of various types. However, there are some ‘grey zones’ that require additional exploration. Just a modest number of researchers have been interested in the analysis of the child’s influence or participation in various phases of the purchase decision-making process. The existing studies suppose that its strength depends on the phase of the decision-making process, product type, several contextual factors and (perhaps) on the family structure. At the same time, the combination of a specific external context and family parameters offer possibilities of additional insights.

A large proportion of single-parent families is one of the most widely spread realities in modern societies. From the buying process standpoint, the process in these families involves a smaller number of people, and their interaction during the process may be stronger and somehow specific. Consequently, it requires answering a question whether children’s influence in various phases of the decision-making process in one-parent families is the same as in much better analysed nuclear families. Though some analysis of children’s influence in relation with the family type is known (Flurry 2007; Tinson et al. 2008), the case of single-parent families presents a certain research gap, first observed as the result of extensive literature review by D. R. John (John 1999).

The proportion of single-parent families in a country is a result of numerous factors. The number of single-parent families (with some exceptions) is smaller in Southern European countries (7–11 %) and larger—in Central and Eastern Europe

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(above 17 %, see Eurostat 2010). In some countries it is rapidly increasing due to the high rate of divorces, which is specifically true regarding the countries that have characteristics of emerging economies. For example, in Russia single-parent households account for 1/4 of the total number of family units (see: The All-Russia Population Census of 2010).

There are also other characteristics that make emerging economies specific in terms of purchasing and consuming goods. These countries are rapidly developing from the relatively low levels of consumption; in some cases availability of goods has previously been restricted by political regimes. Therefore, in many cases the access to a large variety of products and realistic possibility to acquire them has emerged just recently. This creates a situation, in which the generation of current parents has typically been much more restricted in consumption than their children are. Not the same experience of the family members, developed out of different accessibility of product alternatives, may add additional aspects on children-parents interaction during the purchasing process. All this makes the research on children's participation in purchasing in the context of an emerging economy relevant and needed.

Literature Review

In marketing literature, children are considered as representing at least three different markets: the primary market, the influence market and the future market (McNeal 1998). In this paper, we concentrate just on the influence market, where children participate in the process of purchase decision making together with adults. Most frequently, this participation takes place when goods are being purchased for the direct use of children or the whole family.

The scope of products and services that are included in this type of studies is very wide, ranging from durables, like cars and TV sets (Martensen and Grønholdt 2008), to food items (Marquis 2004), and family vacation or restaurant services (Gram 2007; Labrecque and Ricard 2001). The common denominator in conclusions of these studies is that children exercise a stronger influence over the products that are directly relevant to them (Martensen and Grønholdt 2008) and children tend to be important players for products at which they are the main users (Aslan and Karalar 2011). This seems to be rather consistent among various cultural contexts (Jeevananda and Kumar 2012; Su 2011).

The stream of the research that studies the influence of children on the various phases of decision-making process is relatively smaller. Analysis of purchasing vacation services (group package tours) showed that joint decisions were found in the problem recognition and final decision phases, and wives were dominant in the information search phase (Wanga et al. 2004). There is some specific evidence obtained regarding the purchasing decision on the goods for the family, showing that at the final phase adults exert a greater influence than the child (Tinson and Nancarrow 2007). The influence of a child in various phases of the decision-making

process is indirectly studied in many other cases, but this aspect was typically outside of the primary objectives of the researchers.

Some studies considered specific parameters of families; for example, it was found that a strong cohesive family makes more joint decisions than a weak cohesive family; a modern family makes more joint decisions than a traditional family (Ndubisi and Koo 2006). However, specific comparisons between the nuclear and one-parent family are still rare.

Method

This study aims to measure participation of children in purchase decision-making within a family in five phases of the process: problem initiation (Problem), information search (Info), evaluation of obtained information (Evaluation), development of the list of final alternatives (Alternatives) and decision to buy (Decision). Since these decision-making phases happen instantaneously and thus are hardly observable in case of convenience products and impulse items, all the chosen products and services belong to the category of shopping goods. As in many former studies (Ogden and Ogden 2011; Tinson et al. 2008; Tinson and Nancarrow 2007; Beatty and Talpade 1994; Lee and Beatty 2002), they represent two types of goods: goods aimed for the use of children, and goods for the use of the whole family. The group of products for children includes four products: clothes, shoes, a cell phone and bicycle. The second group includes a TV set and photo camera, and three services: pizzeria, cinema and a trip. Additionally, two services that are used by a child individually (after-school activities and summer school) have been included.

Mothers have been asked who in the family is more frequently involved in the specific decision-making phase for the defined product or service during the purchasing processes. The respondents were asked to react to the statements (like “An idea for buying of below listed goods arises in your family from: ...”), and their answers have been recorded on the 7-item scale (ranging from 1 ‘always parents’ to 7 ‘always a child’). The questions were adapted from previous studies (Beatty and Talpade 1994; Wang et al. 2007; Flurry 2007), in which respondents have been asked to concentrate on a certain event in the past, and relate answers to that event. Cronbach’s alpha was satisfactory both for “Goods for a child” ($\alpha=0.641$) and “Goods for a family” ($\alpha=0.854$).

The respondents included only those mothers who have 7- to 13-year-old children. The lower age limit was based on the argument that children below 7 years old have rather single-perspective evaluation of the environment (John 1999), which does not meet the objectives of this study. The upper limit was based on the fact that children above 13 years old acquire a number of goods rather independently (Ali et al. 2012), and mothers may have difficulties identifying their participation in the purchasing process. The use of mothers’ opinions regarding the children’s participation in purchasing processes is a limitation of this survey, since mothers may undervalue the children’s role in different phases of decision-making and overvalue

their own “weight.” However, this method has been used in a number of above mentioned surveys and allows observing rather valid results.

The main research questions included:

Q1: Does children’s participation in the family purchase decision-making vary throughout the five phases in general, and across the product groups?

Q2: Is children’s participation in the family purchase decision-making different between the nuclear and single-parent families?

The survey was performed in Lithuania, a country that has key characteristics of an emerging economy and large proportion of children living in single-parent families (above 18 %). Respondents were selected using the method of judgmental sampling. In total, 258 correctly completed questionnaires were included in the current analysis. Nearly an even number of respondents’ answers referred to boys and girls; the average age of children was 10.7 years.

Results

Repeated measures ANOVA with the Greenhouse-Geisser correction showed that the mean for evaluation of the child’s participation in purchase decision-making significantly differed between the phases of purchase decision-making ($F(3.420, 94.306)=39.095, P<0.01$). Post hoc tests using the Bonferroni correction revealed that the child’s participation was statistically significantly different in the case of Problem compared with all other phases ($M_p=3.524$ vs. $M_l=2.953, P<0.01$; $M_E=2.993, P<0.01$; $M_A=2.917, P<0.01$; $M_D=2.911, P<0.01$).

There were no statistically significant differences observed in children’s participation in various phases of the process when acquiring goods for a child and goods for the whole family. However, repeated measures ANOVA with the Greenhouse-Geisser correction showed that the mean for evaluation of participation of the child statistically significantly differed between the phases of purchase decision-making both in a case of goods for a child ($F(3.499, 78.985)=30.212, P<0.01$) and in a case of goods for the family ($F(3.469, 86.017)=35.650, P<0.01$). Again, post hoc tests using the Bonferroni correction revealed that children’s participation was significantly different only in the Problem phase in both product groups.

The second research question aimed to reveal differences of children’s participation in purchasing process between nuclear and single-parent families. It was observed that mothers from single-parent families generally stated higher level of children’s participation than mothers from nuclear families. However, mothers from both types of families equally evaluated children’s participation in the final phase of making a decision. Considering goods for a child, mothers from single-parent families reported higher children’s participation in the phases of problem initiation, information search, evaluation of obtained information and in alternatives development, while there was no difference in evaluation of the child’s participation in the final phase of the process. In case of purchasing goods for the whole family, the differences appear just in the evaluation of a child’s participation in information

search. Mothers from single-parent families rate this participation as more frequent ($m_{single}=3.047$, $m_{nuclear}=3.433$, $t=-2.476$, $P<0.05$), though in both cases the rating remains below the mean of 7-point scale, which means relatively smaller participation of children in comparison to adults in both types of families.

Discussion and Summary

The analysis presents preliminary results of an ongoing survey, thus allows outlining just some observations.

First of all, the analysis shows active children's participation in the initial phase of the purchase decision-making process. It is equally strong in goods for a child's personal use and goods intended for the use of the whole family, and this differs from previous studies that observed stronger initiation with regard to products typically aimed at children (Martensen and Grønholt 2008). Since both groups in this survey included services, the current analysis also allows predicting commonalities between making decisions for products and services in this aspect.

Second, the current state of analysis allows observing differences of children's participation in the decision-making process in nuclear and single-parent families. The general finding of children's stronger participation in the process within single-parent families is consistent between the current research, performed in an emerging economy, and in former studies that analyse evidence from developed economies (Tinson et al. 2008). Generally, this may be explained by a smaller number of members in the decision-making unit in single-parent families.

The current study allows seeing the child's influence in various phases of the process, and highlights the differences that occur on the basis of the product user. It is interesting that children from single-parent families more frequently participate specifically in information gathering phase, when products are planned for the whole family. A smaller number of members in the decision-making unit alone may hardly explain this observation; perhaps this is influenced by combination of additional responsibilities of children in single-parent families combined with the overall growth of competence of children in information search (especially on the Internet).

This study also contributes to the field by giving evidence from the context of an emerging economy that includes typical European characteristics with dynamic changes in the society and in consumption behaviour. At the same time, the study has a number of limitations, especially those, related to the current phase of data collection and analysis. Larger amount of data will allow using more sophisticated statistical analysis and take into account more specific characteristics of products and families.

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Which Do I Prefer? A Theoretical Framework for Biculturals' Advertising Response Towards Hedonic and Utilitarian Products in Japan

Emi Moriuchi

Introduction

In today's globalized world, individuals are exposed to different cultures, ethnic values and norms. These exposures have led to cultural diversification, which has been playing a role in the increased number of inter-marriages, expatriation, and migration. It has also inevitably become a contributor towards an increased number of biculturals. Biculturals are defined as individuals having dual cultural frameworks (Hong et al. 2000). These cultural frameworks take turn in guiding biculturals' cognition when they are faced with situations that involves cultural norms, beliefs and values. Generally, these cultural frameworks are of opposite cultural value (e.g. Western vs. Eastern). Biculturals have a complex cognition as they have to switch their respective cultural frames to adapt to a given situation (LaFromboise, Coleman and Gerton 1993). Consumer behavioral studies (Stayman and Deshpande 1989; Hong et al. 2000; Phinney 2002; Forehand and Deshpande 2001) often focus on biculturals living in the United States. These studies examine biculturals' acculturation process and how their reaction towards advertising plays a role in their purchasing intents. Although United States is well recognized as a melting pot, biculturalism has expanded globally. Biculturalism has shifted its presence from an individualistic culture to an understudied collectivistic culture and economically strong nation such as Japan.

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As a result of globalization, Japan also showed an increased number of Japanese sojourners (www.state.co.jp). Despite the advantages of globalization for a nation's economy, the forces of globalization are affecting the ideology of equality. As globalization becomes a trend in a nation, a new image of diversity and multiculturalism slowly develops. When a nation diversifies, the linkage of ethnicity, culture and consumption behavior is being challenged. Thus, poses several issues in Japan in numerous areas (e.g. education, living conditions which includes consumption behavior, and working conditions).

The aftermath of the Japanese devastating natural disaster in 2011 has brought attention to the world second largest economy. Researchers have focused on, for example, how the *Abenomics* can help recover the Japanese economy or what exports and imports activities should be conducted. There hardly is any focus on what the consumers (sojourners, locals, expatriates) in Japan can do internally to aid in the recovery of the economy. As much as external environment forces have an influence on Japan's competitiveness in the globalized market, there is a need to examine internal forces, that is, (1) how the Japanese as well as the increased number of foreigners are valuable in sustaining this globalized society for business purposes (marketing, import-export, human resources management) and (2) to support an appropriate living and working condition for a growing population of Japanese biculturals after the disaster. This study will examine the power of advertisement and determine what cues in an advertisement has the most effect on the consumers in Japan after the natural disaster. Are these consumers embracing the need to support Japanese products or are they still the status conscious consumers favoring European and/American products?

Research Question

Do biculturals in Japan react towards an ethnic laden advertisement (Japanese vs. American) similarly to those monoculturals in Japan?

Literature Review

Marketing and its relationship to diversity extends beyond segmentation and into issues of an individual's sense of identity and belonging. With an increase in diversity due to high numbers of immigration records (Census 2010), individuals are gradually adapting to this cultural diversity. Individuals who contributed greatly to this cultural diversity include immigrants and their descendants. These individuals have grown to capture the emerging market segment known as the biculturals. Although cultural identity and its characteristics are vital in distinguishing its relationship to consumption, due to situational demands (migration to another country), bicultural individuals' identity may change over a period of time (e.g. acculturation).

Acculturation in a host country affects how immigrants see themselves as well as how they wish to be viewed (e.g. impression management). Thus, it may be helpful to marketers who attempt to identify these biculturals on a multi-dimensional level rather than uni-dimensionally. In other words, marketers should not only look ethnicity as a variable towards consumption behavior but rather as a situational ethnicity. This is because individual's "felt ethnicity" has the strength to motivate actions. "Felt ethnicity" is defined as a momentary psychological state of individuals that is exhibited in different ways in different situations. It is distinguished from the idea of ethnicity as a stable, sociological trait that is manifested in the same way at all times (Stayman and Deshpande 1989). In other words, felt ethnicity is not just who one is, but how one feels in different situation (Yancey et al. 1976; McGuire et al. 1978; McGuire 1976).

Kim and Kang (2001) investigated how Asian-American consumer groups vary depending on their ethnicity and acculturation. They found out that ethnicity affected these consumer's personal influences and these personal influences differ depending on their level of acculturation. In a similar study, Moriuchi and Jackson (2012) investigated on biculturals in Hawaii, U.S.A. Their findings confirmed Japanese-American's preference of Japanese brands over American brands in both hedonic (i.e. TV) and utilitarian (i.e. battery) products. In contrast, Japanese preferred American products over Japanese products in the utilitarian product. These results however are contradictory with the results from a study conducted on Japanese people's changing values and buying behavior (<http://www.nri.com>). According to the Nomura Research Institute (2010), from 2000 to 2006, there was an increase in preference for domestic products over foreign products amongst Japanese consumers. The argument for this increased preference is that people are concern with the quality and safety, especially food products (<http://www.nri.com>). In addition, since the great Tohoku earthquake, tsunami and nuclear reactor leak, Japanese consumers are actively seeking out brands they believe that will help with the recovery of the country and personal stability (<http://adage.com>). This suggests situational conditions changes the consumption preferences of individuals. Furthermore, it also suggests that regardless of the type and price of product, Japanese consumers would choose Japanese products over foreign products to contribute towards a sustainable consumption in Japan. So, do Japanese bicultural feel the effect of national piety (e.g. Japanese ethnic laden ads) or do they stay the same as before (i.e. quality conscious) (e.g. foreign ethnic laden ads)?

Significance of Study

Recent studies neglect to answer the fundamental existential question of the extent to how an individual's thoughts and behavior are or are not under the intentional control (Bargh 1989). Although much attention is paid towards psychological area of attitude and social conditions, the phenomenon of automatic behavior in nature is still under researched in marketing literatures. This current study proposes that:

(1) bicultural's felt ethnicity is developed through their acculturation or enculturation process and (2) bicultural's felt ethnicity is an antecedent of their advertising attitude and social behavior (e.g. purchasing intentions), and is often triggered automatically on the mere presence of relevant situational features (e.g. cultural orientation). This behavior is unmediated by conscious perceptual or judgmental processes. Biculturals, who have dual cultural frameworks of opposing cultural orientation, tend to face challenges in situations with the presence of culture cues. These cultural cues dictate their behavior causing them to switch their dual cultural frames (Hong et al. 2000), which determines the suitable behavior for a given situation. The key variables that are discussed in this study consist of antecedents such as felt ethnicity and message strength in the development of an attitude towards advertisements. Ethnicity congruence (e.g. cultural cues) (Okada 2005; Forehand and Deshpande 2001) will be a moderating variable for the relationship of felt ethnicity and attitude; message strength and advertising attitude. This study emphasizes that the role of felt ethnicity of bicultural's attitude towards advertising is vital in examining the bicultural's attitude towards hedonic and utilitarian product which ultimately influences their purchasing intent.

Research Framework

In order to best frame this current research, it is worth reviewing stances provided in existing literature with regards to symbolic interactionism and cultural frame switching theory. This paper proposes that these two theories are needed to explain how bicultural consumers use features of tangible product as cues in their daily life. Symbolism interactionism, as defined by Gonos (1977), refers to "the meaning an individual gave to his/her immediate circumstances, the interpretation one made of them" (p. 862). In other words, an individual seeks to assess the situation they are in, mentally constructing his/her behavior rather than simply reacting to them (Solomon 1983). This behavior is an elicited response which is a function of the meaning attached to their action (Blumer 1962), which is, in turn, mediated essentially by symbols (Solomon 1983). A symbol can be regarded as a stimulus with a learned meaning and value. When an individual responds towards this stimulus, their action is aligned with the meanings and values which is attached to this stimulus. This stimulus may range from an image (e.g. Tokyo Tower) to a language character (e.g. Japanese kanji). Essentially, symbolic interactionism claims that an individual's behavior is based on his/her perceptions of the response on others; and functions to determine behavior (Kinch 1967).

Biculturals, unlike monoculturals, incorporate more than one culture internally, and faces occasional internal cognitive dilemma (Hong et al. 2000). These biculturals' internalized psychology, where they accommodate more than one culture, switches their cultural frames to guide their thoughts and feelings (Phinney and Devich-Navarro 1997). This process is called frame switching. Frame switching occurs when the "individual shifts between interpretive frames rooted in different

cultures in response to cues in the social environment" (LaFromboise, Coleman and Gerton 1993). When studying biculturals, symbolic interactionism will involve more than self-concept. It will involve, bicultural's interdependence of two sides of their self-construal. This is because when biculturals switch between different cultural frames, opposing in meaning systems (individualist vs. collectivist), in response to culturally laden interaction (e.g. symbols) in a social environment. Markus and Kitayama (1991) claim that an individual has different construal of self (i.e. independent construal), with others (i.e. interdependence construal), and the interdependence of the two. The independent self-construal describes construing an individual's behavior to be organized and made meaningful primarily on one's internal repertoire of feelings, thoughts and actions. On the contrary, interdependent self-construal is the view of the self in relationship between self and others. This self is not separable from the social context and are more connected and less differentiated from others. Walsh et al. (2003) added that the independent self is based on one particular view with the Western culture and interdependent self is commonly associated with the Eastern culture.

This study proposes that the symbolic interactionism approach (SI) and cultural frame switching (CFS) theory are needed to explain how bicultural consumers use intangible product attributes in their daily life which determines their behavior. First, we need to look at how products are actually used by biculturals. Solomon (1983) argued that consumers attach symbols to the products they consumer to "define social reality" (p. 323) and to make sure that the behavioral outcome is aligned with the ensuing reality. Thus, individuals perceive product symbolism by consuming it with their social being for the purpose of defining and determining the appropriate behavior patterns linked with the social roles. Symbolic meaning embodied in product is one type of social stimulus. Symbolic meanings may be perceived by the embodied cultural cues (e.g. Asian calligraphy art) on the product. The relationship between cultural cues on products and social behavior is believed that such an approached will allow assets of each perspective to compensate for deficits in the other (Solomon 1984). To contribute towards existing knowledge, this current study exploits the consumer behavior domain with psychology and sociology domains.

Two studies will be conducted: (1) Japanese bicultural's felt ethnicity in the Japanese society and determine if the relationship of the type of advertising message (individualistic, direct vs. collectivistic, indirect) and biculturals' felt ethnicity will be moderated by cultural cues (e.g. Japanese calligraphy), affecting their advertising attitude and purchasing intention towards the type of products (e.g. hedonic and utilitarian) they choose. (2) A comparison of Japanese biculturals' consumption preference versus Japanese monoculturals consumption preference (observation of cultural frame switching). A quantitative methodology will be adopted in this study. Subjects will be recruited via simple random sampling for survey distribution process. Given the vital role of consumption in everyday social life, the behavioral sciences also need to address the relationship between biculturals and objects. This study asserts that the relationship between bicultural individual's cultural frame switching and consumer decision making is affected by the composition of choice

set primed with cultural symbolic icons (e.g. Japanese calligraphy) and situational dimensions (e.g. aftermath of the natural disaster) have varying effects on bicultural individuals' frame switching process, resulting in an effect in their decision making choices. This present study hopes to fulfill a deeper understanding on cognitive and social process underlying in biculturals advertising responses. With these understanding, marketing practitioners (Japanese and foreign companies) will have a better idea in choosing the appropriate communications suitable for their target market; and in turn increasing consumer demands for that particular product.

References: Available upon request

Deciphering the Brand Value Structure: New Measures and Business Insights

Chengliang Huang, Fang Wang, and Xiao-Ping (Steven) Zhang

Introduction

To assess brand equity and value, research has proposed many brand equity measures, including those based on the customer mind-set, product market (or company), and financial market (Ailawadi, Lehmann, and Neslin 2003; Keller and Lehmann 2006). Both product market-based and financial market-based measures are brand performance *outcome*-based measures (Ailawadi, Lehmann, and Neslin 2003) that employ brand product market or financial market data to determine utility or dollar values of brands. Compared with customer mind-set measures, that focus on brand equity sources, brand outcome measures provide a single, simple, more “complete,” objective measure of brand performance and are appealing to both marketing and nonmarketing managers (Ailawadi, Lehmann, and Neslin 2003). However, brand outcome measures also suffer from several disadvantages, including lack of diagnostic ability, confusing brand short-term performance and long-term value (i.e., brand asset value), which limit their usefulness in brand research and management.

This research responds to the continuous calls in brand literature to link brand outcome measures to sources of brand equity and separate the long-term and short-term brand value (Ailawadi, Lehmann, and Neslin 2003; Keller and Lehmann 2006) to enable better brand understanding and management. Drawing on the brand loyalty literature, we analyze and model brand performance on the basis of different

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consumer-brand bonds or relationship, and decompose brand outcome measures into brand base performance, market inertia, and marketing-induced performance. Considering brand as a market asset (Rust et al. 2004; Srivastava, Shervani, and Fahey 1998), we identify and quantify brand intrinsic value (i.e., the long-term or persistent value a brand delivers without marketing actions) and the brand performance ratio (i.e., ratio of brand performance outcome to brand intrinsic value) to evaluate brand asset value and market performance. Brands can be categorized into four types: (1) high intrinsic value, high performance ratio; (2) high intrinsic value, low performance ratio; (3) low intrinsic value, high performance ratio; and (4) low intrinsic value, low performance ratio. We suggest that brands with high intrinsic value have strong staying power and brands with low intrinsic values and high performance ratios are operation dependent and more vulnerable to competition. Brands in different product markets should rely on brand loyalty and market inertia differently to build brand intrinsic value.

Method

According to the loyal, inertial, and nonloyal relationships suggested in brand loyalty literature (Fournier and Yao 1997; Jeuland 1979; Odin, Odin, and Valette-Florence 2001), at the aggregate level of consumer behavioral results, we consider three components of brand performance outcomes—namely, base performance, market inertia, and marketing-induced performance—and model them using a first-order autoregressive model with exogenous inputs:

$$BV_t = BV_{base} + \alpha BV_{t-1} + [\beta_1, \beta_2, \dots, \beta_n] \begin{bmatrix} MKT_{1,t} \\ MKT_{2,t} \\ \dots \\ MKT_{n,t} \end{bmatrix} + e_t, \quad (1)$$

where BV_t is a brand outcome measure estimate at time t ; BV_{base} is brand base performance generated through brand loyal customers; αBV_{t-1} is the market inertia performance, which relates to brand performance of the previous period and comprises both the inertia of repeat purchase and new purchase from the brand network effect; α is the inertia ratio (also called “carryover ratio” or “autoregressor”) (Wang, Zhang, and Ouyang 2009); $MKT_{n,t}$ is a type of short-term brand performance-oriented brand marketing action or spending, such as advertising and research and development (R&D); and β_n represents a brand's capability in transferring the type of brand spending to brand performance; $\beta_n MKT_{n,t}$ refers to the short-term brand performance induced by brand marketing actions, spending, and operations, such as advertising and promotion.

To identify brand intrinsic value (i.e., the persistent value a brand delivers without any brand marketing action or spending), we follow Ailawaid, Lehmann, and

Neslin's (2003) suggestions and investigate the brand dynamics when a firm stops brand spending:

$$BV_{t+1} = BV_{base} + \alpha BV_t, \quad (2)$$

and

$$BV_{t+n} = \frac{BV_{base} (1 - \alpha^n)}{1 - \alpha} + \alpha^n BV_t. \quad (3)$$

When $n \rightarrow \infty$, the brand performance reveals its intrinsic value—that is, the persistent portion a brand delivers without marketing inputs:

$$BV_{intrinsic} = \frac{BV_{base}}{1 - \alpha}. \quad (4)$$

As Eq. (4) reveals, brand base value and inertia ratio determine brand intrinsic value.

Brand performance ratio evaluates brand performance in relation to brand intrinsic value. We define it as follows:

$$r_{perf} = \frac{BV_t}{BV_{intrinsic}} = 1 + \frac{\sum_i (\beta_i \sum_{t=0}^t \alpha^t MKT_{i,t})}{BV_{intrinsic}}. \quad (5)$$

Brand performance ratio reflects the overall effectiveness of brand strategies and firm brand value delivery capabilities. When $r_{perf} > 1$, firms' overall brand investments create positive brand value; conversely, $r_{perf} < 1$ indicates ineffective brand operation and investments, which result when brand performance is lower than its intrinsic value. In general, we expect that $r_{perf} > 1$. When $r_{perf} < 1$, immediate attention is needed to adjust brand short-term operation and investment strategies.

Empirical Illustrations

We analyze four brand groups of 13 top global brands during the 2001–2012 period to illustrate the proposed concepts of brand intrinsic value and performance ratio. We use brand values published in Interbrand's annual “Top 100 Global Brands” lists as a brand outcome measure, and retrieve advertising and R&D expenditures from COMPUSTAT as two types of brand spending. Because advertising and R&D data from COMPUSTAT are firm-level data and Interbrand's brand values are brand-level data, we limit our analysis to corporate brands. Due to the sample size requirement of time-series analysis, we group brands for examination. The four groups of

13 global brands are: automobiles (Toyota, Honda, and Ford), application software (Microsoft, Oracle, SAP, and Adobe), electronics (Sony, Panasonic, and Philips), and IT services (Accenture, IBM, and Hewlett-Packard).

Because of the data multicollinearity issue, we apply principal component regression (Jolliffe 2002) on the basis of Eq. (1). The regression model achieved a good fit, with R-square values higher than .7 for all four brand groups.

We then calculate the average brand intrinsic values and average brand performance ratios of each brand group. The average brand intrinsic values of the automobile, electronics, application software, and IT services brands are 2.64, 3.96, 2.67, and 1.49, respectively, and their average Interbrand's brand values are 4.23, 3.83, 4.30, and 4.32, respectively, all in log million. This translates into average brand performance ratios of 1.61, .97, 1.61, and 2.90.

As our results show, the proposed brand analysis reveals brand insights that brand outcome measures fail to capture. From Interbrand's brand value estimates, the electronics brands and the IT services brands have the lowest (3.83) and the highest (4.32) average brand value in the four brand groups, respectively. However, according to the average brand intrinsic values, the result is opposite—that is, the electronics brands rank the highest (3.96) and the IT services brands rank the lowest (1.49). The different results are caused by the high performance ratio of IT services brands (2.9) and the low performance ratio of electronics brands (.97). Application software brands have the highest average brand base value (2.00) and the automobile brands the lowest (.84). Automobile brands have the highest market inertia ratio (.68) and the IT services brands the lowest (.22).

The IT services brands have the lowest intrinsic value but the highest brand performance ratio, indicating the effectiveness of these companies in managing brand value through brand spending and operation. IT services brands are operation dependent brands; that is, the brands are vulnerable because of diversified customer needs, quick technology changes, and relatively low entrance barriers. Their high brand performance outcomes are mostly short-term oriented and leveraged by firm brand spending. Especially the IT services brands feature a low market inertia ratio; that is, the brand market popularity and word of mouth effects are less important than other product markets in influencing brand performance. The business nature of IT services leads customers to care more about the product/services value and experiences they receive and less about brands and brand market acceptance.

In contrast, the electronics brands have a high brand intrinsic value but fail to deliver intrinsic value, largely because of market saturation and ineffective R&D during the study period. The electronics brands in our study, Sony, Panasonic, and Philips, are all reputable and well-established brands. They are recognized and respected by customers as reliable and of high quality and have a high staying power. However, the rise of numerous competitors from countries such as South Korea and China has caused severe competition and saturated markets in the past decade, leading to decreased product differentiation and ineffective, and sometimes duplicated, R&D efforts among competitors. Some large brands made strategic mistakes on R&D investments. For example, Panasonic invested approximately US\$6.5 billion to develop a plasma television, which failed to achieve commercial success

because of market perceptions of being less competitive than LCD televisions (Reuters 2012). As the negative R&D coefficient of electronics brands reveals, R&D spending in the past decade did not create brand value for many electronics brands, but the large amount of spending decreased brand earnings. Thus, better brand strategies and management are necessary to deliver the intrinsic value of electronics brands.

Automobile and application software brands have both high intrinsic values and effective brand operations. However, a perusal of their brand value structure reveals important differences. Automobile brands have the lowest value of brand base performance in the four brand groups but the highest market inertia ratio, while application software brands have the highest value of brand base performance. This means that brand performance generated by loyal customers is not high for automobile brands and that customers are affected by brand market acceptance. Word of mouth and brand popularity are important for automobile brands. This is reasonable because with less differentiation among automobile brands, it is increasingly difficult to keep customers loyal. Situational cues (e.g., familiarity) and social influence (e.g., word of mouth) (Dick and Basu 1994) are often used in customer brand choice decisions. Application software brands derive a high brand base performance because these brands (e.g., Microsoft, Adobe) have built a large loyal customer base over the years.

Conclusions and Implications for Theory and Practice

This research proposes a generic brand value structure analysis to interpret estimates of existing brand outcome measures to gain further brand insights. The brand value structure analysis takes into account consumer–brand relationships as brand equity sources and decomposes brand performance to brand intrinsic value and performance ratio to assess brand and brand operation, respectively.

This analysis can be applied to various brand outcome measures to gain brand insights. We apply it to Interbrands' brand values of four groups of 13 top global brands and gain substantive results. By comparing average brand intrinsic values and brand value delivery ratios, we find that the IT services brands in our study have the highest value delivery capability but the lowest average brand intrinsic value, indicating effective brand operation but vulnerable brands in this market. Electronics brands have the highest brand intrinsic values but suffer from ineffective value delivery (i.e., the brands have a strong staying power but need short-term strategic adjustments). Automobile and application software brands have similar brand intrinsic values and brand performance ratios but feature different brand value structures. Automobile brands have the highest market inertia rate; thus, market popularity and network effects are prominent factors in branding. Application software brands have the highest brand base value, indicating a large portion of brand performance from brand loyal customers.

Strategic Importance of Marketing Planning Capability: A Perspective from Saudi Arabia

**Avinash Malshe, Michael T. Krush, Jamal Al-Khatib,
Mohammed Al-Habib, and Habiballah Torkistani**

Abstract Marketing planning is an important capability in that it helps firms to methodically organize the processes needed to develop marketing strategy and direct marketing activities (Lee et al. 2013). Slotegraff and Dickson (2004) consider marketing planning as an essential strategic routine that “can cultivate an organizational capability through the integration, combination, and reconfiguration of a firm’s resources” (p. 371). The stronger the marketing planning capability, the more the firm exhibits all-encompassing approach to strategic planning. We draw on this assertion to suggest that firms with stronger marketing planning capability are likely to develop marketing ambidexterity—namely the ability to improvise marketing strategies as well as the ability develop comprehensive marketing strategies (Slotegraaf and Dickson 2004).

Extant empirical studies examining marketing planning capability have used industrialized economies, such as the United States or Australia as research contexts (e.g. Slotegraaf and Dickson 2004; Taghian 2010). Since marketing planning capability serves as an important firm resource in delivering superior customer value, there is an increasing need to investigate this crucial strategic capability in emerging markets, especially since the emerging markets are experiencing astonishing growth rates and greater examinations of marketing phenomena are needed in non-western contexts (Burgess and Steenkamp 2006).

Against this backdrop, we conceived and empirically tested a model that linked the firm’s marketing planning capability to two critical mediating variables, that of marketing strategy comprehensiveness and marketing strategy improvisation, which

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ultimately led to firm performance. We empirically test of the relationships within our conceptual model by using dyadic data from senior marketing managers and senior-level executives in the firm. We examine this phenomenon in Saudi Arabia (SA). SA is an optimal research context since SA's economy is the world's 11th largest, and is a rapidly growing economy that plays a significant role within the Arab League (Mahajan 2013).

The results find that marketing planning capability has a significant effect on marketing strategy comprehensiveness. Marketing planning capability is also significantly related to improvisation. Our findings contribute to the marketing literature by examining the link between marketing planning capability and firm performance by better understanding the value of the mediating effects of the comprehensiveness of marketing strategies and marketing strategy improvisation.

References: Available upon request

Donate to Me: Applying the Servicescape Framework to an Online Donation Setting

Triparna Gandhi, Kathleen Bagot, and Liliana Bove

Introduction

Charitable organizations are increasingly turning to online fundraising options as observed by the growth of online giving (MacLaughlin 2012). The growth in online solicitations may be explained by the wider outreach, lower solicitation and communication costs (Harrison-Walker & Williamson 2000) and increased convenience it offers (Bennett 2005). Thus it is critical that charity websites are designed so as to support and facilitate online donations.

Bitner's (1992) servicescape framework proposes that environmental stimuli of a physical setting can be systematically manipulated to produce desired effects on customers' and employees' cognitive, emotional, physiological responses leading to either approach or avoidance behaviors. Although this framework has been extended to the virtual realm to influence buying behavior, it has not been applied in a donation setting. Thus the aim of this research is to explore if the servicescape framework can explain donation behavior within a giving environment, as it does an exchange environment. Specifically we examine the effect of manipulating two website background colors and two images on \$US amount donated and approach behaviors.

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We begin with a brief overview of the servicescape framework and its application to online settings. Following the justification of hypotheses we describe the methodology and present the findings. We then discuss the implications of the results for theory and practice.

E-Servicescape

Bitner's (1992) servicescape framework builds upon the Stimulus-Organism-Response model (Mehrabian and Russell 1974) by proposing that environmental stimuli impact both employees and customers emotionally, cognitively and physiologically. Servicescape encompasses "all of the objective physical factors that can be controlled by the firm to enhance (or constrain) the employee and customer actions" (Bitner 1992, p. 65). Bitner (1992) suggests that rather than be left to chance, the servicescape should be carefully constructed and designed as it has the power to attract or deter certain customers from approaching the service facility.

Researchers have successfully adapted Bitner (1992) servicescape framework to the virtual environment (for a review, see Mari and Poggesi 2011). In the virtual servicescape, the ambient cues are the elements of a website such as color schemes, including background and text color, music, fonts, and percentage of white space (Manganari, Siomkos, and Vrechopoulos 2009). Virtual layout and functionality of a website includes elements such as the positioning of different sections on each page and the inclusion of banner heads (Bennett 2005). Finally, signs, symbols and artefacts relate to the information component of the website (Hopkins, Grove, Raymond, and LaForge 2009), and the décor and theatrics of the website such as text, images, graphics, animations and icons (Manganari et al. 2009).

Of the ambient cues relevant to the virtual servicescape, color has a significant impact on behavior, affecting consumers emotionally or cognitively. In the latter case, color acts as non-verbal communication, conveying meaning about the website or product to consumers (Biers and Richards 2011). For example, short wavelength colors (i.e., cool colors) are not only preferred over long wavelength colors (i.e., warm colors) but they attain a higher level of trustworthiness (Cyr, Head, and Larios 2010; Lee and Rao 2010) leading to approach behaviors of customers (Bellizzi and Hite 1992; Gorn, Chattopadhyay, Sengupta, and Tripathi 2004). Thus we propose that:

H1: Charity websites with a cool color background will elicit higher perceptions of trust than websites with (a) warm color or (b) control background.

Color also affects emotions. For example, in a physical setting warm colors are found to be emotionally and physically arousing, exciting and distracting, whereas cooler colors are more relaxing, peaceful, calm and pleasant (Bellizzi and Hite 1992). Similarly, in a virtual setting compared to red and yellow, blue was more effective in inducing feelings of relaxation (Gorn et al. 2004) and Clark, Buckingham, and Fortin (2004) found that websites using cool hues were perceived to be more pleasant, enthusiastic, solid and sophisticated compared to warm hues. Thus we propose that:

H2: Charity websites with cool color background will elicit higher pleasure emotions than websites with (a) warm color or (b) control background.

The type of image used on the website can elicit appropriate cognitive responses within individuals. Burt and Dunham (2009) demonstrate that images portraying the use of charity funds significantly increased trust amongst the donors. Thus we propose that:

H3: Charity websites with image portraying the use of the donation will elicit higher perceptions of trust than websites with (a) image not showing use of donation or (b) no image.

It is a common practice for charitable organizations to use images of sad children in need of help (Burt and Strongman 2005) as these evoke guilt emotions in potential donors. Lwin and Phau (2008) found that when donors feel guilty they attempt to minimize this feeling by donating to the charity. Thus we propose that:

H4: Websites with image of sad recipient of donation will evoke higher feelings of guilt than websites with (a) image portraying the use of the donation or (b) no image.

Given that the servicescape framework will be used to explain the role of stimuli on donor behavior, we hypothesize the following:

H5: The influence of website cool color background on the donation amount is mediated by the donors' (a) perceptions of trust of the website and (b) feelings of pleasure.

H6: The influence of website cool color background on approach behaviors is mediated by the donors' (a) perceptions of trust of the website and (b) feelings of pleasure.

H7: The influence of website image illustrating the use of the donation on (a) the donation amount or (b) approach behaviors is mediated by the donors' perceptions of trust of the website.

H8: The influence of website image of sad recipient on (a) the donation amount or (b) approach behaviors is mediated by feelings of guilt.

Method

The sample consisted of 580 participants recruited from the online Mturk panel. Following a number of validity checks, 514 responses remained for analysis. The typical participant was a 25-year-old Caucasian female, with an undergraduate degree, earning less than \$20,000 per annum. To test the proposed hypotheses, we developed a hypothetical Indian Children's charity website called Classmate Foundation. An experimental 3 (color: blue vs. orange vs. control) \times 3 (image: child using school supplies vs. sad child vs. control) between subjects design was used.

The saturation and value across the color conditions was kept constant and the hue for blue (cool color) was set at R=0 G=174 B=239; for orange (warm color), at R=255 G=102 B=51; for grey, at R=161 G=161 B=161. Grey was used as our control condition because it is considered a neutral color which avoids an undesirable contrast effect (Valdez and Mehrabian 1994).

Well-established reliable and valid measures were sourced and adapted when required to an online donation context. Emotions were assessed before and after viewing of the charity website. An open-ended question was used to measure donation amount intentions. We first tested our hypotheses using two-way between groups analysis of variance (ANOVA). To examine whether trust, pleasure and guilt mediated the impact of the independent variables (color and images) on the dependent variables (donation amount and approach behaviors), four pathways were examined (Baron and Kenny 1986). These pathways were examined using ANOVAs and ANCOVAs following Gorn et al. (2004) and the extent of mediation was examined using mean square (MS) score change, following Pham and Muthukrishnan (2002).

Results and Discussion

Results confirmed most, but not all of our hypotheses. A 3 (color)×3 (image) ANOVA revealed a main effect of background color on trust ($F_{(2, 505)}=16.25$, $p<0.01$, $\eta_p^2=0.06$; $MS_{color}=13.48$). Consistent with H1a & b, post hoc tests showed that trust scores from the blue website backgrounds (4.74) were significantly higher than both orange (4.22) and control (4.31) backgrounds. This is consistent with prior studies reporting associations between blue and online trust (Cyr et al. 2010; Lee and Rao 2010). However, no significant effect of background color on pleasure difference scores was found ($F_{(2, 505)}=0.84$, $p=0.43$, $\eta_p^2=0.00$), rejecting H2a & b; mediator models are not tested with pleasure (rejecting H5b and H6b). These findings were inconsistent with past buying literature showing the color blue induces feelings of pleasure in individuals in the physical (Bellizzi and Hite 1992) and virtual servicescape (Clark et al. 2004; Gorn et al. 2004). The website content of a sad child may have countered any pleasure associated with blue exposure.

A 3 (background color)×3 (image) ANOVA revealed a main effect of image on trust ($F_{(2, 505)}=5.58$, $p<0.01$; $\eta_p^2=0.02$; $MS_{image}=4.63$). Post hoc tests showed trust was significantly higher with the image of a child using the donation (4.61) than websites with the image of a sad child (4.29), supporting H3a, but not for the control (no image) condition (4.37), rejecting H3b. In addition, the color×image interaction was significant ($F_{(4, 505)}=2.58$, $p<0.05$; $\eta_p^2=0.02$; $MS_{(color \times image)}=2.139$). Trust scores were highest for websites with the image of a child using the donation on the blue background. Trust was examined as the mediator (covariate) between background color and image, and donation amount using an ANCOVA. Although the main effect of background color on donation amount remained significant ($F_{(2, 505)}=4.38$, $p<0.05$; $\eta_p^2=0.01$; $MS_{color}=1022.59$), MS scores decreased indicating that perceptions of trust mediated 46 % of the effect of color on the donation amount; partial mediation and thus partial support for H5a.

A 3 (background color)×3 (image) ANOVA revealed a main effect of background color on approach behaviors ($F_{(2, 505)}=4.52, p<0.05; \eta_p^2=0.01, MS_{color}=4.52$). However, post hoc tests showed that although the blue condition yielded highest approach scores with orange and control very similar, there was no significant difference ($p=0.05$) between conditions, rejecting H6a. Although a 3 (color)×3 (image) ANOVA revealed a main effect of image on donation amount ($F_{(2, 505)}=4.06, p<0.05; \eta_p^2=0.02; MS_{image}=981.05$), post hoc tests showed donation amounts from websites with the sad child image (\$14.56) was significantly higher than websites with the image of a child using the donation (\$13.74) and control (\$10.03). Thus H7a is rejected.

Supporting H7b, findings revealed that the previously significant effect of image on approach behaviors disappeared with the inclusion of trust as a covariate ($F_{(2, 504)}=1.68, p=0.19; \eta_p^2=0.01; MS_{image}=1.50$), MS scores decreased 71 %. The perceptions of trust mediated 71 % of the effect of the image of the child using the donation on approach behaviors. This is consistent with prior consumer literature where trust was found to impact positive approach behaviors such as purchase intentions (Harris and Goode 2010), loyalty and recommendation intentions of the website (Vlachos, Tsamakos, Vrechopoulos, and Avramidis 2009).

Guilt was examined as the mediator (covariate) between image, and donation amount. The previously significant effect of image on donation amount disappeared with the inclusion of guilt as a covariate ($F_{(2, 511)}=4.59, p=0.06; \eta_p^2=0.01; MS_{image}=719.06$), MS scores decreased 27 %. Feelings of guilt mediated 27 % of the effect of image on donation amount, suggesting partial mediation supporting H8a. Partial mediation suggests the image of a sad child may have a direct effect on donation amount intentions and/or additional variables are mediating the relationship. A one-way ANOVA revealed no effect of guilt on approach behaviors ($F_{(111, 402)}=0.72, p=0.98; \eta_p^2=0.17$), rejecting H8b. These preliminary findings require further exploration.

Conclusions and Implications for Theory and Practice

The servicescape framework was supported within a giving environment and findings provide specific details relevant to those responsible for the design of charity websites. Connecting with donors through eliciting a cognitive (i.e., trust in the charitable website) and emotional (i.e., guilt) response was successfully achieved through manipulation of the servicescape dimensions of ambient cues (i.e., color—blue) and signs, symbols and artifacts (i.e., image—use of the donation, sad child) which affected the individual's behavior (i.e., donation amount, approach behaviors). Eliciting trust is increasingly important as individuals report concern that charity websites are not transparent about the utilization of donation funds, negatively impacting regular donations (“Giving Trends in 2012,” 2013). The novel application of the servicescape framework within the donation context provides many exciting opportunities for future researchers to explore in order to support the fundraising activities of charitable organizations.

Presence or Absence of Unit Price Display and Its Influence on Snack Food Choices

Sean B. Cash, Anna R. McAlister, and Chen Lou

Introduction

This study explores the influence of price on consumers' decisions when purchasing snack foods. Though price has previously been examined for its role in snack food purchases (e.g., French et al. 1997, 2001; Kuchler, Tegen, and Harris 2005), the novel contribution of this research is to examine the specific role of *unit pricing* (UP) in guiding consumer choice. UP refers to the "pricing of goods on the basis of cost per unit of measure" (Sefcik 2013). For example, the retail price of a 12 oz can of soda might be 99¢ and this could be expressed as a unit price of 8.25¢ per oz.

Since UP was introduced in the U.S. in 1970, the value of providing UP information to consumers has been debated by researchers, retailers, policymakers, consumer advocates, and economists (Russo 1977; Russo, Krieser, and Miyashita 1975). As Russo (1977, p. 193) stated, "The crux of the issue is whether unit pricing's benefits to consumers can justify its cost to retailers." Early research showed the cost of maintaining a UP system is less than .1 % of sales for a typical chain store (Carman 1972/73). Benefits to consumers include a reduction in expenditure of 1–3 %, in addition to needing less time to complete a shopping trip (Russo 1977).

Though early research examined the impact of UP on store costs and consumers' wallets, the present research focuses on a cost/benefit trade-off of a different kind for consumers. Specifically, we examine the trade off between financial savings and the nutritional content of consumers' food choices. There is a well-documented

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perception among many consumers that healthy foods are more expensive than less healthy alternatives (Cade, Upmeier, Calvert and Greenwood 1999; Carlson and Fräzo 2012; Kettings, Sinclair and Voevodin 2009). This perception is arguably problematic if it leads consumers to purchase energy dense foods. Though various factors other than food choice are known to influence an individual's weight (e.g., lifestyle, sedentary vs. active behaviors), diet is obviously relevant.

In 2012, the obesity rate among U.S. adults was 35.7 % (Ogden, Carroll, Kit, and Flegal 2012), a rate that has nearly tripled since the 1970s (NIH 2012). Hence, any modern discussion of the costs and benefits of providing unit prices to aid consumers' food choices should include discussion in relation to an obesity epidemic that was not apparent in the 1970s when most UP studies were originally conducted. To this end, our research investigates how unit prices create perceptions of value around food items of differing nutritional quality. In any event, whether healthy foods are cheaper or more expensive than less healthy competing products, we anticipate that the presence of a unit price display may influence consumers' choices, particularly by reinforcing a perception that energy-dense foods provide better value.

Method

Participants

Participants were 152 college students (106 females, 46 males). About two thirds of the sample were Caucasian (68 %), 24 % were Asian, and the remaining minority were African American (5 %), Hispanic (1 %), or Native American (1 %). Most participants shopped once a week on average (34 %) or at least once every other week (29 %). Some shopped more frequently and only 15 participants reported shopping once per month (11 %) or less (5 %).

Design and Materials

Variables. The study involves manipulation of three independent variables: price level (low vs. high), price display (retail price only vs. retail price accompanied by unit price vs. unit price only), and food type (fresh produce, packaged sweet snacks, or packaged salty snacks). There are three dependent variables examined here. First, we assess participants' likelihood of choosing the healthier of the two foods (as indicated by NuVal® scores) on offer in each trial. Second, we examine the likelihood of participants choosing the raw food over packaged foods on trials where both types are offered. Finally, we examine whether participants chose the more energy dense offering, as measured by calories per ounce, within each choice set. Each of these three dependent variables is measured as the proportion of choice opportunities in which the respondent chose the relevant option in each pair.

The experiment was executed with a between-subjects manipulation so that participants' attention would not be drawn to the difference in displays of price formats. The materials consisted of a food choice task, as well as basic demographic questions to describe the sample.

Food choice task. The food choice task was set up as an online task using images of 16 different foods (6 produce items and 10 packaged foods). Foods were selected on the basis of being familiar products that would be suitable for a fast snack (which is relevant to the vignette described in the task instructions). Each food item was assigned two price points, one low and one high. These prices were guided by visits to local grocery stores to find existing prices for each item.

Trials were set up so that participants saw two food items side by side, with their corresponding price clearly marked on a price tag below. For each of the price conditions (retail price only vs. retail price accompanied by unit price vs. unit price only), participants were presented with one of four blocks of 24 choice sets that represented a balanced, orthogonal design of product pairings drawn from the 16 items listed above. Hence, there were 12 conditions in total. Some pairs included two produce items, some included two packaged foods, and some included one food item of each type.

The following instructions were provided for the food choice task:

Please imagine you are hungry and have gone to a store to buy a snack. You only have a small amount of money with you and so you can only afford to buy ONE item.

In the following section you will see several pairs of products. Each food product is displayed with a picture of the food and the price tag directly below the picture. For each pair of food products you will be asked which of the two foods you would choose as your snack.

For each pair, please imagine these are the only two foods on offer. The only options you have are to choose the first food or the second food or to decide that you would prefer to stay hungry than to buy either food. You cannot buy both foods and there are no other foods on offer.

Demographic questions. The demographic questions included questions about age, gender, and ethnicity. We also asked how frequently participants shop for groceries at physical stores (less than once a month, once a month, every other week, once a week, a few times a week, every day) and what factors are most important during decision making (allergens, brand, convenience, country of origin, health claims, ingredients, nutrition, price, recycled packaging, taste, organic product, locally produced product, or other factors).

Procedure

Following IRB approval, participants were recruited from undergraduate classes at a large university in the U.S. Midwest. Students were supervised as they completed the study.

Participants were randomly assigned to one of the 12 conditions. Each condition was administered using Qualtrics survey software to deliver the stimuli and record responses. In each survey, participants first completed the 24 food choice items, then the demographic questions, and finally the question about which food attributes they most value. Participants were not aware of the purpose of the study.

Results

The primary hypotheses tested here are that the presence of UP will be associated with a higher rate of individuals choosing (1) energy dense foods, (2) less healthy foods (as measured by NuVal® scores), and (3) packaged food items. These hypotheses were tested in a regression framework that modeled each of the three dependent variables as a function of the presence of conventional retail pricing and UP. The hypothesis that the presence of UP will be associated with a higher rate of choice of more energy-dense food is supported by our data ($p < 0.05$). This is not the case for the selection of packaged foods vs. fresh produce or choice of healthier food options as indicated by NuVal ratings. These findings suggest that the provision of UP is reinforcing the value of energy-dense options, but not necessarily leading to less healthy choices overall. The choice of more energy dense items is also significantly related to respondents' ranking of price as an important attribute in making food purchase decisions.

Discussion

UP is mandated in many jurisdictions to assist consumers. While this policy goal is important, our findings imply that the provision of UP may reinforce a perception that energy-dense foods provide better value. While the intention of UP is to facilitate cost comparisons among similar items, our results suggest that it may also influence the choice of products across food categories in ways that could counter policymakers' and individuals' dietary goals. Previous research has noted the inverse relationship between energy density and energy costs of food, and has suggested that this may be an important causal factor in obesity rates (e.g., Drewnoski and Specter 2004). UP may inadvertently contribute to this relationship by making the dietary energy costs of food more salient to consumers.

One of the limitations of this research is the use of a relatively small sample of college students in a lab setting. We are currently collecting data using an intercept method to recruit shoppers in grocery stores. The same items are being administered with a more representative sample of adult shoppers who complete the task on iPads in store. Data from adult shoppers will be presented at the conference.

References: Available upon request

Global Use and Access of Social Networking Websites: A National Culture Perspective

Wen Gong, Rod L. Stump, and Zhan G. Li

Introduction

According to eMarketer, social media users worldwide reached 1.43 billion in 2012, representing a 19.2 % increase over the 2011 figures (Arno 2012). Such growth reflects the increasingly important role of social media in many people's lives. As revealed by a research study of global social media (Van Belleghem 2011), 50 % of the users follow brands and prefer to share positive brand experiences on social media, which is shown to have the highest impact on brand perceptions and buying intentions. In addition, they expect some sort of benefit from companies on social networking websites (SNWs). Personal brand experience and conversations about brands by peers are drivers to connect. This represents a huge opportunity for companies to engage their customers via social networking websites by offering product information, updating promotions and announcing events.

Although the Internet began as an “American” phenomenon and users have tended to be clustered in North America and Western Europe, it has become apparent that this is not the case when it comes to social media adoption and use across

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the world. The Van Belleghem (2011) study found that Western Europe lags behind in social media penetration, while the emerging markets of Brazil and India show the highest awareness and penetration of social media. Although overall Internet penetration in these emerging markets is low, the consumers who are online show a high level of social media engagement. A report from Forrester (Nielsen 2012) revealed that social media users in the West prefer to consume rather than create. In spite of their longer history with social media, online users in North America and Western Europe have much more passive attitudes toward it. Within Asia, Indonesia, China, and India all boast above 60 % penetration (eMarketer.com 2012), while Japan only shows 35 %. Nielsen (2012) observes that Japan doesn't follow the typical emerging Asian social media patterns and posits that some aspects of Japanese culture carry through to social media preferences, e.g., Japanese consumers have a preference for online anonymity. Such unevenness in the diffusion of social media across countries highlights the need for global e-marketers to appreciate why people in a particular country may be more receptive to and prone to adopt online social media than people in other countries. Even more critical is the need to more fully understand what factors might account for these differences in SNWs use and access across countries. This is consistent with Schultz and Peltier (2013), who observed that marketers are increasingly seeking to better understand how consumer-brand engagement can be formed, nurtured and sustained in all potential touchpoints, especially via virtual interactions.

There has been a phenomenal increase in marketing activities on social media and social media has become the fastest growing interest area in marketing journals (Schultz and Peltier 2013; Tsai and Men 2012). However, studies exploring the role and effects of national culture on cross-national adoption of online social media have not been featured prominently in the extant research literature despite a significant body of literature on the influence of national culture in the international business domain.

The present study answers the call by Ribiere and his colleagues (2010) to address this gap in the extant literature by incorporating the full range of cultural dimensions, along with three socio-economic control variables, i.e., a nation's networked readiness, level of education and mobile penetration.

Theoretical Background and Hypotheses Development

With the exploding growth of online social media use worldwide, SNWs have become one of the most prominent features in the Web 2.0 era. According to Kaplan and Haenlein (2010), Social Media is defined as "a group of Internet-based applications and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content." Boyd and Ellison (2008) define SNWs as a web-based service that allows individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they

share a connection, and (3) view and traverse their list of connections and those made by others within the system. The nature and nomenclature of these connections may vary from site to site. Simply put, SNWs enable users to build personal profiles, publish information, facilitate discussion, and share networks, experiences and knowledge within a defined system (Boyd and Ellison 2008; Constantinides and Fountain 2007). Users of these SNWs are not only passive content consumers but also active content generators/contributors. As such, given their ever-climbing popularity and reach, SNWs have shown a great potential in terms of influencing the way people socialize, entertain, consume information, shop and make decisions. This, in turn, has increasingly driven marketers to develop marketing strategies that will allow them to shape and monitor users' online communications on SNWs as well as engage them with their brands more voluntarily and interactively.

Both the diffusion of innovations literature (Rogers 1983) and Hofstede's national cultural framework (2001) serve as our theoretical bases of this study, which examines whether cultural dimensions help explain variations in SNWs use and access rates. Based on existing literature, we propose:

- H1: Power distance will be negatively associated with the rate of SNWs adoption.*
- H2: Uncertainty avoidance will be negatively associated with the rate of SNWs adoption.*
- H3: Individualism will be positively associated with the rate of SNWs adoption.*
- H4: Masculinity will be negatively associated with the rate of SNWs adoption.*
- H5: Long-term orientation will be negatively associated with the rate of SNWs adoption.*

The diffusion literature also shows that adoption and diffusion process is influenced by socioeconomic factors and the social-economic infrastructure of a country may have a concrete and direct manifestation of a culture's impact on consumer behavior (Yeniyurt and Townsend 2003). Thus we also include other country-level variables in our model to empirically account for extraneous factors that may influence adoption levels. These include: a nation's networked readiness (Dutta and Bilbao-Osorio 2012), level of education and mobile penetration.

Research Methodology

We utilize secondary data from several reputable sources, namely Hofstede (2001) for the cultural dimension scores, InSites Consulting's global social media study for adoption rates of SNWs (Van Belleghem 2011) and INSEAD and World Economic Forum's global information technology report (Dutta and Bilbao-Osorio 2012) for a nation's networked readiness, level of education and mobile penetration. Altogether, data are available for 36 countries but only 26 countries had scores for the Long-term orientation dimension. Hierarchical regression analysis was conducted to test the proposed hypotheses.

Results and Discussion

In the initial run, the main effects of the control variables were assessed. The main effects of the cultural dimensions were then added, and the model was re-estimated. Hofstede's original conceptualization only included four dimensions: power distance, uncertainty avoidance, individualism and masculinity. He subsequently added long-term orientation, but did not collect data in all of the countries that were included in the original. For this analysis, inclusion of long-term orientation in the model resulted in a substantial reduction in sample size (from 36 to 26). The excluded countries were predominantly former Soviet Bloc nations, which may be a biasing factor. Consequently, we run the analysis both with and without the long-term orientation variable to investigate the stability of the common parameter estimates. The significant overall F value in both full models is indicative that interpretation of the individual regression models and parameter estimates for the independent variables is warranted. The addition of the main effect terms relating to the cultural dimensions results in a significant improvement in the explanatory power of the models. R^2 showed a significant improvement from .22 to .48 for the entire sample ($n=36$) and from .09 to .66 in the reduced sample ($n=26$) analyses. H4 is supported in both full and reduced sample analyses; H5 and H2 are supported in the reduced sample analysis.

Results from this empirical study constitute a novel contribution to our understanding of the importance of cultural influences on consumers' adoption of SNWs. The study extends and enriches the research literature of cultural impact on adoption of innovations in general and on the access and usage of SNWs in particular. Echoing the finding from Ribiere et al. (2010), this study has revealed a significant negative impact of a culture's uncertainty avoidance on SNWs adoption in the reduced sample. This parallels the finding from existing research (e.g., Lorenzo-Romero et al. 2011) at the individual level revealing that trust affects positively and directly on attitudes towards SNWs and perceived risk influences negatively users' intentions to use them. In adopting and using SNWs, self-disclosure can accompany conflicts due to exposure of vulnerable personal information, hence less desirable for individuals that score high on uncertainty avoidance (Cho 2010; Ribiere et al. 2010). As expected, masculine cultures are significantly less conducive to adopting SNWs. This is in line with the existing literature that women typically outnumber men on SNWs and tend to use SNWs more than men and for different and more social purposes (Hampton et al. 2011; Koetsier 2012; Informationisbeautiful.net 2012; Joinson 2008; Van Belleghem 2011). The significant negative effect of long-term orientation on the adoption of SNWs also confirms our expectation.

On the other hand, our results failed to lend support to hypotheses regarding individualism or power distance. One explanation may be that the influence of these dimensions may be relatively weak, and given the small sample size, they may simply have not reached statistical significance. Conversely, the lack of a relationship for these two dimensions may be attributed to the fact that, within SNWs, individuals are more likely to see themselves as part of a group engaging in social

activities with a higher sense of equality. While people in individualist cultures seem to have more freedom to try new things and more likely to use SNWs for self-expression than those in collectivistic societies, members from collectivistic societies may be more inclined to join and participate in SNWs to gain a sense of belonging, fulfill group obligations and achieve group harmony. Gangadharbatla (2008) found the need to belong to have a positive effect on a person's attitude toward SNWs and willingness to join SNWs. In addition, the extant research distinguishes between innovation and imitation as two processes that explain diffusion, with individualistic countries being quicker to adopt in the early stages, whereas collectivistic countries have adoption rates greater in the second stage, when enough of a critical mass of adopters exist. Consequently, the effects of these two processes may be cancelling out one another.

Conclusions and Implications

Our study provides important empirical evidence that *culture matters in terms of determining the rate of SNWs use and access!* Marketing communication materials are key carriers of cultural values (Cheong et al. 2010) and how e-marketing efforts interact with a culture can determine the degree of success or failure of those efforts in a foreign country. In particular, advertising messages and promotional events on SNWs warrant special attention because of their essential role in engaging and communicating with the target consumers.

The findings obtained in this study suggest that individuals' online communication behaviors may also be a function of their predominant cultural traits. Therefore, as e-marketers increasingly look to SNWs for branding engagement, they should also consider the cultural dimensions of a country to better predict if the culture of the country is conducive for using SNWs to build emotional equity in brand. Cultural characteristics of countries could also be used as screening criteria. Specifically, our study suggests that e-marketers may be more successful in countries whose cultures exhibit low uncertainty avoidance and masculinity scores and a strong short-term orientation, at least at the outset. Marketing strategies involving the use of SNWs should be nuanced and reflect the culture of the respective countries in which they are employed. For example, in countries whose cultures are high on uncertainty avoidance, employing promotional themes that stress acceptance or support of brands by others within the SNW might be a way to offset this cultural tendency to some extent. Likewise, themes suggesting personal advancement or success in masculine cultures versus more socially-oriented themes in feminine cultures may prove to be more successful.

From a theoretical perspective, our study contributes to the growing literature that explores national culture's impact on the adoption of technological innovations and provides important empirical evidence that certain cultural dimensions provide significant explanatory power relative to variations in the rate of SNWs use.

Future research could seek to integrate the conceptualizations by others, such as Hall (1976); Hall and Hall (1990). To enhance the generalizability of the results of this research, a larger sample of nations representing a greater diversity is required. Moreover, it needs to be more representative of all populous nations, regardless of their stage of economic development in order to form a more conclusive idea about the adoption of SNWs in underrepresented areas such as Asia, Africa, former Soviet nations, etc. There exists a need for future research where the unit of analysis is adoption of specific SNWs, such as Facebook, Twitter, etc.

References: Available upon request

Talking with You—Not at You: How Brand Ambassadors Can Spark Consumer Brand Attachment?

Roberta Crouch, Michael Ewer, Pascale Quester, and Michael Proksch

Introduction

Strongly supported forms of online and offline consumer networking strategies have the potential to reach consumers adverse to traditional forms of mass media advertising (Trusov, Bucklin and Pauwels 2009). Whilst such channels may offer important opportunities for marketers, brand managers must fully understand how to exploit them for maximum benefit (Kucuk 2010). Consumers engage in online interactions to satisfy their cognitive, social and emotional needs in a way that emulates traditional face-to-face contexts (Jae Wook et al. 2008). The impact of such consumer-to-consumer interactions and, information exchange on brand attachment and subsequent buying behavior is well documented in the literature with reported flow-on benefits such as enhanced attitudinal and behavioral loyalty, positive word of mouth (WOM), willingness to pay a premium price (WPPP) and brand defense (Jae Wook et al. 2008). However, the ability to stimulate and build brand attachment via the satisfaction of consumer needs in the context of brand-initiated, as opposed to consumer initiated, interactions is unknown. This is because such contexts have typically excluded marketers' direct brand involvement. Usually, where brands have been involved, contact has been through forms of sponsorship or via a paid endorser, where direct interaction between consumers and brand representatives is extremely limited, scripted or non-existent. This is due to consumer skepticism stemming from their fear that brand participation in their conversations is motivated by the opportunity to 'sell'. Consumers also often wish to keep their conversations 'private' in order to speak freely or even, sometimes, criticize products as well as praise

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them. Consequently, direct interactions between brands and consumers, both on and offline, are not truly co-created experiences where value is given and derived by both parties.

However, today's consumers are ever more confident and outspoken about on their views about the products that they buy. They want their voices to be 'heard' by those who own and control the brands they consume (Miller, Fabian and Lin 2009). They also expect to get information, not only from each other, but also directly from credible brand 'sources' (Kozinets, Hemetsberger and Schau 2008; Schau, Muniz and Arnould 2009; Tarnovan 2011). This phenomenon has been encouraged and promoted via brand media strategies, such as reality TV shows and the use of social media (Jie and Daugherty 2009; Yubo and Jinhong 2008). This research focuses on brands' ability to leverage these trends and employ their own brand 'ambassadors', in the context of internet-based live streaming technologies, using them to bring consumers and brand ambassadors together in unscripted non-sales oriented events. In doing so, this study seeks to quantify the effects of such interactions on consumer engagement with the event, on brand attachment, and ultimately, on WOM and WPPP.

In the last 25 years, the use of spokespersons in advertising has been of interest to both academics and practitioners with previous research concentrating on the influence of celebrities as brand endorsers (Kamins, Brand, Hoeke and Moe 1989). These studies show that celebrity endorsement can enhance advertising effectiveness, brand recognition and recall, as well as purchase intentions (Misra and Beatty 1990). Research has established that celebrity attractiveness, expertise and trustworthiness can drive brand perceptions as well as attitudes towards an advertisement (Kahle and Homer, 1985; Lafferty and Goldsmith; 1999), although the credibility of an endorser, and the company they represent, was actually found to be more important in predicting consumers' positive evaluations and subsequent purchase intentions (Lafferty and Goldsmith; 1999). Therefore, whilst many different types of endorsers can promote and influence consumer beliefs about a brand, the credibility of the source can be a more critical factor in determining the effectiveness of a brand representative on these opinions. Hence, this research investigates the potential of a brand ambassador who is closely aligned with the product itself, such as the designer or maker, to influence consumer perceptions, and more specifically feelings of attachment towards the brand. These ambassadors can embody the product in the closest and most credible way. In contrast to outsiders paid to voice an opinion or script, the brand ambassadors employed in this research are the ultimate experts, exhibiting strong emotional and cognitive connections to the products they designed and created. Uniquely, rather than exposing consumers to the opinions and personalities of the ambassadors via traditional advertising or other forms of promotion, consumers in this research engaged and interacted with them directly via a brand hosted, non-sales oriented product event. The spontaneous interaction in these events maximized ambassadors' potential impact on consumer perceptions by providing them with the ultimate opportunity to create their own personal experience with the product and brand. Moreover, they provided a suitable context in which to investigate the influence of a brand representative enjoying the highest level of credibility with consumers.

While previous research has concentrated on the influence of endorsers on perceptions and behavioral responses (usually related to an advertising context), this research concentrates on brand attachment (with follow-on benefits in terms of positive word-of-mouth and willingness to pay a price premium) by specifically investigating the potential role of a brand ambassador to ‘spark’ or instigate brand attachment where little or none existed previously, or to reinforce an existing relationship. Specifically, we examined the processes underlying the influence of the brand ambassador on brand attachment, with flow-on effects to WOM and WPPP, based on perceptions of the brand event (immersion and engagement with the event), driven by participant satisfaction of event-related needs (cognitive, social, emotional), which are in turn, supported by the participants opinion of the brand ambassador. In this extensive research, a number of potentially moderating influences were also investigated in relation to these relationships but they are presented elsewhere.

Method

The research comprised of three distinct studies with a consistent context, an online live video streaming wine brand event hosted by wine makers in the Adelaide Hills, the Clare Valley and the Barossa Valley in South Australia. Respondents were recruited from the general population of regular wine buyers in the Adelaide metropolitan area and participated by logging in to a specially designed website portal. Wine makers were on camera, in open dialog discussing their wines. Essentially, this was a form of online tasting where participants would be consuming the same wine as the one being presented by the ambassador or a wine of their own choosing. These events were totally unscripted, meaning that ambassadors typically provide information about themselves, the wines and varietals they were presenting but remained open to all types of questions from the participants (product and non-product related) to which the hosts would answer accordingly. Participants also engaged and interacted with each other in a live chat forum. The video streaming permitted participants to listen to the information and the responses made by the wine makers and allowed them type in questions or comments as they wished. The wine makers could see the questions on a computer monitor and respond accordingly. Each event ran for approximately 1 h. In studies one and two a specific wine region was the ‘brand’ framework and different brand ambassadors presented at each event, whereas in study three the same brand was the focus of each event and the ambassadors were the same each time.

Study one, involving wines from the umbrella brand of the Adelaide Hills Wine Region, was designed to provide insights in the interaction between the brand ambassador and participants in the wine events in order to determine if the brand ambassadors influence was strong enough to engage participants and if it satisfied their needs. To understand the impact and perceptions of the brand ambassador, two types of interpretation of the transcripts of the recorded chat from 24 events that

were conducted (with between six and ten participants) were completed. First, idiographic analysis (Fournier 1998; Thompson et al. 1990; Thompson et al. 1994) was used to analyze the meaning of the brand ambassador in the social and bidirectional interaction facilitated by the event. In a second step, an across-event analysis of comments and interactions between respondents and the ambassadors was conducted in order to find patterns of underlying basic mechanisms explaining and supporting the literature and our posited relationships between the constructs described. As the influence of such an ambassador on consumer reactions and perceptions has never been explored, qualitative data and debriefing comments were also needed for the development of a scale to measure quantitatively consumer opinions about the ambassador that could also be used empirically in later studies (α 0.96 with 80 % of variance explained). Similarly, a measure to determine consumers' opinion regarding their engagement with the event was also developed (α 0.86 with 70 % of variance explained). The development and validation of these measures constitute an important contribution to future theoretical development in these areas of research. In summary, analysis of the text from these events provided robust evidence supporting that the events were thoroughly enjoyed, particularly when ambassadors were friendly, knowledgeable, approachable and 'down to earth', any actions such as ignoring respondents' questions or comments or hints of 'elitism' from ambassadors were met with comments in kind from respondents and negative feedback to the researchers post the event. Importantly, valuable product oriented information was also exchanged extensively between the ambassadors and the participants.

Studies two and three employed a quantitative experimental design whereby respondents were again recruited from the general population of wine consumers (males and females over 18 that buy wine at least two times per month) in the metropolitan area of Adelaide, South Australia, with the assistance of the brands involved. In contrast with study two, where the same brand ambassadors (a couple) from a single brand hosted some 26 events ($n=114$), study three represented a regional wine brand (Barossa Valley South Australia) where 24 different brands were represented by their own brand ambassadors ($n=111$). Respondents completed an online pre-event survey where wine consuming habits and wine preferences were collected along with demographic details. These surveys were completed at least 1 week prior to an event. Consumers' current levels of brand attachment were quantified, along with their WPPP for a bottle and their likelihood of voicing positive WOM on the brand's behalf. Respondents' needs for cognition (Cacioppo, Petty and Feng 1984), need for social engagement (Leary, Kelly, Cottrell and Schreindorfer 2013) and emotional satisfaction (Raman, Chattopadhyay and Hoyer 1995) were also measured. Between 5 and 12 respondents were invited to attend a computer suite at the University of Adelaide, where they logged into the event and participated. Small sample tastings were provided to allow participants to experience wine and discuss it with its creator and each other. Respondents completed a post-event survey where their levels of cognitive, emotional and social satisfaction were measured and their opinion of the brand ambassador was captured along with their engagement with the event. They were also asked again, what they would be

willing to pay for a bottle of wine linked to the event and their likelihood of passing on positive WOM. The analysis of the data from both studies was focused on quantifying the degree of change in the dependent variables due to the influence of the brand ambassador and the mediating variables of needs satisfaction and impression of the event itself.

Results

Study two revealed that the influence of the brand ambassador on needs satisfaction was both significant and substantial: cognitive ($R^2_{adj}=0.295$), social ($R^2_{adj}=0.274$) and emotional ($R^2_{adj}=0.84$). To test the expected mediating roles, Hayes' (2012) bootstrapping procedure was employed, using the SPSS Process Macro to test for single and multiple mediation. This analysis confirmed the significant mediating influences of needs satisfaction to event engagement with flow-on effects to brand attachment and finally WPPP and WOM. The influence of needs satisfaction, on perceptions of the event was found to be substantial ($R^2_{adj}=0.755$), while the influence of perceptions of the event on changes in brand attachment was also important at ($R^2_{adj}=0.204$) which in turn, was found to impact significantly on the change in WOM ($R^2_{adj}=0.582$) with all test results significant: $p<0.05$. In this case WPPP didn't change significantly; however the single brand involved was modestly positioned and little known. Hence, for them it may take more interactions for them to achieve a price premium. However, the power of the brand ambassador to substantially and significantly change consumer brand attachment, through needs satisfaction and perceptions of the event, even with just one experience, was fully supported.

Study three results showed again that the influence of the brand ambassador on the change in brand attachment was fully mediated by needs satisfaction and perceptions of the event, with flow-on to WPPP and WOM. Again using Hayes (2012) Process Macro testing, the findings include that the influence of the brand ambassador to needs satisfaction, again, is important: cognitive ($R^2_{adj}=0.115$), social ($R^2_{adj}=0.100$) and emotional ($R^2_{adj}=0.209$) with a very substantial total effect on event engagement ($R^2_{adj}=0.708$). In turn, event engagement was found to exert a strong influence on the change in brand attachment ($R^2_{adj}=0.145$) with substantial change in WOM ($R^2_{adj}=0.658$) and some significant change to WPPP ($R^2_{adj}=0.0570$). Given that this was the outcome from a single event, these are important findings, especially when over 20 different brand ambassadors had represented different brands from within the same region.

Discussion

The empirical results from both quantitative studies, informed by the analysis of extensive qualitative data collected in study one, appear to afford some generalizability and suggest that the power of a legitimate, credible, knowledgeable brand

ambassador to co-create an interesting and satisfying brand related event is real. Whilst it has long been held that brand attachment builds over time as a result of numerous consumer/brand experiences, this research shows that even one event may have the potential to ‘spark’ attachment in a powerful way, providing brand enhancement where a relationship already exists. Moreover, the effect of this one single event has been shown to substantially change brand attachment, in both a single brand and an umbrella branding context. These studies have also demonstrated that consumers have now evolved and grown in self-confidence to the degree that they are now willing to ‘open up’ to a brand representative if the environment of the interaction satisfies their needs, cognitive, social and emotional. Other contributions of the research involve the development of validated measures for quantifying the attractiveness or ‘likeability’ of the brand ambassador and the degree to which an individual becomes immersed and engaged in an event. The testing and development of live streaming websites employing this technology is also an innovation. It provides practitioners and scholars with valuable information about consumer acceptance of this approach and their appetite for greater interaction with brands and their representatives.

References: Available upon request

Materiality of Online Brand Community

Laurence Dessart, Cleopatra Veloutsou, and Anna Morgan-Thomas

Introduction

The burgeoning interest in brand communities (O'Guinn and Muniz 2009; Piller et al. 2005; Schau et al. 2009; Thomas et al. 2011; Veloutsou and Moutinho 2009) has been given a new impetus with the emergence of OBCs (Bagozzi and Dholakia 2002; Ganley and Lampe 2009; Morandin et al. 2013). These technology-supported social spaces (Bagozzi and Dholakia 2002) facilitate aggregation of brand consumers allowing them to engage in relationships with each other (Wiertz 2005; Ouwersloot et al. 2005). As "enduring, self-selected groups of consumers, who accept and recognize bonds of membership with each other and the brand" (Veloutsou and Moutinho 2009, p. 316), OBCs provide opportunities for collective brand co-production and consumption offering new ways to exchange information, practices, and experiences (O'Guinn and Muniz 2009; Wiertz 2013). Given the widespread consumer engagement in OBC, as evidenced by the proliferation and membership of such communities, and the growing recognition of the social aspect of brands in academic literature, the understanding of OBC is at the forefront of consumer research agenda (Mathwick et al. 2008; Trusov et al. 2009).

Contrasted with the rich psychological and sociological explanations of OBC practices, theorizing about the digital technologies that form the very foundation of OBC is notably absent from the OBC literature. The review of extant research provides two approaches to dealing with technology: absent presence and

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instrumentalism. Studies adopting the first approach overlook technology all together and focus solely on aspects of human behavior, attitudes and motivations. A typical study in this category would consider an aspect of OBC practice such as social influence, word-of-mouth, individual goal seeking or trust and explore this topic without discussion of the underlying technology (Dholakia et al. 2004; Mathwick et al. 2008). To paraphrase Orlitzkowsky (2007), while technology is everywhere in practices of OBC, it is largely absent from the marketing literature concerning these practices. The second approach treats technology as an exogenous force and studies specific incidences of its adoption and use within OBC. For example, studies consider instrumental role of certain online marketing tools in sustaining brand communities (Stokburger-Sauer 2010), the implications of structural characteristics of online communities on members' participation (Jang et al. 2008; Koh et al. 2007; Kim et al. 2008; Yoon et al. 2008) or outcomes of technology adoption (Davis 1989; Venkatesh et al. 2003). This stream of research treats digital technologies as instruments to be mastered and means to an end and tends to assume unproblematically that technology is homogeneous, predictable, stable, and performing as intended and designed across time and place (e.g. Etzioni and Etzioni 1999). Implied in those studies is the notion that technology is to be considered occasionally, when a specific new technology emerges (Gummerus et al. 2012) or when a medium is being adopted by members of communities (Hollenbeck and Kaikati 2012; Zaglia 2012; Stever and Lawson 2013).

The current study departs from previous research in two important ways. Firstly, our general assertion is that OBCs do not happen in a vacuum but are enabled by and mediated by digital technologies. The digital technology represents an integral part of OBCs and node through which practices of participation and engagement happen. A comprehensive understanding of community dynamics requires a theoretical inclusion of underlying technology. Secondly, in order to fully understand the role of technology in OBC dynamics, it is necessary to move away from the instrumental treatment of digital technologies to allow for their agential role. Drawing on sociology of technology research and sociomateriality perspective, this paper aims to shows how digital technology and its affordances interplay with actors to bring about OBCs.

To address the challenge of accounting for technology in OBC's practices, this research turns to research in sociology of technology (Bijker 1995; Pickering 1995; Knorr-Cetina 1997) and sociomateriality (Leonardi and Barley 2010; Orlitzkowsky 2010). These streams of literature share a recognition that objects are central to social practice and that materiality of objects has important implication for the conduct of social life (Reckwitz; 2002b). For object to matter does not require physical presence (Leonardi 2012) and digital objects including websites, social networks or computer programs have materiality, in that they significantly influence the behavior of actors (Faulkner and Runde 2011). Digital materiality in this sense denotes new possibilities for creating experiences, relationships, processes, and new forms of organizing including OBC that are brought about by digital technology (Kallinikos 2009).

Digital technologies matter because they enable actors to do things and achieve ends and the concept of affordance explains this confluence of technology and action. The term attempts to reconcile the objective possibilities for action afforded by technology and the subjective outcomes that are dependent on individual's capabilities (Gibson 1977). Actions may be both enabled or prevented by technology, that is, technology may involve generative effects such as creation, enabling or allowing certain types of activity but also constraining effects such as enframing, channeling or disallowing activities (Heidegger 1982). Different technologies possess different affordances. Affordances are neither exclusively properties of actors nor of digital technologies (Hutchby 2001); affordances are constituted when people and digital technologies come in contact, they occur as a result of confluence between an actor's line of action and the possibilities offered by technology (Faraj and Azad 2012). The dependence on relationship between specific actor and specific technology means that the same technological artifacts can be used in multiple ways by multiple actors and have varied effects on online communities.

Methodology

To capture OBC practice, the study focuses on online brand communities embedded on two social media platforms, namely Facebook and Twitter. The choice of two different digital settings allows for a richer treatment of technological affordances enabling contrasting and comparing the practices. Facebook and Twitter are the two most used social networks in the Western world with respectively 655 and 200 million daily active users and a context where OBCs seem to thrive (e.g. Zaglia 2012).

To examine the interplay between digital technology and OBC practice, we adopted exploratory approach. In line with other studies of consumption communities (i.e. Schau et al. 2009; Cova and White 2010; Goulding et al. 2013), the study uses multiple data accessed by a variety of methods. To understand the subjective views of the social media users and their behavior, we conducted interviews with 5 social media experts and 20 social media users. Interviewing is a common practice of collecting data to investigate the perceived behavior of individuals in brand communities and tribes (i.e. Cova and White 2010; Goulding, Shankar and Canniford 2013). The semi-structured interviews captured data on the use of digital technologies, online behavior and practices related to OBC participation. The study sampled informants that are heavily involved in OBC and the data was collected via face-to-face or video interviews. The interviews lasted between 35 and 140 min and generated almost 20 h of conversation. The participant varied in age (from 21 to 52 years) and in terms of their cultural and ethnic backgrounds (North and South American, European, Indian, Middle Eastern—see table 2).

The project relies on two further sources of data. The interviews were supplemented with records of actual online behavior based on 6 months long netnography (Kozinets 2002). This method is commonly used to understand the behavior and

interaction of online consumers in brand communities and tribes (i.e. Schau et al. 2009; Cova and White 2010; Hamilton and Hewer 2010). In addition, we also carried out participant observation, that is, observed actual interaction with digital technology as in previous studies of materiality (Bettany and Kerrane 2011). Five young adults that are actively involved were observed for the total of 76 h.

Results and Discussion

Strata of Digital Materiality in OBC Practices

We find that OBC are embedded in digital materialities that occur at three levels (1) the physical device in use, (2) the digital platform (3) the call-to-action (CTA). The devices in use (whether a mobile phone, portable computer, desktop computer, tablet or else) are the prime and most obvious intermediary of OBC practice. There seems a close interaction between the devices and the particular OBC practices that are afforded. Devices interchangeability and recombinability allows to fully engage with OBC practices by bypassing restrictions on social media usage. Digital platforms represent the second stratum of materiality. OBC can be hosted on independent websites (e.g. Cova and Pace 2006), yet embedding it in existing digital platforms is a common practice (Zaglia 2012). Their ease of use, and ready-made functionalities make them particularly relevant for consumer-managed communities. Online community participants exhibit eagerness in social media consumption, often active on more than one, and tailoring their use to their specific needs, interests and location. This third stratum of materiality concerns Calls-To-Action (CTA). CTAs represent affordances for action, digital functionalities that facilitate OBC participants into a deeper engagement with the platforms. As social media platforms are heavily dependent on member's usage, CTAs are crucial in enabling the sustenance of OBC. CTAs represent the least physical, most digital form of materiality associated with online consumption communities.

Technological Affordances in OBC Practices

We find that OBC practices rely on four key affordances. *Signaling* is about showing an affiliation or preference, positioning oneself. By signaling, OBC participants consciously or unconsciously associate themselves with other individuals or objects, or, the other way around, associate other entities with themselves. Consumption communities have been shown to be vectors of identity negotiation (e.g. Hirschman 2010). The signaling affordance of technology works toward this end as it helps users build and show cast their identity and self. Signaling one's preferences can go both ways and be based either on willingness to affiliate oneself, or to distance

oneself. *Linking* is the technological affordance that connects users of social media platforms with the social realm. Technological objects allow users to build links, connections and relationships with other members of the platforms. The ability of consumption objects to create links among consumers is a central feature of consumption communities (Cova 1995). Typically, the linking affordance is enacted thanks to CTAs such as “comment” or “reply” on Facebook and Twitter, or just by being able to see the online community profile and its members. They enable users to connect, converse and link up with other members of online consumption communities, whether already known or not, as our informants explain. *Developing* affordance of technological objects captures enabling users to find, discover, store and retrieve valuable content. This affordance is called ‘developing’ because it relates to the way people make use of the available content for their personal uses and purposes. Consumers feel educated and enriched by the content they find and curate; they develop themselves. This taps into people’s “education” and “self-growth” goals, builds their information pool, memory, knowledge and cognition in general. *Scaling* allows users to increase or decrease the depth and strength of a point, content shared or community existence. By agreeing (or contesting) content produced by others, whether official or unofficial, community members can assert and reinforces its presence, its existence (or challenge it). The content gains more (less) weight in the community.

Conclusions and Implications for Theory and Practice

Digital materialities and their affordances are not only conducive but also constitutive of OBC. Digital materialities allow actors to do some things and prevent them from doing other things. Actors uptake or reject technological affordances and this process shapes not only community practice but the very digital platform itself (Loenardi 2012). That is, there seems a recursive, two-way agential relationship between OBC participants and digital technologies and technology’s materiality seems imbricated with the social practice (Faraj and Azad 2012). Our findings show that OBC practices are anchored in digital materiality that shapes these practices and is being shaped by them. Digital technologies, affordances, participants and their roles co-exist to bring about OBC. Digital platforms are not neutral but instead reflect the objectives, motivations, values and dispositions of the agencies that use/produce them as well as the context from which they are abstracted. Neither the artifacts (digital technologies) nor the actors (OBC participants) are instrumentalized; instead we have observe performativity which involves reciprocal adaptation of both the platform and the participant.

In drawing on recent advances in sociology of technology and sociomateriality perspective, this research contributes to advancing our understanding of community dynamics by bringing artifacts and materiality from the periphery to the very center of online community. In particular, the study extends the current conceptualizations

of OBCs to fully encompass digital artifacts. We argue that OBC show a form of re-materialization (Magaudda 2011) of communities, and thus we move away from the dematerialized perspective usually taken in defining them (Thompson and Arsel 2004). In doing so, the article answer calls for research to engage more closely with the role of digital technologies in the generative nature of communities. By proposing a novel and deeper conceptualization of their mutual relationship, the paper endeavors to improve our understanding of the influence of artifacts on communities' dynamics.

References: Available upon request

Exploring Consumer Acceptance and Engagement with “Smart Meters”

Richard Feinberg and Nathan Hartmann

Introduction

The electric power infrastructure is quickly reaching its limits (Galvin, Yeager, & Stuller 2009). Demand for electricity continues to increase faster than the ability of utilities and governments to produce it. The distribution systems are overwhelmed and inefficient to even allow the dramatic increase in power supply if that does happen. Renewable/Green energy PRODUCTION (solar, wind) accounts for only a small portion of need (<5 %) and even with a dramatic expansion of renewable energy production will not account for a significant amount of need in the respectable future. In fact even if renewable energy production can replace significant demand there will still be a need for a dramatic increase in the traditional means of producing energy because people want electricity even when there is no sun and no wind. If electrical production can keep up with demand it can only do so at the peril of further declination of the environment (e.g., coal fired electricity production is inherently “dirty (even though some claim to have clean coal technology) and nuclear energy favored in some parts of the world has a set of risk and waste storage problems that have not been fully answered making the building of new nuclear power plants at least 20 years off (in the US at least).

The Smart Grid refers to the modernization of the electrical distribution system and consumers’ ability to understand and control home use of electricity. The Smart Grid will eventually (The Smart Grid: An Introduction 2010); increase reliability of

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the distribution of electricity, allow consumers to save money, help utilities to maintain the affordability of electricity, increase renewable energy production by making it easier to add to traditional energy sources, reduce carbon emissions, and allow better service and increase customer satisfaction with utilities. The “brains” of the grid is the AMI (advanced metering infrastructure). The Smart Meter is the technology that serves as the interface of the AMI with the household.

The Smart Grid is not just an American issue. The importance of energy conservation to protect the environment, add consumers, help provide reliable and abundant energy is a worldwide issue (<http://www.powergenworldwide.com/index/t-and-d.html>). China, The Netherlands, Brazil, India, Denmark, France, Australia, Korea, Japan define some of the countries moving ahead with Smart Grid deployments. Although this research considers just deployment in the US the implication for Smart Grid Issues worldwide needs to be better understood.

Maximizing the outcomes when smart grid technology is rolled out requires consumer acceptance of smart meters into the household (Chuang 2008; Valocchi, Juliano, & Schurr 2009). The Smart Grid will allow consumers to know and control what is happening electricity wise in their homes but only if they accept the introduction of the Smart Meter in the home. It appears that utilities are operating under the assumption that consumers are going to welcome the Smart Meter in any form and will want to make decisions that help save money and help the environment. This despite a range of evidence that consumers are weary of the promises of the utility, do not want to pay the price for smart meters, and have a fear that these meters will be a health risk and a privacy risk (www.smartmeterdangers.org). Unless utilities understand and appreciate what these issues mean for consumer engagement they will have a difficult and costly time of implementing their Smart Grid futures.

Theoretical Foundation

According to the work of Ostlund (1974) adoption of an innovation like the Smart Meter depends on some combination of the following: high compatibility with values, high relative advantage, low perceived risk, high trialability, low complexity, and high observability (seeing others use it). This study is an exploratory study of which dimensions of innovation are determinants of intent to allow the Smart Meter into a home. The nature of the relationship found in controlled experiments can shed light on the probability of success of smart grid innovations in the coming years as well as illuminate specific design issues of smart grid innovations as utilities’ design and deploy their smart grid programs.

Methodology

Participants who were aware of Smart Meters were provided with a short overview of what the Smart Grid is and what the Smart Meter does. Participants were then asked a series of questions based on Ostlund’s dimensions of an innovation.

An email was sent to 500 professionals from a mail list maintained by a research center at the university. Two hundred four people clicked through to the site within the 24 h period of the study. Twelve people left the survey before completion. The remaining 192 people were used in the study. The questionnaire asked for Assessments of relative advantage, compatibility with values, observability, trialability, risk, and complexity of the Smart Meter. Participants were then asked the extent to which they would sign up for the Smart Meter if it was offered by their utility (dependent measure). In a second study 300 emails were sent to different consumers from the same list. The narrative explanation was the same as Study 1 with one difference. It included a discussion of the risks that have been raised to smart meters. One hundred twenty one responses were usable (within 24 h).

Results

In Study 1 a regression model with four attributes was strongest in predicting intent to use (the dependent measure) explaining 77 % of the variability. In order of predictive strength—Relative advantage—money, observability, compatibility with values were significant. Neither risk nor complexities were significant predictors of intent. In Study 2 a regression model with three attributes was strongest in predicting intent explaining 86 % of the variability. In order of predictive strength—risk, relative advantage, and observability were significant. Neither complexity, values compatibility nor trialability were significant (Tables available upon request).

Conclusions and Implications

In deploying Smart Grid Technology utilities first need to get consumers to accept smart meters. The results of both studies suggests that most of the issue of the smart grid use by consumers can be explained by making sure consumers PERCEIVE that there is an advantage of the smart Grid (save money) and that their friends and neighbors are accepting it (observability). Seeing how the Smart Grid works by seeing others (e.g., their neighbors) use it was more important than compatibility with values. What is interesting here is that utility industry experts appear to think that making consumers aware that the Smart Grid is a “green” thing is the most valuable attribute because it is compatible with prevailing consumer values (Roberts, 2009).

However, the path to consumer engagement and acceptance is clouded when consumers were made aware of the purported risks of smart meters the risk concerns became significant. The importance of the framing of the engagement decision suggests that utilities “cannot/should not” allow the public argument to rest solely on the anti-smart grid groups. They should take these public pronouncements more seriously and launch preemptive public relations campaigns to counter the risk arguments. It does however suggest that the fears and concerns that consumer

have about Smart Meters need to be understood better. If utilities wait for these fears to spread they will have a more difficult time implementing this first step in implementing smart grid plans.

What makes Ostlund's attributes particularly interesting is the ability to define which attributes are important and then knowing this designing and engineering a technology, like the Smart Grid technology studied here, to maximize consumer acceptance and engagement. The use of a well-researched and understood paradigm for studying consumer acceptance highlights the usefulness of social psychology for pragmatic social and political decisions.

References: Available upon request

Multichannel Customer Journeys: Mapping the Effects of Zmot, Showrooming and Webrooming

Julia Wolny and Nipawan Charoensuksai

Abstract This study is focused on multichannel shopping, which refers to the integration of various channels in the consumer decision-making process. The term was coined in the early 2000s to signify the integration of offline and online shopping channels. It has since evolved to encompass the proliferating number of channels and media used to formulate, evaluate and execute buying decisions. With the explosion of mobile technologies and social media, multi-channel shopping has indeed become a journey in which customers choose the route they take and which, arguably, needs to be mapped to be understood. Recently, these new multi-channel consumer behaviors have led to fresh developments in marketing practice, such as showrooming and webrooming, as well as the growing importance of what Lecinski (2011) from Google calls the Zero Moment of Truth (ZMOT). Taken collectively, these effects indicate that people are exposed to increasingly complex multi-channel shopping journeys. This complexity, however, is added only from the marketer's perspective. From a consumer perspective, those new behaviors have emerged as a way of simplifying the decision-making processes in the ever-expanding digital universe.

Existing consumer decision-making models were developed in pre-internet days and have remained for the most part unquestioned in the digital marketing discourse. Darley, Blankson and Luethge (2010) concluded that there is a ‘paucity of research on the impact of online environments on decision making’, which has also been observed in the multi-channel context. After a review of the extant models (e.g. Engel, Kollat and Blackwell 1978), we found that there are still many gaps in the extant literature within the multichannel context and it is proposed that the lack of research in this area may stem from the limited applicability of existing models. Our research proposes the customer journey as an alternative conceptualization of consumers’ multi-channel behaviors.

Our study adopts an inductive approach allowing for realistic patterns to emerge of how consumers use and react to different media and channels in their shopping journeys for cosmetics. First-hand reports of consumers’ shopping experiences

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were gathered utilising multi-method qualitative data collection including (1) personal diaries and (2) interviews. Twenty respondents (all women) were asked to record their thoughts, feelings and actions related to cosmetic products in a diary over a two week period, using everyday, personal language. The resulting sample of 16 research diaries was obtained and each one was followed with phase 2—an individual interview, to elucidate on diary entries and collect more targeted information. The data from both phases was analysed using thematic analysis, an encoding process that helps to generate lists of themes and is useful for discovering patterns in phenomena (Boyatzis 1998). It was also used to group respondents into segments, based on similarities and differences in their reported journeys. The empirical findings from this research therefore explore and map actual customer journeys, benefiting both practitioners and academia.

Our study provides a threefold contribution to practice: (1) it systematises what are widely used yet largely misunderstood practices (ZMOT, webrooming and showrooming), (2) it defines the key multichannel influences across different stages of decision-making and (3) it segments actual customer journeys into three distinct patterns journeys: Impulsive journeys, Balanced journeys, and Considered journeys that brands can use to optimise their multichannel strategies. The study also contributes to on-going theory development by challenging the established decision-making models that have been developed in pre-Internet days.

References: Available upon request

Adding Dynamics into Transaction Cost Economics: The Social Capital Approach

Sebastian Ludorf

Abstract Transaction cost economics (TCE) is one of the most dominant theories in contemporary business-to-business research and is frequently used in marketing. However, the high amount of academic attention has also led to some criticisms. This paper focuses primarily on the missing dimension of time and the neglected social embeddedness of transactions. It presents an approach to resolve these criticisms by integrating social capital as a new variable into TCE. For this purpose, a dynamic transaction cost-based model is developed. The amount of social capital between the actors and its influence on the constructs of TCE may vary over time due to past experiences with the exchange partner. This leads to variable transaction costs and to the fact that different governance mechanisms can be efficient during a relationship, which is called dynamic efficiency. The suggested model represents a promising approach because it bridges economics and social sciences, thus leading to new insights.

Keywords TCE • Social capital • Dynamic relationships • Conceptual model

Introduction

Transaction cost economics (TCE), which was developed by Coase (1937) and Williamson (1975, 1985), has received much academic attention since its conception. It is one of the most dominant theories in contemporary business-to-business research (Rindfleisch et al. 2010) and is frequently used in marketing (Williamson and Ghani 2012). Macher and Richman (2008) identified over 900 articles that have empirically tested TCE.

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The theory examines individual transactions between buyers and sellers. According to Williamson, a transaction is “a transfer across a technologically separable interface” (1985, p. 1). The aim is to conduct these transactions in a transaction-cost economizing way. Transaction costs can be defined as “the cost of carrying out market transactions” (Coase 1960, p. 15). To enhance its predictive power, TCE was refined over time as it is shown in Williamson (2010).

However, during its development TCE was criticized for various reasons (e.g. Ghoshal and Moran 1996). In this paper, the focus is on two central criticisms: the missing dimension of time and the neglected social embeddedness of transactions. The paper presents an approach to resolve these criticisms by integrating social capital into TCE, the so-called social capital approach. The aim is to develop a dynamic transaction cost-based model that explicitly considers the underlying social structures between the exchange partners and dynamic developments over time. It should explain why various governance mechanisms can be efficient during an exchange relationship, which is called dynamic efficiency (Nooteboom 1992). The suggested model focuses not on individual transactions, but on repeated transactions. It helps to explain a complete social and economic exchange relationship over time. For this purpose, the criteria for starting and ending a relationship are also discussed.

The remainder of this paper is structured as follows: First, the key constructs as well as the limitations of TCE are outlined, whereby the focus is primarily on the missing dimension of time and the neglected social embeddedness of transactions. Second, an approach is suggested to resolve these two criticisms by integrating social capital as a new variable into TCE. Therefore, the term “social capital” is explained and a dynamic transaction cost-based model is developed. After that, it is shown how the model helps to investigate a complete social and economic exchange relationship from its beginning until its possible end. Therefore, three stages can be distinguished: the beginning of a relationship, the development over time, and the end of relationship. The paper concludes with a discussion of the developed model.

Transaction Cost Economics

TCE has its origin in the work of Ronald H. Coase, who introduced the concept of transaction costs in the study of firms and markets (Coase 1937). Later on, Williamson (1975) took up the concept and clarified Coase’s general arguments by describing various types of transactions and aligning them with governance structures, each with their specific strength and weaknesses, so that the transactions could be conducted in a transaction-cost optimized way.

Williamson (1975, 1985) identified asset specificity, uncertainty, and frequency as the central attributes of transactions. Uncertainty can be further divided into behavioral uncertainty and environmental uncertainty (Rindfleisch and Heide 1997). Moreover, the theory is based on several behavioral assumptions. One key

assumption is bounded rationality, which is described by Simon as behavior that is “intendedly rational, but only limitedly so” (1957, p. xxiv). Another key assumption is opportunism, which can be defined as self-interest seeking with guile (Williamson 1985). The risk of opportunism is especially high when transactions are supported by specific assets (Rindfleisch and Heide 1997). Furthermore, there are more opportunities to exercise opportunism when uncertainty is high (Nooteboom 1992).

Together, the attributes of transactions and the behavioral assumptions cause several governance problems, such as the safeguarding problem, the performance evaluation problem, and the adaptation problem (Seggie 2012). Governance problems lead to several costs, which arise during the conduction of transactions. These costs are namely transaction costs and can be defined as “the cost of carrying out market transactions” (Coase 1960, p. 15). It can be distinguished between ex ante bargaining costs and ex post monitoring and maladaptation costs (Williamson 1985). TCE argues that depending on the amount of the transaction costs, different governance mechanisms are appropriate to conduct the transaction. It hypothesizes that markets are efficient when the asset specificity, uncertainty, and transaction frequency are low, whereas hierarchies are appropriate when these factors are high. Hybrid modes of governance lie between these polar forms. For a more detailed explanation of TCE and its key constructs, see Rindfleisch and Heide (1997).

The Limitations of Transaction Cost Economics

Over the past decades, several limitations of TCE were identified and discussed (e.g. Ghoshal and Moran 1996). In the following section, two central limitations are examined in more detail: the missing dimension of time and the neglected social embeddedness of transactions.

The Dimension of Time. Several researchers have criticized the static nature of TCE (e.g. Nooteboom 1992). By focusing exclusively on individual transactions, the theory neglects the dimension of time, because every transaction has a past and a future (Rindfleisch and Heide 1997). In the business-to-business context, many relationships are based on repeated transactions. Therefore, it is necessary to broaden the view of economic exchange and to shift the basic unit of analysis away from individual transactions and towards an ongoing relationship (Rindfleisch et al. 2010). Nooteboom had claimed that the “embedding of a transaction in an ongoing process of exchange is required to make TCE coherent” (1992, p. 285). Traditionally, TCE focuses on static efficiency, but as Ghoshal and Moran (1996) argued, what is efficient in the short term may not be efficient in the long term. Therefore, the focus should shift from static to dynamic efficiency (Nooteboom 1992). Even Williamson acknowledged that “TCE stands to benefit from more fully dynamic constructions” (Williamson 1999, p. 1101). Williamson and Ghani (2012) stated that future research should pay special attention to the dynamics of governance.

Social Embeddedness of Transactions. TCE examines exchange relationships exclusively from an economic point of view. According to Williamson and Ghani (2012), social factors like trust are irrelevant to economic exchange. This was criticized by Bromiley and Harris (2006). Nooteboom (2007) also argued that a minimum amount of trust is always necessary in economic exchange. Without trust, no transaction will occur. As Seppänen, Blomqvist and Sundqvist (2007) claimed, very little attention has been paid to the temporal element of trust. Interorganizational trust can build up and break down over time and emerges from repeated interactions between partners. Here is a connection to the missing dynamics in TCE that were previously discussed. According to Granovetter (1985), every transaction is embedded in underlying social structures, which can affect the economic exchange. The social relationship between the actors has an important influence on how the economic exchange takes place. The economic and the social contexts together determine what the most appropriate governance structure is.

In the following sections, an approach is presented that integrates the dynamic and social aspects into TCE. The suggested dynamic transaction cost-based model integrates not only trust, but the broader concept of social capital into TCE. The goal is to increase the predictive power of TCE and to analyze not only individual transactions, but the whole social and economic exchange relationship over time.

Integrating Social Capital into Transaction Cost Economics

The social capital approach aims to make TCE more dynamic by integrating social capital into TCE. To measure dynamic changes in the relationship, the amount of social capital between the exchange partners is used, which can increase or decrease during the relationship. The amount of social capital influences the constructs of TCE in various ways and it helps to explain why in a relationship different governance mechanisms can be efficient over time. In the following sections, the term social capital is explained and a dynamic transaction cost-based model will be developed.

Social Capital

In his review about social capital, Portes (1998) claimed that Pierre Bourdieu (1986) provided the first systematic analysis of the concept. After Bourdieu, Burt (1992), Coleman (1990) and Putnam (1995) set social capital at the center of their research and together they founded the modern understanding of the term. According to Putnam (1995, p. 67), social capital can be defined as “features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit”.

The term social capital has been applied in many academic disciplines and defined in various ways (Adler and Kwon 2002). One approach to integrate the variations in definitions of social capital comes from Nahapiet and Ghoshal (1998), who identified three dimensions of social capital: the structural dimension (e.g. strength and amount of social ties), the cognitive dimension (e.g. common norms, values and goals), and the relational dimension (e.g. identification and trust). The three-dimensional approach is now well established and has been used in recent studies to analyze social capital, especially at the level of corporations (Maurer and Ebers 2006; Wang et al. 2013). The dynamic transaction cost-based model, which will be developed in the next section, is also based on the social capital construct from Nahapiet and Ghoshal.

As it was shown by Maurer and Ebers (2006) in several longitudinal case studies, social capital is not a fixed entity, but is dynamic and varies over time. On the one side, social capital between the actors builds up through repeated and frequent transactions, especially when the interdependence and closure are high (Nahapiet and Ghoshal 1998). On the other side, social capital needs to be maintained because relationships have to be periodically renewed and confirmed. If it is not maintained, it deteriorates with time (Nooteboom 2007). Furthermore, social capital will be destroyed if there is a breach of trust or a crisis in the relationship. Adler and Kwon noted, “While it takes mutual commitment and cooperation from both parties to build social capital, a defection by only one party will destroy it” (2002, p. 22).

A Dynamic Transaction Cost-Based Model

To develop a dynamic transaction cost-based model, it is necessary to analyze how social capital fits into the complete model of TCE and what kind of relationships exist between social capital and the constructs of TCE. These relationships are shown in Fig. 1.

Social Capital and Opportunism. TCE views opportunism as an endogenous variable that is dependent on asset specificity and behavioral uncertainty. Yet as Wang et al. (2013) have shown, this relationship is moderated by social capital. Social capital can diminish the risk of opportunism and reduce the necessary monitoring activities (Nahapiet and Ghoshal 1998). Therefore, in our model social capital acts as a moderator and is located between asset specificity and behavioral uncertainty on the one side and opportunism on the other.

