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REINVESTIGATING THE ROLE OF MARKET ORIENTATION AND ENVIRONMENTAL TURBULENCE IN MARKETING CAPABILITIES AND BUSINESS PERFORMANCE

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ABSTRACT

The purpose of the study is to analyse the impact of market orientation on marketing capabilities as well as to investigate the moderating role of environmental turbulence in marketing capabilities- competitive advantage linkage. The study also aims to examine the mediating effect of competitive advantage on marketing capabilities and business performance linkage. Data are collected from a branch manager along with three senior managers of all 144 branches of 21 public and 7 private banks operating in Jammu city, North India. The study finds that market orientation significantly contributes towards marketing capabilities development. The findings, further, reveal full mediation of marketing capabilities on market orientation and competitive advantage relationship and partial mediation of competitive advantage on marketing capabilities and business performance linkage.

Keywords: marketing capabilities, outside-in, inside-out, spanning, market orientation, environmental turbulence, competitive advantage and business performance

INTRODUCTION

In hyper competitive environment, an organisation strives to develop the valuable, non- substitutable and inimitable marketing capabilities (MC) to attain competitive advantage (CA) and business performance (BP). These marketing capabilities enable an organisation to satisfy customers' needs and wants and build relationships with the suppliers, distributors and other customers which subsequently enhance its BP (Day, 1994; Vorhies & Morgan, 2005). Day (1994) remarked that development of key marketing capabilities facilitate an organisation to perform basic MC such as gathering information about market needs, segmenting and selecting target markets, developing new services to meet the needs of targeted segments, pricing the services, and communicating the services benefits to the

target segment. In one of his recent papers, Day (2011) expresses that MC can help an organisation to narrow the gap between accelerating market complexities and organisational ability to cope with the complexity to meet market demand and to sustain CA. Since MC enhance organisational ability to understand, forecast and satisfy the needs of the customers better than its competitors, Vorhies and Harker (2000) and Murray et al. (2011) considered market orientation (MO) as one of the important antecedents of MC.

The marketing scholars such as Day (1994, 2011), Hooley et al. (1999) remarked that despite the significant role of MC in enhancing BP, the concept has not yet received significant contemplation. A body of researchers such as Hooley et al. (1998, 1999), Morgan et al.(2009)

have recommended the need to investigate how MC are planned, developed, measured and sustained in a business. Also, Vorhies and Yarbrough (1998) suggested that exhaustive research that captures the role of MC antecedents such as market orientation, differentiation strategies, organisational culture, learning etc need to be explored. Lastly, Vorhies and Yarbrough (1998) and Ros et al. (2010) emphasise that limited number of studies are underlined on MC, CA and BP relationship. Similarly, Vorhies and Yarbrough (1998) underscored that there is need to identifyhow MC lead to the development of CA and BP. In 2008, Lindblom et al. observed weak relationship between MC and BP. The authors argued that such weak relationship might be controlled and strengthened if factors such as intensity of competition, store location, etc. are examined. Hence, they advocated that effect of these moderating factors on MC-BP relationship are needed to be explored in the future.

The primary goal of the study is to bridge up gap that exists in MC literature. The study is conducted to analyse the impact of MO on MC and its subsequent effect on CA and BP in service sector such as banking. Besides, the study also aims to investigate the role of MO as an antecedent to MC, environment turbulence (ET) as a moderating variable in MO, MC and CA linkage. Further, the mediating role of CA on MC and BP relationship would also be examined.

The structure of the paper is as follows: Firstly, conceptual framework and hypothesis development addressed followed by followed by research methods used to test these hypotheses. The results of hypotheses testing are presented in the next following sections. Lastly, the study ends with conclusions.

CONCEPTUAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

In the current economic climate, banks are facing intense competition to accomplish more with fewer resources. This propels banks to build competitive differentiation in their products/services and enhance relationship management practices to thrive and survive in the market. Among the varied existing business's capabilities, MC are considered as significant approach through which banks can achieve performance differentiation, by developing effective marketing strategies, providing better customer service, achieving greater efficiency, and cost control.

MC, conceptualised by different researchers, can be categorised under four perspectives: operational (Day, 1994, 2011; Hooley et al., 1998, 1999), marketing mix (Vorhies & Harker, 2000; Vorhies & Morgan, 2005), intellectual capital (Moller & Antilla, 1987) and competition (Fahy et al., 2000).

The operational perspective defines MC as the composition of outside-in, inside-out and spanning capabilities (Day, 1994). Marketing mix, the second approach adopted by body of researchers, identifies different marketing mix elements to conceptualise MC. For instance, Vorhies and Morgan (2005) ascertained eight distinct MC that is, marketing planning, information management, implementation, and selling capabilities along with 4Ps. The third approach associates with intellectual capital (Moller & Antilla, 1987) that defines MC as the combination of human, market and organisational assets. The fourth and last perspective is competition-based (Fahy et al., 2000) which emphasises on MO, time horizon of the business strategic decisions and positioning capabilities.

Among the available perspectives of MC, operational perspective (Day, 1994) is broader and comprehensive in comparison to other

perspectives. Hence, the study focuses on operational perspective of MC. MC are the integration of organisation's resources with knowledge and skills of its employees to perform marketing activities so that customers needs are fulfilled and organisation can remain competitive (Day, 1994). Day (1994) established three categories of MC, outside-in, inside-out and spanning capabilities. Outside-in capabilities help an organisation in identifying and understanding the market needs. In contrast, inside-out capabilities focus on organisation's internal resources which are activated by market requirements, competitive challenges, and external opportunities. The spanning capabilities, on the other hand, integrate outside-in capabilities with inside-out capabilities to competitively deliver services as per customers' requirements.

Researchers such as Murray et al. (2011) and Ngo and Cass (2012) observed that MO positively and significantly influences MC. They also demonstrated that MC of a market-oriented organisation are more valuable as it focuses extensive attention on understanding customer needs and building relationship. In this context, Murray et al. (2011) remarked that MC develop, combine and transform resources into value offerings for customers on the basis of information generated by MO activities. Thus, it is hypothesised that:

H1: Market orientation is significantly and positively related to marketing capabilities development.

Day (1994) put forth that MO as an antecedent of MC has potential value for contributing towards achieving desirable BP. In this context, Morgan et al. (2009) posited that the interaction between MO and MC enable an organisation to adjust its resource deployments with the market environment better in comparison to competitors. Further, Murray et al. (2011) revealed that MO enhances BP through MC development. Therefore, while examining the

MO–BP relationship the mediating effect of MC is important. Hence, we hypothesise that:

H2: Marketing capabilities mediates the effect of market orientation on a) competitive advantage and b) business performance

The literature authenticates that MC of an organisation pave way for CA (Weerawardena, 2003). Since MC is associated with valuable, non-substitutable and inimitable characteristics, CA can be considered as an effective marketing capablties' outcome. Weerawardena (2003) also remarked on positive relationship between MC and CA. He put forth that an organisation should build and nurture MC to a point till they become the basis for CA. Thus, it is hypothesised that:

H3: Marketing capabilities are positively related to competitive advantage.

Since MC enable an organisaton to develop appropriate strategies and tactical responses; MC based organisation relatively enjoys better BP (Tsai & Shih, 2004). Krasniko and Jayachandran (2008) demonstrated that organisation's BP is more significantly influenced by MC than other functional capabilities such as operations capabilities, R&D. Thus, we hypothesise that:

H4: There is positive relationship between marketing capabilities and business performance.

Studies such as Hooley et al. (1999), Murray et al. (2011) established the mediating role of CA in strengthening the MC-BP relationship. Vorhies and Yarbrough (1998) found that an organisation which develops MC is more efficient in achieving growth, market position, and ROA than its competitors. More recently, Murray et al. (2011) observed cost and differentiation strategies to play important role in enhancing MC-BP relationship. For instance, pricing capability allows an organisation to use pricing tactics to respond to changes and earn higher revenue. Similarly, marketing

communication capability enables an organisation to persuade customers in building positive perception of the product. This consequently leads to the development of differentiated brand image and thus results in achievement of CA and enhancement of BP. Thus, it is hypothesised that:

H5: Competitive advantage mediates the effect of marketing capabilities on business performance.

It is well accepted fact that an organisation which develops appropriate strategies to cater to frequent and unpredictable market, competitive, and technological changes possesses the characteristics of a successful organisation. Further, MC coupled with controlled capability feature can be comparatively more effective in harnessing CA and BP. In this context, Vorhies and Yarbrough (1998) contemplated that an organisation which builds high degree of MC, by acknowledging market changes such as competitive intensity, market and technological turbulence is effectual in reducing the levels of uncertainty regarding environmental impacts in comparison to its competitors. Therefore, we hypothesise that:

H6: Environmental turbulence (ET) is a significant moderating factor in enhancing the relationship between marketing capabilities and a) competitive advantage b) business performance

RESEARCH METHODOLOGY

Generation of Scale Items

The three dimensions of MC that is outside-in, inside-out and spanning capabilities are assessed using items, either self developed or extracted from various studies. The works of Cadogan et al. (2002) and Nyugen and Nyugen (2011) are used to generate items for measuring three sub dimensions (i.e. market sensing, customer linking and channel bonding) of outside-in capabilities. Similarly, studies of

Vorhies and Morgan (2005) and Morgan et al. (2009) are used to derive items for the measurement of three sub dimensions that is pricing, new product/service development, and marketing communication capabilities, of spanning capabilities. The studies reviewed on MC reveal the use of comprehensive items for measuring inside-out capabilities. Accordingly, the study identified major dimensions of inside-out capabilities based on review of literature and expanded the respective dimensions using self developed scale. Further, CA is measured with the help of service differentiation. Since items for measuring service differentiation in banking sector are not available, self designed items is developed through discussion with the experts and colleagues. The MO and ET are measured with the help of scales developed by Jaworski and Kohli (1993).Finally, BP is measured through financial indicators which include market share growth, ROI, ROA and profitability (Vorhies & Harker, 2000; Morgan et al., 2009).

Data Collection

The study focuses on the retail banking system that is, commercial banks which primarily deal with retail customers and provide varied facilities such as deposits, loans, and other services to them. The commercial banks in India comprise of public, private, foreign and regional rural banks. However the study framework focuses only on urban Indian commercial banks (that is, public and private banks) operating across India. As per RBI guidelines similar banking practices are followed across different banks and their respective branches.

The sample of the study comprised of all 144 branches of 21 public and 7 private banks operating in Jammu, North India. Since the functioning of all public and private banks is at par with other banks across India, the results of the study are equally applicable for all public and private banks of India. A branch manager

along with three senior managers/officers is selected using purposive sampling, as these respondents can provide relevant information regarding MC. A total of 576 questionnaires are distributed, out of which 303 are received, giving a response rate of 52.60%.

Item Analysis

The scale items are analysed in the following manner:

i) Prior to analysing the data, the response score for items are reversed. Descriptive statistics is run to check the normality of the data. This stage resulted into sixteen outliers which were removed from the data. Further, skewness (threshold value of ± 3) and kurtosis (threshold value of ±8) values are also checked (Kline, 1998 cited in Shih et al., 2010).

ii) In the next stage, reliability of the scale is determined by computing its coefficient alpha. The cronbach alpha values for all the constructs are greater than the threshold value of .70. Further, with the view to improve the internal consistency of the scale items, item to total correlation (less than .15) and inter item correlation (less than .3) criterion is used to delete uncorrelated items.

Exploratory Factor Analysis (EFA)

We conducted EFA on 287 observations to evaluate and purify the scale items. A principal component analysis with a varimax rotation was applied to the scale data. Eigen values greater than or equal to 1 criterion is considered to determine the number of factors. Besides, Kaiser-Meyer-Oklin (KMO) value greater than or equal to .50, measure of sampling adequacy (MSA) greater than .70, communality greater than .50 and minimum factor loading equal to or greater than .40 criteria are used to evaluate the measurement scales (Hair et al., 2008). Further reliability analysis was run to retain reliable items based on cronbach alpha value,

item to total correlation and inter-item correlation.