As already explained, social capital is not a fixed entity, but varies over time. It builds up or decreases during a relationship depending on factors like time, interdependence, interaction, and closure (Nahapiet and Ghoshal 1998). This variability is illustrated in Fig. 1 by the dashed square behind the box of social capital. The closed box represents the start value of social capital. A minimum amount of social capital like trust is always necessary to start a relationship and to conduct a transaction (Nooteboom 2007). This start value can be equated with the reputation of an

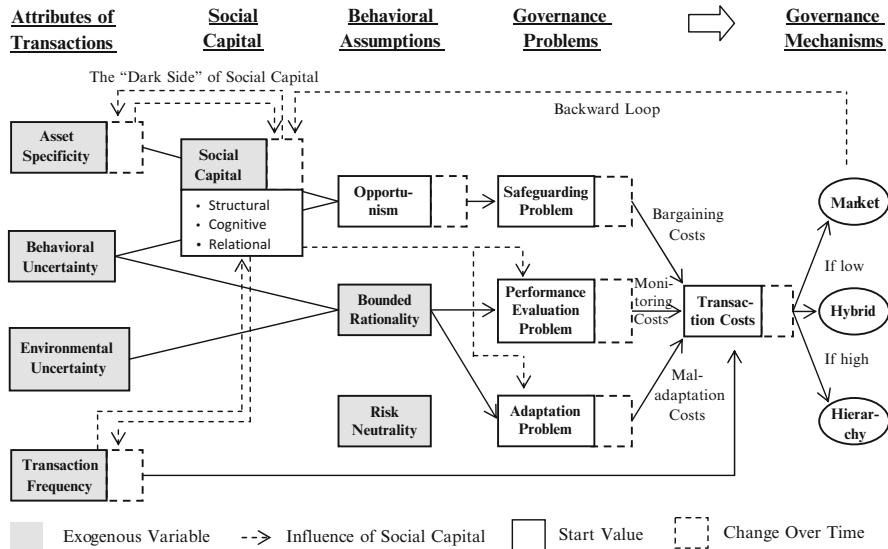


Fig. 1 Dynamic transaction cost-based model

exchange partner. Reputation reduces the risk of opportunism, because the immediate gains from opportunistic behavior must be traded off against the negative consequences resulting from a loss of reputation. However, the importance of reputation decreases during a relationship. The importance of reputation is high at the beginning, because there is no personal experience with the exchange partner available. During the course of the relationship, information and personal experiences from past transactions become more important, because they are cheaper, richer, more detailed, and more accurate (Granovetter 1985). Therefore, our model distinguishes between a start value of social capital, like the reputation of the exchange partner (the closed box of social capital), and the development of social capital over time, like experiences from past transactions (the dashed square behind).

If social capital acts as a moderator on opportunism and if it is dynamic over time, then the moderating effect and the perceived risk of opportunism are also variable over time (see Fig. 1). This is a new aspect in the model, because traditionally TCE assumes that the risk of opportunism does not vary (Noorderhaven 1994). In our model, however, new information and personal experiences with the partner that arise during the exchange have an effect on the perceived risk. At the beginning of a relationship, for example, there is relatively little information about the exchange partner available, so the behavioral uncertainty and the risk of opportunism are high. If the transactions were carried out successfully, then social capital builds up. This reduces the risk of opportunism regarding future transactions.

Social Capital, the Safeguarding Problem, and Transaction Costs. If the risk of opportunism is variable over time, then the safeguarding problem and the resulting transaction costs are also variable (see Fig. 1). At the beginning, for example, the

information asymmetry between the actors and the risk of opportunism are high; various contractual safeguards are needed to protect specific investments. This results in high contracting and bargaining costs. Later on, if social capital builds up over time due to successful transactions in the past, fewer contractual safeguards are necessary and bargaining costs can be reduced. Thus, social capital with elements like trust serves as a substitute for contractual safeguards (Lui and Ngo 2004). Moreover common goals, norms, and values make the negotiations between the actors easier, and faster agreements can be made. Search and selection costs can be reduced if transactions are conducted over time with the same trusted exchange partner. Therefore, in our model, the transaction costs are variable over time, depending on the amount of social capital.

Social Capital, the Performance Evaluation Problem, and Transaction Costs. The performance evaluation problem arises when an actor, who is characterized by bounded rationality, has difficulty assessing the contractual compliance of his exchange partner (Rindfleisch and Heide 1997). Social capital like trust diminishes the risk of opportunism and supports cooperative behavior (Nahapiet and Ghoshal 1998). This reduces the need for monitoring activities and the necessary frequency of evaluations, leading to lower monitoring costs.

Social Capital, the Adaptation Problem, and Transaction Costs. The adaptation problem arises from environmental uncertainty and bounded rationality, which leads to difficulties with modifying contracts to changing circumstances (Rindfleisch and Heide 1997). As already shown, social capital and trust serve as substitutes for contractual safeguards (Lui and Ngo 2004). If social capital builds up, fewer contractual safeguards are necessary and contracts can be formulated more openly. These open contracts are more flexible and more adaptable to changes in the environment, which leads to lower renegotiation costs. Thus, social capital supports adaptive efficiency (Nahapiet and Ghoshal 1998).

Social Capital and Governance Mechanisms. Our model focuses not on individual transactions but on repeated transactions over time, and also on the relationship between the actors from the beginning until the end. As already shown, the transaction costs for a given type of transactions are not fixed, but are variable and dependent on the amount of social capital. If the transaction costs are variable during a relationship, then different governance mechanisms may be suitable over time, which is called ‘dynamic efficiency’ (Nooteboom 1992). For example, at the beginning, when only little information about the exchange partner is available, there is a trial period of reciprocal exchange and only minor transactions are conducted. The ties between the actors are weak, the relation is loosely coupled and a short-term view with the focus on current transactions is dominating. To reduce the risk of dependence in this trial period, the market governance seems to be more suitable. If the transactions are conducted successfully and social capital builds up, the relationship may become closer and more cooperation may take place. Individual contracts are, for example, replaced by long-term contracts, which serve as a framework for future exchanges. This would mean a change from a market-based to a hybrid form of governance.

As it was shown, the amount of social capital influences the governance decision, but the reciprocal is also true. The governance mechanism influences how quickly social capital develops over time, because it affects the closure, interdependency, interaction, and duration of a relationship (see the backward loop in Fig. 1). Typically, in a market, the values for these factors are lower than in a hierarchy and social capital builds up slower.

Social Capital and Transaction Frequency. The presented dynamic model assumes an interaction between social capital and transaction frequency. Frequent interactions support the development of social capital (Six 2005), but social capital also influences the transaction frequency. If social capital builds up, the relationship becomes closer and more intensive. If the social capital declines, however, then the transaction frequency will be reduced, and if it falls below a minimum amount, then the relationship will end.

Social Capital and Asset Specificity. Figure 1 shows the interdependence between asset specificity and social capital. Social capital and its elements, like trust and commitment, promote investments in relationship-specific assets. Such investments are only made if repeated transactions are assumed in the context of an ongoing relationship (Nooteboom 1992). As trust and commitment build up over time, the willingness to indulge in specific investments increases, because the perceived risk is lower. Therefore, social capital may lead to more specific investments. On the other hand, specific investments can also support the creation of social capital, because they serve as a sign for the exchange partner that shows commitment. Mutually specific investments increase the interdependence between the actors, which is an important factor in building up social capital (Nahapiet and Ghoshal 1998).

Furthermore, social capital itself can be seen as a specific asset that creates dependencies. If the relationship has ended, the investments in social capital represent sunk costs. Therefore, social capital creates economic and social dependencies that can be considered as the ‘dark side’ of social capital (Villena, Revilla and Choi 2011). Social capital in the form of strong social ties between actors can prevent the termination of relationships when they turn into a disadvantage, which leads to a cognitive lock-in effect (Maurer and Ebers 2006). Therefore, a company can bind itself to a business partner who is no longer competitive. This ‘dark side’ comes to the forefront in situations where the amount of social capital between the actors is high but the ‘value of the partner’ or the ‘future perspective’ is low. The two criteria, ‘value of the partner’ and ‘future perspective’, are explained in the next section.

Dynamic Development of Relationships

The described model is an approach to explain a complete social and economic exchange relationship from its beginning to its possible end. Therefore, three stages can be distinguished: the beginning of a relationship, the development over time, and the end of relationship.

Beginning of a Relationship. To start a relationship, three factors must exceed a minimum amount. First, a certain degree of social capital, such as trust, is always necessary to start a relationship (Nooteboom 2007). This start value can be equated with the reputation of an exchange partner. If in the past no transactions were carried out with the potential exchange partner, then his reputation serves as a sign for his quality.

In addition, the potential exchange partner must have the needed skills, competencies, and capabilities at his disposal to conduct the transactions. This is referred to as ‘value of the partner’. This value includes his development capacity, flexibility, and value as a source of learning. The relationship starts only if the necessary skills, knowledge and capabilities exist.

Finally, the ‘future perspective’ is also a criterion for beginning an exchange relationship. Specific investments can only be recouped if an ongoing future exchange is assumed (Nooteboom 1992). Without a positive future perspective, no specific investments will be made and no ongoing relations will evolve. The future perspective includes the expected future economic development, expected legal changes, or the forecasted demand of the exchanged goods. If the future perspective is negative, no exchange relationship will start, because the future demand for the exchanged goods is too low or uncertain, and it may be too difficult to conduct the transactions due to legal or technical restrictions.

A relationship starts only if the values for these three start criteria exceed the minimum amount. To summarize in brief, a certain amount of social capital must exist between the potential exchange partners; they should have the necessary skills, knowledge, and capabilities to conduct the transactions, and the future perspective should be good enough to conduct transactions and to allow for an ongoing relationship.

Development Over Time. Once a relationship is started, it develops over time, as seen in our dynamic transaction cost-based model (Fig. 1). First, small transactions are conducted and one’s own experiences with the exchange partner are made. During the relationship, these experiences become more important for the evaluation of the partner than his initial reputation. If the transactions are carried out successfully, then social capital builds up. Otherwise, it will decrease. How quickly the change of social capital takes place depends on factors like time, interaction, interdependence, and closeness of the relationship (Nahapiet and Ghoshal 1998). As described, the development of social capital influences the different constructs of TCE, all leading to variable transaction costs. Therefore, different governance mechanisms may be efficient during the course of a relationship, which is called dynamic efficiency (Nooteboom 1992). These dynamic processes will continue until the relationship is finished.

End of Relationship. A relationship can end for several reasons. The criteria for ending a relationship are a mirror-image of the start criteria. A relationship can end, for example, if the amount of social capital falls below a required minimum amount. The reasons can be unsuccessful transactions in the past, a breach of trust, or a crisis in the relationship. In this case, the elements of social capital such as trust are too low to allow for an ongoing relationship.

Moreover, a relationship can end if the value of the exchange partner is too low. Maybe he no longer has the required skills, knowledge, or capabilities to conduct the transactions. When there is a shift in technology, then the exchange partner may no longer be competitive. Another reason can be that an alternative exchange partner has become more attractive. If an alternative partner has better skills, knowledge, and capabilities, then the attractiveness and the ‘value’ of the current partner will decrease.

Finally, a relationship can end if the future perspective worsens. New regulations, an economic downturn, or a declining future demand for the exchanged good may lead to an end in transactions and relationship. In this case, future transactions are not promising or not possible and the negative future perspective inhibits any ongoing relationship.

A special situation may arise if the amount of social capital is high but the value of the partner or the future perspective is low. Here, the ‘dark side’ of social capital may come to the forefront. In such situations, strong and close social ties can prevent the termination of relationships when they turn into a disadvantage (Nooteboom 2007). The reason for this is due to a cognitive lock-in effect, a result of the social dependencies (Maurer and Ebers 2006). Although the exchange partner no longer has the required skills and capabilities, or maybe the future perspective is negative, the relationship is often not ended or delayed in these cases.

Discussion

The developed dynamic transaction cost-based model helps to examine various phenomena, which TCE alone cannot explain. First of all, dynamic processes within a relationship are now explicitly included in the analysis through changes in the amount of social capital and the resulting effects on the transaction costs. Based on these variable transaction costs, the model shows that different governance mechanisms can be efficient during an exchange relationship. It helps to explore the efficiency of the different governance mechanisms over time and allows for predictions about future developments. TCE alone cannot explain why changes in the governance mechanism occur, because it focuses only on a given point in time. The model presented here considers the complete exchange relationship and can explain the reasons that lead to change.

The dynamic view makes TCE more coherent (Nooteboom 1992), because the dimension of time is now explicitly considered. This helps to explain the existence of hybrid modes of governance, because they are based on repeated transactions over time and the development of social capital between the actors. Hybrid modes of governance were integrated into TCE by Williamson, but could not be fully explained by the theory (Noorderhaven 1994). The dynamic model developed here helps to close this explanatory gap. The dynamic model can contribute to the existing literature regarding the formation and development of corporate networks. It helps to explain the existence of such networks from a transaction cost-based point of view.

Moreover, the model shows that social capital is in some situations only of limited importance. If the asset specificity and behavioral uncertainty are already low, the influence of social capital on the risk of opportunism is also low. In the exchange of standardized, low-value goods, the price is the dominating criterion. Because of the low risk of opportunism and the associated low transaction costs, the market is the most efficient governance mechanism, independent from the amount of social capital between the actors. Even repeated transactions and changes in social capital do not have an effect on the optimal governance mechanism in this situation, as long as the amount of social capital always exceeds the required minimum amount. The market-based exchange is, therefore, the permanently efficient solution if the characteristics of the transaction do not change.

In the presented approach, the positive and negative effects of social capital and their consequences for the governance decision are explicitly modeled. The model not only shows that social capital can reduce the safeguarding, performance evaluation, and adaptation problems, as well as the associated transaction costs, but also that it may lead to higher asset specificity and stronger dependencies, since social capital itself represents a specific asset. Relationship-specific investments are required to build up and maintain social capital. Therefore, a high amount of social capital should not be, *per se*, considered as positive. In some situations, where the social capital is high, but the value of the partner or the future perspective is low, the ‘dark side’ of social capital may come to the forefront, leading to a lock-in effect for the governance decision. The advantage of the developed model is that in contrast to other approaches, it takes into account both sides of social capital. Managers should be aware of the fact that strong social ties and networking are not always advantageous. A more balanced view is necessary.

Conclusion

In this paper, the basics of TCE were outlined, which is frequently applied in the context of marketing. In addition, central points of its criticism were discussed. The focus of this paper was specifically on the missing dimension of time and the neglected social embeddedness of transactions. An approach was presented to resolve these problems, the so-called social capital approach. By integrating social capital into TCE, it is possible to consider dynamic developments and social aspects of the relationship. The suggested dynamic transaction cost-based model contributes to the existing marketing literature, because it helps to explore a complete social and economic exchange relationship over time, leading to new insights in buyer-supplier relationships.

The presented approach, in which social capital is integrated into TCE, seems to be promising because it bridges sociological and economic perspectives, providing potentially richer and better explanations of economic development. However, the suggested dynamic transaction cost-based model should only be considered as a starting point. More research and empirical applications are necessary. Some open

questions for future research include: Exactly how is social capital created and accumulated in an exchange relationship? What are the influencing factors? Are there cultural differences between countries regarding the existing amount of social capital and its development? What are the effects of these cultural differences on the transaction costs and the advantages of the different governance mechanisms? How long is the time gap between a change of social capital and the resulting change in the governance mechanism? To what extent must the social capital change and what factors may hinder a change of the governance mechanisms?

This demonstrates that the integration of social capital into TCE opens various new research fields, especially from the perspective of marketing, because it enables new valuable insights into economic exchange relationships and the efficiency of different governance mechanisms. As Williamson concludes, “Research in transaction cost economics faces an interesting, challenging future” (Williamson 2010, p. 687).

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Determinants of Customer Loyalty: Evidence from the Egyptian Mobile Market

Rania Hussein, Amr Kais, and Hamed Shamma

Abstract This study aims to explore the factors that determine customer loyalty in the telecom industry. The mobile market in Egypt is used as the particular context of study. A distinctive model is developed drawing on the results of previous empirical work on customer loyalty. The model proposes that customer loyalty in a service industry like the telecom industry is a combination of a number of factors namely; perceived service quality, corporate image, trust, switching cost and customer satisfaction with the service. A sample of 600 mobile subscribers was drawn from the cell phone users in Egypt. This research used a random systematic sampling technique to select the sample units by selecting nth number from the dials provided by Etisalat Misrto identify the customers of the three key telecom companies operating in Egypt namely; Etisalat, Mobinil and Vodafone. Data was collected via a large scale field study over a period of three months and covered various areas in Egypt being; Cairo, Alexandria, Delta and Upper Egypt. Data was analyzed via multiple regression technique. Findings indicate that perceived service quality, trust and satisfaction with the service are the significant determinants of customer loyalty. Corporate image and switching cost did not turn out to have a significant effect on customer loyalty. The study provides marketing insights and implications of these findings. For managers, the findings of this research can have important implications with regard to customer retention and customer relationship management. Telecom managers should emphasize service quality through the provider's relationship with customers, professionalism of their employees, prompt and excellent service and differentiated core products.

Keywords Customer loyalty • Telecom • Determinants • Egypt

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Specific Uncertainties in the Distribution of Products from Renewable Resources: Empirical Evidence from the German Forestry and Wood Cluster

Sebastian Ludorf and Waldemar Toporowski

Abstract The growing demand for products from renewable resources makes their efficient usage and distribution steadily important. In comparison to other raw materials, renewable resources exhibit a number of distinctive features, which also affect the design of the distribution system. The objective of this study is to analyze the specific uncertainties in the distribution of products from renewable resources. It shall be examined to what extent the companies in the German forestry and wood cluster are affected by uncertainties with regard to the availability, quality, prices and origin of the used renewable resources and what problems can be caused by these uncertainties especially in the distribution of the products.

To answer the research questions, several industries within the German forestry and wood cluster were examined. This enabled an analysis along the entire value chain and a comparison between various industries. In order to obtain well-reasoned answers that are as detailed as possible and to do justice to the explorative character of this study, a qualitative research design was chosen. For the factors of quality, availability, price and origin, it was asked if fluctuations and/or uncertainties do exist with regard to the distributed products, how significant they are for the companies, what problems can result due to this and what the expectations are for the future. In order to analyze the relevance of the represented uncertainties for the respective industry, independent of the situation of the individual companies, the survey was conducted at the level of the industrial associations. For this purpose, a structured, qualitative questionnaire was sent to the managing directors of the respective associations.

Analysis was carried out in the form of a content-structuring qualitative content analysis. Special Qualitative Data Analysis (QDA) Software supports both the actual evaluation as well as the subsequent documentation and therefore increases the verifiability and thereby the quality of the results. In this study, the most commonly used QDA Software in Germany MAXQDA was used.

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The results of the study show that the specific uncertainties with regard to products from renewable resources do in fact exist in the analyzed industries and are considered to be significant by the associations. In this, though, industry-specific differences due to the different products and markets also need to be considered. Further, the causes for these uncertainties were analyzed in greater detail. The cause mentioned most frequently for availability and price fluctuations was competition in material and energetic usage of renewable resources. It could also be shown that these uncertainties have a direct impact on the distribution of the products. Examples of impacts include availability uncertainty that can lead to cost-intensive storage and supply problems, quality uncertainty leading to rejected deliveries and loss of orders, price uncertainty resulting in greater difficulties in sales calculation and origin uncertainty producing trade restrictions. Furthermore, it became clear that the importance of the represented uncertainties for the companies and the distribution of the products will continue to increase according to the associations. These findings carry important implications for marketers, practitioners and public policy makers.

References: Available upon request

An Empirical Examination of Drivers Impacting Usage Intentions of Social Media Shopping

**Christian Brock, Markus Blut, Marc Linzmajer, Björn Zimmer,
and Gopalkrishnan R. Iyer**

Abstract The increasing popularity of social media and commercial activities over such media has led to new possibilities and opportunities for marketing, especially in retailing. Many retailers have embraced a multichannel strategy to include social media marketing. Similarly, New and existing social media entrepreneurs are taking advantage of various technological innovations, created new forms of social media sites, and have strengthened the interface and interactions within existing sites. For example, Facebook allows for not only creating buzz about new products and promotions, but also enables shopping. Payment, a new venture, now provides technical support to numerous clients who want to create their storefronts on Facebook (Zimmerman 2012). Understanding shopping behaviors of Internet users is essential to assess whether or not a social media storefront is an appropriate strategy for every e-retailer and if every social network will be perceived as an adequate shopping place for internet users.

However, it is not clear whether enabling shopping in social media sites would contribute to a win-win situation for consumers, social media sites and others (such as advertisers) involved in a social media site. While social media shopping has

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some benefits and value for the consumer and offers retailers the opportunities to expand into a new channel, it also carries tremendous risks for consumers. Apart from the usual risks of shopping online, consumers may also be varying of shopping in a social environment. Trust, not only in the retailer but also in the social media platform, may be prime considerations affecting the spread and prevalence of social media shopping. In this study, we explore the impacts of trust in the retailer as well as in the social media site on consumer shopping intentions.

Our conceptual model is based on the model of trust in Internet commerce as developed by Lee and Turban (2001), and we draw on the theoretical frameworks of Mayer et al. (1995) and Schoorman et al. (2007). We extend these models by (a) integrating purchase intention as a potential outcome variable, and by (b) deriving potential interaction effects between the different types of trust, which are discussed in literature but have seldom been tested empirically. Data were collected via online surveys and using well established multi-item measures from prior empirical studies. The results indicate that social commerce is more complex than e-commerce since more parties are involved in providing the offer. From the perspective of customers, not only is trust in the e-retailer of importance but also trust in the social platform. Our findings show that trust plays a crucial role in an individual's motivation to engage in shopping through social media sites. We also find significant and positive interactions between trust in the e-tailer as well as in the social media site in affecting purchase intentions.

References: Available upon request

An Improved Understanding of the Moderator Effects of Switching Costs Types on the Relationships Between Customer-Perceived Value, Trust, and Customer Loyalty

Dahlia El-Manstrly

Abstract Understanding why customers develop loyalty remains an important issue (Ha and Park 2013). Loyal customers are more likely to forgive the service provider for infrequent service failure (Yi and La 2004), resist competitive offerings and generate more profits (Reichheld 1996). Studies have found that switching costs have a greater effect on customer loyalty than does satisfaction, with an explained variance of 16 %, 30 %, and 59 % in credit cards, long-distance telecommunications, and e-retailing, respectively (Burnham, Frels, and Mahajan 2003; Tsai, Huang, Jaw, and Chen 2006)), and to act as a quasi-moderator in loyalty frameworks (Sharma 2003). However, a review of literature on the moderating role of switching costs in loyalty frameworks revealed two gaps. First, research examining the moderator effect of switching costs as a multi-dimensional, rather than as a uni-dimensional, construct is very limited (e.g., Chebat, Davidow, and Borges 2011). Second, no empirical study to date has simultaneously examined the moderator effect of switching costs classified by type (relational, financial and procedural) and direction (positive and negative) on the relationships between customer-perceived value, trust and customer loyalty in a single framework. Addressing these gaps is important for number of reasons: to enhance the explanatory and the predictive ability of the construct, to clarify important theoretical and managerial implications across switching cost types (Jones, Reynolds, Mothersbaugh, and Beatty 2007), to provide a more sophisticated understanding of interdependencies between switching costs, customer-perceived value, trust and loyalty (MacKinnon and Luecken 2013), and to reduce inconsistencies in the direction and strength of the moderator effect of switching costs in loyalty frameworks (Woisetschlager, Lentz, and Evanschitzky 2011). This paper makes important theoretical and empirical contributions. Its theoretical contribution is the provision of an improved understanding of the boundary conditions of the relationships between customer-perceived value,

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trust and loyalty by highlighting the need to examine the moderator effects of switching costs on these relationships, not only in terms of level but also in terms of type (relational, financial and procedural) and direction (positive/negative). Empirical contribution is improving the generalizability of the results by assessing whether the results hold across two different service contexts.

References: Available upon request

Shopper's Attitude and Demographics Influence on Store Patronage: A Comparison of Formal vs. Informal Food Retail Stores in India

Prashanth Mishra, G. Sridhar, and Tinu Jain

Abstract The study examines the influence of shoppers' demographic characteristics (age, income, and education) and their attitude towards product and/or retailer related attributes on their store patronage behavior in food retail context in an emerging market setting. The results indicate a clear distinction between formal and informal markets as measured through shoppers' orientation. Shoppers' retail patronage behavior towards formal and informal food retail stores shows a distinct pattern. The study reveals that shoppers' preference for formal vs. informal retail location is influenced by their concern towards merchandise, safety, freshness, bargaining, service, and satisfaction from past experience. Additionally demographics such as age, income and educational status also have a positive influence over shoppers' patronage behavior.

Consumers divide their shopping activity asymmetrically across several stores (Baltas et al. 2010), but are consistent while patronizing few primary stores where they purchase more (Rhee and Bell 2002; Ailawadi and Keller 2004; González-Benito et al. 2005). Store patronage involves individuals choosing an outlet for shopping on the basis of their attitudes formed from experience, information and need (Haynes et al. 1994). Understanding and focusing on attitudes while designing the offerings would increase store patronage, loyalty and performance (Knox and Denison 2000). Thus, it is reasonable to expect that understanding attitudes of shoppers would enable the retailers help in increasing the shoppers patronizing behaviors (Berman and Evans 2001). Though earlier studies identified attitudes of shoppers towards the merchandise and stores and its influence on the patronage

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(Steenkamp and Wedel 1991; Baker et al. 2002; Yue and Zinkhan 2006; Shukla and Babin 2013), these were broadly limited to formal sector retail store formats. Comparing such attitudes between formal and informal is limited in the extant literature. Both the formal and informal retailers thrive not only based on the services provided, locations, and marketing strategies, but also on the nature of market (Maruyama and Trung 2010). Thus shopper's characteristics notably the demographics play crucial role in determining the store patronage (Haynes et al. 1994). Again the demographic characteristics influence on the formal and informal markets is hardly understood in the extant literature. This paper addresses the above issues.

References: Available upon request

The Congruency Between the Container and the Content: Should We Texture Everything to Seduce the Consumer?

Bruno Ferreira, Sonia Capelli, and Olivier Trendel

Abstract This study examines the effects of congruency between the texture of the packaging and the texture of the product. Three experiments on chocolate tasting reveal that when the texture of the product is not congruent with the texture of the packaging, this leads to a disconfirmation of expectations and a lower evaluation of the taste of chocolate.

References: Available upon request

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Turning Brand Undesirables in Brand Heroes: Capitalising on Corporate Social Responsibility in Sport Sponsorship Alliances

Shenae Beus, Margaret J. Matanda, and T. Michael

Introduction

Alcohol, fast food, and more recently sports betting brands have featured prominently in brand alliances with sports teams. Some researchers argue that such alliances have negative repercussion on sports fans and other stakeholders as they may lead to unhealthy eating habits, drinking habits, and problem gambling, respectively. For instance, Binde (2009) suggests that increased betting and sports cobranded advertising may have contributed to the rapid increase in problem gambling in Australia. Ironically, despite the perceived brand misalignment between team sports brands and potentially undesirable brands, such alliances continue to grow, even when corporate social responsibility (CSR) has become an increasingly important objective of sports organisation (Lau, Makhanya and Trengrouse 2004). Such inconsistencies could be due to the growing pressure on sports teams to maintain profitability whilst behaving in a socially acceptable manner (Walker and Kent 2009). This study consequently adopts a triadic approach, exploring the views of sporting organisations, sponsoring organisations, and sports fans with respect to the reasons and outcomes for these types of brand alliances within the sports industry. The intention is to gain an insight into the role of brand alliances and business-to-business branding within the team sports industry as well as stakeholders' interpretation of and reactions to such alliances.

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Methodology

Semi-structured, face-to-face interviews were conducted with a purposive sample of sports team executives ($n=10$), members of organisations that were brand alliance partners to the sports teams ($n=10$), and fans that held over a year membership with the sports teams ($n=20$). Interviews were audio taped and were approximately 1 h in duration. The data analysis process was guided by grounded-theory techniques (Charmaz 2006). The analysis used interview transcripts, field notes and observations of the actual co-branded events and communication as well as organization's reports and web pages were used in the data analysis. Thematic analysis was used to analyse the data, which involved searching for patterns, seeking commonalities, explaining principles, identifying theoretical constructs, and highlighting any cultural meaning (Braun 2006). Key themes were developed inductively through a process of comparative coding as suggested by Glaser and Strauss (1967). Two researchers independently examined the one transcript from the three respondent groups to identify factors relevant to the defined topic areas.

Results and Discussion

Three major themes emerged during the course of the analysis: leveraging brand partner's image; access to event branding and networking opportunities; and CSR initiatives.

Primary Reasons for Establishing a Sports Brand Alliance

Leverage brand partner's image. Sporting and sponsoring organisations had different reasons for entering into a brand alliance. For sponsoring organisations, logo placement emerged as a major motive for aligning with sports teams. Many liked the appeal of placing signage on team's sports apparel, around the ground or club. Brand alliances also enabled partners to associate their brand with a '*successful team*'.

"Obviously the team is in such a high profile position [so] having your brand's logo associated with that works out, because so many people are watching them." (Marketing Manager, Beverage Industry)

Event branding and networking opportunities. Teams and sponsors also entered into brand alliances to get sponsorship for team events and create networking opportunities. Sporting teams hosted '*boardroom breakfasts*', '*forums*' and '*corporate hospitality events*' to facilitate networking of brand partners. Sponsors also viewed this as another reason for brand alliance formation, as such events facilitated access

to '*broader networking opportunities*' not only in terms of '*access to supporters*' but also to other sponsorship partners. According to one respondent:

"Our sponsorship strategies are all about networking rather than brand exposure. We are looking to expand into certain areas and part of our sponsorship is creating a relationship with our sponsorship partners." (Director, Fast Food)

CSR initiatives. CSR initiatives emerged as another reason organisations entered in brand alliances with sports teams. For instance, sporting teams are attracting partners to contribute towards '*community based sponsorship*' such as providing support to '*coaching clinics*' and '*school based programs*'. Of major concern was the increasing rate that potentially undesirable brands were taking advantage of such initiatives. Throughout the interviews, sporting teams indicated that their involvement with incompatible or undesirable brand partners was as a result of joint corporate social responsibility being '*sold as a new sponsorship space*' (*General Manager Commercial Operations, Soccer*). Such alliances enhanced the brand evaluations of potentially undesirable brands, which were able to '*piggyback*' on corporate social responsibility initiatives initiated by sports teams. For instance, some sports betting agencies had established cobranded charity events with sports teams not only to enhance their exposure but also to gain acceptance of their brands in society.

"We are really seeing CSR as a new sponsorship space that we can capitalise on, so really trying to build it up as a property. At the moment we are in negotiations with a few sponsors to become involved in our teams CSR initiatives... For us its takes the pressure of being the sole financier of such events and for them it increases their exposure to our members and just the community at large." (General Manager, AFL)

Some brand alliance partners view the commercial appeal of CSR as a major component of the marketing mix. As a result, organisations are increasingly searching for teams with a '*strong community focus*' and that are '*family focused*' to try and foster '*greater support for members*'. Thus, sports brand alliances create greater goodwill for their brands (Crimmins and Horn 1996) through the socially responsible image of the sporting team. Gwinner (1997) concurs that when an organisation supports specific activities, the image of the sponsored event is somewhat transferred to the sponsor, thereby improving the brand image. From the sponsors' perspective, most of the executives interviewed indicated that they were interested in undertaking more CSR activities for their teams if the activity was '*well suited to the company*' and '*for a good cause*'.

"We try to involve ourselves with as many charitable events as possible, both with the club and our own activities. ... I know we are always open to look at new ways we can get our name out there, and at least this way it's doing something positive at the same time." (Marketing Manager, Nutrition Diet Products Industry)

Most branding partners that had potentially undesirable brands considered '*CSR piggybacking*' as a means of generating greater brand exposure rather than just goodwill. For instance, one betting agency indicated that they were looking to expand their CSR strategies to create greater exposure for their brand.

Through cobranded CSR initiatives with sports teams, branding partners were in the forefront of organising the events that were run and managed by sports teams. Similar to other sponsorship arrangements, the teams sell ‘*naming rights*’ and ‘*logo placement for the events*’ to branding partners that get involved in the CSR activity. This supports prior literature that found CSR was increasingly being used by organisations with bad reputations to change their negative brand image (Yoon and Gurhan-Canli 2006). Hence, the consensus between sporting teams interviewed seemed to be that CSR is potentially a new frontier for attracting brand alliance partners. Given the struggle by sporting organisations to retain valuable long-term partners, CSR piggybacking, even with incompatible brands, was viewed as an acceptable brand management strategy. By creating cobranded CSR events, sponsors of the team ‘*are seen to be doing the right thing*’ (*Marketing Manager, Motor Racing*).

“It’s all about turning undesirable brands into the brand heroes. It’s making them look like they are involved and concerned, and giving them greater access to our customers. It improves our accountability to them in terms of their sponsorship dollars spent. As for us, we have the potential of keeping them for longer [...] the more positive it looks for their image.” (General Manager Commercial Operations, AFL)

Sports fans were relatively nonchalant regarding their current sponsors. Many noted that they ‘try to support’ the partners as best they can but do not actively go out of their way to purchase their products. When asked whether they would support the sponsor because of their association with such events, participants alluded to ‘*tralling the product*’ if it was something they wanted.

“If I was looking for a bottle of wine, for instance, I might go to the bottle shop that sponsors my team but I won’t go out of my way. However I do like to show as much support as I can to my team’s sponsors.” (Male, Soccer Member)

In discussing cobranded CSR initiatives at grassroots programs, fund raising, and other charity events, most participants noted that it was good for these organisations even if undesirable sponsors supported such events because it improved the quality of the events. Over 50 % of members that were interviewed indicated that by sponsoring the CSR causes of the team, the sponsor looks ‘*more committed*’ not only to the team but also to ‘*doing the right thing*’. Of particular interest was that only 25 % the interviewed members expressed concerns about their teams being involved in a brand alliance with undesirable or incompatible brands. The concerned fans were critical of undesirable or incompatible brand alliance partners

“No way should a betting agency or alcohol company be allowed to sponsor grassroots programs where children are involved. Any event really where children can be exposed to the brands, is not a good thing. They might not understand a lot about these companies, but I still think it makes them more aware of them.” (Male, AFL Member)

Most fans felt that only a ‘*small percentage*’ of members would have a problem with some brand alliance partners, but they believed that given the need for sporting teams ‘*to meet revenue targets*’, this was an ‘*issue that may have to be overlooked*’.

This sentiment was shared by an executive of one particular team affiliated with a betting agency:

"Look, members do complain, they look at the logo and the association and say they don't like it because it's a gambling entity. And my response to that is they do have a right to do that. We realise that gambling is a social issue as well. So we do get the complaints but you just need to know how to manage it. At the end of the day they pay a significant amount and we have to run a business." (General Manager, AFL)

Perceived Outcomes of Brand Alliance Formation

The second part of the research explored what participants perceived to be the outcomes of the brand alliances their organisations were involved in. Three major themes emerged: raising funding for team activities and CSR initiatives; enhancing brand alliance partner's corporate reputation; and brand image.

Getting funding for sport team CSR initiatives. Of all the aforementioned motives for brand alliance, the primary outcome for sporting teams was seeking a '*vacant space ready to take advantage of*' (*Marketing Manager, AFL*). Once a '*high profile sponsor*' or brand alliance partner took up the opportunity of piggybacking (whether undesirable or not), it increased the possibility of the sports team attracting other high profile brand alliance partners. This was particularly important to sporting teams given the '*changing landscape of sponsorship*' where the '*pool of potential sponsors is getting smaller and smaller.*'

Getting funding for sport team activities. Babiak and Wolfe (2007) found that sporting organisations have unique resources (i.e., facilities and events and signage) that can be used for CSR activities, which facilitate greater awareness of social issues compared to other industries. Therefore, sporting teams are attractive in terms of sponsorship appeal. From the team perspective, sports executives saw brand alliances as a chance to partner with high profile brands as '*like attracts like*'. They suggested '*high profile sponsors make the club look more successful given how hard they are to acquire*' (*Marketing Manager, Soccer*). Thus, CSR provides the opportunity for brand alliance partners to not only expose their brands to a broader audience outside of direct customers, but also a chance to generate greater positivity towards their brand and '*create acceptability of their products*'.

Enhancing Brand Reputation. Another frequent theme that emerged as an apparent outcome was the ability to create a '*credible brand reputation*'. By piggybacking off the CSR initiatives of sporting teams, the sponsor can improve brand reputation in relation to strengthening brand trust, image and values (Caruana and Chircop 2000). In doing so, they '*encouraged potential purchases*'. Most organisations also indicated that they went into brand alliances with sporting teams to support good causes associated with the team so as to create a positive image with the sports fans and the public.

“By jumping on board with their [the team’s] CSR opportunities, we have the opportunity to tap in to their membership base and expose our brand in a positive light. The aim is to improve our image but in doing so hopefully increase our customer base.” (Marketing Manager, Gambling Industry).

Thus, through CSR piggybacking, undesirable brands are able to create familiarity as a positive sponsor associated with the club’s activities. Given that sports fans are more engaged and loyal, this may foster greater purchase behaviour towards a sponsor of the team (Bluemelhuber, Carter and Lambe 2007; Madrigal 2001).

“By working with them, we were hoping to create positive sentiment towards the brand. We think a promise given is a promise delivered. So hopefully members can see this and chose to support us.” (Marketing Manager, AFL)

The ‘survival’ of their clubs is dependent upon the financial support they receive from alliance partners, which also helps sports teams to grow an ‘active supporter base’. Whilst some brand alliance partners such as gambling and sports betting agencies were viewed as incompatible brands, sporting organisations are placed in the predicament and cannot ‘bite the hand that feeds’ them.

Conclusion and Implications

This study provided some initial insights into the reasons and outcomes of sports brand alliances and points to the growing role of CSR in the development of brand alliances with sporting teams. On the basis of the presented findings, it is apparent that sporting teams are venturing into CSR as a means of attracting sponsorship partners. Hence, CSR piggybacking allows brand partners to be involved in grass-roots, charity and community events without being entirely committed. In this circumstance, the sporting team initiates the CSR activity and does the ‘heavy lifting’, whilst sponsorships make it appear as though it is a joint venture. This ‘new sponsorship space’ allows brand alliance partners to extend their reach within the market, improve brand awareness and familiarity, and essentially generates brand credibility by appearing to be doing the right thing. However, the dilemma lies in the ethical acceptability of undesirable sponsors such as betting agencies, alcohol and fast food organisations taking advantage of this strategy.

References: Available upon request

Company Initiated Communities of Fantasy and Brands as Relationship Builders

Cleopatra Veloutsou and Georgia Maria Arvaniti

Introduction

Brands in the consumer markets are not any more solely transaction facilitators, but they are an important agent for the development of relationships of different forms and kinds. More specifically, brands can act as an emotional anchor for individuals who are developing a personal relationship with their preferred brands, as well as a catalyst to develop relationships with other consumers (Veloutsou 2009). The ability of brands to connect or associate like-minded individuals attracts increasing attention from the literature (Veloutsou and Moutinho 2009; Dou and Krishnamurthy 2007; Moradin, Bagozzi and Bergami 2013). However, for practicing marketers, who are focusing mostly on the well-being of their brands, what is more important is the ability of brands to develop individual strong connections with their consumers (Fournier 1998; Veloutsou 2007; Albert, Merunka and Valette-Florence 2012), since they feel that the connection between the two parties will greatly benefit their brand, by increasing its strength.

The ability of the brands to act as connectors seems to be particularly evident in certain contexts where consumers are involved with the brands that allow them to relax and escape, such as sport teams brands (Harris and Ogbonna 2008; Pongsakornrungsilp 2010) or various types of games brands (Ducheneaut and Moore 2004; Hsu and Lu 2007; Ouwersloot and Odekerken-Schroder 2008; Cova and White 2010), particularly in situation linked with the fantasy, where individuals are expected to create new personalities or stories and participate in an alternative form of reality (Armstrong and Hagel 1996; Muniz & Schau 2005). The role of brands as relationship facilitators has found ground to flourish in the online

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environment in the form of on line communities, that might have an online and an off line presence, and virtual communities, that only have online presence (Bagozzi and Dholakia 2002; Casaló, Flavián, C. and Guinalíu 2008; Ouwersloot and Odekernen-Schroder 2008), where interaction is easier even for people who are geographically delocalised over the entire world.

Research Focus

This paper aims to investigate the drivers of entering a relationship with other individuals in a context of fantasy communities, with data collected in online strategy games. It examining the role of emotional and brand related reasons as drivers to enter the fantasy community and whether the interaction with other individuals in the fantasy community can predict the strength of the individual relationship of the game players with the brand.

There are many reasons that might prompt individuals to join a brand related community (Ouwersloot and Odekernen-Schroder 2008) and this is not different in fantasy communities. In this paper it is claimed that individuals might join a fantasy community for three main reasons, namely: the symbolic value of the brand, their need to socialise with other like-minded individuals and their willingness to discover and explore the fantasy word they are entering. The reputation of and the passion for the brand has been suggested to be one of the reasons that can drive people to join brand related groups (Moradin et al. 2013). The value of objects depends on factors such as their intrinsic properties, their practical usefulness and also on what extent their symbolic meaning encourages attachment to the brand and subsequently fosters interpersonal relationships among brand admirers (Moradin et al. 2013). The values the brand represents are enhanced within a virtual community, where the members find a meeting place to share their devotion to the brand's symbolic meaning (Ouwersloot and Odekernen-Schroder 2008), while their passion for the brand appears to be a key factor for joining a brand community (Moradin et al. 2013). Socializing refers to the need of individuals for interaction with others, formation of relationships, social support, friendship, intimacy, teamwork, meeting of like-minded people and the sense of belonging to a casual group (Dholakia, Bagozzi and Pearo 2004; Madupu and Cooley 2010; Moradin et al. 2013) it is a key feature of fantasy communities (Ducheneaut and Moore 2004) and it has been indicated from the early days of the research on the online context as being one of the most significant reasons for which individuals become active on the internet (McKenna and Bargh 1999). Social psychologists (e.g., Baumeister and Leary 1995) have recognized the sense of belonging as a primary motive and since brand communities are groups of people sharing common interests, membership to these communities satisfies this sense of belonging and consequently the need to socialize at large. In the context of fantasy brand communities, consumers may join a brand

related group to offer themselves the opportunity to explore characters, to assume responsibilities and enjoy interactions with other members and thus satisfy their need for discovery and exploration (Tseng 2011) and there are gamers who are joining the fantasy community primarily for this purpose. This need is connected with an individual's desire for innovation, invention, diversity, novelty, or change. The entertainment value is appreciated as a driver to join virtual communities (Dholakia et al. 2004).

Although community membership could be attributed to many different motives, an intrinsic need for sharing and develop relationships, that are often anonymous, can be recognised in all members (Ouwertsloot and Odekernene-Schroder 2008). Although some suggest that brand communities are only facilitating consumer interaction (Dou and Krishnamurthy 2007), the use of common language, signs, rituals, celebrations, traditions and events contribute to the establishment, maintenance and transmission of the unique cultural temperament of brand communities (Muniz and O'Guinn 2001). Thus, brand communities offer rich opportunities for interaction with consumers, facilitating the building, fostering, strengthening and maintenance of in-depth and lasting relationships which link consumers to a brand (Algesheimer et al. 2005; Bagozzi and Dholakia 2006; Matzler, Pichler, Füller and Mooradian 2011) and active participation is perceived as important for the brand community's survival (Casaló et al. 2008). Fantasy communities consist of people who are often playing a virtual role (Hsu and Lu 2007), are frequently designed to be visited on very regularly by their members and their structure might be forcing interdependence amongst the participants of the community, although some members of the community are quite content to have short, instrumental interactions while others are interested in more sociable encounters (Ducheneaut and Moore 2004). A relationship with the brand is defined through the feelings that are developed from the side of the consumer for the brand and the intended communication that the consumer wants to engage with (Veloutsou 2007). Factors related to the participation with the brand related group have been found to be a very strong predictor for the development of an individual relationship with the brand (Veloutsou and Moutinho 2009), while the participation in brand related groups have been found as predictors of brand related behaviour in general (Bagozzi and Dholakia 2006) and elements such as brand loyalty and brand trust in particular (Matzler et al. 2011).

In principle brands that allow consumers to escape from reality can be expected to help individuals express themselves in different ways and are often encountered in online environments (Armstrong and Hagel 1996). However, one can question the degree that the provided escapism will actually be beneficial for the brand itself. Although this escape from reality can be an intended positioning dimension for a variety of brands, very little research has been performed in communities of fantasy. Therefore, this study is focusing on examining the degree that brand relationships are developed in brands that are designed to allow consumers to escape from reality.

Methodology

Due to contacts and access, it was decided to collect the data in Greek servers of online strategy games. The strategy games are populated by individuals who share common interests, they are socially interacting via the Internet, develop on online relationship amongst themselves, exchange information, in a platforms that allows them escape for reality and engage in an imaginary world that they can escape in since they are creating and ruling it (Hsu and Lu, 2007).

After reviewing the literature an initial pull of measurement options with alternative items was identified. All the items of the identified measures were translated to Greek and back translated to English to confirm that there are no discrepancies in the meaning of the questions. In the final instrument, Discovery/Exploration was measured from 3 items (two of them adapted from Yee 2006), Socialising was measured with 4 items (adapted from Yee 2007), the Symbolic meaning of the brand was measured with 3 items developed for this project, Brand community engagement was measured with 4 items (adapted from Algesheimer et al. 2005), Behavioural involvement with the brand community was measured with 3 items (adapted from Phinney 1992), while Two way communication was measure using 5 items and Emotional exchange was measured using 4 items (adapted from Veloutsou 1997). All responses were recorded using a 5-point Likert scale (1 = Strongly Agree, 5 = Strongly Disagree).

The quantitative data was collected through an online instrument. In total 374 fully completed questionnaires were returned. Most of the respondents were playing the online strategy game for over 2 years (277), were playing Ikariam (179), were spending varied time playing the game, with the categories 2–5, 5–10, 10–20 and 20–30 h a week all having more than 50 respondents, were male (325), were 18–24 years old (141), were living in Greece (347) and were working full time (143).

Results

The study follows a measure validation procedure with confirmatory factor analysis (CFA) as suggested by Andersson-Cederholm and Gyimothy (1988). All standardized loadings are above or close to .50 and t-values are significant ($p < 0.01$). For the variable Two Way Communication an item with a loading of .44 was kept for conceptual reasons, to secure face validity. The constructs are internally consistent with a Cronbach Alpha for all of them above .71, while the convergent validity indicators are good since AVE above .54 and the CR over .72 for all constructs, as suggested by Hair, Black, Babin and Anderson (2010).

Given that the sample size is over 250 and there are 26 items, the data fits well to the model with a Chi-square = 654.57, df = 278 (and significant as required), Chi-square/df = 2.35 (within the threshold 2–3 that is perceived as acceptable), CFI = .93

and TLI=.91 (with the advice for both to be over .92), GFI=.88, RMSEA=.06 (with the advice to be less than .07), benchmarks suggested by Hair, Black, Babin and Anderson (2010).

Structural equation modelling with maximum likelihood estimation was used to test the derived hypotheses. In the predictive model the statistics also demonstrate that the data fits the model at a satisfactory level, with Chi-square = 670.88, df = 285, Chi-square/df = 2.35, CFI = .92, TLI = .91, GFI = .88 and RMSEA = .06. All the paths were significant at the .05 level.

Discussion and Conclusion

Escape from reality is not just relevant for online game brands. It can be an intended feature in the positioning of brands that are operating in many alternative industries. Companies have created platforms that allow consumers to act in such ways, such as Aviation Empire, KLM's 3D strategic game. Gamification is a tactic that many companies are engaging with and the findings of this study are relevant to more context than the narrow online gaming industry.

Both Brand Community Engagement and Brand Community Involvement can be predicted from the need of participants to socialise, their need to discover the fantasy environment and the symbolic brand meaning, with the stronger predictor the socialising. In terms of the brand relationship dimensions, brand involvement is a stronger predictor of Two way Communication, while community engagement a better predictor of Emotional Exchange, although both predictors are strong and highly significant.

To support the development of strong consumer brand relationships, game developers should develop platforms that will nurture interaction.

References: Available upon request

An Empirical Examination of the Interrelationships Between Service Recovery Paradox and Its Key Antecedents and Outcomes

Dahlia El-Manstrly, Ge Liu, and Mark Rosenbaum

Abstract In recent years, the service recovery paradox (SRP) has emerged as a significant effect in services marketing research (Matos, Henrique and Rossi 2007). It has been claimed that superior service recovery can make angry and frustrated customers more satisfied than they would have been had they never experienced service failure. Previous research (e.g., Lin et al. 2011; McCollough 2009; Sabharwal et al. 2010; Sajtos et al. 2010) supports, in general, the notion of significant relationships between SRP and a number of key antecedents and outcomes. However, empirical research that examines the inter-relationships between SRP and its key antecedents and consequences is limited and/or provides conflicting results. The aim of this study is to provide a deeper understanding of the inter-relationships between the service recovery paradox and its key antecedents and outcomes. It proposes and tests a conceptual framework that simultaneously examines the interrelationships between SRP, severity of service failure, recovery performance and recovery expectations and between SRP, repurchase, word-of-mouth and trusting intentions. In addition, to enhance the generalizability of the results, results are assessed across two service categories (airlines and hotels). This study aims to contribute theoretically to SRP research by providing better insights into the mechanism of the service recovery paradox, and managerially by helping service managers assess the effectiveness of various SRP antecedents and outcomes.

References: Available upon request

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Informational Empowerment: Cross-National Comparison of Internet Health Information Use and ‘Patient-Consumer’ Behaviour

Debbie Isobel Keeling and Angus Laing

Abstract The internet is portrayed as the harbinger of fundamental change in the nature of consumer healthcare behaviours. It offers the scope to ‘equalize’ the power and knowledge asymmetries that characterize healthcare service delivery, addressing a central contemporary challenge in health to ensure that the patient voice is heard (von Roenn 2013). The internet’s impact on the behaviour of the ‘patient-consumer’ cannot be isolated from the social and political context within which consumers and professionals interact. Yet there is a lack of methodologically robust cross-national evidence regarding consumer use of the internet for healthcare purposes and how this shapes utilisation of healthcare services. This research addresses this gap by examining the ‘patient-consumer’ use of the internet for healthcare purposes and associated health-related behaviour across China, Colombia, France, the UK and the USA. The overall research project involved four strands of activity conducted across all five countries. (1) analysis of key features of respective healthcare systems and prevailing policy agenda; (2) interviews with healthcare managers, policy makers and academics to enhance understanding of respective healthcare systems and policy agendas; (3) survey of 623 (UK) and 200 participants each in France, China, Colombia and the USA to gather comparative data on patterns of information usage; (4) two focus groups in each country with 8–10 patients to understand the rationale for information acquisition and utilisation behaviours. In this paper a descriptive analysis of the survey strand is offered, with insights from the qualitative elements, to establish the comparative patterns in use of the internet for healthcare purposes. It is evident from the data gathered across the five national contexts in which the research was conducted that consumers are active in using the internet for a wide variety of healthcare purposes. The key differences and commonalities can be summarised according to the following themes (1) access and attitudes to the internet for healthcare issues (2) patterns of use, e.g., divergence in accessing tangible support (3) attitudes to healthcare professionals, in terms of

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accepting, or not, professional authority. However, it is equally apparent that prevailing assumptions of wholesale change in patient-consumer behaviour and direct challenging of health professionals are unduly simplistic, in terms of both variability across consumers within specific locations and variability across locations. The particular configuration of the prevailing healthcare system is fundamental in shaping the particular patterns of change. However, the structure of the consultation requires to be rethought to reflect the diversity of patient-consumer behaviours and expectations. Irrespective of the nature of the internet space, the effect is to create a driver for change, with the potential to challenge established practices of both consumers and professionals to reshape the healthcare service encounter. Further analysis of the intra-group patterns will be made available.

References: Available upon request

Barriers to Access Consumer Finance and the Influence of Workforce Insecurity

David Gray

Abstract Workforce insecurity and the increasing importance of insecure work in developed countries such as Australia, Canada and the US are posing important economic and societal challenges which if not adequately addressed could have long-term negative generational effects not easily rectified. One such challenge comprises the potential interaction between workforce insecurity and personal financial capability and their consequent impact on access to consumer finance. Building on prior research this article integrates both attitudinal and behavioural variables using a cross-sectional nationally representative survey of 1104 Australian adults. The findings demonstrate the influence of personal financial capability on workforce insecurity, financial distress and the ability to access consumer finance. The implications for both government and business suggest that new mechanisms may be required to minimise the financial market distortions created by the expansion of workforce insecurity.

Keywords Insecure work • Workforce insecurity • Financial literacy • Consumer finance

Introduction

The rising incidence of insecure employment (ACTU 2011) raises the as yet unresolved question of the extent to which this trend has implications for workforce insecurity, personal financial capability, and consumer access to finance and contributes to financial distress. The rising incidence of insecure work can have both positive and negative economic and societal effects. To learn more about this phenomenon we compare the attitudes and behaviours of people working in insecure jobs with those in secure employment. In addition, we develop an integrated model linking both the attitudinal and behavioural mechanisms of insecure work and their

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influence on consumer personal financial capability, financial barriers and financial distress. Personal financial capability is a critical determinant of a person's ability to achieve their future financial needs, life goals and minimise financial distress (McCarthy 2011). The ripple effects of the global financial crisis (GFC) in Australia as in other advanced western countries have led to consumer uncertainty, resulting in a distortionary dampening in consumer spending and financial lending patterns and to an almost doubling in Australia of the household savings ratio to nearly 11 % of gross domestic product (ABS 2013). These changes, along with other trends have led to unintended consequences which if unchecked could have very serious long-term negative societal consequences. One such longer-term trend is the growth of 'insecure work'. Whilst there is no universal definition, the Australian Council of Trade Unions defines insecure work as "non-standard or contingent employment: casual workers, fixed-term workers, seasonal workers, contractors and labour hire workers" (ACTU 2011, p. 5). From an economic perspective it is claimed that insecure work along with outsourcing, offshoring and sub-contracting provides increased labour force flexibility (ACTU 2011, p. 5). It is used as a mechanism by employers to access labour without obligation (Gonos 1997; ACTU 2011) by transferring some employment costs and risks away from the corporation to individual workers. However, it also has the potential to undermine the long-term aspirations for Australians to own their own home, dampen their discretionary spending behaviour and fan societal insecurity because of the loan pre-qualification barriers often placed on workers who work in insecure employment. The theoretical underpinning for the analysis used in this paper is shown in the conceptual model depicted in Fig. 1. The model is then tested using partial least squares modelling with data collected using an Australia consumer panel from an on-line nationally representative self-report administered survey of 1104 respondents aged 18 and over. Measures were collected and validated for the cognitive and affective components of workforce insecurity; the consumer savvy and financial prudence components of personal financial capability; the consumer perceptions of job related financial barriers; consumer perception of the difficulty in access to consumer finance and finally the components of consumer financial distress. This paper is organised as follows. The conceptual model and hypotheses are developed after reviewing the literature on each of the above variables. We then outline our research method used to design, collect and measure each of the variables. The results are presented and we conclude with a discussion of the findings, implications, and limitations of the study and present our observations for future research.

Conceptual Model

The consequences of the GFC were significant economic shifts in personal consumer financial services behaviour such as the almost doubling of the household savings ratio between 2008 and 2013 (ABS 2013). In addition, the GFC affected consumer psychological perspectives as consumers acclimatised to increased

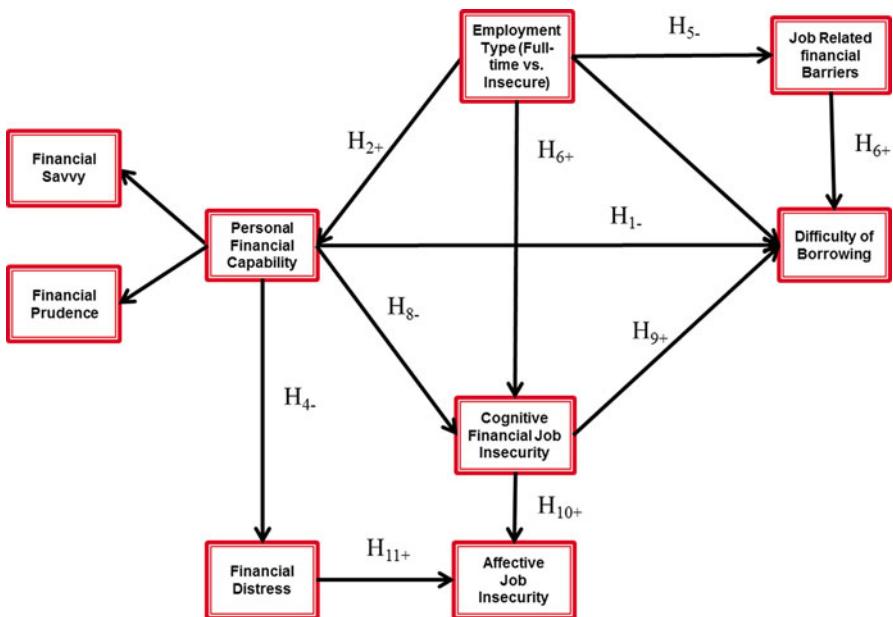


Fig. 1 Conceptual model

market uncertainty and market volatility. The conceptual model presented in Fig. 1 attempts to better explain the linkages between the behavioural aspects of a consumer's personal financial capability and workforce insecurity, perceptions of the financial barriers faced by consumers and indicators of financial distress. In this model we firstly explain the concept of personal financial capability and its framing as a multi-dimensional construct comprised of consumer savviness and financial prudence. Second, we explain how workforce insecurity at the macro level is determined to be a function of cognitive job insecurity and affective job insecurity. Third, we then analyse the influence of personal financial capability on workforce insecurity, consumer perceptions of the financial barriers they face and the degree of financial distress and their impact on the difficulty in obtaining consumer finance.

Personal Financial Capability

Personal financial capability in broad terms is defined as one's ability to acquire assets and to manage money. A review of the literature indicates that a person's financial capability is likely to be driven by a range of behavioural and attitudinal variables. The need for consumers to be financially capable in post GFC is increasing in importance due to demand volatility, financial services risk repricing, increasing product complexity and product diversity. Governments in Australia, the USA, Canada and the UK and other developed economies have become increasingly

concerned about these trends and taken pro-active steps to improve the level of community financial literacy through a wide range of educational programs (Worthington 2006). In many cases however, access to the vast array of financial products is hindered through gaps in consumer financial knowledge and the associated financial risks associated with an aging population, ethnic diversity and language, educational and cultural barriers (Worthington 2006). Indeed, low consumer financial capability levels have been associated with burdensome consumer debt, low savings rates and personal bankruptcy (Fox and Bartholomae 2010). In many cases for instance lenders, have been able to take advantage of borrowers' limited information to segment the credit market to optimise their market returns. The arguments for greater financial education suggest that consumers can avoid these traps and build wealth on better terms with particular benefits for minorities and low-income families (Weller 2010).

Whilst there is no universally accepted definition of financial capability there are however, narrow and broad approaches to its measurement. The narrow perspective defines for instance financial literacy (i.e. as used in the ANZ Bank survey of 2003) "in terms of mathematical ability and the understanding of financial terms.... Financial literacy is found to be highest for persons aged between 50 and 60 years, professionals, business and farm owners, and university/college graduates. Literacy is lowest for the unemployed, females, and those from a non-English speaking background with a low level of education (Worthington 2006, p. 59). Research into the nature of financial capability has evolved over the last 10 years into the broader context of personal financial capability. This broader perspective uses more of a multi-dimensional approach and usually incorporates both the understanding and knowledge of financial constructs (Fox and Bartholomae 2010) and financial control into its framework (Huston 2010; ANZ Bank 2011). For example, the ANZ Bank survey of financial literacy (2011, pp. 6–7) defines personal financial capability "as the ability to make informed judgements and to take effective decisions regarding the use and management of money". Other suggested components of personal financial capability include: managing money, keeping track of finances; planning ahead; choosing financial products and staying informed (Atkinson, McKay, Collard, and Kempson 2007). These components also lend themselves to further classification into the two main areas of 'financial savviness' and 'financial prudence'. In this case savviness includes managing money, keeping track of finances and choosing financial products. Financial prudence includes planning ahead and staying informed. It is likely that the application of personal financial capability is context and purpose specific. For example, at the personal level financial capability is defined to encompass basic money management: budgeting, saving, investing and insuring (Hogarth 2002). On the other hand, financial capability expected in the corporate world needs to operate at a more sophisticated level by encompassing an understanding of financial statements, cash flows and management compensation, internal control mechanisms and corporate governance. Another aspect to consider in measuring capability is whether the measure is an absolute one measured against a standard of assumed knowledge or a relative one measured against a consumer's personal context (Worthington 2006). Many of these issues remain unresolved and so one has to be careful in the way these terms are defined and used.

Prior research identifies a range of moderating factors which can influence one's personal financial capability such as age, life-cycle stage, education, ethnicity, and occupation. Mediating factors have also been identified as aversion to risk and organisational capacity (McCarthy 2011). It is known that the extent to which a person or a family has financial capability and the capacity to borrow or save depends on many factors including lifecycle status, demographics including age and income, and their specific situation including their perceptions of workforce insecurity. Families borrow to purchase or renovate their home (Weller and Douglas 2007); cover the cost of education; purchase consumer items such as cars, television sets, smart phones and the like. Moreover, debt is often used as a mechanism to smooth consumption when there is a temporary decline in income (Weller 2010) or family circumstances. Prior research points to specific segment influences including lower income and minority families who tend to be bigger users of credit card products and are often charged high interest rates and fees. Moreover, the terms and conditions of credit cards tend to be worse for low-income families than for higher-income ones. In overall terms however, it is likely that the level of personal financial capability has a direct impact on a consumer's ability to borrow money.

H1: Personal financial capability will be negatively related to the difficulty of borrowing money.

Type of Work—Insecure Versus Permanent Employment

The type of work undertaken can influence the degree of workforce insecurity. Workforce insecurity operates across different types of work classification. That is, there is a significant proportion of the workforce who currently work in insecure jobs (i.e. or as some call it precarious work: Clarke et al. 2007) as opposed to those who have 'permanent employment'. Insecure workers are classified as those who are employed in casual, seasonal work, labour hire, and fixed-term contracts or as independent self-employed contractors. Over the last 20 years (Campbell 2004) there has been a significant rise in the incidence of insecure work with current estimates of 40 % of the Australian workforce employed in insecure work (ABS 2011). However, it should be remembered that 'permanent employees' can also suffer from workforce insecurity. The Australian Council of Trade Unions (ACTU) "Secure Jobs Better Future" (2011) Report more specifically focused on 'insecure work' and identified casualization as a global phenomenon, to which Australia leads the world. According to the ACTU Report and the OECD Australia have very high casual employment rates in agriculture, hospitality and retail. The economic justification for this growing trend in insecure work is usually based on the promotion of labour force flexibility so that industries will have the capacity to adapt faster to the pace of economic and technological change so as to facilitate the maintenance of a globally competitive economy. However, the ACTU is worried that the rise in insecure work is out of balance and producing undesirable societal consequences. Trade unions are also worried that the argument for pursuing workforce flexibility is a

code used by employers to attack existing workplace wages and conditions (ACTU 2012). There are many negative economic consequences of insecure work and general workforce which can result in consumers suppressing and delaying their future consumption expenditure (Benito 2006); increasing their precautionary savings (Carroll 2001; Benito 2006; ACTU 2011) due to income uncertainty; the imposition of credit constraints as financial institutions make it more difficult for those in insecure work to obtain consumer finance (i.e. credit cards, personal loans and housing finance); increased levels of both financial distress and general stress as those who undertake insecure work find it increasingly difficult to meet living expenses and to plan for the future (Giannetti et al. 2012). Workforce insecurity can also lead to increased stress levels as a consequence of employee loss control over their working hours (Clarke, Lewchuk, de Wolff, and King 2007). From an economic perspective and using the factor endowment model it is likely that the level of individual skill in the labour force will be related to the level of workforce insecurity. For instance, unskilled labour will suffer more economic insecurity in advanced industrialised economies than higher skill levels (Anderson and Pontusson 2007). Given the relatively high level of defaulting loans in a post GFC context financial institutions are likely to place more emphasis on a borrower's personal financial capability as an indication of whether or not they have the capacity to meet their future loan commitments. This means that it is likely the personal financial capability will directly and positively affect the perceived difficulty that borrowers face in applying for finance. This means we can infer that the higher the incidence of insecure work the less likely is the consumer to be financially capable and the more likely they will find it difficult to borrow money. Thus we hypothesise:

H2: Employment type will influence the level of personal financial capability. i.e. insecure workers will have lower personal financial capability than full-time workers.

H3: Employment type will influence the difficulty of borrowing. i.e. insecure work will find it more difficult to borrow money than full-time workers.

Personal Financial Distress

Financial insecurity focuses on the perceived threat to meet one's financial commitments and comprises both cognitive and affective components. The cognitive dimension represents an individual's estimate of the probability that he or she will not be able to pay their bills. The affective dimension of financial insecurity refers to the worry or anxiety about not being able to meet one's financial commitments. The risk of job loss is among the most important sources of financial insecurity (Benito 2006). Prior research has shown that evidence of job insecurity can lead to increases in precautionary saving and delays in the purchase of both durable and non-durable consumer goods. This is particularly so for younger households and those households without non-labour sources of income (Benito 2006). The degree

of precautionary saving will depend on the variance of shocks to income, the degree of persistence of income shocks, and the degree of risk aversion (Benito 2006). Where the risk of job insecurity is high households are more likely to save more and use this as a buffer against the higher level of uncertainty (Carroll et al. 2003). Prior research has identified financial literacy, socio-economic and demographic factors as key drivers of financial distress (McCarthy 2011). Therefore, it is not surprising that financial insecurity leads to financial distress. In addition there is evidence supporting the influence of behavioural factors including impulsivity, impatience and disorganisation in determining whether or not a person gets into financial difficulties (McCarthy 2011). This result applies even if a person is well educated and financially literate. Using the logic developed above and focusing on personal financial capability we infer that any increase in personal financial capability will lead to a reduction in the level of financial distress. Thus we hypothesise:

H4: Personal financial capability and personal financial distress will be negatively related.

Job Related Financial Barriers

In this section we consider the extent to which the type of employment acts as a financial barrier. Prior research identifies a range of positive and negative factors influencing access to consumer finance. For instance, in western countries such as the US, Australia, Canada, and the UK major trends in consumer finance since World War II include: (1) increased consumer choice of financial services products; (2) the broadening of consumer participation in financial activities and the consequent increase in access; (3) the do-it-yourself approach to the acquisition of consumer finance, which has resulted in increased consumer responsibility for their own financial lives; and (4) the resultant increase in household risk taking associated with this increased responsibility and access to financial products (Ryan, Trumbull and Tufano 2011). Credit access is typically measured by (1) the share of households, whose loan applications were denied and the borrower could not secure the full amount afterwards; (2) the share of families who felt discouraged from applying for a loan out of fear of being turned down. Prior research in the US has identified the share of families with loan denials at between 11 and 13 % and between 5.5 and 7 % of all families who felt discouraged (Weller 2010). Despite the broadening of consumer participation in financial activities the rationing of credit is well known. Such rationing is based on many factors including age, income, other demographics, household size, marital status, living arrangements, race and ethnicity, type of employment such as being self-employed. Other issues associated with loan rationing comprise lender segmentation, general loan policies (Weller 2010) and the state of the economy. For example, immediate post GFC there was a general contraction in the demand for finance which was driven both consumer risk aversion and the tightening lending criteria from financial institutions. Other research has also

pointed to the inability of insecure workers to obtain access to personal and housing loans and the inability of such workers to budget their daily costs (Watts 2001). The risk of job loss and employment in insecure work type situations are also likely to give rise to feedback mechanisms over time which could amplify employee precautionary motives for saving and therefore delay consumption expenditure (Benito 2006; Carroll et al. 2003; Lusardi 1998). Indeed, any of the components comprising workforce insecurity and financial capability could also produce feedback mechanisms which could lead to an increase in saving intentions as savers think more about and worry more about the consequences of workforce uncertainty.

In such a context borrowers are less likely to borrow for big ticket items in a post GFC environment such as houses because of the uncertainty of future sources of cash-flow. However, it may be that borrowers divert some of their cash-flow away from home purchase to lower cost items such as flat screen televisions, motor vehicles and the like where the risk is more manageable. Likewise, consumers are likely to be more insecure in a post GFC context given the increasing nature of market and economic volatility and the increasing significance of insecure work and general workforce insecurity. Therefore, it is likely that consumer perceptions of their job/contract situation will feed directly into their feelings regarding the general financial hurdles they face including their ability to save, borrow and meet their existing lending commitments. It is likely that the way that consumers cognitively think about their work situation and their ability to meet their future financial commitments will directly and positively linked to their perceptions of how difficult it is to borrow money. Using the logic developed above and focusing on the type of employment we infer that employees who work in insecure employment will be more likely to perceive higher financial barriers than those who work in secure employment and more likely to face borrowing difficulties. Thus we hypothesise:

H5: Employment type will influence the level of job related financial barriers; i.e. insecure work will negatively influence the level of job related financial barriers.

H6: Job related financial barriers will be positively related to borrowing difficulty.

Job Insecurity

Job insecurity is often defined as a perceived threat to an employee's job continuity which is likely to involve the employee's sense of powerlessness in dealing with this threat (Ashford et al. 1989; Greenhalgh and Rosenblatt 1984, p. 438; Sverke and Hellgren 2002). Insecure work and job insecurity are inter-linked but different. All employees can be subject job insecurity whether or not they are classified as working in insecure work. There will also be a proportion of the workforce who consciously chooses to work as casual, on fixed-term contract, or as independent contractors because it suits them. Influencing factors which attract employees to insecure work are age; life-cycle stage and occupation.

Job insecurity is influenced by a range of factors including industry competitive pressures, economic recession, organisational restructure, mergers, new technologies and externalisation of the workforce such as outsourcing (Jacobson and Hartley 1991a, b) and offshoring. The causes of job insecurity can be attributed to the threat of overall job loss, loss of any dimension of one's job, or the erosion of any employment condition (Lee, Bobko and Chen 2006). There are many perspectives of what constitutes job insecurity including both the cognitive and affective dimensions (Anderson and Pontusson 2007, p. 314), and these are outlined below.

Cognitive Job Insecurity represents "an individual's estimate of the probability that he or she will lose their job in the near future" (Anderson and Pontusson 2007, p. 214) and the likely impact on their future earning capacity. In this context individuals interpret a range of environmental signals or cues including labour market conditions; their employability attributes which provide signals to employers as to their employability value; and the influence of institutions providing for employment protection such as trade unions and the availability of unemployment benefits. In this case we infer that as a consumer's personal financial capability increases their level of cognitive job insecurity will decrease. Cognitive job insecurity is also likely to be a major determinant of affective job insecurity (Borg and Elizur 1992; Anderson and Pontusson 2007). Furthermore, we can infer that employees who are employed in insecure employment are more likely to suffer from cognitive insecurity than those in full-time or permanent employment. Thus we hypothesise:

H7: Employment type will influence the level of cognitive job insecurity; i.e. insecure workers have more cognitive job insecurity than full-time workers.

H8: Personal financial capability will be negatively related to cognitive job insecurity.

H9: Borrowing difficulty and cognitive job insecurity will be positively related.

Affective Job Insecurity refers to the worry or anxiety about losing one's job. In this context affective insecurity is determined by the probability of finding another similar job and access to sources of income that are not related to employment. Job role ambiguity and the personal locus of control are also identified as important sources of stress involving fear, potential loss, and anxiety, leading to feelings of job insecurity (Greenhalgh and Rosenblatt 1984; Anderson and Pontusson 2007). Both the occurrence of insecure work and workforce insecurity are likely to affect job turnover and the potential for increased intention to seek a new job. However, in a post GFC context when job opportunities are relatively scarce employee levels of stress and anxiety (Lee, Bobko and Chen 2006) will be heightened because employees cannot as easily move to another job. The adverse effects of job insecurity result in employees who are less likely to be committed, more resistant to change, less trusting of, less satisfied with and more concerned with their own self-interest than in their employer (Lee, Bobko and Chen 2006; Ashford et al. 1989). Using the logic developed above we focus on the links between cognitive job insecurity and affective job insecurity as advanced by Anderson and Pontusson (2007). We therefore infer that cognitive job insecurity will drive

affective job insecurity and that the worry caused by financial distress will also drive affective job insecurity. Thus we hypothesise:

- H10: Cognitive job insecurity and affective job insecurity will be positively related.*
H11: Financial distress and affective job insecurity will be positively related.

In overall terms the model developed and shown in Fig. 1 explores the interrelationships between personal financial capability and the perceived financial barriers and insecurities and their influence on the demand for finance. In a post GFC environment these barriers and insecurities have contributed to a significant rise in personal savings as savers think more about and worry more about the consequences of workforce uncertainty and their capacity to meet their future financial commitments.

Methodology

Data Collection and Sample Profile

Data was collected from an on-line nationally representative self-report administered consumer panel survey of 1104 respondents aged 18 and over. A pre-recruited internet market research consumer panel operated by a well-known provider ResearchNow.com was used to compile a sample for this study. The respondents were quota sampled to ensure that there were at-least 500 respondents who had sought to borrow money or to refinance an existing loan. In addition, a quota sample was applied to ensure that there were at-least 500 respondents who were working in insecure positions (i.e. employed in casual, seasonal work, labour hire, and fixed-term contracts or as independent self-employed contractors). Survey respondents each received a small cash credit (equivalent to \$4) for completing the survey. The sample collected matched the representativeness of the Australian population by state (34.4 % New South Wales, 24 % Victoria, 20.3 % Queensland, 8.5 % South Australia, 8.1 % Western Australia, 1.9 % Tasmania, 2.3 % Australian Capital Territory, 0.6 % Northern Territory), gender (49.4 % male, 50.6 % female) and representative of age (10.1 % 18–24, 24.7 % 25–34, 21.8 % 35–44, 18.8 % 45–54, 13.8 % 55–64, 10.6 % 65-plus) group.

Measurement

Measurement model details of the variables used in this study are shown in Table 1. The measurement model is used to test where possible the validity and reliability of each of the variables to be used in the model. Reflective measures with multiple measurement items are often used in structural equation models to improve the robustness of the measurement model. In the context of this study we use the following reflective variables: financial prudence, financial savviness, and financial

Table 1 Details of measures used in this study

Variables	Measurement statistics		
Scale items	Std. factor loading	Mean	(SD)
<i>Financial savvy</i>			
I shop around to get the best deal	0.68	5.84	1.10
I make sure I know what is in the 'fine print' when I buy something	0.80	5.28	1.29
I keep up to date with things likely to impact my finances	0.83	5.26	1.26
I take steps to ensure that I buy products/services that are most suitable for me	0.84	5.62	1.05
I keep a close eye on my expenses	0.75	5.38	1.32
<i>Personal financial prudence</i>			
I plan for predictable future expenses such as bills	0.70	5.33	1.37
I am able to meet a major expense without borrowing	0.82	5.03	1.48
I have some provision to cover a loss of income	0.75	4.43	1.60
I am making adequate provision for my retirement	0.72	4.06	1.71
<i>Personal job related financial barriers</i>			
My job/contract insecurity has made it more difficult to borrow money	0.78	4.06	1.75
My job/contract has made it more difficult to save money	0.81	4.40	1.87
My job/contract has made it more difficult to buy a place of my own	0.83	4.38	2.22
My job/contract has made it more difficult to reduce my existing loans	0.79	4.38	2.13
<i>Personal financial distress</i>			
I feel out of control with my borrowing and credit card(s) generally (reverse coded)	0.81	3.09	1.77
I live from pay to pay (reverse coded)	0.78	4.03	1.88
I am often late in meeting my credit card payments (reverse coded)	0.85	2.47	1.70
I am often late in meeting my rent/mortgage payments (reverse coded)	0.77	2.21	1.61
<i>Cognitive financial job insecurity</i>			
I have sufficient alternative sources of income/savings to meet my commitments until I get my next job/or contract (r=reverse code)	0.77	3.86	1.79
Ease of finding another job/contract quickly enough (r=reverse code)	0.86	4.60	1.52
Ease of making enough money to meet my financial commitments (own question) (r=reverse code)	0.92	4.64	1.53
<i>Affective job insecurity</i>			
I worry about losing my job/or my contract ending	0.84	2.51	2.00
I worry about not having enough income to meet my financial commitments	0.88	3.27	2.42
I worry about not being able to find another job/or contract quickly enough	0.90	3.06	2.36

distress, job related financial barriers, affective job insecurity and cognitive job insecurity.

An analysis of prior research suggests that a consumer's personal financial capability is heavily influenced by personal financial savviness and personal financial prudence. Whilst other potentially relevant antecedent variables have been studied such as life-stage, education and risk aversion it is likely that financial savviness and financial prudence incorporate much of the content of these other variables in one way or another.

Each of the scales and the items used are outlined in Table 1. The personal financial savvy and personal financial prudence are reflective scales and are adapted from Atkinson, McKay, Collard and Kempson (2007). The original thirteen items covered by Atkinson et al. (2007) were narrowed down by factor analysis to two main groups named savviness and financial prudence. In both scales 7 point Likert-type measures were used from 1 (Not at all like me) to 7 (Just like me). Savviness includes managing money, keeping track of finances and choosing financial products. In a sense it means shrewdness, experienced and canniness. Financial prudence includes planning ahead and staying informed. In a sense financial prudence includes consumers who are careful, careful and frugal. Type of employment was measured as a single item where 0=insecure (representing casual, part-time, contract and self-employed persons) and 1=full time employment. The reflective cognitive and affective job insecurity scales were adapted from Anderson and Pontusson (2007). The cognitive job insecurity reflective scale comprises three items and uses a 7-point Likert-type scale from 1 (strongly disagree) to 7 (strongly agree). The affective job insecurity scale comprises three items and uses a 4-point Likert-type scale from 1 (I don't worry at all); 2 (I worry a little); 3 (I worry to some extent); to 4 (I worry a great deal). The four item reflective financial distress scale was adapted from (McCarthy 2011) and used a 7-point Likert-type scale from 1 (Not at all like me) to 7 (Just like me). The single item measurement of borrowing difficulty was devised by the author to determine the extent to which a person found it difficult to borrow money. It used a 7-point Likert-type scale from 1 (Very Easy) to 7 (Very Difficult). Finally, the reflective four item job related financial barriers scale was devised by the author to determine the extent to which their employment acted as a financial barrier to their ability to borrow money, save money, buy a place of my own or pay off existing debts. This scale uses a 7-point Likert-type scale from 1 (strongly disagree) to 7 (strongly agree).

Results

The data were analyzed using Partial Least Squares (PLS) using the Xlstat software (Fahmy 2012) This included validating the measurements, and testing support for the hypotheses of interest. Partial Least Squares (PLS) is a component based structural equation modelling technique that has particular advantages over covariance modelling (Slotegraaf and Dickinson 2004). There are many precedents for the use

of PLS in recent marketing studies (Ringle, Wende and Alexander 2005; Hennig-Thurau et al. 2007; Anderson and Swaminathan 2011). PLS is a variance based technique, which can deal well with issues of formative versus reflective measures and moderation effects and can include categorical variables. PLS is not constrained by identification issues, even in complex models (Hair, Sarstedt, Ringle, and Mena 2012, p. 415). The primary objective of PLS (Hulland 1999) is the maximization of variance explained (or R^2 values) in all dependent variables. There is a wide application of PLS in many areas of the marketing literature (Hair et al. 2012) and it has been suggested that PLS is particularly useful for models of consumer behaviour which include the measurement of consumer satisfaction. Partial Least Squares (PLS) path modelling was used to simultaneously estimate both the measurement and structural components of the model. The model shown in Fig. 1 was analysed using PLS software XLSTAT (Fahmy 2012). XLSTAT simultaneously estimates the parameters of the structural model and the psychometric properties of the measurement model. Measures for this study were developed by procedures as recommended by (Gefen and Straub 2005), where all standardised factor loadings onto constructs had to be greater than 0.70 and have significant t-values. As shown in Table 2 all measures met the cut-off of 0.50 on the average variance extracted (AVE) as recommended by (Fornell and Larcker 1981). Cronbach Alpha reliabilities were well above the recommended point of 0.70 and ranged from 0.73 to 0.85. To confirm that the different latent variables extracted a higher share of variance from their own indicators than from other latent variables we tested for discriminant validity among the various constructs. The square root of the average variance extracted (AVE) by each of the latent variables as shown in the diagonal is higher than the correlation between the latent variable and all the other latent variables. Once the measurement model is satisfactory we can proceed to evaluate the structural model.

As shown in Fig. 2 the findings demonstrate the important direct role of personal financial capability in improving access to consumer finance, reducing financial distress and reducing cognitive financial insecurity. For instance, there was support for H_1 (Personal financial capability personal → difficulty of borrowing money, $H_1: \beta = -.19, t = -6.8, p < .01$) suggesting that increased personal financial capability through financial savviness and financial prudence can make easier to borrow money. Likewise, there is support H_4 (Personal financial capability → personal financial distress, $H_4: \beta = -.48, t = 18.16, p < .01$) indicating that increases personal financial capability can reduce the level of financial distress including the ability to keep on top of bills and other payments. The findings also demonstrate support for H_8 (personal financial capability → cognitive job insecurity, $H_8: \beta = -.23, t = -8.49, p < .01$) indicating that increases in financial capability can significantly alleviate cognitive job insecurity.

The findings provide some insight into the role of the type of employment (i.e. full-time employment versus insecure work) on personal financial capability, the difficulty of borrowing, job related financial barriers and cognitive financial job insecurity. For instance, the results show that the type of employment has little (although statistical significant) impact on one's personal financial capability suggesting weak support for H_2 (Employment Type → Personal financial capability, $H_2: \beta = -.002, t = -2.92,$

Table 2 Correlations among the various latent constructs

	Mean ^a	SD	CA	AVE	1	2	3	4	5	6	7	8	9
1. Financial savvy	5.48	1.20	.84	.61	.78								
2. Financial prudence	4.71	1.54	.73	.56	.54**	.75							
3. Employment type	.38	.49	na	-0.10	0.03	na							
4. Financial capability	5.15	1.35	.85	.45	.89**	.86**	-0.04	.67					
5. Financial distress	2.98	1.74	.82	.65	-0.36**	-0.49**	0.09	-0.48**	.81				
6. Job barriers	4.28	1.99	.82	.65	-0.10	-0.34**	-0.23**	-0.25**	.36**	.81			
7. Borrowing difficulty	3.95	1.70	Na	-0.13	-0.36**	-0.18*	-0.27**	0.29*	0.44**	na			
8. Cognitive insecurity	4.37	1.61	.81	.73	-0.14	-0.46**	-0.06	-0.33*	0.27*	0.35**	.44**	.85	
9. Affective job insecurity	2.95	2.26	.85	.77	-0.04	-0.31*	-0.04	-0.19	0.37**	0.44**	0.36*	0.54**	.88

Notes: *Mean* the average score for all of the items included in this measure, *S.D.* standard deviation, *CA* Cronbach's Alpha, *AVE* average variance extracted, *na* not applicable. The bold numbers on the diagonal are the square root of the AVE. Off-diagonal elements are correlations among constructs; **p*<.05, ***p*<.01. Overall: complete sample N=950

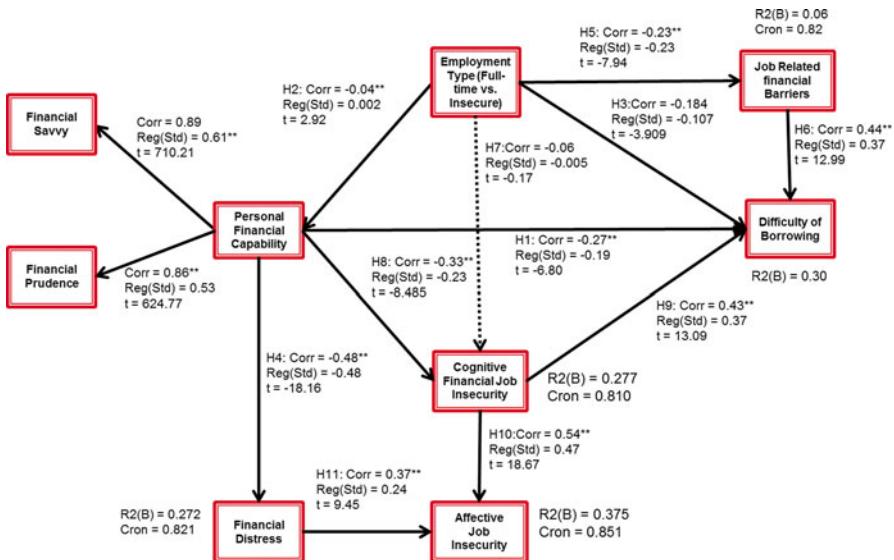


Fig. 2 PLS results. Note: * $p < .05$, ** $p < .01$; corr correlation coefficient; Reg(std) standardised regression coefficient; Cron Cronbach Alpha; solid lines show significant results; R2 R-squared. Results for hypotheses are shown in bold

$p < .01$). Employment type does however, influence the difficulty of borrowing. That is, people who work in insecure work will find it a little more difficult to borrow money than a full-time worker thus, supporting H_3 (Employment Type → Difficulty of borrowing, H_3 : $\beta = -.11$, $t = -3.91$, $p < .01$). In addition, employment type does influence employee perceptions about the impact of their job on the barriers they face in improving financial position. For instance, there is moderate support for H_5 (Employment Type → Job related financial barriers, H_5 : $\beta = -.23$, $t = -7.94$, $p < .01$) suggesting that people who work in insecure work are more likely to face financial barriers which are related to the kind of job that they have. In addition, the results show that there is a direct relationship between job related financial barriers and the difficulty of borrowing money, thus supporting H_6 (Job related financial barriers → Difficulty of borrowing money, H_6 : $\beta = .37$, $t = 12.99$, $p < .01$). Despite these relationships we could find no statistically significant evidence that employment type had any influence on the level of cognitive financial job insecurity, thus not supporting H_7 (Employment Type → Cognitive financial job insecurity, H_7 : $\beta = -.017$, $t = -7.94$, not significant). The findings also demonstrate the relationship between job insecurity and the difficulty of borrowing money. Thus, an increase in the level of cognitive financial job insecurity will make it more difficult to borrow money thus supporting H_9 (Cognitive job insecurity → Difficulty of borrowing money, H_9 : $\beta = .37$, $t = 13.09$, $p < .01$). Consistent with the literature the findings show that increases in cognitive job insecurity will also increase the level of affective job insecurity thus supporting H_{10} (Cognitive job insecurity → affective job insecurity).

$\beta=.47$, $t=18.67$, $p<.01$). The findings also show that increases in financial distress also have a direct negative impact on affective job insecurity thus supporting H_{11} : Personal financial distress → affective job insecurity: $\beta=.24$, $t=9.45$, $p<.01$). Overall, the results of this study provide insight into the barriers consumers face when seeking to borrow money including the impact of employment type, job insecurity and personal financial capability. In this context it does a reasonably good job with predicting borrowing difficulty ($R^2=.30$), cognitive job insecurity ($R^2=.28$), affective job insecurity ($R^2=.38$) and financial distress ($R^2=.27$). The overall quality of the model is acceptable with a goodness of fit index ($GFI=0.89$).

Conclusions

The implications of this research suggest that both financial institutions and policy makers need to think more broadly about the unanticipated and longer-term consequences of their lending policies on consumer access to finance and the psychology underlying workforce insecurity. Indeed, for instance a tightening of credit criteria will ration the supply of finance by making it more difficult to borrow money thus, negatively affecting the demand for consumer finance. If you work back through the process this tightening of credit criteria will lead to an increase in the work related financial barriers, which in turn will lead to a reduction in a consumer's personal financial capability. Such actions could also lead to increased personal financial distress and its associated emotional consequences. In a similar vein the growing incidence of insecure work as evidenced through the increasing casualization and contractualisation of the workforce can also have consequences for policy makers and society at large which reach far beyond their immediate effect. For instance, a worker who is employed part-time, casually or on contract or self-employed will generally find it more difficult to obtain housing finance because of the inability to earn sufficient cash-flow to support a mortgage (ACTU 2012). The consequences of this casualization process have both short-term and long-term implications. In the short-term it is likely that the consumer will either save more or divert the intended saving to the purchase of consumer durables that he/she can afford. In other words, their personal financial goals are moderated by their ability to raise finance. However, as workplace insecurity increases as it has been doing so for some time, whether or not people are working in insecure jobs, then society could be in line for some nasty long-term outcomes. For instance, government policies which lead to increased workforce insecurity or fail to encourage personal financial capability will have a negative impact on the future demand for finance and lead to increased levels of financial distress. For instance, the socio-demographic impact of constraints on consumer demand for new housing finance could mean that younger people tend to be forced to stay at home with their parents or to rent for longer periods. The end result is a potential slow-down in wealth accumulation and an increasing inability for people to plan their future long-term financial commitments and an increasing divide between insecure and insecure workers. The findings in this study

clearly show how changes in personal financial capability, employment type and workforce insecurity can influence personal financial distress and access to financial products such as mortgage finance. The findings highlight the need to link attitudes towards the type of work with societal and financial outcomes. Given that the proportion of employees working in insecure work is increasing there may be a need to more closely investigate in greater detail where the greatest market distortions occur and to develop policy recommendations to minimise these distortions.

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Market Resistance in Developing Nations: The Sustenance of Gaucho Consumer Culture in Brazil

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Abstract Legendary cowboys known as gauchos gained notoriety in South America during the period of colonization in Latin America. Although the gaucho cowboys were renegades in their origin, a widespread resurgence of popular interest in their tradition emerged in the 20th century among the inhabitants of the Brazilian State of Rio Grande do Sul (Oliven 1996; Jacob and Jaksic 2011). Enthusiasts created a formal structure, the Gaucho Traditionalism Movement—GTM, with the expressed purpose to re-create and preserve local traditions associate with a rural and agriculturally sustainable lifestyle. GTM activities involve cultural events and artifacts recognized to be gaucho cultural symbols, the consumption of which contributes to preservation the community imaginary face the cultural discontinuities and (post)colonial legacies in Latin America (Canclini 1995; Martin-Barbero 1993). Situating the study of market resistance in the cultural and post-colonial context of contemporary Gaucho Culture in Brazil, we explore consumers' efforts to preserve a localized way of life and culture against the pressures for assimilating a dominant, larger national or international cultural and economic threat using the market structures. Adopting an ethnographic research design, we focus on the discourses and practices of consumers who participate in the GTM events and activities. These citizens live in the Rio Grande do Sul region of Brazil, a predominantly urban and modern scenario. However, it is precisely through their consumption activities in participating in the events and in products associated with gaucho symbols that they keep in touch with and reproduce the gaucho lifestyle. Findings attempt to describe the consumers' support of an alternative and local market structure as a form of disseminates cultural resistance practices,

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even without leaving the mainstream market. We observe the sustenance of gaucho culture in consumption as a dialectical process that involves multiple agents' interactions in a localized and cyclical valorization of market activities. The market becomes a strategic place where consumers act with GTM members and commercial agents to re-signify, enact, and legitimate gaucho cultural elements.

References: Available upon request

How United Nations Global Compact Impacts Business Performance: The Mediating Role of Quality of Life of Employees in Emerging Market

Satyendra Singh

Abstract Impact of Corporate Social Responsibility (CSR) has been studied extensively; however, the related concept to CSR—United Nations Global Compact (UNGC)—has not received significant attention in academic literature. UNGC is a joint initiative of the ILO and the UN and seeks to engage firms in prompting and implementing international standards in *human rights, labor, environment, and anti-corruption*. The main reason for the lack of the attention is that the UNGC principals are controversial and that they are costly to implement.

The purpose of the study is to test the direct impact of the UNGC on Business Performance (BP), and the indirect mediating role of Quality of Life (QL) between the UNGC and BP. In doing so, we contribute to knowledge by filling three research gaps in the literature. First, we test the extent to which business managers perceive the importance of implementing the UNGC and its impact on BP. Second, we test the mediating effects of QL on the UNGC-BP relationship. Past studies have acknowledged the importance of employees but somehow neglected to take into account the impact of QL of employees as a result of the implementation of the UNGC on BP. Finally, we situate the study in the emerging market of Ghana which has been a successful role model of market economy for Africa as evidenced by high foreign direct investments.

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Purchase a New Car: The Effect of Impulsiveness in the Brazilian Market

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Introduction

Economic growth in Latin America is reflected also in auto market. On the contrary of established markets, car manufactures are attracted by the consumers' disposition in buying a new car. Auto market grows around 10 % per year, pushed specially by Brazilian market increase. Brazil represents 68 % of the Latin America auto market (Powers 2012). The reduction of the tax for industrialized products in Brazil has drawn a new scenario for the marketing of cars in the country, reducing new car prices and stimulated buyers.

It is especially important to draw attention to how the financial stimuli for acquiring a new automobile may influence purchasing behavior, stimulating the fast rapid market increase. The current context, as briefly described here, makes one reflect on two topics of consumer behavior. The first concerns about a temporary governmental tax (namely TIP—Tax of Industrial Products) reduction, which stimulate impulsive buying behavior as a result of the collective perception “take the opportunity

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while it lasts". Impulsiveness has been defined, in marketing studies, as the tendency of consumers to buy products or services spontaneously (i.e., without previous intentions to make such a purchase, Rook and Fisher 1995). This type of behavior is more frequent when unexpected opportunities of purchase arise (Bearden and Netemeyer 1999).

In the economic scenario spurred by the reduction of the TIP, some variables stand out as moderating elements, altering basic relations in the process of acquisition and in future intentions of the consumer. The first relation centers on the dynamics between the attributes of the product, recognized by the continuum of hedonic versus utilitarian value perceived by the customer, and customer satisfaction (Babin, Darden, and Griffin 1994; Maxham and Netemeyer 2002). The second relation centers on the dynamics between customer satisfaction and behavioral intentions, with special attention to word-of-mouth communication and intention of repurchase (Zeithaml, Berry, and Parasuraman 1996; Bruner and Hensel 1998).

Due to changes caused by the new context, impulsiveness features may cause alterations in the basic way that the relations afore mentioned usually occur. Such understanding derives from the fact that a consumer of cars recognizes the attributes of the product, thus generating a level of satisfaction that feeds his intention of future purchase and influences his word-of-mouth communication (Zeithaml et al. 1996). With the new pricing conditions, impulsiveness may impact on the level of satisfaction (e.g. Maxham and Netemeyer 2002; Coley and Burgess 2003) and on future purchase intentions (e.g. Puri 1996; Taute and McQuitty 2004; Brocato et al. 2012), for they alter the dynamics of the acquisition of a new automobile. Thus, it may act as a moderating variable in the basic model of customer behavior.

In sight if this context, the present study aims to assess the moderating effect of impulse buying on the relations between product attributes (hedonic/utilitarian) and satisfaction and on the relations between satisfaction and future intentions in the context of car purchasing.

Methodology

The collection of data was conducted by means of questionnaires. Data was collected from consumers who had purchased at least one car during the last 4 years (2009–2013). Respondents were graduate students of three higher education institutions of the state of Rio Grande do Sul, Brazil. The collection took place during the month of May 2013.

Regarding the data collection instrument, the scales of Babin et al. (1994) were chosen to measure utilitarian and hedonic attributes of purchasing; the scale of Maxham and Netemeyer (2002) was used to measure customer satisfaction; the scale of Bruner and Hensel (1998) was used to measure repurchase intention; the scale of Rook and Fisher (1995) was used to measure impulsiveness; finally, the scale of Zeithaml et al. (1996) was used measure word-of-mouth. Face validity and content validity were verified through the scale assessment conducted by two

experts/judges who hold doctorate degrees in the field of management (Kinnear and Taylor 1996). A simulation of the questionnaire was conducted with 12 consumers who had acquired at least one automobile in the last 4 years before the final collection for another assessment of face validity.

The analysis of the data was conducted using structural equations modeling (SEM) and hierarchical regression analysis. We used SPSS 20 and Amos 20 to conduct the data analysis and test the hypotheses:

H1a: Utilitarian attributes have a positive effect on satisfaction in the purchase of a new car.

H1b: Hedonic attributes have a positive effect on satisfaction in the purchase of a new car.

H2a: Satisfaction in the purchase of a new car has a positive effect on repurchase intention.

H2b: Satisfaction in the purchase of a new car has a positive effect on positive word-of-mouth communication.

H3a: Impulsiveness has positive moderating effects on the relation between utilitarian attributes and satisfaction in the purchase of a new car.

H3b: Impulsiveness has a positive moderating effect on the relation between hedonic attributes and satisfaction in the purchase of a new car.

H3c: Impulsiveness has a negative moderating effect on the relation between satisfaction in the purchase of a new car and repurchase intention.

H3d: Impulsiveness has a negative moderating effect on the relation between satisfaction in the purchase of cars and word-of-mouth communication.

Results and Discussion

Prior to the test of the hypothesis, we checked for missing data and outliers. Foremost questionnaires with more than 10 % of the questions left unanswered were excluded from the sample. Then, z -scores were observed in order to spot outliers. Six cases were excluded for presenting values above $|3|$. Subsequently, the Mahalanobis test for outliers was conducted. The test demonstrated that there were no outliers left in the database. The final sample, then, consisted of 170 cases: 59.7 % of respondents were male; the average age of respondents was 27 years old; the predominant marital status was single (64.2 %); and the average income was U\$ 2,200.00. It was observed that the most car acquisitions took place during the years of 2011 and 2012.

The structural model was assessed in order to test the hypotheses that do not account for moderation effects. The explanatory coefficients (R^2) were 69 % for satisfaction, 58 % for word-of-mouth and 61 % for repurchase intention. Furthermore, fit indices were appropriate— $CFI=.845$; $NFI=.807$; $TLI=.819$; $IFI=.847$ —as well as the Chi-square/Degree of Freedom ratio, that was below 5.

For the analysis of the moderating effects of impulsiveness, the hierarchical regression technique was used. First, the moderating effect of impulsiveness on the

relations between utilitarian and hedonic attributes and satisfaction was observed. For this analysis, satisfaction in buying a car was set as the dependent variable whilst utilitarian attributes, the interaction of hedonic attributes and impulsiveness (utilitarian \times impulsiveness), hedonic attributes, and the interaction between hedonic attributes and impulsiveness (hedonic attributes \times impulsiveness) were set as independent variables.

Then word-of-mouth was set as the dependent variable. Both H3c and H3d were not supported due to the fact that neither the relation of the interaction “satisfaction \times impulsiveness” with repurchase intention nor the relation of the interaction “satisfaction \times impulsiveness” with word-to-mouth presented significance.

Conclusion

To test the H1 (a and b) and H2 (a and b), SEM techniques were employed. Utilitarian attributes (H1a) and hedonic attributes (H1b) demonstrated positive relations with satisfaction in the purchase of a new car among Brazilians. The same was evidenced regarding the relations of satisfaction with repurchase intention (H2a) and word-of-mouth intention (H2b). According to these results, findings of previous research used as background for the present research were reinforced. Thus, one may infer that managers should attempt to reinforce the hedonic atmosphere in the customer’s experience when purchasing an automobile, as well as increase emphases on attributes of the product, which is compatible with the utilitarian values that affect customer satisfaction. In turn, satisfaction consists in a relevant predictor of positive future intentions.

Regarding the moderating effects, results reinforce the understanding of characteristics of impulse buying guided by “hot” emotions and “cold” cognitions, as identified in previous studies of the field (e.g. Bardhi and Arnould 2005). Nonetheless, H3c and H3d were not supported, confronting findings of studies conducted in other purchasing contexts (Puri 1996; Taute and McQuitty 2004). It is possible that features of the context of car purchasing have affected our results, given that this sort of purchase is strongly linked to a high customer involvement and investment. As a consequence, much thought is put into the process of buying, which leads to a smaller probability of negative feelings in the future concerning the purchasing decision. Finally, we consider that the increase auto market in Brazil is not directly related with tax stimulus. We strongly suggest that future research direct efforts to verify other market stimulus possibilities.

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Putting Visual Rhetoric into Context: Levels of Abstraction in the Analysis of Rhetorical Images in Print Advertising

Lampros Gkiouzepas

Abstract The present study identifies the different ways rhetorical interpretations are initiated by images in print advertising. Although visual rhetoric has attracted researchers attention, studies within the realm of visual rhetoric remained largely atheoretical, at least in terms of the schematic knowledge involved in the initiation of rhetorical interpretations. Such schemata have seldom made explicit in the literature. Thus, little theoretical knowledge exists about the role of context in the initiation of rhetorical interpretations. This paper develops a conceptual framework that structures and analyses the contextual knowledge required for the identification of rhetorical intentions. This framework contributes to the understanding of the cognitive mechanisms involved at the first stage of rhetorical processing and how this stage might subsequently shape interpretation.

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Customer Empowerment, Top Management Team and Product Development: Success Paths in Turbulent Markets

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Abstract Customer knowledge has been identified as a key condition for product development success. Traditionally customer knowledge is generated through market research techniques like focus groups and surveys. It has been argued that product development success in today's dynamic markets requires a shift from traditional market research to increased emphasis on customer empowerment. This is the direct, persistent and interactive collaboration with the customers. It has been postulated, that involving customers in closer proximities to product development project thresholds will generate novel product ideas that are more likely to be valued by customers, thus increasing the likelihood of product development success. Additionally, it has been noted that customer empowerment activities have the propensity to improve product quality and reduce risk. When a firm decides to implement activities of customer empowerment, it needs to be geared to appropriately manage these interactions and the various forms of information that these are intended to bring about. It is at this stage where the actions of the top management team (TMT) of the firm are crucial in terms of making the strategic decisions that guide product development.

Our aim is to empirically investigate this setting applying configuration theory. We chose this line of inquiry because in product development the impact of organizational characteristics should be understood holistically rather than individually. Set-theoretic configurational approach, specifically the fuzzy-set qualitative comparative analysis (fsQCA) method, enables us a more nuanced way to investigate the joint effects of top management team composition, level of customer empowerment and type of business environment to new product success. The fsQCA produced three configurational paths lead to product development success. Regarding the business environment, it suggests different configurational success paths in diverging environmental turbulences. Our study provides additional insights to the

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relationship between customer empowerment and TMT of the firm with specific regard to the business environment. Although the TMT-business environment links stem from prior literature, the notion of the customer empowerment-TMT interplay provides insights to the TMT information processing. In addition, linking customer empowerment to the internal and the external contexts of the firm also make a contribution, by providing additional evidence regarding the dangers of excessive customer dependency by taking the persistence of the customer base into account. We also highlight the necessity of relevant structures and processes of the firm for the transformation of insights generated from customer empowerment activities relate to product development success.

References: Available upon request

How Social Communities Create Value: The Dynamics of Surf as a Social Practice

Oscar Naranjo and Mario Giraldo

Introduction

It can be easily assumed that surfing is an x-game, hedonic sport product of modern consumption, but beside of that idea is a primitive practice that had been evolving (Canniford and Karababa 2013; Costa 1998). Using surf as case study, with the use of qualitative methods in order to gather deep and wide information, this study has the objective of identify artifacts that are used to accomplish innovations in social practices through consumption, the understanding of how social practices evolve as forms of active interaction of competences, materials and images producing new practices (Shove and Pantzar 2005).

Bourdieu (1990), de Certeau (1984) and Giddens (1984) conceptualize social practices in ways that emphasize routines, shared habits, techniques and competences which are recognizable through routine reproduction without acknowledging the effects of materials products on those practices. Further views of social practices propose somewhat different views seeing social practices as assortments of materials, competences and meanings (Shove et al 2012), materials, competences, meanings and social communities (Giraldo Oliveros and Halliday 2012) or embodied, materially mediated arrays and shared meanings (Reckwitz 2002). Indeed, those different elements are considered as indispensable resources integrated in social practices shaping value creation in social constellations that came out from fuzzy borders and are organized through assemblages (Collier and Ong 2006; Normann and Ramíres 1993; Tampio 2009) which are in continuous evolution (Giraldo Oliveros and Halliday 2012).

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This research presentation outlines that social value in the Colombian surf community is shaped through the active integration of materials, competences, meanings and communities in social practices which are dynamic, interactive, dialogical and negotiated. It is strengthen how the community create social value, that can be understand as the utility acquired by the association with one or more social groups (Sheth et al. 1991), assembling what is sacred and profane (Ahuvia 2005; Belk 1988; 1989), symbolic violence and hierarchy (Hathazy 2012; Southerton 2011), territorial behavior and share of space (Griffiths and Gilly 2012; Tumbat and Belk 2011), betrayals (Canniford and Shankar 2013) and how the primitive and romantic experiences affect the social practice of surf (Canniford and Karababa 2013; Costa 1998). These practices are also interdependent arrangements which means that the evolution of a single element within the practice, affect the whole practice providing novel opportunities for the practice to be enhanced or transformed into a new different practice.

Methodology

Surfing practices were explored through ethnographic methods with the idea of providing further understanding of social value creation, rather than just a trade-off of value evaluation of the sites. As a result, empirical accounts of activities were described in the doings of participants rather than just the perceptions of them according to the tradition of ethnography (Spradley 1980). The empirical research question was what are the practices and their character for social value creation in surfing, and the focus of the research was to explore the dynamics of social value creation in community consumption practices. This main empirical research question was worked out using Wolcott's categories (description and analysis) for transforming qualitative data from ethnographical studies (Wolcott 1994). The research was conducted in the north coast of Colombia, where different sites where communities of surfers were carrying everyday life surfing practices. Journal fields, non-structured interviews, auto-ethnographic narratives and participant observation were used through eight months of intermittent combination of collection, description and analysis of data. One of the researchers belongs to the surf community in Barranquilla (Colombia), making easier to obtain access and pertinent empirical evidence for the study.

Results and Discussion

The findings show evidence that surfing can be acknowledged as a social practice in the Colombian surf community, reaching three main outcomes. Firstly the study suggests that social value in the Colombian surf community emerges through the active integration of a constellation of elements in the surfing practice. According to this,

the study shows how the different elements of surfing as a social practice emerge as interdependent knots that bring together different positions enhancing or hindering social value creation within the community.

Secondly it has been found that the practice of surfing emerges as a heterogeneous consumption community where groups of practitioners can be classified into two broader groups, according to the hedonic and utilitarian meanings they are pursuing, and which may interact in function of more than one subculture or social community at a time (Hull 1976). Shows the heterogeneity of the social community, classifying all the individuals that interact in the sport into two broader categories, “show off surfer or soul surfer” according to the competences, meanings and materials used by them, and the different rites of passage (Schouten 1991) they have come through within the community.

Third it have been discovered how the community create value through their practices being an operand and operant resource (Vargo and Lusch 2004) assembling the first and second finding. It have been analize how they make sacred and profane tangible and intangible aspects of the practice within the performance of it; how the hierarchy and symbolic violence determines the role play by the individual; which are the rules for sharing territorial spaces and the tensions that it generates; which are the social betrayals and the effects of romantic and primitive experiences.

Conclusions and Implications for Theory and Practice

The study uses surf as a case study to give insight about how social value is created in social practice in heterogeneous consumption communities. The study may validate the idea that stronger communities have a more diverse constellation of practices and how the online-spaces enhance the vitality of them (Schau et al. 2009) and could contribute the study of (Canniford and Shankar 2013) expanding it with social and cultural betrayals.

From a managerial perspective this study shows how social value is constructed within social constellations of resources that interact interdependently and which are integrated through social practices. This view suggests that any change in the elements of a social practice may generate practice enhancement and development, enabling managers and marketers to enhance value propositions through intervention in consumption practices.

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The Effects of Destination Personality on Tourist Satisfaction, Identification, and Behaviour

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Abstract As new tourism destinations continuously appear and established ones develop or decline, destination marketers face the daunting task of reaching out to consumers in an increasingly competitive global marketplace. To market destinations and attract first-time and repeat visitors, tourism managers need to apply modern branding techniques and effective positioning strategies. Findings in the marketing literature suggest brand personality, satisfaction, and customer identification with the brand are important drivers of consumer behavior in several contexts. Yet, there is a paucity of studies on their role in tourist behavior. In an attempt to address this shortcoming in the extant literature, the present study develops and tests a model linking destination personality and tourist–destination identification with the tourism mantras of tourist satisfaction, positive word-of-mouth, and revisit intentions. Data from consumers reporting on their most recently visit to a tourism destination are analyzed via structural equation modeling. The study results indicate that (1) destination personality can be portrayed in terms of the established characteristics excitement, sophistication, and ruggedness and the novel ones activeness, dependability, and philoxenia; (2) destination personality promotes tourist satisfaction, tourist–destination identification, positive word-of-mouth, and revisit intentions; (3) satisfaction encourages identification and word-of-mouth; and (4) identification enhances word-of-mouth and revisit intentions. Overall, the findings attest to the importance of tourist satisfaction given its role as chief predictor of tourist–destination identification and promoting and its indirect effects on revisit intentions via identification. Also, our results suggest destination personality constitutes a viable metaphor for understanding tourists' perceptions of destinations,

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building destination brands, and crafting a unique tourism destination identity. Finally, tourist-destination identification seems to fulfil a self-definitional need and provide tourists with emotional returns; it can thus enhance understanding of tourist behavior.

References: Available upon request

How to Explain Infatuation with the Online Secondhand Market? An Analysis of Motivations and Perceived Risks

Durif Fabien, Rajaobelina Lova, Boivin Caroline, and Dehling Aurélie

Introduction

Regarded as an anecdotal, dedicated to poorer population groups and motivated solely by financial advantage (Williams and Windebank 2000), secondhand consumption has historically triggered only marginal interest in academic and managerial audiences. However, in the wake of initial development in the 1980s and 1990s (Roux and Guiot 2001), the secondhand market today enjoys unprecedented growth. A 2013 survey in Canada revealed that 73.9 % of citizens had purchased at least one secondhand item and that 41.5 % had sold at least one secondhand item in the previous year. In France, in 2011, 33 % of consumers made at least one online secondhand purchase and 34 % sold at least one item via the Internet. Distributors are progressively implementing strategies designed to increase their share of this expanding market. Numerous distribution channels are popping up or enjoying newfound youth: second-order outlets, garage sales, thrifts stores and specialist secondhand retail chains are increasing in number and drawing increasing numbers of consumers. On the Internet, online classified advertisement and auction sites are booming (Guiot and Roux 2010a) with key players such as Ebay, Kijiji and Le Bon Coin.

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Marketing research into secondhand good consumption remains tends to focus on two main lines of questioning. The first seeks to identify and understand the motivations inherent to secondhand purchasing (e.g. Guiot and Roux 2010a), whereas the second seeks to update and understand potential impediments to this type of purchasing (e.g. Bezançon, Guiot and Le Nagard 2013). Although these two perspectives are of interest to distributors of both secondhand and new goods, they nonetheless suffer two main snags: the first relates to focus on the context of secondhand purchasing, excluding with only rare exceptions (e.g. Le Maitre and Barnier 2013), that of the sale of used goods. The second relates to the choice of systematically dissociating the study of motivations and impediments to second-hand purchasing. This study therefore proposes to make up for these shortcomings by simultaneously focusing on motivations and impediments inherent in second-hand consumption and respecting both the purchase and sale of used goods.

Literature Review and Hypothesis Development

A secondhand item can be said to be a pre-owned item which may or may not have been used by an individual other than oneself. Roux and Guiot (2010a, p. 356) define ‘secondhand shopping’ as ‘*the acquisition of secondhand objects through methods and places of exchange that are generally distinct from those for new products.*’

In the 1980s, marked growth in secondhand consumption was initially attributed almost exclusively to a concomitant drop in the purchasing power of the middle class (Razzouk and Voight 1985). But, over and above the financial advantage, secondhand purchasing can prove entertaining (Stone, Horne and Hibbert 1996). Motivations for electing to purchase secondhand goods thus include both an economic and a recreational dimension (Guiot and Roux 2010a). From the economic point of view, motivations inherent in secondhand purchasing can take different forms: seeking out the best price (e.g. Guiot and Roux 2010a); distancing oneself from the traditional merchant system (e.g. Williams and Paddock 2003) and satisfying one’s ethical and ecological concerns (e.g. Guiot and Roux 2010a). From the recreational standpoint, it can be a matter of seeking out a rare or unusual item (e.g. Belk 1988), embarking on a treasure hunt (e.g. Bardhi and Arnould 2005), seeking to savour the pleasure of social contact (e.g. Herrmann and Soiffer 2004; Guiot and Roux 2010a) or seeking to reconnect with the nostalgia of goods from days of yore (e.g. Debary 2004). At the opposite end of the spectrum, and more specifically relating to online purchasing, one also observes in secondhand buyers and sellers a willingness to maintain a certain distance between the different players involved in the transaction (Dehling 2013). We thus posit:

H1: Economic motivations positively impact online secondhand purchasing

H1a: Distance from the system positively impacts online secondhand purchasing

H1b: Search for a fair price positively impacts online secondhand purchasing

H1c: Ethics and ecology positively impact online secondhand purchasing

H1': Recreational motivations positively impact online secondhand purchasing

H1'a: Treasure hunting across the system positively impacts online secondhand purchasing

H1'b: Originality for a fair price positively impacts online secondhand purchasing

H1'c: Social contact positively impacts online secondhand purchasing

H1'd: Nostalgic pleasure positively impacts online secondhand purchasing

Respecting the sale of secondhand goods, motivations inherent in the practice would appear to revolve around five key axes (Le Maitre and Barnier 2013): (1) Recreational motivation linked to the pleasure of frequenting secondhand marketplaces and the opportunity of experiencing the role of apprentice vendor (e.g. Herrmann and Soiffer 2004); (2) Practical motivation linked to the destocking practices of these so-called merchants (e.g. Chu and Liao 2007); (3) Economic motivation enabling these same so-called merchants to boost their income; (4) Protest-related motivation linked to a form of ‘anti-commercial rebellion’ (e.g. Graham Austin, Plouffe and Peters 2005) and doing battle with over-consumption and the negative consequences thereof; and, (5) Generative motivation enabling one to achieve, via the transfer of possessions from one generation to another, a certain form of symbolic immortality (Price, Arnould and Curasi 2000). In the context of the sale of secondhand goods, two motivations specific to this practice come to light: practical and generative motivations. We thus posit:

H2a: Protester-related motivation positively impacts online secondhand selling

H2b: Economic-related motivation positively impacts online secondhand selling

H2c: Generative-related motivation positively impacts online secondhand selling

H2d: Recreational-related motivation positively impacts online secondhand selling

H2e: Practicality-related motivation positively impacts online secondhand selling

H2f: Social/local/community-related motivation positively impacts online secondhand selling

These motivations are naturally counterbalanced by impediments to which secondhand consumption. Research into these impediments generally focus on the secondhand clothing category and highlight the role played by perceived risk (Roux 2004; Bauer 1960) in the financial, functional, social, psychological (Kaplan, Szybillo and Jacoby 1974) and temporal realms (Roselius 1971). Dehling and Vernette (2013) point to five major impediments to secondhand consumption: (1) safety-related impediment; (2) utilitarian-related impediment; (3) hedonistic-related impediment; (4) self-expression related impediment; and (5) affiliation-related impediment (Bezançon 2012). In the more specific context of online secondhand consumption (Bezançon, Guiot and Le Nagard 2013), it would appear that the perceived risks impacting intentions to purchase can be generated by both the website (reassurance and perceived quality) and the product itself (performance-related risk, financial risks, psychological, temporal and physical risks). Thus we posit:

H3a: Product-related risk negatively impacts online secondhand purchasing

H3b: Site-related risk negatively impacts online secondhand purchasing

H3c: Risk of self-expression/affiliation negatively impacts online secondhand purchasing

H4a: Tends to keep everything negatively impacts online secondhand selling

H4b: Site-related risk negatively impacts online secondhand selling

H4c: Financial risk negatively impacts online secondhand selling

Methodology

Data was gathered in September 2013 via a self-administered e-mail survey from a Web panel in Canada ($n=1103$). The sample comprised a mix of women (61.9 %) and men (38.1 %) of an average age of 47.8 years. A total of 61.1 % were university educated and 60.1 % had a gross annual income of less than C\$59 999. Proportions of homeowners (50.8 %) and renters (49.2 %) were about equal.

Online secondhand purchasing motivations were measured using an adapted secondhand shoppers' motivation scale developed by Guiot and Riot (2008) which comprises two super factors (economic motivations and hedonistic/recreational motivations) and seven dimensions (distance from the system, search for a fair price, ethics and ecology, treasure hunting, originality, social contact, nostalgic pleasure). One item was added to the ethics and ecology dimension and two items relating to local aspect were added by reason of the specifics of online purchasing for a total of 24 items. **Impediments to online secondhand purchasing** were measured using 26 items grouped into three dimensions (product risk; site risk; self-expression risk). The generation of items was based on an adaptation of the theoretical framework of perceived risks to online secondhand purchasing developed by Bezançon, Guiot and Le Nagard (2013) and on the findings of an exploratory study conducted by Bezançon (2012) into impediments to secondhand purchasing. **Online secondhand selling motivations** were measured using an instrument of measure not yet used in the literature of Lemaître and Barnier (2013) on secondhand selling motivations including four dimensions (recreational, protester, generative and economic). Six items linked to the local and community aspect were added for a total of 26 items. **Impediments to online secondhand selling** were measured using a scale developed by Guillard and Pinson (2012). We then adapted to the selling side the perceived website-related risks and product-related risks suggested by Bezançon, Guiot and Le Nagard (2013) for a total of 19 items. The measure of **online secondhand purchasing** stems from the combination of two items: *In the last year, I purchased items from online classifieds sites* and *In the last year, I purchased items from online auction sites*; the measure of **online secondhand selling** derives from: *In the last year, I sold secondhand goods on online classifieds sites* and *In the last year, I sold secondhand goods on online auction sites*. All items were measured using a Likert-type scale calibrated from 1 'totally disagree' to 10 'totally agree'.

Results

The hypotheses are tested using structural equation modelling (EQS 6.2). The measurement models reveal a good fit with χ^2 values of 1949.93 with 704 degrees of freedom for the purchasing model and 1832.54 with 857 degrees of freedom for the selling model. The values of χ^2/df are 2.77 for the purchasing model and 2.14 for the selling model, which indicate a good fit with the model (Bagozzi and Yi 1988). NNFI values (0.94 for the purchasing model/0.93 for the selling model) are greater than 0.90 (Kline 2005). CFI values (0.95 for the purchasing model/0.94 for the selling model) are greater than the 0.90 cut-off recommended by Bentler (1990). Lastly, RMSEA values obtained (0.05 for both models) indicate a satisfactory fit (Hu and Bentler 1999).

All alpha coefficient estimates are greater than 0.70 (Nunnally 1978). Composite reliabilities are all also greater than 0.70 (Fornell and Larcker 1981). Reliability through internal consistency is thereby confirmed. Content validity is confirmed by the comprehensive literature review and use of an expert panel in the scale development process. Construct validity is assessed by verifying both convergent and discriminant validity. Convergent validity is demonstrated since factor loadings be significant and greater than or equal to 0.5 for all items of the two models (Hair et al. 1998). In addition, average variance extracted (AVE) values are all greater than 0.50 (Fornell and Larcker 1981) except for the *Financial risk* construct relating to the selling model. To show discriminant validity of the constructs, AVE must be greater than the variance between the proposed factor and all other factors (Fornell and Larcker 1981). Results show that discriminant validity is achieved in this study for the two models. The structural models fit the data well (Goodness-of-fit indices: $\chi^2(704)=1949.92$, $\chi^2/df=2.77$, NNFI=0.94, CFI=0.95, RMSEA=0.05 for the purchasing model; $\chi^2(865)=2017.73$, $\chi^2/df=2.33$, NNFI=0.92, CFI=0.92, RMSEA=0.05 for the selling model). Results show that each model explains 55.1 % of purchasing variance and 47.4 % of selling variance respectively. By examining the structural model estimates, support is found for 5 out of 8 hypothesized causal paths in the purchasing model and 2 out of 9 in the selling model.

For the **purchasing model**, *Treasure hunting* ($\gamma=0.50$, $p<0.01$) and *Social contact and local aspect* ($\gamma=0.32$, $p<0.01$) are shown to have the greatest impact on purchasing. It is interesting to note that *Nostalgic pleasure* negatively impacts ($\gamma=-0.14$, $p<0.05$) purchasing. *Site-related risk* ($\gamma=-0.13$, $p<0.05$) is found to have the greatest impact on purchasing. *Distance from system* (motivations) and *Self-expression/Affiliation* (risks) marginally impact purchasing. Lastly, *Search for fair price/Ethics and ecology* and *Product-related risk* have no significative impact. For the **selling model**, only two types of motivations, *Economic (financial gain)* ($\gamma=0.48$, $p<0.01$) and *Practical* ($\gamma=0.26$, $p<0.01$), impact selling behaviour. The other types of motivations (*Protester; Generative; Recreational; Social/Local/Community*) do not impact selling behaviour. None of the risks impact selling behaviour.

Discussion and Conclusion

This study demonstrates originality by jointly analysing motivations and impediments to online secondhand purchasing and selling. Purchasers of secondhand items—in 85.5 % of cases (Dehling 2013)—are also sellers of secondhand items. The survey brings to light a number of interesting findings. Firstly, in the instance of motivations, four of them—*treasure hunting, social contact and local aspect, nostalgic pleasure* and *distance from the system*—significantly impact the practice of online secondhand purchasing. It is interesting to observe that the ‘virtual’ nature of the distribution channel studied does not appear to impact motivations inherent in secondhand purchasing. Indeed, the pleasure of engaging in treasure hunting appears to be preserved both online and offline; the pleasure of social contact is also highly present; and, lastly, even though the web makes it possible to ignore geographical constraints, the local dimension seems to remain as important. This finding does not, however, extend to impediments inherent in online secondhand selling since one of the two impediments observed—*site-related risk* and *self-expression*—underscore the importance of the characteristics of online purchasing and selling site.

With respect to the context of the online selling of secondhand items, the two motivations that emerged (economic and practical) do not appear to take into account the specifics of the online distribution channel since they are consistent with motivations pertaining to more traditional channels (e.g. Lemaître and Barnier 2013). In contrast, it would appear that no impediment impacts the online selling of secondhand goods.

References: Available upon request

Examining the Public's Desire to Punish Socially Stigmatized Service Workers in Crisis: Can Empathy Buffer Anger?

Simon J. Pervan and Liliana L. Bove

Introduction

Service workers like child protective officers and mental health workers, are perceived overwhelmingly as valuable to society (Le Croy & Stinson, 2004). Yet, perversely, those who undertake these roles are also often socially stigmatized, seen as “dirty” by their communities, because they deal with “tainted” people (Ashforth, Kreiner, Clark, & Fugate, 2007). This dark side of public perception is most evident during crisis events when the media taps into the desire to blame workers for unfortunate occurrences, creating a frenzied environment in which individual accountability is often demanded. The negative portrayal of stigmatized service workers by the media has been linked to increased stress, burnout and employee turnover (see e.g., Gabelman, 2004; Tower, 2000; Zugazaga, Surette, Mendez, & Otto, 2006). For example, a 2008 submission by the Australian Association of Social Workers cites “bad press” as one of a number of key reasons for concern over adequate practitioner staffing in the near future. Further, in 2004 and 2005, after several high profile Child Protective Services (CPS) incidents in Texas triggered sustained negative media coverage, turnover in CPS increased from 29 % in 2004 to 39 % in 2005, continuing its upward trajectory to a high of 45 % in 2007 (Centre for Public Policy Priorities, 2009). This kind of response has

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profound care quality and economic consequences. Families must re-establish relationships with new workers, and remaining staff are forced temporarily to absorb the cases of those departing. This decreases the attention paid to their own case loads and affects the timeliness of key decisions on safe and stable placements (Social Work Policy Institute, 2010). In addition, staff replacement costs are estimated to be between one third and two thirds of annual salary per worker (Coperthwaite, 2006; Dorch, McCarthy, & Denofrio, 2008). Given the serious implications of media portrayal of stigmatized service workers, it is essential that we gain an understanding of factors that may influence community response to crisis events.

Two theories inform our discussion, both of which explain the response to service workers in crisis in terms of controllability of causal attribution. The first, crisis communication, suggests that the actual media message during a crisis can frame emotions (Nabi, 2003) and that this determines the attribution of responsibility (Kim & Cameron, 2011). These studies use an appraisal tendency framework (Han, Lerner, & Keltner, 2007) to suggest that anger (leading to heuristic processing) is associated with cognitive appraisal tendencies of certainty, meaning the media audience are more likely to attribute controllability of causal attribution, suggesting a negative consequence for SSWs as the crisis target.

RQ1: What is the impact of anger on the audience's desire for the SSW to be punished in crisis?

The second, Batson, Chang, Orr, and Rowland's (2002) theory of empathic concern suggests that those who approach a crisis event from an empathic perspective feel greater empathic emotion toward the individual SSW, translating to an opposite (more positive) behavior towards them. Empathy is commonly defined as an "other-oriented emotional response congruent with the perceived welfare of another" (Batson 1997, p. 105). Batson et al. (1997) speculate, using Weiner, Perry, and Magnusson (1988) work, that the negative effect of stigma is mitigated because empathic individuals perceive less controllability of causal attribution. We examine whether empathy can mitigate the impact of anger on public behavior.

RQ2: Does empathy moderate the impact of anger?

Methodology

The goal of this study is to test whether empathy moderates the effect of anger on behavior towards an SSW portrayed in crisis. One hundred and seven Australian individuals were recruited from an online panel (CINT). Participants were even in gender split and aged over 25 years. They were also screened to ensure they did not have personal experience with a social worker, or had a family member or friend working in the profession.

Stimuli

Participants were informed that the study investigated consumer responses to different styles of newspaper articles. They were asked to read an article in which a service worker had been involved in a crisis—a child protection officer had failed to prevent severe injuries to a young child while in the care of the mother known to Human Services.

Measures

Empathy was measured using six adjectives taken from Batson et al. (1987). These included: sympathetic, moved, compassionate, tender, warm, and soft-hearted ($\alpha=0.88$). Controllability of attribution was adapted from Betancourt (1990) on three seven-point scales anchored by “no control at all/complete control,” “unmanageable/completely manageable,” “no influence at all/complete influence” ($\alpha=0.92$). Anger was taken from Jorgensen (1996) measured on two seven point scales anchored by “not at all annoyed/annoyed,” “not at all angry/very angry” ($r=0.95$). Punishment behavior toward the worker was measured by asking respondents to indicate their anonymous support for having the SSW punished.

Results and Discussion

Direct logistic regression was performed to assess the impact of anger, empathy and empathy/anger interaction on likelihood of signing a petition to punish the SSW. The full model containing all predictors was significant, $\chi^2 (3, 107)=41.29$, $p=0.000$, indicating the model could distinguish between those wanting to punish and not wanting to punish. The model explained between 32 % (Cox and Snell R square and Nagelkerke R squared) and 44 % of the variance in desire to punish, and correctly classified 76.6 % of cases. However, only one of the independent variables, anger, made a unique contribution to the model recording an odds ratio of 6.81 ($B=1.92$, $S.E.=0.935$, Wald = 4.05). This means that respondents who were angry were nearly seven times more likely to want to punish the SSW. In addition, empathy does not appear to attenuate this effect.

To examine whether this effect was mediated by controllability of attribution we again used logistic regression. Results indicated that none of the predictors made an unique contribution to the model although overall the model explained 36 % (Cox and Snell R square and Nagelkerke R squared) and 48 % of the variance in desire to punish. The odds ratio for anger, 2.22, and control, 1.50, were both higher than their interaction 1.03. This indicated no mediating effect for controllability of attribution.

Conclusions and Implications for Theory and Practice

We examined whether a SSW portrayed as responsible for a crisis would have the public's desire to punish them attenuated when they felt empathic concern for them. Our finding suggests that empathy does not reduce the negative impact that feelings of anger have on this behavior. The importance of anger is consistent with the crisis literature (Coombs, 2007) although further analysis did not support Kim and Cameron's (2011) assertion that certainty over controllability of attribution will mediate the effect of anger on desire to punish.

In this study we were only interested in the desire to punish, but in the majority of cases, 63.5 % respondents chose not to. Future research is needed to determine why respondents chose not to punish and whether their behavior and/or attitudes toward SSWs changed, for better or worse, as a result of the crisis event. It is, however, concerning for public policy makers that a potential avenue for mitigating the effect of negative media reporting, building empathic concern amongst the community, may not be sufficient, at least in terms of reducing an angry public's desire to punish. Research on empathy should continue though as Batson et al.'s (2002) work is potentially useful to social marketer looking to improve the public's relationship with SSWs and reduce the stigmatized labour evident in their roles (Bove & Pervan, 2013).

Practical implications, at this early stage of the research, suggest that organizations representing SSWs should prioritize the quelling of public anger following a crisis event, over the generation of empathy toward workers prior to its occurrence.

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Cross-National Emic Scale Development in Health Care Service Quality

Pia Polsa, Ritu Narang, Alabi Soneye, Wei Fuxiang, and Katarin Hellén

Abstract Although, health care service quality has been studied extensively and independently in a number of different countries, cross-national service quality research is less common. Several health care service quality measures are available, but to the best of our knowledge, there are no studies on cross-national scale development for health care service quality. Furthermore, when several nations have been compared, the scales have been borrowed, often from Western developed countries. This paper describes the process of cross-national emic scale development for health care service quality in Finland, India, Nigeria, and the People's Republic of China (PRC). We start our scale development from existing literature, refine the scale with data from the four countries, and arrive to 15-item measure.

The factors that we finally arrived on reflect different functions and encounters of health care service; 'employees', 'drugs and diagnosis', and 'environment and access' which we label as *functional dimensions*. Compared with traditional service quality dimensions, tangibility, reliability, responsiveness, assurance and empathy the functional dimensions measure different encounters of health care service delivery, hence the name. We suggest that health care service quality scales could be further developed by combining the traditional dimensions with

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functional dimensions such as our data has provided. Each traditional dimension could be combined with a set of functional dimensions. For each combination items could be created to measure the combination. This way, for example tangibility could become more detailed and thus more concrete as tangibility of employees, drugs and diagnosis and environment and access can be measured respectively.

References: Available upon request

Geomarketing Mix Optimization Using a Fuzzy Spatial and Multiscale Segmentation

Jérôme Baray, Gérard Cliquet, and Martine Pelé

Abstract This article introduces a new method for optimising the marketing-mix of a product or service by taking into account supply and demand features including their geographical location. Introducing the concept of geomarketing mix, the method using a factorial analysis and a fuzzy clustering enables to automatically detect business and strategic opportunities.

Keywords Spatial segmentation • Geomarketing mix • Retail • Clustering

Introduction

This article presents a method to both spatially segment a market and to optimize the marketing mix components. The new geomarketing mix optimization system comprises a pre-treatment of available data linked to supply or/and demand in the studied geographical region, a multiscale visualization, a cluster detection and a market positioning according to a specific firm's strategy.

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An Approach Based on the Automatic Detection of Strategic Opportunities

The data to be taken into consideration in order to optimize store location and the selling price as a whole are numerous and of various types i.e. costs of production, price of other items in the range, strategy regarding the desired pricing policy, prices set by competitors, elasticity of the demand in terms of price, gap between the actual price and the price perceived by consumers, forecasting data on future demand. On the other hand, although price cannot be set without considering the other marketing mix elements and positioning in terms of the competitive advantages of the company, data on geographical supply, demand and environment is only partially available. Against this background, we propose a new method derived from using the latest data mining tools.

A Spatial Model for Setting Optimal Marketing Parameters

To be optimal, the selling price and other parameters like the stores' location or product features must take account of the competition and assume a suitable sales strategy. Within this framework, the new method with the four following stages will detect strategic price ranges after building what could be named a *spatialized factorial map*.

Stage 1

Monitoring the competition: gathering data on competitors' products as well as the company's own products in order to build as complete as possible a database (each product being described by price/qualitative and quantitative characteristics/possibly the distribution mode/mode of promotion). The database includes the geographical coordinates of the sold products (latitude & longitude).

Objective: to set up a database of located products with their quantitative and qualitative characteristics.

Stage 2

Factorial analysis to obtain the variables that are independent of each other (main factors). A limited number of factors are used to facilitate subsequent processing. Factorial maps are then drawn up representing factorial and individual unit axes (the different products on the market). This factorial chart is also a deformed geographical map.

Objective: representation by factorial axes of product masses and interpretation of the axes (correlation of the axes with quantitative factors such as price, longitude & latitude,...).

Stage 3

Segmentation of the data relating to the main factors in order to describe the zones occupied by the competition and also the empty zones (lacunae) or market niches (specifying the zones on the factorial maps showing low levels of competition, described in terms of main factors and price/product characteristics and location).

Processing that uses mathematical morphology seems well suited to outlining the different zones in the factorial space according to their density (the density level of products in a zone in the space indicates the level of pressure from the competition). The function of dilation detects zones with high density of supply (individual units/products taken together). The negative of this dilated map indicates zones where the supply is scarce. One alternative would be to use analysis by ascending hierarchical order, though this is less practical for the exact delimitation of the boundaries of the zones (it is only capable of indicating the individual units in each cluster).

Objective: to describe, in terms of price/product characteristics, the zones with high and low competitive pressure.

Stage 4

Selecting the zones in the factorial space that are best suited for the chosen strategy.

Objective: to determine the price and product characteristics that correspond to the company's marketing strategy, using the existing products available. As part of an avoidance strategy, this means targeting the zones on the factorial maps where there is little pressure from the competition. The price, geographical location and the other marketing-mix parameters shall be set by taking account of the centroids of these zones.

This method lends itself both to niche market strategies and, at the other end of the scale, more aggressive predatory pricing strategies that target zones in the factorial space already occupied by concurrence. An application has been performed on the second-hand car market in France to specify the best locations and optimized marketing-mix variables.

Conclusion

Thanks to this method, the development of the Internet makes it easier to gather abundant data on supply or demand in order to provide regular or almost instantaneous recommendations and marketing-mix adaptation. The application fields encompass mass retail, producing companies and the services sector (tourism, real estate agencies, retail banking, insurance and so on).

References: Available upon request

Pridit Is a Useful Technique for Detecting Consumer Fraud When No Training Sample Is Available

Linda L. Golden, Patrick L. Brockett, John F. Betak, Mark I. Alpert, Montserrat Guillen, and Richard Derrig

Abstract Marketing researchers and managers often face situations with incomplete information for decision-making. For example, when information needed for classification into strategic customer groups is lacking because of a disclosure social desirability bias. Consumers misbehaving through fraud are unlikely to self-disclose those actions. This is an increasing global problem for services and retailers. Detection of consumers misbehaving can be methodologically more difficult than studying other customer behaviors, since there may be no known observable dependent variable from surveys or observation for training standard statistical models.

This paper uses PRIDIT for classification, ranking, and grouping (e.g., fraud/non fraud suspicion). PRIDIT does not need a training sample of known behaviors. A new PRIDIT analysis is applied to two data sets focused on detecting consumer fraud in a service industry. PRIDIT performed well in detecting fraud when compared to standard statistical methods that have the benefit of having a training sample and a dependent variable (e.g., logistic regression). The PRIDIT methodology used here extends to many important consumer fraud situations where the customer is not going to admit misbehavior and the manager must learn to identify it for profitability reasons (e.g., identifying credit card fraud, funds misappropriation, click fraud, etc.).

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Innovative Materials Facilitating Resource Efficiency: Do Consumers Accept Eco-Friendly Materials?

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Abstract Products consisting of Wood Polymer Composites (WPC, a mixture of wood by-products, plastics and additives) help to generate a more efficient method of resource utilization. This is done by fostering cascade utilization, which involves the multiple uses of raw materials, including their by-products, before they are converted into energy. Central to these innovative materials is a merger of two very contradictory-perceived materials (wood and plastics). Hence, it is unclear which component, wood or plastics, has a greater influence on purchase decisions. Despite numerous studies in the material sciences that aimed to improve the quality of the materials (e.g., Ashrafi et al., 2011; Kuo et al., 2009), there has been little research about their acceptance by prospective customers (e.g., Jonsson et al., 2008; Weinfurter & Eder, 2009). Taking the results together, consumer acceptance of WPC is predicted to be quite low, especially for the ecologically aware segment. The main purpose of the present study is to extend previous research by assessing WPC acceptance in relation to both of the competing materials (wood and plastics). Additionally, the acceptance is determined depending on an individual's environmental orientation.

We conducted a German-speaking online survey ($N=198$, mean age 25.47, $SD=3.41$, range from 18 to 40) to examine consumers' intention to buy products consisting of innovative composite materials. A 3 (material: wood, WPC, plastics) \times 2 (appearance: wooden, synthetic surface) within subjects design was used. The intention to purchase a chair served as the dependent variable. Two instruments assessed an individual's environmental orientation: Environmental Concern (EC; Schultz, 2001) and Awareness of Consequences (AC; Ryan & Spash, 2012).

A mixed within-subjects GLM of the purchase intention revealed a clear preference for solid wood over full plastics (linear material contrast: $F(1,197)=197.83$, $p=0.001$), whereas WPC was positioned in the perfect center (squared material contrast: $F(1,197)=1.32$, $p=0.251$). A wooden appearance was preferred over a synthetic one ($F(1,197)=81.56$, $p=0.001$). Appearance and material only interacted

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linearly ($F(1,197)=205.11, p=0.001$). When including an individual's environmental orientation, EC and AC led to a stronger preference for wood over plastics (EC \times linear material contrast: $F(1,196)=13.87, p=0.001$, AC \times linear material contrast: $F(1,196)=19.11, p=0.001$). As the squared material contrasts remained non-significant, EC and AC did not change the WPC position (EC \times squared material contrast: $F(1,196)=0.27, p=0.604$, AC \times squared material contrast: $F(1,196)=1.77, p=0.185$). Hence, respondents scoring high on EC and AC did not reject WPC.

The development of innovative materials is crucial for maintaining an economic and ecological balance, as the global resource demand increases. In the present study, WPC was positioned in the perfect center between the wood and plastics products, even for consumers with a high ecological awareness. As the synthetic component is not subtracting too much from the wooden component, the sustainability intention did not fail. Hence, there should be a greater market for WPC than was previously thought.

References: Available upon request

Managing Foreign Subsidiaries in Emerging Countries: Are They Different from Western Subsidiaries?

Masato Sasaki, Yuko Yamashita, Yuichi Washida, Wataru Uehara,
Gen Fukutomi, and Hiroyuki Fukuchi

Abstract This paper contributes to the literature on management of foreign subsidiaries and inter-organizational relationships. Especially, this paper focuses on the problem of managing foreign subsidiaries in multinational corporations (MNCs). With the recent development of emerging markets, the importance of managing foreign subsidiaries is increasing for many multinational corporations (MNCs). The characteristics of these markets differ significantly from those of developed countries such as North America and Europe.

Previous research on MNCs addresses three research streams about foreign subsidiary management: “power” (Lages et al., 2008; Ozsomer & Gencturk, 2003), “knowledge transfer” (Ghoshal et al., 1994; Gupta & Govindarajan, 1991, 2000; Zander & Kogut, 1995), and “trust” (Jain, 1989; Quelch & Hoff, 1986). Although these research streams have showed key findings for the study of MNCs, its relative importance and the relationships between these studies are still unclear. In addition, there is a possibility that required management for foreign subsidiaries may differ in emerging markets. This study tries to shed light on the unclear link between these three factors.

To test these relationships empirically, we used data from our survey of major Japanese firms. The questionnaire was mailed to the person at the corporate HQ who was responsible for controlling the foreign subsidiary. The survey was conducted from March to October 2012, and 97 foreign subsidiaries in 48 firms were included as respondents. All of the respondent firms are major MNCs

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headquartered in Japan. Foreign subsidiaries that are managed by the respondents are located in North America, Europe, China, Taiwan, Vietnam, Indonesia, Singapore, Thailand, Malaysia, Philippine, India, Bangladesh, Brazil, Latin America, Russia, Africa, and other countries.

The results indicate that subsidiary power and trust are positively affect subsidiary performance. As prior research has suggested, these factors are important to attaining high performance in multinational businesses. These relationships are supposed to be same in emerging markets. Because none of the interaction terms between three independent variables and emerging countries are statistically significant. Our findings also suggest that the effects of trust and knowledge transfer might differ by subsidiary power. Trust has a stronger effect on performance when subsidiary power is high. On the other hand, knowledge transfer has a stronger effect when subsidiary power is low. These results seem to suggest two different management styles for foreign subsidiaries.

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Assessment of a Web Comparative Behavioural Model with an Interdisciplinary and Complexity Approach

Antonio Hyder and Enrique Bigné

Introduction

E-commerce has transformed the way in which consumers and vendors interact, changing how consumers make decisions (Steckel et al., 2005). Economic theory assumes that, despite the easy online access to a myriad of information, consumers will keep searching for information as long as the perceived benefit from doing so is larger than the cost involved (Jepsen, 2007). Despite the vast amount of commerce-related information, consumers value convenience when searching for product and services online. However Örni (2005) found that when searching for travel packages, consumers were even willing to pay more when the effort to be made was too large. When designing Web sites, marketers typically encounter a contradiction regarding how long they should try to retain consumers on their Web sites. On one hand online companies want to design easy to use shopping Web sites so that they can retain consumer as long as possible, hence exposing them to more product information. On the other hand making consumers exert increased effort might put them off and bore them, leading to abandoning the site (Hong, Thong, & Tam, 2005).

The aim of this work is to suggest a model that analyses if a complex navigation on an e-commerce Web site determines the intention to make an online purchase. As online consumer behaviour (OCB) literature is too fragmented and that the scarcity of combined consumer-technology research frameworks represents a limitation for the progress of research within the field of online consumer behaviour,

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researchers have acknowledged the need for combined consumer-technology approaches (e.g. Dennis, Merrilees, Jayawardhena, & Wright, 2010). Accordingly, in this research we will combine three different types of metrics in a fieldwork experiment. Online navigation complexity will be assessed utilising elementary information processes (EIPS) and clickstreams, and four further variables will be assessed using Likert scales.

Theoretical Background and Hypotheses

Online navigation behaviour can be assessed by measuring *navigation complexity*. It is defined as ‘the degree of difficulty that users feel when trying to understand, process and interact with the form and content of a Web site in the performance of online tasks’ (Nadkarni & Gupta, 2007). Huang (2003) referred to complexity as the ‘information load users perceive whilst navigating on a Web site’. A Web site’s structural complexity can be captured with both objective and subjective complexity measures. When a site is logical, coherently designed and organised, consumer behaviour on the site will be usually ‘less complex’ (Guo & Poole, 2008). In contrast, Huang (2003) suggested that when online users are overwhelmed by the perceived complexity of a Web site, this could distract them from relevant information and consequently find it difficult to concentrate.

Clickstream metrics can be used to assess navigation behaviour. A clickstream can be defined as the path a consumer takes through one or more Web sites (Senecal, Nantel, & Gharbi, 2002). Clickstream data are the electronic record of Internet usage collected by Web servers (Bucklin & Sismeiro, 2003). Herder and Juvina (2004) used three types of variables to measure user navigation: (1) the number of pages views and revisits; (2) view-times; (3) navigation complexity, calculated with the followed links average connected distance, compactness per page and path density. They categorised overall navigation behaviour into two groups: flimsy navigation and laborious navigation. Flimsy navigation happens when small number of pages is visited, there is a high rate of home page visiting and a high frequency of back button use. Laborious refers to a navigation style with a high number of pages visited, a high path density and a high number of links followed per page.

Whereas clickstream data usually serve to measure within-Web site navigation, elementary information processes (EIPs) are more likely to be used to trace within-page behaviour, and can be used in page-related contexts, such as paper pages and also Web pages. EIPs are simple cognitive operations such as reading a value, comparing two values or adding them into working memory. They are utilised within science research to measure cost of effort, for instance when scanning or reading a data chart, comparing or adding numbers (Kennedy, Te’eni, & Treleaven, 1998) and in consumer choice making situations (Lohse & Johnson, 1996).

Purchase intention is one of the most common characteristics measured within advertising and marketing effectiveness research. It is used to anticipate a behavioural response (Ranaweera, McDougall, & Bansal, 2005). Consumer purchase

intention towards a product probably means a willingness to buy it (Dodds, Monroe, & Grewal, 1991), therefore predicting and understanding online-buying behaviour is of utmost importance for e-commerce Web site managers (Bucklin & Sismeiro, 2003). Purchase intention cannot be assessed with clickstream data and therefore a survey should be deployed. Likewise, surveys can be used to assess the demographic profiles of consumers and their levels of income (Bigné Alcañiz & Ruiz Mafé, 2006). In our suggested model these two variables will be preceded by purchase decision involvement which refers to how motivated is a consumer to make a careful purchase decision based on the relevancy of the purchase for him/her. Involvement with purchases leads one to search for more information and spend more time searching for the right selection (Belk & Clarke, 1978).

The aim of this research is to study if different levels of navigation on a Web site lead to the intention of consumers to make a purchase. Specifically our research objectives are as follows:

1. Does elaborate or flimsy navigation within a Web site influence purchase intention?
2. Does elaborate or flimsy navigation across different pages of a Web site influence purchase intention?
3. Is the navigation influenced by their purchase decision involvement, demographic profile and level of income?

These research objectives lead to the six hypotheses derived from literature from information systems stream of research (e.g. Bucklin & Sismeiro, 2003) and online consumer behaviour (e.g. Kennedy et al., 1998) and to our suggested research model. Cell repeats and total cell clicks refer to navigation behaviour of subjects, and will be categorised as laborious or flimsy. These variables have been built with a combination of clickstreams and EIPs.

Methodology

In order to reach our research objectives it is a requirement to acquire user online behaviour both within one unique Web page and across different Web pages comprised within a simulated Web site that permitted respondents to make comparisons of commercial products or services. Mouselab is a computerised process tool (CPT) that generates data which are comparable to Internet clickstream data, as they provide sequence data about items included in a product display, including frequencies, browsing times and serve as a means to studying consumer choice behaviour (Lohse & Johnson, 1996). Whereas clickstream data are usually used to acquire stored information regarding the navigation patterns of Web visitors amongst different Web pages that form part of Web sites (Senecal et al., 2002), CPT allows tracing within one single Web page.

Mouselab was originally developed to trace behaviour within one unique page, however it is not capable of acquiring behaviour within a Web site containing

different pages. In order to surpass this limitation, we developed a method that takes into account both technology and consumer issues in a single data source combining online surveys and online data acquisition utilising two types of instruments: (1) an online survey and (2) a Web-based computer process tracing tool that used EIP and clickstream types of data. We will refer to this integrated Web site as a *data acquisition Web site*. Our methodological proposal is integrative, simple and inexpensive. Based on *within-page* EIP data acquisition research (e.g. Lohse & Johnson, 1996) and *within-site* clickstream research utilized previously (e.g. Bucklin & Sismeiro, 2003) we developed this site that allows us to trace the path a consumer takes both within the Web site and also within the Web site's main interface page containing a product catalogue with twelve different holiday packages. Furthermore, in this research we will also utilize an online survey that shall be administered to respondents after they complete an online navigation task on the data acquisition Web site. As the basic commercially available software is not capable of tracking the identity of respondents over multiple stages, we were developed our own survey software that could cope with this limitation by using Web software Dreamweaver.

This research is undertaken within the commercial e-tourism context of the Internet, due to its relevance as an economic activity that accounts for 5 % of the world's GDP (UNWTO, 2012) and also due its relevance for e-commerce. Nine thousand three hundred and seventy-two potential respondents were invited via email to navigate on the data acquisition Web site simulating an online travel agency selling holidays in the Seychelles islands. Our final sample universe is comprised by 300 respondents, aging from 18 to over 65 that live across Spain as well as Spanish-speaking Internet users who live abroad. Data will be analysed with ANOVA.

Discussion and Conclusions

We have introduced our work in progress that aims to explore whether the degree of complex navigation on an e-commerce Web site determines the intention to make an online purchase. The variables that assess navigation complexity will be proceeded by the demographic and income profiles of the respondents that in turn are antecedents to purchase decision involvement. With our research we wish to make theoretical, methodological and managerial contributions. Theoretically, by extending the body of research regarding how navigation behaviour on e-commerce Web sites influence the purchase intention of subjects. Particularly we assess whether Web site complexity prompts purchase intention. Methodologically, by suggesting a new integrative Web site that combines clickstreams, EIPs and a survey within a common framework that integrates three research methods traditionally viewed as isolated. Managerially, by expecting to provide guidelines to Web managers regarding how to better design their Web sites. We expect that our findings will clarify whether there are differences between whether a flimsy or laborious navigation on an e-commerce Web site leads to the intention to making a purchase.

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Targeting Consumers at the Bop: What Implications?

Marielle A. Payaud and Dwight R. Merunka

Abstract Multinational companies targeting the poor and the very poor segments of the population in developing countries often claim to develop BoP (Bottom of the Pyramid) marketing strategies adapted to the needs of the specific target but also to local economic and social conditions. BoP marketing strategies are therefore presented as reaching beyond traditional marketing operations to integrate dimensions such as social responsibility, social welfare and caring for the well-being and quality of life of the poor populations. However, the concept of a BoP marketing strategy needs clarification since a study of marketing strategies targeting the poor indicates that they vary a great deal, from merely adapting an existing product to the development of an innovative product strategy integrating explicit fair and inclusive growth at the local community level. We propose a conceptual model of BoP marketing strategies and test this model through case studies involving the operations of three major multinational corporations in Africa. The conceptual model leads to a proposition of a classification of BoP marketing strategies in five types which enables understanding and contrasting the marketing strategies implemented by MNC at the Bottom of the Pyramid.

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The Impact of Corporate Social Responsibility and Contributions to Local Communities on Brand Identification, Corporate Reputation and Brand Loyalty

Sami Kajalo and Annukka Jyrämä

Abstract Identifying how corporate social responsibility (CSR) effects consumer behavior and marketing performance is a key issue in marketing-based CSR research (e.g. He et al., 2012; Luo & Bhattacharya, 2006; Marin et al., 2008). There are several studies showing that CSR activities lead to increased identification and loyalty with a company (Alcañiz et al., 2010; Bhattacharya & Sen, 2004; Currás-Pérez et al., 2009; Rego et al., 2009). In recent literature, brand loyalty is strongly linked with CSR (e.g. Marin et al., 2008; Marin & Ruiz, 2006; Vallester et al., 2012), and CSR is perceived as a driver of brand value (Melo & Galan, 2011).

CSR has previously been defined and measured by several researchers (Berens et al., 2005; He & Li, 2010; Marin & Ruiz, 2006; Mohr & Webb, 2005). The present paper extends the definition by introducing the concept of contributions to the local community (CLC), which is measured using three items developed for the present study. A conceptual model that examines the effects of CSR and CLC on corporate reputation (CR), brand identification (BI), and brand loyalty (BL) is used to frame the study. To test the model, a consumer panel survey ($N=400$) on consumers was conducted along with a two-step structural equation modeling approach in accordance with Anderson and Gerbing (1988, 1992). First, a confirmatory factor analysis was carried out to assess the validity of all of the construct measures included in the study. The model provided an acceptable fit ($\chi^2(109)=404.76$, CFI=0.981,

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NNFI=0.976, RMSEA=0.082). Second, a structural equation model was used to test the hypothesis. The overall statistics for the structural model indicate an adequate fit (χ^2 (113)=306.99, (CFI)=0.940, NNFI=0.928; RMSEA=0.078). The results show, first, that both CSR and CLC have an effect on BI and CR. Second, both BI and CR influence BL. Third, CSR has a stronger influence on BI than on CR. Fourth, CLC has a stronger influence on CR than BI.

Overall, the present paper makes three important contributions to the literature: (1) it examines one unique and previously untested driver parallel to CSR, contributions to local communities (CLC); (2) by extending the prior conceptualization of CSR we distinguish the specific effects of CLC on BI and CR; and (3) using rigorous data collection and analysis procedures, we demonstrate the specific effects of CSR and CLC on BI and CR, and, finally, BL. The present study also offers several managerial implications. First, it highlights the importance and role of CLC when managers want to enhance BI and CR. Here, when the target is to increase BI, managers should focus more on CSR than CLC. By contrast, when the target is CR more emphasis should be placed on CLC. Moreover, our study shows that of BI and CR, the former is a stronger driver of BL.

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What Marketing Strategy Matters? Examining a Contingency Model of the Relationship Between Marketing Performance Management and Business Unit Performance

Michael T. Krush, Kevin J. Trainor, Avinash Malshe, and Raj Agnihotri

Abstract A firm's ability to understand the effects of its marketing resource deployments continues to be a major focus of organizations. In order to assess the effectiveness and efficiency of marketing implementation, the ability to measure and track activities is vital. Marketing performance measurement systems provide the marketing function with the capability to measure the impact across a variety of marketing activities and to evaluate the performance of marketing activities vis a vis an ample set of metrics (O'Sullivan & Abela, 2007).

However, a marketing performance measurement system is a resource of the firm. The resource-based view (RBV) suggests that the link between the firm's resources and its performance must be understood within the organization's structures and processes (Teece, Pisano & Shuen). Hence, the deployment and effectiveness of a marketing performance management system may not be universally equivocal; instead its effectiveness may be contingent on the strategic direction of the firm and its marketing strategy. Yet, research examining the moderating impact of marketing strategy on the link between the marketing performance management system and performance is relatively sparse. Our research intent is to provide greater learning by examining a series of strategic conditions on the marketing performance

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management to performance relationship. Strategies provide direction to the marketing function regarding the use of marketing resources (Slater & Olson, 2001), including how a firm chooses to “deploy marketing resources at its disposal to facilitate the achievement of competitive positional advantage(s) in the marketplace” (Varadarajan & Yadav, 2002, p. 299).

We utilize the classification of four marketing strategy prototypes submitted by Slater and Olson (2001). We apply this understanding of marketing strategies and examine their contingent effects on the relationship between marketing performance management and its relationship to performance. Our study sample was comprised of key informants, which were marketing executives across an array of U.S. based businesses and industries. In terms of results, we found a series of significant moderating effects. The results find a number of positive moderating conditions for the relationship between marketing performance management and business unit performance. Specifically, our results reflect that a firm’s marketing strategies and its use of marketing performance measurement can be complementary and provide an opportunity to gain an advantage position in the marketplace (Homburg et al., 2000; Slater & Olson, 2000). Conversely, we find two instances, in which the configuration does not enhance the effects between marketing performance measurement and business unit performance. Our results should encourage managers to carefully consider the implementation of marketing performance measurement systems depending upon their marketing strategies.

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Pricing Capabilities: Drivers and Effects on Performance

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Abstract Pricing is the element of the marketing mix that is often overlooked in export marketing (Sousa and Bradley, 2009). However, the ability of an exporting firm to understand the value of its offering as perceived by foreign customers and set prices accordingly, is critical to its survival and success, given that the additional ramifications of the export setting (as compared to the domestic one) may challenge its ability to identify, address, and anticipate customers' requirements and preferences (Morgan et al., 2004). This study draws on the resource-based, dynamic capabilities, and organisation learning literatures to develop and test a model that investigates how export customer orientation (the core component of market orientation) influences marketing exploitation and exploration, which in turn, give rise to superior pricing capabilities in export markets. Pricing capabilities are posited as a key determinant of export performance. The contribution of this study is threefold: (1) the examination of the drivers and outcomes of marketing exploration and exploitation; (2) the investigation of the antecedents and performance implications of pricings capabilities; and (3) the study of the role of customer orientation, marketing exploration and exploitation, pricing capabilities, and performance within the particularly relevant, but understudied, context of exporting. The findings suggest that customer orientation promotes both marketing exploration and exploitation. Marketing exploration and exploitation result in superior pricing capabilities, which in turn enhance export performance. In terms of theory development, this

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study adds to the resource-based view (Barney, 1991) and its dynamic capabilities extension (Vorhies and Morgan, 2005) by suggesting that resources (i.e., customer orientation) lay the foundation for higher-order capabilities (i.e., marketing exploitation and exploration), which give rise to specialized capabilities (i.e., pricing), resulting in superior performance outcomes. The key managerial implication of this study is that exporting firms need to routinely perform marketing exploitation and exploration activities in order to set prices that fit with their positioning, customers, and with evolving export market conditions.

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Triangulation Without Tears

Jillian Farquhar and Nicolette Michels

Introduction

For marketing in turbulent times, an in-depth understanding of complex problems is invaluable. Case study research is well suited to investigating complexity (Eisenhardt, 1989; Yin, 2009) and generating context-dependent knowledge (Flyvbjerg, 2006) on which to base innovative strategies. In spite of these benefits, case study research has attracted criticisms. Reviewers, for example, have pointed to case study research where little insight has been provided (Beverland and Lindgreen, 2010; Dubé and Paré, 1999). To respond, case study researchers need to enhance the quality of the story whilst providing detail of careful analytical procedures (Eisenhardt, 1989), such as triangulation. The claims made for triangulation in establishing rigour in research are extensive and possibly even over-stated with Miles and Huberman (1994) referring to the powers of triangulations as talismanic—one assumes with a degree of irony. Case study researchers are nevertheless left in something of a quandary about the nature of the claims that they can make about the rigour of their research and how triangulation supports those claims. The purpose of this paper is therefore to investigate triangulation in case study research and generate insight into how to bolster claims for rigour.

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Triangulation

The principle of triangulation consists of obtaining a fix on the phenomenon under investigation from two known points. Although open to a number of perspectives, a classical view of triangulation in social sciences is that multiple and independent measures provide a more ‘certain portrayal’ of the phenomenon that is being studied (Jick, 1979, p. 604). In case study research, triangulation consists of multiple perspectives converging on the phenomenon under investigation so that bias can be minimised and/or validity established (for example Yin, 2009; Modell, 2005, 2009). It is often achieved through multiple sources, which provide a stronger substantiation of constructs and hypotheses as a means of grounding emerging theory (Eisenhardt, 1989). A prime exponent of triangulation, Denzin (1978) identified five types of triangulation, which we now update and extend. The first type is data triangulation, which refers to data collected using the same method but from different sources, for example interviews from different informants at different times or observation of different situations or contexts. A multiplicity of data sources is also considered to confer a degree of convergent validity on the research (Jick, 1979) or enhanced confidence (Bryman, n.d.). In qualitative research, where two or more data sets are used for corroboration or claims for external validity or reliability, the study gains impact (Bluhm et al., 2010). An example of data triangulation can be found in MacLean and Behnam (2010) where the authors collected data from three archival sources. Investigator or researcher triangulation consists of multiple researchers collecting and interpreting evidence. This type of triangulation might loosely correspond to inter-rater reliability as advised for demonstrating rigour case study research (see for example Voss et al., 2002). In theoretical triangulation, it is thought that greater insight may be gained from looking at a data set from a number of theoretical perspectives. However, recourse to more than one theory in seeking explanations is commonplace and is dismissed as not necessarily being an example of theoretical triangulation (Swanborn, 2010). Nonetheless, there may be some resonance with enfolding the literature as advocated by Eisenhardt (1989) where unexpected theoretical avenues open up. The fourth type of triangulation is methodological, is either within-method or between-method. Within-method triangulation consists of multiple techniques within a given methodology. For example, qualitative evidence from focus groups and archival analysis may be triangulated to claim credibility. In quantitative research, validity may be established through confirmatory factor analysis (Homburg et al., 2012). Between-method triangulation bridges methodologies therefore might consist of a survey of an appropriate sample and semi-structured interviews. This type appears to be the same as Miles and Huberman’s (1994) triangulation by data type. The rationale for between-method triangulation is that the use of more than one method compensates for the weaknesses of the other one. Between-method triangulation comprises contrasting methods, that is, qualitative and quantitative and is therefore characteristic of mixed methods research (Fielding, 2009) rather than case study investigation.

However seductive triangulation may sound in its ability to strengthen findings, it has proved less easy to put into practice. Denzin (2010) has recently revisited the topic and considers triangulation to be unsettling and unruly. An immediate difficulty arises from transposing triangulation from its geometrical home to social sciences (Blaikie, 1991; Swanborn, 2010) so that perspectives and practices of triangulation are subject to the ontological and epistemological stances of the researchers. Arguments of incommensurability have been levelled at between-methods triangulation and alternative epistemological perspectives such as critical realism (see for example Easton, 2010; Olsen, 2004) have been proposed for mixed methods and case study research. Traditional epistemological approaches continue to dominate the literature. Triangulation has been perceived through the language of capture and constraint with the underlying assumption that phenomena can be represented objectively (Wolfram Cox and Hassard, 2010). A subjectivist view of triangulation would support revelations of multiple constructed realities (Seale, 1999; Silverman, 2006) or, as Flick (1992) describes it, a kaleidoscope. Thus the findings of a study may not converge but they may complement each other or even diverge (Erzberger and Prein, 1997) thus enriching the kaleidoscope. Triangulation takes its cue from the paradigmatic assumptions of the researcher or the nature of study, which in turn dictate the rigour issues that it is deployed to address. Triangulation, accordingly, can support claims for validity and reliability as advocated by Yin (2009) or confirmability in naturalistic research (Wallendorf and Belk, 1989). Whatever the epistemological stance of the researchers, triangulation should operate according to ground rules, beginning from the robust theoretical models and choosing methods and empirical materials that complement that perspective (Silverman, 2005). As Denzin (2010) has recently written, triangulation like many other aspects of research is subject to evolution and re-appraisal, therefore, it is appropriate to re-evaluate triangulation and its role in strengthening rigour in case study research.

Triangulation in Case Study Research

According to Yin (2009), case study research is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context. Across the epistemological perspectives, there is support for this definition, with consensus on the study of phenomena linking the theoretical with the empirical (Ragin, 1992), that the study is bounded to some extent and that the study is in a specific context (Creswell, 2007; Miles and Huberman, 1994; Swanborn, 2011). Among quality processes in case study research such as access to raw data and explanation of negative cases, triangulation is widely recommended (Beverland and Lindgreen, 2010; Dubé and Paré, 2003; Eisenhardt and Graebner, 2007; Gibbert and Ruijgrok, 2010). Specifically, triangulation can address validity (Beverland and Lockshin, 2003; Yin, 2009) and reliability (for example Miles and Huberman, 1994). A case study can claim a degree of construct validity by triangulating the number of data sources that have been assembled as part of the case or cases (Beverland and Lockshin, 2003;

Yin, 2009). Triangulation also supports internal validity (Dubé and Paré, 2003) and particularly convergent validity (Jick, 1979). It has even been asserted that the greater the number of sources, the greater the construct validity (Dubois and Gibbert, 2010) but this assertion will rest on how robustly the measures or constructs were operationalized in the first place (Swanborn, 2010). In qualitative research, strong support for triangulating data sources comes from Bluhm et al. (2010), who found that studies involving multiple data collection methods have a greater influence on management than single-method studies. Further assertions for triangulation include substantiation (Stake, 1995), trustworthiness (Wallendorf and Belk, 1989) and reduced vulnerability to errors (Patton, 1989). Given this extensive support for triangulation, there is an expectation that case study researchers will engage in one form of triangulation or other as a means of strengthening their research findings. What might be the process of triangulation in case study research?

As has been stated above, the claims and process of triangulation need to be aligned to the epistemological approach (Blaikie, 1991) in case study research. A broadly positivist study may include an explanation of how triangulation supports claims for validity and reliability, whereas a non-positivist investigation may shape arguments around how triangulation enhanced the evaluation of alternative explanations (for example Patton, 1989) or claims for credibility (Sonenshein, 2010). Following Eisenhardt's suggestions (1989), detail of the triangulation process must be evident and might include the delineation of the relationship between the sources, for example, Walsh and Bartunek (2011) triangulated their interview data with archives to verify the trustworthiness of their research. The contribution of remaining sources should be clearly articulated and details of analysis explicitly stated (see for example Clark et al., 2010). Whilst research has indicated that many case studies published in high quality journals do not afford a clear epistemological stance (Gibbert and Ruigrok, 2011), there are often statements about theory building (for example Gioia et al., 2010) or theory elaboration (for example Lepoutre and Valente, 2012). Positivist researchers will initiate the process of triangulation by developing *a priori* categories or establishing one particular source as being primary (Bryman n.d.) so that validity and reliability can be asserted. For non-positivist researchers, triangulation becomes 'a way of life', that is, an incessant cycle of checking and reflection (Miles and Huberman, 1994).

Triangulation Outcomes in Case Study Research

Whatever the orientation of the researcher, it is unlikely that a perfect fit of data and sources will be achieved and what does this less than perfect fit signify for the contribution of the study? How does the researcher triangulate sources that do not neatly mesh? We contend that the triangulation literature overly emphasises the requirement for sources to converge (for example Greene et al., 1989), to correlate (Homburg et al., 2012) or corroborate (Miles and Huberman, 1994). Whilst convergence is desirable in the original discipline of geometry, it may be less so in the

social sciences. Indeed, we contend that there is a spectrum of outcomes of triangulation, which strengthens a case study's contribution. We identify from the literature three ways of approaching the sources that are being triangulated: convergence, complementarity and divergence.

Convergence

As we comment above, the logic of triangulation is usually predicated on findings that converge. Converging findings increase the likelihood of theoretical concepts and their operational definitions capturing various empirical phenomena with greater precision (Modell, 2009) and encourage researchers to have greater confidence in the reliability and/or validity of the research (Wolfram Cox and Hassard, 2010). Between methods research is often justified on the basis that the use of qualitative research balances deficiencies in quantitative investigation and vice versa. Converging sources whether they emerge from data or other forms of triangulation still need to be built into an argument that is consistent with claims for validity or credibility, whichever is consistent with the epistemological foundation of the case study.

Complementarity

Complementarity can be a feature of triangulation where quantitative and qualitative methods do not generate one complete picture but instead an adequate image of reality (Erzburger and Prein, 1993). Complementarity may apply to any form of triangulation but arguably may have a stronger fit with non-positivist research. Complementary findings generate a measure of overlapping but different facets of a phenomenon so that an enriched understanding is gained (Greene et al., 1989). Although Greene et al. (1989) propose complementarity as distinct from triangulation, their view of triangulation is rather narrowly focused on convergence. Robust theoretical assumptions in the research will support complementary outcomes in triangulation (Erzburger and Prein, 1993). Complementarity has a wide appeal to case study researchers as it seems to have a particular resonance to the complexity and in-depth nature of the research strategy.

Divergence

Divergent findings from multiple sources in case study research may not necessarily indicate flawed research but may signal something of interest or significance in the case study investigation. Divergent results provide the opportunity for enriching case study research work (Flyvbjerg, 2006) and strengthening its contribution

(for example; Patton, 1989). There are instances of where divergent findings have uncovered unseen factors (Jick, 1979) and where they seem consistent with thick description and rich data. Divergence in the results can lead to clearer definition and theoretical elaboration (Wolfram Cox and Hassard, 2010). In case study research, diverging findings support other methods of establishing rigour such as negative cases (Beverland and Lindgreen, 2010), creative use of setbacks (Gibbert and Ruigrok, 2011) or alternative explanations (Patton, 1989). Divergent outcomes prompt further action from the researchers in explicating how these divergent outcomes illuminate the research question. It is, however, the nature and benefit of case study research that allows this complexity to emerge and the opportunity for further investigation.

Conclusion

In this paper, we argue that for marketing in turbulent times, an in-depth understanding of complex problems as provided by case study research can provide valuable insight. Triangulation has been frequently proposed as a means of addressing rigour in case study research. Claims for triangulation are many and varied prompting us to investigate how it can strengthen case study research with specific reference to the management of multiple sources. We propose three approaches of convergence, divergence or complementarity as a means of managing the outcomes of the triangulation process. For these approaches to work effectively, these outcomes also need to be aligned to the epistemological stance of the study.

The linkages that we make between the claims for triangulation and epistemological stance of study are as yet unexplored and suggest an important area for study. A further area for attention is the conclusions that might be drawn from a case study where sources are not triangulated? Such is the weight of literature in support of triangulation in case study research that its omission provokes questions about the rigour of the study. How have the researchers argued for the rigour of the study? Further research can investigate how high quality studies that have not used triangulation have argued for the quality of their study.

References: Available upon request

Uses and Gratifications of Social Networking Sites: Towards the Construction of a Measuring Instrument

Teresa Treviño, Flor Morton, and Carolina Robles

Abstract Social media sites have attracted users since their introduction, and today people use them in their daily activities. For this reason, there is an increased interest in studying social media sites and how people use them. However, there has been little research that considers the motivations in using social networking sites and the factors that influence this usage patterns. The purpose of this empiric research paper is to construct a valid instrument that can shed light on why people are using social media on a daily basis, based on the premises of the uses and gratifications theory. Results from the Cronbach alpha, as well as the estimated model suggested that in general, it represented a good instrument when trying to measure the motivations of social media usage.

Keywords Social media • Uses and gratifications • Motivations • Patterns of usage

Introduction

Social media sites have attracted users since their introduction, and today people use them in their daily activities. For this reason, there is an increased interest in studying social media sites and how people use them. It is said that social network sites are useful to create a personal profile, have a list of contacts with whom people have relationships, and allow them to see the relationships other users have (Boyd & Ellison, 2008). According to a study of the consumption of digital media in Mexico, 9 out of 10 people have registered accounts on at least one social media site. For example, 94 % of the people that have social media are registered in Facebook, 45 % in Twitter, 39 % in Hi5, and 28 % in MySpace (Milward Brown, 2011).

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The purpose of this research paper is to construct a valid instrument that can shed light on why people are using social media on a daily basis. One of the important variables that will be taken into consideration is the motivation of people to use social media. To accomplish this goal, uses and gratifications theory will be part of our theoretical framework.

According to the uses and gratifications theory focuses on the individual use and choice by evaluating the reasons why people use media and the gratifications that they obtain from this use (as cited in Ko, 2000). Based on previous research on the use of different mediums, we have identified five dimensions that constitute our instrument, which are: (a) Information, (b) Convenience, (c) Entertainment, (d) Social Interaction, and (e) Personal Expression.

This paper is structured as follows: First, we present a literature review of several studies to understand the theoretical background of the phenomena. Second, we describe the methodology of how the instrument was constructed, tested, and modified. Third, we explain the methodology of the application of the instrument and the development of our study. Finally, we discuss our results and present our conclusions.

Literature Review

Uses and Gratifications Theory and Social Media Usage

Studying audience's effects when exposed to media has always been a topic of interest. Uses and Gratifications theory has its origins with, and now is one of the most influential theories in the field of communication research (Katz et al., 1973). As soon as a new technology appears, this theory has been used to understand the motivations of using it, being applied to different situations associated with mediated communications. Some examples of media that have been studied with uses and gratifications theory are the radio, television, cable TV, VCR remote controls, digital TV and recently, the Internet and mobile phones (Ko, 2000; Ruggiero, 2000). The particularity in this theory is the change in the original paradigm of "what media do to people" to a new approach on "what people do with media" (Schin, 2011). Therefore, the uses and gratifications theory gives us the theoretical framework to understand why do people use a particular media rather than on the content.

Studies that have addressed the measurement of medium motivations by the uses and gratifications theory have both similarities and differences. There is still mixed opinions about the categories or dimensions that are needed to measure a person's motivation to use certain media. For example, considering the use of Internet, Song et al (2004) measure seven factors, while Ko (2000), and Ko et al (2005) contemplate four factors as crucial to understand the patterns of Internet usage. The same case has been detected for other mediums, such as television.

Recent research has begun to focus on the way that Internet is being used for relationship building and other factors. There is evidence to support that online communication fosters relationship building, improves communication between people, and documents gender and generational differences in online communication (Thayer & Ray, 2006). Lately, a new online communication style has emerged and it occurs through the use of social media or social networking sites. Social networking sites “are virtual places that cater to a specific population in which people of similar interest gather to communicate, share, and discuss ideas” (Raacke & Bonds-Raacke, 2008, p. 169). There are several types of social networking sites that have different uses, for example, Facebook, Twitter, MySpace, are used to share information, photos, and videos with friends and family, whereas other sites such as LinkedIn are used for business networking.

As the use of this networking sites is increasing remarkably fast, we were interested in exploring the reasons why people use them and which variables have an effect on the time they spend using them. Although there are a couple of recent publications on the use of social networking sites, none of them have focus on the creation of a reliable measurement scale that can be used specifically for the context of social media. Different authors have determined a variety of dimensions based on the uses and gratifications theory. However, there is still no consensus on the appropriate number of dimensions, as well as on the required modifications for the scale to measure the use of different mediums. The similarities we have found on the different empiric papers that attempt to measure the gratifications to use certain medium, is that they all consider a Likert Agree/Desagree scale to evaluate a series of items in each dimension. Among authors, the number of points in the scale varies from five to nine. Specifically talking about Social Networking Sites, there have been minor efforts on understanding the uses and gratifications of this new communication medium. Therefore, this research aims to obtain a valid instrument that is appropriate for this purpose. Table 1 presents a summary of the dimensions that authors have addressed on studying the use of different medias, which are a starting point for the creation of our proposed instrument.

Methodology

The first step in our methodology consisted in an in-depth search for papers about uses and gratifications theory for different mediums, which are mentioned in the literature review section above. Specifically, we intended to see which methodologies and instruments have been used in past research as a starting point in our research. Next, we identified four papers that were more appropriate for the construction of our instrument, as others scales considered almost the same items that these four contained. Three of the instruments were designed to measure uses and gratifications of the Internet (Ko, 2000; Ko et al., 2005; Song et al., 2004). Only one was designed to understand blog’s usage, which was more approximate to social networking sites (Li, 2005). Once we had identified the instruments, each

Table 1 Literature review on uses and gratifications

Authors	Year	Medium	Uses and gratifications dimensions
Rubin	1983	TV	Entertainment, pass time, escape, information, companionship
O'Keefe and Sulanowski	1995	Telephone	Entertainment, sociability, acquisition, time management
Payne et al.	1988	Magazines	Diversion, surveillance, interaction
Kaye	1998	Internet	Entertainment, pass time, escape, social interaction, information, website preference
Ko	2000	Internet	Social Escapism, Pass Time, Interactive Control, Information
Papacharissi and Rubin	2000	Internet	Entertainment, pass time, interpersonal utility, information seeking, convenience
Leung	2001	Instant online messages (ICQ)	Entertainment, affection, relaxation, fashion, inclusion, sociability, escape
Stafford and Stafford	2001	Internet	Entertainment, search factor, cognitive factor, news, unique factors
Song et al.	2004	Internet	Virtual Community, Information Seeking, Aesthetic experience, Monetary compensation, Diversion, Personal Status, Relationship maintenance
Ko et al.	2005	Internet	Information, Convenience, Entertainment, Social-interaction
Diddi and LaRose	2006	Internet news	Entertainment, escapism, habit, pass time, surveillance, news quizzes
Jun and Lee	2007	Mobile media	Mobility, convenience, fashion, information, entertainment, relaxation, sociality
Hardakis and Hanson	2009	Video websites	Convenient entertainment, convenient information, co-viewing, social interaction
Bonds-Raacke and Raacke	2010	Social networking sites	Information, Friendship, Connection
Lim and Ting	2012	E-shopping	Entertainment, Informativeness, Web irritation, Attitude toward online shopping

author selected the items that were considered appropriate for the social networking context, then compared the items selected and discussed which ones were going to be included in our instrument. After that, the process of classification was made, as well as the labels for each construct were determined.

Using a collaborative approach (Douglas & Craig, 2007), each author translated to Spanish each item of the new English instrument (this process was made separately to avoid any biases); this process resulted in three different draft translations. In another meeting, we shared the difficulties faced when translating and we compared the three draft translations, finally we selected the translated items that we considered most appropriately according to the use of language in this context.

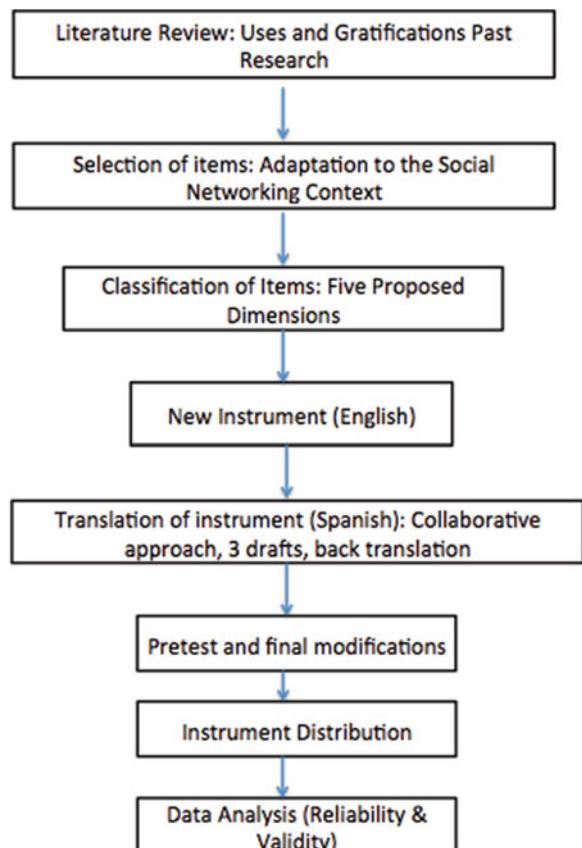
A back translation was also made to assure that the final Spanish instrument was capturing the same ideas than the English ones. To ensure the validity of our instrument, we asked an external researcher with high knowledge of the two

languages to translate the Spanish version back to English. Taking into consideration what Harkness et al. (2010) recommend when using an external translator, we explained to him the objective of the study, as well as the target participants of the instrument. The translation provided by the external researcher coincided in a high degree with the original English items.

Finally, as recommended by Douglas and Craig (2007) when a scale is translated a pre-test is needed to assure that the translated instrument measures what the researchers actually intend to. According to these authors an instrument can be tested in a qualitative or a quantitative way. Therefore, we used the two types of methodology to pre-test our instrument.

We applied a total of 18 surveys to men (44 %) and women (54 %s) from 24 to 55 years old, using the online survey software, Qualtrics. During the survey, participants were asked to provide feedback about the items and they were also asked if they understood every sentence in the survey. Finally, five Ph.D. students who did not answer the questionnaire were asked if they considered that the scale required any adjustments. Figure 1 represents the summary of the methodological process of this paper.

Fig. 1 Methodological process



Sample

After the pretest was made and the modifications were considered, the questionnaire was distributed. A total of 159 participants answered the questionnaire. The demographic characteristics of participants in this study are: 48 % women and 52 % men. The average age of the participants was 29 years with a range from 15 to 54 years old ($SD=7.73$). In respect to their marital status, 65 % were unmarried and 29 % were married, whereas the other 6 % reported other marital status. 60 % of the participants were employees, 28 % students, 10 % entrepreneurs, and 2 % had other occupations. Finally, the majority of the participants had a professional degree 72 % or a graduate degree 22 %.

Pretest Results

As previously mentioned, a pretest with a sample of 18 social media users was conducted. In the applied questionnaire we instructed the respondents to indicate how much they agreed/disagreed to affirmations about their motivations to use social media, and we presented examples of social media sites such as Facebook, Twitter, and LinkedIn. After the pretest we found that people tended to focus on the three social media sites we mentioned in the instructions, and the rest of the social media sites they used, skipped their minds. Due to this, we decided to add more examples of social media (such as YouTube, Google+, etc.) so the respondents could have an idea of what a social media site is, and the types of social media they should have in mind while answering the survey. The proposed modifications were made to the instrument and will be taken into consideration for the data collection process. Table 2 shows the final instrument for this research.

Instrument Results

We analyzed the reliability of the constructs of the total sample to find out if the items of each construct were correlated enough to measure what we intended. The results of this analysis provided us with sufficient evidence to conclude that the items selected for each construct are valid and reliable. Each construct consists of one of the five dimensions: (a) Information: which consists of 11 items and had a Cronbach alpha of .887. (b) Convenience, which consists of seven items with a Cronbach alpha of .876. (c) Entertainment has ten items with a Cronbach alpha of .908. (d) Social Interaction consists of 11 items with a Cronbach alpha of .895. (e) Personal Expression is formed by six items with a Cronbach alpha of .926. Because all of the Cronbach alphas were greater than .7, we can conclude that each of the five dimensions are reliable and are offering adequate measurements for each construct.

Table 2 Demographic characteristics of participants (N=159)

Variable	n (%)			
<i>Gender</i>				
Male	82 (52 %)			
Female	76 (48 %)			
<i>Marital status</i>				
Married	46 (29 %)			
Unmarried	104 (65 %)			
Divorced	4 (3 %)			
Other	5 (3 %)			
<i>Occupation</i>				
Student	44 (28 %)			
Employee	95 (60 %)			
Entrepreneur	16 (10 %)			
Other	4 (2 %)			
<i>Last scholar degree</i>				
Primary	1 (1 %)			
High school	8 (5 %)			
Professional	115 (72 %)			
Graduate	35 (22 %)			
	Min	Max	Average	Std. deviation
<i>Age</i>	15	54	30	7.73

A second step in analyzing the instrument was the use of a confirmatory analysis using Structural Equation Modeling (SEM). In a confirmatory analysis, the measurement model needs to be specified a priori (Anderson & Gerbing, 1988). We used AMOS software for constructing the model based on the five dimensions that measures the motivations for social media usage. After estimating the measurement model, the next step was to assess how well the specified model accounted for the data with one or more overall goodness-of-fit indicators. Specifically, we analyzed the convergent and divergent validity. On one hand, convergent validity can be obtained from the measurement model results by determining whether each indicator's estimated pattern coefficient on its posited underlying construct is significant, or greater than two times its standard error. On the other, discriminant validity can be obtained for two estimated constructs by constraining the estimated correlation parameter between them to 1.0 and then performing a chi-square difference test on the values obtained for the constrained and unconstrained models (Anderson & Gerbing, 1988). Based on this criterion, almost all of the dimensions were satisfactory on both validities, except for information and social interaction, which reported no convergent validity; and self-expression and social interaction reported no divergent validity.

For these reasons, a second analysis was made. This time, some items were eliminated based on their means. For social interaction, "Get in touch with people I know" and "Get through to someone who is hard to reach" reported very different

means than the rest of the constructs; therefore they were eliminated in this second analysis. Results indicate that after this transformation, the social interaction construct now reported to have convergent validity with .5162. For the other construct, which is information, the same process was made. This time, the construct still presented no convergent validity, even though some of the items were eliminated based on the same criteria. For these reason, because the information construct did not report convergent validity, it does not have divergent validity with any of the other constructs in the instrument. One possible explanation of this unfavorable result is that the items that attempt to measure the information construct are not very similar among them, and there is a possibility that they are measuring different types of information reasons. Further research can consider this issue and also the development of more categories with the proposed information items.

Sample Results

In this study, information, convenience, entertainment, social interaction, and self-expression constructs were measured using the average of the responses on the 7-point scales. In order to find the main motive for participants to use social media, we obtained the means for each of these constructs. The information construct obtained the highest mean ($x=5.03$, $SD=1.15$), followed by convenience ($x=4.97$, $SD=1.35$), entertainment ($x=4.86$, $SD=1.27$), social interaction ($x=4.13$, $SD=1.28$), and self-expression ($x=3.70$, $SD=1.59$). However, because the information construct reported no convergent and divergent validity, the analysis of this variable will not be taken into consideration for this analysis.

The three highest items of the convenience construct were “Because I can access it anytime, anywhere” ($x=5.68$, $SD=1.65$), “Because I can find bargains on products and services” ($x=5.57$, $SD=1.86$), and “Because it's easy to update” ($x=5.49$, $SD=1.63$). Also, for the entertainment construct the highest mean items were “Because its entertaining” ($x=5.65$, $SD=1.46$), “Because its enjoyable” ($x=5.58$, $SD=1.31$), and “To pass time” ($x=5.56$, $SD=1.62$). Additionally, for social interaction the highest items were “To keep in touch with people I know” ($x=5.91$, $SD=1.53$), “To get in contact with someone who is hard to reach” ($x=5.69$, $SD=1.60$), and “So I can talk to other people of what is going on” ($x=5.06$, $SD=1.70$). Finally, “To express myself freely” ($x=4.42$, $SD=1.93$), “To tell others things about myself” ($x=3.77$, $SD=1.89$), and “To show my personality” ($x=3.76$, $SD=1.80$) were the highest mean items for the self-expression construct. We summarize this information in Tables 3 and 4.

Furthermore, in order to find differences between women and men's responses we used a T student test, results suggest that there are significant differences among men and women's answers only for the following constructs: convenience ($\alpha=.000$), and entertainment ($\alpha=.008$). In general, women use social media more for convenience ($x=5.38$, $SD=1.21$) vs. ($x=4.60$, $SD=1.38$), and entertainment reasons ($x=5.14$, $SD=1.17$) vs. ($x=4.61$, $SD=1.33$) than men. We also found differences

Table 3 Proposed instrument

Uses and gratifications dimensions for social networking sites	
Information	Entertainment
To learn about unknown things	To pass time
To learn about useful things	Its entertaining
To keep up with what is going on in the world	Its enjoyable
Because it helps me solve a certain problem	When I have nothing better to do
Learn about local community events	Have fun
Get immediate knowledge of big news events	See interesting pictures/videos
Get useful information about product or services	Finds new interactive games and features
Find employment listings that fit me	Because it is a habit, just something I do
To share information useful to other people	So I can get away from my problems at hand
To present information on my interests	To forget about school or any other chores in my life
Get up to date with new technology	Social Interaction
Convenience	I wonder what other people said
I can get what I want for less effort	To meet people with my interests
I can access it anytime, anywhere	To reduce the feeling of loneliness
Because I can publish at any time	When there is no one else to talk to be with
Because it's easy to update	Develop a romantic relationship
Find bargains on products and services	I feel like I am part of a community
Get products for free	Get support from others
Save money on phone calls	To meet new people
	Get in touch with people I know
	Get through to someone who is hard to reach
	So I can talk to other people what is going on
	Self expression
	To show my personality
	To tell others about myself
	To keep track of what I am doing
	Because I like writing
	To express myself freely
	Get people to think I am cool

between married and unmarried responses for the constructs social interaction ($\alpha=.001$) and self-expression ($\alpha=.048$). Findings suggest that unmarried participants use social media more for social interaction ($x=4.36$, $SD=1.17$) vs. ($x=3.61$, $SD=1.39$) and self-expression ($x=3.87$, $SD=1.53$) vs. ($x=3.31$, $SD=1.68$) than married respondents.

Differences between students and employees were also found for the constructs entertainment ($\alpha=.020$) and social interaction ($\alpha=.031$), students use social media more for entertainment ($x=5.23$, $SD=1.25$) vs. ($x=4.71$, $SD=1.18$) and social interaction ($x=4.46$, $SD=1.21$) vs. ($x=3.95$, $SD=1.30$) than employees.

Table 4 Highest mean items of each construct

Construct	Mean	SD
<i>Convenience</i>		
“I can access it anytime, anywhere”	5.68	1.65
“Because I can find bargains on products and services”	5.57	1.86
“Because it's easy to update”	5.49	1.63
<i>Entertainment</i>		
“Because its entertaining”	5.65	1.46
“Its enjoyable”	5.58	1.31
“To pass time”	5.56	1.62
<i>Social interaction</i>		
“To keep in touch with people I know”	5.90	1.53
“Get in contact with someone who is hard to reach”	5.69	1.60
“So I can talk to other people of what is going on”	5.06	1.70
<i>Self expression</i>		
“To express myself freely”	4.42	1.93
“To tell others things about myself”	3.77	1.89
“To show my personality”	3.76	1.80

Finally, we run a correlation analysis to test if there was a relationship between age and the five constructs. Results from this analysis show that there is a significant negative relationship between age and entertainment ($\alpha=.000$, $r=-.362$), and between age and social interaction ($\alpha=.000$, $r=-.332$). This means that older people will use social media less for entertainment and social interaction reasons than younger people.

Discussion and Conclusion

Uses and gratifications theory has been used to measure the motivations of people to engage with different mediums, from the telephone to the Internet. Social media is now considered a new and popular channel of communication between people that is replacing other traditional mediums. For these reasons, it became apparent the need to construct a valid instrument that can serve as a measurement guide when determining how and why people uses this social media.

The creation of an instrument is a complex process that requires documentation in each step, as well as a defined methodology. The translation process was made with special caution, taking into consideration the modifications required based of the online context of social media, as well as the cultural context where the questionnaire was going to be used. Specific emphasis was made in the wording of each item to make sure that the initial idea was conserved once translated in Spanish. The help of third parties researchers not involved directly with this research, as well as the qualitative pretest, provided important insights for the creation of a better instrument.

Finally, the results from the Cronbach alpha, as well as the estimating model suggested that in general, the suggested model represented a good instrument when trying to measure the motivations of social media usage. Convergent and divergent validities needed to be taken into consideration to make sure that the constructs were measuring what was originally intended.

Results from the sample regarding the motivations to use social media, suggests that the majority of the participants use them specifically for convenient reasons, as they find social media technologies to be very convenient with respect of the high availability to access them at any time. Interesting findings based on demographics such as gender, marital status and age; reveal that each group has specific and different motivations for engaging in the different social networks available today.

Limitations and Future Research

There are some limitations of this research that need to be taken into consideration. First, the total number of participants in the sample was relatively small, even though it satisfied the common recommended condition for sample size, which is three times the number of items in the instrument. However, a bigger sample can possibly provide better results when assessing the validity of the scale.

Also, although the use of online survey software provides important benefits for both the researchers and the respondents, the online context impedes the researcher to actually be certain about who really answered the questionnaire. However, academic research is now taking advantage of online software for a faster distribution of surveys, as well as other important benefits. For this research, Qualtrics gave us the opportunity to send individual emails for selected participants and track their responses for a better control on participants.

Finally, future research can focus on expanding this research with the creation of a better estimating model, based on the new instrument that is proposed in this research. Also, we call for future investigations that can specifically test this instrument with other samples and context to support the proposed model on motivations for social media use.

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Consumer Schadenfreude: Deservingness of Product Ownership Impacts Affect Following Another's Product Failure

Ethan Pancer and Laurence Ashworth

Abstract This paper examines perceptions of fairness in product ownership as an antecedent to the experience of schadenfreude—taking pleasure in the suffering of another consumer’s product failure. Prior research has found that consumers will experience more schadenfreude when they are envious of the target, particularly the social attention received from the use of a status product (Sundie et al., 2009). Alternatively, we focus on the perceived deservingness of the initial product ownership (e.g. did they *earn* the product?). These findings suggest that schadenfreude can stem from the removal (via product downfall) of an unfair situation.

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A Snowball to Introduce Sustainability into Supply Chain

Gloria Camacho and Consuelo García de la Torre

Abstract Sustainability is a major concern for firms and their stakeholders. Also, scholars have recognized the role of supply chain to achieve firm sustainability, and have suggested that a sustainable supply chain can improve corporate reputation among other benefits, such as cost savings, less environmental impacts and better working conditions. However, there is still a need to understand how to introduce sustainability into a supply chain from the triple bottom line approach (i.e. economic, environmental and social issues). Based on management, marketing and supply chain literature, we developed two propositions that suggest how a firm can contribute to the achievement of the sustainability of the supply chain of which it is member. We develop directions for future research and implications for practice.

Keywords Sustainability • Supply chain • Stakeholder orientation • Stakeholder involvement • Triple bottom line

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A Typology of Barriers to Pro-Environmental Behaviors: Evidence from a Three-Country Study

Kathleen A. Keeling and Peter J. McGoldrick

Abstract Major issues in pro-environmental marketing are the physical, social and psychological barriers to adoption or maintenance of such behaviors, including psychological reactance to pressures (McGoldrick et al., 2009). Reactance is exemplified by people reacting to perceived threats to freedom by changing attitudes and/or acting against societal pressure or persuasive attempts (Brehm and Brehm, 1981), such as pro-environmental social marketing. Threats may be characterized variously as social influence, self-imposed or barrier threats (Wicklund, 1974), personal or impersonal threat (Brehm and Brehm, 1981), or economic, social-psychological or contractual threats (Wendlandt and Schrader, 2007).

Based on a three phase, mixed-methods series of investigations, we explore and develop the concept of reactance and related constructs relevant to the (non)adoption of six contrasting pro-environmental behaviors. Using innovative online elicitation methodology ($n=342$), we develop items for the measurement of the main dimensions of resistance, testing the reliability and validity of these measures in the USA, UK, and Australia (total $n=8397$). Using an expanded form of the Stages of Change model, we identify areas of resistance most relevant at each point of stage transition, exploring different resistance profiles. We identify practical implications for policy makers and practitioners in pro-environmental marketing, as well as further opportunities for researchers.

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Artifacts of Corporate Identity in Emerging Business Relationships

Cláudia Simões and Katy Mason

Abstract The notion of relationship marketing encompasses a wide range and forms of continuous exchanges between market actors. The continuity of exchanges stresses the need for new underlying postures and behavioral consistency, leading to the call for strong corporate identities as a means to maintain and develop market relationships. Corporate identity acts as a facilitator for the establishment and development of inter-firm relationships. When considering business relationships within supply networks, how suppliers and buyers understand and interpret their trading partners' corporate identity, affects the business agreement and, ultimately, business performance (e.g., Robson et al., 2002; Simões and Mason, 2012). Companies use instruments or artifacts (e.g., nomenclature, logos, visual identity systems) to convey a desired identity. Attention centers on the management of corporate symbols that transmit the strategic, visual dimensions of corporate identity to various audiences. References to the management of identity symbols may be found in the visual identity literature (e.g., Olins, 1991; Bosh et al., 2005) and organizational studies (e.g., Hatch and Schultz, 1997; Richard and Cornelia, 1997), amongst others. This research focuses on the manifestations of identity at the value chain—channel members—level. It constitutes an exploratory study into the association between market relationship dynamics and corporate identity artifacts. In order to explore the multiple perspectives of corporate identity within a supply network, we developed an exploratory-descriptive research design. The primary form of data collection entailed twenty-eight interviews within a supply network from the engineering industry. Findings suggest that corporate identity embedded in artifacts helps buyers and suppliers define and shape the terms of the agreement and the related emerging inter-firm practices. Corporate identity embedded in artifacts helps to create common and shared grounds for how relationships might work and how unanticipated

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problems might be handled. Artifacts become important boundary spanning objects. From a managerial perspective, the study suggests that identity artifacts should be used in a consistent way assisting the development of the relationship. Research limitations and implications for future studies are drawn.

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Key Performance Indicators for Measuring Employer Brand Success

Isabelle Hillebrandt, Bjoern S. Ivens, and Nina Krey

Abstract The present research proposes central key performance indicators with which to measure employer brand success. Having the right key performance indicators at hand is crucial when seeking to monitor the effectiveness and efficiency of employer branding efforts. The results are based on an extensive and interdisciplinary literature review and qualitative management interviews. A quantitative survey with employees ($n=160$) provides further insights regarding the use and importance of the identified indicators. Based on an exploratory factor analysis five categories of key performance indicators are identified for employer branding that cover intra-organizational, market-based, and financially relevant aspects. Academic and managerial implications as well as arising limitations are discussed.

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The Recommendation Bias: The Effects of Social Influence on Individual Rating Behavior

Sören Köcher, Stefanie Paluch, and Sarah Küsgen

Abstract In recent years the internet has rapidly evolved from being a platform for companies to simply market their products or services into a platform where users can discuss the products or services among themselves. This increase in user-generated content has led to the creation of review websites, providing consumers with an opportunity to share their opinions on products or services and engage in electronic word-of-mouth (Henning-Thurau et al., 2004). Our modern society relies more and more on digital opinions (Muchnik et al., 2013) and consumers consult such online review websites frequently before making purchase decisions (Chevalier & Mayzlin, 2006). Thus, from a marketer's perspective, online rating websites have become increasingly important based on their influence on product sales. However, reliability and accuracy of these reviews are often questioned, such that consumers are frequently unsure whether the overall rating of a product or service has not been influenced by fake reviews, written by employees of a company (Malbon, 2013). As a consequence, online rating websites may not always exactly reflect the product performance (Moe & Trusov, 2011). Hence, as online reviews play an important role in consumer decision making processes, it is also interesting to shed light on the accuracy of the reviews written by customers themselves. Before formulating their own experience and opinion of a product or service, customers are exposed to the opinions of other customers who have already written a review. Since it is not uncommon for humans to allow themselves to be influenced by others, former reviews may cause the writer of a new review to alter his opinion, possibly to adapt to or to stand out from previous opinions. This research offers an initial examination of the effects of social influence on individual rating behavior.

The results of two experimental studies focusing on hotel ratings ($n=105$) and reviews for a digital camera ($n=168$) confirm that individual online evaluations of products and services are indeed influenced by previously written reviews. More specifically, both experiments confirm that, in case of low satisfaction with

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product or service performance, reviewers are likely to incorporate previous reviews into their own evaluation which—if previous reviews were positive—marginally diminishes associated unfavorable ratings. In contrast, in high satisfaction situations reviewers are insensitive to social influence. Two main managerial implications may be derived from these findings. First, as previous negative reviews do not influence individual rating behavior if the customer's satisfaction with a product or service is high, companies that satisfy the vast majority of their customer base do not have to fear the impact of sporadic negative reviews. Second, companies do not have to be afraid of exceptional dissatisfied customers, as positive previous reviews enhance follow-up reviews in case of dis-satisfying experiences.

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The Influence of Parental Style on Consumer Socialization in Mother-Adolescent Dyads and Father-Adolescent Dyads

Chankon Kim, Hanjoon Lee, and Miguel Morales

Abstract This study investigates the manners in which parental style influences adolescent consumer socialization outcomes. Specifically, it proposes and tests two alternative conceptual frameworks that specify differing patterns of relationships among parental style, parental practices, and consumer socialization outcomes. The first conceptual framework (the full-effect model) mirrors the more traditional research direction regarding parental style and posits that parental style influences consumer socialization outcomes both directly and indirectly (through parental practices). In the second framework (the moderating-effect model) which is based on Darling and Steinberg's (1993) theorization, parental style is posited as a moderator of the relationship between parental practices and consumer socialization outcomes. Analysis was conducted separately for mother-adolescent dyads and father-adolescent dyads and comparisons are made between the influences of maternal and paternal parental styles. Results show that the full-effect model gained better support from the data than the moderating-effect model. The full-effect model, in turn, performed better for mother-adolescent dyads than father-adolescent dyads.

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Understanding Situated Learning in Stressful Service Experiences: A Cross-Cultural Perspective

Mousumi Bose and Lei Ye

Consumer learning has received much attention. Whether it is learning about new product introductions or learning about service quality and service providers, consumers are constantly learning from their environment. One aspect of learning relates to *in situ* or situated learning that refers to an ongoing learning and improvisation enacted by consumers trying to make sense of a dynamic situation (Lave & Wenger, 1991). Situated learning is dependent on the changes that occur in the environment and therefore, is different from a static view of learning that is decontextualized. By taking into consideration environmental nuances, one appreciates the more dynamic ‘how’ or the process view of learning compared to the more limited ‘outcomes only’ view of learning (Goel et al., 2010). Such knowledge may be related to complications of service consumptions and may alter a consumer’s course of action in dealing with service providers. Therefore, it is important for marketers to understand the role of consumers as active learners in a dynamic environment and the factors that affect such learning, especially when the learning process is stressful. Thus, the purpose of this study is to understand the factors that influence situated learning in the context of stressful service experiences. The study also compares situated learning and its influencers in individualistic (USA) and collectivistic cultural contexts (China).

The conceptual model suggests that need for control, need for closure and trust on service providers tend to positively influence psychological closeness to a stressful service situation. The latter either directly affects situated learning or indirectly

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affects the dependent variable via positive reappraisal of the situation, depending upon the cultural contexts. When compared to their individualistic counterparts, collectivistic consumers tend to employ significantly more emotion-focused learning in the form of positive reappraisal when faced with stressful situations. Chinese consumers tend to enhance their situated learning experience by visualizing the stressful problem in positive light. Thus, psychological closeness to a problem directly influences situated learning for U.S. consumers while the process is mediated by positive reappraisal for Chinese consumers.

This study used an online survey of nonstudent consumers from U.S.A. and China. Structural equation modeling was used to analyze data. The results demonstrated differences in the factors affecting situated learning amongst individualistic and collectivistic consumers. First, need for control, need for closure and trust on service providers were important in aligning closely to the stressor and learning about the situation for U.S. consumers, whereas, need for closure and trust were important for Chinese consumers. The results showed that although Chinese consumers trust themselves to gain situated knowledge (Bose & Ye, 2013), they also rely on service providers to learn about their situation. Second, while psychological closeness to the problem helps in enhancing situated learning for both cultures, a positive reappraisal of the problem better enhances situated learning for Chinese consumers.

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To Be or Not to Be... Does the Level of Empathy Contribute to Successful Personal Selling?

Jean Roy, Caroline Boivin, and Fabien Durif

Introduction

The field of sales represents an important aspect of business whether in monetary or in strategic terms (Darmon, 2008; Futrell, 2013). For that reason, researchers have examined a number of salesperson traits that affect sales performance (Churchill, Ford, Hartley, & Walker, 1985; Johnston & Marshall, 2013). While many researchers have postulated a positive relationship between empathy and sales performance, few have undertaken empirical testing of such a relationship. Those who have done such empirical investigations have come up with mixed results as some have found a positive relationship (Greenberg & Mayer, 1964; Tobolski & Kerr, 1952), others have found no relationship (Dawson, Soper, & Pettijohn, 1992; Lamont & Lundstrom, 1977), a negative relationship (McBane, 1995) or a partial relationship (Spiro & Weitz, 1990). This situation seems all the more surprising because the selling processes proposed in the literature integrate the determination of the purchasers' needs and feelings a series of clearly structured stages (Zoltners, Sinha, & Zoltners, 2013).

Recently, a multidimensional conceptualization of empathy appeared in the scientific literature of psychology. In this research, we examine the effect of the level of empathy of a salesperson on sales performance by using a new multidimensional measure of empathy: the interpersonal reactivity index (IRI). The rationale for this study lies in the fact that the multidimensionality of the construct may contribute to

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explain the various results. Despite the fact that the empirical research of sales performances dates back nearly a century (Oschrin, 1918), Johnston and Marshall (2013) argue that when we consider the current business environment, increasing the performance of salespeople constitutes a major challenge for sales force managers.

Methodology

The sector chosen for this study is financial services. This sector is noted for large differences in the performance of sales personnel (Szymanski et Churchill, 1990) and for conditions that are favorable to a need for empathy. The need for empathy in this context is due to the necessity of understanding needs pursuant to a sales exchange, the offering of significant options to a buyer, and the existence of long periods of discussion between the prospective buyer and the seller.

The sample used in this study derives from the responses of 163 sales representatives of three major financial institutions in Canada. Self-administered questionnaires were delivered by hand, and the rate of completed and non-rejected surveys was 94.3 % (165/175). As suggested by Landau and Werbel (1995), sales representatives having less than six months of experience were withdrawn from the sample in order to enhance the validity of the results. The respondents possessed, on average, 16 years of total sales experience including 11 years with the particular firm, and 6 years of experience in their current position.

Interpersonal Reactivity Index (IRI)

In order to evaluate the concept of empathy in general as well as its different dimensions, Davis (2000) proposes the interpersonal reactivity index (IRI). This index is based on a 28-item questionnaire containing four sub-scales of seven items each, that permit the researcher to obtain measures of empathy. The author contends that each of the sub-scales in the interpersonal reactivity index (IRI) measures a unique component of empathy. These four components are preferably interpreted individually. *Personnal Distress (PD)*: the sub-scale of PD is an auto-measure of the tendency to sense distress and discomfort on the part of others who are experiencing these emotions in the extreme. *Extent of Imagination (EI)*: the sub-scale of EI is an auto-measure of the tendency of an individual to transpose themselves in an imaginary manner into fictive situations. *Empathetic Sympathy (ES)*: the sub-scale of ES is an auto-measure of the tendency to feel sentiments of sympathy and compassion towards unhappy persons. *Personal Perspective (PP)*: The sub-scale of PP is an auto-measure of the tendency to spontaneity in adopting the psychological point of view of others in everyday living. This particular measurement instrument is an object of intellectual property, and authorization for its use can be obtained directly from professor Mark H. Davis.

Salesperson Performance

The performance of salespeople can be measured in several ways, both by practitioners and by researchers. In this study, the scale developed by Behrman and Perreault (1982) is adopted. This scale is found most commonly in the sales literature where self-reporting is used to determine the evaluation of sales performance. This instrument consists of 31 items deployed in five categories: sales objectives, technical knowledge, information, expense control, and sales presentations. The ability to measure different dimensions of performance is often cited by researchers, and this constitutes a justification for the use of the scales described by Behrman and Perreault (1982). However, because the instrument was developed in the context of industrial sales, adjustments have been made to correspond with the particularities of selling in the sector covered by this study. Following discussions with representatives of the financial services industry, certain items were modified and others, that were considered inappropriate, were eliminated. This approach is supported in the literature. For example, Spiro and Weitz (1990) only used 8 of 31 scale items in the construction of their instrument measuring the performance of salespersons. In this study the final instrument contains 18 items that cover all of the initial categories with the exception of “expense control” which was not applicable in this context.

Results and Discussion

The analysis of the survey instruments was performed in accordance with the analysis proposed by Anderson and Gerbing (1988). Exploratory factor analysis of the Interpersonal Reactivity Index (IRI) was performed on 28 items. This produced a four-factor model with a KMO of 0.737 ($p=0.000$). This model consisted of: five items describing Personal Distress (PD); five items related to Extent of Imagination (EI); five Empathetic Sympathy (ES) items; and finally five items that involved Personal Perspective (PP). Cronbach's Alpha coefficients were calculated for each of the factors in order to estimate the internal coherence of these latent constructs and are above the recommended level of 0.70. The Cronbach's Alpha coefficients are 0.728 for Personal Distress (PD); 0.798 for Extent of Imagination (EI); 0.701 for Empathetic Sympathy (ES); and finally, 0.765 for Personal Perspective (PP).

Exploratory analysis of the performance measurement instrument that consisted of 18 items produced a four-factor model with a KMO of 0.791 ($p=0.000$). The Cronbach's Alpha coefficients of these factors were found to be 0.818 for Sales Objectives (BPobj), 0.772 for sales presentations (BPcom), 0.794 for technical knowledge (BPct) and 0.789 for information (BPinf).

We then used structural equation modeling to test the relationship. The overall model (Fig. 1) shows a Chi² value of 1.107 (0.133), CFI=0.977, TLI=0.973 and RMR=0.026. The other model fit measures are under but near the acceptable range with GFI=0.890 and AGFI=0.862. The final results of the analysis indicate no significant statistical relationship ($\beta=0.24$ and $p=0.089$) between the level of empathy of a salesperson and their sales performance.

Conclusions and Implications for Theory and Practice

The research model is simple. This parsimony means that several factors that could influence the results have not been considered. Nonetheless the proposition that empathy could influence the sales performance of representatives seems to be a reasonable inference, but the idea that this influence exists independent of other influences is less certain. Yet research studies on this point are invariably unequivocal: the performance of sales representatives derives from a plethora of personal attributes, personality characteristics, social and interpersonal variables, situational influences, and other factors (Darmon, 2008; Futrell, 2013; Johnston & Marshall, 2013).

Given that today an uncomfortable gap still remains between the knowledge sought and the existing knowledge on the role of empathy in the field of personal selling, these ambiguous results have not prevented certain authors from using titles that are unequivocal, such as: «Empathy: The Essence of Sales» (Lavin, 2002), «It's Empathy, Stupid» (Silverman, 1995). Going even further, Lionel (1990) affirms that empathy is so instrumental to sales performance that it should constitute the first chapter in any book, or in any training, on the subject of personal selling.

An important conclusion of this research points to the fact that no strong nor positive relationship was found between empathy, or of one of its components, and the sales performance of a representative. Further, the results of this research put into question previous affirmations regarding salesperson empathy. This contributes to the body of knowledge on this subject.

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Deriving Value from Advertising as a Consumable Product: Ideas and Evidence

Amaleya Goneos-Malka, Arien Strasheim, and Anské Grobler

Introduction

We introduce the concept of advertising as a product for consumption, from which individuals may derive value based on aspects of consumer relevance. As elsewhere, advertising is an integral constituent of the South African commercial media landscape. The proportions of advertising to editorial content fluctuate, influenced by variables such as market demand, seasonality, media type and regulations. For example, at the regulatory level, South African commercial television stations are permitted to broadcast up to 20 % of classical advertising per hour (Serrurier, 2009), but this regulation does not extend to alternative forms of advertising like advertorials, sponsorships, infomercials and advertiser funded programmes that are used by advertisers to compete for consumer attention. The inclusion of these different forms of advertising further increases the ratio of advertising to editorial content.

Consumers employ different strategies and filters when consuming advertising messages at multiple levels. Behavioural responses may range from passive/active avoidance to passive/active seeking of advertising. To help understand the variability between individuals' reactions the theory of relativism should be considered. Relativism posits that individuals subjectively form ideals based on beliefs which are relative to their current knowledge, situational context, time frame, culture and societal influences (Brown, 1995; O'Shaughnessy & O'Shaughnessy, 2002). Therefore, when considering advertising as a consumable it would be useful to think of the value consumers derive from advertising in terms of relevance. Thus differences between individuals' reactions to advertising depend on their personal

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experiences, needs, demography, context, familiarity or preference for different media. Although various advertising response scales have been developed, none specifically address relevance. The more influential scales include those of Wells, Leavitt and McConville (1971), Schlinger (1979, 1982), Moldovan (1985) and Ducoffe (1995).

Research Problem

This study differentiates from other studies by considering advertising relevance and specifically examines Generation Y's attitudes towards advertising in general. Against this background two research questions have been formulated. Firstly, how can advertising as a consumable product be conceptualised and operationalised? Secondly, are there demographic differences in the value of advertising for consumers in terms of gender, age and race?

Purpose of the Study

The intention of this exploratory quantitative study was to develop an understanding of how advertising is consumed—the determinants of advertising consumption, by taking the first steps towards developing a measure to explore the phenomenon to consider advertising as an intangible product, over-supplied, free of charge, in over-abundance and in multiple forms.

Research Method

A cross-sectional exploratory quantitative survey design was used to measure behaviours towards advertising, in an attempt to identify how advertising may be consumed and how value is derived from advertising.

Fourteen scale items were formulated to develop an initial attempt towards understanding how advertising is consumed. A list of 2265 full-time students registered for undergraduate and post-graduate subjects offered by the Department of Marketing and Communication Management at the University of Pretoria served as the sampling frame. This sample was viewed to be relevant for the study, due to their personal interest and understanding of advertising and marketing issues, thereby being more sensitised towards advertising. An incentivised web-based survey was used to capture the responses to the questions as well as their demographic details, with 340 responses suitable for analysis.