Marketing Capabilities

EFA was run separately on all three constructs consisting of MC that is, outside-in, inside-out and spanning. All these constructs fulfilled above criteria and thus provided 3, 2 and 3 factors for outside-in, inside-out and spanning capabilities respectively. Outside-in capabilities condensed 21 items into 3 factors, comprising 8 items pertaining to relationship, regularity and communication after 10 iterations. After 20 iterations items of inside-out capabilities reduced to 7 from 24 items under web technology and employee bonding. Lastly, spanning capabilities items abridged to 8 from 18 after 5 iterations. These items were related to effective brand & advertising, pricing and product/service skills.

Market Orientation

Unlike MARKOR scale, the study identifies four factors (i.e. 13 items out of total 28 items) of MO after 5 iterations. These factors are related to intelligence generation-I (Customers needs-4 items), intelligence generation-II (Customers satisfaction-3 items), intelligence dissemination (3 items), and responsiveness (3 items).

Environmental Turbulence

Instead of three factors identified by Jaworski and Kohli (1993), EFA results of the study revealed five factors (that is, 12 items) of ET pertaining to market turbulence-I (Marketing practices-2 items), market turbulence-II (Product/Service preference-2 items), competitive intensity (3 items), technological turbulence-I (Change in technology-3 items) and technological turbulence-II (Technological competitiveness-2 items) after 12 iterations.

Competitive Advantage

The EFA results reduced 21 items of CA into 13 items under four factors after 3 iterations. The factors included online bank services (4 items), cash/fund processing time (3 items), ATMs service quality (3 items), and draft/ cheque processing (3 items).

Confirmatory Factor Analysis (CFA)

We performed CFA on all constructs- MC, MO, ET and CA to assess and validate the measurement of factors included in the respective models. These models were evaluated on the basis of various model fit indices criteria which includes, chi- square divided by degree of freedom (X^2/df), root mean square error of approximation (RMSEA), normed fit index (NFI),comparative fit index (CFI), Tucker-Lewis index (TLI), relative fit index (RFI) and incremental fit index (IFI). A rule of thumb regarding above mentioned fit indices is given in table 1.

MC is considered as three-dimensional (that is, outside-in, inside-out and spanning) construct. CFA was performed on 8 factors of MC (Figure 2), comprising 3 factors each of outside-in, 2 factors of inside-out while 3 factors of spanning capabilities to validate the psychometric properties of MC scale. We first estimated the measurement properties of each dimension of MC in which all three models showed good fit (Table 1). In this stage, one item of spanning capabilities was deleted as the exclusion of this item resulted into better fit of the model. After confirming model fitness of all respective factors, overall MC scale is assessed and the results depict mediocre model fit.

MO, environmental turbulence and CA were identified as second order constructs. In this stage, two items of market orientation and three of environmental turbulence were deleted due to low standardised regression weights (SRW).

Table 1

Measurement model

	X^2/df	NFI	RFI	IFI	TLI	CFI	RMSEA
Model fit criteria	<5	Close to .9	Close to .9	Close to .9	Close to .9	Close to .9	<.08
Outside-in	2.100	.939	.899	.967	.945	.966	.062
Inside-out	2.127	.953	.925	.976	.961	.976	.058
Spanning	2.089	.964	.937	.981	.966	.980	.062
MC	2.605	.790	.757	.859	.835	.857	.075
MO	2.714	.882	.838	.922	.888	.920	.079
CA	2.506	.929	.910	.956	.944	.956	.073
ET	2.615	.905	.852	.939	.903	.938	.075

RELIABILITY AND VALIDITY

The study performed psychometric analyses to provide evidence of the reliability and validity of the constructs used in the study which is discussed below:

Reliability

The reliability of all constructs in the study was assessed by computing cronbach alpha and composite reliability (CR). We first computed cronbach alpha (α) value for all the constructs which range from .741 to .882, thus exceeding the recommended value that is, .70 (Hair et al., 2008). In addition to cronbach alpha, the study calculated composite reliability which is a measure of the average variance shared between a latent factor and its items. The study finds that the values of composite reliability in acceptable range from .946 to .982, .70 benchmark (Malhotra & Dash, 2010).Since the values of cronbach alpha and composite reliability (CR)

were above the recommended criteria, the scales are reliable.

Validity

The study assessed the convergent and discriminant validity of the measurement scales. Convergent validity is determined using average variance extracted (Malhotra & Dash, 2010). Average variance (AVE) is the variance in the observed variables that is explained by the construct. As shown in the table 2, AVE values for all constructs are above threshold criteria of .50, thus supporting convergent validity of measurement scales. The study further assessed the discriminant validity of all measurement scales. Discriminant validity is established when the square root of AVE is larger than correlation coefficient'. Since no correlation estimates are greater than square root of AVE, it indicates satisfactory discriminant validity (Table 2).

Table 2

Composite Reliability, Average Variance Extracted, Correlation Matrix and Cronbach Alpha

Constructs	CR	AVE	Correlation				Cronbach alpha
			MC	MO	ET	CA	
MC	.982	.721	.849*	-	-	-	.881
MO	.946	.618	.725	.825*	-	-	.827
ET	.959	.728	.526	.569	.853*	-	.741
CA	.975	.752	.286	.148	.060	.867*	.882

*Values in the diagonal of correlation matrix are the square root of AVE.

RESULTS OF HYPOTHESES TESTING

We used SEM to assess the hypotheses (Figure 3) that is, H1, H3 and H4 of the study. The model fitness indices-X^2/df=2.141, NFI=.895, RFI=.872, IFI=.941, TLI= .927, CFI=.941 and RMSEA=.063 reflected good model fit. H1,

which argues that MO is significantly and positively related to MC, is accepted as the values of critical ratio is 8.600 and SRW is robust and positive that is, .925. Similarly, H3 and H4, which predict positive relationship of MC and CA (SRW=.315, critical ratio=3.685)

and BP (SRW=.249, critical ratio= 3.623) respectively are also supported.

Mediation Results

As suggested by Arnold et al. (2007), the study developed a series of contrasting models- fully, partially mediated model and non mediating model to examine role of mediating variables in the study. Among the three contrasting models, the model selection between three pairs (fully-partially, fully-non, partially-non) were done using chi-square difference test. The results of various mediating relationships are given below:

- The study establishes partial mediation effect of MC in market orientation and CA relationship which lead to the par acceptance of H2a.

- The SEM results suggested that MC play mediating role between MO and BP. Thus, the study accepts hypothesis H2b which envisages that MC mediates effect of MO on BP.

- Hypothesis H5 that is, CA mediates the effect of MC on BP is accepted. The study identified partial mediation effect of CA on MC and BP relationship.

Moderation Results

The moderation effect of environmental turbulence was examined using the procedure proposed by Zhao and Cavusgil (2006). The authors suggested a two-group model that is, high and low, to determine the role of moderating factor. At the outset, data is to be classified according to the mean score obtained by the moderating factor that is, data above the mean is considered as having high moderating effect and data below the mean as low moderating effect. The study found that mean score of the data on ET to be above 3. Therefore, instead of classifying the data as low and high turbulence, the study split the data as moderate and high turbulence. The study defines the data between 3- 4 as moderate

turbulence and between 4- 5 as high turbulence. Subsequently, the study examined moderation effect of ET by developing two models-unconstrained and constrained using AMOS 20. In first analysis, unconstrained model was developed in which the study grouped moderate and high environmental turbulence as 1 and 2 respectively to determine whether there was any insignificant path between both the groups.After deleting the insignificant path between CA and BP in unconstrained model, the value of chi-square and degree of freedom (df) came out to be 171.556 and 84 respectively. Later on, these values were compared with constrained model's chi square (184.465) and df (94) values. The value of chi square and degree of freedom of both unconstrained and constrained models were compared with the help of Macro programme developed in Excel. The study results indicated that both groups-high and moderate environmental turbulences were not different at the model level. That is, MC and CA as well as MC and BP relationships were not found to be moderated by ET. Hence, the hypothesis H6a and H6b are rejected.

CONCLUSIONS

In this study, we have established and confirmed the dimensions of MC and CA in Indian banking sector. The study established MC as multi-dimensional scale consisting of- outside-in, inside-out and spanning. The outside-in dimension is seen as a composite of significant items- regular customer contact, periodic market research, regular interdepartmental meetings, communicating service changes, effective solutions to customer problems and relationship building with channel members. While inside-out dimension consists of items such as encouraging employees, fair appraisal system, providing constant guidance to employees, user friendly website and investment to upgrade technology. Similarly, spanning capabilities comprise of seven items relating to using pricing skills, information about competitors pricing tactics,

executing, and managing advertising programmes, effective use of brand management, developing, and launching new product/service.

The study also established MO as a function of four factors relating to intelligence generation-I, intelligence generation-II, intelligence dissemination and responsiveness. Intelligence generation consists of two factors that is, customer needs and customer satisfaction focused intelligence generations. Intelligence generation-I comprised of activities which included collecting information about-customer's requirements, change in customer preferences and customer's opinion regarding product/services. Similarly, intelligence generation-II which concentrated on measuring level of customer satisfaction, facilitate an organisation to recognise whether the customers are satisfied with its products/services or not. While the other two factors that is, intelligence dissemination and responsiveness are identified as similar to Jaworski and Kohli scale (1993).The results of the study recommended that to remain competitive, the information need to be collected regarding customers needs as well as satisfaction and are required to be disseminated and shared across departments. Further, discussion and interaction among employees of different departments will ultimately lead to the development of innovative ideas that can solve the problems. Subsequently, an organisation can develop new product/service or modify existing ones that tends to fill the gaps in the market and better match the customer requirements.

Market turbulence I, Market turbulence II, competitive intensity and technological competitiveness are identified as four significant dimensions of ET. The dimensions-competitive intensity and technological competitiveness are found to be akin to Jaworski and Kohli scale (1993). Whereas market turbulence dimension is split into two factors namely, marketing practices and product/service preferences. Market turbulence-

I (Marketing practices) signifies the need of an organisation to keep up with market changes pertaining to customers and competitors. On the other hand, market turbulence-II (Product/service preferences) spins around uncertainty in demands where customers' preferences for product/services keep on changing. Hence, under high market turbulence where customers' needs and competitors strategies change within a short period of time, an organisation has to face the problems of reduction in profitability, ROI, etc. In order to cope with these challenges, an organisation can implement varied strategies.

The study also identified four factors- online bank services, ATMs service quality, cash/fund and draft/ cheque processing of CA. Instant access to account information, and loan statement on internet, quick downloading from internet and secured online bill payment services are found to be critical for online bank services. Similarly, operational ATMs, ambience around ATMs and secured ATMs services as significant for assessing ATMs service quality. While quick fund transfer services, processing time for cash- withdrawal and depositing are important for cash/fund processing time. Finally, draft delivery and inter-bank cheque clearances are relevant for draft/ cheque processing factor.

The study established significant relationship between MO and MC. The results are similar with studies of Vorhies and Harker (2000) and Ngo and Cass (2012).Vorhies and Harker (2000) who underscored that by developing and focusing on MO activities an organisation is able to build MC in a better manner. Further, the study also revealed that MC act as a mediating variable between MO and MC as well as MO and BP relationships. Murray et al. (2011) remarked that MO activities help an organisation in developing MC by providing valuable knowledge and information, which ultimately help it to outperform its competitors. The findings also depicted that CA partially mediate between MC and BP relationship

which is similar with the findings of Murray et al. (2011).Finally, the study identified that ET does not play moderating role on relationships between MC and CA and MC and BP. The study observed that urban Indian banks possess MC which enabled them to forecast and understand uncertain as well as unpredictable changes in market, technology and competitor's action. That is, banks are capable enough that any change in the market environment does not influence their performance.