Results and Discussion

Exploratory factor analysis (EFA) was used to analyse responses to the 14 items, to determine the dimensionality and other psychometrics aspects of an initial scale measuring advertising relevance. Using SPSS21 and following the approach suggested by Costello and Osborne (2005), principal component analysis with varimax rotation was used on the 14 items as a first step in the analysis. Items with communality estimates less than 0.5 were excluded in the subsequent analysis, when Principal Axis Factoring (PAF) was performed using Promax oblique rotation due to the reasonableness that extracted factors may be correlated. There were three eigenvalues larger than 1, and the fourth eigenvalue was only marginally less than 1. Cumulatively, a four factor solution accounted for 72 % of total variance amongst the items, whilst a three factor solution accounted for 61 % of total variance. After examining the factor patterns of a three-factor solution against a four-factor solution, the four factor solution offered more conceptual clarity.

The four factors extracted were named (1) individual relevance; (2) information relevance; (3) permission-based relevance and (4) social relevance. From the factor loadings and Cronbach's coefficient alpha of internal consistency reliability, it can be derived that the first two factors have acceptable internal consistency reliability above 0.7 (Peterson, 1994), and the fourth factor close to 0.6. The third-factor (permission-based relevance) is somewhat low, close to 0.5 and suggests that these dimensions are somewhat weak in terms of internal consistency, which should be considered in the interpretation of the results. The factor loadings of the first two factors are strong, and all above 0.65, and the item loadings on these factors also did not cross-load (cut-off 0.3) with any other factor, suggesting convergent validity of these two dimensions. Although the loadings of factor 3 were above 0.3, without cross-loadings with other factors, the loading of item B6 was somewhat low. For factor 4, item B12 had a cross-loading with Factor 1, and the loading was 0.410. These results suggest that the first two factors seem to be dimensions that are strongly related to advertising relevance, and have acceptable internal consistency reliability, and convergent validity. The second two factors seem to be possible dimensions, but the items need to be refined with improved items and more items per factor. The correlation coefficients between the factors ranged between 0.077 and 0.425, suggesting acceptable discriminant validity.

Based on the results, composite scores were calculated for the four factors by calculating the average of the items loading on each factor. The mean values were highest for factor 3: permission-based relevance ($M=4.172$, $s=0.768$); then factor 2: information relevance ($M=4.037$, $s=0.821$); then factor 4: social relevance ($M=3.747$, $s=0.987$); and lowest for factor 1: individual relevance ($M=3.378$, $s=1.106$). Finally, using the t-test to explore differences across gender groups, no significant ($\alpha=0.05$) male ($n=103$)/female ($n=225$) differences were found except for individual relevance, where males had a slightly higher mean than females, and

across age groups (divided as 18–20 years olds, $n=153$; versus 21–29 years, $n=172$), the younger group seemed to derive significantly more individual relevance ($\alpha=0.05$) and significantly more informational relevance from advertising compared to the older group. In terms of race there are very significant differences ($\alpha=0.01$) between black ($n=110$) and white ($n=204$) students, with blacks seeming to derive significantly more value from advertising in terms of individual relevance, information relevance and social relevance than white students do.

Conclusions and Implications for Theory and Practice

This study was an initial attempt at gauging how advertising value may be viewed. The results presented here were part of an extensive study, and therefore a limited number of items were used. An exploratory quantitative approach has certain limitations. Firstly, this is an initial attempt at developing a scale to measure how value is derived from advertising, and it is recommended that the initial dimensions or factors identified in this study be further explored using qualitative approaches, followed by further item development and refinement, especially in developing more appropriate items for factors 3 and 4 specifically. Secondly, the four factors suggested in this study may be only a subset of the concept of deriving value from advertising. Thirdly, it may be useful if the scale could be further used to explore behavioural responses according to a general behavioural pattern of being either actively or passively avoiding advertising versus passively or actively seeking advertising messages. These behaviours may be further contingent on product class or living standards, specific needs, disposable income, or other contextual variables.

In terms of theory, this study suggests that advertising value seems to be multi-dimensional, with elements of permission-based relevance, information relevance, social relevance and individual relevance. The order may be suggestive that permission is crucial, information should be useful, it should allow social value and lastly some individual personalised value.

Practical application of the aforementioned proposed concepts of relevance is considered to improve the effectiveness of advertising to consumers. This is highly feasible in online media platforms, where tracking technologies can be used to monitor consumer interests, develop consumer profiles and preferences derived from their browsing history. Feeding these data types into predictive audience models (algorithms) improves targeted advertising, which is led by assumed relevance based on consumer profiles. The positive feedback effects of relevance in advertising messages are anticipated to contribute to the value of advertising and its status as a consumable product.

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Social Media: Harming or Enhancing Your Employer Brand Attractiveness? An Empirical Investigation

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Carolin O. Hartmann, and Nina Krey**

Abstract Both academics and practitioners are seeking for insights on the influences of social media on brand perceptions. In the research at hand we focus on one specific area of brand management and investigate the effect of employer evaluations on employer brand attractiveness. Employer evaluations are the evaluations employees publish about their former or current employers on websites such as *Glassdoor*. They represent a parallel development to consumer evaluations of products/services and have gained continuous importance as a source of formerly made experiences with potential employers. We empirically control for the effect of employer evaluations on employer brand perceptions by conducting an experimental study. The data displays a positive effect of positive evaluations on employer brand perceptions. This finding suggests a potentially enhancing effect of social media on employer brand attractiveness. In the discussion of our paper we present the academic and managerial implications and address potential limitations.

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In-Person and Out-Person Factors in Perception of Product Attributes

Zoltán Veres

Introduction

The basis of the buyers' preferences are the real or presumed differences of goods, including also the circumstances of the purchase. The consumers though, are aware of these preferences only partly and on different levels for each individual, in each situation and for each product. Not conscious i.e. underlying preferences affect their choices just the same way. According to the behaviourist axiom, the observable, so called revealed preferences can be deducted from the market behaviour of the consumers, that is from their choices (Samuelson, 1938). With the examination of revealed preferences, alongside with taking underlying preferences into consideration, the background for consumer behaviour becomes analysable. Researching this behaviour means the survey of characteristics of product choices, or, consumer decisions.

Managerial Versus Marketing Science Perspective

Consumer preferences are defined as the subjective tastes, as measured by utility, of various bundles of goods. They permit the consumer to rank these bundles of goods according to the levels of utility they give the consumer. A latent assumption about the consumer's preferences is consistency in rankings, i.e. transitivity.

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Nevertheless stereotypes became deeply rooted in the industrialized market research as well. Companies routinely test the market to find out what customers like and dislike about their products and competitors' product. This is outsourced to a market research firm. After gathering information, the next step for the company is to determine what it means. Analysis of the information may lead the company to change the formula, packaging, color, size or some other feature of the product.

Some techniques estimate consumer preference functions by representing "consumer utility" as a function of the product's attribute levels. Such techniques are useful in the product design because they indicate the relative effects of changes in the attributes of that product. Conjoint analysis is an effective technique to measure ordinal preference functions, and this method has been considered for long time as a research mass-product establishing numerous managerial decisions. Traditional technique of conjoint analysis has been quite successful in marketing, but its application can be improved. As regards the methodological development only sporadic attempts can be found until now in the marketing research literature (see e.g. Hauser & Shugan, 1980 or Bouyssou & Pirlot, 2002).

The Research

Key question to our research is the perception of attributes, that are the object of consumer preferences, the mapping of this system in the consumer's mind. We aim to investigate/analyze preference systems that relate to the system of attributes with a multidisciplinary, multifocus, hierachic series of surveys. For this, we start with in-person factors proceeding in the direction of environmental (say: out-person) factors. We have identified eight factors that can determine the perception of product attributes, through this the consumer preferences as well:

1. *Strong or neutral characteristics of attributes* means the subjective importance of a given feature. According to our assumption it determines to what extent a given product attribute adds to the preference of an individual. The neutral attributes are less considered by individuals while forming their evaluation, while the strongly important or strongly unimportant attributes play a significant role in consumer decisions (cf. Chen & Risen, 2010).
2. *Interval characteristics of preferences*. Preferences related to attributes cannot be considered as discrete values in every case. Instead, regarding the realization of a certain attribute we think that a preference is deviated or better expressed "floating" within a zone (an interval with its expected value). In case the intervals are (partly or entirely) overlap, certain preferences can be intransitive as well when compared. This overlap, according to our expectations, is probably bigger in case of neutral attributes and smaller in case of strong attributes (Veres, Tarján & Platz, 2012).

3. *Stability of preferences related to attributes or their realizations.* Revealed preferences, related to attributes that are the objects of our observation, are variable to time and situation (Hledík, 2012).
4. *Complexity of perceived products (the number of attributes and their realizations).* The choice of products is greatly influenced by their complexity. It is an important point how many attributes describe the product, and how many more potential realizations to these attributes are probable among which the individual should make a comparison. In case of more complex products, we can count on more overlapping preference intervals and consequently, on intransitivities, moreover, on less stability (Bettman, Luce & Payne, 1998).
5. *Type of consumer “task”: rating-ranking-choice.* Depending on whether the individual has to perform rating, ranking or choice, the intervals of product attribute-related preferences and the stability of preferences may change. In the rating-ranking-choice sequence, we assume an increasing thoroughness and commitment of the individuals, therefore we assume more and more separating preference intervals and greater stability in case of the strong attributes (Veres, Tarján and Hámornik, 2012).
6. *Level of life-likeness of the consumer decision situation during the research.* Moving away from intra-personal factors, the next important point is the level of life-likeness of the examined situations. The more life-like a situation is, the more likely it is suitable for analyzing real consumer behaviour. In conjunction with our assumption the more real a behaviour is, the greater extent the underlying preferences and their influence can be captured (cf. Samuelson, 1938).
7. *Effect of the decision environment on the preferences.* Life-likeness is closely related to the effect of research environment, choice or rating environment on preferences. For example, the proportion of intransitivity of preferences, or even the level of overlap of intervals may vary according to the scope of assortment, or to the difference between the products of comparison (Thaler, 2003).
8. Finally, the last factor to be analyzed is the *effect of experience on the features of preferences* (e.g. in case of a repurchase situation). Individuals—after using the product or after gaining information on the usage of it—can change their system of preferences formed regarding the features of a product [see also Festinger’s theory of cognitive dissonance (Festinger, 1957) or a recent research of Chen and Risen (2010)]. The level and scale of this change is the focus in this part of the research.

Apart from the above factors, fatigue and mental strain have also effect on the system of preferences, as a moderating agent. Certain features of the environment may also behave as moderators in some situations (see e.g. Sen, 1973).

In our series of research we analyze the effect of intra personal and extra personal factors on these preference systems with the above described hierarchy.

The Methods

In this abstract we present the elements of the research design. This latter makes an attempt to find the appropriate experimental approach to the above eight points of view. Strengths vs. neutrality of attributes on individual level can be grasped by rating importance of attributes. For this we use a small methodological fragment of the Q method (Stephenson, 1953; Brown, 1966)—the forced choice grid, where the scale is running from the “absolutely not important” attribute through the “indifferent” to the “absolutely important” ones.

To measure intransitivity of preferences participants’ task is to make pair-wise comparisons of preference between specific realizations of a product group. The test terminates when the participant gives the first intransitive answer, or if the participant compared all possible pairs. With investigating rating, ranking and product choice we will be able to describe those attributes and situations which promote or impede stability. These are the factors that also talk about the possibility of generalization of the results: which preferences under which circumstances remain stable in time, and which ones are changeable. Effect of product complexity will be explored by repeating the experiment on three product groups of three levels of complexity: simple bakery product, yoghurt and mobile phones.

For examining assumptions No. 5, the experimental situations should comprise of tasks of rating, ranking and choice characters as well. Life-likeness increases the ecological validity of research, thus the likelihood of generalization of the results. Life-likeness gradually increases with moving on from laboratory experiments to in-store field-research. Comparing different situations makes a thorough research of product-related attribute preferences possible, while with systematic manipulation of the in-store environment we can explore which are the factors that have an effect on the system of preferences. Finally, to test experience-effect pre-filtered segments of experience have to be involved in the sample. Currently we are using a computer based experimental design including a web-based application.

Preliminary Results

We conducted a pilot testing in order to underpin the usage of the forced choice grid selection method concerning attribute dimensions with students of a business school. We could have pretested the attribute dimensions on a large sample, then we could have built our study using the averages from the distribution of responses, choosing those dimensions that were selected by most of the participants. Contrarily, in the present study we dedicate more importance to subjectivity, thus we chose to use the forced choice grid from Q-method.

In the process of importance rating participants received the task on paper and they had to fill the importance-grid with the letter symbols of the attribute dimensions. This pilot test lasted for 15 min, than the participants received debriefing. We summed up the data for the middle column of the importance grid (“less important

or indifferent"). Using the Q-method's logic, if every participant receives the products to compare in phase 2 based on their own (previous) importance ratings, subjectivity is thoroughly preserved, and thus the biasing effect can be decreased.

Based on this preliminary result, we are going to carry on data collection by the method described above to investigate the proportion of intransitivity in choices. After filling the Q-grid the program cuts off the columns with values of the positive and negative extremes (the so-called inherent preferences as discussed at Simonson, 2008), and then generates a pair-based comparison in random sequence using only the neutral features from the middle column of the grid. The program calculates the maximal number of options and tests the respondent until the first intransitive answer appears. The participants can only go through all the comparisons if their responses remain transitive all along. In the meantime they are allowed to think aloud; based on these "discussions" the researcher gains insights into the current decision-making process.

Evaluation and Further Research

Our further technical aim is to conduct a multi-stage research by eliminating the identified distorting factors in order to simulate the real buying situation in a more accurate way. Incorporating intransitivity and other moderating factors into the model leads to new results both in the topic and in the research methodology.

The findings suggest to extend the analysis considering the following theoretical cornerstones: However we have not dealt with the common preferences, we agree on that the preference intransitivity might have an effect on an aggregated level, which would shed a different light on macroeconomic processes in context of behavioral economics. Developing a large database conclusions could be drawn about certain segments, not only individuals, which could give an explanation on economic or commercial trends.

Involving more from consumer psychology theory (from gestalt, cognitive and behavioural schools) we could identify and differentiate between the preference structuring method and stability. Considering preference intransitivity both scholars and practitioners should rethink the methodology of quality perception and measurement, selling techniques so as product development strategies.

Finally, instead of two different food categories in the experimental model we could study—as a next step—three categories: namely food, clothes and smartphones.

Theoretical Contribution of the Paper

The study was inspired by the unknown logic of the consumer decisions. This is why based on the evaluation of the traditional methodology applied for the preference researches we built an own experimental design. Our goal was to simulate the

purchase to explore buying decisions in the light of preferences. Bettman (1979) attempted to undercover the influencing factors of inconsistencies in consumer choice. However his summary covered the evaluative conflict, the information search's imperfections, the adaptation phase, the question of choice complexity; none of the factors were explained in details. Bettman instead of summarizing the ideas simply listed them; so his collection functions as a guide for the scholars and practitioners what to bear in mind. Our research group observed the issue from a mathematician's, an IT technician's, an ergonomist's, a psychologist's and marketing scholars' views. From the different optics we expect a complex understanding of the consumer preference biases. As a first stage we narrowed our focus directly to the consumer preferences related to the product attributes. We expect our results to give a useful contribution to the measurement methodology of consumer attribute preferences.

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Sustainability in Higher Education Institutions: Validation Process of Quantitative Instrument

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Introduction

Higher education has a key role in creating change and addressing issues of fundamental interest for human beings, such as inequality and social justice, globalization and development, environmental protection and sustainability (Tormey, Liddy, Maguire, & McCloat, 2008). Recently, some Higher Education Institutions (HEIs) have developed action and research plans, as well as introducing changes in their educational structure, intended to make sustainability part of their daily routines (Ollis & Krupczak, 2007). Despite these efforts, broader educational trends have emerged as obstacles (Ryan, Tilbury, Corcoran, Abe, & Nomura, 2010). Attempts to introduce sustainable practices in HEIs face obstacles such as: the *modus operandi* of the traditional means of creating and disseminating academic knowledge; the organizational structures of universities; and the need for more human and financial investments. Despite such obstacles, some HEIs have made specific changes intended to help produce students with a more favorable view of sustainability.

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Education for Sustainable Development (ESD) facilitates the development of the knowledge, skills and attitudes necessary to face the global social and environmental challenges. The establishment of an education system that encourages these competencies and skills helps students develop a critical sense of the context in which they live (Tormey et al., 2008). Therefore, studying students' attitudes regarding the level of information on the sustainability strategies adopted in HEIs is essential for any analysis of how those strategies affect the formation of future professionals (Owens & Halfacre-Hitchcock, 2006). Recently, there has been an increase in the number of scientific studies aiming to assess such attitudes, especially those based on the analysis of quantitative data.

Studies such as those developed by Churchill (1979) and Koufteros (1999) provide a step-by-step paradigm to be used to validate scales which should take into account aspects and procedures of utmost importance and that, unfortunately, have often been overlooked in management studies in general and in the context of sustainability in particular.

Therefore, the aim of this article is to describe the process of developing and validating a quantitative instrument designed to be applied in HEIs, particularly for sustainability-related studies, following the methodological steps suggested by Koufteros (1999). The background to the research was the studies in the area of ESD published in the International Journal of Sustainability in Higher Education.

Methodology

It was decided to adopt a quantitative approach in this study. Since the stated purpose of this article is to validate proposed a scale, the principles developed by Koufteros (1999) were taken as a starting point. These encourage the use of the following steps: (1) development of the survey instrument (theoretical basis, content validity; pretest, review), (2) data collection, (3) inter-block factorial analysis (discriminant validity); (4) intra-block factorial analysis (unidimensionality test), (5) reliability. The procedures performed in steps '(1)' and '(2)' are described in methodological aspects of this study, while the remaining steps are described in the data analysis.

A literature review was carried out and all 327 articles published in International Journal of Sustainability in Higher Education were analyzed. The articles were catalogued and possible variables to be used in the survey instrument were identified and distributed into four dimensions (communication, strategy, teaching and research).

The validation of the instrument by the experts and the discussions held during the pre-tests led to improvements in the formulation of some statements used in the study. The initial questionnaire contained six socioeconomic questions in the first block and, below, a total of 16 scaled items related to the following dimensions: 'communication', 'strategy', 'teaching and 'research' were based on the Likert scale,

which assessed the degree of agreement or disagreement for each question, with (1) Strongly Disagree and (7) Completely Agree.

The sample analyzed in this study initially contained 763 students distributed in the five HEIs. The data were collected in the first half of 2012. Women comprised 52.0 % of the study sample and the most frequent age being between 21 and 25 years (40.4 %). The predominant family income was from R\$ 1001 to R\$ 4000 (33.5 %). Regarding the length of time studying at the HEI, 25.2 % of the students were in their first year, 21.8 % in the second, 22.0 % in the third; 24.5 % in the fourth and 6.5 % in their fifth year.

Results and Discussion

The data were subjected to the following statistical tests in order to validate the construct and test the reliability of the instrument: (a) Kaiser-Meyer-Olkin (KMO) Test and Bartlett's Test of Sphericity; (b) Inter-Block Factorial Analysis (discriminant validity); (c) Intra-Block Factorial Analysis (convergent validity); and (d) Internal Consistency (Cronbach's alpha).

After cleaning the database and before advancing to the third step proposed by Koufteros (1999). The tests showed the values were appropriate for conducting factor analysis (Malhotra, 2006), as the indexes obtained were quite adequate (KMO=0.924, Bartlett's sphericity=0.000).

Once these preliminary steps were completed, step (3) of the process of validating the survey instrument that involves performing inter-block factorial analysis (Koufteros, 1999) could begin. This analysis identifies whether the variables in each block/dimension converge with each other and not with the variables in the other blocks/dimensions (Churchill, 1979). With this situation confirmed, it was possible to verify the discriminant validity of the factors.

The starting point for the inter-block factorial analysis was the concepts and reference models found as a result of the cataloging of the 329 studies published in the International Journal of Sustainability in Higher Education. Given this, the extraction procedure was defined based on the number of dimensions, i.e. 4, the same number of the categories of resources proposed in this study, namely: communication, strategy, teaching and research. In addition, the method of factorial analysis included the use of Principal Component Analysis (PCA) and Varimax orthogonal rotation based on the 16 items in the questionnaire. The formation of the factors followed two criteria: the degree of association between variables, identified through the factor loadings, and the degree of subjectivity.

Once all 16 variables of the study had been analyzed, it was seen that question number '4' in the factor Sustainable Education and Learning Practices (in the library of my college there should be books on sustainability), the communality was low (less than 0.5). Thus, it was eliminated from further analyses, as suggested by Malhotra (2006).

The set of extracted factors explains 70.83 % of the total variance, which is very good in terms of social research, where information is often less accurate (Hair, Black, Babin, Anderson, & Tatham, 2002). Once the factors were confirmed, it was possible to begin the intra-block exploratory factorial analysis to check the unidimensionality within the set of variables in each factor. This procedure constitutes the fourth step proposed by Koufteros (1999) for validating a scale. The same author points out that this analysis is not widely used by researchers and its absence can compromise the reliability of the survey instrument.

Then, the intra-block EFA was begun in order to check the unidimensionality (convergence) of the blocks and verify that the practices constituting the factors were strongly associated with each other and represented a single concept (Hair et al., 2002).

The results confirmed the unidimensionality of all the factors, since all the factor loadings were over 0.50. The lowest factor load was 0.778 (v11), which is well above the required level. The prerequisites for performing factorial analysis, were adequate (Communication: $KMO=0.818$, $p=0.000$; Strategy: $KMO=0.764$, $p=0.000$; Teaching: $KMO=0.671$, $p=0.000$; Research: $KMO=0.796$, $p=0.000$). Thus, the fourth step in Koufteros' (1999) scale validation process was completed, leaving only the reliability check (step 5), which is described in the next section.

The estimation of reliability is the final step, because, in the absence of a valid construct, it would be irrelevant (Koufteros, 1999). For this analysis, Cronbach's alpha coefficient was used to examine the consistency of a set of internal variables and thus provides a measure of reliability. With this procedure, the fifth and final step of scale validation process, which recommends testing the reliability of the constructs (factors/dimensions) used in the instrument and the instrument as a whole, was achieved. The values obtained were highly satisfactory, since the lowest score was 0.798, while the minimum acceptable value is 0.6. Thus, the final step of the research instrument validation process that guided this study was completed.

Conclusions

The most important contributions provided by this research is the construction of a new scale for use in the area of sustainability studies that can be applied in the context of Higher Education Institutions. The preparation of the survey instrument was based on the cataloging of 327 studies published in the International Journal of Sustainability in Higher Education. Another major result of this research was the adaptation and implementation of the paradigm for the construction and measurement of instruments proposed by Koufteros (1999). To date, in Brazil, few academic studies in the area of administration have made use of this methodological procedure.

The process of refining the survey instrument resulted in a questionnaire consisting of four dimensions of sustainability (communication, strategies, teaching and research) and 15 items (questions), appropriate to the Brazilian situation in the

context of HEIs. The final instrument ended up being the major objective of this research, fulfilling one of the goals established at the beginning of the investigation. Obtaining this instrument is of great value because it can be used to acquire systematic measurements regarding the ability of HEIs to develop activities related to sustainability as well as to promote the development of people who are increasingly aware of issues relating to this topic.

Regarding the possibility of future studies, the authors suggest conducting research using Koufteros' methodology (1999), as used in the present study, for the validation of other instruments in other areas of management research. Another suggestion is to investigate the influence the constructs proposed in this scale have on the formation of ecological awareness among students.

While every effort was made to apply scientific rigor when carrying out this study, some methodological limitations were noted and must be reported for the purpose of understanding the results. The first concerns the composition of the non-probabilistic sample of convenience, which may lead to some bias in the results. Thus, the results should be assessed from the perspective of the considered sample and should not be generalized. It would be useful to carry out collect data from probabilistic sample and so confirm, or otherwise, the results found in this study.

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A Dyadic View on Buyers and Sellers Social Capital: Its Effect on Customized Treatments and Relationship Commitment

Chris Storey, Agnieszka Blonska, and Ko de Ruyter

Abstract This paper aims to expand existing models of customization by integrating network and social capital theories and investigating the roles of a close social relationship and information sharing in customization behavior of buyers and suppliers. Customization is perceived as an effective means for maintaining and/or developing effective buyer–supplier relationships. Building on social capital theory we adopt the view that privileged access to customized resources results from a close social relationship and that this is achieved via increasing information sharing. The buying firm selected for this study is a division of a global manufacturer of industrial equipment with operations in Europe. The data consist of 103 matched pairs of supplier and buyer data. Partial least squares estimates is used to analysis the data. Close social relationships prove to be important antecedents to supplier and buyer information sharing and buyer customization. However, we also find that suppliers attach more value to information shared by their partners than do buyers. For suppliers a close relationship does not lead directly to customization in the presence of information sharing. Buyer information sharing plays a significant role for suppliers before they customize. This could be an indication that suppliers are more careful than buyers when making their customization decision opposite to buyers for whom supplier information sharing has a negative effect on buyer customization. Our results may indicate that a supplier that is relationship oriented has a positive association with information sharing. On the other hand, a buyer that is transactional oriented might feel less satisfied the more the supplier shares information. Additionally, satisfaction with feedback is an important factor that stimulates buyer and supplier affective commitment to a relationship.

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The Importance of Being Earnest: The Authenticity of Reciprocity in Marketing Exchange Relationships

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Abstract Effective marketing relationships have been found to rely on the development of beneficial exchange behaviors. To fully understand the effects of these actions, it is important to examine what underlies and has a pervasive impact on the development and effects of these exchange behaviors; that is, reciprocity. While the extant literature has introduced two dimensions, this paper proposed that a third, perhaps even more important, dimension of reciprocity exists. Specifically, this paper proposes that the influence that reciprocity has been found to have on exchange behaviors does not rely only on what action is exchanged (i.e., equivalence) and when the action is exchanged (i.e., immediacy), but, also on *how* the action is exchanged (i.e., authenticity). Authenticity refers to the extent to which the action that is exchanged is exchanged in a genuine manner. Based on the motives and constraints attributed to the action, four types of the authenticity are possible: true inauthenticity, true authenticity, surface acting, and deep acting. By focusing on *how* actions are exchanged, each type of authenticity determines the symbolic value imputed to the benefit and that value directly influences the party's decision of whether to repay the benefit and the determination of what an appropriate repayment would be as well as indirectly influencing exchange behaviors toward their partner.

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The Pursuit of Loyalty in Grocery Stores: Differences by Retail Format

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Abstract Today, in the face of ‘channel blurring’, an increasing number of retailers are selling their wares through multiple formats in an attempt to reach and retain different shopper segments. However, most retailers are unsure whether and how the drivers of shopper loyalty (attitudinal and behavioral) might vary across retail formats. Improving current understanding of these questions is important for retailers aiming to boost shopper loyalty and, ultimately, store profitability. In the past, many companies heavily invested in increasing customer satisfaction in the hope of increasing loyalty but recent research has revealed that the satisfaction-loyalty relationship tends to be weak, albeit positive. Moreover, a great deal of variance in loyalty is explained by mediators such as ‘trust.’ However, whether and how the mediating role of trust varies by store format are questions that have not been systematically explored to date. In this research, therefore, the authors examine how changing format, specifically, supermarkets versus hypermarket, impacts a proposed conceptual model of the links between satisfaction, trust, attitudinal and behavioral loyalty, derived from past research. Using data from over 500 surveys of Spanish shoppers at hypermarkets and supermarkets, we test the proposed model on the overall sample as well as the hypermarket and supermarket subsamples. The results reveal that the satisfaction-loyalty relationship changes upon shifting from supermarkets to hypermarkets. Specifically, trust plays a crucial mediating role in the case of supermarkets but not in hypermarkets. We discuss the implications of these results for retailers’ strategies for boosting shoppers’ attitudinal and behavioral loyalty.

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The Mixture of Network Marketing Types in Emerging Markets: The Case of Swedish MNCs in China

Hans Jansson and Susanne Sandberg

Abstract With the major role taken in the global economy by emerging markets, a key issue in contemporary marketing research is the relevance of Western marketing ideas, both from a theoretical and practical perspective. This paper researches this issue for China, being the fastest growing emerging market in the world and therefore becoming a role model for marketing in such markets. The purpose is to specify a network marketing theory relevant for Western MNCs in emerging markets. In order to do so, an integrative framework was developed based on network marketing theory and institutional network marketing theory. From the latter four basic rules are pinpointed and thereafter applied to European and Chinese business networks respectively. The thought styles are based on symbols such as words, signs and gestures. Norms and values influence how business marketers think and act. Enforcement mechanisms concern how to construct the sanction and incentive system in order to reward or punish individuals and groups within the firm together with establishing surveillance and assessment system to control the enforcement of marketing practice.

Based on the framework of the basic rules, a measurement instrument was developed and tested in a pilot study in spring 2013. For the standardized questionnaire the four theoretical basic rules were broken down into 15 sub-concepts and thereafter derived into 45 items. Altogether these constitute a basis of a comparative marketing framework. The items are formulated as statements on a six-point interval scale about Chinese and Western marketing. For the purpose of this paper, 24 items were selected to constitute the basis for analysis as they focus particularly on network marketing. A low number (1) expresses a wholly European perspective on network marketing and a high number (6) a wholly Chinese perspective. Two to five is a mix of these marketing types, where 3–4 represents the most even mixture of network marketing types in the emerging market. In the pilot study nine Swedish MNCs were visited at their subsidiaries in the Shanghai area. The primary data was collected through structured face-to-face interviews with two managers—one of

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Swedish and one of Chinese origin—per case interviewed separately, so in total 18 interviews were conducted. The interviews were undertaken in English, sitting side by side with the managers, discussing their answers while they were filling out the questionnaire. It was followed by an interview with the respondent based on a semi-structured interview guide in order to have as good control as possible of primarily the reliability, but also the validity, of the questionnaire.

The results and analysis show that in subsidiaries of Swedish MNCs in China, the European network marketing type still prevails. Some adaptations have been made though, as also a mixture between European and Chinese network marketing types can be seen. A limited number of adaptations into a Chinese network marketing type were identified, even if the managers themselves perceive that they have made adaptations when working in Swedish subsidiaries in China. When comparing European versus Chinese manager groups, the European managers tend to perceive the firm to hold a view closer to a Chinese network marketing type more often than the Chinese managers do. This indicates that the European managers regard that the Swedish subsidiaries have adapted more to the Chinese market than the Chinese managers regard them to have done.

References: Available upon request

Evaluations of a Destination Across Travel Contexts: Examining the Evoked Set

Samantha Murdy

Abstract Given consumers have an almost limitless number of destinations to choose from (Pike, 2006) it is crucial for destination marketers to differentiate the destination they are responsible for to encourage visitation. It is proposed that a destination must first make it into a consumer's consideration set for it to be competitive. Woodside and Sherrell (1977) examined the number of destinations within consumer decision sets, as well as the likelihood to visit and attitudes of the leisure traveller toward vacation destinations within their evoked set. They asked participants to evaluate destinations they had personally elicited. It was identified that those within the evoked set received more positive evaluations. The purpose of this study was to further examine attitude evaluations and intent relative to the destination brand, comparing the elicitation of destinations against destinations provided by the researcher. Both the Theory of Planned Behaviour and branding constructs previously used to assess destinations (Boo et al., 2009; Konecnik & Gartner, 2007; Sparks & Pan, 2009) were considered. This research aims to further test Woodside and Sherrell's (1977) proposition that attitudes of a destination are overall more positive if the destination sits within a consumer's consideration set. Overall, it is proposed that if a destination is in a consumer's evoked set they will likely have a more favourable evaluation of the destination, and be more inclined to visit the destination. Furthermore, travel context is a crucial element to consider as differences have previously been identified in the evaluation of destination image (Gertner, 2010). Pike's (2006) proposition that different contexts will yield different destination decision sets is of interest given there is little empirical data on the topic of decision sets. Therefore, this study also aims to identify if any evaluation differences exist based on the travel context the evoked set has been developed for.

Data was collected using a questionnaire from Brisbane (Queensland) residents regarding near-home destinations. Only those who had previously been to the destination they were randomly assigned were included. This was in line with the notion that evaluations differ between those who had previously been to the destination,

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and those who had not (Fakeye & Crompton, 1991; Oppermann, 2000). As such, the evoked sets and destination evaluations of 475 respondents were assessed. To determine the evoked sets, participants were asked to provide destinations relative to one of two travel contexts: short-break holidays and longer holidays. One of four destinations was randomly assigned after elicitation and participants were asked to evaluate these destinations: the Gold Coast, the Sunshine Coast, Northern New South Wales, and the Moreton Bay Islands. Evaluations were assessed relative to whether or not they appeared within the elicited evoked set of the participant. The use of a destination which the participants did not select themselves allows for better comparison based on the elicitation of the destinations and whether or not the assigned destination appeared in the evoked set. A two-way ANOVA was utilised to establish whether there was an effect from either the travel context, or whether or not the destination appeared within the evoked set. Theoretically, this study further emphasises Woodside and Sherrell's (1977) finding that evaluations are more positive if the destination is in the consumers evoked set. The results also indicate that no differences exist across travel context. However, this study has only looked at two travel contexts: short-breaks and longer holidays, and as such, further research into other travel contexts may yield different results.

References: Available upon request

Is It Better to Shop Together? Influence of Group Characteristics on Individual Buyer Utility in Mexico and the United States

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Abstract We study the effect of group size on individual consumption at shopping malls located in Guadalajara and Providence. We observe customers leaving stores and record individual or group characteristics, as well as the number of bags they were carrying. The number of bags per individual (solo or in a group) is used to operationalize individual utility of consumption at the shopping mall. Tobit regression models of individual utility reveal interesting patterns: In Providence, group size monotonically reduces number of bags per individual; whereas, in Guadalajara, the relationship is u-shaped. We posit that in the Guadalajara location groups of three or more consumers create additional utility, which we call “social”. We discuss implications and avenues for future research.

Keywords Group shopping • Retail • Shopping mall • Social influence

Introduction

Group membership is a well-established antecedent of human behavior, and consumer behavior should not be an exception (Arce-Salazar, Oerlemans, & van Stroe-Biezen, 2012; Terry & Akshay, 1992). A recent survey of the literature (Shankara, Jeffrey Inman, Kelley, Mantrala, & Rizley, 2011) reveals though that little if any attention has been devoted to the influence of others at shopping malls. Shopper research focuses on individual responses to product attributes and to broader elements of the marketing mix. The present study explores the impact of group size and composition on individual buyer utility (IBU) using a simple

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operationalization of individual consumption—the number of bags carried by shoppers either alone or in groups, divided by group size. The study was conducted in two upscale malls in Mexico and the USA. We estimate a regression model that accounts for the unobserved heterogeneity in individual characteristics, as well as for the unobserved utility of both non-buyers and buyers. Our findings indicate that shoppers react differently to the company of others in the two test locations. Shoppers in Providence show a monotonically decreasing IBU as groups grow larger; whereas in Guadalajara groups of five or more elicit what we call a “social lift” in IBU.

Background

The literature on group consumption is sparse but some findings are relevant for the present study. Ramanathan and McGill (2006) show that moment-to-moment evaluations of the consumption experience are affected by the presence of others. Hamilton, Puntoni and Tavassoli (2006) report a similar finding with regard to how consumers process advertisements. Arce-Salazar et al. (2012) studied peer influence from colleagues, family and friends on an individual’s decision to buy environmentally friendly products, founding evidence of herd behavior as well as social learning effects. The bio-medical literature reports that individual food consumption is affected by familiarity with, and gender of peers eating at the same table (Salvy, Jarrinb, Palucha, Irfanc, & Pliner, 2007). In television viewing, find that most of the positive interpersonal influence of husbands and wives on each other’s utility from watching television programs stems from joint consumption (co-viewing).

Research Method

Individuals and groups visiting two upscale shopping malls, one in Guadalajara (Jalisco, Mexico) and one in Providence (Rhode Island, USA) were observed on a Saturday afternoon between 2:00 and 5:00 pm. The chosen malls are as similar as possible to reduce noise from shopper characteristics (González-Hernández & Orozco-Gómez, 2012). Both cater to younger, higher income shoppers; have major department stores as anchors; and, have no cinemas or supermarkets. Observers were instructed to be at in-mall entrances/exits to anchor stores, or close to a group of smaller stores; and, to report only individuals or groups leaving those stores. Thus, an observation is defined as a solo shopper or a group of shoppers. After screening, the numbers of valid observations remaining in the data sets were 493 for Guadalajara and 349 for Providence ($N=842$). Reported individual or group characteristics are gender or gender composition, age range and type of group (family vs. friends.)

Observers recorded the total number of bags per observation, K . The average number of bags per individual and observation, Nbr.Bags/Obs., was later calculated by dividing K by the number of shoppers in the observation. Note that shoppers may have bought the K observed bags from a number of stores ranging from 1 to K . Therefore, Nbr.Bags/Obs. captures individual consumption *in the mall*, as opposed to at any individual store, and is chosen to operationalize IBU. This operationalization has the additional advantage of controlling for price and purchasing power differences across countries.

The DV assumes only positive values, i.e. it is censored at zero. A Tobit model is chosen to analyze the data as the OLS estimates for linear regression are demonstrably biased when the DV is censored (Sigelman & Zeng, 1999). In a Tobit specification, utility y_i^* (IBU) is a latent variable, and consumption y_i (Nbr.Bags/Obs.) is the observable measure of utility. This variable is also censored at the observed maximum number of bags per individual. Therefore,

$$y_i = \begin{cases} y_i^* & \text{if } 0 < y_i^* < \max(y_i); \\ 0 & \text{if } y_i^* \leq 0; \text{ and,} \\ \max(y_i) & \text{if } y_i^* \geq \max(y_i). \end{cases}$$

The model is

$$y_i^* = x_i \beta + z_i \gamma + \varepsilon_i; \quad (1)$$

where

$$\varepsilon_i \sim N(\hat{\Omega});$$

and,

$$\beta \sim MVN(\tilde{\Omega})$$

Vector x_i contains dummies for group composition or individual characteristics; and, vector z_i contains dummies for group size. As the parameter specification is random, the model controls for unobserved heterogeneity of the estimates in z_i across individuals and groups. The model in (1) is estimated via numerical simulation using LIMDEP.

Results and Discussion

The average Nbr.Bags/Obs. is larger in Providence (0.57, SD=0.70) than in Guadalajara (0.33, SD=0.55), $p < 0.001$. Close to 50 % of total observations show zero Nbr.Bags/Obs. The incidence of shoppers without bags is larger in Guadalajara

than in Providence (56 % vs. 46 %) whereas the proportion of observations with two and three bags is larger in Providence (respectively, 14 % vs. 9 %; and, 7 % vs. 1 %) and the distribution in Guadalajara shows a higher proportion of values equal or larger than 4.

In total, 12 specifications were tested. Despite the differences between locations, Solo Shopping, Group Size and one specific aspect of group composition, Female Only (100 % female individuals in the observation vs. less than 100 %) provide the best explanation for the combined data Guadalajara-Providence. Any given solo individual or individual in a group of shoppers would obtain a baseline utility equivalent to 1.3 bags from the mall stores. This utility is slightly lowered by being a solo female shopper, or by being a female shopping with other women. Group Size equal to 2 or 3 further decreases IBU. Groups of size 4 or larger cause an increase in IBU.

Important differences emerge by location. Female solo shoppers in Providence tend to get more IBU than male solo shoppers, or groups of shoppers of any size and composition. In contrast, female shoppers in Guadalajara get overall less IBU as compared to male solo shoppers, or groups of shoppers of any size and composition. Furthermore, whereas any increase in group size in Providence decreases IBU, in Guadalajara larger groups are less likely to derive a smaller IBU as compared to smaller groups. That is, a socially-driven lift in IBU happens in larger groups of shoppers in the Mexican location.

Implication and Future Research

The results point to a number of questions: Would these findings hold for alternative operationalization's of IBU? And, if so, why does Group Size monotonically reduce IBU in Providence? Why the *social lift* in Guadalajara? We posit that a second type of utility, Individual Social Utility, is derived by individuals from visiting the mall. For instance, women may visit the mall to spend time with friends and acquaintances, or to find out information on brands and/or shops for use in social situations. Conversely, two possible explanations for the lack of social lift in Providence are that the Providence mall may deliver less of a social experience for women; and, that women in Providence are less keen on using malls to achieve social goals than women in Guadalajara. This should be investigated in order to determine whether management is able to propitiate a lift in IBU, and shopping by larger groups, by helping improve the social experience of mall visitors.

Our research plan includes a more exhaustive evaluation of amount and variety of consumption at the mall and store levels, using more accurate measures of IBU such as actual diversity of purchases and stores visited, as well as type and monetary value of purchased goods and services. We also intend to further explore other locations using the same DV as in this study. The simple IBU operationalization bears promise as a cost-effective device to help explore cross-country differences in shopper behavior.

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Exploiting Proactive Interaction to Improve Retail Experiences

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Abstract Relationship marketing is increasingly recognized by both practitioners and academics as an effective means for retailers to attract and retain customers and gain a competitive advantage in the competitive retail environment (e.g., Bagozzi, 1995; Berry, 1995; De Wulf, Odekerken-Schröder, & Iacobucci, 2001; Palmatier et al., 2009; Sheth & Parvatiyar, 1995). While various relationship investment strategies have been identified and shown to affect firm relational performance outcomes, there has been a dearth of studies on the value of proactive interaction and the issues related to implementing it, leading to calls for research in this area (Challagalla, Venkatesh, & Kohli, 2009; DeWitt & Brady, 2003; Palmatier et al., 2006). This study addresses this gap by examining whether it is better to “get to customers before they get to you” through an investigation of the relative effect of proactive and reactive interaction in retail settings. This study also investigates the mechanism by which a proactive interaction may achieve higher levels of firm performance. Several authors stress that relationship marketing practices are not effective in every situation (Challagalla et al., 2009; De Wulf et al., 2001; Kalwani & Narayandas, 1995). Therefore, moderating roles of firm- and customer-related factors on relationship interaction effectiveness are also proposed and investigated to better understand the specific situations in which proactive interactions may be most effective. The proposed hypotheses are tested using two scenario-based experiments in a retail context. This study is important for theory because it adds to the relationship investment literature by proposing and empirically assessing why and how proactive and reactive interaction strategies differ in their efficacy and by examining boundary conditions under which proactive interactions may be more effective. It is equally important for practice because it provides retail organizations

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with actionable strategies for building better relationships with their customers and developing a decision tree based on which moderators are useful and viable for which customers and situations.

References: Available upon request

The Effect of Market Structure on Pricing Behavior of Industrial Service Firms

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Abstract The objective of the current paper is to investigate the impact of market structure on pricing behavior of industrial service firms. In particular, the pricing objectives that they pursue in order to set their prices, along with the impact of the market structure in which they operate on these objectives, are examined. The study was conducted in Greece and included five primary sectors, namely airlines, hotels, financial services providers, health services providers and information technology services providers. Collecting data from 228 industrial service firms, it emerged that the companies in our sample seem to place their emphasis on a variety of pricing objectives that reflect both qualitative and quantitative concerns. Pursuing more than one pricing objective indicates the complexity and multidimensionality that characterizes pricing behavior. This complexity and multidimensionality are also reflected in the fact that different objectives were found to be pursued in different market structures.

Keywords Market structure • Pricing objectives • Industrial services • Greece

Introduction

One of the most difficult decisions facing companies providing industrial services is how to price these services in the markets that they operate (Indounas, 2008). A review of the existing literature on industrial service pricing reveals a number of studies that have focused on issues such as the aspects of the pricing process that lead to successful pricing (Indounas, 2009), the pricing process in specific contexts such as the construction industry (Akintoye & Skitmore, 1992) or the information technology industry (Grunenwald & Vernon, 1988) and the main factors that influence price decision making (Morris & Fuller, 1989).

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However, there seems to be a lack of relevant empirical studies regarding the impact of market structure on the pricing behaviour of industrial service firms. Economics and specifically Industrial Organization Theory is that discipline that introduced the concept of market structure. The importance to examine this impact may be justified by the fact that, as different authors have suggested, industrial service pricing should be treated from a market oriented point of view if effective pricing decisions are to be made (e.g., Akintoye & Skitmore, 1992). To this end, a contingency approach that takes into account the need of industrial service firms to adapt their pricing strategies to the particular characteristics of their own markets might be more useful in order to study the pricing phenomenon (Indounas, 2008; Indounas & Avlonitis, 2011).

This fact notwithstanding, the existing literature on industrial service pricing is dominated largely by normative statements, which imply that standard pricing procedures can be applied to all market contexts. Regarding the impact of market structure in particular, a review of this literature reveals that there are general suggestions on how this structure affects the prices set, but there has been no previous attempt to empirically investigate this issue.

Building from the above arguments, the current paper tries to contribute to this underresearched area of concern by providing insights regarding the impact of market structure on pricing behavior of industrial service firms. In particular, the pricing objectives that they pursue in order to set their prices, along with the impact of the market structure in which they operate on these objectives, are examined. The decision to focus on pricing objectives instead of other elements of the pricing process (e.g., pricing methods, pricing policies etc.) has been based on their importance for making effective pricing decisions, since as Diamantopoulos (1991, p. 138) has suggested “they should be the starting point of every pricing effort”.

Literature Review

Pricing Objectives

Diamantopoulos (1991) suggests that pricing objectives can be both quantitative and qualitative in their nature. Quantitative objectives include those objectives that are related to the firm's profits, sales, market share, cost coverage and production output. On the other hand, qualitative objectives are associated with less quantifiable goals such as the relationship with customers, competitors, distributors, the long-term survival of the firm and the achievement of social goals.

On the basis of the above arguments made by Diamantopoulos (1991), Indounas (2009) examined the pricing objectives of 177 industrial service firms (i.e., 129 transportation and 48 information technology companies). In particular, they examined 28 different types of pricing objectives and they concluded that both qualitative and quantitative objectives were followed by the companies in their sample.

The current paper extends this work by Indounas (2009) in that it tries to examine how these different pricing objectives may differ across different market types. The contribution of the present study lies on the fact that, in line with previous calls made by authors such as Indounas and Avlonitis (2011), it adopts a contingency approach towards industrial service pricing in that there is a ‘one and only recipe’ that can be applied to all market contexts. To this end, effective price decision making can hardly go unless it is adapted to the unique conditions surrounding a company’s external environment, suggesting that pricing objectives should also be formulated on the basis of these unique conditions.

Market Structure

As stated in the Introduction section, Industrial Organization Theorists such as Bain (1968) and Needham (1978) tried to shed some light on the effect that market structure has on the company’s operation. To this end, they introduced the Structure-Conduct-Performance (SCP) Paradigm, which suggested that market structure affects the company’s behaviour in the market and subsequently its performance. Additionally, introduced his famous five forces model as another tool to analyze a company’s market structure, which includes (a) the bargaining power of buyers, the (b) bargaining power of suppliers, (c) the threat of new competitors’ entering into the market, (d) the threat of substitutes and (e) the intensity of competition.

A review of the marketing literature regarding the structure of a market revealed that the basic elements that comprise this structure are (a) the extent to which the products or services that are offered in the market are homogeneous or differentiated, (b) the concentration level, (c) the size of the market (number of customers and competitors), (d) the existing profit margins, (e) the form of competition (perfect competition, oligopoly, monopoly, monopolistic competition), (f) the degree of governmental intervention, (g) the customers’ price elasticity, (h) the extent to which customers are informed about the existing prices (i) the extent to which customers are informed about the existing products or services offered in the market, (j) the barriers to entry and exit from the market, (k) the rate of technological change and (l) the growth rate (e.g., Boone & Kurtz, 2002; Diamantopoulos 1991; Kotler & Keller, 2008; Monroe 2003; Morris & Morris, 1990).

However, there is a lack of relevant empirical studies that examine whether the structure of a market affects the pricing objectives set by the companies. This lack of empirical research is even more evident in the case of industrial services. Nevertheless, it is to be expected that different characteristics of the market structure may lead to differences in price setting. For instance, an industrial service firm operating in a rather competitive environment may face a downward trend in prices in comparison with a company operating in a less intensive competitive market. Similarly, low profit margins or an increased bargaining power of buyers are expected to lead to determining low prices.

Research Methodology

Selection of Industry Sectors and Population of the Study

The study was conducted in Greece and included five primary sectors, namely airlines, hotels, financial services providers, health services providers and information technology services providers. The above sectors were chosen on the rationale that they all represent major sectors of the Greek economy in terms of importance to the national economy, capital employed and manpower occupation. Moreover, given the B2C character of these companies as well, the emphasis was placed on studying the B2B aspects of their operations. After a qualitative research that was conducted in the initial phase of the research through 20 personal in-depth interviews, it emerged that typical business customers are travel agencies and tour operators in the case of airlines and hotels, business of various types in the case of financial service providers and information technology companies (e.g., construction companies seeking corporate banking services or software solutions) and health insurance companies in the case of health service providers. Based on ICAP Directory (a Gallup's subsidiary in Greece), which was used as the sampling frame of the research, the total population of the study consisted of 2314 companies.

Questionnaire Development and Pre-testing

The data collection instrument was a structured questionnaire, designed to be self-administered. Prior to the full-scale data collection, the questionnaire was pre-tested (a) with senior academics specializing in pricing, and (b) with 20 managers (four per each sector) in order to increase its validity (Aaker, Kumar, & Day, 2004; Malhotra & Birks, 2003).

Sampling, Data Collection and Response Rate

A requested sample of 1000 companies was set and the selection process was based on a proportionate stratified random sample. A requested sub-sample size per sector (stratum), in direct proportion to each stratum's relative size in the parent population was determined. Using a table of digits, a random sample of companies from each stratum was selected (Levy & Lameshow, 1999). Data were collected by means of a mail survey. The two mailings that took place yielded 228 usable questionnaires, representing a response rate of 22.8 %, which is in comparison with other studies in the field of industrial service pricing (e.g., Indounas 2009).

Measure Development

Regarding pricing objectives, respondents were provided with the list of 28 pricing objectives presented in Table 1 that were developed by Indounas (2009) and were asked to indicate, using a 5 point scale (1=Not important at all to 5=Very important) how important they considered each one of them when pricing their industrial services. With reference to market structure, an extensive literature review revealed the basic characteristics that comprise the structure of the market.

Table 1 Mean scores and standard deviation of the pricing objectives

	Mean	Standard deviation
Maintenance of the existing customers	4.29	1.15
Attraction of new customers	4.24	1.12
Customers' needs satisfaction	4.17	1.23
Cost coverage	4.05	1.09
Creation of a prestige image for the company	4.04	1.13
Long-term survival	4.03	1.28
Service quality leadership	4.02	1.31
Achievement of satisfactory sales	3.81	1.20
Achievement of satisfactory profits	3.78	1.09
Sales maximization	3.75	1.28
Market development	3.61	1.43
Achievement of a satisfactory market share	3.54	1.42
Determination of "fair" prices for customers	3.51	1.40
Profit maximization	3.47	1.27
Sales stability in the market	3.36	1.46
Achievement of social goals	3.31	1.52
Price differentiation	3.21	1.53
Price stability in the market	3.19	1.41
Liquidity achievement and maintenance	3.17	1.59
Market share leadership	3.12	1.49
Price similarity with competitors	3.11	1.40
Coverage of the existing capacity	3.01	1.51
Price wars avoidance	2.94	1.46
ROI (Return on Investment)	2.91	1.60
Market share increase	2.81	1.68
ROA (Return on Assets)	2.64	1.54
Distributors' needs satisfaction	2.59	1.52
Discouragement of new competitors' entering into the market	2.55	1.44

Research Results

Pricing Objectives

The mean scores along with the standard deviation of each pricing objective are presented in Table 1, where it can be seen that the three most important objectives are those that are related to customers. More specifically, the most important objective is the “maintenance of the existing customers” followed by the “attraction of new customers” and the “customers’ needs satisfaction”. Other important objectives are the “cost coverage”, the “creation of a prestige image for the company”, its “long-term survival” and the “service quality leadership”. Also, the objectives related to profit, sales and market share are still quite top on the agenda.

Market Structure

The fact that many of the variables/characteristics that comprise the market structure were interrelated led us to conduct a factor analysis (principal components analysis, varimax rotation). On the basis of eigenvalue >1.0 and factor loadings >0.4 seven factors were identified. Having identified these factors, it was felt appropriate to classify the respondents on the basis of these factors. To this end, a cluster analysis was performed using the factor scores derived from the factor analysis presented above as the independent variables. For the clustering of the data the Quick Cluster method was employed, which is an alternative to the more common hierarchical clustering, offering clear and distinct clusters (Avlonitis & Gounaris, 1997).

The goal of Quick Cluster is to form a predetermined number of clusters that will display a high degree of internal similarity, while being distinct with each other (Field 2000). Because the number of clusters needs to be determined in advance, in our analyses, the 6-, 7- and 8- solution were examined. Due to the fact that the 7- and 8- solutions resulted in very small clusters, the 6- cluster solution was adopted. For validating this solution we conducted a random split-half cluster analysis, which resulted again in the same clusters. Further, we performed multiple discriminant analysis with cluster membership as the grouping variable and the seven factors derived from the factor analysis and representing different market structures as the independent variables. This analysis showed that 94.7 % of the cases were correctly classified, giving support to this 6-cluster solution. Moreover, an analysis of variance along with Duncan’s multiple range tests for each of the original variables and across each cluster was ran that showed that the 6-cluster solution fit the data in a meaningful way. Table 2 summarizes the results of this analysis.

Table 2 Cluster analysis of the characteristics that comprise the market structure

Clusters of market structure	Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5	Cluster 6	F Sign.
Highly competitive market with well informed customers where the company does not possess a competitive advantage (29.3 %)	Competitive market where the company does not possess a competitive advantage (22.7 %)	Competitive market with price sensitive customers (15.2 %)	Highly competitive market with homogeneous services (7.1 %)	Competitive market with a high concentration level (10.6 %)	Non-competitive market where the company offers services in higher prices than customers are willing to pay (15.1 %)		
Market characteristics (1)	(2)	(3)	(4)	(5)	(6)		
Competition in our market is extremely intensive	4.37	4.26	4.25	[4.43]	4.01	(3.80)	2.99 0.00
A large number of customers exist in our market	[4.43]	4.20	4.24	3.82	(2.84)	4.03	14.30 0.000
More customers in comparison with competitors exist in our market	3.89	[4.22]	3.86	(2.98)	3.33	4.10	5.24 0.000
It is quite usual to have price wars in our market	3.01	2.90	[4.28]	4.17	3.47	(2.90)	6.70 0.000
A large number of competitors exist in our market	4.12	3.95	[4.18]	3.71	(2.55)	2.89	14.49 0.000
Market's evolvement during the last 5 years	[4.00]	(3.33)	3.39	3.44	3.96	3.57	3.41 0.005

(continued)

Table 2 (continued)

Clusters of market structure	Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5	Cluster 6	F Sign.
Highly competitive market with well informed customers where the company does not possess a competitive advantage (29.3 %)	Competitive market where the company does not possess a competitive advantage (22.7 %)	Competitive market with a price sensitive customers (15.2 %)	Highly competitive market with homogeneous services (7.1 %)	Competitive market with a high concentration level (10.6 %)	Non-competitive market where the company offers services in higher prices than customers are willing to pay (15.1 %)		
Market characteristics (1)	(2)	(3)	(4)	(5)	(6)		
The competitive services that are offered in the market are homogeneous	3.81	3.87	3.30	[4.02]	3.61	(2.28)	11.02 0.000
Our market is characterized by a high concentration level	3.78	3.61	(2.75)	3.62	[3.96]	3.69	5.68 0.000
Our customers are informed about the prices in the market	[3.94]	3.60	3.43	(2.87)	3.51	3.18	4.13 0.002
Our customers are informed about the existing services offered in the market	[3.80]	3.71	(2.84)	3.01	3.52	3.43	3.83 0.003
Every day we learn of a new action taken by our competitors	3.78	3.79	3.03	[4.45]	3.17	(2.61)	11.14 0.000

Forecast about the market's evolvement the next 5 years	[3.81]	3.08	3.82	(2.61)	3.59	3.70		8.61 0.000
Our company has the power to negotiate and impose its own terms when doing business with our major suppliers	3.97	3.19	2.80	3.63	(2.65)	[4.13]		17.55 0.000
Easiness of the existing competitors to leave the market	2.60	3.82	3.60	[4.74]	(2.47)	3.81		8.55 0.000
Our customers are characterized by a high price elasticity	3.28	3.41	[3.70]	3.31	2.95	(2.61)		4.87 0.000
The profit margins are high	2.11	2.48	(1.92)	2.03	2.17	[3.07]		5.93 0.000
Our competitors are weaker in comparison with us	[2.99]	(2.04)	2.87	2.91	2.47	2.85		8.59 0.000
Easiness of new competitors to enter into the market	2.21	2.16	[3.39]	(1.72)	1.85	1.89		5.46 0.000

The figures represent the mean score of each characteristic in each cluster
 Maximum values are in brackets while minimum in parentheses (based on Duncan's multiple rang tests, p<0.1)
 Sign indicates level of significance based on one-way analysis of variance

The Impact of Market Structure on Pricing Objectives

In order to identify the extent to which pricing objectives are varied across the aforementioned different market structures, an analysis of variance along with the Duncan's multiple range tests was performed, which is presented in Table 3. What can be seen from this table is that the customer oriented objectives such as "customers' needs satisfaction" and "attraction of new customers" along with the objectives of "long-term survival", "service quality leadership", "creation of a prestige image for the company" and "cost coverage" seem to be significant regardless of the type of market, indicating their importance for making effective pricing decisions.

As far as the companies, which operate in a highly competitive market with well-informed customers and competitive advantage, are concerned, they seem to place their emphasis on maximizing profits through the prices that they set. This finding indicates that the competitive advantage that they possess over their competitors may be such that allows them to pursue this objective despite the knowledgeable customers that exist in the market.

On the other hand, those companies that operate in a competitive market without possessing a competitive advantage, are particularly interested in determining "fair" prices for their customers. Thus, contrary to the companies described above, the intensive competition and the lack of a competitive advantage may force them to adopt a customer oriented approach by endeavouring to levy "fair" prices in order to compete in the market. Furthermore, these companies endeavour to achieve a satisfactory return on the investments that they have made for their services rendered in the market.

Regarding companies operating in a competitive market with price sensitive customers, they seem to consider very important the "achievement of a satisfactory market share" along with the "achievement and maintenance of liquidity", while at the same time they place some emphasis on satisfying their distributors' needs. Within this context, the price sensitivity of customers may lead firms to determine prices, which cover their cost and give them the opportunity to increase their market share, achieve and maintain liquidity and at the same time satisfy their distributors' needs.

It seems however that those companies that operate in a highly competitive market with homogeneous services do not have many obvious pricing objectives. It is also characteristic that these companies place the least emphasis on all the pricing objectives in comparison with the rest of the companies operating in different markets. This finding might be attributed to the fact that the conditions pertaining this market structure (intensity of competition and homogeneity of services) may prevent companies from setting clear pricing objectives when they set their prices.

Companies that operate in a competitive market characterized by a high concentration level place an emphasis on stabilizing sales in their market. This finding is to be expected, since such markets resemble oligopolistic situations where companies avoid pricing practices that could put in a risk the stability and balance of the

Table 3 The impact of market structure on pricing objectives

Clusters of market structure	Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5	Cluster 6	F Sign.
Pricing objectives							
Maintenance of the existing customers	4.44	4.42	4.36	3.81	[4.52]	(3.67)	1.85 0.095
Attraction of new customers	4.41	4.37	4.35	3.52	4.27	4.03	1.39 0.238
Customers' needs satisfaction	4.30	4.34	4.51	3.91	3.87	3.81	1.28 0.272
Cost coverage	4.01	4.01	4.62	4.31	3.95	3.69	1.59 0.171
Creation of a prestige image for the company	4.14	4.04	4.39	3.82	4.02	3.79	0.69 0.635
Long-term survival	4.11	4.31	4.01	3.51	4.33	3.57	1.62 0.162
Service quality leadership	4.07	3.96	4.40	3.83	3.77	3.69	0.78 0.579
Achievement of satisfactory sales	4.01	3.81	4.31	3.21	3.84	3.54	1.64 0.156
Achievement of satisfactory profits	3.90	3.84	4.04	3.01	3.72	3.63	1.38 0.241
Sales maximization	4.12	3.71	4.01	3.12	3.85	3.58	1.49 0.200
Market development	3.57	3.72	4.12	2.91	3.91	3.26	1.38 0.234

(continued)

Table 3 (continued)

Clusters of market structure	Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5	Cluster 6	F Sign.
Pricing objectives	Highly competitive market with well informed customers where the company does not possess a competitive advantage	Competitive market where the company does not possess a competitive advantage	Competitive market with price sensitive customers	Highly competitive market with homogeneous services	Competitive market with a high concentration level	Non-competitive market where the company offers services in higher prices than customers are willing to pay	
Achievement of a satisfactory market share	3.64	3.63	[4.31]	(2.32)	3.62	3.63	3.03 0.011
Determination of fair prices for customers	3.52	[4.01]	3.61	3.02	3.05	(2.94)	2.49 0.033
Profit maximization	[3.81]	3.21	3.52	(2.72)	3.20	3.71	1.92 0.094
Sales stability in the market	3.40	3.72	3.71	2.91	[3.85]	(2.69)	2.43 0.037
Achievement of social goals	3.34	3.73	2.90	2.91	3.51	3.28	1.02 0.407
Price differentiation	3.12	3.60	3.77	2.92	2.92	2.81	1.56 0.177
Price stability in the market	3.16	3.55	3.72	2.62	3.12	2.79	1.71 0.131
Liquidity achievement and maintenance	3.21	3.62	[4.06]	(2.61)	3.06	2.62	2.45 0.037
Market share leadership	3.37	3.31	3.51	2.51	3.02	2.88	1.21 0.311

Price similarity with competitors	3.01	3.55	3.32	3.02	3.06	3.05	0.69 0.643
Coverage of the existing capacity	3.12	3.41	3.40	2.43	3.51	2.69	1.51 0.191
Price wars avoidance	3.09	3.27	3.20	2.43	2.62	2.71	1.02 0.405
ROI	2.99	[3.45]	3.39	(1.93)	2.87	2.87	1.85 0.095
Market share increase	3.01	2.79	3.25	2.23	2.78	3.57	1.32 0.250
ROA	2.84	3.01	2.78	1.92	2.59	2.40	1.08 0.374
Distributors' needs satisfaction	2.37	2.80	[3.49]	2.51	2.41	(2.21)	1.99 0.081
Discouragement of new competitors' entering into the market	2.43	2.66	3.31	2.42	2.42	2.67	1.10 0.366

market (e.g., price wars) and prefer practices such as price collusions (Shipley & Jobber, 2001). It is also interesting that the objective of “maintenance of the existing customers” was found to be the most important for the companies operating in this particular market. This again may be explained by the oligopolistic nature of the market, which permits companies, through the aforementioned collusions, to keep their existing customer base.

Finally, the companies that operate in non-competitive markets offering differentiated services in prices that the customers are not willing to pay, are not keen in the objective of maintaining their existing customers, seeking constantly for new customers and are not interested to the objective of setting fair prices in order to stabilize their sales in the market.

Discussion and Implications

The objectives of the current research were to investigate the impact of market structure, a concept first developed by Industrial Organization Theorists, on the pricing objectives pursued by industrial service firms. Collecting data from 228 industrial service firms operating in five different sectors, it emerged that the companies in our sample seem to place their emphasis on a variety of pricing objectives that reflect both qualitative and quantitative concerns. This finding is in line with the suggestions made by authors such as Indounas (2009) regarding the need to pursue a combination of different pricing objectives. Also, this finding reflects a hierarchy of pricing objectives. More specifically, relationship marketing strategies aiming at attracting new customers and retaining the existing ones may help a company to safeguard its long-term financial performance and prosperity without jeopardizing its present profitability and/or market share and sales. Within this context, managers responsible for their firms’ pricing strategy might have to gain a lot by endeavoring to adopt such a customer orientation towards their pricing behavior if a financial success is to be realized.

Moreover, pursuing more than one pricing objective indicates the complexity and multidimensionality that characterizes pricing behavior. This complexity and multidimensionality are also reflected in the fact that different objectives were found to be pursued in different market structures. In particular, apart from a customer orientation in setting pricing objectives, which was evident in all the different types of market structures, it seems that industrial service firms that operate in different markets are clearly differentiated in terms of the pricing objectives that they pursue. These findings are in line with the suggestions made by previous authors regarding the fact that there is not a ‘one and only’ pricing approach that can be applied to all market situations (Indounas & Avlonitis, 2011). A clear implication for managers responsible for setting prices within their firms is that a ‘situation-specific’ approach that takes into account the unique characteristics of its market might be more appropriate if effective decisions are to be made (Morris & Fuller, 1989).

Limitations and Future Research Directions

The significance of the above findings notwithstanding, because the study's data pertain to one single country, the findings may not be generalizable to firms operating in different national or cultural contexts. Therefore, there are prominent replication attributes in industrial service settings of other countries and it may be worthwhile to test the generality of these findings through future studies.

Another limitation of the study is related to the increased heterogeneity associated with cross-sectional samples (as in the present study) due to the fact that they induce negative effects on the quality of the findings (Aaker et al., 2004). However, such samples can increase their generalisability, while they have also been adopted by other studies in the field of industrial service pricing (e.g., Indounas, 2009). Certainly, future research on individual sectors could lead to a more thorough understanding of how companies operating in these sectors set their prices.

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Firm Strategic Behavior Versus Consumer Behavior: An Explanation Through the Inoculation Theory

Amina Djedidi and Mouhoub Hani

Abstract The aim of our paper is to clear up the draw backs of the firms' strategic behavior on consumer behavior. It attempts to spot light on a possible interaction between strategic firms behavior and consumer behavior by using Inoculation Theory. Indeed, it suggests that interaction between firms on the public scene can be a possible source of inspiration for the consumers who react vertically to the firm and horizontally to its consumers by replicating the same firms' interactional scheme with other consumers. A netnographic study of Smartphone consumers' behavior reveals interesting results on possible inoculating effect of the firms' strategic behavior and interaction on consumers that is noticeable through oppositional loyalty and resistance phenomena. We chose to call this replication of behavior from the corporate level to the consumer level 'The Mirror Effect'. Despite the exploratory nature of our study, it draws attention towards a reconsideration of the use of inoculation theory and permits building a bridge between two analysis levels: the corporate and the consumer one.

Keywords Firm behavior • Consumer behavior • Inoculation theory • Oppositional loyalty • Consumer resistance • Mirror effect

Introduction

The Smartphone market is undergoing today intense competition that is amplified by technological progress, a continual change of the environment and, consequently, consumers' needs. Besides, the consumer is overwhelmed by market information about the brand he chose to consume as well as its competitors. These messages can be of a different nature, they come from different sources and that may have

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different effects on his opinions and attitudes. According to the inoculation theory (McGuire, 1961), the customer's exposure to weaker negative messages related to the chosen brand prepares the consumer to defend his brand effectively while given stronger negative arguments against it. We suggest that in addition to the brand communication strategy that was traditionally the field of many studies on the inoculation effect in marketing, the interaction between competitive brands could put across positive or negative messages about them and can, therefore, have an inoculation effect. Based on our study on Smartphone brands and consumers, and particularly the interaction at the different levels: the horizontal level (between brands, between consumers) and the vertical level (consumers Vs. brands), we will shed light on the effect of firm behavior on consumer behavior. To this end, we first introduce the inoculation theory and how it was tested in marketing. Besides, we introduce the phenomenon of oppositional loyalty. Then we present some interactions between firms that we call the dyad action/reaction that conveys firm strategies. In the same way, we present consumer behavior that is supposed to result from the firms' interactions, such as consumer oppositional loyalty, resistance etc. In the end, some conclusions are drawn from our analysis (Table 1).

The Genesis of the Inoculation Theory: From the Medical Field to the Propaganda Field

In 1961, McGuire developed the inoculation theory inspired from medicine. Indeed, in it, there are two ways of increasing resistance of a human organism to a virus (Bromberg & Trognon, 2006):

- By using a preventive therapy where healthy diet, vitamins and physical exercise are prescribed to keep fit.
- By using the old vaccine principle through which low doses of a virus whose intensity has been reduced are injected into the body in order to allow it to memorize it. This will stimulate the body's defense against further virus attack as it is easier for it to recognize it and defeat it. This is called inoculating therapy.

According to the inoculation theory (McGuire, 1961), the individual's opinions are vulnerable as, usually, he is only exposed to messages that go along with his attitude. Being inspired by the inoculation therapy in medicine, McGuire (1961) suggested using the same preventive therapy principle: by exposing the individual to weak arguments that are against his attitude, we can better prepare him to resist attitude change if attacked by the same arguments later. For the inoculation to be effective, according to McGuire (McGuire, 1961), communication message should contain two elements:

- Threatening information with counter-attitudinal arguments that alerts the individual of the presence of this information.
- Reassuring information with arguments that openly refute counter attitudinal opinions.

Table 1 Consumers' reaction profiles

Category 1: individuals nurturing a dual relation	Category 2: individuals nurturing a relation of antagonism	Category 3: the observer/commenter
PROFILE1: <i>The absolute oppositional loyal</i>	PROFILE 5: <i>The critic</i>	PROFILE 7: <i>The resistant observer</i>
Discourse : comparative	Discourse: denigrating a given brand	Discourse: skeptical towards the system
Conclusion : the superiority of the chosen brand	No mention of the chosen brand	+ Irony towards the 'war' between the brands
If putting into question the superiority of his brand => Reaction: hostile, aggressive He may have had a negative experience with the avoided brand		Arguments: 'objective' to analyze the brands (e.g.: strategy, financial situation)
PROFILE 2: <i>The hidden oppositional loyal</i>	PROFILE 6 : <i>The resistant</i>	
Discourse: arguments in favor of the chosen brand + neutral arguments concerning the rival brand	Discourse: skeptical towards the system + negative attitude towards the brand that embodies it	
If criticizing the chosen brand => Reaction: tone changing: sarcasm and hostility towards the rival brand and to users		
PROFILE 3: <i>The defender</i>		
Discourse: arguments in favor of the chosen brand + a call to respect the choice of others		
After having his brand attacked/ criticized => Reaction: Hostility towards the critics maker		
PROFILE 4: <i>The skeptical loyal</i>		
Discourse: defends his choice of the less marketed brand		
Irony towards the brands 'war'		

Source: Djedidi (Djedidi, 2013)

These kinds of messages are called *refutational defense* compared to the *preventive defense* where the message contains only elements that bolster the individual attitude (Chabrol & Radu, 2008). In the first component, the threatening element serves to warn the individual that his views may be attacked by existing threats. Thus, it offers elements nurturing his attitude. This awareness serves to motivate him to bolster his beliefs (Lessne & Didow, 1987). The second component, the reassuring one, shows the individual how to counter an attack and, thus, offers a model

to diminish the impact of later attacks. Thus, both provide a defense tactic to the individual. Moreover, McGuire (1961) introduced more detail to refutational defense by splitting it into different kinds of defense:

- Passive defense (or *refutational-same*) happens when the individual uses the same arguments used in the message. This defense prepares him to better resist a counter attitudinal attack using the same arguments used in the inoculation message. This kind of defense is not effective as it is likely to occur later in an offensive context.
- Active defense (or *refutational-different*) exists when the individual creates new arguments, not contained in the inoculating message, to defend his attitude. This defense prepares the individual to defend his attitude when faced with an attack that uses new arguments. It is effective and reinforces the individual's capacity of defense against a differed attack.

Cronen and Lafleur (1977) went beyond the instant individual's reaction and suggested that exposure to the refuted counterarguments emphasize the 'belief that all the arguments against his beliefs are false'. This can help create a sort of resistance to persuasion and help the consumer develop mechanisms to thwart the intention to attack in order to change his mind. In this idea, the individuals will, then, have three strategies to resist an attempt at persuasion (Ahluwalia, 2000):

- Questioning the source of information that contains counter attitudinal arguments.
- Giving less weight to arguments that go against their beliefs.
- Highlighting the information that is in favor of their attitude.

The Inoculation Theory in Marketing

Szybillo and Heslin (1973) were first to look into the inoculation theory in a marketing context, and they came up with very important results. Indeed, individuals trained (via inoculation) to resist counter-attitudinal arguments that are similar to those of the attack (refutational defense) can be more effective than those exposed to arguments bolstering their attitude (supportive defense). According to Ivanov et al. (2007), refutational defense is more effective than supportive defense but for the inoculation to be efficient, the individual should have the capacity and the motivation to defend (McGuire, 1964). The motivation can refer, here, to the involvement of the individual. The highly involved individual will become more determined in maintaining intact his attitude whereas the little involved individual may change his mind after being exposed to the attack. In this regard, Bitner et al. (1971) recognized that in a marketing context, only the brand loyal consumers can have strong attitude/beliefs. Today, we know that there are more and more studies focusing on using inoculation in advertising and propaganda but in our study, we believe that the conveyed messages go beyond advertisement, we consider that everything that is

related to the firm and that can be publicized is a message sent to the public ; Indeed, information diffusion has been accelerated by the development of web 2.0 and it is no more related to an advertisement or a press release, it is available anytime, everywhere and anyhow giving the opportunity to the individual to process it, categorize it, re-appropriate it and re-use once needed. In our case, the individual needs the stocked information and arguments when confronted with counter-attitudinal arguments that may put into question his opinion and his choice. In order to preserve his opinion and maintain his self-image, the individual re-uses the arguments acquired previously through inoculating diffused information.

To illustrate the passage from the use of inoculation theory in advertising to a wider range of communication channels, we can talk about a metaphor where the classic advertising media that was used for inoculation, TV screen for example, is replaced by the public scene where messages are diffused via a wide range of channels overwhelming thereby the consumer world. These messages can be those of the firms or any of their stakeholders or even the interaction between them. They may be for or against the attitude of the consumer and they can have inoculation effect as they prepare him for future situations where his choices and opinions are questioned via counter attitudinal messages. It is these messages that will serve as inoculating factors and that provoke reactions that can be either vertical (as a reaction to the firms' behavior) or horizontal (as a simulation of the firms' behavior with its competitors). This latter is named oppositional loyalty.

Oppositional Loyalty

The phenomenon of oppositional loyalty was first coined by Muniz and Hamer (2001) who studied it among Pepsi and Coca-Cola consumers of. It is a loyalty behavior that encompasses both positive and negative relations. The positive relation is expressed towards the chosen brand and the negative relation (opposition) is formulated towards the avoided brand. Such opposition can be expressed in two ways. First, the consumers of a given product category define themselves by the brand they consume as well as the brand they do not consume. Second, these consumers express their opposition towards the competitive brand by developing an ironic rivalry towards the consumer of the competitive brand. Indeed, they criticize the competitive brand and their consumers and playfully challenge the latter to defend their choice. Thus, such behavior observed online not only expresses loyalty as an observable behavior and positive attitude but implies also that the consumer can push it further and make his brand a central element to define who he is as opposed to the definition of how the competitive brand is defined. The interaction between these three elements (consumer, chosen brand and avoided brand) is illustrated below (Fig. 1).

Decrop (2006) studied a salient case of oppositional loyalty: football fans of FC Barcelona team, a case in which the dimension of rejection is remarkable. Muniz and O'Guinn (2001) studied three online communities in three different product

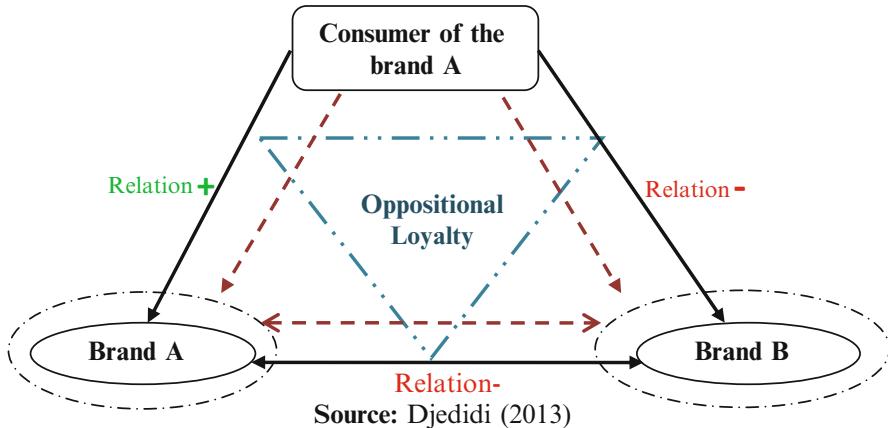


Fig. 1 Individual oppositional loyalty. *Source:* Djedidi (Djedidi, 2013)

categories and they identified different kinds of oppositional loyalty among online brand communities. According to researchers, this categorization is supposed to help acquiring more immunity against competition. This phenomenon was only studied in brand community such as Mac Vs. PC, Volvo Vs. Saab, Nikon Vs. Canon, and Pepsi Vs. Coca-Cola. It expresses a defensive strategy of the community against the threat of the direct competitor. According to Muniz and O'Guinn (2001), this phenomenon exists between communities of the brands with the largest market shares. But, we believe that beyond the community aspect, oppositional loyalty behavior can be a result of the open competition between brands that can have an inoculating effect on the consumers. To illustrate our idea, we believe that Politics and sport (football and basketball) can be very illustrative examples of the impact that exist between firm behavior as an inoculating factor and consumers behavior (such as oppositional loyalty, BIRGing and resistance) as a result of the former. Opposition is generally created with the group, for example, the SW Marseille football team created its identity as a result of a deep need to defend Marseille 'against other French cities' (Bernache-Assollant et al., 2007). The same thing can be noticed between Real Madrid supporters and FC Barcelona supporters, Ac Milano and Juventus, Miami Heat Vs. San Antonio Spurs. This opposition is generated by a profound fear of 'danger' that threatens the team and it is through this opposition that the individual supports his team and his convictions. We believe that the explanation lies in the initial position of the two political parties, football teams, basketball teams who are competitors by definition, and who show it in public and communicate over it either through duals between politicians before Election Day or through aggressive competition over winning the football or basketball cup. It is this open publicized competition that makes it clear to the individual that choosing one means confronting the other either openly or discretely. Focusing on this theoretical background, we attempt through this contribution to show how the firms' behaviors which compete through actions/reactions, could be replicated at the consumer level.

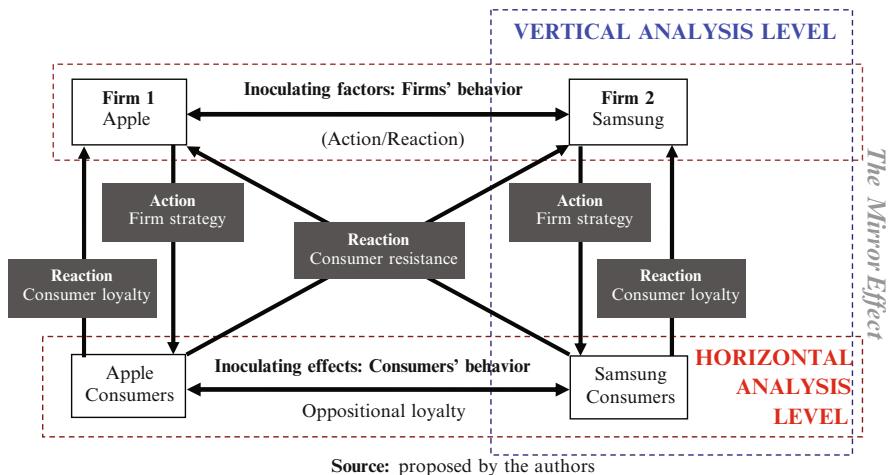


Fig. 2 Multi levels model of firms and consumer behavior-the *Mirror Effect*. Source: proposed by the authors

This latter (consumer) could, in some extent, be against each other consumers of the competing brand at the same level (horizontal). Similarly, we attempt to show the consumers reactions to the aggressive firm behaviors (attack) by resisting (vertical level). These two levels are presented below (Fig. 2).

Methodology of Research

To identify the possible links between firm behavior and consumer behavior in the Smartphone market, we were interested in identifying some consumer reactions that can use arguments borrowed either from the firms discourse, strategy and/or interaction with its competitors and stakeholders. As mentioned above, oppositional loyalty, through its oppositional dimension, seems to encompass behaviors that are similar in nature to those of the firms competing on the market. In order to understand how Smartphone consumers express their oppositional loyalty that we believe is a result of inoculation process, it would be appropriate to observe their behaviors in diverse everyday life contexts. This task turned out to be unrealistic as we cannot guess when a conversation on the Smartphone subject would be initiated and only consumers exchange could allow us to identify oppositional loyalty behavior. In addition, our presence would provoke uneasiness among the consumers and create social desirability bias. For instance, teasing someone about his brand choice would be considered as a childish behavior. Consequently, we decided to study this behavior in a naturalistic and non-obtrusive context where individuals can talk easily about their ideas and emotions (Buechel & Berger, 2012) by communicating in an online context. To this end, we were inspired by netnography (Kozinets, 2010) and

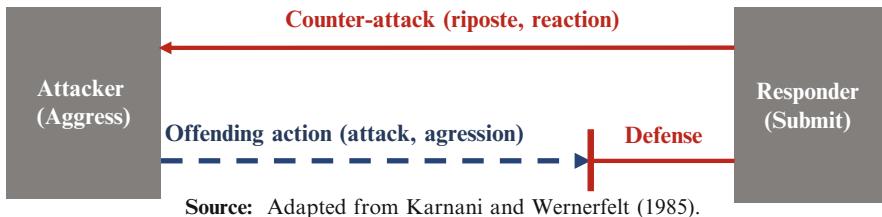
we analyzed the traces left by consumers online as a reaction to an information about Smartphone brands that was published in a non-specialized newspaper. In fact, we analyzed 66 comments left by 29 internauts as a reaction to an article published on the website of the most popular French newspaper, Le Figaro, in November 2011. The article mentions statistics concerning market shares of different Smartphone brands. This was an occasion for internauts to side with their brand and to compare it (or not) with the competitive brand (oppositional loyalty behavior) and to react either to the article content or the other consumers comments and for us to study their interactions. The announced statistics themselves were just a trigger that allowed consumers to express themselves and comment on the news. Their reaction to the article resulted in interaction between them. Knowing that we are interested in neither technophile nor expert community members, we selected an article published in a non-specialized and a very popular newspaper. The content of the article is supposed to give some information, then people, previously inoculated, would react using arguments related to the firms strategic behavior, for instance. As mentioned above, inoculation effect is usually observed among highly involved consumers. Thus, even if data are collected in a non-specialized newspaper, we assume that only consumers who are involved in the product category would take time writing comments. These comments are cut into units of meaning. In our case, the unit of meaning is the theme. They were, then, assembled into categories according to the principle of homogeneity and mutual exclusion (Bardin, 2001). We built up a synthesis grid where categories were on the horizontal axis and individuals on the vertical. This allowed us to carry out two types of analysis: a vertical analysis that permitted us to process intra comments i.e. how an individual reacted, and a horizontal analysis that permitted us to see how the theme was addressed by an individual. We suggested individual profiling

Inoculating Factors: Firms Strategic Behavior

As mentioned above, the inoculating factors in this study are not only related to advertisement messages but all the messages carried through the firm behavior. This section explores their different categories and nature. These factors include firm strategic choices and particularly its actions/reactions which are presented hereafter.

Firm Strategic Choices: The Dyad Action/Reaction

Firm strategic choices can be decisive about future development on the market. In the 80', When Apple chose its slogan "*The computer for the rest of us*" it clearly stated that it targets the consumers who are different from the rest thereby creating a kind of frontier between Apple people and the rest of the population. This strategic



Source: Adapted from Karnani and Wernerfelt (1985).

Fig. 3 Strategic actions/reactions. Source: Adapted from Karnani and Wernerfelt (1985)

behavior created in the mind of the consumer two groups: the Apple group and the ‘Others’ group. Besides, research on firm behavior examined strategic action as a source of creating and maintaining its competitive advantage insofar as it does not lead to reaction (Bensebaa, 2000). The combination of strategic action may lead, for some time, to avoiding competition with rival firms (Bensebaa, 2000). However, these actions are mostly either imitated or riposted. In other words, the actions initiated by some firms are likely to elicit rival firm reactions (similar to or of a different nature). These reactions are highly dependent on the nature of the actions taken by the firm that initiates the attack. However, these moves illustrate the behavior of firms, constantly taking on offensive actions in the pursuit of competitive advantage, or defensive, to preserve those previously acquired or thwarting the aims of rival firms (Bensebaa, 2000). Situations where competitors compete on several different markets (whether in terms of their products or geographically) are now becoming commonplace. These situations can be summarized in three possible responses to a competitor offensive (action). These three possible answers are: defense, counter-attack and open confrontation (Karnani & Wernerfelt, 1985) (Fig. 3).

We think that two reactions can result in a response to a strategic attack either adopting a defensive attitude, or reacting in the same aggressive (counter- attack). In case the contested firm does not have a strong competitive position and a relatively large market share in the segment which used to be the target of attacks, or the market in which it has been directly attacked by a competitor, it had better adopt a defensive behavior for the simple reason that such a strategy will not cost it more than its market shares. Therefore, defense is the slowest path to confrontation (Karnani & Wernerfelt, 1985), provided it does not go further, because the consequences would be disastrous. To do so, it must make sure that confrontation is avoided in favor of a defensive attitude. This defensive behavior is encouraged by a pattern of high barriers of entry (e.g., brand loyalty and the existence of large scale of economies).

If we look at the interactions between Apple and Samsung, the latter accuses Apple of violating three of its patents relating to the Universal Mobile Telecommunications Systems (Dikmen & Cheriet, 2012). Samsung action consisting of an innovation, in terms of data transfer, application (Action 01) triggered a response from its direct competitor Apple (reaction 01) who was accused of having copied this innovation patented by Samsung (imitation), who discovered Apple

complaints against it in several countries (02 reaction that resulted in action 02). In response to these lawsuits, Samsung responded with similar behavior by suing Apple in the rest of the country (reaction 03). Besides, many other examples may be provided to illustrate interactions between close competitors. In fact, firms can play on the marketing strategy string and chose comparative advertising. For instance, Coca-Cola and Pepsi's Halloween comparative advertising where they poked fun of each other is a good example. In this vein, these two firms compete hardly by doing alternative actions and reactions which can affect consumers on the long term by reproducing the same behavior. That is what we have called above "*The Mirror Effect*". Muniz and Hamer (2001) identified rivalry between Pepsi and CocaCola consumers who define themselves, their consumption mode and choices by the brand they choose together with the brand they reject. Even if the Pepsi/CocaCola war exists since their creation, we chose to illustrate it through a recent action/reaction game. Indeed, these two brands chose advertising to convince consumers to choose one or the other brand. Thus, on the Halloween occasion, Pepsi launched an advertisement focusing on the ritual of celebrating it where a Pepsi can was dressed with a red cape as reference to the colors of Coca-Cola with the slogan: "*We wish you a scary Halloween*". In the aftermath of this advertisement which appeared in several newspapers and was shared in different social networks, Coca-Cola replied by reproducing exactly the same Pepsi visual with a new slogan: "*Everyone wants to be a hero!*" with reference to the red cape, representing CocaCola that seems to float in the wind just like superman's cape.

Similarly, Samsung used the same strategy as it attacked Apple openly, but in this case it was not Apple who reacted, but its fans who responded later with the same means and the same message. It is evident that the war between Samsung and Apple is essentially destined to dominate market and to conquer consumers and it seems that they resorted to comparative advertising. So, Samsung attacked Apple's iPhone 5 in an advertisement in the USA that puts into question its potentials and staying that the next revolution in terms of technology is its new product Samsung Galaxy SIII. The advertisement shows the SIII in the light and the iPhone in the shade. It then compares characteristics by highlighting certainly the superiority of Samsung. The latter emphasizes particularly its innovation that results in the "totally different connector" that will replace the iPhone connector that cringes easily once users try to fix it when it does not function. Obviously, this advertising did not remain without reaction. Indeed, iPhone's Fans have quickly realized parodies. In addition, a site dedicated to new Nokia Smartphones is even getting involved by diverting Samsung advertising.

The Inoculating Effects: The Consumers Behaviors

By being exposed to firms communication over their adopted strategic choices all their interactions with competition, consumer is inoculated by all the messages that are for and against his attitude towards the chosen brand and the avoided brand that help him react horizontally and vertically. This section introduces the vertical and horizontal dimensions of consumer behavior.

The Vertical Dimension: Consumer Resistance

Resistance has been considered as opposition to a dominant structure (Peñaloza & Price, 1993; Poster, 1992) and in particular, as opposition to a marketing force used by companies on the market. It is considered in our research as coexistent with the firms force and the consumer reaction to a market full of continual tension and provocation (Foucault, 1982; Roux, 2007). The perceived dominant power in our case is the brand, and it can generate consumer resistance that can vary on a continuum that goes from avoidance to boycott (Fournier, 1998). We consider that the repercussion of the firm behavior that becomes a consumer-firm relationship is the vertical dimension of the action reaction dyad. According to our results, this relation can take the form of consumer resistance. In the consumer discourse, the resistance is felt at two levels: at firm choices level and at persuasion level.

Influence of the Brand Strategies and Communication upon the Consumer

The brand force is actually part of the consumer discourse. It is already felt in the brand communication « *Samsung has several types of Smartphones and that is good. We are not OBLIGED to have a GS2...* ». This user, even if he reproaches Samsung with over-advertizing about the GS2, has opted for another Samsung sub brand that makes him feel free to choose. Thus, through this choice, he sees an opportunity to avoid being influenced by strong brands and to feel freer (Holt, 2002). The choice of another brand than the one exerting pressure on the public is another possibility of evasion “ *(talking about Apple) I've had enough of being forced to stay in the same store not to buy what I want, but what they want to sell to me* ”. Brand strategy can also be considered as a pressure exerted on the consumer. For example, iPhone/Apple strategy opting for a closed system is seen as an attempt at manipulation: « *what I do not like with Apple is that they make the user captive of their system.* ».

Resistance to Persuasion

The exchange between the chosen brand users and the avoided brand users are mainly related to information given about the article published on LeFigaro website or the internauts comments about it. In order to attack or counter attack, the users use different strategies (Ahluwalia, 2000):

- They question the provided information “ *The public relations department at Samsung has clearly done a great* ”. Some internaut went further by questioning the used measure unit for the statistics “ *Strategy Analytics study (the cited source) presents an estimation of the delivered Samsung units because Samsung decided to not give its figures since last July* ”
- They can also give less weight to the arguments directed against their chosen brand: “ *quantity (criterion in favor of the rival brand) is not a criterion of quality* ”.
- When the information is in favor of the chosen brand, it is highlighted.

“ *Overall ergonomics, details, icons, etc. ... are nicer on the iPhone* ».

The Horizontal Dimension: Consumer Oppositional Loyalty

Interaction between firms on the public scene offer a wide range of information about them and offer the opportunity to consumer to evaluate the arguments that are for and against his opinion about his chosen and non-chosen brand. This information can be used later to allow him to express himself by consumption and anti-consumption behavior which reflect oppositional loyalty phenomenon.

Coexistence of Consumption and Anti-Consumption on Consumers' Oppositional Loyalty

The users of the brands such as Samsung, Nokia, Sony Ericsson (except for iPhone) show their preference for their brand while openly attacking Apple / iPhone and describing them as a common enemy: « what I don't like about the Apple system, is that they make the user captive of their system ... it is not true in Android world ». It is the same mechanism identified by Muniz and Hamer (2001) in Pepsi and CocaCola community and by Muniz and O'Guinn (2001) in Pc Vs. Mac, Bronco Vs. Suzuki, IBM Vs. Microsoft communities. The enemy brand seems to take on the role of a representative of the rejected mercantile system: « This company... they decided to ... trap the user in a commercial and intellectual bubble where they can be shaped by the company that exploits them. ». Thus, Apple is listed as a consumer anti-choice brand (Hogg, 1998): « Yes, dear ifansboys, some (people) do not want Apple on purpose ». In Football, the consumers of Samsung, Sony Ericsson and Nokia attribute nick names to iPhone consumers (like iFanboys or AppleAddict) and qualify them as a sect to put them in a category apart or distinguish them from the rest « Apple worshipers' sect and their arguments make me laugh. ».

The Firm Choices as the Consumer Levels of Attack and Counter-Attack

When making strategic choices, consumers take these elements into consideration when comparing their brand products with the competitor product and, then, it becomes a means of attack and counter attack. These product characteristics become a criterion or a level of comparison such as: between the product-brands (e.g.: iPhone, Samsung Galaxy), between corporate-brands (e.g.: Apple Vs. Samsung), between products (e.g.: iPhone 4s, Nexus Galaxy2), between operating systems (e.g.: Android Vs. iOS) and between groups of users (e.g.: iPhone users and Samsung users). It was noted that Smartphone brand consumers use different kinds of arguments to defend their brand as well as to attack the rival brand. These arguments can be at (a) product/brand level: it can vary from the hardware elements (ergonomic aspects interface) to the software level (operating system, applications) as well as at (b) the corporate level (strategy, financial situation, market share, ethics).

Negative Symbolic Consumption as a Means of Defense, Attack and Counter-Attack

When studying football team supporters (Decrop, 2006), discriminatory behaviors were observed where the supporters attribute nicknames that denigrate the supporters of the other team. We noticed that similar behavior is noticed between Smartphone brand consumers that they make reference to consumers of the rival brand by criticizing and demeaning them. In fact, they question their common sense: « *Oh dear, my God, marketing and rumors ... you are being brainwashed.* », their intellectual capacity: « *dreaming to have an iPhone rather than another brand, you must be foolish ...* » and they joke about their enthusiasm. Consumers of the chosen brand can express even more ideas with negative connotations: « *you must be an idiot to give phony arguments to back up phonier behavior* ». The users can go further and can be aggressive « *Alain K (the competitive brand consumer) lesson teacher, I will teach you a lesson!* ». We believe that there is a kind of contamination of opposition that goes from the firm level to the consumer level as a part of their identification/désidentification process. They do not want to be associated with the competitive brand and its users, so they denigrate them and their discourse “giving stupid statistics to endorse even more stupid arguments is what idiots do”. Moreover, consumers may go further by assimilating the consumers of the competition to the competitive brand. E.g., Samsung copies Apple “(*about Samsung*) *Imitating is easier than innovating*” => Samsung users hacking (jailbreaking) Apple applications “number of Samsung users who jailbreak and launch application that are 90 % taken from *Apple Store*”

BIRGing and Schadenfreud as an Expression of Approaching and Avoidance Behavior

Basking in reflected glory (BIRGing), a commonly found behavior among football fans and political party partisans, is a self-serving cognition whereby an individual associates himself with successful people so that someone else's success becomes their own (Aronson, 2007). This phenomenon was first studied by Cialdini et al. (Cialdini et al., 1976) who proved the presence of such a behavior where individuals associate themselves with successful others even if they did not contribute to it in order to promote their own self-esteem and maintain the prestige of one's social self. Moreover, success is described more in terms of ‘we’ than failure (Boen et al., 2002) as it allows identity management and self-esteem maintaining. It may happen that some football fans tend to keep their association with their team even when it loses (Bernache-Assollant et al., 2007). The Smartphone consumer can attribute the success of his brand to himself “*Samsung is an empire in Korea and the whole world*” as he considers it as an extension of himself (Belk, 1988). Not only does the consumer brag about the success of his brand, but they take pleasure in reminding other consumers of the competitive brand by mentioning their brand failure. This behavior is called *Schadenfreude*; a German term that refers to the delight resulting from the failure of others that is obvious in the behavior of the consumers of the

Smartphone “*They must have trouble in Seoul, because with the death of Steve Jobs who will they copy?*” We noticed that all the consumer behavior observed above such as oppositional loyalty and consumer resistance, are not expressed between the consumers of the brands Samsung, Nokia and Sony Ericsson. This is a major result as it corroborates our hypothesis that the firms action/reaction acts as an inoculating factor that gives rise to consumer behavior. In fact, as there is a weaker competition between Samsung, Nokia and Sony Ericsson compared to the intense competition between Apple and Samsung, the consumers are not fed with positive and negative messages about these brands and do not express opposition as a reaction as there is almost no possible offensive.

Conclusion

Our research aims at attracting attention to reapplying inoculation theory under another context and exploring its potential to give a better understanding of certain consumer behaviors in relation to his brand/firm behavior in a world of continual change. By extending the application of this theory, firms can have a multitude of ways to immunize their consumers from the competitors’ attempts and setting up entering barriers. It also broadens Belk’s (1988) extended self-concept to a more complex triadic pattern of relationship that includes negative connections with the brands the consumer avoids and with the positive emotional connections with the brands he likes and he feels so involved with that he defends it as if he defended himself. He may even welcome be delighted by the success of the brand and sees it as his own (BIRG) where the glory of the other is seen as his own. This study is also a continuity of research on brand relationship (Fournier, 1998) as it adds a triadic form to the dyadic model proposed earlier by Fournier (1998). Moreover, in relation to studies on oppositional loyalty, it offers new paths to explore the mechanism of this phenomenon and its possible origins at the individual level. In this research we show how the firm’s behavior, competing by actions/reactions such as comparative advertising, could be reproduced at the consumer level. Indeed, consumers could, in some extent, use ironic rivalry and express their opposition against each other at the same level (horizontal). We have named this phenomenon ‘*The Mirror Effect*’ which means that consumers of different brands could interact with each other by using the same philosophy. Moreover, we emphasize that consumers could also have some behaviors can oppose firms behaviors by resisting (vertical level). In the end, due to its exploratory nature, our study has several limits. First, by using data collected on website, we loss some of theoretical representativeness of our sample as we only reach users who use internet and read news on Le Figaro website. Second, we only analyzed online consumers’ reactions that may be different in nature from everyday live reactions. Third, even if we identified dyads of presence of action/reaction between firms that was replicated among their consumers and absence of these dyads that resulted in absence of attack/counter-attack among their consumers, consumer psychological and situational variables can play a role in consumer reaction

to all the information. So, we believe that for future research in depth qualitative research can uncover several variables involved in this process. Besides, quantitative research may help give a better idea about the role of these factors in these interactions.

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When Employees' Retailers Create Value Against Competition from E-Commerce

Tatiana Henriquez

Introduction

As Filser and Paché (2008) noted the innovations are all the more important and strategic in the absence of new retailing format that competition increases. Therefore, the development of a retailing format innovation is a means to move the competition between retailers.

Such a purpose is illustrated by the development of *Click&Collect* in France nowadays. Indeed, as the professional press highlights “*more than 850 Click&Collect have opened in the last 12 months*” (Les échos 08/10/2013) and “*2707 Click&Collect were operating in late September [2013]*” (LSA’s newsletters).

However, such developments often require large investments and are not without risk. Therefore, the challenges for retailers are the need to be truly innovative and generate a significant Return on Investment. In other words, the success of a retailing format innovation is at stake.

Such observation leads us to seek to identify what makes the success and sustainability of innovation in retail. In this context, the identification of the link between Human Resources & Marketing is investigated.

The research is based on the symmetry between the “*regular employees*” and the “*partial employees*” (customers) of the organization. Indeed, being placed in the framework of the service encounter, Kelley et al. (1990) proposed to consider the process of Organizational Socialization “*as a means for customers playing the role of ‘partial employee’ to learn the roles that are associated with the service*

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encounter" (p. 315). In addition, within the service encounter, the Organizational Socialization of the Employee (OSE) and the Organizational Socialization of the Customer (OSC) contribute together to the performance of the "regular employee" (Van Maanen 1975, 1978; Feldman 1976) but also to the performance of the "partial employee" (customer) of the organization (Kelley et al. 1990, 1992; Moazami Goudarzi 2005). In doing so it also contributes to their satisfactions (Kelley et al. 1992).

In this sense, the Organizational Socialization of the Employee (OSE) and Organizational Socialization of the Customer (OSC) contribute to the construction of a relationship between the organization, its employees and its customers. In doing so, the Organizational Socialization of the Customer (OSC) can be considered as participating in the creation of a perceived barrier to changes.

This finding leads us to identify what is the role of the Organizational Socialization of the Customer (OSC) in the adoption of a new format for grocery? In particular, how the Organizational Socialization of the Employee (OSE) influences the Organizational Socialization of the Customer (OSC) and the Customer's Perception of Employee's Organizational Socialization (POSE)?

Therefore the interest of the research lies on the articulation of the Organizational Socialization of the Employee (OSE) and the Organizational Socialization of the Customer (OSC), when the customers are learning and are adopting a new grocery format. In terms of managerial implications, the research demonstrates the role of staff in the strategy of creating value in the face of competition from e-commerce. Indeed, the hypothesis is that EOS is an antecedent of the OSC and of POSE and that OSC and the POSE are moderators of the relation between the Relational Satisfaction and the Loyalty. Thus the Employee in contact with the customers plays an important role in the strategy of creating value when facing competition from e-commerce.

Methodology

With this purpose, an empirical research has been carried on a new concept that will be named "*Click & Carry*". This new format for grocery combines a website for purchases and a "*point of delivery*" to take away these purchases. It implies a new task division between the customer and the retailer. Therefore the work process changes: the retailer manages tasks such as the picking; the customer no longer goes through the shelves in order to choose his products. They are purchased through the Internet. In this context, the "*point of delivery*" represents the servicial dimension of the concept.

The study consists of two surveys directed to respectively to customers and to employees in contact of eighteen "*points of delivery*".

On one hand, the survey sent to the customers through the internet targeted two types of customers, L and A:

- Customer L (Leaver): this customer filed his personal information in the retailer's data base and has tested the "*Click & Carry*" without adopting it. At the time of the study he hasn't come back since at least six weeks;
- Customer A (Active): this customer filed his personal information in the retailer's data base and has tested then adopted the "*Click & Carry*". At the time of the study, he is using it on a regular basis;

On the other hand, the survey was sent to the employee in contact through the traditional mail.

Therefore we create dyads of customer and employee in contact at random. Such an exploratory methodology is justified by the fact the literature (Moazami Goudarzi 2005) has underlined that the service encounter is based on the interaction between the employee in contact and the customer. Moazami Goudarzi (2005) added that the employee in contact is in contact with dozens of customers throughout the day. However, underlined that the service encounter varies according numerous criteria which are mainly uncontrollable (such as the context, the customer's mood, the employee's mood, etc.).

Consequently, we created a database linking each customer response to the response of one of the employee in contact. In particular, we dispose of 1344 lines that we divided in two databases (exploratory and confirmatory). More precisely, in front of each customer's response (left part of the database), we positioned randomly an employee's responses (from the same "*points of delivery*"). Globally, we associated the responses of one employee with two different customers' responses: an employee generally serves more than one customer a day. Additionally, it is important to underline that the customers were asked about employees generally speaking through the concept of the Customer's Perception of the Organizational Socialization of the Employee (POSE); and not regarding one specific employee. Therefore, we consider possible to relate a customer's responses with an employees' responses.

For such a purpose, the following scales were adapted to the context:

- Relational Satisfaction (Frisou 2005; Vanhamme 2002);
- Attitudinal Loyalty (Frisou 2005; De Wulf et al. 2005);
- Behavioural Loyalty (De Wulf et al. 2005);
- Organizational Socialization of the Employee (Chao et al. 1994);
- Organizational Socialization of the Customer (Moazami Goudarzi 2005);

Additionally, the scale of the Customer Perception of Employee's Organizational Socialization (POSE) has been created using the scale of the Organization Socialization of the Employee (OSE) proposed by Lacaze (2005). Indeed, the POSE is a customer's perception of the Organizational Socialization of the Employee.

As we split the database into two samples, we realized Principal Component Analysis of the OSC, the OSE and the POSE on the first sample. With the second sample, we realized Confirmatory Factor Analysis on the same variables. Then we used the structural equation models on the second order constructs.

Results

It appears that when the Relational Satisfaction (SR) increases and the client is socialized to the organization, the greater the customer increases his share of races, his expense levels and his frequency of visits to “*Click & Carry*”.

Otherwise, the results suggest that, in the case of a new format, the employee in contact is important in the process of adoption of a new grocery store. Therefore, even for a form of deemed sale “dehumanized” as the “*Click & Carry*”, we can deduce that employees in contact are far from negligible and that their number should not be reduced. More particularly, when the employee of contact has the feeling of control over his work, this feeling induces for the customer (in descending order) a perception of the Organizational Socialization of the Employee (POSE), a degree of social integration (OSC 2), a “*knowledge about the innovation*” (OSC1) and a mastery of his role (OSC3) higher.

However, the “*degree of social integration of the customer*” (OSC 2) and “*the mastery of the relationship*” (OSC 3) as well as the Perception by the customer of Organizational Socialization of Employee (POSE) seem to play the guiding role when begins the relationship between the “*Click & Carry*” and the client. While the “*knowledge about the organization*” (OSC 1) plays a role later within the relationship between “*Click & Carry*” and the client.

Discussion

On the basis of the results presented above, here are the main axes followed by the discussion:

1. The interest of developing the COS, the POSE and OSE when the customer adopts a new retailing format.
2. In line with the services’ literature, we have developed a method to analyze the relationship between OSC and OSE and POSE and OSE. Thus, through an exploratory approach were formed some dyads composed by customers & employee in contact.
3. In line with the work on the OSE and the OSC, a new scale was developed to measure the POSE concept on the basis of Lacaze’s measurement scale ([2003](#), [2007](#)) of the OSE.
4. In the continuity of the services’ literature, we have identified actions to favor the adoption a new retailing format.

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The Tribal Consumer: A Comparison of Traditional Māori and Modern-Day Tribal Social Systems

Jörg Finsterwalder and Alastair Tombs

Abstract Over the last 30 plus years a vast body of literature has been built around the concept of consumption communities, as a way of understanding consumer interactions and behaviour beyond the firm/customer interface. Considering the ubiquity of the internet and hence consumers' ability to connect with users of any product or service well beyond their immediate location, knowledge of consumption communities has never been more pressing. The ability for customers to interconnect without traditional geographic constraints or even the influence of the firm has major implications relating to customer-to-customer co-creation, re-configuration of value propositions to allow for individualisation, and at times co-destruction of value. Despite the many terms used to describe consumption communities they all appear to be based on the premise that groups of consumers interact to share enthusiasm for and develop knowledge of a particular consumption related activity. One term that appears to have prevailed in the literature over recent years and has been applied to a variety of contexts is that of the tribe.

While the term tribe has been consistently used as a metaphor for the structure of these consumption communities very few researchers have provided any sort of rationale to explain why tribalism should be related to these groups. The term tribe therefore, appears to be founded on assumptions of what constitutes a tribe, often based on stereotyping and misappropriated cultures, rather than on a genuine understanding of tribal society or anthropological theories. In this article we address this position by examining consumer tribes based on an anthropologically sound understanding of a traditional tribal society.

We therefore take a fresh look at the phenomena of consumer tribes by reflecting on a traditional tribal system, the Pre-European New Zealand Māori, to uncover tribal structures, ways of interacting and how resources are utilised within a community. We map contemporary conceptualisations of the consumer tribe

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against that of a traditional tribe and discover interesting parallels. Specifically, we concentrate on the traditional tribal structure and its concept of place to explain the creation, retention and distribution of resources in contemporary consumption communities. We propose that tribalism is an appropriate metaphor to explain the integration of people and structure of groups within contemporary societies. As such, it is also possible that the way a tribe's resources (technical, social and economic) are developed, enhanced, maintained and used by its constituents may explain the similar mechanisms within consumption communities.

The New Zealand Māori were chosen as the example of traditional tribalism for three key reasons: (1) the Māori have a long history of tribal tradition that extends back over 800 years, (2) the Māori society can be traced back to a single origin (the mythical homeland of Hawaiki) just as the origin of most consumption communities stem from a single product/service, brand or initiator, and (3) while the Māori of today have assimilated into a western society, following two hundred years of colonisation, their culture still remains alive and perhaps stronger now that it has been for years, making it a culture that is accessible and well documented.

References: Available upon request

Toward a Unified Brand Engagement Construct Definition

Colin Campbell and Daniel Heinrich

Abstract We offer a theoretically grounded operational definition of the brand engagement construct, an area of demonstrated importance to practitioners and of growing interest amongst academics. We construct our definition following a grounded theory approach. Our investigation comprised a review of the relevant literature along with an associated multi-stage qualitative data collection employing both young adults and academic experts. Research on construct development best practices informed the development of our conceptualization so as to maximize its future potential. Our proposed definition of brand engagement not only provides a missing link between academic and practitioner understanding of the subject, but brings reconciliation to questions concerning brand engagement's meaning. This provides direction to future research in this area. While our brand engagement definition provides clarity in understanding this important new construct, it also raises important areas for future research. One clear next step is the development of a brand engagement measurement scale.

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Quantity Surcharges for Consumers with Consumption Uncertainties

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Abstract Product proliferation is an effective competitive tool for today's marketers; offering consumers a wide range of choices, in terms of versions, flavours, sizes, forms and colours. However, in spite of the benefits of product differentiation (and hence, product proliferation), it is difficult for sellers to manage cannibalization across the various product lines. Pricing product lines is often a challenge for sellers who offer similar product lines. Sellers often employ sorting or self-selection mechanisms to segregate consumers across product lines. In some cases, quantity surcharges are used as a price discriminatory tool. Contrary to popular belief, quantity surcharges are a reality in many developed as well as developing markets. We further investigate the unit price movements across the packs offered to 'small' and 'large' customers; the model predicts that the seller's optimal strategy includes charging a small premium for larger packs, in case preference parameters differ widely across consumer groups; for all other cases, a unit price discount for larger packs is an optimal strategy.

Keywords Pack size • Horizontal differentiation • Quantity uncertainty • Consumer utility • Expected utility • Quantity surcharges

Introduction

Packaging is one of the most visible features of modern day marketing. Goods, which once were sold without any packaging such as fruits, vegetables, cereals and milk are now very likely to be sold in packs of fixed sizes. This is true for developed and emerging economies. In this paper we investigate the effect of

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uncertainty in consumption on pricing of pack sizes. When we use the terms, ‘pack size’ or ‘packaging’, we will concentrate only on the size of the package. A larger pack will have more, either in terms of numbers, volume or weight, of the same product in question.

The attractiveness of the package or any other feature, such as durability, will not feature in our analysis. There has been some research into different aspects of pack sizes. The research can be roughly categorized into theoretical or applied; or also as to whether it emphasizes demand side issues versus supply side issues. Some researchers combine some or all of these aspects. One of the earliest papers that discuss packaging is by Adams and Yellen (1976), who emphasized the *bundling* aspect. Restricting customers to the purchase of packs of sizes fixed by the producer (or, the retailer), rather than allowing her to buy as much as she desires is seen as an attempt to extract consumer surplus through ‘bundling’. Consumers typically differ in terms of their reservation prices for different products, which presents opportunities for bundling. Adams and Yellen (1976) argue that even though bundling is usually thought of in relation to different products, such as razors and razor blades, the same analysis can be extended to packs of the same product. The analysis in this paper is theoretical and since the successful application of bundling would require knowledge of reservation prices it emphasizes the demand side. We will provide a synopsis of the kind of research that exists in the next section.

There has been little theoretical work on pack sizes. Besides Adams and Yellen (1976) mentioned above, the other notable paper has been by Gerstner and Hess (1987). They had developed a theoretical model of consumers who are forced to choose from two different pack sizes. Further, consumers face a transaction cost when purchasing the product and also face storage costs for storing the product. Different consumers face different storage costs. Consequently, consumers choose the package appropriate for them given their individual transaction and storage costs. The producer can then design the package size and price appropriately to maximize his profits.

One of the interesting features of their research is that there may be quantity discounts as well as quantity surcharges. Larger pack sizes may be sold at lower, higher or the same unit prices. The possibility of quantity surcharges is intriguing since we are more familiar with quantity discounts. However, there is strong empirical evidence for the presence of these in different markets in the USA and Europe (Abdulai et al. 2009; Agrawal et al. 1993).

We present a theoretical paper and use the concept of transaction costs and storage costs. We emphasize the role of uncertainty in consumption as the main issue driving the choice of pack sizes and their pricing. A typical consumer facing a purchase decision does not usually know how much she will later consume. The purchase decision precedes consumption. Buying too much could lead to a large stock of unconsumed goods. This would either have to be consumed later with possibly reduced levels of satisfaction. It would certainly occupy scarce shelf space. We will include both these effects under the common term of storage costs. Buying too little could lead to facing the prospect of having to do without or another trip to the store. Consumers, also differ in the type of uncertainty they face. The producer can

then design pack sizes and their corresponding prices to discriminate across consumers and maximize profits. The next section provides a literature review. In the following sections we present our model and discussions.

Literature Review

The literature on package sizes is an eclectic mix of applied and theoretical work. One particular issue that has intrigued researchers is the existence of quantity surcharge (Widrick 1979a, b; Nason and Della-Bitta 1983; Cude and Walker 1984; Agrawal et al. 1993; Sprott et al. 2003; Abdulai et al. 2009). There have been a number of studies that show that while discounts for larger package sizes is the norm, for a substantially large number of product categories the opposite holds true. Larger package sizes are more expensive in terms of the price per unit. The average percentage of brands exhibiting quantity surcharges varied between 12 and 34 % (Gupta and Rominger 1996). One natural response to this phenomenon is to suggest that this happens because consumers cannot or do not (Salop 1977) calculate unit prices. A natural corollary to this argument is that providing information on unit prices would lead to consumers altering their purchasing behaviour and increasing their welfare through substantial savings.

Indeed, mandatory labelling of unit prices is the law in the U.S. and Europe. Empirical investigations into this hypothesis, either, through surveys and experiments or through econometric methods, have produced mixed results. A number of studies have used econometric methods to try to isolate the factors, which are conducive to quantity surcharges. Agrawal et al. (1993) divide these into demand side factors such as consumer ignorance, search costs, storage costs and transaction costs. These factors affect the consumers' choice of pack sizes. On the supply side producers may find it costly to provide packs of larger sizes. Though, the reverse should be the case, it is possible that for items such as frozen foods there could be diseconomy of size. They find that quantity surcharges are more likely for products with a higher level of usage of the product and a propensity to buy the larger size. In store storage costs also affect quantity surcharges positively. Sprott et al. (2003) also study quantity surcharges and arrive at somewhat different conclusions. They contend that grocery stores compete in prices of high volume units. For low volume units store managers see little benefit in lowering prices. If the low volume units turn out to be packages of larger size then this behaviour leads to quantity surcharges. Abdulai et al. (2009) use a *probit* model to investigate the likelihood of quantity surcharges in Germany. Their findings show that the larger the number of pack sizes the higher is the likelihood of quantity surcharges. The same is true of large differences in pack sizes and in pack sizes of non-integer values. They also show that frozen or refrigerated products show a greater probability of quantity surcharges.

Theoretical work on pack sizes has been rather limited. We have earlier referred to Adams and Yellen (1976) and Gerstner and Hess (1987). Salop (1977) contended

that consumers with high search costs would not spend time and effort searching for the lowest prices. Consequently, retailers could charge them a higher price. Thus quantity surcharges arise because of wilful ignorance about unit prices. This notion gains some empirical support from Mitchell et al. (2003), who found in a sample of 1000 people that 31 % did not understand the concept of unit pricing, 35 % did not use it and 28 % found it too difficult to use. Gerstner and Hess (1987), on the other hand, assume that consumers are fully informed, but some are still willing to pay a premium for a larger size package. The reason behind this supposedly perverse behaviour is heterogeneity among consumers. They differ in terms of transaction costs and storage costs. The busy executive with little time on her hands and a giant fridge would willingly buy a large size pack even if it is sold at a higher unit price compared to smaller packs, *ceteris paribus*. The point is that different pack sizes are not perfect substitutes and are in fact different goods. This is a notion supported by Granger and Billson (1972) and more recently, Chouinard et al. (2004) has argued along similar lines. Koenigsberg et al. (2010) concentrate on packaging of perishable goods such as food and drugs. They posit that pack size depends on costs of packaging, consumer usage rates and the utility from consumption. There is no quantity discount or surcharge in their model since there is only one package size. Since the consumer would like to match her purchases as closely as possible to her consumption, so that there is no wastage or unfulfilled demand, she would find small packs best suited to her and the market would provide that size.

There are a number of papers which comment on the issue of pack size, although rather tangentially. For instance, Guadagni and Little (1983) present a *logit* model of consumer choice using scanner data and in passing remark on the importance of package size as well as branding. Similarly, Allenby et al. (2004) accept packaging as a fact and discuss the challenges of modelling consumer choice when consumers buy discrete quantities and first-order conditions do not hold. The situation is further complicated by the presence of quantity discounts, they note. Besanko et al. (2003) investigate the possibility of price discrimination using retail data. They perform their estimation using ketchup data which exhibits quantity surcharges. Again, in a different vein, Wansink (1996) discusses the issue of whether larger package sizes lead to more usage; an issue of tangential interest to us. Similarly, Gupta and Rominger (1996) dwell on the ethics of quantity surcharges.

The theory of mechanism design has been of much interest in the last few decades and has been instrumental in developing a good understanding of price discrimination. Early work focused mostly on information asymmetry between the seller and buyers and implications for nonlinear pricing. More recently, pricing strategies adopted in the airlines industry have interested researchers (Courty and Li 2000) where contracts are first selected and consumption decisions are made later. This aspect allows for sequential price discrimination. The telecom industry too is characterized by separation of choice and consumption which makes sequential screening possible (Miravete 2002). Buyer uncertainty about future consumption and learning over time are the primary drivers of pricing strategies in these cases. However, as Shugan (1984) point out buyer uncertainty about future valuations is not restricted to products such as air travel but likely for most services. We argue that such uncertainty exists for all products where the purchase decision precedes

consumption and the consumer has to plan ahead as to how much she should buy. This uncertainty could exist with respect to likely quantity of consumption in a planning period for any category. Heterogeneity in quantity uncertainty creates price discrimination possibilities where a price premium for larger package is possible even if the consumer pays attention to unit prices. In several countries, unit prices are mandatorily displayed on the packs. However, in spite of this, several studies (Agrawal et al. 1993; Nason and Della-Bitta 1983; Besanko et al. 2003) point out that even in the post-disclosure (of unit prices) regime, evidences of quantity surcharges are abundant. Even in our study, we found many instances of such quantity surcharges across markets in the United States and India.

The Model

In our model, consumers face uncertainty over the amount they may consume over a certain period. A consumer, when she embarks on her weekly shopping trip does not typically know in advance how much she is going to finally consume during the coming period, say, a week. So when making the decision as to how much to buy she has to bear in mind the possibility that she might run out of the good in question and then have to do without. Alternatively she might have to bear the transaction cost of going down to the grocery store again or visit convenience stores where goods are typically more expensive. So there are consequences of wrongly estimating consumption at the time of purchase. We presume that all consumers face this problem though some face less variation than others. A lonely widow with few friends would typically face less uncertainty in consumption than a group of college-going youth.

Consumers can also differ in other ways. They can differ in terms of storage costs and also in terms of transaction costs. A well paid, but busy executive could have ample storage space but face a very high transaction cost of shopping (time). Finally, their problem is compounded by the firms offering only a limited number of package sizes to choose from. So consumers who differ in terms uncertainty, storage costs and transaction costs have to choose the pack sizes that are best for them. We assume that consumers face a monopoly seller who can then design package sizes and their corresponding prices to discriminate among the consumers to maximize profits. To keep our model simple, we will assume that there are no transaction costs and that the consumer can only purchase once in the current period. Specifically, we assume that consumers can be of two types, indexed by $\{1,2\}$ who receive an utility $U(x_i)$ from consuming an amount x_i . Consumers are constrained to choose from two pack sizes, large and small denoted Q_l and Q_s , respectively. The utility function is written as:

$$u(x_i) = \begin{cases} \theta_i x_i & \text{if } x_i \leq Q_k \\ \theta_i Q_k & \text{if } x_i \geq Q_k \\ 0 & \text{if } x_i = 0 \end{cases}$$

If a consumer buys a pack of size Q_k and consequently finds that she wishes to consume an amount x_i then her utility is the quantity x_i multiplied by her taste parameter θ_i as long as her desired consumption is less than the pack she bought. If she wishes to consume more than she is constrained to consume the amount that is available in the pack. Reselling is not a possibility under the models assumptions.

We will, further assume that x_i is a random variable that is uniformly distributed on $(0, x_{iMax})$ and that $\theta_1 < \theta_2$, so that type 2 has a higher marginal utility of consumption. The expected utility from consumption is then:

$$U = \int_0^{Q_k} \theta_i x_i \frac{dx_i}{x_{iMax}} + \int_{Q_k}^{x_{iMax}} \theta_i Q_k \frac{dx_i}{x_{iMax}} = \theta_i Q_k - \frac{\theta_i Q_k^2}{2x_{iMax}}.$$

Note that this allows us to represent the consumer's utility in terms of pack size and that the consumer's utility increases with an increase in pack size, $U' > 0$ for $Q_k < x_{iMax}$; $U' = 0$ if $Q_k = x_{iMax}$.

The expected utility function is concave since $U'' < 0$. Also, the second term reflects the disutility of not being able to consume the desired amount. We further assume that consumers face a holding or storage cost $h_i(Q_k - x_i)$ for the amount left over. So the expected holding cost is H and is convex:

$$H = \int_0^{Q_k} \frac{h_i(Q_k - x_i)}{x_{iMax}} dx_i = \frac{h_i Q_k^2}{2x_{iMax}}$$

The seller demands a transfer T_k for each package. Since the large package (l) is meant for the consumer with the higher marginal utility of consumption, the following two conditions must hold:

$$IR : \int_0^{Q_s} \theta_2 x_2 \frac{dx_2}{x_{2Max}} + \int_{Q_s}^{x_{2Max}} \theta_2 Q_s \frac{dx_2}{x_{2Max}} \geq T_l$$

$$IC : \int_0^{Q_l} \theta_2 x_2 \frac{dx_2}{x_{2Max}} + \int_{Q_l}^{x_{2Max}} \theta_2 Q_l \frac{dx_2}{x_{2Max}} - T_l \geq \int_0^{Q_s} \theta_2 x_2 \frac{dx_2}{x_{2Max}} + \int_{Q_s}^{x_{2Max}} \theta_2 Q_s \frac{dx_2}{x_{2Max}} - T_s.$$

These are called the individual rationality (IR) and the incentive compatibility constraints (IC) respectively. Similarly, type 1 will also face two constraints:

$$IR : \int_0^{Q_s} \theta_1 x_1 \frac{dx_1}{x_{1Max}} + \int_{Q_s}^{x_{1Max}} \theta_1 Q_s \frac{dx_1}{x_{1Max}} \geq T_s$$

$$IC : \int_0^{Q_l} \theta_1 x_1 \frac{dx_1}{x_{1Max}} + \int_{Q_l}^{x_{1Max}} \theta_1 Q_l \frac{dx_1}{x_{1Max}} - T_s \geq \int_0^{Q_s} \theta_1 x_1 \frac{dx_1}{x_{1Max}} + \int_{Q_s}^{x_{1Max}} \theta_1 Q_s \frac{dx_1}{x_{1Max}} - T_l.$$

The seller chooses to maximise his profits (Π):

$$\Pi = \alpha T_s + (1-\alpha)T_l - c_s Q_s - (1-\alpha)c_l Q_l.$$

The number of customers are normalized to one. A proportion α is of type 1. We are also assuming that the cost of producing packs of different sizes is c_k . The standard method of solving these problems is to note that two constraints will be binding and to solve the maximization problem with these constraints and to check that the values derived also satisfy the other two constraints. The two binding constraints are:

$$IR: \int_0^{Q_s} \theta_1 x_1 \frac{dx_1}{x_{1Max}} + \int_{Q_s}^{x_{1Max}} \theta_1 Q_s \frac{dx_1}{x_{1Max}} = T_s$$

$$IC: \int_0^{Q_l} \theta_2 x_2 \frac{dx_2}{x_{2Max}} + \int_{Q_l}^{x_{2Max}} \theta_2 Q_l \frac{dx_2}{x_{2Max}} - T_l = \int_0^{Q_s} \theta_2 x_2 \frac{dx_2}{x_{2Max}} + \int_{Q_s}^{x_{2Max}} \theta_2 Q_s \frac{dx_2}{x_{2Max}} - T_s.$$

We substitute these two constraints into the profits function to get:

$$\Pi = \alpha \left[\theta_s Q_s - \frac{\theta_1 + h_i}{2x_{1Max}} Q_s^2 \right] + (1-\alpha) \left[\theta_2 Q_l - \frac{\theta_2 h_2}{2x_{2Max}} Q_l^2 - \theta_2 Q_s + \frac{\theta_2 + h_2}{2x_{2Max}} Q_s^2 - \frac{\theta_1 + h_1}{2x_{1Max}} Q_s^2 \right] - \alpha c_s Q_s - (1-\alpha)c_l Q_l.$$

$$\frac{\partial \Pi}{\partial Q_s} = \alpha \left(\theta_1 - \frac{\theta_1 + h_1}{x_{1Max}} Q_s \right) - (1-\alpha) \left[\theta_2 - \frac{\theta_2 + h_2}{x_{2Max}} Q_s - \theta_1 + \frac{\theta_1 + h_1}{x_{1Max}} Q_s \right] - \alpha c_s = 0$$

$$\frac{\partial \Pi}{\partial Q_l} = \theta_2 - \frac{\theta_2 + h_2}{x_{2Max}} Q_l - c_l = 0$$

$$Q_s^* = \frac{\theta_1 - \theta_2 + \alpha(\theta_2 - c_s)}{\theta_1 + h_1 + (1-\alpha)\frac{\theta_2 + h_2}{x_{2Max}}} Q_s$$

$$Q_l^* = \frac{(\theta_2 - c_l)}{\theta_2 + h_2} x_{2Max}$$

The study covers four cases; each case covering a different combination of the following parameters—preference parameters, uncertainties of consumption and holding cost coefficients across two consumer groups. By controlling for certain parameters, we investigate the impact of uncertainty and holding costs on the

seller's offer of the optimal pack. In all cases, the consumer's decision making process is captured *ex ante*; depending on her level of consumption uncertainty, the consumer tries to assess the costs of wasting (because of over-estimation), or, forfeiting the consumption (because of under-estimation). The consumer's utility specification, however, remains same across the four cases. Case 1: two groups of consumers who vary only on the basis of their preference parameters θ and have similar uncertainties around consumption (i.e. $\theta_1 \neq \theta_2$, $x_{1Max} = x_{2Max}$). In the second case, the two groups have different preference parameters as well as uncertainties around consumption (i.e. $\theta_1 \neq \theta_2$, $x_{1Max} \neq x_{2Max}$). Further, in the next case, holding cost (H) is introduced in the model; groups differ on their preference parameters, uncertainties as well as holding cost coefficients (i.e. $\theta_1 \neq \theta_2$, $x_{1Max} \neq x_{2Max}$, $h_1 \neq h_2$). Finally, similar to the previous case, however, uncertainties are considered similar. This is to compare the pack sizes with first case to investigate how holding costs impact the optimal size (i.e. $\theta_1 \neq \theta_2$, $x_{1Max} = x_{2Max}$, $h_1 \neq h_2$).

Results and Discussions

It would be interesting to observe the impact of the greater level of uncertainty in case of a one group of consumer on the possible premium pricing for larger packs. Assuming that the type 2 consumers have greater uncertainty (i.e. $x_2 > x_1$, or, $x_2 = mx_1$, where, $m > 1$), we can explore the options for unit pricing available to the seller: the premium unit pricing will be in place when: $\frac{T_l^*}{Q_l^*} - \frac{T_s^*}{Q_s^*} > 0$, and quantity discounts will be in place, when, $\frac{T_l^*}{Q_l^*} - \frac{T_s^*}{Q_s^*} < 0$.

However, premium pricing is only possible, when the following condition holds:

$$(\theta_2 - 2\theta_1) \{m\theta_1 - (1-\alpha)\theta_2\} + m \{\theta_1 - (1-\alpha)\theta_2\} (m\theta_1 - \theta_2) > 0$$

$$\theta_2 = \frac{m\theta_1}{m\alpha + 2(1-\alpha)}. \text{ Where } m > 1$$

As m goes up, the value of $\frac{T_l^*}{Q_l^*} - \frac{T_s^*}{Q_s^*}$ goes up, however, the most critical parameters that drive the possibility of premium are θ_2 and θ_1 and the difference between these preference parameters. It is also important to note that the seller's optimal strategy of 'separating' two consumer groups emerge from the difference in uncertainties. Further, if the 'higher' type (or, type 2) consumers have significantly higher level of uncertainty (higher values of m), the possibility emerges for the seller to charge a small unit price premium for such consumers. However, the impact of ' α ' is opposite, which results in the lowering of (unit) prices for the 'higher' consumers-leading to quantity discounts for larger packs.

Clearly, the 'separation' between two consumer groups is driven by higher values of x_2 , as the uncertainty increases for type 2 consumers, the size of the

pack made available to the type 1 consumers decreases. Since the type 2 consumers receive x_{2Max} as the pack designed for them by the seller, the gap between Q_l^* and Q_s^* increases. This in turn enables the seller to charge a small premium for the larger offering. However, as the share of the type 2 consumers increases (i.e. α decreases), the opportunity to extract this ‘premium’ reduces for the seller. As mentioned earlier, for higher values of x_{2Max} and lower values of α (i.e. share of type 2 population being closer to 1) the seller’s optimal strategy would be to offer a single pack to the type 2 consumers and ignore the other group entirely, which is supported by extant literature.

Conclusions

In this study, we attempt to find out the seller’s optimal strategy given that consumers face uncertain consumption levels in a given period. Most of the extant research in the area has covered situations, where consumers have deterministic consumption levels, and seller’s offering varies in term of quality made available to consumers, who have different valuation parameters. For this paper, we have followed a single purchase consumption model; although this renders the model somewhat restrictive in nature, most consumers, in reality, face some kind of transaction cost, which can suggest that the repeat purchase may be prohibitive or impossible during the consumption period (Gerstner and Hess 1987). The nature of the consumption function used in the paper suggests that for cases where consumers only differ in terms of their preference parameters, the seller would be offering a single pack across the different consumer groups; the size of the pack equal to the highest possible consumption (according to the consumption distribution). However, in case the consumers differ in the extent of uncertainties—and in case the ‘higher’ consumers also have higher levels of uncertainty, then the seller’s optimum strategy is to offer the ‘higher’ consumers with a pack equal to the maximum consumption. The consumers belonging to the ‘lower’ group ends up receiving a pack, which is significantly different from their respective *welfare-maximisation* pack. Therefore, the seller offers a limited consumption offering to the type 1 consumers, while allowing the ‘higher’ consumers to consume the largest possible pack for themselves. This also makes it possible for the seller to charge a premium for the larger pack offered to the high preference customers. Further, as the level of uncertainty increases, (and the resultant pack size offered increases) the seller’s ability to increase the extent of premium too, increases. However, for higher values of the type 1 preference parameter, quantity discounts would be the norm; similarly, for lower levels of uncertainties for high preference consumers—seller would offer quantity discounts for larger packs.

The impact of the ‘holding cost’ or the psychological cost of wasting some part of the pack (leaving it unused) causes the pack sizes to drop, seller offering a smaller pack depending on the extent of this cost. For this paper, we assume that the low preference consumers have higher ‘holding’ costs compared to the high preference

consumers. The presence of this cost further reduces the pack available to the low type of consumers. The higher preference consumers now receive a smaller pack compared to Cases 1 & 2. The impact of holding cost impacts the ability of the seller to claim a quantity surcharge as the packs offered to the consumers groups are separated further. Although the impact of holding cost is less compared to the impact of the 'uncertainties' of consumption, the effects are of similar nature.

The impact of a potential 'salvage value' would be interesting to investigate; the notion of salvage value would moderate the impact of holding cost to a large extent, as the leftover amount can now be utilized. This could potentially result in larger size packs being bought by consumers (and offered by sellers). However, in a subsequent period (for a two-period consumption), the buyers could be reluctant to purchase larger packs because of the carried over stock. Therefore, seller's optimal strategy might be to offer a smaller pack in the first period. However, analysis of this case would require a completely different model to capture the multi-period dimensions.

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Persuasive Design of Wellness Apps: Consumer Behavior Perspective

Sandy Ng, Kimberley Dunstone, and Mike Reid

Introduction

Leveraging on the ubiquitous nature of smartphones, wellness apps are developed to disseminate health message and persuade people to adopt healthier lifestyle and behavior. There are many wellness apps in the market—with more than 97,000 health-related apps listed on 62 full catalogue app stores (research2guidance 2013) and the projected revenue to reach \$26 billion (mobihealthnews 2013). Although the number of wellness apps continues to increase, the download rates remain low at 10 % and a high dropout rate of around 74 % (iHealthBeat 2012). These statistics call into question an important problem—the interface of most wellness apps is poorly designed. Evidenced-based studies on app effectiveness remain scant and inconclusive (Kumar et al. 2013; McCurdie et al. 2012). Wellness apps need to be effective to assist individuals in making good health decisions (Royne and Levy 2011).

A key mandate in transformative service research is to understand how to design services that preserves health and consumer welfare in society (Center for Services Leadership 2013). If service is about offering a *competitive* value proposition to customers in a marketplace (e.g., Vargo and Lusch 2010), design of the services must be *useful* and *persuasive*. The authors' straddled across disciplines and through the bi-focal lens Human-Computer Interaction (HCI) and Persuasive Technology Design (PTD) literature, to investigate the persuasive design of

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wellness apps interface from a consumer perspective. The Fogg Behavior Model (FBM) (Fogg 2003) is used as a framework that underpins this research that investigates the persuasive design of wellness apps. Wellness apps are service technologies that aims to form, alter or reinforce attitudes without using deception, coercion or inducements are known as persuasive technologies, which sole purpose is to motivate health behaviour change (e.g., Fogg 2003).

FBM model states that for a wellness app user to invoke the desired behavior (B), the individual needs to be motivated (M), has the ability to do the task (A) and that the right prompt/cue must occur (T) contemporaneously. He further qualifies that the motivation and ability must be above the behavior activation threshold (Fogg 2003). With trigger, the timing, the opportune moment to persuade is often the missing element in behavior change (Fogg 2003). In this paper, these respective motivation, ability and trigger elements will be analysed using data gathered from semi-structured interviews from 21 individuals over the age of 18 with experience of using the wellness apps.

Findings show that the respective MAT elements in the FBM model are supported and in addition, there are extraneous factors that determine if a person will be persuaded to use an app, or not. The findings show recommendations from users that will improve the overall design of the app. This research address a key mandate within TSR field—to uncover design practices that strengthen the effectiveness of service technologies in preserving health and welfare of individuals. This work also delivers insights to wellness app developers that will help them design persuasive wellness apps, as it will strengthen the app's positioning in the market place and differentiate the app's value offering from the clutter.

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The Five Creatures Lesson: How Students Learn to Relate Animals to Industry

Brent Smith

Introduction

Greyser (1997) noted that marketing has “migrated” from being treated as a functional discipline towards being regarded as a concept that informs how organizations should operate. Today’s marketing students must be prepared for creating value in especially dynamic and hypercompetitive times defined by unrelenting innovations, rivalries driven by ideas and agility, co-creation paradigms, consolidation of industries, and much more. Essentially, these marketing students must show that grasp the basic theories of our discipline *and* demonstrate firm understanding of what competition and strategy really mean for the entire organization. Although marketing is concerned particularly with activities that yield profitable exchanges between companies and customers, these activities are best understood within the context of competition.

A few years ago, the marketing education literature was introduced to the Five Creatures Lesson (FCL) (Smith 2010), a teaching innovation designed to help students understand marketing strategy, competitive advantage, competition, cooperation, and goal setting. The FCL includes five players—gazelle, lion, hyena, vulture, and worm—whose position and performance can be related to counterparts in business industry. Informed by the balance and continuity concepts of yin/yang, the FCL embodies a few main ideas: (1) competition is vital to an industry’s health, (2) competitors should not necessarily aim to destroy one another, and (3) competitors can cooperate and thrive together when they purpose appropriate, and sometimes differentiated, goals based on the resources and competencies.

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The gazelle (prey) represents a target market opportunity; the lion (predator) represents an early mover/dominant competitor; the hyena (predator/scavenger) represents an early mover/following competitor; the vulture (scavenger) and the worm (bottom feeder) represent late movers. In his original example, Smith (2010) related the gazelle to the gourmet coffee market, the lion to Starbucks, the hyena to Dunkin Donuts, the vulture to the independent/mom-and-pop café, and the worm to the press-button vending machine.

Methodology

Many faculty have adopted and implemented the FCL in courses dealing with marketing strategy, international marketing, marketing channels, and marketing principles. To date, the FCL has been taught to thousands of undergraduate, MBA, and Executive MBA students around the world.

In an attempt to ascertain how well students actually understand and can apply the FCL in a contemporary business case, the author asked students to produce their own original examples of industries that could be described using each of the creatures. For the purpose of this manuscript, dozens of examples were collected from MBA students enrolled in multiple sections of a marketing strategy course. A sample of those examples is presented here in summary form.

Results and Discussion

Students generated a range of interesting industry examples that effectively reflect the FCL. The examples featured here include energy drinks, accounting services, and pain relief products:

Example 1

Gazelle: Energy Drinks

Lion: Red Bull

Hyena: Monster Energy Drink

Vulture: 5 Hour Energy

Worm: Energy Strips

Example 2

Gazelle: Audit/Tax Preparation

Lion: Big Four (PWC, KPMG, etc.)

Hyena: Regional Firms (GrantThornton, etc.)

Vulture: Sole Proprietor CPA

Worm: TurboTax

Example 3

Gazelle: Over the Counter Pain Relief Products

Lion: Bayer's Aspirin

Hyena: Johnson & Johnson's Tylenol

Vulture: Pfizer's Advil

Worm: Generic Products

Conclusions and Implications for Theory and Practice

The FCL is a very intuitive metaphor that lends itself to easy understanding for various audiences. Based on the students' original industry examples, the FCL also seems rather simple for individuals to explain to others outside of classroom settings. The students seem to grasp the idea that competitors can survive and thrive, defining success on their own terms per their own respective identities as creatures.

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Multi-Latina's Leadership Role in Corporate Social Responsibility and Sustainability Effort in Latin America

Gladys Torres-Baumgarten and Thierry Rakotobe-Joel

Introduction

This paper explores multinational firms' commitment to corporate social responsibility (CSR) and to sustainability development (SD) as displayed by some of the world's largest multinationals based in Latin America. The Forbes Global 2000 list is used to identify the world's largest firms based in Latin America, firms which have also come to be known as the "Multi-Latinas". Given their prominence within the Latin America (intra-regionally) and inter-regionally. The authors seek to study the firms' CSR and SD initiatives in an effort to gauge the scope of these initiatives. This issue is of interest because as the largest firms in Latin America, these firms likely serve as examples to be emulated by other firms in the region.

As multinational firms have continued their geographic expansion, globalization has become an issue of interest, not just to business people, but also to society, policymakers, and government officials. As cross-border barriers to international trade and international investment have fallen, the multinational enterprise has been recognized as a vehicle for sustaining growth, both for the firm's—as well as the home and host country's perspective. This presents a dilemma for many firms in that now, more than ever, they are accountable to multiple stakeholder groups, often with competing interests. The prominent, large firms are thus both admired and criticized for their business practices and even, at times for their social initiatives. This study aims to study the Multi-Latinas' CSR and SD initiatives to see if the largest

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Latin American firms are not only doing *well*, but doing *good* as well. This study aims to see if the Multi-Latinas' strategic direction—with regard to CSR and SD are largely aligned or whether different firms (possible in different industries) are pursuing different priorities.

Earlier work had looked at the role that the world's largest firms played in CSR in Latin America (Peinado-Vara 2006; Torres-Baumgarten and Yucetepe 2009; Lindgreen and Cordoba 2010), but as the Multi-Latinas have gained in prominence in the region, then the role that they play in setting the CSR or the SD agenda as indigenous—yet multinational—firms in the region must be assessed. This is the first study to focus on CSR and SD initiatives set forth by the Multi-Latinas.

Method

The Forbes Global 2010 list is appealing from a methodological standpoint in that it does not rely on a single metric (such as merely sales) to determine the “largest” companies in Latin America. Instead, it generates a composite score that is used to determine the largest based companies based on four equally weighted factors: sales, profits, assets, and market value. Based on these scores, a ranking is generated listing the largest firms in Latin America (from 1 to 2000). A total of 70 firms that call Latin America their home were included in the Forbes Global 2000 list in 2013. The CSR and SD report for the 26 largest Latin American companies were collected electronically and their PDF files were subjected to an analysis using CRAWDAD software that performs centering resonance analysis (CRA). This technique is based on a specific type of content analysis, which generally synthesize documents or texts with large number of words into smaller categories. The process is described below.

Centering Resonance Analysis

This special type of content analysis was used to assess the information contained within the sample of Latin American companies' CSR reports ($n=26$). The objective was to evaluate the emerging theme from those reports in our effort to evidence the trending approach to social responsibility and sustainability that those firms adopted in the course of their activities. The size of the data requires a technique that would allow the analysis of text documents of over 1600 PDF pages as the CSR reports analyzed averaged 80 pages each. A content analysis

technique was therefore a good choice to analyze such voluminous text data in order to extract manageable segments and identify patterns. It also offers a widely accepted validation tool for understanding the document creators' standing on specific topics, understanding the coherence of the texts themselves, and inference about the audience of the said reports (Weber 1990). In this study, we chose CRA, a content analysis technique that uses a combination of linguistics and network theory, affording us a methodology to build the meaning of specific texts upon inference, position of words, and representation of concepts. CRA uses words and phrases together to form network of nouns and nouns phrases that represent the main concepts, their influences, and their inter-relationships within the documents. This is different from other content analysis techniques that rely more on word frequencies instead of words to words connection. Specific words were considered as being more prominent and influent within a document if they tie other words in the text network and facilitate meanings (Canary and Jennings 2008). Influence scores are used to rank the importance of words within the text, which in turn offers an insight into the priorities and CSR/SD practices for the Multi-Latinas under study.

Document Analysis

The CSR were first downloaded from companies' sites and CSR/SD report clearing-houses. They were then converted into machine readable text documents, in preparation for the software analysis. Files were cleaned to remove specific trademark and organization names. Each company report was processed by Crawdad to generate individual company network map. Then, a combined file of all of the reports was built to process all the organizations under study. The results of the data and text mining activities provided an opportunity to generate a network of data of phrases from which we extracted the overall attitudes and sentiments towards CSR and SD practices for the firms under consideration. A sample CRA network map is shown in Fig. 1.

Results were further processed to identify the common trends and focus of the reports. Wordle was used to show the words clouds as cleaned versions of the CRA Map. A partial result of prominent words is shown in Fig. 2.

CRA Map

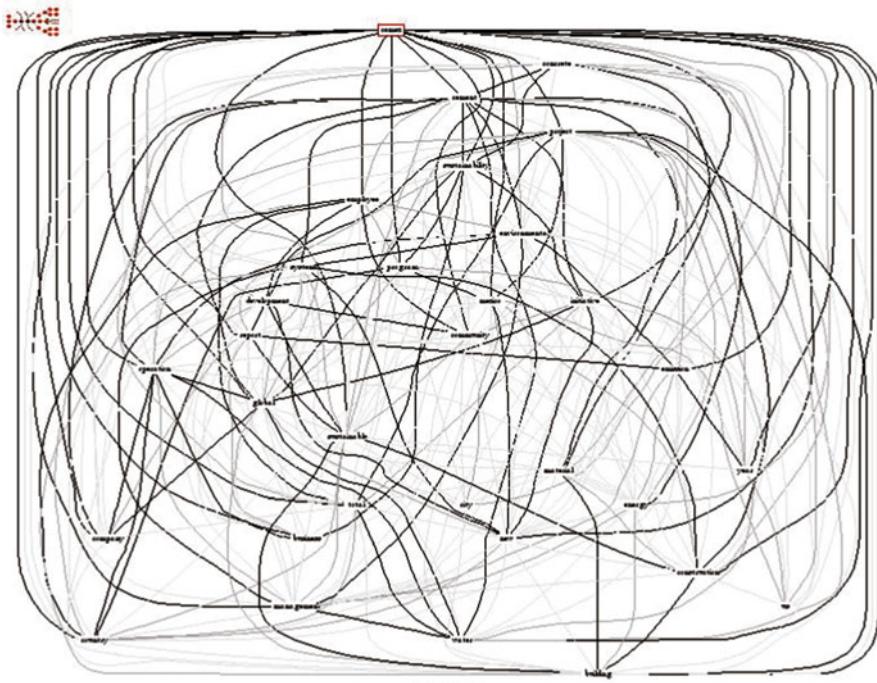


Fig. 1 Sample CRA Map. Based on CEMEX's CSR report 2012



Fig. 2 Partial results of CRA analysis

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An Investigation of the Relationships Between Hispanic Retailers' Human and Social Capital, Migration and Gender

Elsie L. Echeverri-Carroll and Linda L. Golden

Introduction

Retailers, market practitioners, and consumer researchers have recognized the importance of the Hispanic customer in the USA for decades. Their buying power continues to increase as does the complexity of this heterogeneous market group. In a recent report, "State of the Hispanic Consumer: The Hispanic Market Imperative," Nielsen (2012) states that:

Latinos are a fundamental component to business success, and not a passing niche on the sidelines....Latinos exhibit distinct production consumption patterns and are not buying in ways that are the same as the total market (Nielsen 2012, 2-3).

Indeed, there is a call to market strategists to understand the Latino (a Hispanic sub-group) market more deeply so as to deliver better strategies to that dynamic and sizeable market.¹ Although not suggested by Nielsen, part of that understanding involves studying the supply side of the Hispanic market: The Retailer (who is a Hispanic).

Parallel to the increasing development of the Hispanic-and-Latino customer marketplace in the USA, there is escalating Hispanic participation in the supply side of the retail sector as business owners and entrepreneurs. Although there is a Hispanic

The data from the survey used in this paper were collected by the IC² Institute at the University of Texas at Austin. We gratefully acknowledge the support of the IC² Institute.

¹The Hispanic Association on Corporate Responsibility reports that Hispanics in the USA will have: \$1.5 trillion estimated purchasing power by 2015, comprise more than 16 % of the USA population, will increase 167 % from 2010 to 2050, and the per capita income of Hispanics is higher in the USA than any of the BRIC countries (<http://www.hacr.org/>).

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Chamber of Commerce in virtually all cities of any size in the southwestern USA and beyond, academicians have generally neglected studying this group of retailers.

This paper begins to fill this vacuum in the retailing and marketing academic literature. Just as we must understand the customer that the retailer serves, in order to develop more effective retail practices, we must also understand the retailer him/herself. This is especially important given the increasing diversity of retailers. Here we focus on the Hispanic retail business owner.² Hispanic retailers are an important group that we need to understand better as they shape and evolve the marketplace just as their customers do.

Brief Theoretical Background and Model Predictions

Retailers themselves have human and social capital that contribute to the functioning of their businesses and involve personal and business characteristics as well as network participations that enhance business effectiveness (see Sahin et al. 2011). The interactions among different types of human and social capital in conjunction with the characteristics of the business and customer base may be determinative of retail success. Migrants from Mexico, for example, operating in a USA location servicing similar Latino migrants may be at an advantage in their retail operations (via their social capital relative to the customer) over non-migrants. Indeed, Coca-Stefaniak et al. (2010) discuss localization as a marketing strategy for small retailers. The success of this ethnic business may be impacted by the social capital of the retailer (with the market being served).

Here we focus on the marketplace characteristics (Hispanic customer base or not) and the characteristics of the retailer him/herself (e.g., educational level, migrant or USA born, gender, and perceived business skills that may be indicative of human or social capital). We test two logistic regression models of human and social capital components and predict that migrant or not and female or not will be separately associated with human and social capital effects. A statistically significant relationship is expected for both models.

Methodology

A stratified random sample of 15,000 Hispanic firms in a southwestern USA state was drawn from a database of 23,805 Hispanic firms that was compiled through public and private organizations (excluding the USA Census). The sample frame of

² Hispanic is a cultural and/or sub-cultural identification that can contain many subgroups, ethnicities and birthplaces. In this research we did not distinguish (e.g., between a Hispanic individual from Spain versus a Hispanic Latino, from Mexico or South America). The IC² survey simply queried individuals using the term "Hispanic," more broad than a Latino geographical origin and generally known and accepted. Pires et al. (2003) discuss some of the methodological issues around identifying and targeting ethnic groups. We have operationally resolved them by focusing on "Hispanic" owned business, a common terminology, including in the USA Census bureau.

15,000 Hispanic firms received a mail survey that was developed by a group of business experts and through qualitative research, including three focus groups. Thousands of surveys across industry codes were returned; however, for this study, we focus only on the retail firms responding to the survey (final sample for analysis is 302 Hispanic-owned retail firms³). See Echeverri-Carroll and Kellison (2013) for further details.

Across all types of business included the larger database (e.g., manufacturing, oil drilling, retailing, medical, etc.), the response rate is estimated to be 29.2 %. This is calculated by dividing the number of valid-responses from surveys received divided by the number of surveys mailed with correct addresses (number sent out minus number returned undeliverable).

Survey Contents, Model, and Results Discussion

In this paper, we summarize results from our first logit model (model 1) of the relationship between human and social capital and migration status (essentially, USA born or not). Model 1 is statistically significant ($p \leq 0.01$ with an $R^2 = 0.15$) and the results support the prediction that migration status has a statistically significant relationship with social and human capital variables.

Being a migrant (not USA born) is associated with having lower perceived writing skills ($\beta < 0$, $p \leq 0.01$) than the U.S. born Hispanic retailers and with not graduating from high school or college (relatively lower educational level than non-migrants) ($\beta_s < 0$, $p_s \leq 0.01$). Migrants (versus non-migrants) also have social capital associated with customers that are predominately Hispanics (a direct question on the survey) ($\beta > 0$, $p \leq 0.01$). This result signals an interaction between the social capital of the retailer and customer-base ethnic similarities. Interestingly, it was not important whether or not the migrant retailer was the entrepreneur starting the business originally or not, the number of employees, owners' age, or having higher other-business-related training (BSP2) with respect to native-born Hispanic retailers as all these estimated variables have statistically insignificant coefficients ($p \geq 0.5$). Various perceived business skills needed and male/female were not statistically significant therefore these variables did not differentiate migrants from non-migrant business owners.

Migration status may be also important in other countries and entrepreneurial retailers who have migrated may tend to be more successful if they seek business development in ethnically similar local marketplaces, at least initially. Second-generation retail entrepreneurs may face a different set of marketplace dynamics, possessing different human and social capital bases.

³One question of the IC² survey asked if the firm was more than 51 % Hispanic owned. Only the retail firms owned 51 % or more by a Hispanic individual firm were included in this study. This business ownership percentage is consistent with that used by the USA Census to identify Hispanic (minority) owned businesses.

Our second logit model (model 2) represents another unique aspect of this research: The investigation of female Hispanic retailers. Increasingly, business owners and entrepreneurs are women, just as is true for the Hispanic retail ownership trend. Female entrepreneurs have been researched in marketing and management, but to our knowledge female Hispanic retailers have not been researched. The female Hispanic retailer may be likely to change the face of the expanding ethnic retailing marketplace in the USA, just as their male counterpart does.

Again, model 2 is strongly supported and highly statistically significant ($p \leq 0.01$ with an $R^2 = 0.13$). Yet, the variable relationships are very different for Hispanic women retailers than for Hispanic migrants to the USA.

When compared with Hispanic male retailers, Hispanic women were associated with migration (not USA born $\beta \geq 0$, $p \leq 0.01$), having skills (as per a summative measure across various types of skills related to business) that are lower ($\beta \leq 0$, $p \leq 0.01$), reporting stronger perceived writing skills (in contrast with our previous model's results) ($\beta \geq 0$, $p \leq 0.01$), and being negatively associated with their number of employees ($\beta \leq 0$, $p \leq 0.02$). These results may suggest a more isolated retailer—with lower business specific skills, better writing skills, and possibly working alone to support a family. These specific demographic (married/single, for example) questions were not asked in the survey, but these results suggest a need for further research to better understand the differences between men and women retailer store owners at even a very basic demographic level. Nonetheless, educational level played a role with the migrants (model 1), whereas it did not for the women (model 2). This may be due to a different business environment (nature of business) for the woman-owned retailer and, specifically, the Hispanic woman owned retail business. Additional demographics and social and human capital information would likely reveal more about these Hispanic retailers.

Conclusion

Retailing is an important Hispanic-owned business in the USA economy. This study suggests that just as there are strong differences between the Hispanic and non-Hispanic consumer market, there are *differences within* the Hispanic retail business owner space.

Migrant retailers are likely to be different than non-migrant retailers. Likewise, women retailers differ from men. The human and social capital may be different for these sub-groups and that will interact with marketplace success. Likewise, the marketplace characteristics will interact with the retailer him/herself to determine success.

As marketers, we want to help with and enhance retailer success. In so doing, we can better understand the impact of human and social capital and how those characteristics interface with Hispanic retail owners. To that end, this paper has revealed that there is considerably more knowledge to be gained for better strategic retail development in the Hispanic retail buyer-seller environment. We likely understand the Hispanic consumer much better than we understand the Hispanic retailer and entrepreneur who is often the supplier to the Hispanic consumer.

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Copycat or Distinctive? An Empirical Study of Consumers' Perception Towards Private Label

Chen (Cici) Chen and Patricia Huddleston

Abstract This research paper investigated the effects of copycat versus distinctive private label brand packaging design statements on consumers' perception of Private Label Brand's (PLB) compared to national brand's (NB) perceived quality, purchase intention, price expectation and retailer equity. This study is the first to address how consumers perceived copycat versus distinctive private label brands in a side by side comparison with a NB, and whether their perceptions related to product quality, purchase intentions, price expectations, and retailer equity vary. A total of 200 subjects participated in a 2 (copycat vs. distinctive packaging) X 2 (copycat vs. distinctive product benefits) factorial experimental design with shampoo as the featured product. Only the packaging manipulation is reported in this study. Each respondent was randomly assigned to one of the four conditions, with 50 subjects in each condition. After browsing the product pictures (one PLB and one NB) and the benefit statements, respondents were asked to respond to the survey questions regarding perceived quality, purchase intention, price expectation and retailer equity.

Respondents perceived NB to be higher quality than PLB (4.11 vs. 3.51, $p < 0.001$). NBs also warranted a higher price (\$3.54 vs. \$2.12, $p < 0.001$) and respondents had a higher purchase intention for NBs than PBs (3.31 vs. 2.64, $p < 0.001$). To test the collective influence of PLB's packaging design on the multiple dependent variables (perceived quality, price expectation, purchase intention, and retailer brand equity), we used a one-way MANOVA. Distinctive packaging design had no influence on consumers' quality perception, purchase intention, price expectation of PLB, but had a positive effect on retailer equity perception (3.88 vs. 3.70, $p < 0.01$). Results of the study demonstrate that a price and quality perception gap continues to exist between PLB and NB personal care products, and this gap influences purchase intention. Our findings imply that distinctive packaging for PBs is not a sufficient extrinsic cue to persuade consumers that quality and price of a PB is equal to a NB, nor does distinctive packaging seem to positively influence

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purchase intention. Even if a PLB has an innovative packaging design, and is distinguished from a leading NB, these efforts do not build a higher quality perception, an increased price expectation, or higher purchase intention. However, distinctive packaging was effective in enhancing subjects' perception towards retailer equity; thus packaging has the potential to improve the consumer-retailer brand relationship, which is among the long-term goals of retailers. Stronger brand equity helps retailers in acquiring more loyal shoppers, and increasing PLB sales across categories.

References: Available upon request

A Managerial Perspective of Social Media: Managing the Tension Between the Need for an Integrated Communications Approach and Consumers' Need for Personalization

Ginger Killian and Kristy McManus

Introduction

The digital age has modified consumers' expectations of branded communications. Prior to social networks, mass media communication channels such as TV and radio allowed brand managers to 'speak to' customers (Hoffman and Novak 1996). However, the proliferation of social media has instigated a revolution in the communications field, resulting in consumers expecting the brand to 'interact with' them in a medium where the consumer controls every aspect of the conversation—the timing, the channel, and the content.

Firms have traditionally placed media management into silos, with responsibilities distributed to different departments. Employees have been able to distinguish their role within the overall communication picture and effectively integrate their piece of the puzzle. However, the evolution of social media has blurred the lines and has lessened the control over messaging for all departments within the organization. Making information available for consumer use in social channels offers a unique set of challenges in determining how to manage the brand image. As brand managers strive to maintain a cohesive presence and protect the brand, they must maintain a delicate balance between protecting its image, facilitating new customer touch points, and encouraging deeper connections between the consumer and the brand.

The present research seeks to fill a gap in academic literature by understanding how social media are being incorporated into a firm's overarching marketing

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communications strategy to facilitate a deeper connection between the customer and the brand. The authors approached this research endeavor with a clean slate, allowing a better understanding of each manager's perspective.

Methodology

Orlikowski and Baroudi (1991) suggest that "interpretive researchers recognize that as meanings are formed, transferred, and used, they are also negotiated, and hence that interpretations of reality may shift over time as circumstances, objectives, and constituencies change," a comment that reflects of the methodology underlying this research. To understand how managers are incorporating social media into the communication strategy, each case study examined questions from the manager's perspective, allowing for a nuanced understanding of the challenges involved in creating an engaging social media communications strategy.

Interviews were semi-structured, enabling follow-up questions that probed instances of unique experiences. Interviews were conducted to identify the types of social media that the participant's firm utilizes, understand the structure of the department where social media strategy is developed, investigate the goals and objectives for the different types of social media, and understand the participant's view of the future of social media.

Participants were identified and recommended by business contacts of the authors. The criteria for participation required that the individual be responsible for the oversight of a firm's social media strategy for a minimum of 6 months prior to the interview. Six participants were selected for in-depth interviews based on self-reporting that they met the criteria. Interviews lasted between 1 and 2 h, were audio-recorded and then transcribed. A thematic analysis of the transcripts was then conducted by condensing passages in to themes that could be compared between participants (Kvale and Brinkman 2008; Roulston 2010). This was done through an iterative process utilizing Atlas.ti software, whereby themes were identified and coded in each transcript and then compared between transcripts and recoded. Thematic findings are discussed below.

Findings

As the participants described the operational details of their respective firms, patterns emerged as to the ways in which they develop and implement social media strategy. Similar patterns were revealed in each participant's social media philosophy, though the industries represented in the study vary considerably. Three primary themes were identified: (1) the need for social media strategy integration with other components of the firm's communications strategy, (2) the need for a consistent presence on social media platforms, and (3) the need for brand messaging to feel personally crafted for the individual audience and the chosen social media platform.

The Need for Integration Edelman (2010) suggests that in the digital age, managers may better utilize advertising dollars by targeting certain media to match their stage in the consumer journey. Participants acknowledge that social media strategies should work in concert with existing marketing communications in order to move customers through the decision channel in relevant ways. Ray (transportation industry) discusses his thoughts on utilizing social media to target customers and prospects at critical stages of the buying process:

TV and radio are great for building awareness. It's large, broad stroke branding... and [as we move down the decision funnel] we're filling in different funnels to drive individuals to the [web]site they need... I have this whole row of funnels, if you will, under this big awareness campaign. So I start to see digital playing in those spaces because we can start to target messages that are less expensive and more targeted. We can start to understand where each of these segments is living and what they look at... Now I can start to understand the behavior of each segment and start to layer in our messaging and make that message relevant to each of the target audiences.

Utilizing social media at specific touch points can help brand managers to direct customers and prospects to an online location that matches the consumer's interests and needs. Further, the flexibility of online channels allows brand managers to do this in a much cheaper, more efficient manner. The goals of the communication plan are likely to distinguish which media lead an initiative, although the prevalence of social media use by consumers suggest that the dynamic medium should play a role in every communications plan.

The Need for Consistency Social media interactions are driven by the customer and must be available on the customer's terms, aligning with the expectations in which the customer wants to be engaged. Leigh et al. (2006) posit that "authenticity is a consumer perception that occurs through a filter of one's personal experiences." Thus, a consumer's interaction with a brand in social media must be consistent with other brand-related interactions; a mismatch in interactions may leave the customer wondering which interaction represents the true character of the brand.

On the concept of consistency, participants emphasize that consistency must extend to the messaging in each platform. Two participants indicate concern that managers should be careful not to portray the brand as *Sybil*—a reference to a movie in which the main actor has three distinctly different personalities. Adam provided a concrete example of how brand managers must speak to different segments while simultaneously remaining true to the brand essence:

We can't afford to be *Sybil* in how customers see us marketing ourselves... For instance, right now I'm talking to you in an academic setting... If I ran into you at a pub somewhere, I would expect you to be authentic to who you are, and we probably wouldn't be having the same type of conversation. But I would expect the continuity to be there. And that fabric of who you are would come out consistently.

While different media channels can be used to address different buying stages and consumer segments, firms must ensure that the social campaign is aligned with the other media strategies. A firm's social media authors should intimately understand the brand essence and be able to communicate with customers in a manner that aligns with the brand personality.

The Need for Customization Within social media, consumers believe that a brand must be timely and authentic in interacting with the customer, tailoring messages based on the relationship that the consumer has with the firm, and maintaining a central voice across different media and with different customers is no small feat. In contrast to traditional media, social media offers an opportunity to listen and respond to customers in an intimate way that hasn't been possible in the past.

Social media channels allow brand managers to better understand how to meet the needs of consumers, thereby leading to more informed, intuitive product offerings for consumers. Sarah (Digital Media Agency) discusses how her firm manages two separate Twitter accounts in order to tailor the messaging based on the follower's interests:

We manage two Twitter handles for [our client]. One is just talking about brand engagement initiatives. We want to take advantage of the different conversations that are happening relevant to brand. That handle is very specific to just brand engagement. No product offers are going through that particular handle. There's another handle that is very offer related. There are people on Twitter that just continuously look for deals. This handle is specifically designed for offer related messaging. We don't want offer related messaging to collide with engagement type messaging. Twitter is a very personal space. People are constantly tweeting and they've got 140 characters to make a statement. You don't want to ruin that real estate by saying "check out [our new product] and get \$10 off!" We use a different handle for that and it goes after a different type of audience.

Creating separate accounts to manage different consumer interests can help brand managers to control the conversation and ensure that the messaging content is on target with the user's expectations. However, the greater the number of social media platforms, the more difficult the task of managing the multiple venues becomes, as the content must be regularly maintained.

Discussion

The present research suggests that integration, consistency, and personalization are vital themes for a successful social media strategy. Brand managers have long understood the importance of integration and consistency in developing a media communications plan, though the concept of personalization adds a dimension of complexity that hasn't been encountered previously. Managers must identify ways to listen and respond to customers in a meaningful way, using a consistent voice across platforms. Those who are responsible for representing the firm in a social space must fully understand the brand essence and ensure that communications are representative of the established brand personality. Creating a separate personality in a digital space can seem inauthentic, leaving customers confused regarding the brand's values.

Social media channels complement other existing media channels by driving user engagement and creating a context whereby users can interact with the brand. Social channels can facilitate consumer learning and engagement by directing the

customer to the appropriate location to address concerns. Social channels can also be used to bring together brand communities and facilitate shared experiences (McAlexander et al. 2002). The online nature of social channels lends itself to allowing brand managers to listen and respond to a greater number and variety of customers concerns.

Conclusion

Brand managers have begun to recognize the value of social media platforms in creating an intuitive, responsive brand presence for customers. The challenges of managing a conversation that is controlled by others may seem daunting, but the benefits of listening to the customer far outweigh the potential risks. Customers are willing to share their thoughts and experiences through social media; the knowledge gained from listening to these experiences can help brand managers to develop the next generation product that is highly aligned with consumer needs.

Understanding the nuances of a particular social media platform can help managers to carefully select the platforms that are most closely aligned with the managers' strategic communications plan, thereby creating a unique opportunity for the firm to interact with consumers in a way that is beneficial for both the firm and the consumer. For instance, Pinterest offers opportunities for brand managers in industries that are fashion-focused, though the site may not be well suited for the transportation industry. Facebook has become a universal "check box" for firms in the B2C realm. However, the implementation quality of brand Fan pages varies considerably. Prior to developing a Fan page, managers must consider the ongoing management of the brand in the space. Customer questions that remain unanswered are a poor reflection on the brand and can leave customers feeling as though they have been ignored. Likewise, pages that aren't updated regularly quickly become dated and may create consumer concerns related to whether the firm is fully engaged in the space. A social media communications strategy should step beyond a manager's desire to be in the space; going social requires greater involvement and responsiveness to consumers on a regular basis.

References: Available upon request

Endowment Effect in Latin America: Empirical Evidence and Implications

Enrique Manzur, Sergio Olavarrieta, Pedro Hidalgo, and Pablo Farías

Abstract Authors from several disciplines—decision sciences, management, marketing, behavioral economics—have documented the existence of anomalies to the standard rational model of human behavior. Among several anomalies, the endowment effect has found substantive support in previous research. Few studies have explored the endowment effect in developing countries. This study reports the results of an experiment conducted in Chile to empirically analyze the endowment effect in an experimental setting. The results support the hypothesis that endowment effects are also applicable to Chilean and Latin American consumers, adding to the growing evidence in favor of quasi-rational models of consumer behavior. Implications for marketing, management and policy-making practices are briefly presented.

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Brand Familiarity in Latin America: A New Three-Dimensional Conceptualization and Measure

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Abstract Brand familiarity is a construct often used in marketing and consumer behavior for explaining buyer behavior and marketing effects. Advertising agencies and marketing managers use brand familiarity as a measure of marketing and advertising effectiveness. The literature suggests alternative definitions of familiarity focusing on recognition, brand knowledge and experience. In this paper we propose a three-dimensional conceptualization of brand familiarity including: recognition, general knowledge and closeness, which fully captures the concept domain. Through six empirical studies we develop and validate a new measure of brand familiarity, and we propose ways to use it for further theoretical development and managerial purposes.

References: Available upon request

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Perceptions of Country Image and Product Marketing: A Study of Wine Brands from Chile and Argentina

Christopher J. Robertson, Ricardo Buitrago, Lorenzo Lucianetti, Gina Pipoli, and Jose Rojas-Mendez

Abstract The establishment of a global reputation for excellence in a certain industry can take decades for a country. The wine industry is a classic example. European winemakers have dedicated centuries to the cultivation of some of the finest vineyards in the world and the corresponding brands have benefitted greatly from the country brand associated with their products. “Newer” wine producing countries, such as Chile, Argentina, South Africa and Australia, have had to face an uphill battle to obtain a strong footing in the global wine industry. Sophisticated consumers may associate wines from these countries with lower quality, in part due to the low-cost entry strategy that many firms have chosen. Yet to what extent do perceptions of specific brands and the industry as a whole vary across rival wine producing countries? In this study we probe this question by assessing consumer perceptions of select wines and country brands from Chile and Argentina. Although there has been an increase in the academic literature in recent years of country brand studies and conceptual frameworks related to country of origin very little work has been done in emerging markets

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in general, and related to the wine industry in particular. In this study we will solicit and assess perceptions of Chilean and Argentine brands by consumers from both developed (USA, Italy and Canada) and emerging (Peru and Colombia) economies.

References: Available upon request

Perceived Risks and Psychological Well-Being in Online Education: Implications for Grade Expectations and Future Enrollment

**Karin Braunsberger, Velma McCuiston,
Gary Patterson, and Alison Watkins**

Abstract Due, in part, to the recent economic conditions, new models of education are creating unprecedented competition to the traditional models of the university (Jones 2012). The dual challenges of providing high-quality services and controlling costs continue to drive educational institutions to seek creative solutions. The 2011 Survey of Online Learning reveals that the number of students taking at least one online course has now surpassed 6 million. Nearly one-third of all students in higher education is taking at least one online course; and 65 % of higher education institutions now say that online learning is a critical part of their long-term strategy (Allen and Seaman 2011; Johnson et al. 2011).

The growth trend for online education has resulted in an increased availability of online courses and online degree programs offered by for-profit universities as well as traditional colleges and universities. Theoretical literature and empirical research that focus on online education and online learning (aka e-learning) address a variety of questions, including perceived quality (Udo et al. 2011), perceived risk (Mohamed et al. 2011), satisfaction and behavioral intentions to enroll in future online courses (Udo et al. 2011), the learning styles, expectations, and needs of online students (Mupinga et al. 2010), and student knowledge and confidence in a variety of study-related skills (Pryjmachuk et al. 2012) in a quest to find ways to increase the effectiveness of online education. The results of the empirical research, however, are mixed (Sharples and Vavoula 2005), and the empirical rigor of some of the work has been questioned (U.S. Department of Education 2010).

Thus, the purpose of our study is to expand the understanding and knowledge in the field of online education. Accordingly, the present study examines perceived

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risk of online education through perceived performance risk and perceived psychological risk; and psychological well-being perceptions through measures of autonomy, environmental mastery, and personal growth. Hence, our study is the first to date to examine psychological well-being in an e-learning environment. The findings show that the lower the psychological risk, the older a student, and the more online courses s/he has taken previously, the more likely a student intends to enroll in future online classes. The findings further show that the lower a student's age, perceived psychological and perceived performance risks, and the higher a student's environmental mastery the better the student expects to do in the class. In addition, the lower a student's perceived performance and perceived psychological risks the higher the student's grade expectations. Interestingly, however, the more online courses a student has previously taken, the lower his/her grade expectations.

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Assessing Organizational Financial Health of Nonprofit Arts Organizations

Theresa A. Kirchner, Edward P. Markowski, and John B. Ford

Abstract This study is the second in a series that analyzes, both independently and in the aggregate, the empirical inter-relationships of financial levels of government support, marketing/development investment and financial health of nonprofit performing arts organizations. Currently in the design stage, this study will build on the previous research to examine those and additional factors—levels of earned/contributed revenue, and artistic and administrative/finance expenses—assessing their correlational and causal inter-relationships with organizational financial health. It also is designed to analyze differences between pre-2008 (pre-recession) data and post-2008 (recession and post-recession) data to assess implications of significant changes in the macro-economic environment for nonprofit arts organizations. This preliminary study examines those factors using data from GuideStar, a database which contains financial reports of nonprofit organizations. The final study will evaluate existing data from the League of American Orchestras robust annual survey of member orchestras.

This study, like its predecessor in the research stream, will assess potential correlational and causal relationships of Levels of Nonprofit Organization Government Support and Marketing Investment on Organizational Financial Health (Kirchner et al. 2007). However, this analysis is designed to probe those relationships at deeper levels, assessing the potential impacts of the individual components of Government Support (National, State, and Local). The prior study evaluated Marketing Investment as a single factor which included both Marketing Investment and Fund Development Investment. This study digs deeper to focus on both individual and collective evaluation of the component factors. The previous study assessed Organizational Financial Health relatively simplistically, in terms of Surplus/

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Deficit. This study analyzes it more thoroughly, evaluating Net Current and Long-Term Assets, Net Unrestricted Operating Revenue (Surplus/Deficit) and the value of the organization's Endowment (if any). In addition, this study adds analysis of other factors which have the potential to affect Organizational Financial Health, including: (1) Contributed Revenue (Subscriptions, Single Tickets, Contract Fees), (2) Artistic Expense, and (3) General Administrative/Finance Expenses.

References: Available upon request

Experiences with Gamification: The MDE Framework

Kirk Plangger, Jan Kietzmann, Karen Robson,
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Abstract There has been much interest by academics and practitioners in the concept of gamification: the use of game design principles to change people's behavior in non-game situations. However, there is also much confusion as to what gamification is and is not, and how it can be used by organizations to deliver benefits. In this article we present a framework for understanding how to apply gamification to better engage with and change the behaviors of two key types of people: employees and customers. The framework is based on three interrelated gamification principles, namely mechanics, dynamics, and emotions, which we explain and illustrate using four examples of engagement. To this end, we conclude by presenting five important lessons that serve as heuristics for managers who wish to utilize gamification for engaging employees and customers.

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Adding Personality to New Products with Fashion Co-branding

George Balabanis and Vincent-Wayne Mitchell

Abstract Co-branding is part of the growing field of brand-driven innovation which differs from brand extensions because it deals with two existing brands that carry over their images to the new product, e.g., Philips' launch of an electric razor with Nivea. However, the degree to which this happens is largely unknown. This study goes beyond attitude transfer to examine the contribution of strong and weak symbolic and functional brands to the brand personality of a new product.

Research on such co-branding partnerships has focused mostly on functional brands, however in practice many co-brandings involve alliances between a functional and a symbolic brand (e.g., Tiffany and Swatch, Armani and Samsung, Missoni and Target). This is because the brand personality of a symbolic brand helps consumers to express their ideal selves by giving them the opportunity to portray themselves to others as they choose to do and to offset possible shortcomings of their actual selves and provides a point of differentiation, creates emotional benefits, helps to build relationships, increase trust, attachment, commitment and generate loyalty. Brand familiarity plays a role in the transfer process of brand attitudes, but the effect this has on brand image has not been shown. The "fit" of the product category or of the two constituent brands is important, but how important is product-category fit versus brand-image fit is in the brand personality inheritance process is less clear. Our knowledge about the circumstances that favor the best new product image resulting from co-brand alliances is therefore limited.

Using a novel approach to analyze the similarity of brand personality profiles and two experiments, results indicate that symbolic brands do contribute more to the resulting new product personality, regardless of the product category of the new product. For our second question of does it matter if both constituent brands are not equally strong, we conclude that brand strength of constituent brands is not important for the new product's personality. And for the third question of how important is product-category fit versus brand-image fit is in the brand personality inheritance

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process, we show that the greater the brand-image fit between the constituent brands, the more personality traits are transferred to the new product when the new product is the same product category as the constituent brand, but not if the new product is in a new product category. In addition, we also reveal that product-category fit between the constituent brands is not important to the transference process. As image gain is one of the main reasons for co-branding new products, the paper provides not only theoretical explanations for the findings, but also helps practitioners in deciding which co-branding partner to choose.

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Consumer Confusion Choosing Me-Two Snack Packages: An Experimental Study

Ana M. Arboleda and Julio C. Alonso

Abstract We hypothesize that (a) the presence of a leading brand next to a me-too brand and (b) the presence of the brand on the package prevents consumer confusion. This experimental design includes six categories of snacks (chocolate covered cake, waffle cookies, chocolate chip cookies, crackers, lollipops, and gummy candy); for each we estimate three logit models to determine the probability of (a) behavioral confusion, (b) cognitive confusion, and (c) overall confusion. Results support both hypotheses. Previous studies use cognitive rather than behavioral measures of confusion; we show that the three measures of confusion are complementary. Results yield important practical implications.

Keywords Behavioral confusion • Cognitive confusion • Consumer confusion • Me-too products • Packaging • Snacks

Introduction

The me-too strategy is a controversial one because follower brands imitate characteristics of successful leading brands. The strategy of the imitating brand is to launch a product for which the leading brand has build a relatively strong product demand along with consumer awareness of product benefits and characteristics. In turn, the leading brand will resist the strategy of the imitator brand by suing the brand that emulates the package design and product characterizes. Courts deal with imitation cases throughout all types of product categories, automobiles, fast food, packaged food, pharmaceuticals, and clothing, among others (Foxman et al. 1992).

For society, the me-too strategy has its plus and down sides because it occurs in mature markets where there is a large demand for a well-known product (Sohn 2008).

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On the plus side, the strategy benefits consumers because it limits a monopolistic position when different brands offer similar products. This creates variety for the consumer and keeps prices relatively low because there are no significant differences across brands. On the down side, the strategy may lead to consumer confusion because of the close resemblance of different brand packages. In terms of organizations, imitation may weaken organization incentive for innovation because firms learn that other firms may use their investment by imitating its successful products (Fan et al. 2013). In the long run, the me-too strategy may benefit society motivating a competitive environment. However, fair competition should benefit consumers and not harm them by creating consumer confusion (Foxman et al. 1990).

This paper analyses consumer confusion based on the use of the me-too strategy. We hypothesize that: (a) the presence of the leading brand at the point of purchase and (b) the presence of the brand on the package prevents consumer confusion. The paper is organized as follows: on the literature review, we define the concept of consumer confusion because of the use of the me-too strategy arguing that this confusion is explained by the distinctiveness of the brands and the me-too standing next to the leading brand. On the method section, we explain our experiment and the product categories included in the study. Results support both hypothesis and the discussion section complements the analysis of when a me-too strategy may have positive, rather than negative, consequences for the consumer.

Consumer Confusion in a Product Decision Making Process

Consumer confusion is the outcome of a wrong product decision because of a cognitive misunderstanding. The confusion means that the individual makes an error in inferential processing that leads to form an inaccurate belief about the attributes or performance of a lesser-known brand based on previous beliefs about a more familiar brand (Balabanis and Craven 1997; Foxman et al. 1992). Previous studies demonstrate that brand familiarity favors consumer recognition of a brand message or even a design package having a large variety of options within a product category (Delgado-Ballester et al. 2012; Mogilner et al. 2008). Familiarity arises from consumer learning about a brand and a category because of its use, experience, and exposure to advertisement (Bianchi 2003). To analyze the effect of the me-too strategy in terms of consumer confusion, we argue that there are two important issues to be considered at the point of purchase: the positioning of a me-too next to a leading brand and the distinctiveness of a brand.

Me-Too Brands Stand Next to the Leader

The strategy of a me-too product is to “stand” next to the leading brand at the point of purchase (Foxman et al. 1990). From a consumer behavior perspective, it is a useful strategy because it facilitates consumers’ decision-making process first by

extending the product category and second by creating a more consistent category; these two facts work together to create consumers' better understanding of the brands within a category and reduce consumer confusion. By having more options a consumer has the possibility of choosing among brands within a category. But the me-too brand is not just another option; it creates rivalry in terms of prices because it is just like the leading brand but has a lower price. The strategy works when there is a well-established category represented by an exemplar (leading) brand and there are consistent characteristics across brands within a product category. Categories of products are important because they help to organize products at the point of purchase but also, and more importantly in the consumers' mind.

Categorization is a cognitive mechanism that enables consumers to understand a product by placing it within an set of products, this physical and mental setting simplifies consumers' understanding about the product and decision making processes (Bloch and Richins 1983). When brands within a category have similar designs, it will be easier for a consumer to recognize them as a category of products. Categorization occurs not only because of the similarities across brands within a category, but also because there is a leading brand that characterizes the type of product expected from a category. This is known as the exemplar brand or prototype (Cohen and Basu 1987). The evaluation of the me-too and the perceived similarity with the leading brand depends on the presence or absence of the second (Van Horen and Pieters 2012). Therefore, hypothesis 1: *There is a lower probability of consumer confusion if a leading brand and a me-too brand are next to each other compared to having only the me-too brand.*

Brand as a Meaningful Sign

When making a purchase decision, experienced consumers should be able to recognize the type of product they are choosing and buying because they are aware of its functional and aesthetic characteristics. For excellence, the brand is the symbol that represents a product own by a company. The trademark is any element that becomes inherently distinctive of a brand; for example, words, letters, symbols, and pictures that are registered to be legally protected as elements that represent a brand (Cohen 1991). It is important to protect these elements because they work to create a distinctive brand image. Distinctiveness means that a consumer is able to recognize and differentiate a brand from others in a product category; the more distinctive a brand is from others in the category, the greater its consumers' awareness about characteristics and name (Beebe 2005). All the details that are combined to create a brand image are trademark cues that help costumers discriminate one brand from another, even though they are aware that me-too brands have similar characteristics (Miaoulis and D'Amato 1978). Thus, clearly differentiated brand names help consumers' discriminative capacity (Arboleda and Alonso 2010; Warlop et al. 2005).

Brands have a special meaning to consumers, depending on their past experiences with the product and with marketing activities. Thus, the brand is a valuable sign when making a purchase decision in category that offers a large number of similar products; individuals avoid choosing among indistinguishable options (Mogilner et al. 2008). Therefore, when choosing from lookalike product the brand becomes more important as a valuable sign that provides a meaningful difference. Thus, a memorable brand prevents consumer confusion (Foxman et al. 1990). Likewise, at the point of purchase a clear and distinctive brand should prevent consumers to get confused between a me-too and the leading brand. Therefore, hypothesis 2: *The presence (vs absence) of a brand will reduce the probability of confusion.*

Method

This experiment builds on the idea that a me-too brand is evaluated at the point of purchase compared to an observed or recalled leading brand. We tested consumer confusion between these two options in a laboratory environment. Participants in this experiment were randomly assigned to one of four conditions in the 2 (leader brand: absent vs present) \times 2 (Brand on package: absent vs present) between-subject design.

Participants and Procedure

A total of 200 students responded positively to a posted offering of participating in a marketing research study. Participants ranged in age from 18 to 36 years ($mean=21.66$; $SD=2.91$); 37 % were men and 63 % were women. A preliminary survey evaluated consumers' top of mind (TOM) of the leading brand and if they were frequent consumers of the leading brand. TOM was coded 1 if the leading brand is the one on their TOM (0=o.w.). Next, consumers responded if they considered themselves as frequent consumers of each brand or not. Consumption of leading brand was coded as 1 (0=o.w.). The following week, subjects were invited to the lab where they received a list that included the leading brands on each category: cake with chocolate cover, crackers, chocolate chip cookies, waffle cookies, gummy candy, and lollipops. For each product category, the leading brand was defined as the pioneer brand on the category; the brand with the highest market share, a strong reputation, and a distinctive name (Van Horen and Pieters 2012).

To begin with the study, the subject received the list, a shopping cart, and sopping instructions. We asked the subject to imagine this activity as an actual shopping experience in which he or she would pick items according to the products listed and place them in the cart. In the lab, consumers found a shelf with the items according

to their treatment condition: leading brand present (vs absent) and brand present on the package (vs absent). Subjects in the leading brand condition observed on the shelf the leading brand of each category next to the me-too brand; those who had an absent leading brand only had on the shelf the me-too brands of all product categories (i.e., present brand=1; not having a leading brand=0). Additionally, subjects chose items either with a present or an absent brand on the package (brand was coded: present=1; and absent=0). Subjects in the present-brand condition were able to observe the brand on the package; whereas, those who did not see the brands on the packages were in the absent-brand condition.

Confusion was assessed in three responses: a (1) behavioral/observable, (2) cognitive, and (3) combined. First, after subjects placed the items in the shopping cart, we determined if the choice was right or wrong by observing the brands in the cart. A right choice means that brand in the cart was the leading brand (i.e., the one on the list). On the contrary, a wrong choice means that individuals have a behavioral confusion because the brand on the list was not the one they took from the shelf. Confusion was coded as 1 (o.w.=0). The second assessment of confusion consisted on asking subjects to name the brand they chose. If the brand they thought they had placed in the cart match the one they actually had is because they were aware of their purchase and did not have a mental confusion about brands (coded as 1); whereas, if the mentioned brand was not the one in the cart they were unaware of their decision, therefore mentally confused. Third, we combined the previous two evaluations. Subjects were classified as confused when they placed the wrong item in the cart without being aware of this (coded as 1). Conversely, subjects' decision was right, not confused, when they were aware of their decision, even if the item they put in the cart was not the one they were supposed to pick (coded as 0).

Results

Descriptive statistics show the leading brand on lollipops is the one with the highest TOM with a 97 % of recall. The lowest recall is for the gummy candy leading brand with only a 3.5 %. Results for the percentage of subjects who are frequent consumers of the leading brand for each category are somewhat parallel to the TOM results (Table 1).

Next, we estimate three logit models explaining the probability of individuals (a) choosing the wrong brand, (b) being aware of their decision and (c) being confused because of the me-too strategy. For all models the probability of confusion is a function of two experimental variables (i.e., presence of the leader and presence of the brand on the package), two control variables related to consumers' familiarity with the leading brand (i.e., frequency of consumption of the leading brand and TOM of the leading brand), and two demographic control variables (i.e., age and gender). These logit models are estimated for six snacks' categories (chocolate covered cake,

Table 1 Descriptive statistics

	Mean	S.D.
<i>Chocolate covered cake</i>		
TOM	0.899	0.302
Frequent consumer	0.680	0.468
Wrong choice	0.245	0.431
Decision awareness	0.865	0.343
Confusion	0.120	0.326
<i>Waffle cookies</i>		
TOM	0.525	0.501
Frequent consumer	0.530	0.500
Wrong choice	0.530	0.500
Decision awareness	0.555	0.498
Confusion	0.395	0.490
<i>Chocolate chip cookies</i>		
TOM	0.293	0.456
Frequent consumer	0.345	0.477
Wrong choice	0.275	0.448
Decision awareness	0.635	0.483
Confusion	0.225	0.419
<i>Crackers</i>		
TOM	0.281	0.451
Frequent consumer	0.675	0.470
Wrong choice	0.255	0.437
Decision awareness	0.715	0.453
Confusion	0.230	0.422
<i>Lollipops</i>		
TOM	0.970	0.171
Frequent consumer	0.790	0.408
Wrong choice	0.200	0.401
Decision awareness	0.815	0.389
Confusion	0.150	0.358
<i>Gummy candy</i>		
TOM	0.035	0.184
Frequent consumer	0.285	0.453
Wrong choice	0.395	0.490
Decision awareness	0.630	0.484
Confusion	0.275	0.448

waffle cookies, chocolate chip cookies, crackers, lollipops, and gummy candy); for a total of 18. For all cases we found heteroskedasticity problems; these were corrected using a heteroskedasticity-consistent estimator for the variance-covariance matrix of Huber-White type for nonlinear models.

Table 2 Logit model: explaining consumer behavioral confusion (wrong action)

	Model 1. Chocolate covered cake				Model 2. Waffle cookies				Model 3. Chocolate chip cookies				
	β est.	St. Err	z value	Pr (> z)	β est.	St. Err.	z value	Pr (> z)	β est.	St. Err.	z value	Pr (> z)	
Intercept	0.27	2.41	0.11	0.91	1.17	1.29	0.91	0.36	-1.00	1.39	-0.72	0.47	
Freq. Consumer	-1.06	0.54	-1.96	0.05	**	-0.56	0.36	-1.54	0.12	0.05	0.49	0.10	0.92
TOM	0.64	0.82	0.78	0.44	0.16	0.35	0.44	0.66	-0.31	0.51	-0.62	0.53	
Age	-0.01	0.12	-0.06	0.95	0.01	0.06	0.19	0.85	0.08	0.06	1.32	0.19	
Gender	1.10	0.52	2.13	0.03	**	0.55	0.38	1.46	0.14	0.11	0.41	0.26	0.80
Leader-present	-4.81	1.19	-4.05	0.00	***	-0.72	0.36	-1.98	0.05	**	-2.11	0.47	-4.45
Brand	-0.92	0.50	-1.85	0.05	**	-1.78	0.36	-4.94	0.00	***	-2.22	0.48	-4.60
Wald Test (HC) (Chisq)		26.45				30.30					33.68		
D.F.		6				6					6		
Pr (>Chisq)		0.00		***		0.00		***			0.00		***
n		188				181					198		
LRI		0.45				0.24					0.27		
Log likelihood		-60.79				-105.31					-86.33		
AIC		135.58				224.62					186.66		

(continued)

Table 2 (continued)

	Model 4. Crackers				Model 5. Lollipops				Model 6. Gummy candy			
	β est.	St. Err.	z value	Pr (> z)	β est.	St. Err.	z value	Pr (> z)	β est.	St. Err.	z value	Pr (> z)
Intercept	-1.47	2.04	-0.72	0.47	-5.27	2.28	-2.32	0.02	** -2.58	1.38	-1.88	0.06
Freq.	-0.30	0.55	-0.55	0.58	-0.32	0.53	-0.60	0.55	0.88	0.49	1.78	0.07
Consumer												
TOM	-0.26	0.53	-0.50	0.62	1.88	1.36	1.39	0.17	-15.42	2.63	-5.87	0.00
Age	0.12	0.10	1.28	0.20	0.14	0.09	1.51	0.13	0.01	0.06	0.16	0.87
Gender	0.45	0.51	0.89	0.38	1.00	0.44	2.26	0.02	** -0.05	0.49	-0.10	0.92
Leader-present	-4.05	0.69	-5.87	0.00	*** -2.62	0.61	-4.26	0.00	*** 4.83	0.75	6.43	0.00
Brand	-2.35	0.51	-4.64	0.00	*** -0.69	0.44	-1.59	0.11	-2.59	0.64	-4.05	0.00
Wald Test (HC) (Chisq)		48.90			31.55						89.67	
D.F.	6				6				6			
Pr (>Chisq)		0.00	***		0.00	***			0.00	***		
n	199				200				200			
LRI	0.42				0.22				0.52			
Log Likelihood	-65.50				-78.40				-64.65			
AIC		145.01			170.80				143.30			

Z values computed using a heteroskedasticity-consistent estimator for the variance-covariance matrix of the Huber-White type

***p<0.001; **p<0.005

Behavioral Confusion: Wrong Choice

We run six logit models explaining subjects' probability choosing the wrong item (Table 2). This is a behavioral confusion because individuals' actions (e.g., placing the wrong brand in the cart) reveal his or her confusion. This set of models consistently support hypothesis 1 and provide partial support of hypothesis 2. For all categories of snacks, subjects on the leader-present condition had a lower probability of confusion compared to subjects on the leader-absent condition showing that there is a lower probability of consumer confusion if a leading-brand and a me-too brand are next to each other compared to having only the me-too brand (H1: $p < 0.05$).

Moreover, the presence of the brand is also an important cue to avoid consumer confusion for most categories except for lollipops (H2). Models 1 thought 4, and model 6 predict a lower probability of confusion for subjects who are on the brand-present condition compared to those who are on the brand absent-condition. This means that the presence (vs absence) of a brand will reduce the probability of confusion. This is not the case for lollipops, for this product manipulating the brand (by hiding it) does not significantly predicts consumers' confusion.

Consumers' familiarity, through frequent consumption and TOM (recall), is not a consistent predictor of consumers' confusion. Subjects who consider themselves frequent consumers of the leading brand of chocolate covered cake have a lower probability of making a wrong decision compared to those who are not frequent consumers ($p < 0.05$). Subjects who have a good recall of the leading brand of gummy candy, have a lower probability of being confused compared to those who do not have the brand as their TOM ($p < 0.001$). For all other categories, frequency of consumption and TOM are not significant explanatory variables. Concerning demographic control variables, age does not play a significant role as an explanatory variable. Gender is a significant variable on the chocolate covered cake and lollipops models; men have a higher probability of making a wrong decision compared to women ($p < 0.05$).

Cognitive Confusion: Awareness

The following six logit models explain the probability of consumer awareness about choosing the wrong brand. We also call this idea cognitive confusion because the individual does or does not know which brand he or she chose. Table 3 shows that this set of logit models, except for the gummy candy model, support hypothesis 1 and hypothesis 2.

Models 1 through 5 reveal that the presence of the leading brand on the shelf is positively related to consumers' awareness, supporting H1. Therefore, when the leading brand is next to the me-too brand consumers have a lower probability of being cognitively confused; they have a higher probability of expressing correctly their decision ($p < 0.05$). Consistently, when a me-too brand stands alone on the

Table 3 Logit model: explaining consumer cognitive confusion (awareness)

	Model 1. Chocolate covered cake				Model 2. Waffle cookies				Model 3. Chocolate chip cookies				
	β est.	St. Err.	z value	Pr. ($> z $)	β est.	St. Err.	z value	Pr. ($> z $)	β est.	St. Err.	z value	Pr. ($> z $)	
Intercept	0.15	3.30	0.05	0.96	1.03	1.53	0.68	0.50	1.38	1.20	1.15	0.25	
Freq. Consumer	2.24	0.83	2.70	0.01	***	-0.34	0.38	-0.90	0.37	0.88	0.45	1.94	0.05
TOM	-0.97	1.27	-0.76	0.44	-0.71	0.39	-1.82	0.07	-0.40	0.45	-0.89	0.37	
Age	-0.02	0.16	-0.10	0.92	-0.06	0.07	-0.90	0.37	-0.09	0.05	-1.74	0.08	
Gender	-1.07	0.76	-1.41	0.16	-0.53	0.38	-1.40	0.16	-0.05	0.36	-0.14	0.89	
Leader-present	21.21	0.73	29.14	0.00	***	0.77	0.38	2.04	0.04	**	0.69	0.36	1.92
Brand	20.81	0.62	33.58	0.00	***	2.17	0.39	5.53	0.00	***	1.64	0.37	4.43
Wald Test (HC)	2329.53				37.45				29.90				
(Chisq)													
D.F.	6				6				6				
Pr. ($>\text{Chisq}$)	0.00				0.00				0.00				
n	188				181				198				
LRI	0.65				0.31				0.17				
Log likelihood	-27.31				-95.23				-109.22				
AIC	68.62				204.45				232.44				

	Model 4. Crackers				Model 5. Lollipops				Model 6. Gummy candy			
	β est.	St. Err.	z value	Pr ($> z $)	β est.	St. Err.	z value	Pr ($> z $)	β est.	St. Err.	z value	Pr ($> z $)
Intercept	0.33	1.53	0.22	0.83	2.27	2.18	1.04	0.30	3.65	1.30	2.80	0.01
Freq. Consumer	0.08	0.45	0.17	0.87	-0.44	0.57	-0.77	0.44	0.27	0.41	0.65	0.51
TOM	0.56	0.43	1.29	0.20	-0.88	1.75	-0.50	0.62	-15.28	1.22	-12.56	0.00
Age	-0.05	0.07	-0.78	0.44	-0.01	0.11	-0.11	0.91	-0.08	0.06	-1.44	0.15
Gender	-0.77	0.42	-1.83	0.07	-0.93	0.44	-2.09	0.04	**	-0.32	0.37	-0.87
Leader-present	2.56	0.52	4.90	0.00	***	1.33	0.48	2.75	0.01	***	-2.21	0.39
Brand	2.20	0.47	4.64	0.00	***	1.40	0.45	3.10	0.00	***	-0.03	0.37
Wald Test (HC) (Chisq)				29.83					210.71			
D.F.	6				6				6			
Pr ($>\text{Chisq}$)	0.00		***		0.00		***		0.00		***	
n	199				200				200			
LRI	0.32				0.16				0.23			
Log likelihood	-81.03				-80.47				-101.93			
AIC	176.07				174.94				217.87			

Z values computed using a heteroskedasticity-consistent estimator for the variance-covariance matrix of the Huber-White type
***p<0.001; **p<0.005

shelf there is a higher probability of expressing a cognitive confusion; not being aware of the brand they choose. Results for models 1 through 5 also provide support for hypothesis 2. Subjects in the brand-present condition have a higher probability of being aware of the brand they pick compared to those in the brand-absent condition ($p < 0.01$). In other words, when the brand is not on the package subjects have a higher probability of being cognitively confused, compared to subjects who do observe the brand on the package.

Frequency of consumption is a significant predictor on two of the six logit models. Subjects who are frequent consumers of the leading brand of chocolate covered cake and chocolate chip cookies have a lower probability of confusion compared to those who are not frequent consumers. These frequent consumers have a higher probability of being aware of the brand they chose. Demographic variables are not significantly related to consumer cognitive confusion.

Results for the sixth model are opposite to what is expected. The gummy candy model shows that subjects who were exposed to the leading brand next to the me-too brand were less aware of the decision they made, therefore there was a higher probability of cognitive confusion in the leader-present condition compared to the leader-absent condition (H1: $p < 0.01$). The presence vs absence of the brand on the package has no significant effect on consumers' awareness (H2: $p > 0.1$). However, TOM plays an important role on this model; subjects who recall the leading brand have a higher probability of being aware of the brand they pick compared to those who do have the leading brand on their TOM. That is, there is a comparatively lower probability of cognitive confusion when subjects have a good recall of the leading brand ($p < 0.01$).

Confusion

Subjects are truly confused when they pick the wrong brand without intention, that is, without being aware of their wrong behavior. Table 4 shows that this set of logit models, except for the gummy candy model, support hypothesis 1 and hypothesis 2 ($p < 0.01$). All models, but six, show that the presence of the leading brand on the shelf is negatively related to consumers' confusion, supporting H1. Consistently, when the leading brand stands next to the me-too brand on the shelf there is a lower probability of confusion, supporting H2. However, this is not true for gummy candy where the presence of the leading brand motivates consumer confusion. Frequency of consumption is a significant predictor only for model 1: chocolate covered cake. Subjects who are frequent consumers of the leading brand of chocolate covered cake have a lower probability of confusion compared to those who are not frequent consumers. The recall (TOM) of the waffle cookies leading brand is positively associated to consumers' confusion; that is, although they remember the brand, they pick the wrong brand without noticing it. Contrarily, remembering the gummy candy brand is associated to a lower probability of confusion compared to not remembering the brand for this category.

Table 4 Logit model: explaining consumer confusion

	Model 1. Chocolate covered cake			Model 2. Waffle cookies			Model 3. Chocolate chip cookies						
	β est.	St. Err.	z value	Pr (> z)	β est.	St. Err.	z value	Pr (> z)	β est.	St. Err.	z value	Pr (> z)	
Intercept	-7.80	5.38	-1.45	0.15	-1.53	1.49	-1.03	0.30	-1.40	1.49	-0.94	0.35	
Frequent. C	-1.83	0.90	-2.02	0.04	**	0.21	0.38	0.56	0.58	-0.03	0.56	-0.05	0.96
TOM	1.76	1.51	1.17	0.24	0.95	0.41	2.34	0.02	**	0.23	0.56	0.41	0.68
Age	0.33	0.25	1.30	0.19	0.07	0.07	1.05	0.29	0.08	0.07	1.18	0.24	
Gender	0.76	0.77	0.99	0.32	0.62	0.38	1.62	0.11	0.17	0.43	0.40	0.69	
Leader-present	-22.83	3.13	-7.29	0.00	***	-0.99	0.39	-2.56	0.01	**	-2.34	0.54	-4.35
Brand	-20.44	0.44	-46.11	0.00	***	-2.05	0.41	-4.99	0.00	***	-2.15	0.50	-4.26
Wald Test (HC) (Chisq)		2569.44				33.19					28.70		
D.F.	6				6					6			
Pr (>Chisq)		0.00		***		0.00		***		0.00		***	
n		188				181					198		
LRI		0.63				0.30					0.27		
Log likelihood		-26.87				-93.31					-77.90		
AIC		67.74				200.61					169.81		

(continued)

Table 4 (continued)

	Model 4. Crackers				Model 5. Lollipops				Model 6. Gummy candy				
	β est.	St. Err.	z value	Pr (> z)	β est.	St. Err.	z value	Pr (> z)	β est.	St. Err.	z value	Pr (> z)	
Intercept	-1.57	2.10	-0.75	0.45	-4.12	2.48	-1.66	0.10	*	-4.36	1.45	-3.01	0.00
Frequent. C	0.11	0.54	0.21	0.83	0.71	0.65	1.09	0.27		-0.08	0.46	-0.18	0.86
TOM	-0.50	0.53	-0.95	0.34	0.88	1.73	0.51	0.61		-15.22	2.55	-5.97	0.00
Age	0.11	0.10	1.07	0.28	0.08	0.11	0.73	0.47		0.06	0.06	1.07	0.28
Gender	0.67	0.51	1.30	0.19	0.84	0.49	1.71	0.09	*	0.34	0.43	0.80	0.42
Leader-present	-3.77	0.68	-5.52	0.00	***	-1.89	0.59	-3.19	0.00	***	3.17	0.57	5.59
Brand	-2.63	0.53	-4.92	0.00	***	-1.42	0.50	-2.85	0.00	***	-5.63	0.42	-1.35
Wald Test (HC) (Chisq)						33.17					82.53	0.18	
D.F.	6						6				6		
Pr (>Chisq)		0.00	***				0.00	***			0.00	***	
n	199					200					200		
LRI	0.42						0.19				0.30		
Log Likelihood	-62.18						-68.31				-82.32		
AIC	138.36						150.61				178.64		

z values computed using a heteroskedasticity-consistent estimator for the variance-covariance matrix of the Huber-White type

*** p<0.001; ** p<0.005

Discussion

Legal requirements place an emphasis on brands distinctiveness as the main product characteristic that prevents consumers' confusion (Beebe 2005; Cohen 1991; Warlop et al. 2005). This study supports this idea confirming that the presence of the brand prevents consumers' confusion and motivates consumers' brand awareness. These results confirm that individuals are capable of discriminating two similar packages based on their brand (Arboleda and Alonso 2010; Miaoulis and D'Amato 1978; Warlop et al. 2005). However, the me-too seems to be taking the credit of the leading brand when the former is not available on the shelf, inducing consumers to take this option instead. However, when the leading brand is next to the me-too brand, the me-too strategy seems to work better off for the leading brand and for consumers, there is a lower probability of wrongly choosing the me-too brand. The presence of the brand and the presence of the leader are to complementary variables that explain consumer confusion because one is an intrinsic characteristic (branding) and the other is a context specific condition (availability). Moreover, the effect of these two predictors surpasses the effect of brand familiarity (i.e., recall and frequency of consumption).

This study also makes an important contribution on the dependent variable: consumer confusion. Previous studies used cognitive or emotional responses to evaluate consumers' confusion (Mitchell and Walsh 2005). An example of a cognitive measure of confusion is asking the individual to determine if they bought the product they intended to buy; this is done verbally by describing the product, naming the brand, or by asking the individual to point out at an image of the product (Balabanis and Craven 1997; Foxman et al. 1992). A second example of how consumer confusion is measured is asking them to rate how similar are the brands and how difficult is to differentiate one from the other (Mitchell and Walsh 2005). The problem with these cognitive measures is that they may be biased by attention and brand recall.

This study uses three approaches to evaluate consumer confusion: behavioral (observing the brand they pick), cognitive (asking consumers to name the brand they chose), and the combination (determining if they are aware of picking the wrong brand). Observing consumers' decision is a good measure because it is an objective approach and avoids consumers' biased response. However, an individual might decide to choose a "wrong" product on purpose. A person may consciously decide to buy the me-too not because he is confused but because it is just like the leader. Therefore, three approaches to consumer confusion should complement each other. The behavioral confusion should be analyzed along with consumers' cognitive awareness of their decision. Interestingly, results are different for the category with the best results on familiarity (lollipops) and for the category with the worst results on familiarity (gummy candy). Observing consumers' choice might be a biased measure when individuals are highly familiar with brands of the category because they might be able to differentiate minor differences

between items with or without the presence of the brand (lollipops). By acknowledging consumers' brand awareness, the third model solves for the problem of brand familiarity (Table 4, model 5).

On the other hand, we have a category with low familiarity: gummy candy (Table 1). For this category results were unexpected (Tables 3 and 4, model 6). Therefore, asking subjects about brand awareness might be a biased question because individuals do not have a good brand recall or recognition. Because of the low level of familiarity with the brand, the best results are those gathered from the behavioral approach. The consumer awareness measure is not appropriate when we are dealing with a low-familiarity type of brand.

Practical Implications

Results should encourage managers and policy makers to think about the consequences of using a me-too strategy. Consistent with previous studies and with trademark protections, the presence of the brand is an important package attribute to prevent consumers' confusion. However, this study analyses one of the most important actions that take place during the implementation of a me-too strategy: having the imitating brand right next to the leading brand at the point of purchase. We find that this is not a harmful action in terms of consumer confusion because individuals usually are able to differentiate the leading brand from the me-too brand. What could be harmful is not having the leading brand and letting the me-too brand stand alone at the point of purchase. More concern should be placed when imitation takes place on young categories, that do not have an exemplar leading brand or consistent characteristics that reinforce consumers' categorization process.

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Acting on Boycott Intentions: A Vietnamese Perspective on the Role of Ethnocentrism, Animosity, and Regionality

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Abstract The international marketing literature has concluded that consumers' country-focused animosity and ethnocentrism attitudes impact their reluctance to purchase products from a boycotted foreign country. The present study theorizes that, under certain circumstances, animosity and ethnocentrism can play a more complex role than simply affecting boycott intentions. Using a mall-intercept survey of Vietnamese consumers' perceptions of the border dispute with China, the study reveals that animosity directly triggers boycott behavior among Northern but not Southern Vietnamese, and that ethnocentrism moderates consumers' motivation to act on their intentions to boycott.

References: Available upon request

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Building Brand Love Through Co-creation

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and Nicholas G. Paparoidamis**

Abstract The last few years, the concept of co-creation emerges as central for both academia and industry (Pongsakornrungsilp and Schroeder 2011). Despite the undeniable importance of this topic, the investigation of co-creation's role in building strong brands in the literature is limited. More precisely although there is some research investigating the role of co-creation in branding issues (e.g. Payne et al. 2009; Tynan et al. 2010; Bello et al. 2007), the impact of co-creation on consumer's love for a brand remains unexplored. This conceptual paper is a first effort to build the theoretical grounds for the relationship between co-creation and brand love. More specifically, we examine how co-creation affects various dimensions of brand love, as they have been conceptualized by Batra et al. (2012). At the same time, we provide some first theoretical insights on how co-creation can indirectly positively influence brand love through other constructs such as product quality and brand personality.

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A Cross-National Study of Consumer Beliefs, Attitudes and Behaviors Toward Liking Brand Page

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Abstract Since the advent of social networking sites (SNS), marketers have tried to find out how to best use them to communicate their marketing messages to consumers. Brand pages on social networking sites are a form of brand community that allows advertisers to foster relationships and interact with consumers. The participatory culture in the SNS context also makes consumers more willingly to connect with their favorite brands on SNS. However, in a cross-cultural context, consumers' perceptions of SNS advertising may differ in various aspects like cultures, beliefs and values. The way American consumers perceive brand pages may be different from the perceptions among Asian consumers. This study focuses on examining attitudes and social influence that may affect consumers to like brand pages on social networking sites and has selected to investigate the differences between U.S. and South Korean consumers. A theoretical framework is developed to investigate hedonic and utilitarian values as antecedents that drive consumers' attitudes toward brand pages and examine the relationships between electronic-word-of-mouth communication (eWOM), consumers' belongingness and social influence. The findings reveal that both the attitude and social influence variables are significant predictors of the American and Korean consumers' intentions to become fans of brand pages. Their positive attitudes toward brand pages are strongly related to the utilitarian values derived from accessing SNS advertising. To the Korean consumers both the

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informational (utilitarian) and pleasurable (hedonic) aspects of accessing SNS advertising enhance their positive attitudes toward brand pages. On the other hand, utilitarian values have a much stronger effect on motivating American consumers to follow brands on social networks. The positive attitude-intention relationship suggests that the more consumers like to access SNS advertising, the higher the likelihood they will become fans of brand pages on social networking sites. The findings also suggest that American and Korean consumers' intentions to join brand pages are positively related to the social influence exerted on them by their important referents. The eWOM effects on social influence are stronger than the belonging effects in both countries. The strong effects of eWOM appear to be significantly related to the pass along behaviors in communication. Korean respondents' attitudes towards brand pages are significantly different from those of the U.S. respondents. The results imply that young American perceptions toward the brand pages seem more positive than their Korean counterparts.

References: Available upon request

South African Business Bank Customers' Product Utilisation and Likelihood to Recommend

P.B. Wiese, Y. Jordaan, and A.N. Schreuder

Abstract The financial meltdown that started in 2007 resulted in many banks revisiting their strategies to increase income. Two of these strategies include increased cross-selling of products, as well as higher levels of net promoting of the bank, its products and the relationship managers. From a banking point of view, a long-lasting relationship with their customer base is imperative, and most banks manage their customer base differently based on the value or potential value of the customer as expressed in terms of turnover. This classification is applied in the banking industry, where banks partition their customer bases into groups or segments that spend at different levels.

The aim of this study is to determine the differences between business-banking segments with regard to their likelihood to recommend and product utilisation. For this purpose, the client base of a commercial bank in South Africa was utilised and the focus fell on small, medium and large business segments of a particular bank; since the bank applies different levels of CRM to their respective segments. The focus on South Africa as a country in this study is mainly because it is the only African member of the BRICS and therefore plays a critical role as a conduit for trade and investment flows into the continent.

The data were sourced from two databases; and over 20,000 respondents were analysed. Only those business customers that were subjected to customer experience evaluation were extracted from the bank's database. Classification of the bank's customers is based on the annual group turnover of the customer; and it is in line with the guidelines set out by the Institute of Chartered Accountants in England and Wales.

The findings show that small business segments that are served through the most basic relational processes show stronger inclination to recommend the bank to others. This raises the question of whether the more expensive CRM processes the

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bank used for medium and large business segments are truly delivering in customer value, and are thus cost effective. Especially since the more costly processes (for medium and large business segments) do not seem to deliver exponentially higher recommendation levels. In general, the results of this study could be used for more effective planning and resource allocation, and for creating optimal structures in the bank. One question that arises is how to provide solutions to different customer segments more effectively given the complex and challenging banking environment.

References: Available upon request

The Role of Affect in Luxury Brand Extension

Jiseon Ahn, JungKun Park, and Suk Hyung Bryan Lee

Abstract A luxury brand's reputation is a critical resource to leverage as an asset and expand their brand and product categories. Since introducing extended brands based on established luxury brands is a popular marketing strategy, literature on brand extension has examined the importance of understanding the critical elements to decrease negative side effects, such as dilution of brand image. Research on extensions has focused on how the parent or core brand affects the extended brand. Although some researchers found that brand extension involves the brand name and similarity between parent brand and extended brand, these results are limited regarding the luxury industry. Therefore, the primary goal of this research is to provide a framework that helps retailers and researchers understand the drivers of consumers' evaluation of luxury brand extension, especially for apparel brands, considering the affect on the parent brand and perceived fit between the parent brand and extended brand. A self-administered questionnaire and structural equation model with maximum likelihood was used. According to the results, affect toward the parent brand transfers to affect toward the extended brand, and perceived fit of the two brands has a significant impact on evaluation of brand extension.