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APPENDIX
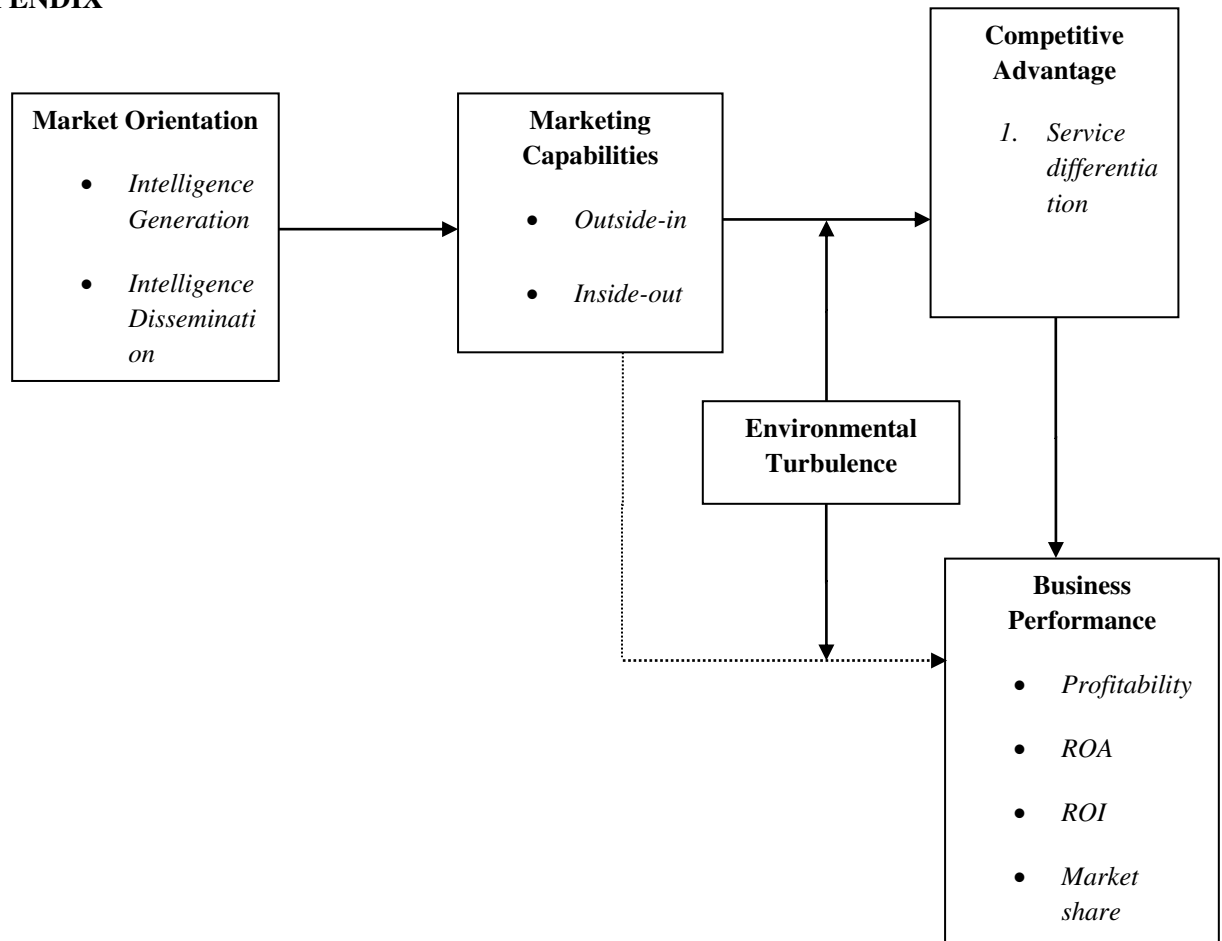
Figure 1: Relationships of market orientation, marketing capabilities, competitive advantages and business performance with moderating effect of environmental turbulence.
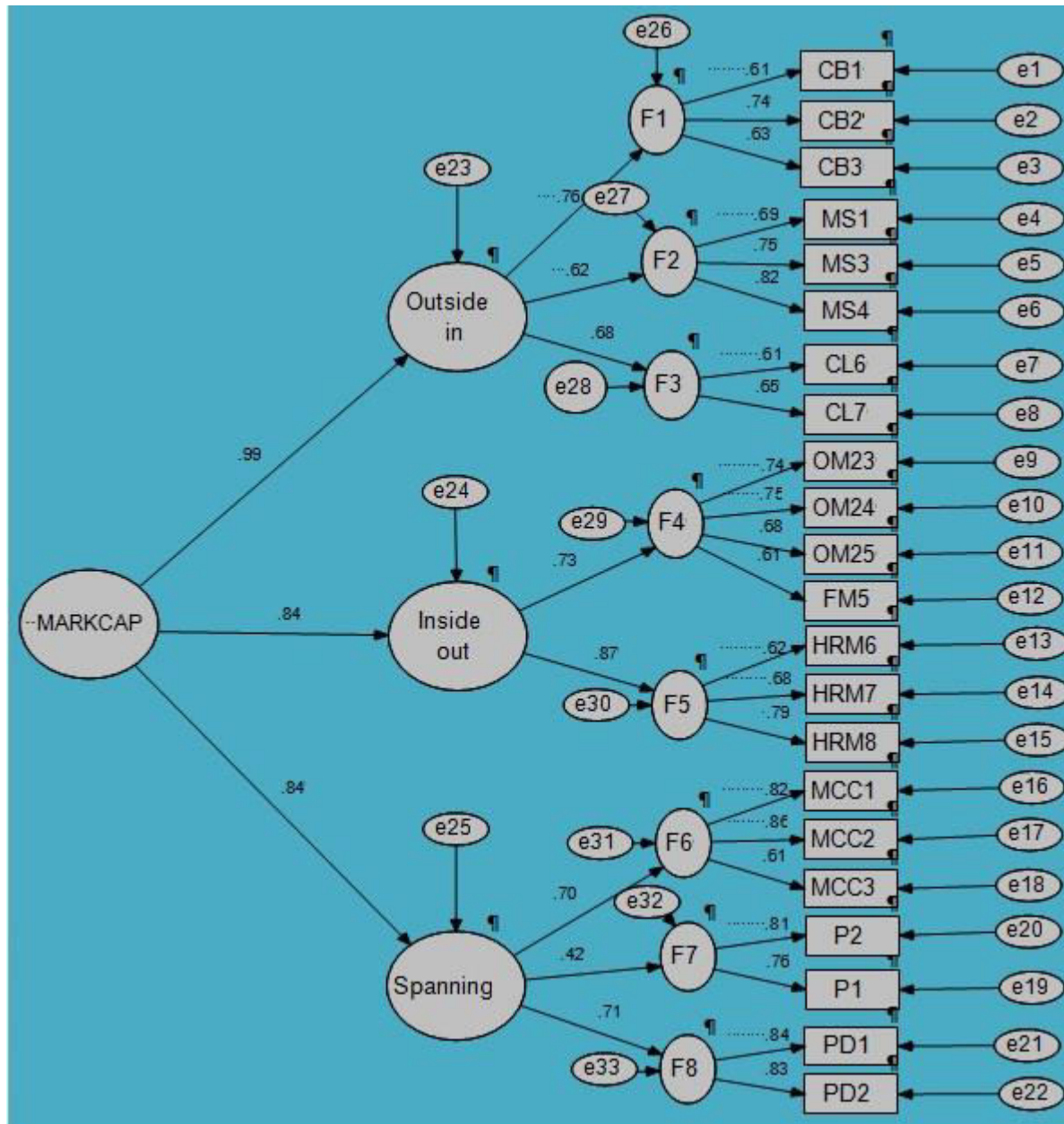
Figure 2: CFA Model of Marketing capabilities dimensions

Note: MARKCAP= Marketing capabilities, F1= Relationship, F2=Regularity, F3=Communication, F4= Web technology, F5= Employee bonding, F6= Effective brand and advertising, F7= Pricing skill, F8= Product/ Service skill, CB1= Relationship with channel member, CB2= Relationship with channel member w.r.t cash transfer, CB3= Relationship with channel member w.r.t cheque processing, MS1= Regular customer contact, MS3= Periodic market research, MS4= Regular interdepartmental meetings, CL6= Communicating service changes, CL7= Effective solutions to customer problems, OM23= Product/Service information on website, OM24= Online relationship building, OM25=User friendly website, FM5=Investment to upgrade technology, HRM6= Encouraging employees,HRM7= Fair appraisal system, HRM8=Providing constant guidance to employees, MCC1=Developing and executing advertising programmes, MCC2=Managing advertising programmes, MCC3=Effective use of brand management, P1=Using pricing skills, P2=Information about competitors pricing tactics, PD1=Developing new product/service, PD2=Launching new product/service, e1-e33=Errors variances for model items.

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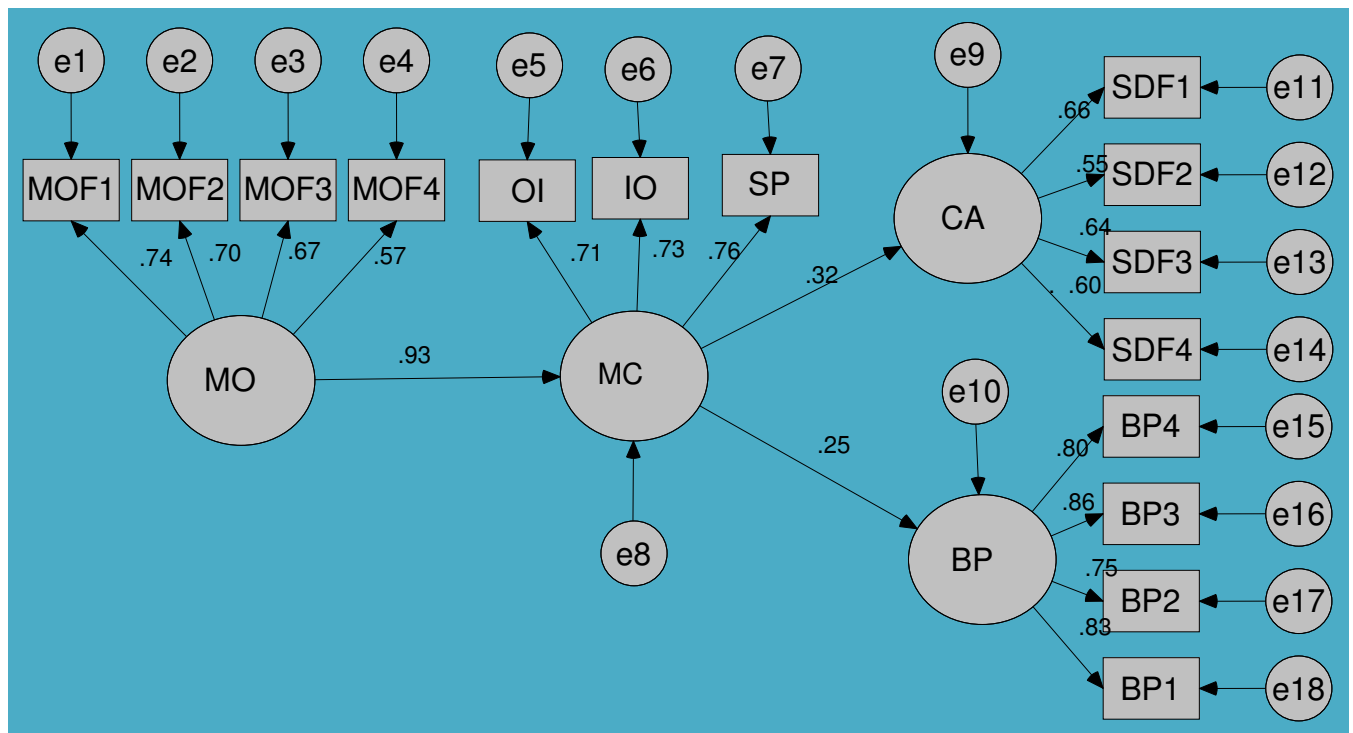
Figure: 3 Market orientation, marketing capabilities, competitive advantage and business performance relationship

Note: MO=Market orientation, MC= Marketing capabilities, CA= Competitive advantage, BP=Business performance, MOF1= Customer needs focused intelligence generation, MOF2= Customer satisfaction focused intelligence, MOF3= Intelligence dissemination, MOF4= Responsiveness, OI=Outside-in, IO=Inside-out, SP=Spanning, SDF1= Online bank services, SDF2= Cash/fund processing time, SDF3= ATMs service quality, SDF4= Draft/cheque processing, BP1=ROA, BP2=ROI, BP3= Market share growth, BP4=Profitability, e1-e18= errors variances for model items.

[02]

DISCOVERING PERCEIVED VALUE OF

ONLINE RETIALING

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ABSTRACT

Customer perceived value (CPV) has been recognized as one of the driving factors behind an organization's success, since it increases customers' willingness to buy and decreases their search intension for alternative offerings. However, online CPV can be different from its offline counterpart due to the temporal and spatial nature of CPV. In online services context, not only the product/ service itself, but also context-specific, time-space conditions of service use contribute value to customers. Synthesizing the literature in consumer behavior and services marketing, this paper proposes multiple value perceptions of online retailing (conditional, epistemic, social, monetary, convenience and emotional value), some of which have not been reported earlier in online services context. These six value dimensions are applicable in online retailing use context and recognize situational value-enhancing elements. Data stemmed from a questionnaire survey addressed to 147 customers of Sri Lankan hotels are used to validate the choice of constructs and test the validity and reliability of the instrument used. The results of this paper provide insight for future research and theory development in the online services context. The findings may help organizations to better understand how online relating create value for customers in different situations, to position themselves relative to competitors, and to communicate the appropriate value proposition to potential customers.

Key Words: Customer Perceived Value, Online Retailing, Context, Online Services

INTRODUCTION

Customer perceived value (CPV) is the central focus of the marketing concept as it addresses *"what they (customers) want and believe they get from buying and using a seller's product/ service"* (Woodruff, 1997, p. 140). Thus, creating and delivering customer value has become a precondition for organizations to survive in today's fiercely competitive marketplace. The concept and determinants of CPV are believed to be changed with the emergence of the Internet and its related technologies into the business arena (Pura and Gummerus, 2007). Current research on CPV, however, offers little guidance in this regard. Despite the extensive research conducted on CPV, still there is a little consensus on what CPV is or how it should be conceptualized in online services context (Overby and Lee, 2006). Nevertheless, online CPV can be different from its offline counterpart due to the

temporal and spatial nature of CPV, that is, customers are liberated in perceiving value due to freedom of time and space in online markets (Overby and Lee, 2006; Pura and Gummerus, 2007). In online services context, not only the product/ service itself, but also context-specific, time-space conditions of service use contribute value to customers. The context may change due to external or internal influences such as network availability, accessibility issues or lack of time. So far these aspects have received little attention in customer value research (Pura and Gummerus, 2007). This study fills this research gap by identifying multiple value perceptions of online retailing, recognizing the contextual elements influencing service use.

This paper is structured in the following way. First, prior CPV literature is briefly reviewed followed next by a detailed discussion on multiple value perception model of online retailing. Second, the research setting and chosen research methodology is discussed. Third, the analyses of empirical research findings are presented. Fourth, the multiple value perceptions of online retailing are discussed in relation to previous literature. Fifth, managerial and theoretical implications and suggestions for future research are presented.

THEORETICAL BACKGROUND

The concept of CPV has found its root in marketing theory (Kainth and Verma, 2011) and now has become an integral part of marketing literature in the present century. This interest stems mostly from the importance given by organizations to the creation of value for their different target markets. For an example Slater (1997, p.166) emphasized that the creation of customer value must be the reason for an organization's existence and certainly for its success. As these words indicate, the creation of CPV has become a strategic imperative in building and sustaining a competitive advantage (Woodruff, 1997). Most importantly, in marketing literature, the notion that loyalty and profits are strongly linked to CPV is well established (Pura and Gummerus, 2007), and thus the concept of CPV has become the fundamental basis for all activities of an organization (Holbrook, 1994).

Given the importance of CPV, it is not surprising that there is an abundance of definitions and conceptualizations of CPV have appeared during last two decades. The most central definitions of CPV in marketing literature are illustrated in Table 1. A common aspect in the definitions of CPV presented in Table 1 is that value is perceived by the customer based on his/ her experience with or knowledge about product/ service which usually results in an evaluation of the desirability of use.

Table 1

Definitions of Customer Perceived Value

Definitions of Customer Perceived Value
The outcomes of an evaluation made by a single customer, and it constitutes three overlapping dimensions namely, the object that the customer evaluates, the locus of value in a certain context and underlying values that measure what is desirable for the customer (Rescher, 1969)
Perceived value is composed of all factors – qualitative and quantitative, objective and subjective – that jointly forms a consumers' buying experience (Schecther, 1984)

The customer's overall assessment of the utility of a product based on perceptions of what is received and what is given (Zeithmal, 1988)

The ratio between perceived benefits and perceived sacrifices (Monroe, 1990)

Perceived customer value is the surplus between customer's perceived benefits and customer's perceived costs (Day, 1994)

Value is an interactive, relativistic preference experience characterizing a subject's experience of interacting with some object. The object may be anything or event (Holbrook, 1994)

Customer value is a customer perceived preference for and evaluation of those product attributes, attribute performances and consequences arising from use that facilitate achieving the customer's goals and purposes in use situations (Woodruff, 1997)

However, Sanchez-Fernandez and Iniesta-Bonillo (2007) stress that operationalization of CPV is quite fragmented with different research approaches emerged. In marketing literature, it is common to measure CPV as a uni-dimensional construct that traditionally has emphasize price perceptions (Dodds et al., 1991; Monroe, 1990; Monroe and Chapman, 1987). Monroe (1990) further emphasizes that perceived overall value is a weighted sum of acquisition and transaction value. Thus, one perspective to investigate CPV is to divide it into acquisition, transaction, in-use and redemption value (Monroe and Chapman, 1987). Acquisition value emphasizes the net gain associated with the benefits and the money given up by acquiring and using a product or service. Transaction value refers to the psychological satisfaction or pleasure obtained by purchasing the product at a reasonable price compared to the customer's internal reference price (Monroe and Chapman, 1987). In-use value means utility derived from using the product or service and redemption value relates to benefits obtained from service termination (Parasuraman and Grewal, 2000). In the online retailing context, acquisition and in-use value are believed to dominate, because transaction value emphasizes price and sees customers as rational beings that are aware of current price level and consider the benefits and scarifies needed to obtain the product or service. Further, the redemption value, which becomes salient first in late stages of product or service

usage, is hardly relevant if the service use is not invoiced as a continuous subscription. Hence, a broader view on CPV is needed which also takes into account other aspects of consumption which are more relevant in the online retailing context.

Zeithmal (1988) provides a general view on CPV as *"perceived value is the consumer's overall assessment of the utility of a product based on what is received and what is given"* that depicts CPV independent of when the assessment is made in consumption situation. Thus value perceptions are constituted as a trade-off between benefits and sacrifices. The perceived sacrifices include non-financial aspects such as time, search costs and physical and mental efforts (Dodds et al., 1991). Customer has to invest money and/ or time in order to receive the service. Most importantly he suggests that situational or contextual factors can affect the formation of value perceptions, and hence perceived value is subject to the influence of the customer's frame of reference.

Other complementary views of CPV, which further differentiates people based on their consumption motives are Hollbrook (1994) and Hirschman and Holbrook (1982) definition of CPV. Hirschman and Holbrook (1982) describe customers as either problem solvers or seekers of fun and enjoyment, and thus refer to as utilitarian vs. hedonic consumption. The hedonic view highlights the importance of a fun experience in contrast to

the effective achievement of a utilitarian goal. Holbrook (1994) further postulates the consumption experiences most likely involve more than one type of value simultaneously. However, differentiating between hedonic and utilitarian might be difficult in online retailing context where people are actively taking part in the service process and enjoying the fun experience while achieving a goal. Thus, consumption motives should be measured with a broader framework in online retailing context.

An extensive framework of consumption related values, which incorporates literature from several fields, is offered by the consumption-values theory by Sheth et al. (1991). The five value dimensions which have been identified by Sheth et al. (1991) are functional, social, emotional, epistemic and conditional value. According to Sheth et al. (1991) any or all of the five value dimensions may influence the customer choice behavior, that is, to buy or not to buy, to choose one type of product or service over another, and to choose one brand over another. Each value dimension in the theory is consistent with various components of models advanced by Maslow (1970) and Katz (1960).

Multiple Value Perception Model of Online Retailing

In comparison with previously mentioned conceptualizations of CPV, Sheth et al. (1991) consumption-values theory was used as the foundation for this paper, as it contains both utilitarian and hedonic view of consumption by including goal-oriented consumption in functional value as well as the emotional aspects of hedonic consumption. The theory also takes into account context dependency. Since no measurement items were reported to validate Sheth et al. (1991) model in online retailing context, the empirical studies based on Sheth et al. (1991) model (Pura, 2005; Pura and Gummerus, 2007) in technology context has been used as support to define value dimensions in detail. Most importantly, it is essential to comprehensively understand how contextual factors actually affect, enhance or create CPV, and thus, it is decided to consider context in a broad sense including changing conditions in the user's environment and in the individual circumstances. Description of each value dimension is provided in Table 2.

Table 2

Description of the Value Dimensions

Value Dimension	Description	Sources
Monetary value	Value derived from task fulfillment. Monetary benefit or superiority compared with the alternatives	Sheth et al. (1991)
Convenience value	Ease and speed of achieving a task effectively and conveniently	Mathwick et al. (2001);
Social value	The utility derived from the product/ service ability to enhance social self concept	Sweeney and Soutar (2001)
Emotional value	Product/ service generates feelings or affective states	Sheth et al. (1991); Sweeney and Soutar (2001)
Conditional value	Depends on the context. Exists only in a specific situation. Context includes any information that characterizes a situation related to the interaction between humans, applications and the surrounding environment	Sheth et al. (1991); Holbrook (1994)
Epistemic value	Experienced curiosity, novelty or gained knowledge	Sheth et al. (1991)

Functional value represents value derived from effective task fulfillment. Often, it relates to monetary value or superiority compared with the alternatives (Sheth et al., 1991). In consumer behavior literature, efficient task fulfillment has also been referred to as the input/output ratio, convenience, availability or ease of use (Holbrook, 1994). In the online services context, self-services are often perceived to be better than interpersonal service options, because they allow the saving of time and money (Mathwick et al., 2001). Furthermore, convenience is a major attractor for online services use in addition to task fulfillment (Overby and Lee, 2006). Thus in this paper, functional value aspects are depicted by two value dimensions, namely monetary value and convenience value.

Social value relates to social approval and the enhancement of self-image among other individuals (Sheth et al., 1991). Support for the importance of social reputation in the form of esteem can be found in several scholars work (Sheth et al., 1991; Sweeney and Soutar, 2001). In their subsequent work on CPV, Sweeney and Soutar (2001) define social value as *"the utility derived from the product's ability to enhance social self concept"*. Thus, social value derives mostly from product or service use shared with others (Sheth et al., 1991).

Emotional value is acquired when a product or service arouses feelings or affective states (Sheth et al., 1991; Sweeney and Soutar, 2001). Play or fun gained by using the service for its own sake is also related to emotional value (Holbrook, 1994). Enjoyment and fun seeking have been reported as customers' motives to use online services (Sweeney and Soutar, 2001). In addition, use of technology as such often raises positive feelings, regardless of the service use (Overby and Lee, 2006).