Keywords Luxury fashion brands • Luxury brand extension • Affect • Perceived fits

Introduction

In the luxury industry, brand extensions have been popular as a company's growth strategy. The use of original and popular brand names to enter new markets can reduce marketing costs and enhance the possibility of success by communication

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with existing customers (Tauber 1988). With the high costs and risks involved in launching new brands, extending an existing brand is an effective way to launch new products and categories. Furthermore, since downgrading a luxury brand attracts more consumers, more luxury firms employ various ways to engage with existing consumers as well as mass consumers. To expand their brand into wide consumers, understanding numerous factors which influence on evaluation of brand extension is necessary. In the luxury apparel brand market, consumers seem to be willing to pay premium prices for symbolic fashion brands even though they are aware that the prices of the luxury fashion products is inflated (ACNielsen 2007). In light of the major role of branding in self-identification and expression (Tomlinson 1990), luxury fashion brand companies have developed vertically extended brands targeted toward the younger and middle income consumer with comparably less expensive prices than the original brand. In the cases of Giorgio Armani, Calvin Klein and Jimmy Choo, downgrade brand extension have a positive influence on the parent brand if the extended brands have the same quality and values with original luxury brands (Stankeviciute and Hoffmann 2010).

The successes of luxury brands gain attention from both academic research and retailers to examine the nature of brand extension. From a particular perspective on the fashion industry, the essential role of luxury brands is as symbolic signals that show social status and wealth, and group conformity (Lewis and Hawksley 1990). Especially in the fashion industry, the representative luxury brands have been spotlighted because brand equity provides a competitive advantage. Also the relationship between the equity of luxury brand and consumer equity has a positive effect on purchase intension (Kim and Ko 2012). However, there is a negative effect of the luxury brand extension, such as deterioration of the well-established original brand image (Loken and John 1993). Therefore, this research proposed a conceptual framework to increase success of luxury brand extension with minimum risks.

Literature Review

Luxury Brand

As a first step, the study needs to have a clear understanding of the concept of luxury and luxury brands. Although there are a lot of definitions of luxury, the study adopts the concept of luxury as the satisfaction of the demand beyond the ordinary or average cost (Sombart 1992). Nueno and Quelch (1998) defined a luxury brand as having superior functionality and emphasizing the status and image of an individual. Phau and Prendergast (2000) addressed factors of luxury brands: exclusivity, well-known brand identity, high brand awareness, perceived quality, and well-maintained sales levels and customer loyalty.

Luxury consumption behavior has been identified as showing the owner's social success status, providing confidence in possession luxury products. With the investigation of luxury consumption behavior, Vigneron and Johnson (1999) identified

five value dimensions to understand prestige-seeking: perceived conspicuous value, unique value, social value, hedonic value, and quality value by providing two dimensions that differentiate the five types of values, self-consciousness and the perception of price as an indicator of prestige. Since the strength of the luxury brand lies in self-identification and expression (Tomlinson 1990), luxury brand companies have developed vertically extended (e.g., upgrade or downgrade) brands targeted toward the younger and middle markets with comparably less expensive prices than their mainline merchandise. Atwal and Williams (2009) found that consumer's status-seeking predispositions, susceptibility to normative influence and need for uniqueness, motivate consumers to purchase luxury products. In the same vein, the authors assume that in this process of brand extension, some characteristics of the parent brand may influence the purchase decision of the extended luxury brand.

While researchers introduced several constructs as formerly shaped knowledge about parent brands, perceived quality has been frequently employed in brand extension literature as well as confirmed the significant impact of perceived quality of the parent brand on a positive attitude toward new extensions (Bottomley and Doyle 1996; Sunde and Brodie 1993). Aaker and Keller (1990) showed a high level of abstraction of perceived quality about parent brands in the formation of attitudes toward brand extensions. Based on the influences of parent brands, such as affect and cognitive evaluation, this research suggested that affect and perceived quality toward parent brands may act simultaneously as a positive impact on attitudes toward extended brands. As an outcome of the two attitudes toward a parent brand, the attitude toward an extended brand is also intentionally divided into two parts, including affect as well as an objective evaluation of multiple attributes in the same sense as those for a parent brand.

Brand Extension

Many brand extension researchers have studied how consumers' attitudes toward extended brands are formed by focusing on the role of attributions of parent brands. Researchers focused on the affect transfer, which explains the consumer attitude and behavior toward luxury brand extensions. For instance, Boush et al. (1987) found that when consumers evaluate extended brands, they tend to rely on the affect toward parent brands. From the other perspective, Aaker and Keller (1990) suggested that consumers utilize their cognitive evaluation on parent brands when deciding their attitude toward the extended brand. Furthermore, Park and Srinivasan (1994) confirmed the effects of both functional attribute and non-attribute components on consumers' attitudes toward brand extensions. Bhat and Reddy (2001) suggested that consumers may use both tangible and intangible attributes of the parent brand when they evaluate new extended brands. In past studies, researchers found that positive attitude toward the parent brand may have a positive influence on the evaluation of the extended brand. Knowledge and perceived quality of the parent brand also have a positive impact on attitude toward brand extension (Bottomley

and Doyle 1996; Sunde and Brodie 1993). Likewise, Aaker and Keller (1990) showed a high level of abstraction of perceived quality about parent brands in the formation of attitudes toward brand extensions.

The main purpose of this paper is to develop a conceptual framework that gives a better understanding of luxury brand extension. Based on the review of literature, this research suggested that the affect toward parent brands may have a positive impact on attitudes toward the luxury brand extension. Since positive attitude toward the parent brand may influence the affect toward the extended brand, it may also influence the perceived fit of brand extension. When considering the impact of the affect toward both parent brand and extended brand, the authors proposed that luxury fashion brand extension follows the conceptual framework of this study.

These are briefly presented in the following.

H1: Affect toward parent luxury brand is likely to transfer perceived quality of the parent brand.

H2: Affect toward parent luxury brand is likely to transfer affect toward the extended brand.

H3: Perceived quality toward parent luxury brands is likely to transfer evaluation of specified attributes toward extended brands.

H4: Affect toward parent brands is likely to positively influence on the perceived fit between parent brands and extended brands.

H5: Affect toward extended brands is likely to positively influence on the perceived fit between parent brands and extended brands.

The Perceived Fit and Luxury Brand Extension

Another element of this study that gives a clear understanding of luxury brand extension is the perceived fit. Although consumers may have a positive attitude regarding a parent brand's affect and have a positive assessment of the extended brand, the procedure of how these two ascendants influence the final purchase decision is important. In this light, some research has been interested in the consistency between parent brands and extended brands in the attitude formation process. Consistency was defined as fitness, being determined by relevantly shared associations between a parent brand and the extended brand (Keller 1993). As Muromaa and Saari (1996) pointed out, upon general agreement about the crucial role of fitness in consumers' brand extension evaluation, a clear concept of fitness has been debated, introducing several dimensions. Consistency was approached from a variety of perspectives, such as the consistency of the extension compared to the existing belief about the parent brand (Loken and John 1993), specified fitness with regard to a product benefit level like the brand concept (Park et al. 1991), and an objective product feature level like product category (Broniarczyk and Alba 1994; Boush and Loken 1991).

The influence of perceived fit on attitude toward the extended brand has been tested in three ways as antecedents, moderators, and mediators in the relationships between attitudes toward parent brands and extensions (Sunde and Brodie 1993). To illustrate this, Boush and Loken (1991) made out that in the transferring process from affect associated with the original brand attitude toward the extension, this transfer can occur directly only when the category similarity between the two brands is high. Grime et al. (2002) found that perceived fit influences extensions directly as well as the parent brand. Volckner and Sattler (2004) identified the mediating effect of perceived fit on success of extension brand along with parent brand knowledge, involvement and perceived quality.

According to the results of Park et al. (1991), fashion luxury branding has to do with brand image rather than the fitness, since consumers may prefer image based brands' extension to functional brands' ones. Therefore, the author adopts the perceived fit in a brand image level as an important variable to influence the evaluation of the extended brand. However, there is little literature on the subject about luxury fashion brand extension. Therefore, this study presents a practical approach in consideration of significant elements which increase customers' positive attitude toward the luxury brand extension.

In the context of brand extension, evaluation of the extended brand has been defined and measured in several ways. For instance, consumer judgment of extensions was affected as perceived quality (Dacin and Smith 1994). Keller (1993) defined consumer evaluation of extensions as brand associations in terms of physical features, abstract benefit, and overall evaluation. Based on these definitions, this research hypothesized that consumers have a tendency to access the extended brand based on affect and perceived fit regarding the brand extension. Affect toward the specific brand is a relatively subjective perspective, while evaluation toward brand attributes came from objective points like perceived quality. Therefore, it is meaningful to explore how the relationship between perceived fit and evaluation of brand extension influences shopping intention. Current research attempted to articulate consumers' evaluation about extended brands with the assumption of consumers' assessment of attributes for extended brands based on their subjective evaluation of the attributes. The list of attributes to be judged by consumers was adopted from Wang and Heitmeyer's recent work (2006), which was related to important attributes when evaluating fashion brands. Moreover, the measured attitude and evaluation was extended to purchase intention following Fishbein and Ajzen's (1975) Theory of Reasoned Action (TRA). TRA has also been established by many empirical studies: attitude toward a certain object seems to build purchase intention, culminating in an actual purchase.

H6: Perceived fit is likely to positively influence on the affect toward extended brands as well as extended brands.

H7: Evaluation on attributes of extended brands may positively influence on purchase intention on extended brand.

Method

In order to test the hypotheses, a self-administered questionnaire was chosen for this research. Data was collected randomly selected general consumer panel from company which has national samples. The five original brands were selected with regard to the need to introduce real, existing brands to brand extension studies (Czellar 2003). These five brands were selected because of their relevancy and high brand recognition: Armani exchange, CK Jean, DKNY, D&G, and Miu Miu. As the study employed actual brands rather than fictitious brands, the findings of this research are important to understand the process of evaluation of brand extension.

Measurement

This study measured affect toward the parent brand and extended brand from Bhat and Reddy's study (2001). When it comes to the scales for the specified attribute evaluation on extended brands, ten items were adapted from Wang and Heitmeyer's research (2006) for participants to judge various important attributes of luxury apparel brand. The perceived brand fit came from Bhat and Reddy (2001). In order to assess purchase intention on extended brands, Dabholkar and Bagozzi's (2002) two items were adapted. To measure the effect of the perceived quality of the parent brands, three items was utilized, adopted from Volckner and Sattler (2004). All measures use a 7-point scale ranging from 1 (strongly disagree) to 7 (strongly agree). Cronbach's alpha was calculated and the results showed alpha values greater than 0.70, good for basic research, assuring that the scales in this research can be applied for the analysis (Nunnally 1978). A total of 138 students participated in this research. The participants for this study consist of 27.4 % males and 72.6 % females.

Results

In this study, the authors examined the role of affect toward parent brand on evaluation of the extended brand by proposing the conceptual framework of individual affect and perceived fit of brand extension. The hypothesized relationships between affect of parent brand and extension evaluations were analyzed through structural equation model (SEM) with its measurements. The test variables consist of five variables regarding brand extension: affect toward parent brand, affect toward extended brand, perceived fit of both brands, evaluation of extended brand, purchase intention of extended brand. In order to verify model fit, several model fit measures are required to determine whether the model is appropriate. Given the information provided in Table 2, this model indicated 1.948 as the χ^2/df value, which is below the desired cutoff value of 3.0 suggested by Bollen and Long (1993). In terms of GFI, this model actually failed to satisfy the required level above 0.9, whereas its

Table 1 Means, standard deviation, construct inter-correlations and Cronbach's α

Variable Name/No. items	Mean	Standard deviation	APB	PQPB	PF	AEB	EAEB	PIEB	Cronbach' α
APB/2	5.5904	1.13509	1						0.800
PQPB/3	5.3741	0.95459	0.653**	1					0.748
PF/2	5.0685	0.93712	0.589**	0.674**	1				0.767
AEB/2	4.9452	1.13213	0.449**	0.376**	0.601**	1			0.875
EAEB/10	3.1191	0.74651	0.473**	0.472**	0.614**	0.640**	1		0.912
PIEB/2	4.8767	1.25103	0.419**	0.325**	0.502**	0.862**	0.609**	1	0.752

APB affect on parent brand, PQPB perceived quality of parent brand, PF perceived fit, AEB affect toward extended brand, EAEB evaluation on attributes of extended brand, PIEB purchase intention on extended brand

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

Table 2 Structural equations results

Model Fit	χ^2	χ^2/df	GFI	AGFI	CFI	RMSEA		
	189.001	1.948	0.861	0.805	0.930	0.084		
			Estimates					
			C.R.					
Results of hypothesized paths	H1: APB	→	PQPB	0.962***	7.666			
	H2: APB	→	AEB	-0.044	-0.284			
	H3: PQPB	→	EAEB	-0.309	-1.771			
	H4: APB	→	PF	0.731***	5.721			
	H5: AEB	→	PF	0.974***	5.397			
	H6: PF	→	EAEB	1.015***	5.323			
	H7: EAEB	→	PIEB	-0.171	-1.729			

p<0.05; *p<0.01

AGFI was 0.805, which is greater than the satisfactory level of 0.8 for AGFI (Hayduk 1987). When it comes to CFI, it indicated 0.930, which is above the recommended cutoff level of 0.9. However, the RMSEA value was 0.084, which is somewhat higher than the required criteria of 0.08 (Browne and Cudeck 1993). Even though some criteria could not qualify at a recommended level, the failed interval was relatively small. Additionally, as the others successfully satisfied the recommended level based on the literature, the current model can be accepted as having a reasonable fit with these multiple fit indices, which are shown in Table 1.

With regard to two proposed influences of affect toward parent luxury fashion brand (APB), the effect on the perceived quality of parent brand (PGPB) ($\beta=0.962$; t-value = 7.666) as well as perceived brand image fit (BIF) ($\beta=0.731$; t-value = 5.721) was significant. Meanwhile, the results indicated that APB failed to transfer directly to affect toward extended brands (AEB) ($\beta=-0.044$; t-value = -0.284). Moreover, it appeared that PQPB did not have a significant influence on evaluated the level on attributes of the extended brand (EAEB) ($\beta=-0.309$; t-value = -1.771).

Given that the two direct effects of parent brands had been shown as rejected, the proposed influences of BIF on AEB ($\beta=0.974$; t-value = 5.397) as well as on EAEB ($\beta=1.015$; t-value = 5.323) were accepted significantly at 0.01 significant levels. This result indicated that the effect of APB on perceived judgments toward extended brand was mediated by BIF. Lastly, when it comes to forming a purchasing intention on the extended brand (PIEB), while AEB had a strong and significant impact ($\beta=1.105$; t-value = 9.359) on PIEB, EAEB did not have a significant relationship with PIEB ($\beta=-0.171$; t-value = -1.729) as shown in Table 2.

Conclusion and Implication

Brand extension literature has been deployed to develop a conceptual framework, including elements which affect brand extensions. Nevertheless, past researchers in brand extension related areas have utilized an experimental design with made up

extensions of well-known brands (Czellar 2003). Those studies might well contribute to build a conceptual framework identifying significant factors and relationships from an academic perspective; however, they are still needed to be confirmed in the luxury industry. Additionally, when it comes to the academic research of the fashion industry, the significance of brand extension studies has been even neglected even though brand management is regarded as one of the most important factors for marketers. Under these academic needs, this research attempted to develop a conceptual framework for explaining luxury brand extensions. As luxury fashion brands own a symbolized quality itself, the affect toward the parent brand is anticipated to transfer. As expected, SEM analysis showed that the affect transfer appeared to dominate the brand extension process of fashion brands. Although affect toward parent fashion brands failed to transfer directly to affect toward extended brands, the stronger impact of affect toward parent brands succeeded to influence indirectly through perceived fit.

Moreover, consumers' purchasing intention on extended brands appeared to be determined by the perceived fit between the parent brand and extended brand. This result can be interpreted as consistent with the generally admitted fact that fashion brands are based on well-established image and effect, and this is even more obvious in the case of luxury fashion brands. Meanwhile, the result that the factor appearing to directly contribute to form the affect toward extensions is not the affect toward parent brands, but the perceived fit, suggested that even consumers who actually love the parent luxury brand may be reluctant to buy its second line if it fails to represent the symbolic image of the parent brands. This result is consistent with the image congruence hypothesis of Grubb and Grathwohl (1967), in which consumers tend to evaluate product features by interpreting the meaning of products.

This study provides relevant and crucial information for marketers who are willing to extend their original brands; however, this research has a limitation related to the survey method, which included a student sample even accepting that the extended brand consumer target is in its twenties. The modified framework can be subsequently used to develop concrete research propositions to guide further research in the area; for example, studying the brand extension to different categories like accessories, cosmetics, furniture, or jewelry. Likewise, experimental studies using fake extensions can be designed and researched for generalization of this study's conceptual framework.

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Purchase Intention of Socially Responsible Apparel Goods: Investigating Consumers Cross-Culturally

Ji Hye Kang and Joy M. Kozar

Introduction

In the 21st marketplace, companies are under increasing pressure from multiple stakeholders to be socially responsible (SR). However, as part of the apparel and textiles (AT) business literature, very few studies exist examining the relationship between CSR and apparel purchasing behavior (e.g., Dickson 2000; Madrigal and Boush 2008; Norum and Ha-Brookshire 2011). As such, it is our intention to contribute to a better understanding of consumers' decision making process to engage in SR apparel purchasing behavior, noting cross-cultural differences among consumers. According to Hofstede (1991), consumer behavior and business practices are culturally bound. Thus, CSR and consumer behavior toward CSR should be cross-culturally investigated to deepen the interpretation of the relationship between CSR and consumer behavior. To date, most CSR studies related to consumer behavior have been examined within a single country and very few studies have compared CSR activities cross-culturally.

To address the limitations of previous research on this topic, this study proposes a research model based on the ABC (affect-behavior-cognition) model of attitudes and TRA (Theory of Reasoned Action) and tested ten hypotheses proposed in the model with cross-cultural data collected in the U.S. and Korea. In the model, media effects and educational effects are included as the antecedents to evaluate the relative impact of each antecedent on consumer cognition and affect, resulting in influencing purchase intention toward SR apparel products. Cultural values (individualist

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and collectivist perspectives) are considered as moderating factors affecting the strength of relationships among constructs. The impact of subjective norm on purchase intention toward SR apparel products is also evaluated cross-culturally.

Research Model and Hypotheses

Existing studies have confirmed the impact of mass media on consumers' cognition and affect toward objects. For example, Kang et al. (2010) found that the level of exposure to mass media is positively related to positive beliefs of global apparel brands. Similarly, the effect of mass media, primarily advertising, on consumers' emotions has been supported in previous marketing literature; mass media appeals in social marketing and advertising have been found to elicit feelings of fear, guilt, shame, and humor (Brennan and Binney 2010; Lee and Lim 2008). As such, we propose that:

H1a: The level of exposure to mass media containing SR information is positively related to the cognition toward SR apparel products across countries.

H1b: The level of exposure to mass media containing SR information is positively related to the positive affect toward SR apparel products across countries.

H1c: The level of exposure to mass media containing SR information is positively related to the negative affect toward SIR (socially irresponsible) apparel products across countries.

Although previous CSR research has not empirically examined educational effects on cognition and affect, it is a reasonable assumption that education containing SR apparel business practices can positively influence consumers' cognition toward SR apparel products. In other ethical consumer literature, scholars have suggested that anti-counterfeit education such as educational campaigns (e.g., Kim and Karpova 2010) can be beneficial for deterring the demand of such goods by increasing cognition-related elements such as knowledge and awareness of counterfeit goods. Similarly, educational experiences are also expected to impact consumers' affect toward SR apparel products as SR business information contains many social issues eliciting emotional responses, such as issues of child labor and animal testing. Therefore, we propose that:

H2a: The level of education containing SR information is positively related to the cognition toward SR apparel products across countries.

H2b: The level of education containing SR information is positively related to the positive affect toward SR apparel products across countries.

H2c: The level of education containing SR information is positively related to the negative affect toward SIR (socially irresponsible) apparel products across countries.

In the consumer literature, cognition including knowledge and awareness of a product and affect toward a product has been confirmed as strong determinants of consumer purchase intention of the product. SR apparel literature also cites evidence

that the more knowledgeable consumers are about SR apparel businesses, the more likely they are to support such firms (Dickson 2000). This study proposes a significant relationship between consumer affect and purchase intention, as SR issues involve several emotion-inducing scenarios, including those related to child labor and animal testing. However, depending on cultural values such as individualism and collectivism, the impacts of cognition and affect on behavior are expected to vary. Under individualist societies (e.g., the U.S.), emotions are viewed as internal and subjective feelings and rational analyses of the advantages and disadvantages of associating with others are emphasized (Triandis 1995); thus, cognition rather than emotion is more developed toward social relationships (Kumar and Worm 2004). In contrast, under collectivist societies (e.g., China and South Korea), emotion is reflective of interpersonal relationships which is emphasized in collectivist cultures. One study found that the effect of emotional response on behavior was stronger in collectivist societies as compared to individualist societies (Kang and Jin 2012).

Expanding on this notion, we expect that the effect of cognition and affect on behavior toward SR apparel is moderated by the level of individualism (the U.S. in this study) and collectivism (Korea in this study). As such, we propose that:

H3: Cognition toward SR apparel products is positively related to purchase intention across countries, with the relationship stronger among the U.S. sample as compared to the Korean sample.

H4: Positive affect toward SR apparel products are positively related to purchase intention across countries, with the relationship stronger among the Korean sample as compared to the U.S. sample.

H5: Negative affect toward SIR (socially irresponsible) apparel products are negatively related to purchase intention across countries, with the relationship stronger among the Korean sample as compared to the U.S. sample.

In the SR literature, Schlegelmilch and Grube (2011) discovered that subjective norm is a determinant of consumer purchase decisions on SR products. It is conceivable that the effect of subjective norm on consumer behavior could vary depending on cultural values. Collectivist cultures place greater emphasis on interdependence among people and social pressure on individuals' behavior than individualist cultures (Lee 1990). Given this information, the last hypothesis is proposed as:

H6: Subjective norm is positively related to purchase intention across countries, with the relationship stronger among the Korean sample as compared to the U.S. sample.

Methodology

Data was collected from students attending two universities in the U.S. and three universities in Korea. A total of 164 U.S. respondents and 217 Korean respondents participated in this study. The ages of participants ranged from 18–29 years of age. Among both samples, the majority of participants were female (81.2 % of U.S. sample; 73.7 % of Korean sample). Seven constructs in the research model were

measured by items developed based on previous research. Data was analyzed using Lisrel 8.80.

Results and Discussions

National-Level Analysis

To access dimensionality and discriminant validity of the constructs for both the U.S. and Korean data, a confirmatory factor analysis (CFA) was conducted for each country separately. The measurement model yielded an acceptable fit in both countries. All construct reliability (CR) and average variance extracted (AVE) estimates in each sample surpassed the recommended levels of 0.70 and 0.50, respectively (Hair et al. 1998), providing evidence of internal consistency and convergent validity. Discriminant validity among the constructs in each sample was also evidenced. Thus, evidence provided support for a 7-factor model separately in each of the U.S. and Korean samples.

Measurement Invariance Test

Following Steenkamp and Baumgartner (1998), a two-group CFA was performed to examine cross-national invariance of the measurement model (configural and metric variance). Configural invariance is evidenced with acceptable of a multiple sample which holds the factor structure (e.g., 7 correlated factors) equivalent across both samples but allows all parameter estimates (e.g., factor loadings) to freely vary. This model provided reasonable fit ($\chi^2=2248.68$ ($df=895$), $p\text{-value}=0.00$, RMSEA=0.09, CFI=0.93, SRMR=0.07) and all factor loadings for both the U.S. and Korea were significant. Thus, configural invariance was supported. Metric invariance demands that factor loadings be equal in both samples. Metric invariance is attained when a chi-square difference between the model allowing for configural invariance (where factor loadings are allowed to vary) and the more restricted model (where all factor loadings are constrained to be equivalent across two samples) is non-significant. In our case, the chi-square difference was not significant at $p<0.001$ ($\Delta\chi^2=29.47$ ($df=25$)) and metric invariance was confirmed.

Structural Relationships at National and Multinational Levels

To simultaneously test whether the structural relationships in the research model are tenable for both samples, a model equivalence test across the samples was conducted (Singh 1995). The χ^2 deference statistic was evaluated between a fully unrestricted model and a fully restricted model. The test was not significant at $p<0.05$ with $\Delta\chi^2=14.01$ ($\Delta df=10$), indicating that the structural relationships are invariant across the U.S. and Korean samples.

To evaluate each structural relationship in each country sample, structural model tests were conducted with each sample separately. The fit indexes of structural model test in each country were acceptable overall ($\chi^2=1212.01$ ($df=452$), $p\text{-value}=0.00$, RMSEA=0.07, CFI=0.96, SRMR=0.15 for the U.S. and $\chi^2=1156.23$ ($df=452$), $p\text{-value}=0.00$, RMSEA=0.07, CFI=0.95, SRMR=0.10 for Korea).

As a result, the effects of mass media on cognition ($\gamma=0.34$ for the U.S. and $\gamma=0.28$ for Korea), positive affect ($\gamma=0.23$ for the U.S. and $\gamma=0.24$ for Korea), and negative affect ($\gamma=0.36$ for the U.S. and $\gamma=0.28$ for Korea) were significant across countries and in each country, supporting H1a, H1b, and H1c. The effect of education on cognition ($\gamma=0.20$ for the U.S. and $\gamma=0.27$ for Korea) was significant across countries and in each country, indicating support for H2a. The effect of education on positive affect was significant across countries and in the Korean sample ($\gamma=0.29$), but the relationship was not significant in the U.S. sample, partially supporting H2b. Moreover, the effect of education on negative affect was not significant in both samples. The strongest relationship in the model was found between cognition and purchase intention ($\beta=0.55$ for the U.S. and $\beta=0.19$ for Korea). A stronger impact of cognition on purchase intention was observed for the U.S. sample, supporting H3. This result is consistent with previous research indicating that consumers in individualist cultures (the U.S.) are more dependent on cognition for their behavior. The effect of positive affect on purchase intention was supported overall, but only for the Korean sample ($\beta=0.35$), providing partial support for H4. However, the result also confirmed the notion that emotion is more likely to influence consumers in collectivist cultures (Korea) compared to consumers in individualist cultures. However, no significant relationship between negative affect toward socially irresponsible apparel products and purchase intention of SR apparel product was found, thus H5 was not supported. Interestingly, the effect of subjective norm on purchase intention was significant across countries and in the U.S. sample ($\beta=0.33$), but not significant in Korean sample, partially supporting H6. This result may be attributed to the different social environments of the countries. SR apparel businesses are only beginning to emerge in South Korea. This initial stage of SR apparel businesses may lead to less influence of social pressure among Korean consumers.

Conclusions and Implications

This study contributes to a greater understanding of consumers' decision making and engagement in SR apparel purchasing behavior, particularly as it relates to understanding the effect of mass media and education. Another main contribution of this study was to provide a framework to deepen the cross-cultural interpretation of consumers' decision making process toward SR businesses. These findings are useful to apparel firms with a strong commitment to SR and seeking to establish a strong rapport and differential advantage in the global marketplace.

References: Available upon request

Towards a Model of Strategic Charity Rebranding Process: A Managerial Perspective

Zoe Lee

Introduction

Nonprofit organizations play a vital role in public services reform agenda, with the potential to contribute flexible, innovative user-engagement in the delivery of public services (Cairns et al. 2005; Charity Act 2006; HM Treasury 2007). However, in the economic downturn and increasingly competitive, the quality of this service may be jeopardised due to limited pool of resources to carry out its social mission (Ryan 1999). Managers are urged to seek new strategy to generate funds and corporate brand is at the forefront of efforts to establish competitive position (Hankinson 2001). There are many evidences of press articles on charity rebrands (Basini 2012; Kean 2012; Weakley 2012), yet a review of the research literature found little empirical testing of process (Hankinson and Lomax 2006; Crosby 2009).

Prior studies suggest that nonprofit organizations' brands play a critical role in attracting donation income and volunteers (Hankinson 2002; Sargeant et al. 2008). Brand orientation refers deliberate approach of putting the brand at the centre of an organization's decision making process to achieve its competitive advantages. Brand orientation is generally distinguished from market-orientation because it takes an inside-out perspective and clearly connects the brand to the culture and identity of the organization (Baumgarth 2009; Urde 1994; Wong and Merrilees 2005). Adopting this approach will allow organization to achieve positive performance outcomes (Hankinson 2001; Ewing and Napoli 2005; Gromack and Melin

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2011). This has also been widely studied in the context of NPOs (e.g. Ewing and Napoli 2005; Hankinson 2000). Despite the considerable amount of research done on this area, three knowledge gaps remain. This research attempts to addresses these three knowledge gaps.

First, this study contributes to the existing research on corporate rebranding (e.g. Muzellec and Lambkin 2004; Lomax and Mador 2006; Miller and Merrilees 2013) by providing a theoretical logic for understanding this phenomena in the nonprofit context. We set to understand how corporate rebranding process works in the non-profit context that integrates corporate identity theory (van Riel and Balmer 1997) and leadership theory. Second, past research studies offer prescriptive principles of corporate rebranding and elaborating on the tensions in managing the process (Gotsi and Andriopoulos 2007; Merrilees and Miller 2008; Lee 2013). Few studies have explored the intermediate mechanisms explaining the process where meeting expectations from multiple stakeholders is critical factor for success. Third, the recent literature on internal brand management has recognised the critical role that leadership plays in facilitating the management process (e.g. Morhart et al. 2009). However little is researched in terms of style and nature of leadership in managing a change in mission-driven organization. This study contributes to the existing pool of knowledge on brand orientation and corporate rebranding with regard to nonprofit sector.

Methodology

In this study, we used qualitative and inductive approach (e.g. Eisenhardt 1989; Strauss and Corbin 1998). Semi structure interviews were the main sources for data for the present study, because asking open-ended questions is appropriate to elicit opinion and attitude data from informants (Miles and Huberman 1994), particularly in exploring the process of rebranding. Sampling of this study covers two levels: organizational and individual. At the organizational level, ten charitable organizations were selected based on the logic of purposeful sampling (Lincoln and Guba 1985). The sampling of organizations was facilitated by reviewing recent trade journals and third sector publications, of organizations which had rebranded in the last 5 years and 4 pilot interviews with design consultants/agencies who are expert in facilitating rebranding process. This is important as these consultants are industry expert and able to give a sense of what these charitable organizations hope to achieve through a rebrand exercise and more importantly give a generic view of patterns across the whole sector. Size, cause and the degree of change were used a major criteria in selecting the ten charitable organizations for this study. In this sample, two nonprofit organizations rebranded as a result of merger, another two nonprofit organizations involved in minor changes and six nonprofit organizations involved a name change. The names of these charities are disguised in the findings section. At an individual level, senior managers who are responsible for managing the rebranding exercise were selected at each organization for interviews. The interviews ranges from 60 to 90 min are taped and transcribed. To allow triangulations, we also use

archival data sources such as organizational documents, launch booklets, press releases and observations during visits to the head office of each organization. Cross case analysis looked for both commonalities and differences between the case examples.

Findings and Discussion

Our proposed model extends the conventional corporate rebranding models (e.g. Muzellec and Lambkin 2004) by incorporating the stages of 'reimaging', 'stakeholder identification' and 'stakeholder responses'. Illustrates the process model of charity rebranding process. The model focuses on the process of connecting and aligning corporate identity with stakeholder perceived image, stakeholder identification and stakeholder responses. This process model extend the Muzellec and Lambkin's (2004, p. 820) internalisation and externalisation process. Compared to existing framework, our process model has two unique features. First it emphasises the interaction between corporate identity and perceived image as a starting point for corporate reimaging stage. Second, brand heritage is an important element in the rebrand process as it legitimises the organization's existence (Beverland 2009; Urde et al. 2007). The corporate identity and stakeholder perceived image interaction is important for corporate identity and reimaging interface. In our data, senior managers recognise the importance of having favourable brand image and meeting external stakeholders' expectation. However, these expectations may be inconsistent with existing staff. One brand manager illustrated that "so externally people thought we were a really effective organization...trying to find a cure for hearing loss, internally they didn't" (Brand manager at hearing loss charity). Another manager comments that "it's complete disparity between what we're perceived as, what're projecting and who we really are..." (Senior marketing officer, medical research charity). Many scholars advocate that identity is socially constructed via interaction between company and its stakeholders (Scott and Lane 2000). Thus, stakeholders' perceived corporate image is also constructed via their behavioural and symbolic interaction with the nonprofit organizations. Based on such interactions, stakeholders can access the degree of identification with the organization.

In this reimaging phase, senior management teams including chief executive officer (CEO) and trustees engage in a rigorous exercise of re-visioning, re-evaluate existing values and mission. It is important for nonprofit organizations to be flexible and adaptive. One executive argued they need to stick to their heritage but also sensitive to the needs and wants of external stakeholders. Hence, the original brand orientation approach has to adapt to what other stakeholders' wants (Urde et al. 2011), for example "...heritage obviously was a big thing with the Methodist audience but the nervousness around changing our name with the children's service audience, it did really come down to income with local authorities, whether we'd still win all those contracts (Brand and advertising manager at children charity).

Following the stage of reimaging, we found an overly favourable approach to revolutionary change. The connection between the brand, the organizational strategy, and identity meant the rebranding was never a simple exercise. A change in brand name is often involved in the revolutionary change as this is seen as the most visible brand element for stakeholders. This strategy is regarded as high risk as it may lead to destroying existing brand equity (Gotsi and Andriopoulos 2007; Muzellec and Lambkin 2006). In our research, we found that in every case, it was part of a wider change that was for the most part more than evolutionary adjustments, even when that was how those involved originally saw it: “technically, it was an evolution because we were respecting our heritage … we didn’t change our logo, we didn’t change our values [but it] feels more like a revolution –we talk about ourselves in a different way from this point on” (Head of corporate communication at Overseas Aid charity).

The idea of revolutionary or radical rebranding is typically associated with major changes to the brand name and visual identity, and while for some this was the surprising outcome of the whole strategic review—“we never thought we’d change our name, never!” (Brand manager at Hearing loss charity)—for others, small changes to visual identity reflected far reaching changes to the organization’s identity. In one particular charity, the initial vision of the CEO was to ‘refresh the logo’, but changes in the governance of the organization and a mismatch between identity and the image perceived externally led to a complete overhaul of the brand. The result was: “a huge change! It’s a huge change … we’re dropping the ‘The’!. Believe me, it may be a small thing to you, but to us it is huge! (Senior marketing officer at medical research charity).

The ‘huge change’ is because in this, and the other organizations in the study, the visual outcome of rebranding represents a major review of the organization’s purpose, identity and strategy. In some cases, particularly where there is a strategic imperative to rebrand, such as a merger, this was anticipated, but in many others the process began with the sense that it would be “just a tweak”, but that it soon caused the organizations to address fundamental questions of “who we are as an organization”. We found that several recognised this as a process that has not yet finished, and that rebranding may require the organization to “revisit our values” (Brand manager at disability charity).

Although employees play an important role in ‘living the brand’, a transformational leader who is visionary and inspirational (Mitchell 2002; Vallaster and de Chernatony 2005, Vallaster 2006) is crucial in ensuring the success of implementing the rebrand process. Our data shows the role of chief executive if crucial in the process of rebranding, involving the dual role of ‘sensemaking’ and ‘sensegiving’ (Gioia and Chittipeddi 1991). During periods of sensemaking, the role of the chief executive is to make sense of the unfolding changes, which requires the ability to sense stakeholders’ concerns, to listen and to explain. At other times, the role of the chief executive is in sense giving, communicating vision of the rebrand, making sense of it for stakeholders. This will help different stakeholders to re-identify with the organization, ‘living’ the corporate brand (Stuart 2012). We found both these roles were crucial for the success of the rebrand and found that CEO’s went to

considerable lengths in communicating to make or give sense, including undertaking extensive road shows and using social media.

In managing change such as rebranding process, staff engagement is important to allow ‘buy-in’ to an organization’s brand value. Managers need to find ways to align the organizational subculture with it. Our findings show that this should be initiated as early as possible in the process. Employee who works for nonprofit organizations are motivated by values which may be very similar to the organizational values. Changes to this would certainly trigger strong reactions.

Conclusion

Nonprofit organizations are becoming more professional in their conduct and their approach to branding discourses within the organizations. We find that charity rebranding is a strategic issue and is likely to be revolutionary. Indeed it is more complex as compared with other corporate rebrand as nonprofit organizations have to meet expectations from different stakeholders and at the same time protecting its identity. In practice, nonprofit rebrand is not just a simple name change and the ‘new’ identity should be meaningful and legitimate. Our exploratory findings provide further understanding of a strategic charity rebranding process and the critical roles that leadership plays in moderating this process and how brand heritage can help to shape the change.

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Effects of Ewom Campaigns with Rewards from the Perspectives of Givers and Receivers

Tengchen Chiu, Mai Kikumori, and Akinori Ono

Abstract This paper investigates how electronic word of mouth (eWOM) campaigns with rewards influence customer intention to post a review as eWOM givers and eWOM credibility with receivers. Recently, eWOM campaigns in which manufacturers and retailers give some rewards to customers for posting a review have come to be often seen on their websites. Although a considerable amount of research has been conducted focusing on eWOM, few studies treat this kind of campaigns.

In this study, we utilized the cost-benefit theory to examine what kind of reward of eWOM campaigns may increase consumer intention to post a review. We identified three reward characteristics—monetary value, availability in market, and winning rate—and proposed three hypotheses.

With a laboratory experiment using a fictitious e-retailer's website with an eWOM campaign, we asked participants about their intentions to post reviews. The results of ANOVA showed that consumer intention to post a review is higher when the reward has higher value, is difficult to get in the market, and/or has higher winning rate.

On the other hand, we utilized attribution theory to investigate eWOM credibility with eWOM campaigns. We presented fictitious e-retailer's websites with/without an eWOM campaign to respondents and asked them the degree of credibility of eWOM. The result of *t*-test suggested that when reviews are perceived to be posted as a result of eWOM campaigns, receivers could perceive eWOM credibility to be lower.

This study indicates that the reward with higher value increases the amount of reviews. However, a website with an eWOM campaign makes the eWOM less trustworthy. Manufacturers and retailers should try to subtly display the information of eWOM campaign. Otherwise, an eWOM campaign may become an ineffective way of promotion.

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Differential Impact of Price Demands in B2B Relationships

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Abstract Manufacturers in several industries frequently demand downward price adjustments from their suppliers. While such “unpopular” tactics can often deliver cost benefits to manufacturers, they are also viewed by many as being detrimental to quality supplier–customer working relationship. In this study, the researchers seek to find out whether such downward price pressure can co-exist with good supplier–customer relationship. A model of supplier–customer relationships with price pressure built into it was assessed using responses collected as a part of ongoing research on multiple industrial markets in North America, Europe, and Asia. For the specific purposes of this research, data collected from suppliers to OEMs in the automobile industry and other select B2B markets were analyzed. Separate data sets collected from suppliers to manufacturers of heavy vehicles and from suppliers to manufacturers of light vehicles were used to test the multi-group stability of the structural relationships within the model. The results of this research indicated that price pressure and good relationships can coexist. The manner in which relationships are managed can overcome the possible adverse impact of price pressure. The above two data sets as well as similar data sets from other select B2B markets exhibited a largely similar pattern of relationships, although specific structural linkages varied in relative strength.

References: Available upon request

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Social Networks and Online Advertising: Should Companies Promote Their Brand Fan Page or Their Brand Website?

Jean-Eric Pelet, Saïd Ettis, Salma Hammami, and Alexandre Schwob

Abstract The use of social network systems as an advertising medium is an important issue that remains poorly investigated in academic research. Social networks, such as Facebook, offer companies the possibility to communicate through banners either with links to an ad that brings consumers to the “fan page” of their brand on the social network system, or with a link to a brand website which is external to the social network. In this research, we investigate the effectiveness of these two options from the user perspective. Our investigation addresses users’ attitude, perceived credibility, irritation, perceived originality, liking toward the ad and intents of purchase toward the related brand. Data was collected using an online survey. Results show that advertising the “fan page” of the brand is better perceived than advertising the brand website. Banners with links to the “fan page” of the brand are indeed perceived as less irritating and more original. Moreover they generate higher approval and a more positive attitude toward the brand. All this in turn encourages intention to purchase and recommend the brand. Theoretical and managerial implications of these findings as well as limitations and future directions for research are discussed.

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Introduction

Social networks (or social media or SN) such as Facebook, Twitter, LinkedIn or ASmallWorld, have become an important part of the social and professional life of hundred millions of people. In October 2013, Facebook had 1.19 billion monthly active users (which have logged in to Facebook during the last 30 days) (Statista 2013a) and about 500 million people interact daily with it (Kross et al. 2013). Social media accounts for 18 % of time spent online (ComScore 2012). Facebook accounts for 90 % of all time spent on social-networking sites (Lipsman et al. 2012). In 2012, Facebook earned a total of 4.3 billion U.S. dollars in worldwide advertising revenue (Statista 2013b). Facebook advertising has also been considered as more effective and less expensive than other search pay-per-click promotions (Bushey 2010). Thus, companies have to see SN as a primary advertising medium for their digital strategy.

Many previous studies investigated the social network adoption (Li 2011; Mansumitrchai et al. 2012). Understanding what drives consumers to appreciate or reject advertisements on social network sites will help to fill this gap in the literature, and supports companies' efforts to reach prospects or their existing customers.

Given the popularity of the use of SN as an advertising medium, the issue of the perception of advertisements by Internet users in these contexts has surprisingly been rather scarcely investigated. Considering SNs like Facebook, advertising can be done through banners that can either promote a brand fan page or a brand website. The fan page is a page located in the social media that is managed by a brand and that enables brands to communicate with their fans directly thanks to a community manager for example. Marketers put a lot of effort to make fans communicate on the page. Major companies like Coca Cola, Red Bull, Starbucks and Converse have tens of millions of Facebook "fans" (Statista 2013c). Next to this, traditional company's websites could be reached: they bring information about the company, can be interactive, but are external to SN.

In this context companies can either choose banners bringing consumers to the fan page of the brand, or they can consider banners that promote the brand website. In our research we suppose that these two types are not perceived in the same way by Internet users, and because of this, the choice between these two options represents an important decision for the company.

Based on our review of the advertising and online advertising literature, this research investigates the efficiency of these two options from the user perspective. Our contention is to clearly determine whether users prefer banners that lead them to the brand fan page or to the brand website. Our aim is to see which of these two options will best support the perceived credibility, liking and originality of the advertising, and will minimize irritation. We go further by investigating which of these options is the best according to the general approval they generate, and for enhancing both purchase intentions and recommendations.

Theoretical Framework

Online Advertising on Social Networks

Nowadays, companies increasingly consider the opportunity to use SNs in their advertising strategy. SNs have indeed been recognized as a powerful tool allowing marketers to target the online population according to various criteria such as age, sex, but also consumer habits and interests for certain brands. SNs are no longer used only by generation Y; they rather concern almost everyone, whether consumers or companies (Kaplan and Haenlein 2010). SN assumes online participation related to the writing or the downloading of content, but SN use can also imply the sharing of files and opinions. The participation in conversations allows Internet users to exchange their experiences and to share their impressions and feelings about brands. With the emergence of this phenomenon and the ongoing exchanges, Internet users have access to friendlier advertising production tools allowing them to create non professional, but sometimes very efficient content (Teixeira 2009).

This “social” web also leads companies to positively influence consumers’ opinions and behaviors (Mayol 2009). In this context, the brand not only delivers a message; companies now have to deal with an interactive conversation in which consumers take control (Wheeler 2009). Given this, one could state that while acknowledging that social media has become for companies a new communication channel with possible interaction with their consumers, there is a need to question more precisely the way to estimate the efficiency and the real impact of this media in an advertising strategy (Turcotte-Choquette and Parmentier 2011). On SNs ads could be found like on any other website and they appear primarily under banners. Some studies have emphasized the opportunities for companies to advertise on the web by taking into account its interactivity and the customization it enables (Choi 2011); but some other studies have also demonstrate that the way to advertise through banners was not necessarily efficient because consumers could indeed ignore banners (e.g. Lee and Cho 2010; Yeu et al. 2013). This said, very little is known on consumer reactions depending on the type of banner they face, especially in the context of SNs. Considering that companies have the choice on SNs the choice between two types of banners (either the ones bringing consumers to the fan page of the brand, or the ones promoting the brand website), our research aims to bridge this gap by investigating which type of ad is the most efficient by considering the consumer perspective.

The Advertising Efficiency on the Social Networks

To evaluate the efficiency of the advertising, considering that it can either bring the consumers to the fan page or to the brand website, we have considered several constructs: perceived originality, perceived credibility, irritation, attitude toward the

advertising and liking of advertising. Relationship with the intention to purchase the brand and the willingness to recommend the brand have also been investigated.

Consumers' Attitude Towards Advertising

Studies led by practitioners and by academic researchers clearly show that the attitude toward the advertising is a relevant indicator of advertising efficiency (Cho 1999; Fortin and Dholakia 2000). Attitude toward advertising comprises a consumer's feelings and his/her general attitude towards the advertising format (Dhruv et al. 1998).

In this research, we expect that the attitude toward the ad that brings consumers to the "fan page" is more positive than the one toward the ad bringing consumers to the brand website. The rationale is that the banners bringing consumers to the website of the brand may force the visitor to interrupt his or her browsing experience on SNs. From this assumption and considering that the context of our study is Facebook, we formulate the following hypothesis:

H1: On social media, the attitude toward an advertisement bringing the consumer from a banner ad to a brand fan page is more positive than the attitude toward an advertisement bringing the same consumer from the banner to the website of the advertised brand.

Credibility

Credibility implies a positive characteristic of the source that will affect the receiver's acceptance of the message (Ohanian 1990). MacKenzie et al. (1986) found that the credibility strongly influences the perception of the ad. A source perceived as very credible is more effective than a source with poor credibility, because it improves the attitude to the brand, its image and purchase intention (Jaoued and Chandon 2007). We believe that while surfing on SNs, the encounter of an ad bringing to a fan page must be seen by consumers as more coherently linked to his or her online experience than the encounter of an ad bringing him or her to a brand website. This is even true, given that the former does not force him or her to leave the social media. From this, we argue that the consumer who faces the ad that brings him to the fan page is more willing to elaborate in a way or another and be persuaded. We could thus state that the ad in this situation is judged as more credible. From this premise, we bring our second hypothesis:

H2: On social media, the perceived credibility of an advertisement bringing the consumer from a banner ad to a brand fan page is higher than the one bringing the same consumer from the banner to the related brand website.

Irritation

Several authors postulate that the increase in the level of irritation can lead to a general reduction of the efficiency of the advertising (Leavitt 1975; Thorson et al. 1992). When it informs about the product or when it inspires a warm atmosphere, advertising is not considered as being irritating. Aaker and Bruzzone (1985) add that an irritating ad is often one that is provoking, causing displeasure and momentary impatience. As advertisements bringing social media users to the Web site of the brand oblige them to leave the SN, we argue that users in this case would be more irritated than users who can stay on Facebook, and from this we formulate the following hypothesis:

H3: On social media, irritation toward an advertisement bringing the consumer from a banner ad to a brand fan page is lower than irritation toward an advertisement bringing the same consumer from the banner to the advertised brand website.

Originality

Originality can be defined as “the element that is rarely met by users when considering other products that have the same function” (Besemer and O’Quin 1987). According to Altsech (1995), an ad that is perceived as original and relevant will produce, for the individual who is exposed, higher interest and concern for analysis of the announcement than an ad that has little originality or little relevance, or than an ad that is either original or relevant. So, we can deduce that the advertising efficiency depends on the perceived originality of the advertising. We consider here the importance of feeling a sense of belonging to Facebook, but also that this sense of belonging is explainable through potential “friends” that could include connection to companies on the network (Kim and Lee 2011). Through this friendship, we argue that trust and perceived originality of the ad can more easily be appreciated, which leads us to formulate the following hypothesis:

H4: On social media, the perceived originality of an advertisement bringing the consumer from a banner ad to a brand fan page is higher than the perceived originality of an advertisement bringing the same consumer from the banner to the advertised brand website.

Liking

In an advertising context, Thorson (1990) indicates that the liking of the message, the concern about its pleasant character, is a powerful indicator of the impact of the ad. We consider that consumers are more likely to like an ad when they are in comfortable psychological states, and that these psychological states are more likely to

occur with potential or existing Facebook friends (through the increase of (self esteem)) (Kim and Lee 2011) including connections to companies through the SN. Because of the previous explanation, we argue that consumers are more likely to like an ad when they are brought to a fan page of a company on the SN than when they are brought to a brand website. We thus propose the following hypothesis:

H5: On social media, liking will be higher for an advertisement bringing the consumer from a banner ad to a brand fan page than for an advertisement bringing the same consumer from the banner to the website of the advertised brand.

Intention to Purchase the Brand

Purchase intention is important as it demonstrates that the ad affected the purchasing behavior. Several studies including those of Mitchell and Olson (1981) and MacKenzie et al. (1986) identify the presence of a significant relationship between credibility, originality, liking, attitude toward the advertising and intention to purchase the product. Furthermore, we know that the perceived irritation when facing an ad can have a negative impact on the intention to purchase the related product (Bauer and Greyser 1968). From this, we propose the following hypothesis:

H6: On social media, intention to purchase the brand is positively related to the attitude toward the ad (H.6.1), the perceived credibility (H.6.2), the perceived originality (H.6.3), and the liking (H.6.4) of the ad. Conversely, intention to purchase the brand is negatively related to the irritation when being exposed to the ad (H.6.5).

Willingness to Recommend the Brand

Santo (2006) underlines that the great majority of purchase decisions are influenced by the direct recommendation of a close relation. Word-of-mouth communication (WOM) is defined as informal interpersonal communication between a non-commercial transmitter and a receiver about a brand, a product, a service or an organization (Moulins and Roux 2008). Even though social media allow eWOM, not much attention has been paid to the antecedents of eWOM in these contexts (Chu and Kim 2011). Effective advertising is positively related to positive WOM (MacKenzie et al. 1986). So we assume that the exchanging information among consumers about the visited brand will be encouraged if the ad is positively evaluated. Thus we formulate the following hypothesis:

H7: On social media, the willingness to recommend the brand is positively related to the attitude toward the ad (H.7.1), the perceived credibility (H.7.2), originality (H.7.3), and liking (H.7.4) of the related ad. Conversely, the willingness to recommend the brand is negatively related to the perceived irritation (H.7.5) when facing the ad.

Methodology

Samples

Respondents were selected using convenience sampling of social media users, through an invitation sent on Facebook. Given that Facebook has become an important tool regularly used for communication purposes by many people. The instruction our respondents got was the following (1) Click an advertisement on Facebook and pay attention to whether the advertising brought you to visit the fan page of a brand or to its website; (2) Return then to the survey invitation and click the link to the questionnaire.

The questionnaire brings together the aforementioned scales. Two screenshots have then been inserted into the invitation to explain the location of advertisements on Facebook. Since the beginning of the year 2012 and with the new interface displaying the Timeline, these ads are situated on the right and lower part of the page.

Measuring Scales

Constructs of the model have been captured through previously established 7 point Likert scales (1=strongly disagree, 7=strongly agree). To make the distinction between respondents who had visited the fan page of the brand and the ones who had visited the brand website, the filtering question was: "Right after clicking an advertising on Facebook, you visited (1) the fan page of the brand, (2) the brand website (which made you go out of Facebook), (3) Actually, I did not click an advertisement." Scales that have been used are presented in the Appendix 1.

Results and Discussion

Some respondents had not clicked an ad on Facebook before filling the questionnaire. Others visited pages or sites not corresponding to a brand, but to associations or celebrities: in order to improve the validity of our work, we had indeed asked to all our respondents to indicate the name of the fan page or the name of the brand website they had visited. As our intention was to measure the purchase intention and the willingness to recommend commercial brands, respondents who had visited pages or sites not corresponding to explicit commercial content (e.g.: associations, universities, celebrities) were eliminated from the analysis. The final size of the sample comprises therefore 154 participants.

The characteristics of our sample are presented in Appendix 2.

Psychometric Analysis of the Scales

To check the psychometric qualities of the scales, we studied their reliability and validity. The Cronbach alpha of the various scales varies between 0.63 and 0.80. The internal consistency of the scales could thus be considered as satisfactory because it reaches a threshold of 0.60 (Nunnally 1967). An Exploratory Factor Analysis was conducted for each construct. All constructs load onto a single factor with an eigenvalue of at least 1.462. For all scales' items, the factor loadings are above 0.70. The resulting factors were used while testing our hypotheses.

Hypothesis Testing

To test the hypotheses H.1 to H.5, a series of tests of comparisons of means was conducted. Our results indicate no difference in perceived credibility of the advertising between consumers being redirected either to the brand fan page or to the brand website. The *t* test of comparison of means is indeed not significant considering the tolerance threshold of 5 % ($T=2.496$; $p>0.1$). So, hypothesis H.2 is rejected.

In contrast, the attitude of the Internet user, their level of irritation, the perceived originality and the liking of advertisements all vary significantly between consumers being redirected either to the brand fan page or to the brand website. The *t* test of comparison of means shows differences that are significant considering the tolerance threshold of 5 %. This holds for attitude ($T=4.184$; $p<0.05$), irritation ($T=5.689$; $p<0.05$) and originality ($T=4.400$; $p<0.05$). The comparison of means shows differences that are significant at the threshold of 10 % for liking ($T=3.043$; $p<0.1$). More specifically, attitude toward the ad is more favorable if it brings consumers to the fan page than if it brings them to the brand website (Average Attitude (ALP)=4.782>Averages Attitude (AWS)=4.356). The irritation felt by the respondent for ads bringing them to the brand website is more important than the one felt by respondents who were brought to the fan page of the brand (Average Irritation (ALP)=3.052 Averages Irritation (AWS)=3.656). Advertisements bringing consumers from the banner to the fan page are perceived as more original than those bringing them from the banner to the brand website (Average Originality (ALP)=4.253>Averages Originality (AWS)=3.777). The liking of the advertisements bringing consumers to the fan page of the brand is also more important than the one bringing them to the brand website (Average liking (ALP)=4.589>Averages liking (AWS)=4.172). These results confirm hypotheses H.1; H.3; H.4 and H.5.

To test the other hypotheses (H.6 and H.7), two multiple linear regressions were employed. No critical violation of assumptions of the multiple regression analysis method was observed. In all the regressions that have been conducted, the scatter-plots of residuals does not display a particular pattern. Both necessary assumptions of a linear relationship between the independent and dependent variables and homoscedasticity are thus respected (Osborne and Waters 2002). Moreover, as the test of Durbin-Watson always brings a value, which is lower than the threshold at

2.5, the assumption of independence of residuals is concluded (Pedhazur 1982). The values of Variance Inflation Factor (VIF) and of Value of Tolerance (VT) are all quite acceptable for all the independent variables as these indicators are respectively lower than 4 and superior to 0.3 (Martin and Bridgmon 2012). So, the data meets the last assumption of absence of strong multicollinearity between independent variables.

The results show that intention to purchase the brand is significantly determined by attitude, perceived credibility and perceived originality of the advertisement. The liking and the irritation have no significant effects on the purchase intention ($F=12.027$; $p<0.001$). But, as predicted, effects of the attitude ($\beta=0.208$; $t=1.959$; $p<0.1$), of the credibility ($\beta=0.164$; $t=1.965$; $p<0.1$) and the originality ($\beta=0.191$; $t=2.111$; $p<0.05$) of the advertisements on the intents of purchase are positive. These three variables explain 26.5 % of the variance in the purchase intents (R^2 adjusted=0.265). Therefore, hypotheses H.6.1; H.6.2 and H.6.4 are confirmed but we have to reject hypotheses H.6.3 and H.6.5.

Intentions to recommend the brand are significantly influenced by attitude, perceived credibility and originality but also the liking of the ad. Irritation has nevertheless no significant effects ($F=23.167$; $p<0.001$). As predicted, the effects of attitude ($\beta=0.227$; $t=2.416$; $p<0.05$), perceived credibility ($\beta=0.182$; $t=2.458$; $p<0.05$) originality ($\beta=0.147$; $t=1.831$; $p<0.1$) and liking ($\beta=0.222$; $t=2.747$; $p<0.01$) are positive. These four variables explain 42 % of the variance in the willingness to recommend the brand (R^2 adjusted=0.420). Therefore, we can confirm our hypotheses H.7.1; H.7.2; H.7.4 and H.7.5 but we have to reject hypothesis H.7.3.

Discussion and Implications

This study leads us to notice that on SNs, advertising bringing consumers to the fan page of an advertised brand is more effective than advertising bringing consumers to the advertised brand website. Evidence of this statement comes first from our measures of perceived credibility, originality, liking and overall attitude toward advertisements and second from the intention to purchase and willingness to recommend the brand measures. Advertising bringing consumers to a brand fan page is perceived as being less irritating than advertising bringing consumers to the related brand website. This study goes hand in hand with existing research that considered criteria to meet advertising efficiency (MacKenzie et al. 1986; Mitchell and Olson 1981). These investigations have shown that perceived credibility, originality, but also liking and attitude toward the advertising positively affect behavioral intentions, and that conversely these intentions are negatively influenced by the irritation when being exposed to the ad (Bauer and Greyser 1968).

Obviously, the choice between these two options depends on goals the company has set concerning its communication campaign. This said, given the uncertainty which is inherent to the best ways to communicate in an interactive manner to consumers, our results suggest that for consumers who are heavy social media users, companies should rely primarily on advertisements bringing consumers to a brand fan page. From the consumer perspective, this option appears indeed in many

regards to be better than the one that brings consumers from a banner to the website of the advertised brand. We assume that Internet users do not like leaving Facebook because they wish to exercise total control of the navigation. This hypothesis needs nevertheless to be confirmed in future research.

Our results seem coherent given that well targeted and optimized webpages primarily call consumers to take action, and the web pages have to be designed in such a way that they invite them to do so. Besides this, smartphones and tablets in particular, constitute first devices through which increasing numbers of consumers are eager to search and find information on the Internet (Nielsen 2012). Considering that consumers, in their research for products and for online services, increasingly trust the opinions of their peers in particular on SNs (Di Pietro et al. 2012; Fotis et al. 2012), it is important to bring consumers opportunities to easily access these opinions. Our research suggests that by allowing consumers to easily reach a fan page from their phone or their tablet, companies can also craft higher purchase or recommendation intentions. The fan page is also generally optimized to be seen on these platforms and the attractiveness of these interfaces brings consumers to the situation where they are encouraged to find out what they can do on the visited page.

Contributions, Limitations and Future Ways of Research

Contributions

The contributions of this research are both theoretical and managerial. Perceptions of advertising banners on SNs are rarely investigated. This research contributes to this, by showing that criteria such as attitude, perceived credibility, irritation, originality and liking toward the ads are relevant dimensions to investigate advertising on SNs. On a managerial point of view, our results bring some important ideas to practitioners concerning the efficiency of ads within SNs. Specifically, we have shown that an advertising banner bringing heavy social media users to the fan page of the brand is better perceived than an advertising banner bringing these users to the brand website. From this idea, we believe that practitioners can develop some techniques to generate more traffic on their websites. Our results finally demonstrate the importance of variables such as attitude, perceived credibility, irritation, perceived originality and liking towards an online ad considered in isolation but also in their relationships to intention to purchase and recommendation of the brand.

Limitations

There are some limitations of this study. First, even if we tried to get closer to real conditions of exposure to ad, individuals were in a situation where they did not decide by themselves to choose to click banners. Future research could consider if

the computing manipulations enable it, to get respondents click the banner in the course of their ordinary actions. The small sample of convenience can also affect the validity of the results. A method of sampling by quotas in which all the sociodemographic categories are fairly represented may have brought more generalizable results. Finally, other limits are related to the measure of the credibility and the liking. As these constructs were both estimated with a low number of items, the reliability is necessarily diminished (Nunnally and Bernstein 1994).

Future Ways of Research

This research suggests a great deal of possible future research. Following the concerns that motivated this study, future work could try to achieve a higher representativeness of Internet users. Then, it would be particularly interesting to test the model on other SNS than Facebook. We also suggest improving the measures of credibility and liking by using other measurement scales observing a balance between many and few items. It could also be interesting to examine the role of other independent variables such as the intrusive aspect, the attention, and the memorization of advertisements, as well as moderating variables (such as demographics and familiarity with the SNS) that could be integrated into the conceptual model. Finally, as was suggested earlier, we could try to capture consumers' perceptions in conditions that are closer to the real conditions they have in an ordinary course of actions. Beyond these investigations suggesting that improvements could be made while using a quantitative design, we also believe that some qualitative approaches could be interesting to address, for instance, underlying reasons related to online experiences that may ultimately explain in other ways why consumers prefer certain types of brand related pages over others.

Appendix 1

Variable	Scale
Attitude toward the ad	Donthu (1992, 1998)
Credibility of the advertising	Block and Punam (1995)
Irritation toward the ad	Coulter and Pinto (1995)
Originality of the ad	Guerin (2008)
Liking of the ad	Measured by two items: "this ad is enjoyable" and cpo
Intention to purchase the brand	Yoo and Donthu (2001)
Willingness to recommend the brand	Zeithaml et al. (1996)

Appendix 2

Gender	Male Female	36 % 64 %
Average age		26
Highest level of study completed	University (Postgraduate degree)	85 %
Employment status	Independent occupation Executives Students/Non working people Blue collars workers	2.3 % 31.6 % 49.6 % 3.8 %
Computer and Internet connexion		93 %
Use Facebook since at least 2009 and in a frequent way		3.8 %

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A Closer Look at the Effects of LMX and Emotional Exhaustion: Are Drained Salespeople More Deviant?

Mahmoud Darrat, Guclu Atinc, and Barry Babin

Introduction

There has been an emerging research interest in salesperson deviance, or anti-normative behaviors that are opportunistically directed at the organization and/or its constituents (Jelinek and Ahearne 2010; Darrat et al. 2010; Jelinek and Ahearne 2006). Extant literature has generally conceptualized deviance as unconventional behaviors that breach organizational protocols with an implicitly and/or explicitly opportunistic motive (Robinson and Bennett 1995). For example, overworked salespeople may react to 'unfair' work schedules by shirking their job responsibilities, running personal errands on company time, or venting out work-related frustrations to customers. The outcomes of such behaviors negatively impact employee productivity and customer loyalty (Dunlop and Lee 2004). Therefore, it may be preferable from the organization's standpoint for exhausted salespeople to leave rather than to remain in a deviant capacity. However, some salespeople may be forced by circumstance to remain in jobs at the expense of their own emotional well-being. In such cases, are exhausted stayers more likely to break organizational norms? If so, what impact does LMX have, if any, on their exhaustion and subsequent behaviors?

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The purpose of this research is to address these questions by examining the linkages between LMX and emotional exhaustion and the ensuing impact on salesperson deviance. Based on the results, the manuscript proposes practical courses of action for sales managers with regard to developing meaningful exchange relationships with salespeople as well as recommendations for reducing stress and promoting conformance within the sales force.

Theoretical Background and Propositions

Researchers have long recognized the importance of managerial exchange relationships in shaping employee attitudes about the organization and the subsequent impact of such relationships on individual and organizational outcomes (Thomas and Lankau 2009; Gerstner and Day 1997). Grounded in social exchange theory (Blau 1964), LMX posits that managers develop dyadic exchange relationships with employees; and the perceived quality of those relationships is based on trust, respect, and loyalty which affects the work perceptions and behaviors of both parties (Graehn and Uhl-Bein 1995). Employees who perceive high quality exchange relationships at work tend to reciprocate positively with the organization; whereas the opposite is true for poor LMX relationships (Illies et al. 2007; El Akremi et al. 2010). That is, disconnected employees who perceive little or no managerial concern about their success seek retribution through behaviors that ‘even the score’ with the manager/organization. That being said, the negative consequences of poor LMX relationships are more pronounced in professions characterized by frequent customer contact. Frontline employees play an integral role in the search for prospects, conversion of prospects into profitable customers, and the maintenance of long term customer relationships through post-purchase communication. In order for salespeople to optimize performance in these distinct capacities, the professional guidance and personal interaction of sales managers is critical.

According to conservation resources theory (COR), certain workplace situations may trigger perceptions among service employees that their physical, emotional, or mental resources are insufficient in carrying out job demands (Hobfoll 1989). Salespeople may attribute perceptions of resource depletion to excessive customer demands, unrealistic quotas, or ineffectual managerial relationships. Accordingly, non-participative managers that make decisions independently of salespeople have been shown to increase emotional exhaustion (Mulki et al. 2006). Hence, the exchange of information between managers and salespeople has a direct impact on feelings of self-esteem and affiliation with the organization (Abraham 1998). From a COR perspective, this implies that salespeople engaged in productive managerial relationships that are rich in exchange information will be more assertive in expressing their concerns with resource allocation and/or organizational expectations; and will likely clear up discrepancies before job stress becomes a factor. In support of this contention, high LMX relationships have been linked to increased role clarity and member competence as well as a reduction in role conflict (Gerstner and Day

1997). Therefore, providing salespeople with the opportunity to clarify role expectations and vent frustrations without fear of reprisal reduces job stress. Moreover, supportive LMX relationships have been shown to significantly reduce stress and burnout (Thomas and Lankau 2009). Therefore, we assume that LMX serves as the relational lens by which salespeople evaluate and mitigate stressful work situations:

Proposition 1 Salesperson-manager LMX will be negatively related to the emotional exhaustion of salespeople

Workplace deviance has become a focal interest for researchers as the annual cost of such behaviors in the US have been estimated to be in the billions of dollars (Bowling and Gruys 2010; Henle et al. 2005). Workplace deviance represents behaviors that violate organizational norms and are directed at the organization and/or its constituents (Robinson and Bennett 1995). Salesperson deviance has traditionally been viewed as a three dimensional construct consisting of organizational, interpersonal, and frontline deviance (Jelinek and Ahearne 2006). Organizational deviance represents anti-normative behaviors which are directed at the organization such as company theft, neglecting responsibilities or purposely damaging company property. Frontline deviance consists of unconventional behaviors which are directed at the external stakeholders of the organization, i.e. customers (Jelinek and Ahearne 2006). These behaviors include the use of deceptive sales techniques, contravening customer relationship norms, and venting out work related frustrations in front of customers. Although frontline deviance is not directly aimed at the organization, the nefarious effects of such behaviors will undoubtedly impact the financial performance of the organization through negative word of mouth and squandered customer relationships. Interpersonal deviance refers to the maltreatment of other members of the organization which includes cursing at coworkers or publicly embarrassing them. Although salespeople are frequently required to report to managers for guidance and performance appraisals, research suggests that personal interactions with fellow salespeople are infrequent and quite irregular due to the autonomous nature of the sales job (Brown and Leigh 1996). Sales research has focused exclusively on organizational deviance to the exclusion of interpersonal deviance for this reason (Mulki et al. 2006). Also, not unlike organizational deviance, interpersonal deviance is considered an internal behavior that occurs within the confines of the organization, and both internal and external deviance can be effectively captured through organizational and frontline deviance. For the sake of parsimony and model simplicity, the scope of this research specifically focuses on organizational and frontline deviance as outcomes.

Employees cognitively and behaviorally manage the stress associated with demanding job requirements by engaging in actions which are intended to alleviate job anxiety (Lazarus and Folkman 1984). There are various coping strategies that can be employed depending on the intentions and characteristics of the salesperson. For instance, emotion-focused coping represents an attempt to alleviate emotional stress through distractions, withdrawal from work, or withholding effort on the job. Therefore, the purpose of emotion focused coping is not to rectify the problem by

engaging in behaviors that may remedy the situation, but rather to ‘blow off steam’ associated with the source of tension. Interestingly, counterproductive work behaviors have been shown to be an effective mechanism for reducing stressors associated with emotional exhaustion (Krischer et al. 2010). Although breaking the rules may provide temporary emotional relief, doing so regularly may make an existing problem worse. Numerous studies indicate that exhausted employees escape their work related problems through increased absenteeism and more permanently through organizational turnover (Hackett and Bycio 1996; Cordes and Dougherty 1993). If an exhausted salesperson mitigates the stress associated with making cold calls by means of avoiding the practice altogether, he/she will likely suffer from poor performance ratings since role aversion may hinder the development of necessary skills and prompt salespeople to engage in unauthorized behaviors to compensate for deficiencies.

Alternatively, a reactionary approach is also plausible in that overworked employees may resent an organization that works them to the point of exhaustion and subsequently look for ways to retaliate against the perceived unfairness (Fischer and Baron 1982; Cropanzano et al. 2003). Oftentimes, salespeople face significant challenges in adjusting to the various expectations of the sales role such as regularly prospecting for new clients, maintaining existing relationships, and managing time/territory needs. Frustrations that develop as a result of seemingly excessive job responsibilities and/or unmanageable relationships will likely be externally attributed to the organization and/or its customers, thus making both parties potential targets for retribution. For instance, salespeople with extensive work demands that conflict with family obligations tend to retaliate against the organization and its customers (Darrat et al. 2010). In diminishing stress that occurs due to time constraints associated with role overload, service employees may compensate by shortening process cycles through deceptive sales tactics. In support of this claim, recent research indicates that exhausted salespeople engage in more organizational and frontline deviance (Yoo and Frankwick 2013). We assume that the social norm of mutual reciprocity acts as a deterrent to deviance in that salespeople will strive to maintain relational integrity by conforming to the organization’s code of conduct. Conversely, we propose that overworked salespeople will likely retaliate against the source(s) of their distress, which in this case, would be the organization and its customers. Therefore:

Proposition 2 Salesperson-manager LMX will be inversely related to organizational and frontline deviance

Proposition 3 Salesperson emotional exhaustion will be positively related to organizational and frontline deviance

Salesperson turnover has become a widespread problem with rates estimated at double the average turnover rate of most industries (Richardson 1999). This is especially alarming for managers since the cost of recruiting and training new salespeople constitutes a significant sunk cost. In fact, researchers appraise the expenses associated with replacing a salesperson to be equivalent to 200 % of his/her salary (Griffeth and Hom 2001). In order to fully grasp the dynamics which drive

salesperson turnover, one must assess the quality of workplace relationships and the subsequent effects on salesperson perceptions of the job. Among the most prominent of these relationships is the salesperson-manager relationship which considerably affects how salespeople perceive the organization as a whole. Overall, salespeople that experience high quality LMX relationships report higher identification with their respective organizations and are more committed (DeConinck 2011). This finding has been reinforced by meta-analytic evidence which suggests that high LMX improves organizational commitment and has a negative impact on turnover intentions (Gerstner and Day 1997). Moreover, the authors posit that employees in low LMX relationships are likely to suffer from higher rates of role conflict and ambiguity. Since it has been established that role stressors significantly erode organizational commitment and increase the likelihood of turnover (Babakus et al. 1999), it follows that LMX should have a consequently negative impact on turnover intentions. Therefore:

Proposition 4 Salesperson-manager LMX inversely affects turnover intentions.

Proposition 5 Emotional exhaustion positively affects salesperson turnover intentions.

Conclusions and Implications for Theory and Practice

As with any research, our study does have its limitations. First and foremost, the data is of cross sectional nature which implies a lack of causality inference based on the results. Further research should examine the construct relationships utilizing longitudinal data to better gauge the stability of the underlying relationships over time. Another avenue for future research includes whether salesperson compensation plans and organizational tenure play a significant role on the hypothesized relationships. For instance, new recruits that are compensated on a salary dominant plan may be more inclined towards frontline deviance behaviors as interactions with customers have less of an impact on earnings. On the other hand, more seasoned salespeople tied to a commission based plan may refrain from such behaviors as their understanding of the direct impact of customer relationships on their earnings is more developed. In conclusion, we hope to assess the various theoretical and practical implications of salesperson-manager relationships and their effects on individual and organizational outcomes. We predict that salespeople who are frustrated with low quality managerial relationships will redirect their frustrations on stakeholders (i.e. customers) in order to get back at the organization. Also, we predict that emotionally drained salespeople will adopt a ‘fight or flight’ approach in dealing with their problems. That is, in relieving workplace exhaustion, salespeople may remain and strike back against the organization in an attempt to restore equity or exit the organization altogether.

References: Available upon request

Corporate Sponsorship Effects in Business-to-Business Markets

Mark D. Groza and Joe Cobbs

Abstract Despite the prominence of B2B sponsorship in practice and scholars' recognition of the importance of B2B sponsorship objectives, studies evaluating business-to-consumer (B2C) sponsorship objectives and execution still dominate published research on the topic. While the line between industrial and consumer marketing has been somewhat blurred (Wind 2006), stark distinctions remain between the nature of B2B customer and supplier relationships and the concentrated structure of the B2B marketplace compared to consumer markets. A standardized consumer-centric approach to understanding a marketing tool as versatile as sponsorship is therefore inadequate (Crowley 1991).

The purpose of this study is to address the scarcity of B2B sponsorship research by proposing and testing a conceptual model of how sponsorship works to facilitate customer supportive behaviors in an industrial context. Customer supportive behaviors are actions taken by customers, such as positive word-of-mouth communications and enhanced loyalty, which are beneficial to the company's bottom line performance and thus desired by the company. The theories of social identity, meaning transfer and attribution provide the foundation for a conceptual model that highlights the relevance of customer-company identification (CC-ID) as a mediator in realizing such B2B sponsorship effects. To empirically evaluate the model, the authors utilize structural equations modeling of survey data collected from current customers ($n=552$) of a large industrial supply company actively engaged in a sport sponsorship.

The results of this study contribute to the theory of how sponsorship works to enhance customer supportive behaviors in a B2B environment. Specifically, the industrial sponsorship response model tested here validates customer loyalty, word-of-mouth communications and share-of-wallet as relevant sponsorship

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outcomes in this context. Importantly, characteristics of a sponsorship apart from the customer's direct relationship with the sponsored entity are linked to customer supportive behaviors. That is, unlike much of the existing sponsorship research which has examined how an individual's relationship with a sponsored entity affects their reactions to the sponsor, the current theoretical model implies elements other than emotional or "hot affect" factors can influence customers' behaviors. Customer-company identification and the subsequent supportive behaviors can be strengthened by the company aligning with a sponsored entity that is simply perceived to be prestigious by the customer.

References: Available upon request

The (Additional) Missing Link: The Role of Tailors as a Service Provider for Customization

Mya Pronschinske Groza

Abstract Since Solomon's (1986) seminal work addressing surrogate consumers as a missing link in the consumption chain, consumers have continued to actively pay for the services of an agent "to filter information, weight options, make recommendations, and even conduct transactions on their behalf" (p. 208). A surrogate may step in to provide their services at three points of intervention: (1) between information search and choice set to simplify the market, (2) between choice set and evaluation of alternatives to provide market guidance, and (3) between evaluation of alternatives and purchase where a surrogate manipulates the market (Solomon 1986). A forgotten area of the consumer decision-making process occurs between purchase and post-purchase evaluation where a consumer seeks to change the product to better suit what they desire. Data from a multi-site ethnographic study in judged beauty contests reveals that in fact consumers often employ specialized service providers to adapt and customize a good. At this point of intervention titled *product manipulation*, a *tailor* is an overlooked link that can be employed to provide services after the purchase of a good has occurred. A tailor is formally defined here as *an agent retained by a customer to make, alter, or/or adapt a product to fit a consumer's desired end or purpose*. The author finds the tailor role to be an additional missing link in consumer decision-making. Tailors facilitate the product manipulation helping consumers achieve a sought after end or purpose. Consumers have the opportunity to customize the product through utilizing the services of these tailors and the reflexive relationship between consumer and tailor to determine the best 'fit' is an important contribution to the services and fashion literature.

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Unusual Product Differentiation: Strategic Use of Trivial Attribute and the Separate Evaluation Mode

M. Deniz Dalman and Junhong Min

Abstract Perhaps the most important factor for new product success is to create the product differentiation that provides customers with superior values better than the competitors in the same industry. Not surprisingly, more than 50 % of annual sales in consumer product industries including automobiles, biotechnology, computer software, and pharmaceuticals are attributed to the inclusion of important, noble, or innovative attributes. In marketing, however, little has been studied the relationship between product differentiation created by trivial attributes (e.g., Coca-Cola's "S" shape bottle, a crystal shape of Folgers' instant coffee, and Pantene shampoo with vitamins ingredient) and consumer preference. From the managerial perspective, it is very important for firms to properly communicate with the consumers who are uncertain of the true value of the trivial attributes.

The purpose of this research is to introduce the marketing and communication strategies that promote the consumer preference through meaningless product differentiation. Drawing on the literature from the trivial attribute and the evaluation mode literature, we posit that consumer preference is constructed rather than determined. In marketing literature, two evaluation modes including separate and joint evaluation have been discussed. The separate evaluation describes the evaluation context in which new product concepts are evaluated one at a time. The joint evaluation means that the new product concepts are evaluated simultaneously. When a trivial attribute is displayed and evaluated, a problem tied with the separate evaluation is that consumers are often difficult to understand the true value of trivial attributes because they are largely meaningless. To solve this problem, this research suggests the joint evaluation mode where the trivial attribute enhances consumers' reasoning and valuation process of the product differentiation created by the trivial attributes.

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Results from the three experimental studies supported our focal argumentations that the trivial attribute increases the consumer preference by reducing the uncertainty in the service offer and its effect is escalated within the joint evaluation mode (evaluating products side by side) as opposed to the separate evaluation mode (comparing products one at a time). More specifically, the results from the first experiment suggested that when choosing a brand in a set of competing brands is ambiguous or uncertain, the brand with trivial attribute significantly increases the purchase intention greater than other brands without trivial attributes. The results from the second experiment supported the evidence that the role of trivial attribute is even critical in hedonic services more than utilitarian services. The last experiment revealed that the willingness to pay (WTP) was higher in joint evaluation mode than in separate evaluation mode.

References: Available upon request

To Investigate Antecedents of International Tourists' Place Attachment and Its Relationships with Memories and Post-Behavioral Intentions: The Case of Seoul City

Lanlung (Luke) Chiang, Aikaterini Manthiou, and Liang (Rebecca) Tang

Abstract The travel and tourism industry is one of the largest and most dynamic industries in today's economy. Statistical data indicates that the travel and tourism sector was expected to contribute 9 % to global GDP in 2011 as well as grow an average 4.4 % per year (World Travel and Tourism Council 2012). In response to dynamic and competitive markets, governments and destination marketers attempt to provide unique values and experiences for their international tourists to satisfy their expectations (Sirgy 2010). With continuous changes in international tourists' needs, strengthen their perceived values and personal involvement have become important business practices (Smith et al. 2010). Moreover, creating positive recollection with a place is a part of the marketing paradigm except for customers' satisfaction and loyalty marketing (Thomsen and Hansen 2009). Therefore, this study aims to investigate the relationships among antecedents of place attachment (e.g., destinations traditions, functional value awareness, emotion value awareness, and personal involvement), place attachment, recollection, and post-behavioral intention after international tourists experience travel. This study conducted the two-step methodology (CFA&SEM) to an analysis of the international tourist market of Seoul City. Results from this study provided not only theoretical contributions, but also practical implications that can be useful guidance for destination marketers.

References: Available upon request

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Measuring the Self, the Social and the Task Oriented Side of Service Customers in Joint Co-Creation Experiences

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Abstract Human beings are all individuals, yet in some societies recent academic and public debate has focused on whether there is a trend towards more self-centred individualistic behaviour of certain “social clusters” or generations. For example, terms such as Generation YOLO (“you only live once”) have recently been coined. Notwithstanding this discussion, humans are usually embedded in social networks and social systems created by people. Recent developments in technology appear to polarise the interplay between individualistic behaviour and the need for belonging to a social group. This interaction between the self and society has been discussed previously. For example, already Ichheiser in 1949 debates this issue.

It has been commonly agreed that individual orientations based on one’s personality, as well as other factors such as the environment, i.e. the (social) system itself, drive a person’s behaviour. Whilst scholars have been focusing on the usage situation and value creation during interactions, the nature of those interactions and the behaviour of service consumers grounded in personal orientations have not been analysed sufficiently in service research, although there is a long history of conceptualizing and measuring personal orientations and interaction styles in psychology. Particularly, no consideration has been given to investigate this in consumption experiences where multiple consumers interact and co-create a service, although customer-to-customer, customer group and consumer tribes studies have been recent emerging foci in research.

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The conceptualization and measurement of co-created services, as well as managing the customer experience across customers, have been named as research priorities in service research. Therefore, this paper aims at establishing this missing link by exploring interaction patterns of customers in a joint service experience. Based on customers' personal orientations, from an individual's perspective this research analyses the change in perception of the service experience through subsequent group interactions. Three commonly used "layers" of a customer's orientation have been employed, namely self orientation, social orientation and task orientation.

A quantitative multi-stage study has been carried out using the dimensions of task orientation, social orientation and self orientation of customers derived from psychology, contributing to the slowly growing body of empirical studies on customers' value co-creating behaviour and roles. This research outlines the project and reports the findings of this multi-stage study.

References: Available upon request

Exploring the Nature of Value and Well-Being Through an Internal Social Marketing Approach

Anne M. Smith

Introduction

This study aims to address three areas which have received little attention in the social marketing literature. First, is the significant potential for internal social marketing (ISM) to address social problems through behavioral change in the workplace. Second is the lack of discussion of the relationship between consumer value (central to marketing theory and practice) and consumer well-being, a construct which is receiving increasing emphasis in the consumer behavior agenda (Mick et al. 2012). Third is a consideration of how experiential value and well-being can differ both within and between stakeholder groups involved in a social marketing intervention.

Proponents of internal marketing (IM) highlight the potential to achieve organizational objectives through creating internal relationships or team support which have a positive impact on employee commitment, motivation (Bell et al. 2004) and job satisfaction (Mukherjee and Malhotra 2006). The centrality of a relational approach (involving co-operation, commitment and trust) to the value co-creation process of social marketing has also been highlighted (Marques and Domegan 2011). ISM uses marketing approaches and techniques to build workplace relationships with the aim of changing the behavior of internal consumers (employees) for the achievement of social goals (Smith and O'Sullivan 2012). Yet, despite the considerable potential to encourage positive social behaviors through workplace initiatives there is little empirical research available on IM generally and ISM in particular. Research is also lacking regarding value creation for internal consumers

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(Wieseke et al. 2009) and despite the considerable body of work focusing on employee well-being (see Harter et al. 2003 for a meta-analysis) the impact of IM and ISM on employee well-being has not been explored.

A review of the extant literature reveals considerable similarities between ‘human well-being’ and ‘consumer value’ in terms of qualities, determinants and dimensionality. Both value (Holbrook 1999) and well-being (Diener et al. 1995) are described as relativistic involving comparative assessments, for example, differing between individuals, situations and over time. Similarly, the psychology literature emphasizes how well-being is concerned with experience (Ryan and Deci 2001) and the experiential and phenomenological nature of value is also highlighted (Holbrook 1999). Finally, Vargo et al. (2008, p. 149) define value as ‘an improvement in system well-being’ (where ‘systems can be individuals or groups of individuals,’ p. 146), thus highlighting improved well-being as the key outcome of the value co-creation process.

McGregor and Goldsmith (1998) describe the seven dimensions of well-being as economic, physical, social, emotional, spiritual, political and environmental. Five of these dimensions (excluding physical and environmental well-being) correlate closely with the various types of ‘value’ in the marketing and consumer behavior literatures (for example, Sheth et al. 1991; Sweeney and Soutar 2001; Woodruff and Flint 2006) and particularly with the typology described by Holbrook (1994, 1999). The seventh dimension of environmental well-being is the prime focus of the current study. While environmental value has not been included in the various typologies, there are similarities to ‘morality’ (Holbrook 1994) and ‘ethics’ which is described as an extrinsic form of value involving doing something for the sake of others (Holbrook 1999).

Methodology

The research aimed to explore the nature of value and well-being experienced by consumers of an ISM program. A strategically selected case study approach best fit the research aims. This involved a not-for-profit leisure center in the South of England owned and managed by the local authority (LA). UK LA managers are tasked with environmental targets requiring significant changes to current practices. As major employers the opportunities to achieve these targets through employee behavioral change is considerable. This longitudinal case study was to provide the basis for a roll out program to other leisure centers and LA services.

The case involved the selection of a specific target audience (48 leisure center employees and managers) and the development and delivery of a value proposition which offered the opportunity, in work-time, to be involved in creating, developing and implementing work-based change which would benefit the environment. Communication, information gathering, and responding to employee feedback have been highlighted as key elements of an IM approach (Lings and Greenley 2005) and were core features of a series of workshops and other activities. The aim was to

build relationships through team work which would encourage co-operation and trust between management and workers over a 6 month period.

An action research approach was adopted with the overall aim of achieving a reduction in organizational carbon emissions. All activities took place on site and were promoted internally through a cascading approach. Multiple research methods including workshop discussions, focus groups, in-depth interviews, observation and a survey questionnaire allowed for triangulation of findings. Qualitative data was analyzed thematically and coded so as to identify the nature of value and well-being experienced by participants.

Results and Discussion

The main stakeholder groups: local authority management, leisure center management (M) and employees (E) differed in their experiences of value and well-being. Four themes were identified reflecting four types of well-being and value identified in the extant literature.

Economic/material well-being is concerned with the individual's income, assets, food and shelter (Ranis et al. 2006) and therefore parallels the concept of economic value/value for money (Sweeney and Soutar 2001) and functional value derived from material goods (Sheth et al. 1991). The perceived economic value of the ISM program was a main driver for the involvement for both groups of managers and linked to economic well-being through the achievement of performance targets. Positive experiences included the benefits gained from cost reduction due to reduced energy usage and the cost/benefit relationship of the initiative itself which generated many cost-saving improvements, for example, due to technology and process changes. (At the end of the program an independent expert estimated an overall reduction in carbon emissions of 9 % of pre-program emissions). For employees, however, there were negative experiences and some resentment that the extra work did not result in any economic value or improved economic well-being, either in the form of rewards for producing ideas or help with the costs of being more 'environmentally friendly. For example they described how they were 'expected to come up with ideas (do management's job) for no additional pay' (E) and to incur the costs of change: 'they' (management) 'should pay for bicycles – not us.' (E)

Social well-being describes the needs of the group and the nature of interpersonal relationships (McGregor and Goldsmith 1998) and reflects the concept of social value (Sheth et al. 1991; Sweeney and Soutar 2001) which can be derived from relational exchange (Woodruff and Flint 2006). Many employees experienced social value both from new relationships, for example, getting to know colleagues from different parts of the leisure center, as well as improved worker/management relationships which were also valued by managers: 'working together for the first time' (E+M). However, there were differences between groups of employees in their experiences of social value and well-being derived from the vertical and horizontal relationships which developed. A minority appeared to withdraw and even to be

uncomfortable with the discussions and activities: 'Everyone else here knows each other' (E). They failed to join in with the peer group discussion and also avoided interaction with managers. Possible explanatory factors appeared to be linguistic ability (many employees were from Eastern Europe), length of service and personality traits.

Emotional well-being includes hedonic/subjective well-being (SWB) which is often described as *happiness*' (Diener et al. 1995) and coincides with descriptions of emotional value (Sheth et al. 1991; Sweeney and Soutar 2001) and hedonic value, play or fun (Holbrook 1999). Emotional well-being is also described by concepts such as self-esteem and self-worth (McGregor and Goldsmith 1994) reflecting esteem (reputation) as a form of value (Holbrook 1999). Other constructs relevant to emotional well-being are self-actualization and self-fulfilment (McGregor and Goldsmith 1994). These are aspects of eudonomic (or psychological) well-being (EWB) or '*flourishing*' (Ryan and Deci 2001) and reflect Holbrook's (1999) classification of 'status' (success) as value.

Overall, both managers and employees appeared to enjoy the workshops experiencing emotional value and improved SWB. There was a general sense of fun, laughter was often observed, informality was emphasized and the majority of employees were enthusiastic about continuing: 'enjoy doing this' 'having a good time' (E). There was also evidence of EWB (flourishing and achievement): 'never done anything like this before' 'good to know you can make a difference even at work' 'some of the others wish they had volunteered now' (E); 'we really feel we have achieved something' (M).

However there were some exceptions. A minority were clearly unhappy, exhibiting a preference for abandoning the initiative: 'Do we have to come to all the workshops.' They withdrew from the activities and failed to join in with the laughter often appearing bored and keen for the workshop to end (for example by looking at their watches). For some there was no evidence of achievement and some appeared to be embarrassed at being involved. These individuals often failed to attend later workshops and other activities.

Environmental well-being '*concern for our role in the earth's diminishing resource*' (McGregor and Goldsmith 1998) is reflected in Holbrook's (1994, 1999) 'morality' and 'ethics'. Environmental concern was inferred from both the behavior (pro-environmental domestic and work behaviors—'I recycle everything' (E)) and beliefs (in problems of environmental degradation and that the individual can and should make a difference: 'It is one of the most important things we can do' (E)) of employees and managers. Concern for the environment and the welfare of future generations and species were important issue for the majority and a primary motivation for continued and enthusiastic involvement. Many ideas were generated and subsequently implemented. Changes included low cost improvements to office technology and practices, travel to work schemes, energy reduction campaigns involving customers as well as staff and purchasing policies.

However, a few participants exhibited little or no evidence of pro-environmental behavior and were disinterested in talking about environmental issues. There was also some skepticism about media reports and environmental issues generally:

'I think they exaggerate, there is no proof' (E). This minority view was also clear from the pre-workshop survey where 12 % had strongly disagreed with the statement: 'I am concerned about climate change.'

Conclusions and Implications for Theory and Practice

The success of the ISM program in terms of the reduction in organizational carbon emissions as well as the improvements in well-being described by workers and managers highlights the significant potential for ISM to provide the context for value co-creation in the workplace. The case study provides evidence of how a relational approach involving teamwork and co-operation between employees and managers can effectively reduce the organization's negative environmental impact thus justifying the investment of time and money in such programs. Domegan et al. (2012) highlight how acceptance of a value proposition is based on the evaluation of its intended (and possibly unintended) results. Those participants whose personal values concurred with the program aims and who enjoyed the social interaction and improved relationships with colleagues and managers, as well as the resulting achievements, experienced value and improved well-being through accepting the value proposition. However the research also shows how change may benefit some participants while worsening the well-being of others. At the group level, Lazarus (2003: 98) highlights the social context of well-being stating that '*one person's happiness could be a major source of another's unhappiness and the reverse could also be true.*' Those who rejected the value proposition yet were obliged to participate in the program experienced a worsening of their well-being. Sources of experiential value and well-being also differed between stakeholders. LA and leisure center managers experienced economic value/well-being while workers were more likely to experience social value/well-being. Consequently, the need to develop differing value propositions for the various stakeholder groups is emphasized. The need to introduce flexibility in segmentation and targeting approaches in the work context (for example, through measuring employee' values rather than by function or location) is also highlighted to achieve maximum collective well-being.

The research also highlights the benefits of a multiple methods approach. Employees are often reluctant to express their true thoughts and feelings, particularly if these differ from those of the group and management are present. Observation, informal discussions/interviews and a confidential survey (pre-and post-intervention) aided in assessing participants' experiences and particularly those who experienced a worsening of their well-being.

A particular contribution of the research is in its initial attempt to simultaneously explore the two constructs of value and well-being. The literature review identified significant similarities between these two constructs. In addition, the case illustrated how value was co-created between the organization, researchers, LA, managers and employees across four dimensions of value and well-being. Understanding this relationship is essential for both marketing theory and practice. The emphasis on

well-being in the marketing literature is relatively recent. However, marketing thought is also seriously deficient in its understanding of value-related phenomena (Woodruff and Flint 2006). Other dimensions of well-being described by McGregor and Goldsmith (1998) for example, political and spiritual are also present in Holbrook's (1994; 1999) value typologies. Since both value and well-being are determined by the individual's values and desired end states these similarities can be expected. However a significant amount of research is required to assess the differences and relationships between the two constructs. Or are value and well-being simply the same phenomenon described from different perspectives?

References: Available upon request

Salesperson Role Stress and Unethical Behavior

Anssi Tarkiainen, Nick Lee, John W. Cadogan, and Sanna Sundqvist

Abstract The purpose of the current study is to provide first insights into two broad research questions: what is the relationship between role stress and sales force unethical activity? And how can management act to shape this relationship, if at all? Despite the important theoretical advances made in the last decades with regard to antecedents to unethical sales behavior, research has yet to thoroughly investigate the influence of job-related affect on unethical selling behavior. This omission may be because such factors are difficult to reconcile with the assumption of a rational cognitive decision-making process inherent to existing ethics models. Yet, Robertson and Anderson (1993, p. 639) noted that “when salespeople experience enough stress to drive them to ‘cut corners’, they may act without thinking about it (behavior without cognition).” As such, it seems strange that role stress has received so little attention as a potential determinant of unethical selling behavior.

The two key components of role stress are role ambiguity (RA), and role conflict (RC). Coping with RC involves complying with role expectations from one role partner and neglecting the expectations of another. Therefore, when coping with RC, unethical behavior tends to be the result of a specific behavioral choice to not comply with a particular role partner. In contrast, RA is typically associated with compliance problems, anxiety, and hostility. The route to unethical behavior here is not based on a specific choice, but instead tends towards the irrational, or accidental. We expect that salespeople who experience high levels of RC would benefit from being more isolated from their role senders, whereas salespeople who experience high levels of RA would benefit from reduced isolation from their role senders. We discuss three different managerial tools for manipulating salespeople’s autonomy and surveillance: interactions between the sales manager and salespeople, outcome-based control, and team-based management.

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We test the hypotheses with hierarchical linear models using a three-level dataset, consisting of a matched sample of 85 field sales managers, 187 field salespeople, and 561 situations in dealing with employer and 1496 situations in dealing with customers. Our results clearly indicate that both RA and RC predict likelihood to behave unethically. When it comes to managing the impact of role stress on unethical behavior, it seems that overall, the sales jobs that are characterized by elevated levels of role ambiguity would benefit from isolation reducing mechanisms and sales jobs that are characterized by elevated levels of role conflict would benefit from isolation increasing mechanisms. However, the influence mechanisms seem far more complicated than expected.

References: Available upon request

Crisis Communication: Lowering Attributions to Restore Behavioral Intentions

Sonia Capelli and William Sabadie

Abstract We examine four crisis communication strategies (scapegoating, apology, denial, and justification) on consumers' judgments of the firm. Study 1 examines the relationships between post-crisis communication strategies and consumer attributions. Building on the attribution framework, study 2 then compares the effect of crisis communication strategies on consumers' post-crisis firm judgments and behavioral intentions. We find that relative to a non-response strategy, scapegoating and justification enhance positive word of mouth. Results show that relative to denial, apology recovers loyalty. Scapegoating is significantly superior compared to deny in the case of channel loyalty and the tendency is the same, but not significantly, concerning retailer loyalty. We emphasized the impact of the switching costs when focusing on intent of changing of retailer or of channel. Indeed, the responses have no impact when respondents are high committed with the attacked retailer.

References: Available upon request

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The Relationship Between Personality and the Creativity of Frontline Employees: Evidence from Services

Filipe Coelho, Cristiana R. Lages, and Carlos M.P. Sousa

Abstract Despite employee creativity being paramount in organizational innovation, the soft (i.e. people) innovation side has received less attention (Brenton and Levin 2012). This study aims to remedy this lack of attention to the soft side of innovation by investigating the relationship between employees' personality traits and their creativity.

While this relationship has received some research attention, past research has mostly focused on the link between the Five Factor model and creativity. Since the Five Factor model of personality has been criticized for providing a limited account of an individual's personality (see Block 1995; Paunonen and Jackson 2000), this study addresses this criticism by considering additional personality traits recently investigated in the service literature as determinants of employee behaviour. These other traits comprise competitiveness, materialism, need for learning, and need for activity (see Brown et al. 2002; Harris et al. 2005).

Moreover, we predict that personality traits exert differentiated effects on creativity in this study's setting (i.e. services) when compared to other settings. In a services setting, frontline employees are frequently responsible for the first and, many times, the only interaction with the customer (Hartline et al. 2000; Lages and Piercy 2012) and customers' needs are quite heterogeneous, implying that satisfying customers requires flexibility from employees (Dubinsky et al. 1986). These specificities suggest that findings on the effects of personality on creativity obtained in other settings may not hold in services.

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Finally, while past research has focused on linear effects, this study examines the existence of non-linear effects between personality traits and creativity. The results not only indicate that the additional personality traits to the Five Factor model have an impact on creativity, but also that some traits' effects differ from those obtained in studies conducted in other settings such as arts and science. Lastly, the findings also show that five personality traits have non-linear effects on creativity.

Keywords Creativity • Personality • Service employees • Linear, non-linear and curvilinear effects

References: Available upon request

Clustering Geo-markets Using Self-Organizing Maps: Application to Natural Disaster Planning and Recovery

Salman Kimiagari and Benoit Montreuil

Abstract This paper focuses on the clustering of geo-markets within an overall target territory to help ventures, businesses or organizations plan their growth. It proposes using self-organizing maps for such purposes due to their combined multi-criteria, spatial and visualization capabilities. It exposes the methodology for generating geo-market clusters based on self-organizing maps (SOM), notably exploiting spatial information databases. It illustrates and analyzes the approach through an application to natural disaster planning and recovery.

Keywords Geo-market clustering approach • Self-organizing map • Natural disaster planning and recovery

Introduction

In today's fast-paced global economy, ventures, businesses and organizations with large-scale and vast-scope strategic intents increasingly have to be holistically designed in their early stages in order to capture their intended markets. Targeting and clustering markets become crucial for helping further design and plan the activities, resources, networks, financial flows and expected value creation of the intended business (Hwang and Thill 2007; Kim and Ahn 2008). This paper focuses on geographical market (geo-market) clustering in such contexts. Geo marketing consolidates and processes data based on geographic patterns of customers. Building a database from demographic and geographic information and integrating the information obtained in marketing mixes in order to design a sound marketing plan are amongst The geo marketing process can be used in any aspect of the marketing mix: the product, price, promotion, or place. In this study, we utilize the geo-targeting concept to exploit market selection in the market strategy. Geo-markets can refer to territories such as countries, regions or cities as pertinent. The key deliverable of the

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geo-market clustering decision process is a set of geo-market clusters organized in terms of similarity related to a set of key clustering variables pertinent for the specific business context. The clusters can be visualized and assessed by the decision makers. The paper proposes using self-organizing maps (SOM) (Liu et al. 2012) for geo-market clustering due to their combined multi-criteria, spatial and visualization capabilities. It introduces the methodology for generating geo-market clusters based on self-organizing maps by exploiting spatial information databases. The proposed approach is illustrated and analyzed through an application to natural disaster planning and recovery, using as a case study a business venture proposed by entrepreneurs, here called Global Relief Supply (GRS). The intended mission of GRS is to improve the readiness and reaction of worldwide client cities by helping them provide timely supply of effective tools, goods, drugs and food when facing a disaster. Its service offer is to complement local governments and relief agencies in preparing cities so as to economically maximize fast response and minimize the effects of natural disasters (Guha-Sapir and Santos 2012). GRS aims to fulfill the needs of a huge potential market worldwide, illustrated in Fig. 1 by the fast growth of natural disaster frequency and in Fig. 2 by the growth in the number of people affected by such disasters. The intent of the GRS venture entrepreneurs is to serve a significant percentage of all cities worldwide within the next 15 years. The paper examines the clustering process of GRS venture's geo-markets within the U.S.A. territory, a key subset of their intended worldwide terrain, aimed to sustain the entrepreneurs in planning their market deployment. This paper is structured as follows. Section 2 provides a brief literature review on market segmentation and quantitative approaches for market clustering. This literature review justifies the appropriateness of using

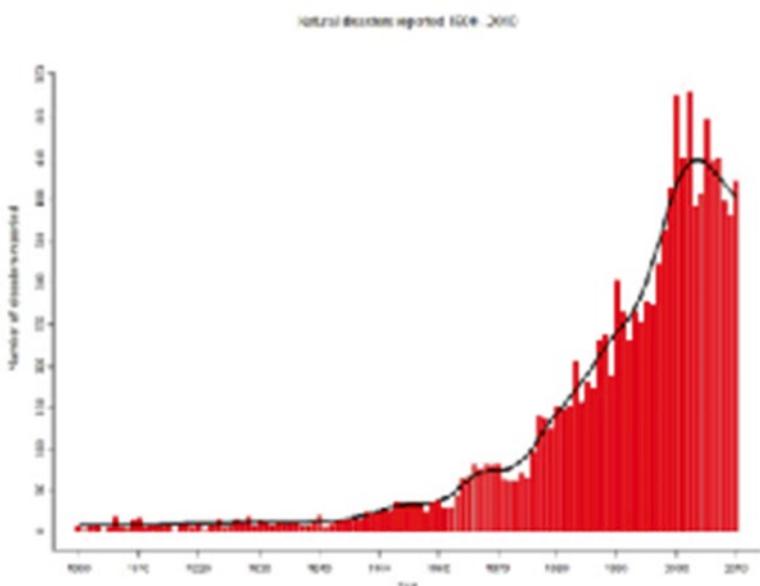


Fig. 1 Natural disasters (1900–2010)

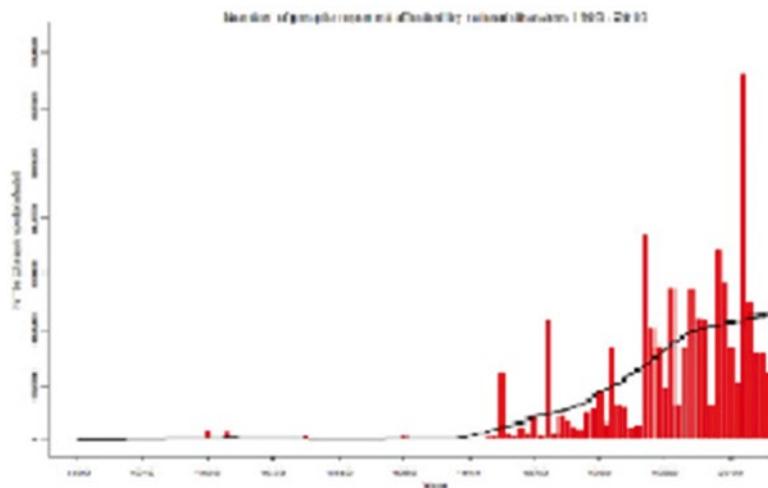


Fig. 2 Number of people affected by natural disasters (1900–2010)—CRED database

self-organizing maps for geo-market clustering purposes. Section 2.1 describes the generic SOM clustering method. Section 2.2 presents the proposed geo-market clustering methodology, illustrating and analyzing its application to the GRS case. Finally, Sect. 3 provides conclusive remarks and avenues for further research.