Epistemic value relates to experienced curiosity, novelty or gained knowledge (Sheth et al., 1991). The primary reason for purchase may be curiosity about a new product/ service. Novelty and variety seeking have also been suggested to trigger product search (Hirschman and Holbrook, 1982). However, online services are often used without a real functional need and therefore may be used rarely after the novelty effect wears out. Sheth et al. (1991) also claim that customers who are motivated by epistemic value often return to their regular consumption patterns after satisfying their need to change.

Conditional value refers originally to circumstances which impact choice. Such situations may be seasonal, once in a life time events or emergency situations (Sheth et al., 1991). Holbrook (1994) postulates that conditional value depends on the context in which the value judgment occurs and exists only within a specific situation. Previous research on CPV by Rescher (1969) defines CPV as the outcome of an evaluation made by a single customer of the object in a certain context based on his/ her underlying values. However the previous conceptualizations of conditional or situational use often relates to traditional consumption experiences of certain goods in certain events (e.g. at Christmas). Therefore the concept of conditional value needs to be updated to depict the real situational nature of online services on the move, independent of time and place but dependent on the social and emotional context, technology and network availability. Thus, conditional value is relates to the concept of context which is based o the time, location, social environment, infrastructure availability, the technology environment and user specific criteria (e.g. mood, work or free time) (Mathwick et al., 2001). Hence, conditional value in this paper is defined as value existing in a specific context, where information that characterizes a situation related to the interaction between humans, applications and the surrounding environment results in customized information according to the current location of the customer.

METHODOLOGY

Following the positivistic research tradition and the quantitative research approach, in this paper survey research strategy was adopted.

Measures

Self-administered questionnaire consist of five-point likert scale was used to collect the data. The questionnaire included items that were derived from the consumer behavior and services marketing literature, and new items developed through a qualitative pre-study. All measurement items used, including their sources are presented in Appendix. Epistemic and conditional value measures had not been included in previous empirical studies and, appropriate scales were not available. Therefore measures for these two value dimensions were developed from a pre-study of 16 personal in-depth interviews with industry experts, academics and Internet users. Sheth et al. (1991) definition of epistemic value and Donthu and Garcia (1999) wording

of questions to measure innovativeness was used as a reference to develop epistemic value items.

Research Setting, Sample and Data Collection Method

Sri Lankan hotel industry was used as the research setting of this paper due to its concrete effort to strategically position Sri Lanka in the international markets through its online initiatives. The list of Sri Lankan hotels was obtained from the Accommodation Guide published by Sri Lanka Tourism Development Authority and Western and Southern region hotels were abstracted from the list. A Google search was done for all star-class Western and Southern region hotels and the hotels holding a Website were short listed from the abstracted list. Fifty Sri Lankan hotels were then selected from the above list stratified across two independent variables; star category of the hotel and resort region as follows (See Table 3). The chosen sample represents the whole of Sri Lankan hotels.

Table 3

Sample Profile

Star Category	Number of Hotels	
	Western Region	**Southern Region**
5-Star	6	2
4-Star	4	2
3-Star	5	3
2-Star	6	4
1-Star	12	6
Total	**33**	**17**

A convenience sample of 300 customers of selected hotels was used to test the proposed multiple value perception model of online retailing. The survey generated 178 responses, out of which 21 were unusable as the respondents had not previously used online

services of the respective hotels. Additionally, 19 responses including over 10% missing values were excluded from further analysis. The final sample analyzed consisted of 147 responses. Sample demographics are presented in Table 4.

Table 4

Sample Characteristics

Characteristics	Frequency	Percentage (%)
Type of the Customer		
International	78	53.06
Domestic	69	46.94
Gender		
Male	77	52.4
Female	70	47.6
Age		
Under 19	8	5.4
20 - 29	25	17.0
30 - 39	59	40.1
40 - 49	21	14.3
50 – 59	19	13.0
60 & Over	15	10.2
Education (highest level completed)		
Primary	7	4.8
Secondary	19	12.9
University	71	48.3
Postgraduate	22	15.0
Professional/ Vocational Qualifications	28	
Purpose of Visit		
Pleasure	81	55.0
Business	22	15.0
Visiting Friends & Relatives	12	8.2
Conventions & Meetings	14	9.5
Religious & Cultural	11	7.5
Others	7	4.8

DATA ANALYSIS

Exploratory factor analysis (EFA) with varimax rotation was conducted on the items to investigate if the theorized value dimensions could be extracted from the data in SPSS version 17.0. The scale was purified by deleting items that did not correlate with other items measuring the same construct. The Kaiser-Mayer-Olkin measure of sampling adequacy was acceptable (0.81) and Bartlette's Test of Sphericity was significant, indicating that the items were correlated and suitable for factor analysis (Hair et al., 1998). The correlations between the composite variables are shown in the lower trainable in Table 4.

Table 4

Correlation Matrix and Square Roots of AVE

Construct	1	2	3	4	5	6
1.Monetary Value	0.79					
2. Convenience Value	0.408	0.8				
3. Social Value	0.294	0.327	0.88			
4. Emotional Value	0.378	0.500	0.636	0.87		
5. Epistemic Value	0.230	0.404	0.205	0.327	0.99	
6. Conditional Value	0.310	0.709	0.154	0.453	0.457	0.86

Note: Square roots of AVE are reported on the diagonal. All correlations are significant at the 0.01 level (2-tailed).

All of the correlations were significant, thus supporting the nomological validity of the constructs. Conditional and convenience value seems to be relatively highly correlated (0.71), but the Fornell and Larcker (1981) test revealed that they do measure separate constructs. Thus, convergent and discriminant validity was assessed by calculating the average variance extracted (AVE) (See Appendix). All AVE values were well above 0.5 and therefore it can be stated that the constructs display a high degree of convergent validity (Fornell and Larcker, 1981). Furthermore, high discriminant validity was demonstrated by the fact that the square root of AVE of each construct is higher than the correlation between that construct and any other construct in the model. The square roots of AVE for each construct are reported on the diagonal in Table 7. Thus, the constructs are both conceptually and empirically distinct from each other (Fornell and Larcker, 1981).

In the EFA, a six component solution depicting six value dimensions was clearly identifiable. The six identified value dimensions are;

1. Monetary Value

2. Convenience Value

3. Social Value

4. Emotional Value

5. Epistemic Value

6. Conditional Value

Reliability was estimated by assessing the internal consistency of the scale items using Cronbach's α. The alpha values were all above 0.7 (See Appendix) and therefore the measures were considered reliable (Nunnllay, 1978).

Discussion & Conclusion

The results of this paper indicate that Sheth et al. (1991) consumption-values theory also apply surprisingly well in the online services context, even though the scale was originally developed for analyzing customer choice behavior in traditional markets. Other existing models failed to acknowledge the conditional and epistemic factors, which seem important in the online services context. Nevertheless, as highlighted in Table 2, modifications to the Sheth et al. (1996) value dimensions were needed in order to apply the model to online services. Rayport and Sivolka (1994) postulate that the traditional market place has transformed into a marketspace, where value propositions are disaggregated into content- and context-related factors. Following their thoughts of how online services will revolutionize business, this paper validates six value dimensions that are applicable in online retailing use context while illustrating how

important situational factors are in influencing use of online retailing, in addition to customers' more permanent value perceptions and preferences that are related to the online retailing content itself.

MANAGERIAL & THEORETICAL IMPLICATIONS

Implications for Theory

This paper contributes to the value literature by identifying and validating six value dimensions emerged from online retailing. Previous research has often used CPV measures that estimate solely price perceptions (Monroe, 1990). Value for money or customer sacrifices appear not to dominate CPV orientation in online services context to the same extent that they seem to be in the offline context (Sweeney and Soutar, 2001). This paper makes a direct contribution to the value literature, by highlighting the fact that in online services context, a multidimensional view of CPV that recognizes value dimensions related to both content and use context, is necessary. This finding helps further conceptualization of CPV of online services by explicitly analyzing the role of situation-specific factors and their influence on CPV derived from service use in the future.

Managerial Implications

The situation-specific factors are important for understanding under which conditions customers choose online service content over other possible media like catalogues, newspapers etc. In other words, similar services can be used through many different channels/ media that compete with each other and online services are used in some specific

contexts in which they are perceived more valuable than the other alternatives. Although it is difficult to anticipate situations in which customers will use online services, the results of this paper provide some indications on the kind of conditions under which online services are preferred by customers. Thus, on a practical note, this paper increases understanding of marketers on how context influences continuous service use. They may also provide ideas on how to target the services at those user segments that most likely end up in similar situations and would perceive the services especially valuable.

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

Since this study was conducted in an Asian country with relatively developing online services, the findings are not generalized as such but rather provide insights for future research. More importantly, customers' value perceptions may differ in different cultures and the weight of the influence of different value dimensions should be interpreted cautiously with regard to Asian markets where social influence of the group tends to be higher than Europe, where the culture is considered to be more individualistic. The model, as such in general can be applied to assess services in different markets, but more future research is needed in different types of online services, and different online user groups in different cultural and situational milieus that are at different phases of development with regard to online services. Furthermore, longitudinal studies on customers' value perception changes are certainly a fruitful pursuit that will contribute towards the dynamics nature of CPV.

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APPENDIX

Measurement Items, Exploratory Factor Analysis Results and Composite Reliability

Constructs	Factor loading	Items and their sources
Monetary value α = 0.73 AVE = 0.63	0.89	Adapted from Dodds et al. (1991) and Sweeney and Soutar (2001) This hotel Internet practices helps me to get reasonably priced products/services
	0.88	This hotel Internet practices offer better value for money than what I would pay for the same services via other channels (e.g. over-the-counter)
	0.71	No need to pay additional service charges for handling online transactions on this hotel Website
	0.59	This hotel provides discounts/ special offers for rewarding customers who use its online reservation system
Convenience value α = 0.88 AVE = 0.64	0.80	Adapted from Mathwick et al. (2001) This hotel Internet practices are easy to use
	0.70	I save time and money when I use Internet practices of this hotel
	0.83	This hotel Internet practices enable me to get faster services than using other services
	0.88	Use of Internet practices of this hotel is an efficient way to manage my time
Social value α =0.91 AVE =0.77	0.82	Adapted from Sweeney and Soutar (2001) Helps me to feel accepted by others
	0.92	Makes a good impression about me on other people
	0.91	Gives me social approval
Emotional value α =0.86 AVE =0.75	0.88	Adapted from Sweeney and Soutar (2001) This hotel Internet practices provides me personalized (tailor-made) products/services
	0.84	I believe there is less risk that something will go wrong with online reservation system of this hotel
	0.80	I feel that I can trust this hotel Internet practices
	0.83	I have confident that online reservation system of this hotel will be operated correctly
	0.79	I have less anxiety when using this hotel Internet practices than the others
	0.76	Use of Internet practices of this hotel makes me feel relax
Epistemic value α =0.78 AVE =0.98		Adapted from Donthu and Garcia (1999) I use Internet practices of this hotel……………………
	0.76	To experiment with new ways of doing things
	0.7	To test new technologies out of curiosity
Conditional value α =0.85 AVE =0.74		Created for this study I value………………………………..
	0.87	The independence of place and time offered by the use of Internet practices of this hotel
	0.85	Real time information and interaction that Internet practices of this hotel make possible
	0.83	Internet practices of this hotel as I can get what I need in a certain situation

[03]

MOMENTS OF TRUTH: AN EMPIRICAL STUDY ON CONSUMERS OF INDIAN CONSUMER DURABLE GOODS

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ABSTRACT

Consumer buying behavior is witnessing a sea change with the increase in shopping options, range of products, increase in awareness levels, growing influence of social media and technology. The quest for a deeper understanding on the focal point in consumer decision making, led to the evolution of the concept of Moment of Truth (MOT). This paper presents the results of a study on the influence of different moment of truth on consumers' decision making process during the purchase of consumer durable goods. This study also attempts a demographic analysis using one way ANOVA on customer preference of different moments of truth for the purchase of consumer durable products. The younger generation is using smart phones, laptops and computers and is more depending on internet and online searches for information (ZMOT) which may lead to purchase decisions. Touch and feel is the first interaction of the customer with the product (FMOT) and in the purchase decision making of consumer durables it is extremely important. For affluent groups, Second moment of truth (SMOT) and Third moment of truth (TMOT) are very powerful inflection points, where the product experience catalyzes an emotion, curiosity, passion, or even anger to talk about the brand.