Literature Review

Market clustering originated as a result of market segmentation that was first defined by Smith (1956) to provide a conceptual view of heterogeneous markets (Liu et al. 2012). The strategic intent underlying market segmentation is aiming toward developing target marketing programs and products customized to each segment, as well as sustaining market segment selection decisions and market deployment plans (Kotler 2009). Market characteristics targeted for segmentation purposes can be demographics or socioeconomic factors, geographic locations or product related behavioral characteristics such as purchase or consumption behaviors (Hanafizadeh and Mirzazadeh 2011). Clustering approaches aim to classify market subsets and situate them into specific differentiated groups. These approaches aid to identify the consumers in each subset, and put them into homogenous groups, in order to facilitate marketing plan provision (Hanafizadeh and Mirzazadeh 2011). Numerous methods have been proposed for market clustering, as highlighted in Table 1. For each method, Table 1 provides the advantages and limitations reported in the literature, with the pertinent sources of reference. As revealed in Table 1 reveals, the self-organizing map (SOM) method is the most appropriate method for geo-market clustering, due to the combination of its capability of taking into consideration the location of the markets and its conceptual and

Table 1 Market clustering methods

Methods	Advantage(S)	Limitations(S)
K-means clustering (Cheung 2003; Kuo et al. 2004)	<ul style="list-style-type: none"> 1. Robust (Rujasiri and Chomtee 2009) 2. Efficient in terms of executive time (Augen 2004) 3. High accuracy (Guha-Sapir and Santos 2012) 	<ul style="list-style-type: none"> 1. May fall in local optima (Liu et al. 2012) 2. Depends on the initial cluster centers (Augen 2004; Rujasiri and Chomtee 2009; Liu et al. 2012) 3. Lack of visualisation (Hanafizadeh and Mirzaazadeh 2011) 4. Need to have predefined cluster numbers (Augen 2004; Rujasiri and Chomtee 2009; Hanafizadeh and Mirzaazadeh 2011)
SOM (Hanafizadeh and Mirzaazadeh 2011)	<ul style="list-style-type: none"> 1. Reducing the amount of data 2. Projecting the data non-linearly onto a lower-dimensional subspace (Augen 2004) 3. Visualisation benefit (Hanafizadeh and Mirzaazadeh 2011) 4. Detecting non-linier correlation between variables (Venugopal and Baets 1994) 5. Robust (Venugopal and Baets 1994) 6. Not significantly affected by missing data (Venugopal and Baets 1994) 7. Does not require any prior assumption about the underlying distribution of the data (Venugopal and Baets 1994) 8. High accuracy (Guha-Sapir and Santos 2012) 	<ul style="list-style-type: none"> 1. Setting initial weights (Kim and Ahn 2008) 2. Setting stop condition (Kim and Ahn 2008)
Extended SOM (Kiang et al. 2007)	<ul style="list-style-type: none"> 1. Same as SOM 2. Non overlapping clustering (Hanafizadeh and Mirzaazadeh 2011) 3. Independent from sample size (Hanafizadeh and Mirzaazadeh 2011) 	<ul style="list-style-type: none"> 1. Same as SOM 2. Lack of visualisation (Hanafizadeh, Mirzaazadeh 2011)

Fuzzy clustering (Hwang and Thill 2007)	<ul style="list-style-type: none"> 1. Not significantly affected by missing data 2. Does not require any prior assumption about the underlying distribution of the data 3. Appropriate when the sample size is large (Guha-Sapir and Santos 2012) 	<ul style="list-style-type: none"> 1. Lack of visualisation (Hanafizadeh and Mirzazadeh 2011) 2. Overlapping clustering (Hanafizadeh and Mirzazadeh 2011) 3. Hard to decide the number of clusters 4. Choosing the initial cluster centroids
SOM and GAK-means (Kritboonyalai and Avatchankom 2003; Kuo et al. 2006)	<ul style="list-style-type: none"> 1. Same as SOM 2. Non-overlapping clustering (Augen 2004; Hanafizadeh and Mirzazadeh 2011) 	<ul style="list-style-type: none"> 1. Same as SOM 2. Lack of visualisation (Hanafizadeh and Mirzazadeh 2011)
GA K-means (Kim and Ahn 2008)	<ul style="list-style-type: none"> 1. Using GA to identify initial seed (Augen 2004; Hanafizadeh and Mirzazadeh 2011) 2. Non-overlapping clustering (Augen 2004; Hanafizadeh and Mirzazadeh 2011) 	<ul style="list-style-type: none"> 1. Weak visualization (Hanafizadeh and Mirzazadeh 2011)
Cluster wise regression (Liu et al. 2012)	<ul style="list-style-type: none"> 1. Non-overlapping clustering 	<ul style="list-style-type: none"> 1. Lack of visualisation 2. Not optimized with in segment homogeneity (Liu et al. 2012)
Automatic interaction detection (Vavrik and Mazanev 1990)	<ul style="list-style-type: none"> 1. Non-overlapping clustering (Augen 2004) 2. Appropriate when the sample size is small (Liu et al. 2012) 	<ul style="list-style-type: none"> 1. Not optimized with in segment homogeneity (Liu et al. 2012) 2. Lack of visualisation
Simulated annealing (Kuo et al. 2004)	<ul style="list-style-type: none"> 1. Avoid local optima 	<ul style="list-style-type: none"> 1. Show in reaching the optimal solution (Jarboui et al. 2007) 2. Lack of visualisation
Hierarchical clustering (Guha-Sapir and Santos 2012)	<ul style="list-style-type: none"> 1. Non-overlapping clustering 2. Appropriate when the sample size is small (Liu et al. 2012) 	<ul style="list-style-type: none"> 1. Lack of visualisation (Liu et al. 2012) 2. Low accuracy (Liu et al. 2012)

geographical visualization benefits. In general, the SOM method has the ability to display multi-dimensional space in two-dimension space (Fish and Ruby 2009). Moreover, it can demonstrate the correlation between segmentation variables and their effects on each other. Through cluster analysis based on SOM, an analyst can group data in d-dimensional space in order to maximize the similarity within the clusters and minimize the difference between two different clusters. The SOM method has been widely used in marketing, visualization and market studies (Oja et al. 2002; Pöllä et al. 2007). Some of these studies include application of SOM in direct marketing (Curry et al. 2003), visualization of marketing data (Lisboa and Patel 2004) and application in data mining planning (Hwang and Thill 2007). SOM has been selected in this paper for purposes of geo-market clustering. The following section presents in more depth the SOM based clustering method.

Self-Organizing Map Based Clustering

A Self-Organizing Map consists of a grid of artificial neurons. Each neuron has a multi-dimensional weight vector. Each dimension corresponds to an informational variable. The neurons are trained to adjust their weight using a method well documented in the literature (Kritboonyalai and Avatchanakorn 2003; Kiang et al. 2007; Hanafizadeh and Mirzazadeh 2011), using the multi-variable data points as input. The final Self-Organizing Map is generally displayed using a U-matrix and variable matrices such as illustrated in Fig. 3. In the SOM matrices, colors are used to display the distance between neighboring neurons in terms of their weight vectors. Colors range from dark blue to hot red as the distance increases. In the U-matrix, the coloring is based on the overall multidimensional distance, while in a variable matrix it is based on the one-dimensional distance related to the selected variable. The variable matrices of Fig. 3 have distinctive coloring patterns, except the matrices related to the strongly correlated GDP (Gross Domestic Product) and Population variables that are almost identical. In the U-matrix of Fig. 3, there are several dark blue zones corresponding to sets of neurons near to each other, surrounded by lighter and hotter color zones acting as high-distance separations (Pires et al. 2007). Conceptually, dark blue zones correspond to neurons that are prone to be clustered together based on the multidimensional information they were trained with. Clustering neurons in self-organized maps is based on algorithms that exploit this phenomenon. Figure 4 displays a set of clusters obtained when requesting that five clusters be *generated*. Note that some neurons end up in no clusters due to their high distance from their neighbours. The original training data points, and new ones as pertinent, can be located on the SOM matrices by being assigned to their minimal-multidimensional-distance neuron on the map. This allows transposing the neuronal clusters into data point clusters.

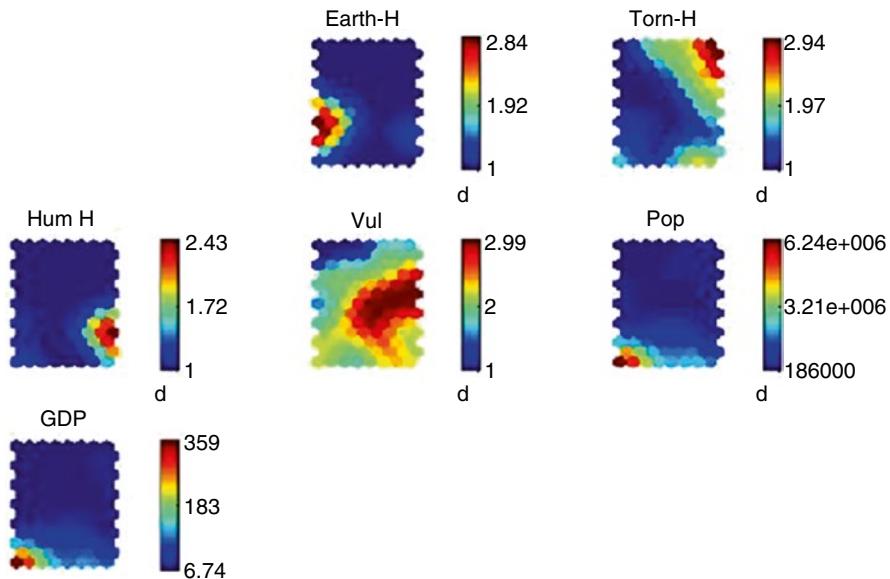


Fig. 3 Variable matrix views of a self-organizing map (Earth-H, Torn-H, Hurr-H, Vul, Pop, GDP stand for Earthquake hazard, Tornado hazard, Hurricane hazard, Vulnerability, Population and Gross Domestic Product respectively)

Fig. 4 Set of five neuronal clusters in a self-organized map, displayed on a U-matrix

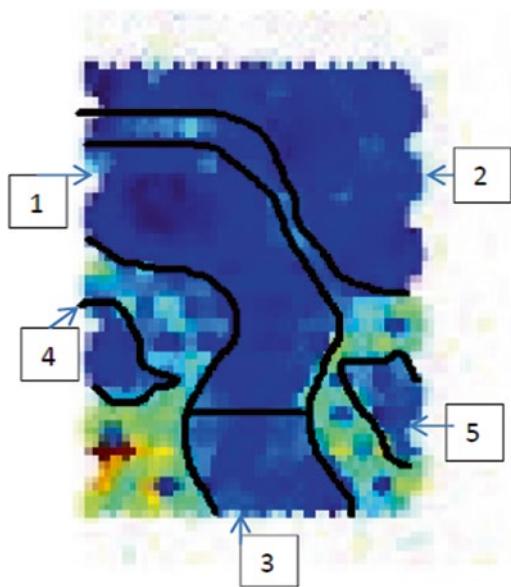


Table 2 Proposed geo-market clustering methodology

<i>Phase 1: Strategic intent definition</i>
1. Define the strategic business intent
<i>Phase 2: Creating segregating data sets and variables</i>
2. Define the set of geo-markets
3. Explore the set of databases pertinent to the geo-markets and the strategic business intent
4. Define a set of geo-market segregating variables computable from the available databases
5. Add to the set some variables defining the location of each geo-market
6. Assess the value of each variable for each geo-market
<i>Phase 3: Generating a set of geo-market clusters based on self-organizing map</i>
7. Define a neuronal grid structurally representative of the overall territory
8. Train the self-organizing map using the geo-markets as input points
9. Analyze the U-matrix and its implications on market segmentation as to decide on the number of clusters
10. Generate neuronal clusters in the Self-Organizing Map
11. Transpose the neuronal clusters into geo-market clusters
<i>Phase 4: Result interpretation and evaluation</i>
12. Analyze the resulting set of geo-market clusters, saving it if deemed satisfying
13. Evaluation of results based on cluster validation metrics
14. Return to one of the first nine steps above as pertinent, unless stopping because the current set of satisfying cluster sets is deemed sufficient for supporting geo-market clustering decision-making

Self-Organizing Map Based Geo-market Clustering

The proposed method for geo-market clustering based on self-organizing maps is synthesized in Table 2. It exploits the generic SOM clustering method described in Sect. 2.1, where the geo-markets correspond to the data points, described using a set of segregating variables. Hereafter, the key steps of the methodology are described using the Global Relief Supply venture case for illustration purposes.

Phase 1: Defining the Strategic Business Intent

The mission of GRS is to improve the readiness and reaction of worldwide client cities by enabling fast and reliable supply availability of effective tools and supplies before, during and after a natural disaster. To this end, the entrepreneurs at the core of the GRS are planning to achieve this mission via an appropriate business model. The entrepreneurs are developing a market deployment plan for this global venture. At the culmination of this 15-year plan, GRS intends to be serving cities covering most of the disaster-prone countries. As an important phase in market deployment plan, segmentation helps GRS identify market demands and design better strategies for servicing. Considering the different variables which affect target market selection, GRS needs a clustering approach to project the data to lower dimensions. This approach

should provide robust results with high accuracy and benefit from visualization and efficiency in term of execution time. Moreover, the utilized technique needs to be independent from sample size, the distribution of the data and missing data and pre-defined clusters number. Hence, SOM is a convenient approach for this purpose.

Phase 2: Creating Segregating Data Sets and Variables

The market clustering is intended to be data driven. So a key activity is the creation of a reference data set to sustain the study, and the selection of a set of segregating variables to be used for the clustering analysis. The overall process and the calculation method as well as data set are detailed in the following subsections.

Define the Set of Geo-markets

The first step in data set preparation is selecting the target geo markets. For this study, we focused on metropolitan cities in the USA. The GRS venture intends to target cities with over than 100,000 inhabitants. This has led to consider 365 US metropolitan cities as constituting the set of geo markets for this study. Each one was geocoded with a specific longitude and latitude.

Explore the Set of Relevant Databases

Database exploration is essential step in market clustering. This step can be performed based on the case under study and market selection factors such as socioeconomic factors or demand side factors. For this study we used different databases. These databases include U.S. Census database (2007), Seismic-Hazard Maps for the Conterminous United States (2008), Severe Weather Database Files¹ and National hurricane center data bases.²

Define a Set of Geo-market Segregating Variables Computable from the Available Databases

For finding the market selection factors for GRS, we need to review the literature related to natural disasters. According to Skidmore and Toya (2002), variables that determine deaths from natural disasters are population, land area and disaster type. In this study, we considered population, GDP, hazard and vulnerability as the effective variables in market segmentation. Population and GDP are important for estimation of contract value. Moreover, these factors influence the vulnerability of

¹<http://www.spc.noaa.gov/>

²<http://www.nhc.noaa.gov/>

target markets. The hazard and vulnerability are the parameters for calculation of target market risk. The populations and GDP were extracted from the U.S. 2009 Census database. For hazard occurrence calculation, we used Seismic-Hazard Maps for the Conterminous United States, 2008, Severe Weather Database Files and National hurricane center data bases. For vulnerability calculation, we used Borden's (2007) study. In order to prepare the data for hazard and vulnerability for our geo market data set, we used procedures which are described in detail in Assess the value of each variable for each geo-market.

Add to the Set Some Variables Defining the Location of Each Geo-market

Jones and Pearce (1999) explain the importance of geography in today's marketing activities according to four aspects: demand, supply, logistic chains and the nature of some economic activities. For example, geography affects demand as perceived through revenue per household, budgetary spending structures and local lifestyles (Cliquet 2006). In this study we exploited longitude and latitude of each target market their geo-positioning variables.

Assess the Value of Each Variable for Each Geo-market

Based on the major natural disasters which have occurred in US states, we considered three types of natural disasters: earthquake, tornado and hurricane. According to Zhang et al. (2006), "Hazard represents an extreme natural event that adversely affects human life, property or activity and to the extent of causing a disaster with a certain degree of probability and severity". Borden et al. (2007) defined a natural disaster hazard as the potential threat from an environmental process, such as a hurricane, tornado, or earthquake. For each city in the geo-market set, we extracted the information of these three types of hazards as follows. For earthquakes, we used Seismic-Hazard Maps for the Conterminous United States, 2008. These summarize the available quantitative information about seismic ground motion hazard for the conterminous United States from geological and geophysical sources (Petersen et al. 2011). For tornadoes, we used Severe Weather Database Files. The database provides files for tornados, hail, and damaging wind data as compiled in Storm Data. We utilized data from 1980 to 2010. These tables include the tornado's name, the date and the time of incidence, the starting latitude, starting longitude, ending latitude and ending longitude, the wind speed, and hail size or the intensity of tornado based on the Fujita Tornado Scale. We applied an algorithm in order to calculate the hazard occurrence. We searched the database to find cases occurring in the same latitude and longitude as cities in our reference dataset, while considering a radius effect for each incident proportional to its intensity. Hence for each city, we considered several types of incidents over 30 years. We took into account the frequency of each type and then calculated the sum of frequencies to estimate the tornado hazard occurrence. We applied the same approach to determinate hurricane

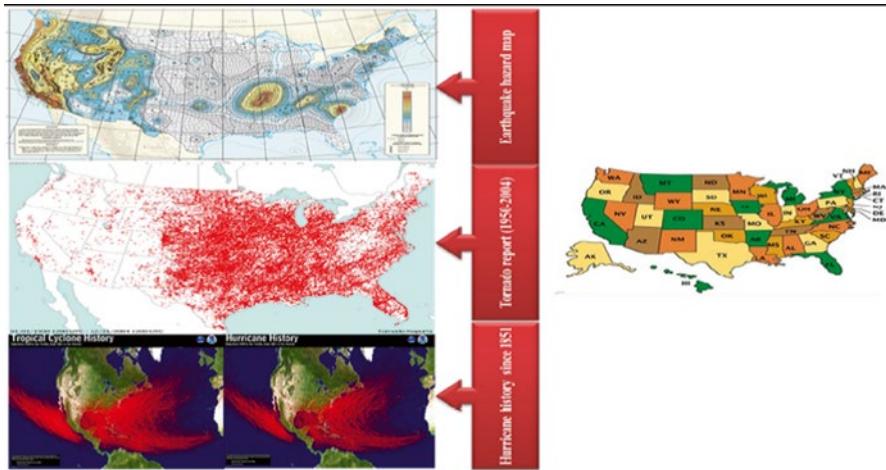


Fig. 5 Natural disaster history on map in USA

hazard. For this hazard type, we used Database Files from the U.S. National hurricane center and Saffir-Simpson Hurricane Wind Scale. Figure 5 shows a map of natural disaster history in the U.S.A. According to Zhang et al. (2006), “Vulnerability denotes the degree of resistance of the asset and population against hazard and it decides the loss degree caused by hazard”. Borden et al. (2007) considered vulnerability as the susceptibility to harm from the risk posed by hazard events at a particular location and the potential for social disruption. The authors studied the vulnerability of the 132 urban areas in U.S. using three vulnerability indices: social, built environment, and hazard impact. We used this study in order to calculate the vulnerability of cities to natural disasters. We utilized social and built environment vulnerability indices of this study and calculated the results for our dataset through interpolation. The vulnerability to disaster (V_d) is calculated from the sum of the social vulnerability (V_s) and the built environmental vulnerability (V_b) (Borden et al. 2007):

$$V_d = V_s + V_b \quad (1)$$

Phase 3: Generating a Set of Geo-market Clusters Based on Self-Organizing Map

The application of SOM in our case study involves defining a grid of neurons corresponding to the set of geo markets. For this case study, a network was developed and trained in the MATLAB 7 environment as described in the following subsections.

Define a Neuronal Grid

The first step of applying SOM is creating an appropriate neural grid for training and analysis. In this study, a 20×20 hexagonal SOM was trained based on the SOM Toolbox 2.0 developed by Vesanto et al. (2000).

Train the Self-Organizing Map

The neurons were trained to adjust their weight based on training algorithms. The SOM Toolbox 2.0 provides two training algorithms including sequential and batch algorithms detailed in Vesanto et al. (2000). We experimented with both algorithms and, considering the quantization error, we utilized batch algorithm for our case study.

Analyze the U-Matrix and Component Planes

Figure 6 presents the variable planes using a 20×20 hexagonal SOM for GRS. High values are associated with dark red colors and low values with dark blue colors. Figure 7 presents the U-matrix resulting from the SOM process. Then Fig. 8 overlays on this U-matrix the proposed geo-market clusters, as described further in the next sub-section.

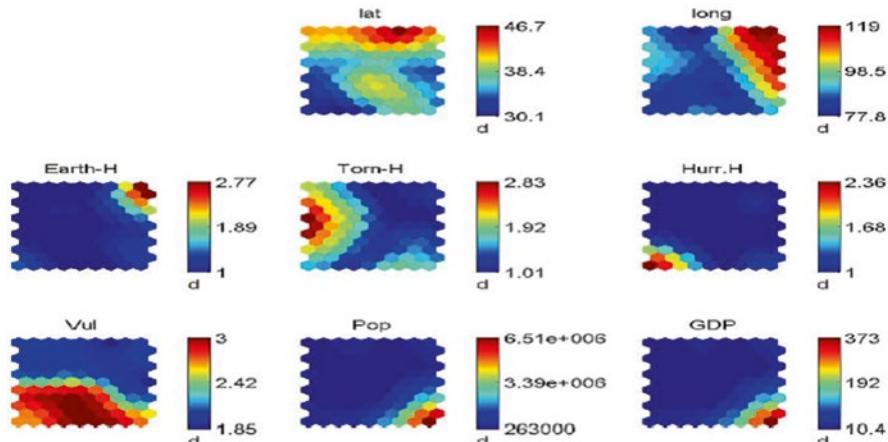


Fig. 6 Variables planes of self-organizing map

Fig. 7 U-matrix of SOM for U.S. natural disaster market of GRS venture

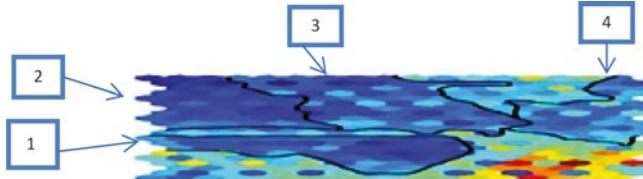


Fig. 8 U-matrix clusters of SOM for U.S. natural disaster market

Generate Neuronal Clusters in the Self-Organizing Map

As shown in Fig. 8, four specific clusters have been identified approximately from the U-matrix. This estimation is based on the color spectrums. For clustering, we need to find the border points. These are located at the margin of densely distributed data, and they represent a subset of the population that possibly belongs to two or more classes (Xia et al. 2006). Each cluster of the map links to a segment in the market. There are different regions of dark blue that correspond to low values in the U-matrix, and therefore to clusters in the data. These regions are disjointed by lighter colours, which correspond to separations between the clusters. When examining the clusters identified in Fig. 8, it can be recognized that each cluster has special characteristics based on variables used for clustering. Cluster 1 groups cities with earthquake hazards. Cluster 2 groups cities with medium tornado hazards. In Sect. 2.1 are grouped cities with both tornado and hurricane hazard. These cities are more vulnerable and more populated. Section 2.2 groups cities with a high risk of hurricane.

Transpose the Neuronal Clusters into Geo-market Clusters

In order to evaluate which of the clustering results are best, ranging from three to six clusters, we used two different indices. The basis for this evaluation is measuring high similarity within a cluster and low similarity between clusters. We utilized the Davies–Bouldin index and the Dunn index. The Davies and Bouldin (1979) index can be calculated as follows:

$$DB = \frac{1}{n} \sum_{i=1}^n \max_{i \neq j} \left(\frac{\sigma_i + \sigma_j}{d(c_i, c_j)} \right) \quad (2)$$

Table 3 Cluster evaluation

Number of clusters	3	4	5	6
Davies–Bouldin index	14.8	5.4	6.1	11.8
Dunn index	0.0032	0.0130	0.0062	0.0035

Where n is the number of clusters, σ_x is the average distance of all elements in cluster x to cluster center c_x , and $d(c_i, c_j)$ is the distance between center of clusters c_i and c_j . The results with low intra-cluster distances (high intra-cluster similarity) and high inter-cluster distances (low inter-cluster similarity) are preferred. Hence the smallest Davies–Bouldin index indicates the best result. The Dunn index (Dunn 1973) is calculated as follows:

$$D = \min_{1 \leq i \leq n} \left\{ \min_{1 \leq j \leq n, i \neq j} \left\{ \frac{d(i,j)}{\max_{1 \leq k \leq n} d'(k)} \right\} \right\} \quad (3)$$

Where $d(i,j)$ represents the distance between clusters i and j , and $d'(k)$ measures the intra-cluster distance of cluster k . Since internal criteria look for clusters with high intra-cluster similarity and low inter-cluster similarity, the results with a high Dunn index are more desirable. The results are shown in Table 3. The best result based on these two indices corresponds to four clusters with a minimum Davies–Bouldin index value and a high value for the Dunn index. The next step is to transpose the neural clusters into a clustered geo-market set, resulting in the four clusters depicted on the USA map as shown in Fig. 9. Cluster 1 corresponds to cities depicted in pink on the USA map. The earthquake-prone cities of cluster 1 are located in the Pacific and Mountain West of the USA, except Wyoming, Colorado and New Mexico that are in cluster 2. Note that Alaskan cities have been included in cluster 1. In the western central zone of the USA, cluster 2 indeed includes green-colored cities with medium tornado hazard level, ranging from North Dakota in the north down to New Mexico, Texas and Louisiana in the south. The red-colored tornado+ hurricane-prone cities of cluster 3 are located in the eastern central zone of the USA, ranging from Minnesota, Wisconsin and Michigan in the North to Mississippi, Alabama and the northwestern tip of Florida. Section 2.2 includes the purple-colored cities with high hurricane vulnerability, located in the eastern zone of the USA. The information, as visualized in Fig. 9, provides managers with an overview of the market clusters that can be interpreted in a way such as illustrated above, facilitating the target market selection procedure.

Phase 4: Result Interpretation and Evaluation

In the result interpretation and evaluation step of methodology, we need to analyze the results of the geo-market clustering and save them if deemed satisfying. If the results are inappropriate, we return to previous steps (e.g. change variables being

Fig. 9 Four clusters on US map



considered) in order to obtain satisfying results. Focusing on validating the four-cluster solution, the U-matrix and component planes obtained in Figs. 6 and 7 and the SOM clustering depicted in Fig. 8 are deemed to be satisfying as their transposition into the geo-market clusters on the USA map of Fig. 9 relate nicely with the history maps and USGS data, making it easy to justify to managers. In general, this step can be performed by experts who are familiar with the business context and the strategic intent of the business venture. For example removing the location information from input variables can change the results completely (See the Fig. 10). Moreover, the U-matrix and component planes will be different if GDP and population are removed (See Figs. 11, 12, 13 and 14). In these cases, quantization error and topographic error for SOM structure are increased and deemed unacceptable. Hence in general, with these procedures, satisfying results are for example achieved by iteratively adding or removing variables and interpreting the results, until these are deemed adequate.

Beyond the cluster-by-cluster interpretation spelled out in the previous section, the following insights can be gained from the overall results: (1) In the U.S.A., the cities with a high earthquake hazard do not have high tornado or hurricane hazards, as can be reviewed using Natural disaster history maps and USGS data. This justifies creating an earthquake-prone cluster of geo-markets. (2) The number of cities affected by a medium-to-high tornado hazard is higher than the number of cities with earthquake and hurricane hazards (Fig. 6), as can be verified by cross referencing tornado report data between 1950 and 2004 (<http://www.spc.noaa.gov/>). (3) The cities with high and medium hurricane hazards are more populated than the cities with high tornado hazard. These cities are shown in Green, yellow and light blue in corresponding variable Planes map (see Fig. 6). (4) Population and GDP have the same color pattern in Fig. 6 and it shows that there is a positive correlation between these two variables. (5) The cities with high GDP and population are more vulnerable. These cities are shown in red and dark areas in Component Planes map of vulnerability, GDP and population (see Fig. 6). (6) The cities with high tornado and hurricane hazards are also in the areas with high vulnerability. These matters can be proven by social and build vulnerability data from Borden's (2007) study as well as the tornado and hurricane history maps.



Fig. 10 Four clusters on US map without location variables

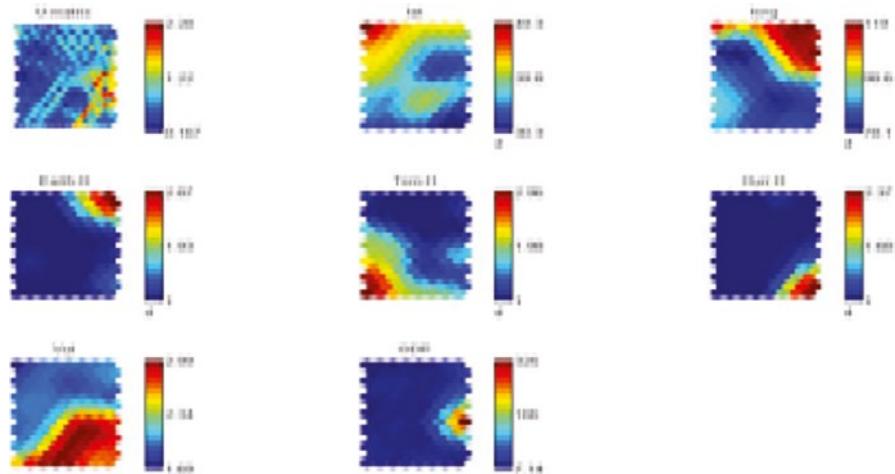


Fig. 11 U-matrix and component planes without population variable

Fig. 12 U-matrix and component planes without GDP variable

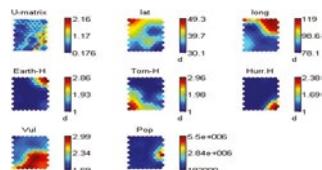




Fig. 13 Four clusters on US map without population



Fig. 14 Four clusters on US map without GDP

Conclusion

Market segmentation, clustering and visualization techniques simultaneously fulfill the needs of marketing strategies particularly in the early stages of the business venture creation. These techniques can be considered as effective tools in developing market deployment plans and mapping the buyer's propensities in global business activities. In this study, we applied SOM for clustering and visualization, using as an illustrative case the GRS venture project that intends to improve the readiness and reaction of worldwide client cities in natural disaster cases. The essential variables of this market have been identified and a data set was prepared to train SOM. U-Matrix and variable maps have been provided and analyzed. The investigation of the adaptation of the proposed methodology for born global cases provides an exciting avenue for further research, notably dealing with international regions where data availability is sparser. Moreover, there is a rich research avenue in investigating how to better incorporate the information related to the supply chain and logistic networks into the geo-market clustering approach. Finally, there is strong potential for research on the joint application of this geo-market clustering approach with other quantitative approaches such as optimization techniques in order to develop time-phased market deployment plans guiding business and ventures through their growth.

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Building Customer Trust and Loyalty: Does Salesperson Empathy Matter?

Fernando Jaramillo and Leslier Valenzuela

Abstract Customer orientation is the central element of market orientation and a precursor of organizational success and performance. This manuscript demonstrates that salesperson's empathy increases the positive impact of customer orientation on customer satisfaction and trust. The manuscript also shows that supplier customer orientation is a key factor in developing a relationship of quality with customers and a critical antecedent of customer loyalty. A conceptual model is tested using survey responses from 300 customers from two Chilean banks.

Model hypotheses were tested with hierarchical regression analyses. Results indicate that both satisfaction with the supplier ($\beta=0.19$, $p<0.01$) and supplier trust ($\beta=0.27$, $p<0.01$) partially mediate the link between customer orientation with the supplier and customer loyalty. Results also demonstrate that supplier customer orientation also affects loyalty directly ($\beta=0.34$, $p<0.01$). Supplier customer orientation, satisfaction with supplier and supplier trust explained 43 % of the variance in supplier loyalty.

Manuscript findings also show that salesperson empathy has a direct effect on both customer satisfaction with the supplier ($\beta=0.23$, $p<0.01$) and supplier trust ($\beta=0.26$, $p<0.01$). Customer orientation is directly related to customer satisfaction ($\beta=0.43$, $p<0.01$) and supplier trust ($\beta=0.44$, $p<0.01$), even after salesperson's empathy is controlled for.

Finally, research findings demonstrate that empathy augments the positive effect of customer orientation on customer satisfaction ($\beta=0.13$, $p<0.01$) and customer trust ($\beta=0.12$, $p<0.01$). Customer orientation and salesperson's empathy explain 33 % of the variance in satisfaction with a supplier and 37 of the variance in supplier trust. Moderating hypotheses were tested by evaluating the significance of the

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interaction term formed by multiplying the moderator (i.e., empathy) and the predictor (i.e., customer orientation). Both empathy and customer orientation were first mean centered to avoid multicollinearity.

Manuscript findings demonstrate that both customer orientation and salesperson's empathy play a critical role in influencing customer's opinions about their relationship with a firm and eventually lead to supplier loyalty. These results highlight the importance of instilling a customer oriented culture and the need of hiring empathetic salespeople who are genuinely interested in serving the customer. With regards to the limitations of the study, it can be seen that the influence of time is not considered in the application of the model and the results obtained. Moreover, as possible future research, it would be interesting to capture the effect of the variables in the models proposed in different industries.

References: Available upon request

Consumer Ethnocentrism in Modern Armenia

Anahit Armenakyan

Abstract Since the publication of the seminal scholarly piece by Schooler (1965) on product bias in the Central American Common Market, the field of consumer behaviour had been flourishing with the studies investigating the effects of product place origin, or country-of-origin (COO), on consumer decision making process. The studies have shown that consumers use the COO cue as a surrogate indicator of the quality (Han 1989). Further exploration of the field of consumer behavior revealed that consumer decision making is also influenced by ethnocentrism, measured by CETSCALE (Shimp and Sharma 1987). While the number of studies on COO and ethnocentrism effects on consumer behavior has been steadily increasing, the majority of these studies were focused on Western or Asian consumers leaving the Central/Eastern Europe and post-Soviet countries a largely untapped territory.

This study examines CETSCALE test results in modern Republic of Armenia and compares these results with those from the earlier study by Plank and Lindquist (1999) of consumer ethnocentrism in Soviet Armenia. A total of 215 responses were obtained from a sample of 400 adults over 18 years of age. Data analysis involved four steps. First, the calculation of the aggregate CETSCALE as per Shimp and Sharma (1987) was undertaken; this resulted in the mean aggregate score of $M=52.5$ ($SD=24.36$). In comparison, Plank and Lindquist (1999) reported a high mean value of $M=87.3$ ($SD=23.19$). Second, exploratory factor analysis (EFA) was used to verify the reliability of the chosen item measures. The preliminary analysis produced 3 factors; however, further analysis (scree plot), similar to Plank and Lindquist (1999), showed that only 2 factors were necessary. Cronbach's α run on the suggested 2-factor model scored for 0.919 and 0.889 on the two factors. Next, confirmatory factor analysis (CFA) led to some factor purification. The final measurement model fit indicated a good fit with all statistics falling within the recommended limits. Purification also resulted

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in much improved validity and reliability. Finally, the correlations of the 2 factors with other measures of consumer behaviour (e.g., *quality, value for money, intention to buy, willingness to recommend, overall satisfaction with the product*, etc.) were examined for three categories of products (shoes, jewelry, chocolate) from four countries (Italy, Russia, Turkey, Armenia).

The current study confirms the findings of Plank and Lindquist (1999) regarding the one-factor CETSCALE and suggests a revised nine-item two-factor model; however, differences in item composition of the two models suggest that the scale that worked in one context might not be applicable in another one even when applied to the same nation. Contrary to Plank and Lindquist (1999) findings, the current study suggests that the attitudes of the Armenian consumers towards foreign vs. domestic products have changed towards more positive perceptions of the foreign-made products. The study suggests that the attitudes, especially the ethnocentric ones, could be product- and country-specific. It is recommended to be careful when examining consumer behaviour in the context of sensitive issues (e.g., ethnocentrism) as historical, socio-economic, and geo-political factors might play important roles in shaping the consumer attitudes. While there have been some studies undertaken in post-Soviet countries, the state of the knowledge is outdated as these studies were undertaken in the early days of independence. Since then the political and economic environment of these countries has been changed, and many of the post-Soviet countries have been integrated into global international marketplace.

References: Available upon request

Marketing Towards Happiness in Peru

Gina Pipoli

Abstract There is a growing trend of the study of Happiness, its importance, the ways to increase and measure it (Diener and Chan (*Appl Psychol: Health and Well-Being* 3:1–45, 2011), Diener and Seligman (*Psychol Sci* 13:81–84, 2002)), which have motivated Marketing to take this subject into account in order to achieve the greatest consumer welfare. For this reason, researches on consumer behavior and its preferences, based on the subject of happiness, are important because it will generate a better understanding of how Marketing should address consumers from the perspective of Happiness. In other words, Marketing seeks to generate added value to consumers by stimuli related to their happiness. The present study aims to identify the main consumer opinion on Marketing and Happiness in Peru, based on a qualitative study of Hanson and Arjoon (*Adv Manag* 3:7–14, 2010), who analyzed consumer subjective opinion, in order to define major marketing stimuli and strategies that contribute to consumer happiness.

Keywords Marketing • Happiness • Consumer • Wellbeing

Introduction

Kotler and Zaltman (1971) indicate that Marketing consists in the maximum effort developed in discovering the necessities of the target public so it can create products and services that satisfy them. Therefore, they highlight the importance that Marketing's professionals give to the satisfaction of consumer's needs, which is reflected in the definition of Marketing Mix that is based in four principles known as the 4 P's: price, product, promotion and place. These four components were developed by McCarthy, and analyzed by Van Waterschoot and Van den Bulte (1992), and serve to develop the main activities of Marketing so it can create value to the consumers through a product.

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Over the last years it has been noted a growing interest of the study of happiness, from psychology to the business world, and more recently, to the strategies of Marketing. In that sense, there are several investigators that are trying to create brands that could generate happiness on the consumer (Isen et al. 2004); (Mogilner and Aaker 2009) and, in that way, determine the ways in which Marketing could generate value based on happiness (Hanson Dionne and Arjoon 2010). Due to the above, is a necessity to analyze the tools of Marketing that could contribute in any sense to the consumer's happiness. Therefore, the present study intends to determine which are the activities that are developed by Marketing that could generate happiness on the Peruvian consumer, based on the model of Hanson Dionne and Arjoon (2010).

Literature Review

Several researchers have started to give more importance to the consumer's happiness. In that sense, they have tried to integrate the concept of happiness with brands (Mogilner and Aaker 2009). The latter is pretended to be achieved by the development of Marketing strategies that consider happiness as their central axis. That is the case of the campaign "Open Happiness" developed by Coca-Cola, which stood out the little pleasures of life and encouraged consumers to take a rest in the day to share happiness with other people (Mogilner et al. 2012).

Hanson Dionne and Arjoon (2010) investigated the subject and concluded that there are six marketing stimuli that contribute to the consumer's welfare. These are: lower or reasonable prices, excellent customer service, sales and discounts, excellent quality, give-aways and deals, and special offers. It can be noted that the elements that are identified as generators of happiness are closely related to the components of the Marketing Mix: price, product, promotion and place.

As it will be noted below, the concept of happiness has several approaches. For this reason, the framework that will be developed on this paper is the following: subjective well-being, as the closest measure to happiness, comprehends a cognitive component (overall satisfaction with life), and an affective component (presence of positive affect and absence of negative affect). In this regard, marketing stimuli related to the satisfaction or life, or, at least, to reduce negative affect on the consumers' everyday lives, is expected to contribute to their happiness.

Concepts of Happiness

Happiness is a subject that has been analyzed since the first great societies, such as the Greek, in which there are several, great philosophers who were trying to resolve and explain the origin of happiness (Hanson Dionne and Arjoon 2010; Tatarkiewicz 1996). One of the thoughts presents a valid dichotomy to the contemporary society:

happiness related to hedonism, and happiness related to the contemplative or virtuous life. Also, it can be asserted that there are many people who believe that life is more than just money, and the main goal in their lives is to reach happiness (Hanson Dionne and Arjoon 2010).

In relation to other factors that are associated to happiness, each person can have different perceptions of what is understood about happiness (Easterlin 2003). This point of view has been reinforced by Gilbert (2006), who says that happiness is pretty much subjective and it can have several meanings according to each person. There are, as well, theories that distinguishes multiple types of happiness that change through cultures (Tsai et al. 2006) and ages (Mogilner et al. 2011).

One of the disciplines that have acquired greater importance in the study of happiness has been Psychology, in which there is an important theory, proposed by Ed Diener, who indicated that happiness is formed by three components: positive and frequent affect, infrequent negative affect, and the satisfaction with life (Alipour et al. 2012). Another theory developed by Martin Seligman (2002), one of the founders of positive psychology, indicates that authentic happiness could be reached by the cultivations and identifications of the strengths of each person such as curiosity, vitality and gratitude, love and play. There are three ways to reach this goal: the path of pleasure, the path of significance, and the path related to the individuals that “go with the flow” (Alipour et al. 2012).

On the other hand, economic theory has highlighted through the years that income growth is the last measure of people's happiness (Easterlin 2003). Also, economists recognized that happiness depends on other factors, different to the materials, but if there is an income growth, then people's welfare would go in the same direction (Pigou 1932). Thirty years ago, the common thought was that people would feel happier if the country became richer, in comparison to poorer countries (Easterlin 1974). Nevertheless, today that thought is not that radical and other aspects are taken into account to relate happiness with each person, according to each subjective meaning, which is very related to what Aristotle proposed (Kenny 2005). In this section, it has been analyzed; in general terms, the different concepts of happiness developed through the years, which are very important to take into account because it aims to understand consumer's happiness, and how it could be related to Marketing and its specific strategies.

Concepts of Marketing

Like it has been told, Kotler and Zaltman (1971) indicated that Marketing should discover and satisfy needs and, later, the concept of Marketing has been broadened to what is called Social Marketing. The main proposition is that Marketing activities are not only aimed at the satisfaction of the consumers, but they also should aim to satisfy needs in every aspect that could be presented, through the handover of a superior value to clients in order to maintain or improve people's and societies' welfare (Kotler and Armstrong 1996).

Marketing Strategies

The concept of Marketing Mix is one of the main foundations of this discipline and, in that sense, needs a strong classification not only to stimulate the integration and purification of the concept, but to make a significant measure of the marketing mix and its effects (Van Waterschoot and Van den Bulte 1992). Also, managers need of a clear classification of all the instruments that have in their disposal in order to evaluate and judge the objectives, interactions and instrumental restrictions.

Desmeules (2002), writes that marketing strategies influent the way in which people feel about their consumption possibilities and their experiences or, as he considers, the consumer's happiness. In this sense, Day (1987) stands out thirteen domains to measure the quality of life on people, which two are influenced by marketing: purchase and consumptions of products and services, and material possessions. Later, these are used to relate marketing with satisfaction of life, where there is a relationship between satisfaction of material goods and satisfaction of acquisitions, in which is important to highlight the quality of the products, and other characteristics developed by marketing (Leelakulthanit et al. 1991).

But, also, it is important to mention another factor, purchase experience, which was suggested by Desmeules, based on the supposition that people are attracted to great expenses and enjoy making their preferences prevailed in front of a great variety, even though they can feel frustration or regret of their decision (Iyengar and Lepper 2000). There is a great quantity of marketing strategies that could raise the competitiveness of the enterprises in order to know better the necessities of the consumers through time (Kahn 1998). Therefore, Kahn (1998) suggests that enterprises should focus in establishing good relationships with the consumers and get to know them better so they can implement better strategies for them.

Marketing Stimuli

Hanson and Arjoon identify, on their qualitative investigation, six factors that function as marketing stimuli that provide happiness to the consumer: lower/affordable prices, excellent customer service, sales/discounts, excellent quality, give-aways and deals, and special offers. Because of this, is necessary to analyze each of these so that we could find out their relationship with Marketing, and to see in which way they provide happiness to the consumers.

Quality of the Product

It has been mentioned that marketing should be oriented towards the product (Lynn Shostack 1977). Therefore, management should develop a particular conception of the product attributes, and a specific marketing plan for the product (Kotler 1964). Further, it is stressed the concern for its quality, which is very important for the

businesses and the consumers (Parasuraman et al. 1985) because it generates strategic benefits by contributing to the rise of the market share and the investment return (Anderson and Zeithaml 1984; Phillips et al. 1983).

The decision of business to develop products of excellent quality is dynamic because one of the main benefits of doing it is that it helps to create a reputation for the future (Shapiro 1983). This is reinforced with what has been mentioned by Rogerson (1983): a business with products of excellent quality has more clients, because these clients are satisfied, and that generates word of mouth publicity (Klein and Leffler 1981). Following the idea of the importance of the product quality, Jacobson and Aaker (1987) indicated that the role of the product quality is to determine, according to its appliances, a mean to earn a comparative advantage, and to facilitate the rise of the profitability in a context of market share (Jacobson and Aaker 1987). Phillips et al. (1983) cite Porter to indicate that the differentiation by quality isolates a business of very competitive rivals because it creates client loyalty, reduces the sensitivity of the client for the price, and protects the business from another competitive forces that could reduce the price range and its cost.

There is an interesting point here, that could be expanded with greater detail: the type of product and, especially, its acquisition experience. Nicolao et al. (2009) analyze the relationship between happiness and sales through the purchases that consumers realize, and compare if people get more happiness through the experience or experimental purchases (such as travelling) or material purchases. In this sense, they highlight that when the purchase is positive, the experience prevails above the material products, but if its negative is not going to generate any more happiness than material goods could have provided.

Customer Service

Customer service is a management strategy that focuses on knowing the client expectations. It is based on the idea that the organization is going to effectively and efficiently achieve its objectives through the consumer's satisfaction (Wagenheim and Reurink 1991). Due to the orientation of identify, understand and focus on the consumer needs, the perspective of the customer service begins a cycle of positive reinforcement.

A decisive factor of businesses is to identify the needs and expectations of the clients (George and Jones 1991). Also, it is important to mention that the customer service creates a positive cycle on the business through motivation and morality, a better performance of the personal, a reduction of costs and innovation (Wagenheim and Reurink 1991). Moreover, Sulek et al. (1995) indicate that the customer service intervention has a meaning and positive impact on the client satisfaction, which is something that affects significantly the sales profitability.

The construction of the customer service is taking a greater level of importance on the contemporary economy (Baydoun et al. 2001). To deliver a customer service of high quality is emerging as an imperative strategy, which goes hand to hand of the resources and technologic information capabilities of an enterprise (Ray et al.

2005). This is reinforced by Rust and Siong Chung (2006), who mentioned that the services growth is directly related to the changes that have been provided by the technology, where there have been revolutionary changes in computation, data storage and communication. It has been granted a greater importance to the provided services, which is due to the positive relationship between market orientation and better performance of the business. The latter is reflected on the investigations of the market orientation (Jaworski and Kululi 1993; Narver and Slater 1990) and the relationship with the concept of consumer orientation (Deshpande et al. 1993). Because of this, it is emphasized that the businesses consider service as an important mean to differentiation (Rust and Siong Chung 2006).

Price

In relation to the third stimuli, low/affordable prices, there are many researches that argue and analyze the reasonable prices on marketing (Maxwell 2008). Researchers of marketing have been trying to study the effects that could be generated on social norms, trust, and personal comparisons about the perceptions of reasonable prices (Xia et al. 2004). Also, price is the only variable of marketing mix that generates profits, while the rest involve expenses. Therefore, the effects on the change of prices are more immediate and direct, and the appellations based on prices are easier to communicate to the potential buyers (Rao 1984).

In relation to the importance of low prices on society, it is considered that a reasonable price has a social utility independent of the economic utility of a low price (Maxwell 2008). This appreciation is considered as an emotional element because is fast and automatic. Finally, consumers will prefer a fair price, that does not necessarily mean a low price, and a client treated this way will achieve to be, effectively, a happier consumer (Maxwell 2008).

Special Offers

This variable is compound of personal sales, publicity and promotional sales (Van Waterschoot and Van den Bulte 1992). It is important to note that special offers and discounts should be treated carefully because they could be attractive on the short-run, but adverse on the long-run (Van Waterschoot and Van den Bulte 1992), and also, knowledge about the subject of discount could be ambiguous for economics and marketing (Dolan 1987). It is necessary to mention that special offers are a fundamental part of the promotion of marketing, which is something that is taken very seriously along with the discount, because they go hand to hand, and they have big effects on the consumers (Rao 1980). Friesen (2011) analyzed how happiness could be measured on consumers, and mentions that celebrations are important for marketing to use their tools; for example, the use of special offers that deliver greater happiness.

Sales/Discounts

Since the Second World War, discounts on the prices have been increasing rapidly because of the fast expansion of the consumer acceptance about this way of commercialization (DeLoach 1962). Buchanan (1953) explains that discounts, by quantity, could be given for three motives: first, to obtain perfect price discrimination for each client or similar groups of consumers; second, to obtain partial price discrimination for different types of consumers; and, third, to influence on the pattern of requests of the consumer.

According to the previous motives, marketing has focused, especially, on the third motivation and, because of this; discounts are used as a mean to coordinate the pattern of requests and the stocktaking of the members of the distribution channels. Also, discounts try to influence the quantity per request, but not necessarily the total quantity demanded on the long-run (Dolan 1987). There are authors that also indicate other type of common discounts: packages of goods by large quantities (where the price per unit reduces) which generate a greater demand of the promoted product (Allenby et al. 2004).

Give-Aways

In relation to gifts, according to sociologists and economists, they could serve as signs of information (Camerer 1988). There are several researchers that analyze give-aways because it permits to study consumer behavior (Sherry 1983). Belk and Coon (1993) mention a relation between give-aways and marketing as from the concepts described by Kotler and Levy (1969) who indicate that almost every relation between people or institutions are a way of exchange on markets.

It is clear that give-aways could mean signs for people, and these could help marketing to determine, in a better way, the consumer's behavior because it is mentioned that exchange, in this case of gifts, emphasize the essence of the consumer behavior. Last, to know how to offer gifts to the consumers on special occasions could generate a greater happiness for them. According to the revision of the literature, it has been observed that these six tools have an incidence on consumer's satisfaction and happiness. In the following pages, we will proceed to show the application of the empiric analysis on the consumer's satisfaction and happiness on Peru, as from a study of Peruvian consumers.

Methodology

The methodology used for the present study was based on the qualitative study of Hanson Dionne and Arjoon (2010), which used a survey of 100 individuals; however, this survey consisted of 371 individuals and was realized to people over 18 years from Lima, Peru. According to the answers of the surveys, we proceed to

analyze the data. The responses were tabulated and coded according to recurring themes. Then, we created charts showing the percentage of the answers that had received the most acceptances. It is important to mention that, like in several questions people could mark more than one option, some results overcome 100 %. About the validity and reliability of the data, feedback from subjects was taken into account, and their concerns were resolved at the moment they were completing the questionnaire. The questions were standardized and asked in the same order so that it could be achieved a systematic approach that would promote reliability.

The first question is related to the concept of happiness which is based on a psychology study that notes the values of the individual and that happiness is subjectively defined (Diener et al. 1999; Myers 2000). The second question aimed to find the relations between happiness experiences and Marketing. This question had its roots on the fact that there are socially-given messages that contribute to people's decisions about the kinds of experiences that they should desire (Compton 2001). The third question sought to understand how marketing's professionals could help to increase consumer's happiness. The last question tried to find the concept of business and marketing in a perfect world, which generates a utopic vision of how should marketing be and, through these answers, it could be presented a strategic vision that implements all of the marketing strategies. All of these questions had an open option to add any commentary. The hypotheses developed on the present study are the following:

Main hypothesis: Marketing stimuli and strategies can provide greater consumer welfare.

Sub-hypothesis 0: Consumer welfare is related to individual's happiness.

Sub-hypothesis 1: The experiences of marketing that provide more happiness are related to the human aspects of marketing.

Sub-hypothesis 2: The expectations on businesses and marketing are more directed towards values such as justice and honesty instead of the profitability.

Data Analysis and Findings

As shown in Table 1, the main answer is the feeling of joy and contentment, followed by the sense of satisfaction and achievement. Also, it is important to note that the two main answers of the open section were: to feel good with yourself, which was coded along with phrases like in love with oneself, happy with oneself; and, feeling of peace. Last, we found other type of answers that are catalogued as "others", such as welfare in everything, to be with the family, help other people and have a positive focus.

According to ages, the tendency was the following. More of the half of the people that are between 18 and 25 years old (61 %) relates happiness with feelings of joy and contentment; then, as a sense of satisfaction (52 %), and the sense of achievement (41 %). The same order occurred for those that are between 26 and 35 years,

Table 1

What do you understand by the term happiness?	Percentage (%) of answers
Feelings of joy and contentment	57
A sense of satisfaction	51
A sense of achievement	41
As getting what you desire	18
As being able to survive in this world	7
To feel good/content with yourself	3
Feeling of peace	2
Other	6

Source Own elaboration

Table 2

With which of these experiences have you experienced happiness through the marketing effort of businesses?	Percentage (%) of answers
Excellent customer service	62
Sincerity/honesty/integrity/transparency	51
Lower/reasonable/affordable prices	34
Sales/discounts	20
Others	4

Source Own elaboration

36–45 years, and 56–65 years old. Nevertheless, it is important to highlight that for the ranges 26–35, 36–45, and 56–65 years old, the answers of being able to survive in this world and getting what you desire were increasing its importance. This could be justified on the fact that people get more responsibilities along the years, and expectations in relation to the achievements could be different of younger people.

In regards to the second question, related to the experiences that could produce happiness, as shown in Table 2, the most accepted answer among consumers is the excellent customer service, which can demonstrate that, despite the price and discounts, it is prioritized the service that is granted. Is also important to note that marketing it's expected to be complete, transparent and honest, which are important concepts that should be taken into account. In the option "others" were few answers such as social responsibility, good quality, and good attention to claims or consultations. There were also a couple of negative answers that indicated that there is not any experience of marketing that generates happiness.

According to ages, the most voted answer among those that are between 18 and 25 years old is the excellent customer service. The tendency is the same for those that are between 26 and 35 years old. The following groups of ages (between 36 and 65 years) have as the most voted answers the excellent customer service and the sincerity/honesty/integrity/transparency. The same tendency was observed in every civil status and socio-economic levels.

In relation to the third question, as shown in Table 3, the most voted answer is related to the quality of the products, from which is abstracted that the Peruvian

Table 3

What can marketers do to increase your happiness?	Percentage (%) of answers
Excellent quality	52
Look after the price/quality relation	42
To offer give-aways/deals	35
To guide the consumer/look after the sovereignty of the consumer	34
Make products that are closer to the personal ideal of the consumer	26
To offer gifts	18
Others	6

Source Own elaboration

costumer considers that the excellent quality of services or products is very important. The second most voted answer is to look after the price/quality relation, where is also highlighted the quality of the product or service. In the same way as the second question, there were not many answers on “others”, but it was mentioned the thought of the common welfare, to transmit reliance, and to have details with the consumers. There were also a couple of commentaries that noted that any marketing activity would generate them happiness, and there was one commentary that remarked that it should be good if the forgot communities were included commercially.

The tendency is similar along the group of ages. The youngest people and those that are between 46 and 55 years old consider more important the offering of excellent quality products, while the people that are between 26 and 35 years old consider more important the relation price/quality. The tendency between men and women is very uniform, and the results are very similar. According to the socio-economic levels, the levels “high (a1)” and “mid-high (a2)” have as the most voted answer that excellent quality products should be offered. The level “mid-low (c)” has as the most voted option to offer give-aways and deals.

Finally, the responses of the last question were coded according to recurring themes, about the characteristics that a business should have on a perfect world, as shown in Table 4, when analyzing the main voted answers, it is observed that the greater quantity of Peruvian people think that businesses should be more dependable. Then, it is mentioned that every businesses should be profitable and successful. It is also considered important that businesses should be fair with everyone, because it is thought that with businesses are only benefited some people, and it should not be that way. Also, there is many people that consider important the social responsibility.

It is worth to mention that there are more variables to analyze on the section “others”. For example, consumers said that businesses should be global, that there must be a good exchange of products, that would not exist barriers to entry or negative externalities, that must create value, and they should serve as a tool of happiness.

The second part of the first question aimed to find out the characteristics that marketing should have on a perfect world, as shown in Table 5. Besides all of the answers that appear on the upper chart, there are also other answers on the section

Table 4

Main coded answers of businesses on a perfect world	Percentage (%) of answers
Dependable	31
Fair/"Win-win"	17
Social responsibility/social welfare	14
Ethical/equitable	13
Client orientation/attractive	8
Quality	6
Give-aways/deals	2
Free	2
Others	7

Source Own elaboration

Table 5

Main coded answers of marketing on a perfect world	Percentage (%) of answers
Dependable	24
Client orientation/attractive	19
Straightforward	14
Social responsibility/social welfare	10
To satisfy client needs	8
Quality	4
Profitable/successful	5
Give-away/deals	4
Innovative	3
Others	8

Source Own elaboration

"others" such as: authentic, that functions as a base for businesses, that presents reasonable prices, to inspire, to create value, publicity should be free, that serves as a tool of happiness, and that would not exist. In order to analyze each answer, it could be observed that, in both cases, consumers expect that businesses and marketing should be dependable, which is related with commentaries such as transparent, honest, without corruption and ethical.

On the other hand, when analyzing businesses separately, consumers seek that these should be a "win-win" where every participant wins; also, they should be fair on society and profitable. In relation to Marketing, is important to note that consumers expect that it should not manipulate people, and that it should be real and straightforward, understandable for everyone.

The answer related to the dependability of businesses and Marketing coincides with the second question of the survey, where consumers expressed that marketing should be transparent. Other two variables that are related, and that consumers expect, in businesses and marketing, is that they should boost social welfare and that should be oriented to the client.

Table 6

Main coded answers of businesses and marketing on a perfect world	Percentage (%) of answers
Aligned/coherent	14
Dependable	12
Social responsibility/social welfare	12
To satisfy client needs	11
Fair/“Win-win”	11
Quality	10
Profitable/successful	6
Straightforward	5
Client orientation/attractive	7
Give-away/deals	3
Others	11

Source Own elaboration

Finally, we asked consumers about businesses and marketing together, as shown in Table 6, similarly to previous charts, there are several answers that are not included on the section “others”, where it is mentioned that marketing and businesses should be innovative, tools of happiness, to create value, to be intrinsic, and that they would not exist on a perfect world. The most voted answer is that marketing and businesses should be coherent with each other, in order to generate a more perfect development of both of them. Then, it can be seen that are other variables that are repeated in relation to the analysis of each one in separate. Also, is important to note that, in difference as the other charts of businesses and marketing separately, the distance in each section has been reduced.

Conclusions

As from the obtained results, it could be noted that there are, effectively, tools of Marketing that could generate happiness on a costumer, which is something that has been demonstrated based on the consumers’ opinions on this study. In the same way, it could be determined that there are some concepts and activities that prevail among others, but it does not mean that they should be paid less attention because, for some people, these experiences are important to achieve their happiness.

It is also important to remark the significant consumers’ desire to have dependable, honest, transparent businesses on Peru, and this is a thought that begins with the youngest people. In this sense, it could be noted that there is a negative perception about the way that businesses are developed in Lima. In relation to Marketing, it has been considered as very important the fact that it should be straightforward, and that it should not mislead consumers about the things offered, which is something that could be related to the previous concept of transparency on businesses.

Also, it could be mentioned that the awareness of social responsibility on businesses and marketing is something that is gaining more relevance, and even if this is not the main answer on the questions of businesses and marketing on a perfect world, it is noted that there is a rise on the interest on this subject that involves everyone. In relation to the hypotheses developed, further studies should analyze more profoundly the relation between consumer welfare and individual's happiness; however, there is a great amount of respondents that define happiness as a sense of satisfaction. The sub-hypothesis 1 refers to the type of marketing experiences that provide more happiness. In this sense, it is noted that the most voted answers are indeed related to the human strategies or stimuli of marketing (i.e., not referred to prices or discounts). On the questions related to expectations on businesses and marketing, the more relevant answers discuss the idea of justice and honesty. Lastly, when analyzing all the variables, it could be said that there is a plausible scenario for a development of Marketing as a tool of happiness in Peru.

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Employer Branding: Preliminary Thinking on the Role of Corporate Sponsorship

T. Bettina Cornwell and Christopher Lee

Abstract Corporate sponsorship of sports, arts and causes has been seen as a consumer communications platform for decades but has only more recently been valued as an internal marketing tool oriented toward employees. It is argued here that corporate sponsorship can also play a role in employer branding for potential employees. As pieces of information about a company, the sponsorships a company holds may play a role in communicating about the psychological and functional benefits of employment. Preliminary findings from a pilot study and first study are presented. While the ordering of information about a company (company-sport, sport-company) and its sponsorship of sport did not influence employer attractiveness, supplying an articulating statement did. Participants viewing webpages of the company and sponsored sport and reading a linking statement that signaled the social orientation of the company and sport found the company to be more socially oriented. On the other hand, reading an innovative linking statement did not change perceptions of the employer given the same materials.

References: Available upon request

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Accepted, Rejected, or Withdrawn: A Content Analysis of Reviewer Feedback and Some Advice for Marketing Educators

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Abstract Within the academic community, the peer review process is infamous. Many, if not most, scholars who have submitted their work to scholarly journals have first hand experience of submitting what they believe to be theoretically grounded, methodologically rigorous, and important contributions to a journal, only to hear from reviewers that the paper is theoretically unsound, methodologically flawed, and does not contribute sufficiently to the existing literature. This study attempts to ease the pain of navigating the peer review process through an analysis of reviewer feedback for all papers submitted to a marketing journal over a 5-year period. Thus the contribution of this research is to shed light on the publication and peer review process through an analysis of reviewer judgments. Marketing educators can use the findings herein to aid future generations of marketing academics in understanding (and successfully navigating) the peer review process.

We analyzed 782 reviews of manuscripts submitted to a marketing journal (67 % were ultimately rejected; 30 % were ultimately accepted, and 3 % were associated withdrawn by the authors), which were reviewed between 2008 and 2013. All of the reviewer comments were categorized by ultimate fate of the paper (accepted, rejected, or withdrawn), creating three categories for analysis. Each document was analyzed by means of a software program, Leximancer.

Reviewer feedback of rejected papers revealed that strongest themes were *section, should, study, model, paper, manuscript, advertising, and brand*. Reviewer recommendations for major revisions reveals that the strongest themes were *brand, measures, ads, findings, paper, research, contribution, results, findings*,

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data, should, authors, and section. Reviewer recommendations for papers withdrawn by the authors reveal that the strongest themes for these papers were *agencies, should, paper, page, analysis, research, results, and approach.*

Our paper reveals a number of important findings for people wishing to publish in marketing journals. Not surprisingly, reviewers consistently give feedback as to what authors should do to improve the paper. More importantly, our findings reveal that flaws which may warrant rejection have to do with the analysis, the results, and the approach to the study or to the paper. In contrast, reviews of papers that are accepted revealed that the contribution of the paper was often mentioned by reviewers, indicating that these papers likely made a strong and clear contribution to the literature.

References: Available upon request

The Role of NGOS in Business-To-Business Markets

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Abstract While the business-to-business markets traditionally put the emphasis on the business actors, this paper is to expand the conceptual boundary of the business-to-business network and include non-governmental organizations (NGOs). A commercial company may be a partner in a network consisting of not only business actors such as customers, sub-contractors, distributors etc., but also of non-business actors such as government bodies, NGOs, local communities and other non-business actors. Therefore the interaction between two business actors differs widely from the interaction between a business actor and a non-business actor, or between two non-business actors. This leads to the different nature of relationships regarding business and non-business actors in a network. We discuss also the infusion of non-business intermediary actors in order to bridge the gap between business and non-business actors. In this paper, we examine the effects of NGOs on the commercial companies' business network.

Keywords Business-to-business markets • Non-business actors • NGOs • Intermediaries

Introduction

The essence of the network approach rests on the interaction and relationship between traditional business actors such as customers and suppliers. However, in real-world situations networks may consist of both business and non-business actors, and non-business actors may not have the same kind of goals as the business oriented actors which may generate conflict of interests but also opportunities. For example, multinational companies (MNCs) may consider collaborating with non-business actors such as non-governmental organizations (NGOs) for achieving socio and economic goals mainly in times in which MNCs are under constant pressure for a more social responsible behavior in their operations worldwide.

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In a broad perspective, NGOs are non-firms and non-state actors which may include, but not limited to, labor unions, academic institutions, business associations, religious groups, environmental groups, disaster relief organizations, poverty alleviation groups that represent the civil society (Dahan et al. 2010). Some of these organized groups have increased in size, number and geographic scope. Many NGO has become global organizations and its campaign in one country might have effects in another. Greenpeace, World Wildlife Foundation (WWF), Friends of the Earth are examples of global organizations that encourage debates about environmental issues. Such organizations has also increased power and influence on the business strategies of MNCs particularly inducing organizational strategies towards social issues such as labor conditions, human rights, poverty alleviation and environmental issues while at the same time they also have influenced policymakers. In other words, NGOs have also the potential to change the institutional environment that firms are embedded. They can affect the future formulation of rules and laws in society.

Under pressure on firms towards a more responsible behavior, NGOs have become important non-business actors in international business arena and cultivate relationships with such actors might be strategically important. NGOs may provide firms with important intangible resources such as legitimacy and reputation within society. However such interactions may differ from the traditional business relationship. While firms aiming to maximize shareholder value, through the commercialization of products and or services, NGOs aim to provide goods altruistically. Thus, firms and NGOs have a different view and goals. Therefore, the understanding of the main challenges and opportunities that arise from such collaboration constitutes a timely research subject mainly because cross-sector cooperation can be strategically important for companies doing business globally. Therefore, this paper aims to provide a network-based theoretical contribution on the role of non-business actors such as NGOs in the MNC's strategies in addressing social issues.

The following sections are organized as follows. The first section summarizes the previous studies on the network approach including the incorporation of the non-business actors; the second section discusses the network view focusing on the role of NGOs as intermediaries actors; the third sections examines the interaction between business and non-business actors, the fourth section describes the relationship between business and non-business actors; and the fifth section provides concluding remarks and discusses the theoretical implications.

Incorporating the Non-business Actors in the Business Network

The interaction model (Håkansson 1982; Ritter and Gemunden 2003) and the relationship model (Anderson and Weitz 1989; Sheth and Parvatiyar 2000; Lichtenthal and Tellefsen 2001) are concerned with dyadic business actors and

consider all other actors as part of the firm's business environment. The business network model (Håkansson and Johanson 1992) incorporates all the business actors of the interaction model but emphasizes on the business actors while the non-business actors are implicitly presumed. This implies that in the network context, only the actors aiming the business goals are taken into consideration in these studies.

Even some later studies in network theory [see for example Håkansson and Snehota (1995)] are mainly concerned with the business actors and their activity links or resource ties and leave out the behavior, actions, activities and the power of the non-business actors. However, some authors have highlighted the importance of adding other actors in the firms' business network. Studies of Ring et al. (1990), Bodewyn (1988, 1993), Johanson (2001), Hadjikhani and Thilenius (2005) and Figueira de Lemos (2013) explore the role of political actors in influencing firm's decisions, others like Dahan et al. (2010) consider the relationship between NGOs, with focus on environmental conservation, and firms to address a more socio responsible behavior. The context operated by non-business actors extends from political actors which belong to the political system to organizations like NGOs.

Hadjikhani (1998), for example, describes the interaction between business and non-business actors regarding political risk for project-selling firms. There are studies that highlight the importance of cross sector collaboration in emerging markets as good strategy to overcome uncertainty. Doh and Teegen (2002) find also that NGOs, host governments, and MNCs are main actors in business-government bargaining over investment projects. And Latifi (2004) investigates cooperation between an MNC, a host government, an intermediary NGO and local community with the aim to contribute to rural development around the MNC's concession area in Liberia. Other studies in technological development have emphasized on the role of NGOs with focus on environmental issues have work cooperatively with business actors to find technological solutions to reduce the impact of pollution (Sjöberg 1996; Stafford et al. 2000; Ritvala and Salmi 2012). And McPhail (2000) reports about cooperation between an MNC, the government of Papua New Guinea and World Wildlife Foundation (WWF); and the responsibility of WWF was to mitigate environmental and social impacts in the MNC's project area.

However, as Austin (2000) points out, cooperation between business and non-business actors is quite different from business to business cooperation because of different performance measures, organizational cultures, decision-making styles, personnel competencies and so on.

Despite of the importance to include other actors in the firm's business network, most of the studies have extensively examined the traditional relationship between firms with their customers and suppliers. With the aim of contributing to further understanding in the role of non-business actors, we examine the NGOs influence on the firm strategies towards social issues. In the next section, we describe the network view of NGOs with government, firms and local community.

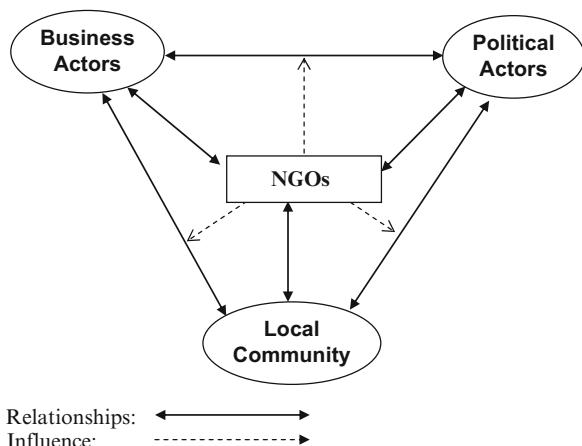
The Network View with Business and Non-business Actors

Figure 1 illustrates the network view containing four main actors: political, business, local community and NGOs. One can observe that NGOs positioned in the center of the diagram demonstrate that such organizations act as intermediaries between State, business and local community. In other words, they have a moderating role in influencing firms' production process from one side and the institutional environment in which they operate on the other side. With the mission to promote social development, NGOs represent a voice or a collective interest within society here represented by local community (see Fig. 1). Local community is formed by local people and they are here considered as active partners, rather than passive objects, in the network. This actor is the only actor in the network that is deeply familiarized with problems and opportunities which might be the basic reasons for the existence of the network. From a company's point of view, a firm may use its relationship with NGOs to respond to pressures from the other two actors, state and local community (den Hond et al. 2012).

As NGOs increase their power and grow their sophisticated networks of collaborators, they become more embedded in the institutional environment in which they act. The more power they get, the more they will influence the formal institutional context (Doh and Teegen 2002). And this consequently will also affect MNCs decisions with respect to investment or corporate practices.

The institutional context represents the environment that both NGOs and firms operate. However, NGOs can modify the established rules and informal norms of its own that in turn may influence other actors over time. Figure 1 shows that NGOs may influence actors and also establish relationships with them. In the literature, some authors have shown a tendency of cross sectors collaboration. That is, collaboration among MNCs, State and NGOs, due to the complexity and magnitude of the social problems (Austin 2000).

Fig. 1 A network view of business and non-business actors



In an international business context, MNCs may consider collaborating with such organizations mainly because they enjoy a certain degree of legitimacy in the public opinion; their members might have technical expertise in specific issues that companies might not possess. Most NGOs are not intermediary ones, but usually offer services in their own right and collect resources in their own right in order to support these activities. Some NGOs are intermediaries acting between actors or sectors (Assaad 1999; Doh and Teegen 2002; Latifi 2004; Teegen et al. 2004). However, in this paper we are mainly concerned with these intermediaries organization.

The Interaction Between Business and Non-business Actors

According to the network theory, an interaction represents short-term behaviour between actors that constitute the dynamic aspects of a long-term relationship. An interaction is comprised of exchange processes, which comprise the day-to-day exchanges that occur between actors, and adaptation processes, which comprise the processes by means of which the actors adjust products, production and routines (Johanson and Mattsson 1987).

Non-business actors, like NGOs, increasingly affect business actors regarding issues such as the environment, safeguarding the interests of society, and human rights. Vachani and Post (2012) describe cooperation between business actors and non-business actors regarding creating socially responsible value change. The interaction between business and non-business actors is contingent upon a set of actors controlling different resources and having different goals (Latifi 2006). Meyer and Rowan (1977), when discussing the success and failure of firms, state that organizations' success depends on factors other than coordination of production activities. For their survival, business firms interact with organizations and units that have not got business goals.

This interaction relies on the explanation that commercial enterprises are dependent not only on other local business actors but also on other non-business actors that have access to resources like local knowledge or are trusted by local actors. For example, the neutral position of the intermediary NGOs makes them trusted by actors in the social system. In their interactions with commercial firms and governments, NGOs seek procedures for public participation, fairer distributions of returns and the protection of natural resources for economic and social benefits (Doh and Teegen 2002, p. 668; Teegen et al. 2004). The intermediaries and governments are also dependent on the business actors to reach their goals in interaction with business actors. This interaction can be cooperative or conflicting. This elevates the explanation that the interaction in this network is contingent upon a set of actors from business and non-business actors. A model by Bodewyn and Brewer (1994) relies on the three components of actors' resources, their goals and interaction atmosphere. Goals reflect the aim of the actors in the network. Based on the composition of the network, the goals of the actors are multi-dimensional. Network goals for some actors like business actors are economic gains, and for some others are political gains. The next component reflects the resource exchange between the actors and finally considers the relationship atmosphere.

One specific characteristic of this network is that the goals of actors can vary from business to, for example, economic development (Latifi 2006). While business actors have their business goals, those in the intermediary system, like NGOs, may have such a goal as success in community projects and the long term goal of gaining legitimacy in national or international societies. In seeking legitimacy, an actor interacts with business, political and intermediary actors, and so the network is faced with a multi-faceted environment composed of conflicting interests (Hadjikhani and Sharma 1999). Thus, several dimensions of legitimacy are identified. The political actors work primarily to achieve a goal with institutional legitimacy that is based on the values and norms of a society. The business actors are driven by economic dimensions. Intermediaries have goals for public communities and function on the basis of social legitimacy (Hadjikhani and Sharma 1999). Intermediary NGOs do not seek to gain economic profits, and, the relative importance of NGOs to the stability and longevity of business projects is acknowledged in studies by Doh and Teegen (2002), Teegen et al. (2004), Vachani and Post (2012).

The importance of these dimensions of goals and legitimacy varies. For business actors, the evaluation is primarily based on business norms like profit and growth. They also need to justify their activities and resources to the institutional norms. The fact is that some activities of a business actor (like participating in community development), which have not any connection to its business mission, are efforts to obtain legitimacy. This legitimacy may indirectly affect the company's business efficiency (DiMaggio and Powell 1991). The political actors are not exposed to the play of market forces. Intermediaries are to be neutral and represent independence towards the legitimate political and business actors. They, on the other hand, are dependent on the values given by the public or even by other actors. Indeed, their survival is reflected by their ability to respond to the divergent interests prevailing in the environment.

Intermediary actors primarily are to manifest discrepancies between actors' actions in the society and to inspire reflections from responsible groups. In strengthening their legitimacy, some intermediaries undertake an active role in the network. In his study of new technological development, Sjöberg (1996), Stafford et al. (2000), Ritvala and Salmi (2012) manifest how environmental NGOs cooperate with business actors to find new technological solutions and reduce the impact of pollution. In such constructions, the intermediary actor keeps its legitimate position but becomes an active linking pin which cooperates with other actors. An intermediary with such character leaves its mission of information delivery to the public. It possesses technological and financial capabilities to conduct specialized activities which otherwise would be performed by, for example, business actors.

These different actors have different goals and legitimate grounds. These grounds specify the nature of interdependency in the network. The crucial issue is not on the differences in the goals. Rather it is the compatibility of these goals which defines if the network can reach its mission. Further, there is a need for complementarity in the resources and actions of different actors interacting with each other.

Despite an extensive heterogeneity in goals, resources and activities, the fundamental reason driving the actors' engagement in this network is the network mission. These actors who belong to different systems have different legitimacy bases

and contribute different resources. Each actor has a specific goal and contributes particular types of resources that add value for the network mission. These actors belong to different systems and their activities need to be legitimized by the larger system to justify their rights to exist. Maurer (1971) and Delmar and Shane (2004) state that legitimization is the process in which an organization justifies to other organizations its right to operate in a market. Legitimacy for an actor is a conferred status and therefore is always controlled by other actors. While it is not correlated perfectly with either law or economic viability, it bears some relationship to all three types of actors (see also Pfeffer and Salancik 1978; Hadjikhani and Sharma 1999). For example, while MNCs in developing countries primarily act to gain business profit, the intermediary actors often act to connect the firms to their surroundings. The intermediaries gain legitimacy through proper neutral actions. The act of political actors, business actors, intermediaries and local actors are evaluated and legitimized by the people who are directly or indirectly related to the mission of the network (Latifi 2004).

Environmental organizations or other NGOs can act like business actors to transfer the technology to the local business actors without losing their legitimacy. Some intermediary actors have built their legitimacy by becoming closer to the local non-business actors. For that they accumulate resources in the organization needed for an intensive cooperation with other members of the network. Their survival depends, first of all, on the evaluation of the local communities. However, for reasons of differences in goals and resource contributions, the content of interdependency is different. Intermediaries are dependent on the political, business and local actors, including local non-business and business actors, because without these actors they do not have any legitimate position.

To summarize, a commercial company may be a partner in a network consisting of not only business actors such as customers and sub-contractors, but also of non-business actors such as governments, NGOs, local communities and other non-business actors. Therefore the interaction between two business actors differs widely from the interaction between a business actor and a non-business actor. This leads to the different nature of relationships regarding business and non-business actors in a network.

Relationship Between Business and Non-business Actors

Relationships among the actors are the essence of a network. A network cannot be understood without studying the relationships among its actors (Easton 1992, p. 3). Hadjikhani et al. (2008, 2000) present a theoretical tool to understand the relationship between business and non-business (socio-political) actors, and according to them, the relationships between business and non-business actors have a long-term and mutual nature. Crespin-Mazet and Dontenwill (2012) state that cooperation between business and non-business actors requires different relational patterns compared to cooperation between two business actors, and the relationship with

actors with different missions and values requires increased commitment in form of adaptations, building trust and making the necessary adjustments. Another aspect is corporate reputation which is a source of economic value for a business actor, and managing reputation requires that business actors manage their relations with non-business actors such as governments, NGOs and other non-business actors (Vachani and Post 2012, p. 29). Sometimes, the mere existence of an NGO in a network, and a business actor's relationship with it, could bring about a good "image" for the company that might be considered as an intangible but valuable advantage for the company. Good public relations foster the type of climate needed to start commercial operations elsewhere or to expand the existing operations (Latifi 2006). The function of business or political actors in the society affects the local people's trust. Business or political actors are interdependent with the local communities for the cause of legitimacy and long-term market activity (Crespin-Mazet and Dontenwill 2012). Local people distrusting business or political actors will sooner or later influence the function of the network and finally the goal fulfillment. Intermediary actors enjoy their position as their legitimacy is gained by their mission in linking people to the business and political actors. The higher the distrust between actors like political and business actors, the stronger becomes the role of the intermediary actors.

A relationship generally has its basis on reciprocity of gains and losses because of interdependencies. But mutuality in the relationship between the actors is always threatened since the interaction is based on dissimilar value bases, and the problem in such a network is the involvement of actors having their belonging in different systems. This increases the risk of the appearance of conflicts and distrust. Distrust in a network emerges from the discrepancies in the aims of the actors and inconsistency between the pronounced aims and real actions. The higher the consistency between the declared goal and actions, the higher will be the trust towards these actors and the stronger become their legitimate positions. On the contrary, inconsistency in the actions of business or political actors can generate distrust which finally affects the mission of the network.

In their study of business and non-business relationships, Hadjikhani and Sharma (1999) state that business actors operating in foreign markets adhere to the national laws and values and show a willingness to listen to and take an interest in demands raised by local interest groups and actors. In other words, their legitimacy in these segments of the local environment depends on how well business actors incorporate the norms of legitimacy in a society. These norms of legitimacy may, and frequently do, differ from the established and enacted formal rules and regulations in a society. Political actions towards the business actors may be passive or active. A passive policy implies "a government that governs the least" (Hadjikhani and Sharma 1999). Conflicts between these different types of actors influence the interaction and finally the network mission.

Alternative strategies for an actor facing a relationship of distrust with another actor are (a) investment in the relationship to convert distrust to a trustful relationship; this strategy is time consuming and increases the cost of the mission; (b) disconnecting the relationship; this alternative requires freedom of actions for the involved actors. In cases in which an actor is legally obliged to conduct actions and

perform activities towards a third partner, this alternative is not possible. Finally, (c) actors gain distance from each other and have to involve a third partner. This alternative is usually employed when two strategic actors have conflicting relationships (Hadjikhani and Sharma 1999). A failed negotiation between unions and industrial firms always engages intermediary actors as a so-called independent unit. Their tasks vary from simple listening to intervention and introduction of new alternative solutions. Intermediary actors involved in such conditions are to be legitimated by all actors in the network and they primarily have to have a neutral position. Their mission is not only to link the actors, but also to integrate resources from different actors. For example, the act of the United Nations approved by all nations is to be neutral and not to be related to a specific country. For this mission the United Nations, beside its political and economic knowledge, sometimes conducts interventions to stabilize the socio-political condition. Organizations like NGOs are not legitimized only for the sake of their socio-industrial knowledge, but also their contribution to the economic development of the societies. Such organizations, beside their technological or economical knowledge and ability to bridge between two actors and prevent conflicts, accumulate resources to have an active role in the development of societies. Instead of the passive role of possessing tasks like providing information for different actors, these organizations act to integrate different actors and their resources to reach a specific goal.

To summarize, relationships among the actors are the essence of a network, and the network of an actor is assumed to be all of the relevant actors that an organization comes into contact with and all of the relevant relationships in which it becomes involved. Business actors, by developing cooperative ties with non-business actors, can build their legitimacy, and provide continuity and stability in their operation. However, inherent in any relationship is the tension between conflict and cooperation. Conflict may arise from absence of mutuality because of changes in the objectives of either actor or because the processes of exchange are not being managed to the satisfaction of other actors.

Conclusion

One common perspective in studying business-to-business markets is their concentration just on business actors. Business actors limit the boundary setting of the network and the rest stands in the environment. The assumption is that the actors in the environment do not have much impact on the relationship between business actors. No matter if the researchers wish that non-business actors made no impact on business relationship, actors like government, bureaucrats, NGOs or other non-business actors are there and want to play their roles. In spite of the fact that the business world is always confronted with other types of actors, the business network studies neglect those actors by stating their low or short-term impacts. Against this stream, the contribution of this paper was to discuss a frame to integrate business and non-business actors in the network. Following some studies in this vein, the

theoretical framework of this paper was infusion of non-business actors into business networks. It is true that infusion of non-business actors into a business network creates theoretical problems as these types of actors belong to different systems and have their legitimacy on different grounds, but the real business life of business actors encompasses all these actors.

Relations between business and non-business actors may obtain legitimacy for a company. This legitimacy will, in turn, lead to income-producing effects for the company; that is, the legitimacy will affect the company's business efficiency in a positive way. In other words, business actors can earn some good results and money through cooperating with non-business actors like NGOs, which can be considered a low-cost and trusted partner since they are small actors with other objectives than business actors and do not "compete" with the business actors. The returns to a business actor from successful "networking" can be significant. Some are intangible like local "good will", greater stability, less local dependence, etc., not to mention a good international reputation. Moreover, understanding interaction between business actors and NGOs will contribute to greater insight about the appropriate role of business actors in society, and how commercial firms and fulfill their ethical and social obligations via cooperation with NGOs (den Hond 2010).

On the other hand, the discrepancies in the goals and value bases of business and non-business actors in a network can lead to conflict and distrust which influence the network mission. Investment in the relationship and high consistency between the declared goal and actions will decrease the risk of conflict in the network.

Finally, based on the business network theory, we witness a growing interest of researchers focusing on relationship between business and political actors. However, a quick look at the databases indicates that other important non-business actors such as intermediary NGOs have attracted less attention as an important actor in the industrial networks. Since NGOs seem to gain an increasing importance and they have played a larger role, and they increasingly began to affect companies, more research is needed to explore the role of NGOs and its partnership with business actors in industrial networks.

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Here, There and Everywhere: The Polycentric Consumer

Mark Cleveland and Melvin Prince

Abstract Identity is recognized as a powerful antecedent of behavior. Social identity denotes the incorporation of culture into a person's self-concept. A strong correspondence exists between identity with a given social unit and commitment to group values/norms, and thus, how much influence the social unit exerts on the person's attitudes and behaviors. As a psychological construct, social identity research requires probing how individuals subjectively interpret their own affiliation with one or several collectivities. Cultures are increasingly emancipated from geography in the global era. Because contemporary consumers are continuously exposed to a variety of cultural influences, they may develop polycentric identities. As companies and markets integrate, a key international market segmentation topic relates to consumers' mindsets about home and extraneous countries/cultures, and subsequently, the products connected with these entities. To date, no research has simultaneously examined the interrelationships of consumer ethnocentrism (bias towards products from one's national culture), consumer xenocentrism (i.e., preference or orientation towards products from a culture other than one's own), and cosmopolitanism (i.e., a yearning for and adeptness at mastering cultural diversity) in a single study. Employing an online survey, and drawing from a representative sample ($n=269$) of American consumers drawn from all 50 states (plus D.C.), this research also examines the correspondence of these identity-relevant constructs within a nomological net of pertinent concepts (all of which are established in the marketing literature): materialism, consciousness-of-kind, external orientation (cultural open-mindedness and consumption of foreign media), global consumption orientation, and natural environment concern. The survey contained a total of 60 scales corresponding to the 8 constructs, along with a series of key demographic

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measures. Exploratory and confirmatory factor analyses were applied to the construct measures. Various analytical techniques were employed (tests for convergent/discriminant validity, bivariate correlations, t-tests, MANOVA, two-step clustering, as well as path analyses using structural equation modelling) to test the 19 proposed theoretical hypotheses. Most hypotheses were supported, in terms of statistical significance and magnitude, as well as directional valence. Associative network memory theory and signaling theory implicate how consumers decide from a constellation of local, foreign, and global product options. Upon activation of a brand node by way of retrieval cues (product categories, brand names, and so forth), linkages such product attributes and semantic associations (e.g., ingroups/outgroups and corresponding levels of felt identification) become salient. Firms can manipulate signals, including associations towards or away from countries/cultures, to position products and persuade consumers. Vertical segmentation, the conventional approach to adapting marketing strategies, entails developing marketing mixes for each country, from the near limitless combination of demographic, economic and psychographic variables. Due to the globalization of media and the widespread movement of products and peoples across borders a growing number of researchers instead advocate horizontal segmentation, whereby similar groups of consumers are targeted with an essentially uniform marketing strategy, irrespective of where they might live. Individuals' inward and outward dispositions—towards their own and different countries, cultures, and products—are sound candidate constructs for designing horizontal strategies.

References: Available upon request

The Role of Sales and Marketing in Innovation Implementation, an Empirical Analysis in Six South American Countries

Teresa Cometto, Kenneth Le Meunier-FitzHugh, Gaston J. Labadie, and Felix Roux

Abstract The management of innovation is a strategic contributing factor for firms to achieve competitive advantage (Elenkov and Manev 2005) and superior performance (Zahra et al. 2000). However, little has been written about new product development processes within the fast moving consumer goods (FMCG) industry (Francis et al. 2008). Firms' performance is not only driven by appropriate innovation initiatives, but also by how these are implemented (Repenning 2002) and this is an aspect that has been neglected in current research (Keupp et al. 2012). This study considers the innovation implementation process based on the effectiveness of sales and marketing, cross-functional relationships during new product deployment projects in six subsidiaries of a multinational FMCG company. Sales and marketing managers are responsible for the implementation of new products launch in FMCG companies, through the interaction with clients and consumers. Extant research has proven that the effectiveness of sales and marketing relationship is correlated to positive outcomes such as superior customer value creation and business performance (Biemans et al. 2010; Guenzi and Troilo 2006, 2007; Le Meunier-FitzHugh and Piercy 2009; Malshe and Sohi 2009). The rationale for this research lies in the importance of marketing and sales cross-function effectiveness to manage the implementation of innovation as a critical factor for business success (Le Meunier-FitzHugh et al. 2011).

Whilst numerous studies have researched the drivers of innovation process, this paper makes three important contributions. It expands theoretical boundaries of marketing and sales interface literature providing evidence from South America

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subsidiaries and how they manage the innovation process in a post-crisis, turbulent and highly competitive environment. It also provides ‘best practice’ of innovation implementation in FMCG companies and empirical evidence on the impact of sales and marketing relationships on the management of innovation implementation to augment firm growth and performance (Keupp et al. 2012). Findings indicated that joint planning strongly influences the perceived effectiveness of marketing/sales interface and consequently the implementation of innovation. Conversely, this study found that formalization had a non-significant (negative) effect on sales and marketing relationships, indicating that value creation is not just a result of the formalized gate-stage process, but needs to be nurtured over time to promote joint planning in a collaborative mindset and behavior. The evidence provided by this research could help managers from multinational companies expanding into new markets, to achieve successful innovation outcomes in a context of economic uncertainty, more demanding consumers and market turbulence.

References: Available upon request

Can You Read the Sign? Consumers' Utilization of Water Use Information and Price as Sign Cues

**Patricia Huddleston, Bridget K. Behe, Allison Jones,
and R. Thomas Fernandez**

Abstract The purpose of our study was to employ a retail garden center context and the use of eye-tracking technology to analyze the relationship between attention to signage information cues and likelihood to buy (LTB) garden center products. We examined the influence of conservation effort and location (drought vs. non-drought) on this relationship. We hypothesized that consumers who exert more effort to conserve water on their lawn and outdoor landscape plants will (a) be more likely to purchase plants grown under water-saving practices, (b) attend to water-saving information faster, (c) look more often at, (d) have a longer first look and (e) spend more time viewing the information about water-saving practices on a point-of-purchase sign than consumers who exert less effort to conserve water. Participants from drought-prone regions (FL, TX) will (a) be more likely to purchase plants grown under water-saving practices, (b) attend to water-saving information faster, (c) look more often at (higher fixation counts), (d) have a longer first look and (e) spend more time viewing the information about water-saving practices on a point-of-purchase sign than consumers from less drought-prone areas.

We used a Tobii Eye-Tracker Lite eye-tracking device to investigate consumers' visual attention to price and water-conservation production practice information on 16 retail garden center display signs. Data were collected at six sites in North America from 300 subjects. A 3 (price: \$9.99, \$14.99, \$19.99)×3 (production method: conventional, energy-saving, water-saving, sustainable growing practice) experimental design was used. We found that attention to water-conservation information on signs and likeliness to buy (LTB) from a display was linked to participants' home water-conservation practices. Participants who were more likely to conserve water on their outdoor lawn were also more likely to purchase plants that were grown under water-saving practices than participants who were not as likely

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to conserve water. A quadratic relationship was observed in the amount of time spent reading the sign about water-conservation; that is, participants who either made a lot of effort to conserve water or made no effort to conserve water had shorter viewing times than participants who made some effort to conserve water. We also found a location effect on participants' perception of water-conservation. Participants from FL were more sensitive to water-conservation signage than participants from less drought prone areas such as Michigan and Indiana. LTB was positively influenced by the water-conservation information with those for which the message resonated but did not affect LTB of others—suggesting that the information sign can help but not hurt. Thus, it is to the retailer's advantage to include information about "environmentally friendly" production practices in their POP signs, because doing so has positive impact on "like-minded" consumers, but will not deter other customer's PI.

References: Available upon request

Growing Nonprofit Giving Via Peer-To-Peer Connections: Benefits and Potential Backlash

Mark R. Mulder, Jeff Joireman, and Yany Gregoire

Abstract Peer-to-Peer charities allow donors to donate to a specific charitable project (or recipient), whereas traditional charities allocate donor contributions as the charity deems fit. Two preliminary studies show that potential donors prefer P2P charities model over traditional charities, because P2P charities enhance donors' felt connection with the charity's beneficiaries. Four subsequent studies explore how consumers respond after learning their donation (to a P2P charity) was redirected to a different project and/or location. Studies 2 and 3 show that donors express strong negative attitudes toward the charity when they learn of any change in their intended recipient. Study 4 tests a theoretical process model linking redirected donations with donors' subsequent negative attitudes and behaviors (e.g., negative word of mouth). Study 5 provides a second test of the model, and shows that apologies and compensation (in combination) reduce negative donor attitudes and behaviors following a redirect.

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Investigating the Impact of Individual Attitudinal and Organizational Variables on Green Behaviors and Commuting at the Workplace

Danae Manika, Victoria Wells, Diana Gregory-Smith, and Michael Gentry

Abstract This paper responds to recent calls for further research on both individual attitudinal and organizational variables on employees' green behaviors and sheds light on the influence and associations of these variables with four green employee behaviors: recycling, energy saving, printing reduction behaviors and commuting-related behavior, simultaneously. An initial theoretical model that identifies both individual (general environmentally friendly attitudes, the importance of organization's environmentally friendly reputation) and organizational (perceived incentives from organization, perceived support from organization, perceived environmental behavior of organization) variables that can increase different types of green behaviors is put forward. Quantitative data from 1204 employees were drawn from seven different British organizations (the first study of its type to do this) by Global Action Plan, a leading UK environmental charity. The data were collected via internet surveys, prior to employees' exposure to interventions, in order to assist in the design of the interventions. The questionnaires employed to collect the data were not originally designed with these specific analyses in mind, which imposes some limitations. However, by using field data, this study has reduced some of the limitations of datasets collected primarily for academic research such as the lack realism and generalizability, and

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artificiality. SEM results suggest that creating separate interventions for each type of environmental behavior, as well as for each sector, and type (private vs. public) of organization, and each organization, might be needed. The variables accounted for 10 % of the variance in recycling behavior; 15 % in energy saving behavior; 5 % in printing behavior; and 8 % in commuting behavior. In addition to these variables, commuting behaviors are influenced by many factors: distance of work from home, weather conditions, financial constraints etc., many of which are out of the organizations' control. Organizations aiming to increase commuting behaviors should first ensure that adequate infrastructure exists (i.e., frequent and accessible public transport from and to work) for individuals to be motivated to engage in such activities, without those activities affecting work/outputs in a negative way. Surprisingly, the research also found that the more favorable the perceptions of an organization's environmental behavior, the lower the employees' environmentally friendly commuting behaviors are. This might be because an employee's commuting behavior is not seen as a contributor to the organization's overall environmental behavior and that commuting behaviors can be seen as related more to the self, than to the organization. Further research is required to explore the reasons behind these results related to commuting behaviors.

References: Available upon request

Exploring the Use of Online Social Marketing Tools in Motivating Healthy Alcohol Consumption Patterns in Britain

Diana Gregory-Smith and Danae Manika

Abstract A major criticism of social marketing endeavors related to alcohol consumption is that they are perceived to be targeting dependent drinkers (NHS, Department of Health, Social Marketing Toolkit, 2009), or asking consumers to adopt unrealistic alcohol consumption behaviors. Our study uses *expectancy research* to focus on the positive change in experience from drinking, and utilizes a straightforward approach by asking drinkers about their current motivation and experiences in order to identify ways to empower them in developing healthy alcohol drinking patterns. To advance the social marketing literature we explore: (1) lay beliefs, including expectations (positive and negative), lifestyles and risk perceptions across different age groups and alcohol consumption levels in Britain; and (2) the use of online and digital social marketing information tools in motivating consumers to stay within the recommended alcohol limit. The latter was done by assessing the NHS website and online tools (i.e., the alcohol units monitoring application), in terms of known cornerstones of online communications. An inductive approach using semi-structured interviews, following a flexible format, and thematic analysis were used for the purpose of this research. The sample (31 interviewees belonging to different age groups) was recruited through snowball sampling using social networks, and monetary incentives. The results provide interesting findings which can be used both by public organizations (e.g., the NHS and various not-for-profit organizations) and private companies that could recommend such online tools to their consumers, as part of their corporate social responsibility endeavors.

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A Conceptual Model of Design Benefits and Brand Engagement: The Mediating Role of Emotions—Structured Abstract

Frank Franzak, Suzanne C. Makarem, and Haeran Jae

Introduction

Brand engagement depicts a set of behavioral outcomes that result when customers meaningfully interact with a product (Keller 2013). Beyond that, an engaged customer is strategically positioned to spread the word in today's connected society. For a company, the key is in knowing how to elicit the behavior that goes beyond purchase, use, and satisfaction with a product. Knowledge of brand engagement is still in its infancy. Marketing researchers need to clarify what brand engagement is, identify the antecedents and consequences of this important marketing outcome, and understand how it can be influenced. The objective of this paper is to develop a better understanding of brand engagement by examining two of its antecedents: design benefits and consumer emotions. Design provides a useful starting point, specifically the role of design in shaping product-customer relationships. How design and design benefits influence consumers' emotional and behavioral responses is an area of research that requires further development (Chitturi et al. 2008). Design has become an important contributor to the customer experience with a product (Luchs and Swan 2011), and by extension, should be a significant determinant of brand engagement.

This paper explores the relationships among three constructs—design, emotions, and brand engagement—proposing a conceptual model of brand engagement. We extend an existing design benefit model (Chitturi et al. 2008; Chitturi 2009), proposing how design leads to a brand engagement consumer response. The resulting model explores a design benefits—brand engagement relationship and proposes a mediator role for emotional responses.

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Conceptual Foundation

Design and Design Benefits

In an appraisal for product development researchers, Bloch (2011) defined design as “the form characteristics of a product that provide utilitarian, hedonic, and semiotic benefits to the user.” A review of related literature shows agreement on these three design outcomes. Norman, and Ortony (2003) suggested three varied effects from product design—behavioral (expectation-induced reactions), visceral (perceptually induced reactions), and reflective (intellectually induced reactions). Behavioral response is based on the functional nature of product design, visceral response is based on aesthetic nature of product design, and reflective response is based on metaphor, the symbolic aspect of product design (Norman 2004). Similarly, in a review article in the design literature, Crilly et al. (2004) offered a classification of customer responses toward product design, labeling response to design elements as semantic, aesthetic, and symbolic impressions toward the product. Semantic impression is based on product function, purposefulness, or qualities (Crozier 1994; Norman 2004). Aesthetic impression is based on the product’s attractiveness or unattractiveness (Baxter 1995; Crozier 1994; Norman 2004). Symbolic impression is what the product indicates about the user, or symbolic association of the product to users. This includes the type of response users bring to the meaning of the product (Crozier 1994), how the product can trigger users’ sense of belonging or sense of self-esteem (Lewalski 1988), or whether the product has attractiveness beyond aesthetics (Baxter 1995). What is not known is how design affects brand specific marketing outcomes such as forming or joining brand communities (McAlexander et al. 2002; Muñiz and O’Guinn 2001), brand love (Batra et al. 2012), or brand engagement (Keller 2013; Sprott et al. 2009).

Emotions

In the past decade, consumer research has moved from a sole focus on cognitive decision-making to recognizing the importance of the emotional component of consumer behavior (Da Silva and Alwi 2006; Zambardino and Goodfellow 2007). Theories of affect in psychology research have demonstrated that different emotions are associated with different behavioral responses (Lazarus 1991). Interest in emotions related to product and brand strategy is not surprising, given the hedonic benefits-emotional reaction connection. Overall, it is noted that research on emotions resulting from design benefits and their subsequent effects on consumption outcomes such as brand engagement is still limited. Yet, the past studies (Bowden 2009; Hagtvedt and Patrick 2009; Yeung and Wyer 2005) suggest that emotion plays a critical role in behavior that follows purchase and use of a brand.

Brand Engagement

Keller's (2013) conceptualization of brand engagement centers on multi-dimensional activities consumers engage in to show their loyalty toward the brand. This actual or active brand engagement is defined as "the extent to which consumers are willing to invest their own personal resources—time, energy, money—on the brand, beyond those resources expended during purchase or consumption of the brand" (Keller 2013, p. 320). By this definition, engagement behavior involves collecting information about the product to learn more about it, participating in brand marketing activities, such as using samples, or interacting with other product users, as when an online community is joined. Results from the past branding studies (Batra et al. 2012; Bergkvist and Bech-Larsen 2010; Sprott et al. 2009) suggest that brand engagement in consumers' cognitive responses, through attention, intention to purchase, and consequent behavioral activity, significantly impacts brand equity. The model proposed in the next section examines design and emotional responses as antecedents of brand engagement and aims to improve our understanding of how marketers can elicit higher brand engagement through design.

Proposed Model and Propositions

Design Benefits and Emotional Responses

The proposed model applies the Mehrabian-Russell framework of emotions, with a focus on the affective dimension of arousal. Higher arousal is related to feelings of stimulation, excitement, joy, surprise, and expectancy, while lower arousal is related to emotional states of feeling good, happiness, confidence, security, and satisfaction (Havlena and Hoolbrook 1986; Lee et al. 2001).

Functional design benefits lead to low arousal emotions, such as satisfaction and happiness. The attributes contributing to the product working are essential, and they have to be provided, but they do not usually elicit customer excitement. Bloch (1995) and Creusen and Schoormans (2005) found that aesthetic appeals in a product design, characterized by visual and sensual stimuli, generate stronger emotions than functional design benefits, leading to customer delight, a high arousal emotion. Candi et al. (2013) hypothesized that while functional benefits are related to satisfaction, it is the experiential aspects of design that establish emotional connections with customers. Hence:

Proposition 1 Hedonic design benefits will lead to high arousal emotions compared to functional design benefits, which will lead to low arousal emotions.

Symbolic design benefits are of three types, social, self-expressive, and terminal. Social values that result from symbolic design include prestige, sense of community, and sharing (McAlexander et al. 2002; Muñiz and O'Guinn 2001).

Marzocchi et al. (2013) found that belongingness and social identification from brand community membership lead to the brand's "ability to draw positive emotional arousal as a result of its use" (p. 96). Consumers who belong to brand communities are labeled as 'active loyalists' who possess commitment and passion (Muñiz and O'Guinn 2001). The results of in-depth interviews with consumers from the Jeep brand community showed that members commonly expressed the emotion of love. Another role of symbolic design benefits is the self-expressive role. Users of these products tend to think about products as an extension of self (Belk 1988), and they use products to construct their self-identities or for self-enhancement (Wee and Ming 2008). Results of the previous empirical study (Lee et al. 2001) showed that self-expression product attributes lead to higher arousal emotions compared to visual appeal attributes, which lead to pleasure emotions. Finally, symbolic design benefits can be linked to consumer terminal values. The Harley-Davidson engine rumble is a good example. This symbolic design benefit expresses the essence of freedom and gets one noticed as a Harley rider. Such design benefits led consumers to describe emotions resulting from riding in terms of elation and enchantment, which are intense high arousal emotions (Schembri 2009). These findings indicate that symbolic design benefits lead to high arousal emotions that are more intense than emotions resulting from hedonic design benefits. Therefore:

Proposition 2 Symbolic design benefits will lead to high arousal emotions that are more intense than high arousal emotions resulting from hedonic design benefits.

Emotional Responses and Brand Engagement

Building on psychology theory, branding research has provided ample support for the idea that the different emotions consumers feel toward a brand are associated with their behavioral responses (Heath et al. 2006; Morrison and Crane 2007; Ruth 2001; Thompson et al. 2006; Tsai 2005). Branding strategy that inspires strong emotion can positively influence behavior (Health et al. 2006; Thompson et al. 2006; Ruth 2001). Morrison and Crane (2007) found that emotions influence customer satisfaction and loyalty for service brands, a functional outcome. With hedonic benefits, Chitturi et al. (2008) provided empirical evidence that high arousal emotions, such as delight, led to more positive word of mouth, along with repeat purchase behavior. When the intensity of relationship or psychological bond with a brand is more intense, active engagement, the strongest form of loyalty, is more likely (Keller 2013). Therefore, we suggest that as the degree of emotional arousal increases, brand engagement increases.

Proposition 3 Brand engagement is positively associated with emotional arousal.

Extant literature advances the role of affect as a mediator between design benefits and consumer outcomes such as word-of-mouth, repurchase intentions

(Chitturi et al. 2008), loyalty, and brand commitment (Marzocchi et al. 2013). The proposed model extends these findings to brand engagement as a behavioral outcome. Additionally, the degree of emotional arousal stemming from the three different types of design benefits will lead to different levels of brand engagement. Functional design benefits lead to low arousal emotions. These benefits will indirectly lead to low brand engagement, often resulting in repeat purchase behavior. In contrast, hedonic design benefits lead to higher order brand engagement through the fulfillment of consumer needs such as aesthetic pleasure (Gambetti et al. 2012). Although they do not examine the emotional outcomes of experiential hedonic benefits, Candi et al. (2013) found that experience staging in service innovations led to more positive consumer outcomes. Thus hedonic design benefits lead to high brand engagement and this relationship is mediated by emotions.

As for symbolic design benefits, Marzocchi et al. (2013) found a strong link between symbolic self-identification and loyalty, with commitment to a brand mediated by high arousal emotions. Rosembaum and Martin (2012) investigated consumers purchasing of firms' logo merchandise and found that two symbolic benefits strongly motivated this behavior: brand community and self-expression. We argue that the consumption of branded/logo consumables is a more involved type of brand engagement. It is evidence of consumer support for the brand beyond the purchase of its main service or product offering, both financially, in the purchase of firm logo merchandise, and through word-of-mouth in the public display of this merchandise. This type of brand engagement is an expression of emotions such as love for the brand and pride in owning it (Rosembaum and Martin 2012). This evidence suggests that symbolic design benefits will lead to higher brand engagement when compared to hedonic design benefits and that this relationship is mediated by emotions.

Proposition 4 Emotions will mediate the relationship between design benefits and brand engagement such that: Emotional responses driven by symbolic design benefits will lead to higher brand engagement than emotional responses driven by hedonic design benefits, which in turn will generate higher brand engagement compared to emotional responses driven by functional design benefits.

Conclusion

The concurrent development of brand management and design thinking provides marketing managers with new ways to enhance the customer experience and differentiate from competition. As with many managerial practices, the key to effective use is finding the common thread that raises the joint effect of both. The model presented in this paper, based on research findings from several disciplines, proposes that emotional response serves that role. Design benefits, whether producing functionality, hedonic enhancements, or symbolic connections, must tap into the feelings of the customer to produce the type of engaged customer brand managers

find most valuable. The proposed relationship is one of mediation. The nature of the design benefit will elicit different levels of emotional responses. Differing emotional responses will impact the post-purchase brand engagement behavior. These relationships, while straight-forward to describe, can be tricky to produce. But the promise, in terms of raising brand equity, suggests they are important to managers and deserving of further study.