Keywords: Moment of truth, Consumer Durable goods, Consumer Behavior, Consumer touch points, Demographic impact.

INTRODUCTION

Purchase decisions are often complex processes, especially for expensive consumer durables (e.g. Pickering, 1981). Consumer behavior focuses on how consumers decide what to buy, why to buy, when to buy, where to buy and how often they buy, how frequently they use it, "how they evaluate it after the purchase and the impact of such evaluations on future purchases, and how they dispose it off" (Schiffman and Kanuk, 2004). The act of purchasing is only one component of a complex ongoing process of decision making – a process of many interactions among many variables over time (Nicosia 1966). One of the main themes that had emerged from behavioral decision research during the past three decades is the view that people's preferences are often constructed in the process of elicitation (Lichtenstein and Slovic, 2006).The choice/focal point given for any set of purchase decision has been the prerogative of research of many companies and academicians, (Nowlis and Simpson 2007). Hence it is imperative to have a deeper understanding about the focal point in decision making. This leads to the evolution of the concept of Moment of Truth, which can be defined as, "In customer service, instances of contact or interaction between a customer and a firm (through a product, sales force, or visit) that gives the customer an opportunity to form (or change) an impression about the firm" (business dictionary.com 2010). For customer durable goods, these instances of contacts or customer touch points are extremely important as the impressions created during these crucial

touch points will influence customer's the future course of action whether to purchase or to terminate the relationship with the brand.

An Overview of the Concept: Moment of Truth

The fundamental idea of Moments of Truth is attributed to often revered management thinker Richard Normann. In the late 1970's he introduced the metaphor of "The Moment of Truth" as part of his extensive development of management theory in service management. However Moments of Truth first became popularized after being a core part of Jan Carlzon's turn-around of SAS airlines by improving "moments of truth" in passenger interactions with the airline in the mid 1980s.According to International Process and Performance Institute (IPAPI), a Moment of Truth is any contact with the customer whether initiated by the customer or not. A moment of truth is usually defined as an instance wherein the customer and the organization come into contact with one another in a manner that gives the customer an opportunity to either form or change an impression about the firm (ipapi.org 2013). MOTs are a critical tool in the marketers' arsenal to ensure strong brand loyalty (Jean-Pierre Lacroix 2007).

Moments of Truth and its Types

In the process of decision making, consumer will experience different Moments of Truth which can be categorized based on the point of interaction and perceptual change within their minds and hearts.(Arti Trivedi, Beenu Suri, Saurabh Mishra and Pratika Mishra 2011).

- Zero Moment of Truth (ZMOT)

- First Moment of Truth (FMOT)

- Second Moment of Truth (SMOT)

- Third Moment of Truth (TMOT)

Zero Moment of Truth (ZMOT)

The term ZMOT was coined by Google, that when the prospects recognize a need and goes online to gather information regarding a potential purchase. As Google defines it, the Zero Moment of Truth (ZMOT) is that moment when a customer grabs his laptop, mobile phone or some other wired device and start learning about a product/service they are thinking about trying or buying. Based on Google's research, people checked 10.4 sources of information to make a decision in 2011, an increase from 5.3 sources in 2010. Consumer durables are characterized by high unit cost, long life and consequently low frequently of purchase. Hence, potential consumer is likely to seek more information and give more thought to the purchase of consumer durables than non durables where the risk is considerable less and decision does not entail much less even if a mistake is made (Paramanand Dasar, Dr. S.G. Hundekar, and Mr.Mallikarjun Marad 2013).

First Moment of Truth (FMOT)

The term "First Moment of Truth" was coined by Procter & Gamble in 2005 to define the first interaction between a shopper and a product on a store's shelf. This moment was considered one of the most important marketing opportunities for a brand, as P&G asserted and others believed that shoppers make up their mind about a product in the first few seconds after they encounter that product for the first time. A.G. Lafley, Chairman of the Board, Procter and Gamble, defined the First Moment of Truth as the moment when a consumer stands in front of the shelf and chooses a product from among many competitive offerings. (Chairman statement, 2004-2005, P&G). The importance of this phase of first interaction between the shopper and the product is emphasized by Blackwell, Miniard, Engel (2006), as the second phase involves in-store choices, influenced by sales persons, product displays, electronic media

and point of purchase advertising. Inside the store, the consumer may encounter a sales person or end-of-aisle display providing a compelling reason to buy a different product or brand, use a coupon or price discount, and fail to find the intended product or brand, lack of money or right credit card to make purchase. Mark A Hart, 2007 argues what consumers see on the shelf includes the product's physical design and packaging. Charu Harish, 2010 claims that it is the "First Moment of Truth" (FMOT) for any brand, the moment when consumers finally place their money behind the brand(14). First moment of truth refers to the instance when your brand interacts with the shopper in store; the interaction is instantaneous, decisive and can be inflective for the brand, propagates Amit Agarwal, 2008.(15)

Second Moment of Truth (SMOT)

This term also coined by Procter & Gamble to explain the moment when consumer uses the product and evaluates how well the product meets his or her expectations (Chairman statement, 2004-2005, P&G).The Second Moment of Truth happens at home, when consumers decide whether the products deliver on the brand promise. Sometimes it delivers the satisfaction, while at times, it creates cognitive dissonance. Satisfaction occurs when customers expectations are matched by perceived performance. When experiences and performance fall short of expectations, dissatisfaction occurs. These outcomes are significant because customers store their evaluations in memory and refer to them in future decisions, (Blackwell, Miniard, Engel, 2006) (13).Hence, customers take further decisions accordingly. It is the experience of the customer after buying and started using a brand or product. If you win second moment of truth, it means that you can expect a lasting association with your customer, (A.G. Laflay, 2006) (16). The resulting experience supports pre-purchase promises and helps to build a relationship with the audience. The application

experience, or when the consumer actually uses that product, is what defines this moment—whether the consumer has a positive or negative experience.

Third Moment of Truth (TMOT)

The term TMOT was coined by Pete Blackshaw and he defined TMOT as the powerful inflection point where the product experience catalyzes an emotion, curiosity, passion, or even anger to talk about the brand. By opening up that pipeline, we not only absorb insight and deeper consumer understanding but also nurture empowerment and advocacy, Mark A Hart 2007(11). This happens on post-product use. Satisfaction occurs when consumer's expectations are matched by perceived performance. When experiences and performance fall short of expectations dissatisfaction occurs, (Blackwell, Miniard, Engel, 2006) (13). It is the moment when a customer becomes a true fan and gives back to the brand with new content: word of mouth, ratings and reviews. It's really the "new advertising."Many product developers and their advertisers and brand managers and PR specialists are investing more to ensure that the consumer's experience with their product is positive because of the increase in consumer generated media (CGM). Consumer Generated Media represents first-person commentary posted or shared across a host of expression venues, including message boards, forums, rating and review sites, groups, social networking sites, blogs, and, of course, video-sharing sites" The Third Moment of Truth becomes the new advertising when the impact of the messages from social media (including Tweets, YouTube, blogs, Facebook posts or other user generated content) dominate the impact from paid advertising. Customers will give more weight to the product reviews from friends, relatives, colleagues than an advertisement. Because of services such as Twitter or Facebook, there is a great likelihood that a customer opinion of a product will be influenced by the story from a

source that he/she trusts than a source that they view as biased, Mark A Hart 2007(11).

RELEVANCE OF THE STUDY

Consumer durable retail marketing is more than interesting subject to study. Consumer Durable retailing in India is gaining momentum and significance day by day with crores of rupees being pumped in and many big players are penetrating into this segment. We have selected Tire 1 and Tire 2 cities in Kerala state for our study, since it is a highly developed market for consumer durable products. With increase in shopping options, range of products, increase in awareness levels, growing influence of social media and technology, the consumer buying behavior has also witnessed a sea change. Consumer tastes and preferences are changing, that leads to radical transformation in lifestyle and spending patterns, which in turn is giving rise to new and developed business scopes. Hence it is highly important for Consumer durable Industry to adopt latest marketing strategies, for survival and growth.

OBJECTIVES OF THE STUDY

The focus of this study is to understand the factors which are influencing the change in buying behavior of the consumers in recent times and then to explore consumer's attitude towards different Moments of Truth in the purchase of consumer durable products and its relationship with consumers' personal characteristics (gender, age, educational qualification and income).

Some of the specific questions that arise here include the following:

1. To understand the crucial customer touch points where they form an impression about a product, which lead him/her to its purchase decision.

2. To identify which Moment of Truth is most important in the purchase of a consumer durable product

3. To understand the changes happened in consumer buying behaviour in the purchase of consumer durable products in recent times.

RESEARCH METHODOLOGY

Primary data were collected from a sample of 344 respondents from three Tire 1 cities and five Tire 2 cities in Kerala, India. The questionnaire was designed in a manner so that the user preferences and awareness about the moments of truth could be revealed. The data comprises of the responses of students, working class, housewives, entrepreneurs and others. The sampling technique used is non probability convenience sampling.

The data were analyzed via SPSS 17.0 for Windows. Descriptive statistics were used to describe and summarize the properties of the mass of data collected from the respondents.

For our study we have selected seven products, which are very common and moving in Indian markets, such as Washing machines, Air Conditioners Refrigerators, Televisions, Microwave ovens, Computers, Mobile Phones and DVD players.

Demographic Characteristics of the

Respondents

The demographic characteristics of the respondents are shown in table:1, below. The objectively collected data has been suitably classified and arranged in tables. The ratios and percentages are calculated where ever it is appropriate.

Table 1: Demographic Characteristics Of The Respondents		
Variables and categories	**N=344**	**Percentage**
AGE		
18 - 30 years	174	50.6
31- 42 years	91	26.5
43 - 55 years	60	17.4
Above 56 years	19	5.5
GENDER		
Male	204	59.3
Female	140	40.7
INCOME GROUP		
Students and Housewives	76	22.8
Under Rs. 20,000	74	22.2
Rs. 20,000 to Rs. 60,000	107	32.0
Rs. 60,000 to 100,000	51	15.3
Above 1 lakh	26	7.8
OCCUPATION		
Salaried	165	67.6
Self employed	69	28.3
Retired	10	4.1

RESULTS

1. **Influence of internet on purchasing decisions**

Table 2: Influence of internet on purchasing decisions			
Sl.No	**Description**	**Total**	**Percentage of applicability**
1	Completely agree	116	33.72%
2	Somewhat agree	135	39.24%
3	Neither Agree nor disagree	47	13.66%
4	Somewhat Disagree	22	6.40%
5	Completely Disagree	24	6.98%

Out of 344 respondents interviewed, 116 customers completely agreed that the internet has changed their purchasing decisions and 135 respondents agreed to the statement. Only less than 14% of the respondents were disagreeing with the statement (Table 2). The growing popularity of internet will have a considerable impact on the decision making process of consumer durables. It is also an indicator that majority of the customers prefer ZMOT in the purchase of consumer durable goods.

2.Respondent's Preference for searching about a product online

Sl.No	Description	Total	Percentage of applicability
Table 3 *Respondent's Preference for searching about a product online*			
1	Yes	141	41.00%
2	No	47	13.66%
3	Sometimes	103	29.94%
4	Depends on the product	53	15.40%

Majority of the respondents expressed a favorable opinion on searching about a product online before purchase. Out of 344 respondents interviewed, 141 will definitely search about a product online and 103 will search some times and 53 respondents will search depends on the product, before purchase (Table 3). This is also a significant change in consumer behavior in recent times that a good number of consumers are favoring ZMOT for the purchase of consumer durable goods.

3.The Moment when the customer will form (or change) an impression about a product

Sl.No	Description	Total	Percentage of applicability
Table 4			
1	Before purchasing - When you search/know about the product	147	42.73%
2	During purchasing - When you actually touch and see the product	82	23.84%
3	After purchasing - When you actually try the product	63	18.31%
4	Infection point - When you experience the truth about the product	52	15.11%

There is a significant shift is the likings and preferences of consumers the way they make purchase decisions. Table 5 shows that 42.73% of the respondents agree that they form (or change)an impression about a product before purchasing or ZMOT and 23.84% is forming and impression during the first interaction with the product or FMOT. This data is highly significant for the consumer durable industry that 42.73% of the consumers favored ZMOT, 23.84% favored FMOT, 18.31% favored SMOT, and 15.11% favored TMOT (Table 4). One can easily interpret that ZMOT is having very clear edge over other moments of truth.

4.Respondent's Views about the role of Touch and Feel in purchasing consumer durables.

Sl.No	Description	Total	Percentage of applicability
		Table 5	
1	Completely agree	144	41.9%
2	Somewhat agree	158	45.9%
3	Neither Yes or No	22	6.4%
4	Somewhat Disagree	9	2.6%
5	Completely Disagree	11	3.2%

Majority of the respondents have the opinion that touch and feel has got a greater role in the purchase decision making of consumer durable goods. Out of 344 respondents interviewed, approximately 88% agreeing to the statement on the influence of touch and feel in purchasing consumer durables (Table 5). Touch and feel is the first interaction of the customer with the product (FMOT). It is clear that in the purchase decision making of consumer durable goods FMOT has greater role

5.Views about interaction with the products before purchasing

Majority of the respondents have the opinion that they interact with the products before purchasing the consumer durables. Out of 344 respondents interviewed, approximately 88% agreeing to the statement on the influence of ZMOT in purchasing consumer durables. (Table 6)

Table 6			
Sl.No	**Description**	**Total**	**Percentage of applicability**
1	Completely agree	167	48.55%
2	Somewhat agree	138	40.11%
3	Neither Yes or No	27	7.85%
4	Somewhat Disagree	6	1.74%
5	Completely Disagree	6	1.74%

6.Consumer's Preference for various Retail outlets

Table 7 : *Consumer's Preference for various Retail outlets*			
Sl.no	**Description**	**Total**	**Percentage of applicability**
1	Nearby shop which is known to me	90	26.20%
2	Malls & Retail chains – (Lulu, Bismi, Pittapallil, etc)	112	32.55%
3	Shop of my convenience	125	36.33%
4	Online	17	4.94%

It is imperative to understand customer's choice of retail outlets to purchase a consumer durable product. Out of 344 respondents interviewed, (Table 7) 125 preferred the shop of their convenience to buy consumer durable products and 112 preferred to buy from Malls and retail chains. Only 90 respondents preferred for the nearby shops known and 17 preferred for online purchase. This indicates that majority of customers are preferring the shop of his/her convenience but there is a clear shift in the buying behavior of customers that the Mall and Retail chains are making deep in roads into the customer preference. Though it is a small percentage, online purchases are also gaining ground and we can expect this trend to grow in future also.

7. Respondent's views regarding the sources which give the first interaction with different consumer durable products

Table 8

Sl. No	Products	Retail shop/ showroom/ Direct from the source	Internet	Magazines/ Newspapers	Friends/ Relatives	Posters/ Pamphlets	Television/ radio	Sum
1	Washing machine	164	28	29	82	2	51	356
2	Television	123	56	53	54	5	67	358
3	Refrigerator	153	26	44	58	3	64	348
4	Mobile Phones	**43**	**141**	**38**	**117**	**7**	**24**	370
5	Home appliances (DVD, Stereo, etc)	141	51	42	56	9	45	344
6	Microwave ovens	140	43	34	74	7	34	332
7	Computers	**57**	**139**	**27**	**98**	**14**	**24**	359
8	Air Conditioners	145	38	37	59	9	56	344
	Total	**966**	**522**	**304**	**598**	**56**	**365**	**2811**

Out of 344 respondents interviewed (table 9), it was found that 34.36% got the first interaction about the product directly from source, and 21.27% got an idea about the products from friends and relatives. However 18.57% respondents opined that they obtained the first interaction from internet (Table 8). It is interesting to note that for mobile phones and computers, a vast majority got the first interaction from internet. Growing influence and access to internet may be the main reason. The above table also indicates that the word of mouth very powerful for products like mobile phones and computers.

ANALYSIS

8. Result metrics - Metrics to Assign Weightage and Derive Results

Table 9

Sl. No	Name of factors	ResultingMOT/ Interpretation of Questions	Weigh-tage	Ratings(percentage of respondents)	Total Points	Maximum Points

				ZMOT	FMOT/SMOT/TMOT	ZMOT	FMOT/SMOT/TMOT	
1	Internet has impact on your purchasing decisions	ZMOT	0.05	0.73	0.13	0.04	0.01	0.05
2	You prefer to search in internet about a consumer durable product before purchase	ZMOT	0.05	0.86	0.14	0.04	0.01	0.05
3	When do you form an impression about a consumer durable product		0.3					0.29
4	Before purchasing- When you search/ know about the product	ZMOT		0.43		0.13		
5	During purchasing- When you actually touch ans see the product	FMOT			0.24		0.07	
6	After purchasing- When you actually try the product	SMOT			0.18		0.05	
7	Infection point- When you experience the truth about the product	TMOT			0.15		0.04	
8	What attracts you the most while purchasing		0.25					0.29
9	Advertising	ZMOT		0.23		0.06		
10	Packaging	FMOT			0.05		0.01	
11	Utility	SMOT			0.27		0.07	
12	Experience	TMOT			0.17		0.04	
13	Reference	ZMOT			0.11		0.03	
14	Brand Name	SMOT			0.31		0.08	
15	View about "Touch and Feel" method of purchasing consumer durable goods	FMOT	0.2	0.03	0.87	0.01	0.17	0.18
16	Opinion about interaction with the product before purchasing	ZMOT	0.07	0.88	0.02	0.06	0	0.06
17	Source from where you first interact with the product		0.08					0.08
18	Retail shop/showroom/direct from the source	FMOT			0.34		0.03	

19	others like internet, TV, Friends, Newspapers etc	ZMOT		0.66		0.05			
		Total	**1.00**			**0.39**	**0.61**	**1.00**	

The factors which indicate in the first column, the customer preference over ZMOT/FMOT/SMOT and TMOT is mentioned in the result metrics shown in Table 10. Then the corresponding moment of truth interpreted to that factor is mentioned. Then the weightages in the scale of 0 to 1 were assigned to each factor (Table 9). These weightages are assigned on the basis to what extend the Moments of truths can be interpreted or up to what extend these factors are helpful in deriving conclusion regarding the Moment of Truth. After that the respondent's percentage against each factor were calculated and total points against each resulting factor were calculated by multiplying the same with respective weightages. Thus we derive the results with the help of this result metrics-

Respondents Prefer ZMOT	39%
Respondents Prefer FMOT/SMOT/TMOT	61%

More than 60 percentages of the respondents prefer to have moment of truth only after the physical interaction with consumer durable goods. Thought this differs on types of product.

Demographic analysis of consumer preference on moments of truth for consumer durable products

.

a) Age group and consumer preference on different Moments of Truth for consumer durable products

In table 10, The mean value of Zero moment of truth for the age group 18-30 years is 1.72 and is the highest value followed by the next age group 31-42 years with mean 1.65 and 43-

55 years in the third position with mean 1.54 and the respondents above 56 years with mean 1.50 comes in the last position

Table 10

Variable	*Age*	*N*	*Mean*	*Standard Deviation*	*F*	*P*
Zero moment of truth	**18 - 30 years**	**174**	**1.72**	**0.331**	**5.475**	**.001****
	31- 42 years	**91**	**1.65**	**0.360**		
	43 - 55 years	**60**	**1.54**	**0.367**		
	Above 56 years	**19**	**1.50**	**0.415**		
First moment of truth	18 - 30 years	174	1.77	0.412	.015	.997
	31- 42 years	91	1.77	0.386		

	43 - 55 years	60	1.76	0.350		
	Above 56 years	19	1.77	0.440		
Second moment of truth	18 - 30 years	174	0.25	0.293	1.371	.252
	31- 42 years	91	0.18	0.273		
	43 - 55 years	60	0.24	0.298		
	Above 56 years	19	0.24	0.306		
Third moment of truth	18 - 30 years	174	0.13	0.239	2.266	.081
	31- 42 years	91	0.18	0.262		
	43 - 55 years	60	0.22	0.266		
	Above 56 years	19	0.21	0.254		

**Significant

Another observation is that the mean value of Zero moment of truth decreases with increase in age. But in first moment the means of different age groups are more or less similar. In the case of second moment of truth the age group 31-42 has slighter less value than other age groups. Finally in the case of third moment of truth the mean score seems to be increases as the age increases. So to test whether the mean score changes with age or the age has significant influence on consumer preference on Moments of Truth for consumer durable products we conducted the one way ANOVA test and the result is exhibited in the following table. From the table only Zero moment of truth has significant influence and all other moments have no significant influence.

b) Income and consumer preference on different Moments of Truth for consumer durable products

The mean value of Third moment of truth for the income group Above Rs.1 lakh is 0.35 and is the highest value followed by the next income group Rs. 60,000 to Rs. 100,000 with mean 0.20 and in the third position with mean 0.15 is the income group Rs. 20,000 to Rs. 60,000 and the respondents with income group less than Rs 20000, with mean 0.14 and group of students and house wives with the mean value is 0.11comes in the last position (Table 11).

Table 11

Variable	Income Group	N	Mean	Standard Deviation	F	P
Zero moment of truth	Students and Housewives	76	1.65	0.368		
	Under Rs. 20,000	74	1.58	0.358		
	Rs. 20,000 to Rs. 60,000	107	1.67	0.353	1.686	0.153
	Rs. 60,000 to 100,000	51	1.72	0.370		
	Above 1 lakh	26	1.74	0.321		
First moment of truth	Students and Housewives	76	1.80	0.365		
	Under Rs. 20,000	74	1.77	0.406		
	Rs. 20,000 to Rs. 60,000	107	1.76	0.405	0.272	0.896
	Rs. 60,000 to 100,000	51	1.73	0.446		
	Above 1 lakh	26	1.75	0.344		

Second moment of truth	Students and Housewives	76	0.26	0.288		
	Under Rs. 20,000	74	0.20	0.273		
	Rs. 20,000 to Rs. 60,000	107	0.25	0.310	1.729	.143
	Rs. 60,000 to 100,000	51	0.18	0.261		
	Above 1 lakh	26	0.13	0.226		
Third moment of truth	**Students and Housewives**	**76**	**0.11**	**0.221**		
	Under Rs. 20,000	**74**	**0.14**	**0.247**		
	Rs. 20,000 to Rs. 60,000	**107**	**0.15**	**0.248**	**5.006**	**.001****
	Rs. 60,000 to 100,000	**51**	**0.20**	**0.266**		
	Above 1 lakh	**26**	**0.35**	**0.275**		

. *****Significant***

MANAGERIAL IMPLICATIONS

1. Changing consumer behaviour on the preference of retail outlet.

The changing trends in customer's choice of retail outlets to purchase a consumer durable product is reflected in the study. There is a clear shift in the buying behavior of customers that the Mall and Retail chains culture is making deep in roads into the customer preference. Though it is a small percentage, online purchases are also gaining ground and we can expect this trend to grow in future also.