Full References, Tables, and Figures: Available upon request

Profit and Opportunity Cost Outcomes of Sales Force Turnover and Recruiting Strategies Upon Various Performance Segments

René Y. Darmon

Introduction

The cost of personal selling being substantial (Boles et al. 2012; Richardson 1999), sales force sizing issues have received a lot of research attention (Lodish et al. 1988). Maintaining a sales force at the desired size over time, however, remains largely unexplored. A sales force often departs from its target size as a result of the two adverse personnel flows: salespeople's turnover and new salespersons hired and trained. In addition, research suggests that turnover is heterogeneous (Darmon 1990), affecting differentially salespeople, especially at both extremes of the performance continuum (Martin et al. 1981). High performers may find better job opportunities elsewhere or be promoted to managerial positions (dysfunctional turnover) (McNeilly and Russ 1992). At the other extreme, salespeople may be dismissed or discouraged to stay because of poor performance (functional turnover, when replacing salespersons are more qualified). Turnover requires hiring and training new salespeople to replace leavers. Hiring too many salespeople involves high *direct selling costs*, while hiring too few salespersons results in *opportunity costs* of foregone sales and profits (Darmon 1990; Zoltners et al. 2001). As a result, managers may be more reluctant to incur direct costs (affecting profitability) than opportunity costs (not showing up in financial statements).

The present study proposes an operational structure that allows management to estimate the various sales revenues, direct costs, profits, and opportunity costs of given recruiting and training strategies on various sales force performance segments. A sample application is reported and managerial and theoretical implications are discussed.

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Conceptual Model

The proposed conceptual framework posits that environmental and organizational factors affect sales force turnover as well as sales performance over time. Sales force turnover requires selecting, recruiting, training, supporting, supervising, compensating, quota setting, and controlling new salespersons in ways that may differ for new recruits and departing salespersons. All the activities caused by turnover result in direct and opportunity cost (and sometimes benefits).

In order to react to sales force turnover, managers must select a recruiting strategy that will restore the sales force target size *over a certain proportion of the time*, between a “lowest market coverage” strategy (management *does not* build any reserve pool of salespersons that could replace departing salespersons *immediately after they leave*) and a “highest market coverage” strategy (*at least* the target number of salespersons is available at any time). The choice of a sales force recruiting and training strategy is affected by management’s attitudes toward incurring direct versus opportunity costs: Managers are expected to be reluctant to incur highly visible direct rather than typically hidden opportunity costs (but potential opportunity gains). It is argued that a possible cause of undersized sales forces is that managers view the sales force as a cost item rather than an investment (Rangaswamy et al. 1990). They know that it is relatively easy to hire new salespersons, but much more problematic to reduce a sales force size. Sales force size is an important driver of sales and revenues, while the selected recruiting strategy affects direct costs, and consequently, profits.

The conceptual framework suggests that management’s sales force recruiting and initial training strategies affect a sales force size and profitability, taking into account the turnover in various sales force performance segments.

Analytical Model

At time t_0 , a new training session begins and will last λ months. At t_0 , a sales force may (or may not) hit a higher size than its target of N active salespersons. Because of each segment i ’s turnover rate, a number of salespersons will quit during the considered period at some rate α_{si} (decimal form), and management starts recruiting a number of future trainees, sufficiently in advance, at time $t_{(-r)}$, trains them over the considered period, before assigning them to a sales territory as fully operational salespersons, at time t_1 . Management anticipates that a certain attrition rate α_T (decimal form) will also affect the recruited trainees during this time. Then, the remaining trainees will replace the salespersons that have left, bringing the active sales force back to its original starting size. A firm’s problem is to select a t strategy ($0 \leq t \leq 1$) that make the best compromise between profits, direct and opportunity costs.

The analytic part of this model shows that (1) the *average number of effective salespersons* is smaller than the target size (except when $t=1$), because the firm must support a number of *inactive sales personnel* during the first part of the training period, and a number of missing active salespersons during the second part. The sales force average undersize percentage is equal to $(25/6) \lambda\alpha$; (2) for each possible training strategy, profits, direct and opportunity costs can be estimated for every performance segment.

Every performance segment i within the effective sales force is composed of five different sub-segments in terms of their functional status. This involves a number of $(5i)$ sub-segments of salespeople differentiated by their performance level and their functional characteristics:

- Salespersons who intend to leave or know that they will leave in the short-run are likely to perform at a lower level than usual.
- New salespersons that have just entered the active sales force who, in average, experience lower productivity levels than longer tenured salespersons.
- Longer tenured salespersons who will have to take care of territory vacancies during all or part of the planning period.
- All other active salespersons that do not fall into any of the three above functional categories (if any left!) that will perform at their expected level.
- The sales carryover effects of vacant territories.

Application

A B-to-B industrial firm selling highly sophisticated technical products employing a 135-salesperson target sales force provided the data for this application. The data have been collected from accounting records and personnel files. This firm operates in a very competitive market, and sales do not vary substantially from 1 month to the next. It experiences a pretty high turnover rate affecting equally salespeople and trainees, varying from 30 to 40 % per year, with an average of 36.5 %. The company initiates two recruiting programs a year, every 6 months in average. The recruiting program lasts 6 months, after which graduating trainees are ready to take full responsibility of a sales territory. Then, a new training program starts for new recruits. The average trainee promotion includes 25 trainees, and all of them typically finish the program. Management splits the sales force into three performance segments (high, medium, and low).

The results show that this sales force is typically understaffed, and over time, the company experiences an average of 23 territory vacancies (i.e., 17 % of the target sales force size). Concerning the recruiting strategy, the firm implicitly uses a t value equal to $t_u=0.080$, suggesting that management tightly controls direct costs at the expense of opportunity costs. As predicted, in average, this sales force is bound to be systematically undersized (i.e., below its target size), except in the extreme case of a high market coverage ($t=1$). Presently, it lacks an average of 10.5

salespersons (7.8 %). Finally, this analysis allows an estimate of the costs of sales force turnover that can be broken down into its different segments and components. Overall, the direct costs of turnover amount to about \$ 10,412,300, the net profits to \$ 1,057,250, and the potential opportunity gains to \$ 2,043,450. In other words, this firm could almost triple its profits by reducing turnover to its controllable part (i.e., short of retirements, deaths, illnesses, and necessary promotions). Not surprisingly, the high and the low performance segments provide the best managerial opportunities for increasing average individual profits (+171 %) or changing losses into profits, followed by the medium segment (+85 %). Other conclusions are discussed in an extended version of this paper.

Implications

This analysis has several managerial implications. It clearly shows and specifies the relationships among turnover rates, expected average sales force size, and the salesperson recruiting strategy selected by management. In order to reduce a sales force undersize and increase net profits, managers may (1) set a higher target sales force size than its actually desired average size; (2) recognize sales force heterogeneity in terms of turnover impacts upon the various salespeople performance segments and identify the proper actions to be taken in each segment and prioritize them in terms of profit impacts; (3) compute the direct components of turnover costs for every segment and take the means to reduce the most important direct costs; (4) assess the potential opportunity gains from reducing turnover in each segment and take actions toward reducing the largest direct costs and capitalize on potential opportunity gains; (5) consider the opportunity of reducing the length of the initial training program; and (6) identify and select the profit maximizing sales force recruiting strategy.

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Demystifying Adaptive Selling: Exploring Salesperson Attributes and Service Behaviors

Piyush Sharma and See Mei (Mandy) Lo

Abstract Services organizations face ever-increasing customer demands and competition, especially in face-to-face retail sales encounters, hence it is extremely important to ‘recruit the right kind’ of salespeople and give them the ‘right kind of training’ to better serve and satisfy their customers. However, there is little research that combines these two perspectives in the adaptive selling context. We address this gap with a comprehensive model including four salesperson characteristics (attractiveness, communication ability, expertise and trustworthiness) as antecedents, three service performance behaviors (service manner, extra role and need identification) as mediators and three important outcome behaviors (willingness to disclose, customer satisfaction and behavioral intentions) as consequences. We also test this model using a field-survey with actual customers in a retail setting in Hong Kong. Our findings help demystify the adaptive selling by unraveling the customer evaluation and judgment processes.

Keywords Adaptive selling • Salesperson characteristics • Performance behavior • Willingness to disclose

Introduction

Service employees need knowledge and access to information to help solving customer problems and they need to be able to deal with angry customers, even in situations where the customer is rude, the employee is exhausted, or both (Parasuraman et al. 1985). Frontline salespersons play an important role not just

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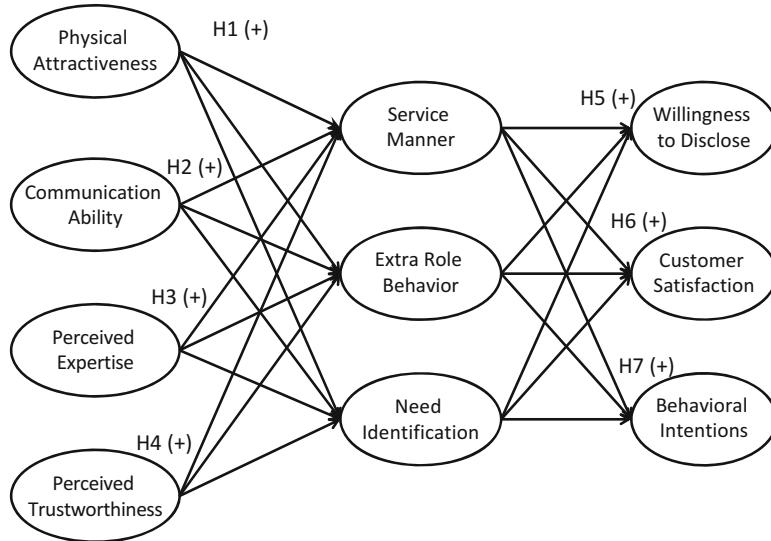


Fig. 1 Conceptual model

in selling but also providing service, answering queries and handling complaints; in fact, they represent the organization's face to the customers during interactions known as 'moment of truth'. However, there is hardly any research that studies salesperson characteristics, their performance behavior and important customer outcomes using a common conceptual framework in a single study. We address this important research gap by introducing a comprehensive model with four salesperson characteristics (attractiveness, communication ability, expertise and trustworthiness), three service performance behaviors (service manner, extra role and need identification) and three important outcome behaviors (willingness to disclose, customer satisfaction and behavioral intentions). We test this model using a field-survey with retail customers in Hong Kong (Fig. 1).

Conceptual Framework and Hypotheses

Salesperson Characteristics

Prior research on physical attractiveness stereotype explored the role of social competence, intellectual competence, concern for others, integrity and psychological stability (Eagly et al. 1991) and their impact on salespersons' performance (Anderson 1995). However, others found that besides physical attractiveness, other variables such as communication ability and likeability (social competence), perceived salesperson expertise (intellectual competence) and trustworthiness (integrity and psychological stability) may also affect sales performance (Ahearne et al. 1999).

Perceived physical attractiveness (PPA) Physical attractiveness is defined as the extent which the salesperson is perceived by the customer as possessing an appealing and pleasing physical appearance (Ahearne et al. 1999). Gulas and McKeage (2000) argue that there is a nearly automatic tendency to categorize a person as attractive or unattractive. In fact, recent research with neuroimaging devices also shows that a high level of physical attractiveness of a stimulus face elicits different brain activity than a low level of physical attractiveness of a stimulus face (O'Doherty et al. 2003).

Perceived communication ability (PCA) According to (Frederick and Webster 1968), selling is a communication process during which the source (firm), the communicator (salesperson), the message (presentation) and receiver (prospect) all can influence the sales outcome. Communication skills include listening to the prospect's description of problem and salesperson's ability to sense prospect's predispositions; which are important social competences that may affect sales performance (Eagly et al. 1991; Anderson 1995). In adaptive sales context, communication ability involves tailoring the sales call to meet customers' needs, listening and making effective use of time and transferring clearly the intended information to customer (Ahearne et al. 1999) as well as altering their sales behavior during a customer interaction or across customer interactions based on perceived information about the nature of selling situation (Weitz et al. 1986).

Perceived expertise (PEX) Perceived expertise of the salesperson is defined as the extent to which a salesperson is viewed as having knowledge regarding the application and attributes of her or his product, competing products and of the customer's business (Ahearne et al. 1999). Prior research shows a positive influence of perceived expertise on a wide range of sales outcomes, including customer satisfaction, trust and productivity.

Perceived trustworthiness (PTW) Trust is defined as the belief that the exchange party is able to fulfill its obligations reliably and confidently, is motivated to seek mutually beneficial gains and will refrain from abusing the relationship (Cho 2006, p. 26). Sirdeshmukh et al. (2002) show that trust plays a critical role in building and maintaining customer-firm relationship, enhancing and maintaining customer satisfaction and loyalty. Consumers link trustworthiness with attributes such as competence and benevolence. Trust in an exchange partner reduces perceived risk, which in turn may lead to greater willingness of self disclosure (Cho 2006).

Service Performance Behaviors

In the sales interaction process, customers notice employee's service manner in the form of facial expressions, bodily gestures, tone of voice and language (Mattila and Enz 2002), which affect how customers evaluate their experience (Pugh 2001). Customers who evaluate the salesperson more positively would perceive better observable employee service behavior, including service manner, need identification (Lloyd and Sheriff 2011) and discretionary behaviors to take extra-role beyond formal role requirement to serve customer (Bettencourt and Brown 1997).

Perceived service manner (PSM) These are behaviors that salespersons demonstrate to foster interpersonal relationships with the customers, which facilitates interaction with the customer in a friendly and enthusiastic manner (Lloyd and Luk 2011). It relates to the congeniality dimension on the service employee's positive attitude and warm temperament, which makes them experience empathy for the customer (Winsted 2000).

Extra role behavior (ERB) These behaviors refer to service performance going beyond the call of duty to serve customers and to contribute to service excellence to the company (Bitner 1995). Bettencourt and Brown (1997) propose that extra-role service behavior encompasses the 'little extras' and the 'spontaneous attention' that service employees direct at customers during the service encounters. Extra-role performance not only influences evaluations of salespeople (Podsakoff and MacKenzie 1994) but also overall organizational effectiveness and/or success (Podsakoff et al. 1997).

Need identification behaviors (NIB) In adaptive selling, salespeople need to ask relevant questions and anticipate the preferences of the customer in order to identify the most suitable product or service offering for them (Lloyd and Luk 2011). Sharing of information between the salesperson and the customer is an integral part of this process. We posit that salesperson attributes including perceived physical attractiveness, communication ability, expertise and trustworthiness have a positive impact on service manner, extra role behaviors and need identification by the salesperson, as follows:

- H1: *Perceived physical attractiveness is associated positively with (a) perceived service manner behavior; (b) extra role behavior and (c) need identification behavior.*
- H2: *Perceived communication ability is associated positively with (a) perceived service manner behavior; (b) extra role behavior and (c) need identification behavior.*
- H3: *Perceived expertise is associated positively with (a) perceived service manner behavior; (b) extra role behavior and (c) need identification behavior.*
- H4: *Perceived trustworthiness is associated positively with (a) perceived service manner behavior; (b) extra role behavior and (c) need identification behavior.*

Adaptive Selling: Customer Outcomes

Adaptive selling is defined as "engaging in planning to determine the suitability of sales behaviors and activities that will be undertaken, the capacity to engage in a wide range of selling behaviors and activities and the alteration of sales behaviors and activities in keeping with situational considerations" (Sujan et al. 1994). In the adaptive selling context, salesperson can adapt their sales message based on information provided by the customer and nature of the selling situation. Adaptive selling

leads to strong sales performance (Boorom et al. 1998; Frank and Park 2006) and self-disclosure is needed to facilitate sharing of information between salesperson and the customer (Price et al. 1995). We propose that customers who evaluate the salesperson's service behavior more positively are more willing to disclose personal information during the interaction process. By knowing customers' needs, more customized services can be offered and customers would evaluate the counter experience more positively and they are more willing to engage in long term relationship with the salesperson. These evaluation and judgment processes are not tested in previous literature. Hence, the following hypotheses:

H5: Customer's willingness to disclose personal information is positively influenced by salesperson's (a) perceived service manner; (b) extra role and (c) need identification behavior.

Customer satisfaction (SAT) Customer satisfaction is a key outcome of buyer-seller relationships and it is influenced by perception of service quality, product quality, price, situational factors and other personal factors (Anderson and Sullivan 1993). Rust and Oliver (1994) define satisfaction as the "customer's fulfillment response," which is an evaluation as well as an emotion-based response to a service and also a customer's belief on the probability of a service leading to a positive feeling. We posit that salesperson's service manner, extra-role and need identification behaviors would be positively related with customer satisfaction, as follows:

H6: Customer satisfaction is positively influenced by salesperson's (a) perceived service manner; (b) extra role and (c) need identification behavior.

Behavioral intentions (BEH) Behavioral intentions such as repurchase intentions, word of mouth, loyalty and complaining behavior are important for service providers, as satisfied customer would likely stay with a company for a long period and contribute to the profitability of the company by repeated purchase and spreading good experience to others (Zeithaml et al. 1996). We hypothesize that customers are more likely to disclose personal information to salespersons with more favorable service behaviors, as follows:

H7: Customers' behavioral intentions are positively influenced by salesperson's (a) perceived service manner; (b) extra role and (c) need identification behavior.

Methodology

We randomly selected 12 retail outlets (a mix of small, medium and large) from a leading telecom company's network of 60 retail outlets spread across all the districts in Hong Kong. Our unit of analysis is a 'unique customer visit' with 186 completed questionnaires. We used a structured questionnaire with three parts—Part One, with general questions about the customer's current visit, such as purpose of visit, nature of products and services of interest, whether purchase was made, time spent etc.;

Part Two, with questions about customer's perception about the visit experience based on the measurement scales indicated in the later section of this paper and Part Three, with demographic information such as age, gender, education and occupation. We first prepared an English version of this questionnaire and then translated it into Chinese using the well-established translation-back translation procedure.

The final questionnaires were dispatched to the managers of the retail shops selected for this study. To increase the reliability and generalizability of this research, we selected only those participants (customers) who interacted with the salesperson for at least 5 min, regardless of their visit purpose and whether real purchases were made. Upon completion of the questionnaire, each participant was given a Fast Food Coupon worth HK\$30. We included the scales used by Ahearne et al. (1999) to operationalize the four salesperson characteristics (perceived physical attractiveness, communication ability, expertise and trustworthiness), using 7-point Likert-scales (1=Strongly disagree to 7=Strongly agree). Perceived employee service behavior was measured using the service manner behavior and need identification behavior scales adapted from Lloyd and Luk (2011) and extra role service behavior was adapted from Bettencourt and Brown (1997). Customer satisfaction and behavioral intentions were measured using scales developed by Ramsey and Sohi (1997) and willingness to disclose with a scale used by Cho (2006). We also included gender, age, education, visit purpose and overall impression of the shop as control variables for the customers.

Data Analysis and Findings

All the parameter estimates are large with significantly large t-values (9.8–30.6) (Anderson and Gerbing 1988) with all the item-to-total correlations (0.71–0.95) and average variance extracted (0.65–0.91) higher than 0.5, showing high convergent validity (Fornell and Larcker 1981), as shown in Table 1. Finally, discriminant validity is confirmed as the average variance extracted in each factor exceeds its squared correlations with all other constructs (Fornell and Larcker 1981). The model provided a reasonably good fit to the data (Chi-square=1165.2, degrees of freedom=634, $p < 0.000$; CFI=0.93, TLI=0.93, IFI=0.93, SRMR=0.078 and RMSEA=0.067).

We used the structural model to test all the hypotheses. For H1, we found that perceived physical attractiveness has a positive relationship with salesperson's extra role (H1b, $\beta=0.172$; $p<0.05$) and need identification (H1c, $\beta=0.063$; $p<0.10$) behaviors but not service manner (H1a). Similarly for H2, communication ability has a positive relationship with only service manner (H2a, $\beta=0.325$; $p<0.001$) and need identification (H2c, $\beta=0.303$; $p<0.001$) but not extra role (H2b) behaviors of the salesperson. For H3, we found positive relationship between perceived expertise and service manner (H3a, $\beta=0.359$; $p<0.001$), extra role (H3b, $\beta=0.347$; $p<0.001$) and need identification (H3c, $\beta=0.148$; $p<0.05$). For H4, we found a significant positive relationship between perceived trustworthiness and service manner (H4a,

$\beta=0.183$; $p<0.01$) and need identification ($H4c$, $\beta=0.304$; $p<0.001$) but not with extra role behavior ($H4b$). Thus, we found mixed support for $H1$, $H2$ and $H4$ and full support for $H3$.

Next, we tested the influence of the three service behaviors on three customer outcomes. For $H5$, we found that customer's willingness to disclose personal information was influenced by the salesperson's service manner but in a negative direction ($H5a$, $\beta=-0.860$; $p<0.001$), contrary to our hypothesis. However, customer's perception about the salesperson's extra role behavior ($H5b$, $\beta=0.281$; $p<0.01$) as well as need identification had a strong positive effect on their willingness to disclose ($H5c$, $\beta=0.837$; $p<0.001$). Interestingly, customer satisfaction was influenced by only need identification ($H6c$, $\beta=0.931$, $p<0.001$) and not service manner ($H6a$) or extra role behavior ($H6b$). Similarly, behavioral intention was affected only by need identification ($H7c$, $\beta=0.932$, $p<0.001$) and not by service manner ($H7a$) or extra role ($H7b$) behaviors. Hence, we got only partial support for $H5$, $H6$ and $H7$.

Discussion

In this study, we examine two sets of influences in an adaptive selling context. First, we assessed the impact of four salesperson's attributes as perceived by their customers (physical attractiveness, communication ability, expertise and trustworthiness) on their perceptions about three types of service behaviors (service manner, extra role and need identification). Second, we explored the influence of customer perceptions about service behaviors on three important customer outcomes (willingness to disclose personal information, customer satisfaction and behavioral intentions). We also investigated these relationships using a field-survey with actual customers in retail telecom outlets in Hong Kong.

The results from our field-survey provide preliminary support to our basic premise as mentioned above. Specifically, we found that among all the four salesperson characteristics included in our study, only their perceived expertise seems to affect customer perceptions about all the three types of their subsequent service behaviors; whereas the other three characteristics (physical attractiveness, communication ability and trustworthiness) only affect some of the subsequent customer perceptions. This is an interesting finding because in the context of retail telecom services, the customers may rely more on the perceived expertise (as reflected in their knowledge about various plans and offers, availability of the network in different locations and its technical aspects) rather than how good the salesperson looks or how well s/he talks. Moreover, even trustworthiness does not seem to be a very important variable as the service encounters happen in the retail outlets of a reputed and trusted telecom company in Hong Kong and all the salespersons are known to represent this company.

After the initial contact, the salespersons serve the customer and identify the products and services that best fits customer needs. For example, they may recommend a home broadband or a wireless broadband service in respond to a customer's

Table 1 Scale summary

Scale items	Factor loadings	Mean (M)	SD	Item-to-total correlation
Perceived attractiveness (Ahearne et al. 1999)—reliability (α)=0.85				
1. Is very good-looking	0.93	5.67	1.09	0.81
2. Has an attractive appearance	0.94	5.54	1.12	0.85
3. Would generally be thought of as beautiful/handsome	0.76	5.34	1.10	0.73
Communication ability (Ahearne et al. 1999)—reliability (α)=0.85				
4. Wastes time talking about unimportant issues	0.65	6.17	0.95	0.60
5. Listens to my needs/concerns	0.88	6.00	1.04	0.77
6. Tailors his/her presentations to my need	0.87	6.1	0.94	0.75
Perceived expertise (Ahearne et al. 1999)—reliability (α)=0.92				
7. Understands my needs	0.80	6.05	1.06	0.76
8. Is an excellent source of information about the products/services he/she represents	0.95	6.05	0.92	0.89
9. Is able to recommend products and service for dealing with difficult cases	0.87	6.04	0.91	0.82
10. Is knowledgeable about the products and services	0.87	6.08	0.93	0.84
Perceived trustworthiness (Ahearne et al. 1999)—reliability (α)=0.78				
11. Is always honest in his/her dealings with me	0.85	6.10	1.01	0.71
12. Is someone I feel I can trust	0.91	6.18	0.88	0.76
13. Never tries to mislead me	0.65	5.80	1.38	0.57
Willingness to disclose personal information (Cho 2006)—reliability (α)=0.91				
14. I am willing to provide my personal information when asked by this sales representative	0.89	5.68	1.39	0.83
15. I am willing to disclose even sensitive personal information to this sales representative for the purpose of fulfilling my order	0.88	5.27	1.57	0.84
16. I am willing to be truthful in revealing my personal information to this sales representative	0.89	5.68	1.40	0.82
Customer satisfaction (Ramsey and Sohi 1997)—reliability (α)=0.91				
17. The amount of contact I have had with this salesperson was adequate	0.74	7.93	1.73	0.72
18. I am satisfied with the level of service this person has provided	0.97	8.50	1.38	0.87
19. In general, I am pretty satisfied with my dealings with this salesperson	0.97	8.58	1.37	0.88
Behavioral intentions (Ramsey and Sohi 1997)—reliability (α)=0.98				
20. It is probable that I will contact this salesperson again	0.92	8.40	1.64	0.93
21. I am willing to discuss business with this salesperson again	0.93	8.48	1.61	0.94

(continued)

Table 1 (continued)

Scale items	Factor loadings	Mean (M)	SD	Item-to-total correlation
22. I plan to continue doing business with this salesperson	0.98	8.41	1.61	0.95
23. I will purchase from this salesperson again	0.98	8.41	1.61	0.95
Service manner behavior (Lloyd and Luk 2011)—reliability (α)=0.95				
24. The service employee showed patience	0.91	6.17	0.82	0.86
25. The service employee was helpful	0.88	6.17	0.88	0.85
26. The service employee smiled at me	0.82	6.16	0.91	0.83
27. The service employee was polite	0.84	6.30	0.81	0.82
28. The service employee was relaxing to interact with	0.82	6.16	0.97	0.80
29. The service employee showed passion for their job	0.78	6.15	0.84	0.78
30. The service employee was cheerful	0.78	6.13	0.87	0.78
Need identification behavior (Lloyd and Luk 2011)—reliability (α)=0.85				
31. The service employee understood my needs	0.75	6.16	0.88	0.71
32. The service employee was knowledgeable	0.76	6.20	0.87	0.71
33. The service employee anticipated my needs	0.84	6.09	0.84	0.71
Extra-role service behavior (Bettencourt and Brown 1997)—reliability (α)=0.94				
34. Voluntarily assists customers even if it means going beyond job requirements	0.76	5.62	1.13	0.75
35. Helps customers with problems beyond what is expected or required	0.83	5.67	1.06	0.81
36. Often goes above and beyond the call of duty when serving customers	0.91	5.42	1.25	0.87
37. Willingly goes out of his/her way to make a customer satisfied	0.91	5.65	1.14	0.87
38. Frequently goes out the way to help a customer	0.95	5.49	1.18	0.90

internet service enquiry, since both services offer broadband access. To achieve higher successful rate by introducing the key benefits that appeal to that specific customer, the salesperson would customize the sales message before presenting to the customer. We argue that during this interaction, an evaluation and judgment process would take place, where the customer would evaluate the salesperson in terms of his/her attitude and performance and their own satisfaction level. Specifically, we hypothesized that the three types of service behaviors (service manner, extra role and need identification) of the salesperson would affect customer evaluation and judgments.

Our findings show that customers' perceptions about the salesperson's service behavior play an important role on how they evaluate their shopping experience and on their subsequent behavioral intentions towards the salesperson and the company. Specifically, extra role and need identification behaviors of a salesperson have a positive influence on the customer's willingness to disclose personal infor-

mation; yet perceived service manner is negatively associated with disclosure. While the first two findings are as expected, the third finding is somewhat counter-intuitive as we hypothesized service manner to also have a positive effect on customer's willingness to disclose personal information to facilitate the selling process. However, it is also shown that customers may find it risky to disclose their personal information to salespeople (Luo 2002). Others argue that people tend to disclose to those whom they trust and like, which may not be true with salespersons (Worthy et al. 1969).

Willingness to disclose is a key element of adaptive sales as well as the customer's evaluation and judgment processes. A salesperson's ability to elicit personal information from customer is critical in adaptive sales, so that they can change their sales messages dynamically based on customer needs. By knowing more about customer's expectation and the services they need, salesperson can identify the appropriate products and service from the company's service offerings and to prepare more customized selling scripts and messages to present to customers. This is probably why service manner (a seemingly superficial act by the salesperson) did not have a significant influence, unlike extra role and need identification behaviors (which are possibly considered more relevant and meaningful by the customers).

Similarly, we found that only customer's perception about the salesperson's need identification behavior (and not service manner and extra role) have a positive influence on customer satisfaction. In other words, if customers perceive that the salesperson is able to correctly identify their needs, they are likely to evaluate their shopping experience more positively resulting in a higher level of satisfaction. This is particularly true in adaptive selling environment where salesperson should adjust their sales presentation to recommend products and services that meet customers need. Hence, it is more important that salespersons should demonstrate their ability to proactively identify customer's needs rather than just show courtesy and politeness, which may be perceived as superficial or unimportant by the customers.

Finally, we found that both perceived extra role and need identification behaviors of the salesperson have a positive impact on customer's behavioral intentions. Specifically, customers who perceive the salesperson to make extra efforts to serve them and identify their needs are more likely to purchase from them and patronize them again. This is also an important finding because it shows a direct link between customer perceptions about a salesperson's extra role and need identification behaviors and their own behavioral intentions. Therefore, managers would find it useful to train their frontline sales and service employees to learn these important skills. Interestingly, salesperson's service manner behavior again does not seem to be important enough to have a significant impact on customers' behavioral intentions.

Overall, our research highlights that in today's increasingly complex and competitive marketplace, managers need to understand that it is not enough to hire good looking frontline sales and service employees with good communication skills; instead they also need to help their employees develop the expertise needed to do their job and address customers' queries so as to develop trustworthiness, especially in an adaptive sales context. Moreover, it is not enough for the frontline employees to be well-dressed, well-mannered and polite; but they also need to make the extra

efforts to understand and satisfy their customers' actual needs, which makes their customers more willing to disclose their personal information, to be more satisfied and more likely to make the purchase and patronize again, possibly becoming loyal customers over time.

Our study has some limitations that future research may address. First, our study was conducted in a single service industry in a single city hence our model can be tested in diverse research and cultural settings. Future research may also include other salesperson characteristics such as their personality traits and cultural orientations. Finally, we study only the customers' perspective in this study, hence it would be useful to the employees' point of view as well.

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How to Deal with Unpleasant Surprises During Service Provision?!

Edward Kasabov

Abstract This paper seeks to uncover how customers deal with unpleasant surprises during service provision, and delineates differences in reactions to such unpleasant surprises across members of two consumer cohorts which, the marketing literature anticipates, are likely to exhibit very different and distinct reactions to unpleasant service surprises. ‘Unpleasant surprises’ are defined as unexpected instances of service interactions during which providers appear not to practise customer centricity, value co-creation or build and retain relationships with their customers, but without warning—from a customer’s perspective—apply some form of ‘disciplining’ (Hodgson 2002; Zwick and Dholakia 2004a, b) or ‘control’ (Dellande et al. 2004; Kasabov and Warlow 2010) over the customer.

By conceptualising ‘unpleasant surprises’ with respect to providers’ application of control over customers’ choices or behaviours, in ways which may benefit providers but not necessarily customers, this discussion builds on studies of disciplining and control. We extend, first, concepts of power and ‘disciplining’ in the work of French sociologist and philosopher Foucault who identified ‘modern’ expressions of control and termed them ‘disciplining’, and second, marketing theorisations which describe practices of organisations, such as the service providers analysed in this paper, seeking control during interactions with ‘subjects’ of power (e.g., customers), for instance by subtly influencing their behavioural options or actual behaviours.

The empirical research was organised in two stages in 2010 with baby boomers and members of generation Y in Germany and the United Kingdom, in order to empirically explore behavioural differences and differences in influences on the behaviours of two generations with very distinctive characteristics. This was an idiographic inquiry, reliant upon the collection of narratives, subjective experiences and perceptions (Thompson 1997).

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Of all five major narrative themes which have been collected and analysed, here we present only select few findings pertaining to only two themes: types of service provision involving unpleasant surprises, and customers' reactions and counter-strategies. As regards the first theme, interviewees referred to various service provision practices which they viewed as 'unanticipated' and described as 'unpleasant', and which involved some form of control on the part of service providers. Examples included less easily detectable, disguised provider practices around 'company procedures' (Christoph, 65) and 'guidelines' (Sarah, 58) which not only reduced the choices offered to customers but also disconfirmed customers' expectations about service provision and the nature of service interactions. Such practices need to be assessed in terms of customers' expectations about service provision. Baby boomers appeared to have particularly high expectations regarding relationships with service providers, processes of service interactions, and friendliness of service staff. Generation Y members appeared to have lower expectations about service provision, but nonetheless recounted a significant number and variety of instances of unpleasant surprises during service interactions involving the service providers attempting to control service interaction. Many interviewees appeared to employ strategies to counter service providers' unexpected control practices, though the strategies employed by members of both generations differed substantially.

References: Available upon request

A Theoretical Framework of Multichannel Strategy Success

Julia Beckmann and Michael Paul

Abstract It is not clear whether selling products through multiple channels is a promising strategy. Multichannel retailers are often expected to be more successful than single-channel firms (Ansari et al. 2008), but research results are inconsistent. Whereas some studies report positive effects of using multiple channels on firm performance (e.g., Geyskens et al. 2002), others find no significant effects (Lee and Grewal 2004) or even negative effects (Pentina et al. 2009). This is in line with real life examples: Some single-channel retailers outperform multichannel competitors (e.g., Amazon.com), many retailers have problems with implementing multichannel strategies (e.g., JC Penney), and others went out of business after having failed to implement a multichannel strategy (e.g., Borders). Thus, it seems crucial to better understand the mechanisms and conditions in which channel strategies lead to higher firm performance, rather than saying that a multichannel strategy in general is more or less successful.

We theoretically elaborate mechanisms which facilitate or impede firm success when implementing multichannel strategies, with specific mechanisms being more probable to occur in certain conditions. We propose a comprehensive contingency framework which demonstrates when multichannel strategies are expected to increase firm's cash flow and use Ohmae's (1991) strategic triangle theory to identify moderators related to the company (i.e., brand equity, business strategy, product category), competitors (i.e., competitors' multichannel strategy), and customers (i.e., market dynamism, purchase frequency). For instance, we find that implementing multichannel strategies is recommendable when retailers pursue a differentiation or a hybrid strategy (instead of cost leadership), and when only few or all competitors provide multiple channels. Further, multichannel strategies are more promising, when the market is instable, and customers purchase the products frequently.

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Our study contributes to extant research in two ways: First, we identify mechanisms of a multichannel strategy that facilitate or impede business performance. Although some studies discuss advantages and disadvantages of Internet additions, we are not aware of any comprehensive overview of mechanisms that lead to multichannel success or failure. Such an overview can be a basis for future research and help managers to identify critical success factors. Second, we review the literature on multichannel management, strategic management, and performance research to develop a model on the link between channel strategy and firm success. Due to contradictory findings, we are less interested in main effects of channel strategies, but rather believe that contingencies matter. Drawing on strategic triangle theory (Ohmae 1991), we identify relevant moderators for multichannel success that have not been researched, yet.

References: Available upon request

Self-determination Theory and the Influence of Extrinsic and Intrinsic Motivation for the Value Co-creation Measurement: A Proposition for a Higher Education Service Quality Scale

Flávio Régio Brambilla

Abstract Since the advances established in the 1980s by the SERVQUAL scale to the services quality measurement (Parasuraman et al. 1985, 1988, 1991), many important perspectives improved the service literature background. One of the most cited nowadays is the service dominant logic of marketing, putting the service as the core feature in the transaction systems (Vargo and Lusch 2004). One of the fundamental premises is the customer as a value co-creator in any situation, even motivated by internal or external forces. The self perspective of action is related to intrinsic motivation, related to inner cooperation (from the inside determination). The opposite force in this continuum is the extrinsic motivation, related to some external influence such as increasing in the career or even money prizes. In the educational sector we can compare from the desire to learn to the focus on grades.

This paper deals with this questions of behaviour and proposes a scale to verify the impact of different types of motivation in the co-creation practices and results in terms of perceived quality in educational resources, perceived professor performance, satisfaction with the course and the impact on loyalty and the responses in terms of students retention, positive word-of-mouth and prospective issues and, of course, evasion motives identification. The first step of this research is related to identification of constructs and variables and for the scale proposition. Future issues addresses to the validation followed by empirical implementation of the scale in Brazil, USA and Europe.

The scale construction (a work in progress) is based in three main blocks. The first is nominated as self-determined aspects (that deals with the trigger for co-creation, based in the extrinsic and intrinsic motivational elements). The second

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part deals with the co-creation itself, considering the three students perspectives for co-creation identified in the empirical qualitative research (deny, maybe or yes) and other elements, for example, the five dimensions of value proposed by Sheth et al. (1991) and the notions of exchange-value, value-in-use and value-in-context. The last part deals with the co-creation consequences, related to perceived quality and performance, satisfaction, and other thoughts based in the results derived by the value co-creation in higher educational service settings.

A proposed scale for value co-creation in educational business classroom is composed by its antecedents and consequents. As antecedents derived by the self-determination theory, are considered as motivational elements, in the extrinsic and also in the intrinsic perspective. The intrinsic motivation is composed by items as desire for the knowledge, desire to become a better person, wish for a higher learning capacity, and simply by the desire to study for self steam or satisfaction. On the other side of the continuum, the extrinsic items reveals the need for a better job position, to earn money or for better course grades and other external pressures like the job, the boss and even the parents.

As mentioned, the second part of the instrument deals with co-creation itself. The final portion of the instrument is related to three interrelated concepts. Retention and prospection of students are the action to avoid the evasion of them to other Universities. The measurement of this items considers communications, actions and reputation of the institution.

For the retention or prospection of students are considered the University formal communications, word-of-mouth as an informal system of communication, community perceptions about the institutional action, facilities and equipments available, and the Internet channels from the University and from the groups of reference (students, research groups...). Also are considered the image and the reputation of the institution, size and formal and regulatory indicators provided by independent and governmental agencies about the business course and also about the University as a complex of many courses and activities.

The data collection instrument will be composed by 5 or 7-items. A full discussion of the scale and about its antecedents and consequences can be obtained by a request sended by e-mail for the author. A possible way to improve the research can be the additional section for measure cultural differences among countries. The cross-country proposition for this study can contribute for the Marketing Education area and also for the understanding of co-creation practices in education.

References: Available upon request

Consumer Complaining Behavior: An Ethnic Triangulation Perspective

Tony L. Henthorne, Alvin J. Williams, and Kate Pounders

Abstract Considerable research has shown effective service failure recovery has been linked to customer satisfaction, word-of-mouth, commitment and intentions to return (Fang et al. 2012; Tax and Brown 1998). However, consumers may react differently to an unsatisfactory service experience. While some consumers engage in complaining behavior, others may simply spread negative word-of-mouth (without ever complaining to the service provider), while others may simply never return to the service provider. At the far extreme some consumers may even consider revenge. Zourrig et al. (2009), in a study of cross-cultural perspectives on consumer revenge behavior, found that differences in cultural values' orientation influenced how harmed consumers responded to dissatisfaction. Thus, cultural factors are included in the current study as being contributing variables to the outcome of consumer dissatisfaction.

Interestingly, consumer-complaining behaviors (CCB) across cultures have only been examined from a cursory view. This is surprising, as it is expected after dissatisfaction with a purchase, not all cultures engage in post-consumption behaviors in the same way.

This research examines CCB within a diverse, cross-cultural context. The current study is the first to clearly study levels of consumer dissatisfaction and complaining behavior involving a range of the African diaspora. Consumers in South Africa, Brazil, and the U.S. will be compared regarding the type, extent, justification,

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and the results of complaining behavior expressed following some level of dissatisfaction with services in a broad range of tourist-related organizations, spanning food services, museums, transportation, lodging, sports, parks (natural and amusement), entertainment, etc.

While all respondents have similar ethnic origins, there are obvious cultural differences impacting all aspects of consumer behavior, especially complaining behavior. Using Hofstede's (1980) individualism-collectivism conceptual backdrop, we expect to find differences in the propensity to complain, as well as in the methods of complaining. South Africa has a more collectivist-oriented culture, while the U.S. is the archetype of an individualistic society. The Brazilian culture is expected to be moderately reflective of both individualism and collectivism, representing somewhat of a mid-point on the individualism-collectivism scale.

References: Available upon request

Understanding e-Word of Mouth at Chinese Social Networking Sites

Edward Kasabov and Yufeng Peng

Abstract This paper analysed the nature, role and consequences of e-word of mouth (e-WoM hereafter) at social networking sites (SNSs hereafter) in a Chinese context. The empirical research has been guided by the following research questions: (1) What are Chinese consumers' motivations for using social networking sites and for seeking out product information at SNSs? (2) How do consumers evaluate e-WoM messages at SNSs? (3) How does e-WoM at SNSs influence Chinese consumers' attitudes, purchase intentions, and re-patronage?

With the continuous and rapid development of Internet technologies, e-WoM has spread across online platforms, and evidence of e-WoM is found in forums, blogs, user communities and SNSs. Among these online platforms, SNSs such as Facebook, MySpace and Twitter are distinct both in terms of the high involvement and interaction in online network building as well as their ability to attract millions of users and thus gain popularity. Given the popularity and novelty of SNSs, SNSs are considered an ideal platform for e-WoM whereby consumers actively create and search for product and service information (Vollmer and Precourt 2008).

China has been the fastest-growing market for SNSs during the past few years, and is likely to become the single biggest market with the largest group of active SNS users in the next few years (Ari et al. 2012). There are expectations of differences in the manner in which Chinese consumers may behave in SNSs (Zhang and Shavitt 2003). Understanding Chinese consumers' perceptions, attitudes and behaviours regarding e-WoM at SNSs is significant, both from conceptual and practical perspectives.

With greater understanding required, qualitative methods which are geared towards capturing consumers' attitudes, perceptions, intentions and actual behaviours have been applied. Through such methods, exploration of and deeper insight into consumers' lived experiences may be achieved (Bryman and Bell 2007). Semi-structured interviews were the primary data collection technique, seeking to develop a sustained

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relationship between informants and researchers, with interviews lasting between 30 and 85 min. Thematic analysis was applied—a widely-used and reputable qualitative analysis technique (Roulston 2001) which relies upon identifying, extracting and reporting themes from raw data, in considerable detail (Braun and Clarke 2006).

Findings are generally consistent with conclusions in past research on other online sites. However, several new insights regarding e-WoM at SNSs were also uncovered. For instance, consumers frequently rely on the reviews, recommendations and rankings of their peers regarding products and services, thus fuelling dependence on e-WoM behaviour at SNSs. However, whereas past research suggests that consumers' search for social benefits appears to explain their involvement in e-WoM (Hennig-Thurau et al. 2004), our study shows that in an SNS context economic motives may be more important than social benefits, such as self-worth.

References: Available upon request

Antecedents of Patient-Centric Collaboration in the Emergency Department

Felicia G. Lassk, Yang W. Lee, and Carole Kenner

Abstract As a boundary spanner, the Emergency Department (ED) nurse co-creates care with the patient and collaborates with the ED team to provide patient-centric healthcare services and solutions. Effective collaboration by healthcare providers is linked to improved patient outcomes (Finkelman and Kenner 2009). Our research examines the impact of emotional (EI) and cultural intelligence (CQ) on collaboration within the special context of the information-intensive and service-critical work of the ED. Information, organizational navigation and inter-professional capabilities are examined as critical antecedents for patient-centric collaboration. Results of this study with 197 ED nurses from across the United States provide evidence that EI and CQ enhance nurses' communications with their team members in the ED and with others within the hospital whose help is needed to do their job. Navigation and inter-professional capabilities both enhance collaboration for patient care. As hypothesized, patient-centric collaboration was positively related to patient satisfaction, while surprisingly, information capability was not significantly associated with EI, CQ or collaboration.

References: Available upon request

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Relationship Quality as a Function of Luxury Car Brand Image and Personality

Sandra Maria Correia Loureiro

Introduction

Luxury means “excess, abundance, extravagant life” (Danziger 2005, p. 17). Adams (2012) expresses luxury as effeminate sensuality and a passion for splendor and pomp. Luxury provides pleasure (Li et al. 2012), comfort, singularity (Lawry et al. 2010) and express desires and emotions (Alléres 2008). Nevertheless, luxury is also connected to subjectivity and its perception and expression varies from society to society (Kemp 1998). Luxury car brands are vehicles that offer features beyond what is basic in an automobile, associated with very high prices, sophisticated design, advanced technology and symbolic elements (Berger 2001; Ulrich 2010). Products, such as cars, and organizations associations can represent the information linked to the node in memory in the consumer’s mind (e.g., Keller 1993; Krishnan 1996; Keller and Lehmann 2006; Qu et al. 2011). Several researchers have demonstrated the positive influence of favourable brand associations on brand image (e.g., Biel 1992; Engel et al. 1993; Keller and Lehmann 2006; Sonnier and Ainslie 2011), regarded as a perceptual phenomenon about a brand as reflected by the brand associations (tangibles and intangibles) held in consumer memory (Keller 1993).

Batra et al. (1993) and Davis et al. (2000) note that brand personality can also be regarded as a component of brand image. In fact, brand personality, the human or quasi-human characteristics can also build associations in consumers’ mind. A luxury car brand will have a group of associations not only connected to the characteristics of the product and organization, but also regarding elements more related with traits

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of personality and even more intangible and symbolic features. Concerning the dimensionality of brand personality, Aaker (1997) found five dimensions: sincerity, excitement, competence, sophistication and ruggedness. Aaker (1997) evidences that whereas sincerity, excitement and competence tap an innate part of human personality, sophistication and ruggedness tap what individuals desire but do not necessarily have. As Aaker (1997) also mentions, sophistication is linked with brands like Mercedes, Monet and Revlon. Later, Geuens et al. (2009) also develop an alternative brand personality scale with five dimensions: responsibility, activity, aggressiveness, simplicity, emotionality. The two scales have three dimensions very similar: excitement/activity, sincerity/aggressiveness and competence/responsibility. The last two dimensions proposed by Geuens et al. (2009) represent a more romantic and sentimental (emotionality) feature and simplicity (ordinary, simple). Regarding Aaker's (1997) perspective, the last two dimensions sophistication (upper class and charming) and ruggedness (outdoorsy and tough) has been criticized for being based on user profiles instead of human personality structure (Azoulay and Kapferer 2003; Geuens et al. 2009).

Relationship quality (RQ) has been viewed as a multidimensional concept focusing on the core essence of relationship marketing (Jap 1999) and reflecting the overall nature of the exchange relationship (Dwyer et al. 1987). In literature, 3 dimensions tend to be the most used to measure RQ: trust, commitment, and satisfaction (e.g., Athanasopoulou 2009). Customer satisfaction has been studied from two perspectives: transactional and cumulative. The transactional perspective considers that consumers make a judgment of a *specific* service encounter or consumption situation (e.g., Oliver 1980). In a cumulative perspective, satisfaction is a holistic evaluation of the total purchase and consumption experience with a product over the time (e.g., Loureiro and Kastenholz 2011). Follow the last perspective in the current study satisfaction is measured as an overall evaluation of the luxury car brand. Several studies point out satisfaction has a consequence of a favorable customer image or corporate reputation (e.g., Esch et al. 2006; Ha 2004; Loureiro and Miranda 2008; Loureiro and Kastenholz 2011). A positive brand image could contribute to mould the overall satisfaction of a luxury car brand and even to increase the confidence toward a luxury car brand. A positive brand image is also associated to trust. For instance, Chen and Phou (2013) found that a destination's positive image will increase tourist trust. Therefore, a positive perceived brand image of a luxury car may increase customer trust. Morgan and Hunt (1994, p. 23) define trust as the perception of "confidence in the exchange partner's reliability and integrity". Trust has been considered an important determinant of commitment (e.g., Chaudhuri and Holbrook 2001; Kingshott and Pecotich 2007; Loureiro et al. 2012). More specifically, the current study focuses on affective commitment. Affective commitment means the degree to which a customer identifies and is personally involved with a luxury car brand. Based on above considerations, this research's intended contribution is to explore the effect of luxury car brand image and personality on relationship quality.

Methodology

The cars brands considered in this study are BMW, Audi and Mercedes-Benz. The reason for choosing such brands regards the fact that the brands are the most representative to the E, F and S car segments according to European Commission (1999). The participants, owners of such car brands are members of car brand communities from Portugal and United Kingdom. We received 368 complete fulfilled questionnaires. The majority of respondents are male (97 %), which corresponds to the male/female ratio existing in these car brand communities. Most respondents have an age between 40 and 60 years. The questionnaire created containing all measurement items was adapted from existing instruments. The questionnaire was first written in English and then translated into Portuguese. Back translation was then used to ensure that the questionnaire communicated similar information to all respondents (Sekaran 1983). Then, the questionnaire was pre-tested by the managers and 10 members of the car brand communities. Thereafter, the members of the online communities (owners of cars) were invited to participate using an online survey, during the period of February to March 2012. Items adapted from scales previously developed were used to measure the constructs. Luxury car brand association was measured using five items adapted from Aaker (1996) and Brown and Dacin (1997); luxury car brand image employed three items based on the work of Roth (1995); overall satisfaction, with two items, trust in luxury car brand, with three items, and committed to luxury car brand, with three items, were adapted from Loureiro and Miranda (2008), Loureiro and Kastenholz (2011) and Loureiro et al. (2012). Finally, luxury car brand personality was measured based on Aaker (1997) and Albert et al. (2008). According to Aaker (1997) sophistication is related to brand such as Mercedes. In order to understand other dimensions more connected to luxury car brands, we asked the owners of luxury car brands of the car communities to rate what dimensions, based on Aaker's (1997), Geuens et al.'s (2009) and Albert et al.'s (2008) scales are more associated to luxury car brands. Based on the results this study employed excitement, sophistication and uniqueness as dimensions to measure brand personality.

Results and Discussion

The proposed model have formative factors (the second order factors for brand association and brand personality) and therefore we use the the repeated indicators method (Chin et al. 2003; Kleijnen et al. 2007) and PLS approach. The PLS model is analyzed and interpreted in two stages. First, suitability of the measurements is assessed by evaluating the reliability of the individual measures and the discriminant validity of the constructs. Then the structural model is appraised. In this study, all items display loadings equal to or above 0.716 and were therefore accepted. All constructs demonstrate acceptable composite reliability with values over 0.8 and the measures demonstrated adequate convergent validity, as the average variance of

manifest variables extracted by constructs (AVE) is at least 0.5. The criterion used to assess discriminant validity was proposed by Fornell and Larcker (1981) and suggests that the square root of AVE should be higher than the correlation between the two constructs in the model. In this study all latent variables met that criterion, demonstrating discriminant validity.

A nonparametric approach known as Bootstrap is employed to estimate the precision of the PLS estimates and the strength of the pathways. Globally, almost all path coefficients are found to be significant at the 0.001 level ($\beta_{b.\text{personality} \rightarrow b.\text{image}} = 0.779$; $\beta_{b.\text{image} \rightarrow b.\text{trust}} = 0.380$; $\beta_{b.\text{image} \rightarrow \text{satisfaction}} = 0.742$; $\beta_{\text{satisfaction} \rightarrow \text{trust}} = 0.483$; $\beta_{\text{trust} \rightarrow \text{commitment}} = 0.757$). Nevertheless, luxury car brand association does not exercise a significant effect on luxury car brand image ($\beta_{b.\text{association} \rightarrow b.\text{image}} = 0.027$).

However, as models yielding significant bootstrap statistics can still be invalid in a predictive sense, measures of predictive validity (such as R^2 and Q^2) for focal endogenous constructs should be employed. All values of Q^2 (chi-squared of the Stone–Geisser Criterion) are positive, so the relations in the model have predictive relevance. The model also demonstrated a good level of predictive power (R^2) as the modeled constructs explained 64 % of the variance in brand image, 55 % of the variance on satisfaction, 65 % of the variance on trust and 57 % of the variance on commitment. In fact, the good value of GoF (0.70) and the good level of predictive power (R^2) reveal a good overall fit of the structural model.

The findings are consistent with research conducted by Batra et al. (1993) and Davis et al. (2000), which note the potential influence of brand personality on creating brand image in consumers' mind. In line with the Chen and Phou (2013) the study for tourism destination, in car luxury context, the role of brand image on satisfaction tend to be stronger than the direct effect of brand image on trust. Therefore, satisfaction is a significant mediator between brand image and trust and this, in turn, lead to commitment, meaning that the luxury car owner wants to continue the relationship with the luxury car brand, feels that the brand is interesting in the relationship with him/her and the is a friend of the brand. Nevertheless, modern design, good performance, and great innovative ability of the luxury car brands, or even professional and well trained staff are important features but not determinant to a significant and favourable brand image and commitment.

Conclusions and Implications for Theory and Practice

Based on literature review carried out and as far as we know, this is the first attempt to explore the effect of luxury car brand image and personality on relationship quality in luxury car context. The findings clearly point out the importance of associate excitement, sophistication and even uniqueness to the luxury car brands. These associations lead to a more favourable brand image than the direct associations to the product or the organization. Effectively, the modern design of the car, the good performance, the concern about customers and professional staff are important features to lead to a favourable attitude of consumers toward the luxury car brand,

but is not enough to create a significant positive image in customers' mind. A powerful and fast car is not enough to satisfy the desire to drive, meet sensory enjoyment of car owners and feel a sense of belonging. Therefore, a favourable overall evaluation of a luxury car brand, together with an appropriate brand personality, effectively help to develop trust and commitment toward the luxury car brand. The role of brand personality on brand image seems to be more relevant in the context of luxury cars. Interestingly, more than a design, a good performance of the car and a positive evaluation of the staff and the corporate or car brand, this study reveal the significant importance of encoding in consumers' memory nodes words such as: spirited, daring, imaginative, glamorous, charming, special or unique. These are keywords to make the car owner eager to enjoy driving.

Regarding managerial implications, luxury car manufactures and brand managers should be aware that it is really important the magic, mystic and legend associated to the car brand. Innovative design, performance, safety mechanisms, and up-to-date technology are important features, but above all the luxury car and brands should be able to develop in consumers the excitement and the feeling that having and use the car is glamorous, charming and unique. The brands with tradition in the luxury market may avail itself of images of glamour of mythical their models communicating that the brand evolves without compromising tradition. New brands of luxury cars have to find an element that differentiates the brand and become a unique brand through tangible (e.g., design, performance, new technology) and intangibles (e.g., create an idea that originated magic, excitement) associations.

Limitations could be opportunities for future research. In this vein, in the future the model should be tested using other luxury brands of different product categories; should be tested different dimensions of brand personality depending on type and category of luxury brands; this model or even an improved model should be tested in different cultures and compare between genders.

References: Available upon request

Use of Facebook and the Formation and Maintenance of Social Capital: Evidence from Latin America

Pedro Hidalgo and Pablo Farías

Abstract Social capital plays an important role in generating word of mouth, in C2C interactions within brand communities, as well as within brand service channels that provide after-sales support via peer-to-peer problem solving communities. Ellison et al. (2007) suggest that intense Facebook use is closely related to the formation and maintenance of social capital. Ellison et al. (2007) only examined Facebook users at one university in the U.S., and there may be differences across cultures that they were not able to capture. This article seeks to examine the effectiveness of Facebook use on the formation and maintenance of social capital in Latin America. The results suggest that Facebook intensity is less effective in the formation and maintenance of social capital for Latin American students than U.S. students.

Keywords Facebook intensity • Social capital • Social network sites • Cultural differences

Introduction

It is widely recognized that—beyond the consumption value of products and services—customers seek “linking value”, that is, value based on peer-to-peer bonds and socially embedded consumption, which is part of their social capital (Cova 1997; Lin 2001). Social capital plays an important role in generating word of mouth, in C2C interactions within brand communities (Muniz and O’Guinn 2001), as well as within brand service channels that provide after-sales support via peer-to-peer problem solving communities (Mathwick et al. 2008).

Ellison et al. (2007) suggest that intense Facebook use is closely related to the formation and maintenance of social capital. In their survey of undergraduates students at a large university in the U.S., Facebook use was found to be associated with

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distinct measures of social capital, including bridging social capital (which emphasizes the informational benefits of a heterogeneous network of weak ties), bonding social capital (which emphasizes emotional benefits from strong ties to close friends and family), and maintained social capital (maintain valuable connections as one progresses through life changes). Additionally, Ellison et al. (2007) found evidence that self-esteem and satisfaction with life may operate as moderators of the relationship between Facebook use and social capital. That is, young people with lower self-esteem and/or lower satisfaction with life appeared to benefit more from their use of Facebook than those with higher self-esteem and/or higher satisfaction with life.

Ellison et al. (2007) only examined Facebook users at one university in the U.S., and there may be differences across cultures that they were not able to capture. Researchers have yet to examine the relationship between Facebook use and social capital among students from other regions such as Latin America. It is especially important to consider students from Latin American countries since historically they have not reached the same educational attainment and achievement levels as their peers in the U.S. Additionally, there may well be cultural factors that mitigates or increases the effectiveness of Facebook use on the formation and maintenance of social capital. Hofstede (2001) reported that Latin American countries are highly collectivist cultures with low individualism scores (Argentina 46, Brazil 38, Chile 23, Colombia 13, Costa Rica 15, Ecuador 8, El Salvador 19, Guatemala 6, Mexico 30, Panama 11, Peru 16, Uruguay 36, Venezuela 12). In contrast, the U.S. was the least collectivist of the countries studied with a score of 91. In collectivist cultures the relationship of the individual to the in-group (e.g., family, friends) tends to be stable, and even when the in-group makes highly costly demands the individual stays with it. On the other hand, in individualist cultures people often drop those in-groups that are inconveniently demanding and form new in-groups (Triandis et al. 1988). Additionally, the individualism-collectivism dimension is related to context. Low-context communication, which involves the use of explicit and direct messages (communication tends to be clear, direct and unambiguous), is predominant in individualistic cultures, whereas high-context communication, which involves the use of implicit and indirect messages (communication tends to be viewed as an art form that's meant to be engaged with), is predominant in collectivist cultures (Hall 1976; Hofstede 2001).

Latin Americans have swiftly become Facebook users. For example, as the U.S., Chile has a high Facebook penetration rate (ratio of Facebook users in relation to the total number of population) (the U.S. 52.9 %, Chile 54.9 %). Indeed, Chile has the highest Facebook penetration rate in Latin America (Argentina 45.1 %, Brazil 26.4 %, Colombia 37.2 %, Ecuador 30.9 %, Mexico 33.5 %, Peru 28.1 %, Uruguay 45.9 %, and Venezuela 32.8 %). Facebook activity tends to be more interactive as Chilean Facebook users spend longer on the site than the average Facebook visitor (Internet world stats 2013; MVF 2013). Based on prior work by Ellison et al. (2007), the present study contributes to prior work on young adults and their use of social network sites by investigating the relationship between Facebook use and social capital in Chile. Using a sample of Chilean students, will control the Facebook penetration rate and isolate the effect of national culture.

Conceptual Framework

Social Capital

Although social capital is an elastic term with a variety of definitions in multiple fields, there is general consensus that it refers broadly to the benefits we receive from our social relationships. It can be conceived in negative terms, such as when non-group members are excluded from having access to the same benefits as members (Adler and Kwon 2002). Bourdieu and Wacquant (1992) define social capital as the sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition. Putnam (2000) distinguishes between bridging social capital and bonding social capital. The former is linked to what network researchers refer to as “weak ties”, which are loose connections between individuals who may provide useful information or new perspectives for one another but typically not emotional support (Granovetter 1982). Bridging is what you do when you make friends with people who are not like you. Alternatively, bonding social capital is found between individuals in tightly-knit, emotionally close relationships, such as family and close friends. Bonding occurs when you are socializing with people who are like you: same age, same race, same religion, and so on. Ellison et al. (2007) introduce an additional dimension of social capital that speaks to the ability to maintain valuable connections as one progresses through life changes. This concept, “maintained social capital”, explores whether online network tools enable individuals to keep in touch with a social network after physically disconnecting from it.

Social Capital and Facebook Use

Internet has been linked both to potential increases and decreases of social capital. Example of this is found in the study of Nie (2001) who argued that Internet use detracts from face-to-face time with others, which might diminish an individual's social capital. However, researchers have claimed that online interactions may supplement or replace in-person interactions, mitigating any loss from time spent online (Wellman et al. 2001). Computer-mediated interactions have had positive effects on community interaction, involvement, and social capital (Hampton and Wellman 2003; Kavanaugh et al. 2005). Social network sites can eliminate geographical barriers or the same social barriers (Bargh et al. 2002; Tidwell and Walther 2002). Therefore, the use of social network sites such as Facebook could allow individuals to approach new people who could not connect with them in the conventional way (Horrigan 2002; Parks and Floyd 1996). Donath and Boyd (2004) hypothesize that social network sites could greatly increase the weak ties one could form and maintain, because the technology is well-suited to maintaining such ties cheaply and easily. Hence:

H1: Intensity of Facebook use will be positively associated with individuals' perceived bridging social capital.

In Putnam's (2000) view, bonding social capital reflects strong ties with family and close friends, who might be in a position to provide emotional support or access to scarce resources. Some studies have questioned whether the Internet supplements or supplants strong ties (see Bargh and McKenna 2004, for a review). Williams (2006) argues that although researchers have examined potential losses of social capital in offline communities due to increased Internet use, they have not adequately explored online gains that might compensate for this. Hence:

H2: Intensity of Facebook use will be positively associated with individuals' perceived bonding social capital.

Online social network tools may be of particular utility for individuals who otherwise have difficulties forming and maintaining both strong and weak ties. Some research has shown, for example, that the Internet might help individuals with low psychological well-being due to few ties to friends and neighbors (Bargh and McKenna 2004). Self-esteem and satisfaction with life are two well-known and validated measures of subjective well-being (Ellison et al. 2007). Hence:

H3a: The relationship between intensity of Facebook use and bridging social capital will vary depending on the degree of a person's self-esteem.

H3b: The relationship between intensity of Facebook use and bridging social capital will vary depending on the degree of a person's satisfaction with life.

H4a: The relationship between intensity of Facebook use and bonding social capital will vary depending on the degree of a person's self-esteem.

H4b: The relationship between intensity of Facebook use and bonding social capital will vary depending on the degree of a person's satisfaction with life.

Wellman et al. (2001) find that heavy Internet users rely on email to maintain long distance relationships, rather than using it as a substitute for offline interactions with those living nearby. To test the role of maintained high school relationships as weak, bridging ties, Ellison et al. (2007) adapted questions about general bridging relationships, such as those in Williams (2006), to be specific to maintained relationships with high school acquaintances as opposed to close friends. Ellison et al. (2007) call this concept "maintained social capital". Hence:

H5: Intensity of Facebook use will be positively associated with individuals' perceived maintained social capital.

Method

To test hypotheses and compare the results with those obtained by Ellison et al. (2007), we conducted a survey of undergraduate students in the Faculty of Economics and Business at the University of Chile. In addition to demographic measures, the study relied on sets of measures drawn from Ellison et al. (2007). Independent measures included general Internet use (1 item), Facebook use

(9 items; e.g., “Facebook has become part of my daily routine”), and two measures of psychological well-being: self-esteem (7 items; e.g., “I feel that I have a number of good qualities”) and satisfaction with life (5 items; e.g., “I am satisfied with my life at University of Chile”). The dependent measures are bridging social capital (9 items; e.g., “At University of Chile, I come into contact with new people all the time”), bonding social capital (5 items; e.g., “There are several people at University of Chile I trust to solve my problems”) and maintained social capital (5 items; e.g., “If I needed to, I could ask a high school acquaintance to do a small favor for me”). These variables were assessed using the same survey items as Ellison et al. (2007). All materials were translated into Spanish using a double translation procedure, which has been proved as one of the best ways to provide validity to this process (McGorry 2000). Honest responses were encouraged by stressing to participants that there were no right or wrong answers (White Nye et al. 2008). Questionnaires were distributed among the students to be completed privately. A cover letter explained the data collection process and assured the respondents of confidentiality. A total of 546 students completed the survey. The sample is representative of undergraduate students of the Faculty of Economics and Business at the University of Chile in relation to gender and the average age of the students. The characteristics of the respondents are reported in Table 1.

Table 1 Sample demographics (N=546)

	Mean or % (N)	S.D.
Gender:		
Male	58 % (311)	
Female	42 % (226)	
Age	21.2	1.94
Income ^a	3.63	1.86
Years in school	2.79	1.45
Secondary school (type of school dependency):		
Municipal (public)	14 % (76)	
Private, subsidized	29 % (156)	
Private, non-subsidized	57 % (304)	
Home residence:		
Santiago	71 % (377)	
Other cities	29 % (153)	
Facebook members	97 % (530)	1:23
Hours of Internet use per day ^b	3 h 34 min.	

^aRepresents annual household income (in Chilean pesos); 1=under \$5,000,000, 2=\$5,000,000–\$10,000,000, 3=\$10,000,001–\$17,500,001, 4=\$17,500,001–\$25,000,000, 5=\$25,000,000–\$37,500,000, 6=\$37,500,001 or more

^bConverted from ordinal scale using mid-point of response category (e.g., 1–2 h=1 h 30 min)

Results

The reliabilities of the multiple-item scales were examined. This examination allowed us to confirm Cronbach's alphas greater than the acceptable levels of 0.70 (Nunnally 1978) for Facebook intensity (0.78), self-esteem (0.78), satisfaction with life (0.83), bridging social capital (0.87), bonding social capital (0.72), and maintained social capital (0.80). Following Ellison et al. (2007), the full set of social capital items was factor analyzed (Principal components factor analysis with varimax rotation) to ensure that the items reflected three distinct dimensions. Additionally, the variables employed in the study were mean-centered before creating the interaction term to minimize multicollinearity (Cohen et al. 2003).

Following Ellison et al. (2007), in order to explore the research hypotheses regarding the relationship between Facebook use and the various forms of social capital, regression analyses were conducted. In each regression, demographic, subjective well-being and Internet use factors were controlled in order to see if usage of Facebook accounted for variance in social capital over and above these other independent variables.

H1 is not supported because it is not possible to show that Facebook intensity has an influence on bridging social capital (See Table 2; $p>0.10$). In contrast, H2 is supported by verifying that the Facebook intensity positively influences on bonding social capital (See Table 3; $p<0.05$). These results suggest that in Latin American countries like Chile, Facebook intensity is useful for increasing the bonding social capital, but not to increase bridging social capital.

None of the main effects of self-esteem and satisfaction with life was of theoretical or practical interest, so the focus was on the interactions, which tested the hypotheses that the effect of Facebook intensity varied by self-esteem and satisfaction with life. H3a and H3b are not supported because data do not allow the assertion that the effect of Facebook intensity on bridging social capital is moderated by self-esteem and/or by satisfaction with life (See Table 2; $p's>0.10$). H4a is supported because data do allow the assertion that the effect of Facebook intensity on bonding social capital is moderated by self-esteem (See Table 3; $p<0.05$). These results suggest that the relationship between Facebook use and bonding social capital would vary based upon the degree of self-esteem. On the contrary, H4b is not supported because data do not allow the assertion that the effect of Facebook intensity on bonding social capital is moderated by satisfaction with life (See Table 3; $p>0.10$). Therefore, these results suggest that in Latin American countries like Chile, satisfaction with life does not moderate the effect of Facebook intensity on social capital.

H5 is not supported because it is not possible to show that Facebook intensity has an influence on maintained social capital (See Table 4; $p>0.10$). Therefore, these results suggest that in Latin American countries such as Chile, the use of Facebook does not help to maintain social capital.

Table 2 Regressions predicting the amount of *bridging social capital* from demographic, attitudinal, and Facebook variables

Independent variables	Model 1: control factors, Facebook intensity, and Facebook X self-esteem interaction			Model 2: control factors, Facebook intensity, and Facebook X satisfaction with life interaction		
	β	t	P	β	t	p
Intercept	0.37	0.55	0.59	0.37	0.54	0.59
Male	0.17	2.11	0.04	0.16	2.02	0.04
Age	-0.09	-3.10	0.00	-0.01	-3.31	0.00
Income	0.02	0.88	0.38	0.02	0.94	0.35
Years in school	-0.01	-0.27	0.78	0.00	0.02	0.98
Home residence:						
Santiago	-0.15	-1.17	0.09	-0.15	-1.68	0.09
Secondary school (type of school dependency):						
Municipal (public)	0.18	1.36	0.17	0.16	1.23	0.22
Private, subsidized	0.28	2.93	0.00	0.28	2.93	0.00
Private, non-subsidized						
Hours of Internet use per day	-0.03	-0.98	0.33	-0.03	-1.00	0.32
Self-esteem	-0.17	-2.29	0.02	-0.16	-2.17	0.03
Satisfaction with life	0.70	13.19	0.00	0.71	13.21	0.00
Facebook intensity (H1)	-0.57	-1.13	0.26	-0.26	-0.92	0.36
Self-esteem by Facebook intensity ^a (H3a)	0.17	1.43	0.15			
Satisfaction with life by Facebook intensity (H3b)				0.12	1.48	0.14
	F=19.09; p=0.00			F=19.11; p=0.00		
	Adj. R ² =0.35			Adj. R ² =0.35		

^aOnly one interaction term was entered at a time in each regression

Discussion

This article seeks to examine the effectiveness of Facebook use on the formation and maintenance of social capital in Latin America. The results suggest that Facebook intensity is less effective in the formation and maintenance of social capital for Latin American students than U.S. students. While one research is not sufficient to establish the generalized lower effectiveness of Facebook intensity in Latin America, the results support the idea that Facebook intensity is less effective in the formation and maintenance of social capital, at least for many market segments in the region.

Yet the significant coefficient for Facebook intensity suggests that Facebook use is important for bonding social capital as well. One explanation is that it may help individuals to maintain pre-existing close relationships, just as it can be used as a

Table 3 Regressions predicting the amount of *bonding social capital* from demographic, attitudinal, and Facebook variables

Independent variables	Model 1: control factors, Facebook intensity, and Facebook X self-esteem interaction			Model 2: control factors, Facebook intensity, and Facebook X satisfaction with life interaction		
	β	t	p	β	t	p
Intercept	-2.39	-3.18	0.00	-2.40	-3.19	0.00
Male	-0.18	-2.08	0.04	-0.18	-2.04	0.04
Age	0.00	0.08	0.94	0.01	0.35	0.72
Income	-0.03	-1.09	0.28	-0.03	-1.17	0.24
Years in school	0.10	2.25	0.02	0.08	1.92	0.06
Home residence:						
Santiago	0.26	2.66	0.01	0.25	2.59	0.01
Secondary school (type of school dependency):						
Municipal (public)	-0.17	-1.16	0.24	-0.16	-1.07	0.29
Private, subsidized	-0.06	-0.55	0.58	-0.07	-0.63	0.53
Private, non-subsidized						
Hours of Internet use per day	0.04	1.26	0.21	0.04	1.13	0.26
Self-esteem	0.40	4.78	0.00	0.37	4.55	0.00
Satisfaction with life	0.19	3.21	0.00	0.18	3.08	0.00
Facebook intensity (H2)	1.31	2.37	0.02	0.44	1.42	0.16
Self-esteem by Facebook intensity ^a (H4a)	-0.28	-2.12	0.03			
Satisfaction with life by Facebook intensity (H4b)				-0.09	-0.97	0.33
	F=6.81; p=0.00			F=6.51; p=0.00		
	Adj. R ² =0.15			Adj. R ² =0.14		

^aOnly one interaction term was entered at a time in each regression

low-maintenance way to keep tabs on distant acquaintances. We also found an interaction between bonding social capital and self-esteem. Individuals reporting low self-esteem appeared to gain in bonding social capital if they used Facebook more intensely, suggesting that the affordances of the social network sites might be especially helpful for these individuals.

Possible differences between countries make it essential to develop studies that measure, compare, and analyze the different levels of Facebook intensity and formation and maintenance of social capital among countries and their possible causes. This article attempts to encourage similar research in Latin America that confirms or refutes the results presented in this work. Additionally, this study could be replicated with other social network sites, such as Twitter or LinkedIn, which would help examine the extent to which the results are generalizable to other social network sites.

Table 4 Regressions predicting the amount of *maintained social capital* from demographic, attitudinal, and Facebook variables

Independent variables	Model 1: control factors, Facebook intensity, and Facebook X self-esteem interaction			Model 2: control factors, Facebook intensity, and Facebook X satisfaction with life interaction		
	β	t	p	β	t	p
Intercept	-0.39	-0.48	0.63	-0.38	-0.47	0.64
Male	-0.05	-0.53	0.60	-0.05	-0.48	0.63
Age	-0.08	-2.18	0.03	-0.08	-2.18	0.03
Income	0.04	1.51	0.13	0.04	1.50	0.13
Years in school	0.10	2.28	0.02	0.10	2.21	0.03
Home residence:						
Santiago	-0.12	-1.16	0.24	-0.12	-1.16	0.25
Secondary school (type of school dependency):						
Municipal (public)	-0.40	-2.52	0.01	-0.39	-2.46	0.01
Private, subsidized	-0.29	-2.62	0.01	-0.29	-2.59	0.01
Private, non-subsidized						
Hours of Internet use per day	-0.01	-0.23	0.82	-0.01	-0.18	0.86
Self-esteem	0.44	4.98	0.00	0.44	5.02	0.00
Satisfaction with life	0.03	0.48	0.63	0.02	0.38	0.70
Facebook intensity (H5)	0.14	0.23	0.82	0.21	0.63	0.53
Self-esteem by Facebook intensity ^a	-0.03	-0.22	0.83			
Satisfaction with life by Facebook intensity				-0.06	-0.62	0.53
	F=4.22; p=0.00			F=4.24; p=0.00		
	Adj. R ² =0.09			Adj. R ² =0.09		

^aOnly one interaction term was entered at a time in each regression

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Overpromotion and the Learned Intermediary Doctrine in Advertising of Medicine and Medical Devices in the United States

Paul Sergius Koku

Introduction

This paper analyzes the theories of “overpromotion” and the Learned Intermediary Doctrine (the LID) and how the courts apply them to advertisements in the healthcare industry. The courts view “overpromotion” as the practice in which drug companies and manufacturers of medical devices aggressively promote their products to the extent that the “full effect” of warnings on these products are de-emphasized or diluted (see *Hill v. Searle Laboratories*, 1989). One of the dangerous effects of “overpromotion” is the fact that it leads physicians not to rely on the warnings and package inserts associated with a particular drug or product that they are prescribing.

The Learned Intermediary Doctrine (LID) is a common law legal theory that creates an exemption to a manufacturer from the duty to warn consumers of risks associated with the use of a medical device or prescription drugs that patients cannot obtain on their own, if the manufacturer warns physicians of the side effects of these products (see *Sterling Drug, Inc. v. Cornish*, 1966). The question created by *Sterling* is who is liable when a consumer suffers an injury from a prescription drug or a medical device that is sold through the DTC (Direct to Consumer) advertisements?

Even though almost every jurisdiction in United States has adopted the LID theory, the theory has been applied differently by the courts in different jurisdictions with different outcomes, thus it is important that marketers be informed on the theory and its limitations.

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Methodology

This study reviews developments in the sale of drugs and pharmaceutical devices through the DTC (Direct to Consumer) advertisements. It uses legal research techniques to review the legal theories under which a manufacturer of a failed product could be held liable to a consumer. The study also reviews cases in which LID and the “overpromotion” theories have been applied in the pharmaceutical industry, and discusses their outcomes. On the basis of these outcomes, the paper develops an advertising strategy that could possibly immunize firms from being exempted from LID exemption.

Results and Conclusion

The Direct to Consumer (DTC) advertising of prescription drugs is one of the unusual developments in advertising in the healthcare industry. Its print form started in the U.S. in 1981, but the broadcast form started only in 1997 after the FDA released its draft guidelines over broadcasting of DTC ads (Ventola 2011). Since then, the DTC ads have become the subject of many research efforts in marketing, healthcare and public policy (Calfee 2002; Bell et al. 1999; Lexchin and Mintes 2002). However, very little has been published in marketing on the LID and “over-promotion” which are intricately connected to the DTC. This dearth of research leaves marketers largely uninformed on the liability issues when a consumer suffers injury from a prescription drug that is sold aggressively through DTC ads. This study is an attempt to fill that gap.

A consumer injured by a defective product could recover losses against the manufacturer under several possible legal theories including product liability, negligence, or breach of warranty (see generally, Epstein 2000; *Pouncey v. Ford Motor Co.* 1972; also *Halloran v. Virginia* 1977). Negligence is the most commonly used theory under which injured consumers could sue for damages. Drugs and medical device manufacturers could also be sued for making “unreasonably dangerous” items (see *Rimbert v. Eli Lily & Co.*, 2008). Failure to warn the consumers properly about the dangerousness of products is an area where manufacturers have also been found wanting.

Against this backdrop came the *Sterling* decision. The *Sterling* court in 1966 held that in the case of prescription drugs and medical devices that patients cannot obtain on their own directly, it is sufficient for a manufacturer to warn physicians (the Learned Intermediaries) instead of the consumer (in this case the patient) of the possibilities of side effects that could result from the use of the drug and/or device. The *Sterling* court rationalizes this exemption by arguing that the physician comes between the manufacturer and the patient, and since the consumer cannot obtain the drug or device without a prescription from a physician, it is sufficient to warn the physician only.

Sterling is recognized in almost every State (See *In re Norplant*, 1997). See Felix v. Hoffman LaRoche, Inc. (1989) on how it was applied in Florida. However, The New Jersey Supreme Court in *Perez (Perez v. Wyeth laboratories, Inc.,* 1999) reversed and remanded a lower court's ruling in which the plaintiff's action against Wyeth Laboratories, Inc., for recovery was summarily dismissed by the trial court on the basis of LID. Similarly, the Supreme Court of West Virginia in *Johnson & Johnson Corp (State ex rel. Johnson & Johnson Corp. v. Karl,* 2007) ruled against *Sterling* on the basis of "overpromotion".

Conclusions and Implications for Theory and Practice

Without knowing when *Sterling* will be upheld or trumped by "overpromotion", it is safer for manufacturers of drugs and medical devices to formulate a comprehensive communication strategy that immunizes them against "overpromotion".

References: Available upon request

The Impact of Political, Economic, and Environmental Uncertainty on the Possible Futures of Consumption

Edward Ramirez

Abstract Radical solutions have been called for to militate against the risk of an impending ecological disaster. This essay examines these solutions through the development of a series of prefactual thought experiments on the future of consumption. In particular, political regime, economic vitality, and environmental welfare serve as the scenarios' guiding uncertainties, depicting an array of possible futures. The outcomes suggest that depending on the magnitude and directionality of change, consumption in its present form could be completely eradicated, thereby leveling current living standards, or it could be enhanced, allowing for transcendental consumption in developed economies, while elevating living standards in lesser developed ones. Thus, each party to the environmental debate should carefully consider the range of possible futures as they consume, enact policies, develop new products, and invoke revolution.

References: Available upon request

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My Perfect Wedding: How Mexican Consumers' Decisions Are Influenced by Consumerism and Traditions

Consuelo García de la Torre and Julia Azucena Villa Silva

Abstract This article has the purpose to study the decisions in a wedding planning process taken by the bride-to-be or anybody else related to the event at middle to high class level. The investigation took place at Monterrey, Nuevo León a city located on the Northeast of México. The authors will explore the results of economic growth and US influence on México in order to acknowledge why do consumers of the wedding industry behave and decide as they do. The research was conducted with exploratory methodology, using the qualitative method of depth interviews of women—in different relationship status. The authors find a mixture of Mexican wedding rituals with a more consumerist and extravagant party can be observed as a result. Thus, social classes have many differences in Mexico, not only economically but culturally too; other studies may be done on these differences influence on wedding rituals.

Keywords Weddings • Consumerism • Consumer behavior • Mexico • Monterrey

Introduction

Mexican consumers have grown a finer taste towards fashion and consumerism -this been an effect of influence by the media; Mexicans are becoming more aware of fashion and beauty trends, appreciating the quality of these goods and, as a consequence, an economic growth is reflected (Gómez 2012a, Consumer Lifestyles in Mexico). There is a noticeable given importance to mall essence—variety of brands, plurality and variety of stores, fashionable and prestigious brands offered and quality of options—among the Mexican consumers, there has being a constant growth of the shopping center industry leading to more options to choose which center the consumers prefer (González-Hernández and Orozco-Gómez 2012). Specifically, wedding industry has taken advantage from these media influences

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inasmuch as celebrity coverage in magazines and television are increasing their appearance. In view of these rapid changes, how is consumerism affecting Mexican consumers' decisions toward their weddings—specifically those consumers closer to US border like Monterrey natives? As one of the biggest cities in Northeast México, Monterrey—and its metropolitan area which is composed by seven municipalities—is also close to the US border making easier to its citizens to visit shopping centers there. This article has the purpose to study the decisions in a wedding planning process taken by the bride-to-be or anybody else related to the event.

Other question to ask is: what does marriage means to Mexicans? Mexicans are people who have a very ingrained culture. Especially in religious topics, Mexicans—in majority—are Catholic believers since the Spanish conquest (Baumann and Melton 2010), so marriage is more of an ecclesiastical ritual that allows people to share part of their beliefs and acceptance from society to live with their significant other (Kalmijn 2004). Among people in this northern city, the fact of living together with your significant other before getting married is not well seen. This is another reason why weddings and marriage are becoming a ‘big deal’. When Monterrey citizens in the middle class talk or think about getting engaged, they immediately plan an event that includes a civil wedding, an ecclesiastical and a big party. But when reality comes around and the wedding planning begins, the bride and groom-to-be realize that the budget may not afford what they expect for a wedding. So, how do they manage to take decisions based on a budget versus the wedding of their dreams? Which components of the wedding will become a priority and which ones would not? Who will take the decisions and why? Will they ask for assistance to a more specialized and professional such as a wedding planner? These questions may be overwhelming to any fiancée who may be reading this article, but they become a crude reality for as long as a wedding is being planned, until the date of the ‘big day’ arrives.

The Different Meanings of Consumersim

Through years, consumerism has been a word with different meanings. Apparently, there is no final definition for it, and many authors have described it in various ways, according to their beliefs. For example, there was an increasing concern for these consumer rights and it was triggered by Ralph Nader, a consultant to the US Department of Labor in 1964 (Nader, Britannica Online). Also, few years after this concern, in 1972, Kotler defined consumerism as a social movement seeking to augment the right and power of buyers in relation to sellers. Leading people towards a movement where they fight for their right as buyers of any good.

But there was also another meaning to consumerism before it became a whole movement into defending consumer's rights. Vance Packard was an American critic to excessive consumption and one of the earliest people to approach this concept as strategies to persuade consumers to expand their needs and wants rapidly, until

becoming ravenous, compulsive and wasteful (Packard 1960). Also, there is said that products have a personal meaning to every individual, as they can reflect the purchase power and wealth of any individual; good taste gives and educational level; and even disclose social class by a certain preference to some types of products (Baudrillard 1998). Nowadays, there are more authors who sustain Packard's beliefs. For example, in the article "The Quest for History: Consumerism and Post-communist Literature" the author explains how the growth of modern consumerism is influenced by past ideas. That is to say, in pre-modern times people were not allowed to produce any kind of good that was not appropriate for certain social status. Now, this behavior has been substituted by a more "acceptable" one, which is to build an identity through consumed goods (Vesa 2011).

Either definition of consumerism is correct and valid. Although, for the purpose of this research, consumerism will be consider as a concept of immoderate tendency to acquire, spend or consume goods that are not always necessary (Diccionario de la lengua española 2013).

Importance of Catholic Religion in Mexico

Mexico is a country full of diversified traditions. The vast territory, once full of different natives, is still influenced by these cultures but also—and most importantly—by the Spanish colonization and its powerful religious approach. Since the Spanish conquest in the 1600s, Mexicans have been influenced by the Roman Catholic Church (Baumann and Melton 2010). Today, Mexico is a homogenous mixture between indigenous and modern civilization or as it is best described by Standish and Bell, "Mexico is Indian and Spanish, ancient and modern. It has fused the most disparate of traditions into something new" (Standish and Bell 2004). There are many religious festivities revolving the culture and customs of Mexico. Each festivity has its own particular rituals that differentiate them from each other; there is no festive date equal to the next one. And all of them where well adopted—during the Conquest period—and turned into hybrid (Spanish and Indian) traditions because of its similitude to the pre-Hispanic believes of the indigenous (Standish and Bell 2004).

Catholicism is part of the culture and customs of Mexicans and church is not the only symbol that has great importance in this culture. There is a figure deeply associated as the patroness of the country: Virgin of Guadalupe and is constantly starring in popular festivities, such as baptism, first communion, posadas, 'quinceañera', weddings, to mention a few. The Virgin of Guadalupe has an official date to celebrate her appearance to Juan Diego which is the 12th of December its own shrine, as she commanded Juan Diego to build it over Tepeyac Mountain in her honor. The Virgin of Guadalupe is a major important symbol unity and hope for Mexicans, as it was also used as a banner of Independence War in 1910 (Standish and Bell 2004).

Methodology

Capitalism and neoliberalism openness in the twentieth century have allowed countries to cross borderlines and explore new markets, but these actions may have secondary effects on how the culture of the explored country may change and there may have continuous effects on society (Egan 2002), especially on medium to high social classes—who have more access to spend their wedding budget on whims. Acknowledging this reality, the research for this paper was conducted with exploratory methodology, using the qualitative method to explore and understand what consumers answered to in-depth interviews. Additionally, the approach of this methodology is considered to be appropriate because there is little research on the Mexican wedding consumer behavior topic, and there is no literature for Monterrey citizens' behavior towards wedding planning. This research is propounded to be necessary as Mexican entrepreneurs can develop new marketing strategies to either promote growth in their businesses or to create brand awareness during the process of wedding-planning consumption. It is then that this research yearns to understand the complexity of a Mexican celebration (Olivos Santoyo and Cuadriello Olivos 2012) such as a wedding. In order to understand how Monterrey's society is influenced by many outside agents, the research involved talking to the main character of a wedding, the bride-to-be or future bride-to-be, about their consumption experiences and expectancies of the event.

Research Pilot Sample Description

The women interviewed live in Monterrey and three different relationship statuses were taken into account in order to see if there existed any alteration between each perspective. Participants were mainly in their mid-20s, the typical age group for first marriages in Nuevo León—state where Monterrey belongs to (Instituto Nacional de Estadística y Geografía 2011). Moreover, another interview to a wedding planner took place it was executed so a perspective from an outsider could provide information that contrast with the other interviewees. The pilot sample characteristics can be seen at Table 1 (Appendix 2). The women interviewed ranged in experience in terms of a wedding concept in the city. One of these women is not even engaged yet and already knows what the previous process of a wedding consists in, another woman is actually getting ready to get married and preparing the details for her special day, and a last woman is already married and has all the pre and post experience.

Exploratory Methodology Using Qualitative Method

This study is focused on uncovering women's views, experiences and expectations on how a wedding is supposed to be planned and organized in the city where they live in according to 'tradition'. This approach is useful as the current literature for Mexican weddings is very limited in its understanding of consumer behavior based

on experiences of the actual client. It is argued that the importance of exploring the interviewees' experiences and views is that to give and reveal the nature of their consuming behavior during an organization an event of this scale.

Given that the aim of this article is to understand the behavior of participants in a wedding organization it is found that it gives a major benefit: deep interviews allowed acquiring multiple perspectives of what expectative a consumer has for her wedding, since the criteria applied and the appraisals done in most of the decision making have an emotional and subconscious background (McDaniel and Gates 2011). Also, the purpose of this article is not to quantify how much consumers could or would spend in their wedding, on the contrary, is to understand why they do it. This is a reason why interviewing a small pilot sample of participants is enough to gather trustworthy information. A standard qualitative pilot sample size is such that the process of interviewing will lead to redundancy (Bernard 2011) or interview saturation (Schensul and LeCompte 2010). The 'Grounded theory' mentioned in The Good Research Guide: For Small-scale Social Research Projects (2010) suggests that in order to retrieve detailed information of particular instances, a small sample should be used (Denscombe 2010).

Consumer's Behavior Towards Weddings

Components of a Wedding: Which Will Be Part of the Wedding Planning?

Conferring to the interviewees, the main components of a wedding rely on; reception, where the celebration takes place; the church, where they get married by a Catholic reverend; the musical band or DJ; guests; creation of a budget; and the details, which may include a wedding planner, florist and decorator, illumination, to name some suppliers.

As it is observed, the creation of a budget is the second last priority to be mentioned by the interviewees. These women visualized that they had to plan their dream wedding before even taking into account the economic issues. Somehow, they develop a fixation toward materialistic details and acceptance of the wedding attendees (Seligson 2013)—or maybe society—that they based these dreams on what they have seen and experienced at previous weddings. This was ascertained by the experienced wedding planner. He explained that, only in Monterrey brides-to-be want to control up to the last detail of their wedding, whereas in other cities, people hire him in order to delegate time-absorbing tasks.

The reception and the mass celebration dates have to coincide to be the same, it would have no sense to get married 1 day and celebrate this event on a different date. They all first selected the salon where the reception will take place; this selection depends on the number of guests to invite. After this is done, they choose the church and brides-to-be are very selective in these two aspects of the wedding. As said in words of a wedding planner "is not the same if you get married in Monterrey than is to in Cadereyta". In other words, location is everything. Also, there are two types

of musical bands, one for the religious celebration and another one for the party reception. Both have different concepts of music; since one is to enhance the mass with a band that can offer a more ‘spiritual’ mix of sounds of cords and voices and the other band will engage on entertain the guests at a party with different stages.

Next, they decide how many guests they will have to their event. According to the interviews, a small wedding in Monterrey is considered to have between 300 and 400 people; a medium one will have between 500 and 700 people; and a big wedding will have more than 800 guests. In average, in Monterrey and the metropolitan area, weddings are medium size with a number of 500 guests and taking into account that an average expenditure amounts to 400 USD per guest—this according to the wedding planner-, it is known that the budget will be 200,000 USD in total. Knowing this information is crucial for both, bride and groom, because now they can realize whether they can afford their dream wedding or maybe some sacrifices will have to be made (Braverman 2012).

In general, the three of interviewees did not showed any awareness of how much they could or did spend in a wedding. As long as details—such as decoration of the church and reception—were taken into account and actually meet or exceed their expectations they will be happy.

Decision-Making: Who Takes the Decision?

As for who takes decisions, although women try involving their family and partner, they basically indicate which idea or item is better for the wedding. They do consult the budget of the element in trial with the future groom—sometimes their moms or sisters—but his participation stays as a simple opinion as long as it does not exceeds what the couple estimated to spend for that specific component. In general, brides and grooms are continually consulting each other over whether something is important or not. Brides-to-be give their mom’s and mother-in-law’s opinions more heft when the bridal shower is being organized. Especially since this shower is thrown to the bride-to-be by her mom and her mother-in-law. Other situation where parents’ opinions make an influence in all decisions is when they actually contribute to the estimated budget or have too many ‘commitments’—as said in the city of Monterrey, or also known as must-invite-guests.

Are All Weddings the Same Everywhere in Mexico?

It is well known that there is plenty of Mexico to explore (Olivos Santoyo and Cuadriello Olivos 2012). Mexico is divided into many parts because of all the particular history in each region and because of all the diversified indigenous cultures influences. This is why traditions may not be the same in one area or another. Nuevo

Leon, the state where Monterrey belongs to, is not an exception to this fact and it was reflected on the information collected with the interviews. The interviewees have had some experience with weddings in other cities and states and they mentioned a few differences they noticed in these celebrations. Traditions of weddings in Monterrey differ in size, schedule, variety of products and services, dress-code, and some previous-wedding rituals. The biggest weddings taking place at neighbor states have 600 guests at the most and they may happen sporadically. Also, the schedule of a wedding in Monterrey differs from others. The agenda changes of order since, for example, the first thing to do in a wedding reception in Monterrey is to greet the attendants whilst in other cities this ritual is not done at the beginning as guests greet the bride and groom during dinner. Also, the first dance as husband and wife is presented in different order, but interviewees did not specify the timing difference. Another thing that diversifies as location changes is the variety of products and services that brides and grooms may choose for their wedding. Interviewees declare that elsewhere Monterrey is more complicated to compare between different suppliers, so, basically, they have to circumscribe to the limited offer. Also, the dress-code tends to be more formal in Monterrey than any other place since events require an etiquette dress-code. There are even some rituals that are not celebrated elsewhere such as 'The Bride's Day' (described later) or the fact of giving money in an envelope at the bridal shower—known in Monterrey as 'sobre' or 'sobrecito'.

Stages Before a Wedding: Planning Process

According to what respondents informed, there are different components of a wedding taken into account. The first stage that triggers all the wedding planning process is the proposal. It was found that women like to have an elaborated proposal, although they do not express it as such. For example, one of the interviewees explained that his boyfriend proposed after they returned from a romantic trip. She was already home at night when all of the sudden she and her family heard mariachi music outside their home. When they realized it was a serenade for her, she went outside to meet her boyfriend and saw that he was on a white horse singing along with the mariachi and his friends and, in hands, he had a bouquet of roses and the little box with the ring. Also, she mentioned remembering the sound of fireworks and a photographer recording this beautiful memory. She explained that there were policeman nearby for security during the use of fireworks. After explaining this event she was asked if she thought it was an elaborated proposal. Reacting with laughter and amusement she said it was not elaborated at all and that it actually was a simple proposal. After an elaborated—or not so much—proposal more events are prompted and not just the wedding. There is plenty of planning to do since the next step is for the groom-to-be to ask for the bride's hand in marriage as tradition dictates. Both bride's and groom's families gather together one night at the bride's house and have dinner. This small get-together involves exclusively parents and

siblings as well as the newly engaged couple. This ceremony is used to have great formality and the bride's family may even have a decorator, banquet and waiters hired. The groom's parents are the first to approach the main topic and discuss their opinion on the future marriage. This ceremony is seen as the first celebration that unites both families into one.

Next is the presentation of the couple at the church. This step involves having complete documentation a church asks for in order to get married—e.g. baptism certificate, first communion certificate, etc. For this particular event, a priest is needed to coordinate what happens next. Also, the ecclesiastical presentation needs two witnesses per fiancée. These witnesses are usually friends of the bride and groom but can also be family, though it is more usual to see close friends as bystanders. The procedure to this ritual is just like an in-depth interview since the priest present in the event asks individually the witnesses and bride and groom some general questions about the couple's relationship. These questions are asked in order to prove that the marriage will be valid and to assure none of the parties in the couple have been married before. Once the submission before God is done, there is a celebration taking place at the bride's or groom's home where witnesses, parents, and friends are invited.

Fourth, the bride's mom and mother-in-law throw a bridal party. This bridal party also triggers a series of bachelorette parties that will be thrown by friends or relatives of the bride—such as cousins. This primer bridal party will take place in a smaller reception than from the wedding reception, and the guests will only be women invited to the wedding. In this shower, women are invited to have a little get-together to sit, have lunch, chat, celebrate the bride, give her a present—‘sobrecito’ (envelope) with money—and receive a souvenir from the bride. The shower has a not-so-formal concept, since is more like a cocktail party. As for bachelorette parties thrown by friends and relatives are more informal and tend to be ‘more fun’. These parties are more into having games and shows; it may also involve a trip among all friends, relatives and bride and there is no limit number of bachelorette parties to have.

Fifth, the bride's day is when friends and relatives go and visit the bride-to-be at her parents' house or maybe her future home to see her wedding gifts. This reunion is completely informal and the purpose is to achieve that the bride-to-be may relax a little just before the wedding as well as to sit and discuss the final details of the main event.

These five events before a wedding may take some time to prepare, plan and execute, though, they are traditions and they are taken into account no matter if the bride-to-be and her family are busy and engaged in their career (Blakely 2008). These situations lead brides-to-be to search for assistance in preparing what a wedding may need—before and during the event. Apparently, when people get engaged in Monterrey, there is plenty of joy between them and transmitted to the people surrounding the couple. This could be a reason why there are so many celebrations once a proposal is done—and probably these celebrations involves too much spending as well (Greenhill and Magnusson 2010)—it can also be observed

how status and social prestige is related to weddings (Bloch, Rao, and Desai 2004) since expenditure does not seem to be a limitation when organizing a grand event such as a wedding.

Research Limitations and Future Research

Lower class wedding rituals differ from middle or high class wedding rituals so the whole concept of a wedding may differ at a high-society, cosmopolitan event or a regional, popular and traditional party. There are noticeable contrasts between middle and high class, and low and middle class, even the middle class is not as uniform as in other countries, because of the “new” middle class driven by México’s growth (Gómez Mexico 2012b, Income and Expenditure). Future research may explore decisions on lower class weddings and how different are they from decisions in middle to high class.

There is another limitation to contemplate in this research and that is the religion taken into consideration. Even though through the years more religions are officially registered in the country, the majority of the population—more than 80 %—practices or declares to be a Catholic (Instituto Nacional de Estadística y Geografía 2011). The rest of the religions registered include Christianity, Jewish, Islamic, Ethnic beliefs and others. Also, less than 5 % of Mexican population declares not to believe in any religion. INEGI, reports that the religious-demographic information behaves just as the general demographic information; saying this, the majority of the population—also 80 %—in Monterrey would be taken as Catholic. The information gathered for this study involves Catholic wedding ceremonies. It is necessary future research on weddings from different religions to enlarge knowledge of the topic in Mexico.

Another important ceremony is the civil wedding. Since México was declared as a secular state in 1857 (Standish and Bell 2004), no church can be involved in public affairs, leaving aside civil from religious weddings. People can get married in a religious ceremony in order to be considered as an official couple or marriage before their respective God or Gods but in order for married people to be recognized as a marriage and proclaim their rights to the government, they must have a civil wedding. The authors of this study only focused to gather information related to the Roman Catholic Church without the civil ceremony as they are two separate events taking place—most of the times—on the same day. Future studies will be needed to examine further how decisions change—if at all—when couples decide to have different dates between a civil wedding and an ecclesiastical wedding.

Finally, this study is the first of its kind in Monterrey. It is based on purely qualitative methods and it was done in order to lead future research on basic elements that compose a wedding in the medium to high class. This research will give a first insight into an industry that is developing in Monterrey and supply the main foundations to quantify in order to reveal representativeness of this study in particular compared to the rest of the population in the city analyzed. Also, future studies may be developed on topics related to the wedding event like the rituals before it and rituals during the celebration.

Implications

Practical Implications

From a consumerism and entrepreneurial perspective, this study provides information on how factors such as social class, culture and religion influence how a wedding—taking place in Monterrey—will be planned and executed. Understanding the different decisions done for a wedding can facilitate the development of strategies to approach the consumer in specific. Entrepreneurs may have a better idea on how engaged couples elaborate their wedding budget and create new business models. This information may also be useful for new or existing businesses related to the wedding industry to restructure their strategies for this growing market and generate more revenue. This may be accomplished through the offering of wedding services addressed to the correct target market with enhanced communications (Jahdi and Acikdilli 2009)—which may attract more consumers, thus, more sales can be reflected (González-Hernández and Orozco-Gómez 2012). In general, a firm can approach more effectively new or existing target markets with alternative strategies that mirrors what consumers are looking for. This research may also provide guidance for a better segmentation of the target audience by using psychographic tools for segmentation strategies instead of strategies based on demographics. As mentioned before, correct target markets may grow more revenue for firm. The result of having a redefined segmentation may result in a better marketing mix exercise. For instance, an entrepreneur that just joined the wedding industry could understand and explode the main elements of previous wedding rituals and set forth a relationship between symbolism and the ritual; this will grow in consumer's mind as an association to the wedding and could shape consumer's wedding rituals (Otnes and Scott, Something Old, Something New: Exploring the Interaction Between Ritual and Advertising, 1996).

Social/Cultural Implications

Also, this article provides information to the reader on how Monterrey natives are changing their decisions and behavior towards their weddings. The reader of this article may realize how consumerism culture in USA is affecting Mexican behavior (Baruca and Zolfagharian 2013)—especially Monterrey natives—and influencing them to become into an aspirational culture by spending more of their income on personalized, detailed and cosmopolitan-like weddings. Having more personalized events such as a nuptial celebration may provoke growth on the industry related to it, as expenditure on this specific event is turning into a priority (Blakely 2008) and into a “total social fact”—as Mauss interpreted (Hart 2014). Women in Mexico are becoming more powerful and they participate more economically; since women, in general, are developing more their professional careers (Instituto Nacional de

Estadística y Geografía 2011). This research seeks to acknowledge the main elements in a traditional wedding. This may set a framework to begin investigations into the sources of these traditions and how they influence population in Monterrey and its metropolitan area.

Appendix 1: Original Depth Interview Guide and Process

Study 1: Study the decisions in a wedding planning process taken by the bride-to-be or anybody else related to the event at middle to high class level.

Study 1 objectives:

1. To determine which are the different important elements of a wedding
2. To determine who participate in the decision-making process of planning a wedding
3. To determine whether there is difference between weddings in other cities
4. To identify the different rituals or traditions previous and during a wedding
5. To describe each ritual or tradition previous a wedding

Process:

A. INTRODUCTION TO INTERVIEW

Interviewer to start with introduction

Thanks you all, we are gathered here to initiate an interview today about the process of wedding planning.

Would you please introduce yourself by saying your name, age, education level, relationship status and where are you from.

Referring to your relationship status, where are you at? Are you planning on getting married soon or did you talked about it before getting engaged?

B. DISCUSSION OF THE DIFFERENT IMPORTANT ELEMENTS ON A WEDDING

Objective: To determine which are the different important elements of a wedding.

In your opinion, can you mention which are the elements on a wedding in order of importance?

Why would you give this order of importance?

Is there any other element to consider?

C. DISCUSSION OF THE PARTICIPANTS IN THE DECISION-MAKING PROCESS OF PLANNING A WEDDING

Objective: To determine who participate in the decision-making process of planning a wedding.

In general, who takes the decision of which items to consider?

Why is that?

Is there anyone else helping?

D. DISCUSSION OF DIFFERENCE IN WEDDINGS IN OTHER CITIES IN MEXICO

Objective: To determine whether there is difference between weddings in other cities.

Do you think there is any difference between weddings taking place in Monterrey to others taking place in different cities?

If there is a difference, is it too notorious or just some details?

Why do you think that happens?

E. IDENTIFY THE PREVIOUS RITUALS AND/OR TRADITIONS TO A WEDDING

Objective: To identify the different rituals or traditions previous a wedding.

Are there any traditions before the event takes place?

If any, can you mention them all in order of appearance?

F. DESCRIPTION OF RITUALS AND/OR TRADITIONS PREVIOUS THE WEDDING

Objective: To describe each ritual or tradition previous a wedding.

Can you describe what happens in each of the traditions you mentioned before?

Do you want to do every single tradition you just mentioned or are there any you do not really care about?

Can you say why that is?

G. THANK PARTICIPANT FOR THEIR TIME

Interviewer to conclude the interview and greet the participant.

Appendix 2: Table 1

Pilot Sample size (n)	3
Mean age	26 years
Education Level	Bachelor Degree (3)
Nationality	Mexicans (3)
State	Nuevo Leon (2) Tamaulipas (1)
Relationship status	In-a-relationship/No ring (1) In-a-relationship/With ring (1) Married (1)

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From Evangelical Roots to Capitalist Returns: Market Formation from Community Beginnings

**Sam Holloway, Diane M. Martin, Emily Plant, John W. Schouten,
and Suzanne G. Tilleman**

Abstract This research tests a theory of consumption-driven market emergence (CDME): a process wherein embedded entrepreneurs, multiple and dispersed actors from a particular habitus, innovate products outside of mainstream market logics leading to the distributed development of communities of practice around the innovations. A key feature of CDME is the introduction of a market catalyst, an actor that provides critical elements of infrastructure that, in turn, allows the emergence of a fully functioning, efficient and legitimized market. In this article we examine how the organic foods market emerged from a widespread collection of ideologically driven farmers and consumers into a high-growth and profitable commercial market. We test a model of CDME with secondary data reflecting the dynamics of the organic farming industry. Results from the fixed effects panel data estimation show strong support for the model.

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Teleological Actions in Negative Service Encounters

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Abstract Teleological actions are movements into the future that are believed to be move either towards a predictable/known or unpredictable/unknown state or condition. The authors distinguish between, define and apply three categories: (1) transformative—ad hoc and present-based actions; (2) formative—pre-determined and past-based actions; and (3) rationalist—goal-directed and future-based actions.

The objective of this paper is to describe the teleological actions needed to assess and manage critical incidents that cause negative emotions in service encounters.

A qualitative study, based upon a two-phase approach applying convenience and judgemental sampling, was employed.

Seen through the perspective of teleological actions, the study enhances our understanding of the manner in which critical incidents generate negative emotions in service encounters. Through the same perspective, the investigation also reveals that the outcome of a negative service encounter depends upon the interactive interface between service provider and service receiver.

Based on teleological actions, the investigation provides both a valuable and complementary contribution on assessing and managing critical incidents and the negative emotions that are often triggered in the service-encounter interface between a service provider and a service receiver.

References: Available upon request

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