2. Growing influence of Internet and ZMOT on buying behavior

The growing popularity of internet is having a considerable impact on the decision making process of consumer durables. Consumer durable goods like mobile phones and computers, a vast majority of the consumers got the first interaction from internet. The age group of 18-30 prefers ZMOT, which is a clear indication that the younger generation is using smart phones, laptops and computers and is more depending on internet and online searches for information which may lead to purchase decisions. This clearly indicates ZMOT's growing influence.

3. Age and income factors have a clear influence on the customer preference on moment of truth for consumer durable goods.

The analysis reveals that younger generation age group between18-30prefers to search online about the consumer durable products prior to going to the showrooms and interacting with it. Mangers can plan their products and promotional campaigns accordingly.

4. Touch and feel before purchasing

Indian customers still prefer touch and feel has got a greater role in the purchase decision making of consumer durable goods. Touch and feel is the first interaction of the customer with the product (FMOT). It is clear that in the purchase decision making of consumer durable goods FMOT has greater role.

CONCLUSION

Attract customers with the zero moment of truth to the stores, help them in purchase decision making at first moment of truth, create satisfaction with the second and convert them as loyal and brand ambassadors in the third moment is a mantra that is fairly snappy and certainly easy to understand. The younger generation is using smart phones, laptops and computers and is more depending on internet and online searches for information which may lead to purchase decisions. The tremendous explosion of ratings and reviews

online has changed how people get information. The importance of internet and need to showcase the products in the new digital shelf is imperative for consumer durables. Touch and feel is the first interaction of the customer with the product (FMOT) and the results shows that in the purchase decision making of consumer durable goods FMOT has greater role. SMOT and TMOT are also important as word of mouth is still one of the most preferred change agents. Digital word of mouth is one-to-millions. If a good or bad experience is posted, it's shared and re-shared with millions in no time

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[04]

DEVELOPING COLLABORATIVE CAPABILITY FOR INNOVATION IN FOOD INDUSTRY

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ABSTRACT

In today's business world, organizations in the food industry realize the benefits of supply chain collaboration for the purpose of innovation but their managers are struggling to understand how to foster innovation by using external knowledge and resources to remain competitive. It remains an elusive goal until unless a well-articulated strategy is developed to pursuing the opportunity in collaboration. The existing literature is limited in its ability to explain the dynamics of organizational readiness during the pursuit of collaborative innovation. This research aims to provide a perspective on collaborative capability of the organizations for the purpose of innovation. Therefore, this study presents a framework related to developing firm level readiness for the enhanced process of collaborative innovation. Based on the analysis of in-depth interviews from the dairy industry of Pakistan, this research shows how proxies of organizational readiness influence the process of innovation generation within the dairy supply chain. Finally, this research provides insights into the dimensions which can lead to enhanced processes for the development of value-added products in the food industry.

Keywords: market orientation, innovation, supply chain relationships, dimensions of firm level readiness, Pakistan dairy industry

INTRODUCTION

Innovation plays a key role in creating and sustaining competitive advantage during rapidly changing business environment (Damanpour, 1991; Porter, 1985). Recently, it has been witnessed that firms may open up innovation process to enhance their innovation capacity(Chesbrough, Vanhaverbeke, & West, 2006; Gassmann, Enkel, & Chesbrough, 2010). As such, firms need to collaborate with a wide range of actors such as consumers(Von Hippel, 2006), suppliers (Sivadas & Dwyer, 2000) and research institutions (Perkmann & Walsh, 2007) thereby pursuing a business strategy to tap into external knowledge and capabilities within different contexts in order

to innovate consistently and successfully(Chesbrough et al., 2006).

The phenomenon of 'opening up' innovation processes has become of particular interest in the food industry also like high-tech industries(Bigliardi & Galati, 2013; Sarkar & Costa, 2008). As noted by Kühne, Gellynck, and Weaver (2013)innovation in food industry follows from in-organizational learning process so the each actor in the food chain becomes more valuable ifa value creation approach is adopted. Thus, from a supply chain perspective, collaboration between supply chain actors is crucial to meet customers' differentiated demands (Kühne et

al., 2013; Roy, Sivakumar, & Wilkinson, 2004).

Much of the literature that discusses buyer-seller interface is crucial for the purpose of innovation (Roy et al., 2004; Soosay, Hyland, & Ferrer, 2008). In such a context, the collaborative practices at the buyer-seller interface in a supply chain with a purpose of value creation are known as collaborative innovation (Bonney, Clark, Collins, & Fearne, 2007;Harabi, 1998; Roy et al., 2004).

Scholars, in this regard, have advanced theoretical issues such as roadmap of collaborative innovation (Bonney et al., 2007), impediments and effective approaches to overcome collaborative innovation barriers (Swink, 2006), incremental and radical innovation in supplier-customer networks (Christensen & Overdorf, 2000), conflicting requirements in adapting to challenges of collaborative innovation (Benner & Tushman, 2003).

The literature discusses as collaboration advances, partnering firms need to adapt their behaviour to respond situational contingencies otherwise failing to do so results in poor innovation performance(Bonney et al., 2007; Roy et al., 2004).This means collaboration for the purpose of innovation is very sophisticated behaviour and as Miles, Snow, and Miles (2000)argued collaboration to apply and create knowledge starts from the ability of the firm to collaborate internally which actually signals the potential for collaborative innovation. Little theoretical research on this direction could be one reason why collaborative innovation remains a big challenge for organizations.

OBJECTIVES OF THE STUDY

There still remain critical theoretical gaps and empirical work to explore how intra and inter organizational collaborative capability can foster collaborative innovation performance. The aim of this paper is to explore such

dimensions which signal firm level readiness for collaborative innovation within the context of food sector in developing country such as Pakistan dairy industry. This research is a valuable contribution to further understanding of practicing collaborative innovation by posing following research question:

"How organizations appreciate the concept of collaborative capability accounting for their propensity to innovate within the supply chain environment?"

Answer to this research question is particularly relevant to dairy processors and milk producers 'dyad in the dairy chain of Pakistan who is currently considering how to extend collaborative capabilities to develop value-added dairy products. The dairy sector offers greater potential to economic development of Pakistan (Fakhar & Walker, 2006; Umm-e-Zia., Mahmood, & Ali, 2011) and dairy enterprises in Pakistan can gain competitive advantage if pursue collaborative innovation diligently.

This research makes a contribution to the literature on supply chain collaborative innovation by exploring intra and inter-firm collaborative capability. This paper is organized as follows: After introducing the study, the second part dwells on theoretical consideration of collaborative capability whereas third part is on study methodology. The fourth section discusses analysis and findings and fifth section focuses on conclusion. Finally, this paper concludes with a discussion on managerial relevance and implications for further research.

CONCEPTUAL BACKGROUND

Innovation is acknowledge-intensive activity. Access to external resources and capabilities has been found strategically important for the purpose of innovation particularly in the food industry(Bigliardi & Galati, 2013; Sarkar & Costa, 2008).

Given that food industry represents multiple ties within and across chain (Grunert et al., 2005);extensive involvement of upstream and downstream firms within food chain is crucial when considering product and process innovation(Bonney et al., 2007; Soosay et al., 2008).Such collaborative innovation has drawn scholarly interest because of economic impact on food chain competitiveness(Bonney et al., 2007; Traitler, Watzke, & Saguay, 2011).

Perhaps, collaborative capability as noted by Blomqvist and Levy (2006)is a critical component for better functioning of collaborative innovation. As such, food firms, in the absence of this capability fail to overcome challenges such as what and how value can be captured form partners thereby translating it into customers' differentiated demands.

COLLABORATIVE CAPABILITY--- KEY CONCEPTS

There are numerous dimensions of collaborative capability such as Sivadas and Dwyer (2000)argued communication, coordination structures and institutional support;Lambe, Spekman, and Hunt (2002)emphasized on complementary resources,Schreiner and Corsten (2004) explained firm level capabilities framework; and Blomqvist and Levy (2006) concluded trust, communication and commitment to develop collaborative capability.

The logic of collaborative capability overlaps with theories explaining firm's superior performance such as core competence view (Prahalad & Hamel, 1990), resource based view (Barney, 1991) and dynamic capabilities perspective (Teece, Pisano, & Shuen, 1997). Collaborative capability, as argued by (Blomqvist & Levy, 2006)is a subset of capabilities view of the firm (Kogut & Zander, 1993; Teece et al., 1997).

Blomqvist and Levy (2006)explicated collaborative capability at individual level, intra-organization and inter-organization level. In order to understand intra and inter-organizational level, the phenomena has been explained from market transaction perspective (Dyer & Singh, 1998) and relational perspective (Blomqvist & Levy, 2006). As such, at firm level, Kahn and Mentzer (1998) and Tyler (2001) posited it as integration and cooperative capabilities respectively.

Following the conceptualization from transaction and relational perspective, we employ process based view to understand how collaborative capability can be translated into capability for achieving excellence. The process based view is an intra-organizational perspective within each partnering firm and serves a foundation for collaborative capability(Kim, 2013; Miles et al., 2000). As such, collaborative capability is largely derived from organizational readiness which translates collaborative capability into what Miles et al. (2000)argued it as *meta-capability* and *sophisticated behaviour* for innovation.

One of the basic understanding for collaborative capability-innovation interplay is firms must be able to adjust to on-going changes to developing intimate relationship (Kahn & Mentzer, 1998; Tyler, 2001).This typically involves pro-active actions and responses according to partners' requirements and circumstances. The capability-based theory recognizes the crucial role of integrating organizational resources and capabilities to stimulate innovation in collaboration(Tuominen, Rajala, & Möller, 2004).

Such integration, from a strategic view, affects organizational learning to utilize firms' resources, skills and competencies (Lukas, 1999; Tuominen et al., 2004). But learning to innovate is constricted by certain organizational barriers such as culture (Senge, 1990). The economics of organizational culture arises from the behavioural aspects of

collaboration what Martins and Terblanche (2003) described underlying value system to promote learning for innovation. As such, organizational culture must reflect willingness to create and use knowledge for the purpose of innovation (Senge, 1990; Sinkula, Baker, & Noordewier, 1997).

From a relational perspective, trust indicates character and extent of interaction for innovation in the supply chain environment (Kühne et al., 2013; Roy et al., 2004). As such, knowledge sharing character can be cultivated by trust by mitigating the risks of exploitation (Kühne et al., 2013). In an environment characterized by distrust and opportunistic behaviour, it is not easy to develop if firms are engaged in exchanges with high level of asset specificity and other exchange risks (Poppo & Zenger, 2002; Wang, Yeung, & Zhang, 2011). Relational advantages usually evolve from transactional relationships (Heide & John, 1992). Thus, governance is required to monitor coordination, control opportunism and also nurture relationship for the purpose of innovation (Wang et al., 2011).

There are many insights gained on collaborative capability, however, it is not clear what dimensions are important in developing it capability because innovation is risky in collaborative environment. In particular, the role of organizational readiness has been only implicitly recognized. Thus, we contend that organizational readiness, given the arguments of Miles et al. (2000) and (Blomqvist & Levy, 2006); is a distinctive capability to explain the performance of supply chain collaborative innovation.

STUDY METHODOLOGY

For this paper, a qualitative investigation utilizing case study strategy was adopted to gain insights into firm readiness for collaborative innovation, using dairy firms in Punjab, Pakistan. Case study method was preferred because existing theory is not only limited but also the phenomenon is relative new within the given context of food sector and as such an exploratory method was deemed appropriate(Crewell, 2013; Eisenhardt, 1989; Yin, 2003).

Initially, secondary information sources and five in-depth interviews with public sector respondents were recorded. Among these, two were industry consultants working with private and public sector dairy organizations and other three were heads of public sector dairy organizations. This approach was adopted to understand dairy industry problems which act as barriers to adopt value creation approach for enhancing industry competitiveness.

Purposive sampling comprising a snowball method whereby participants recommend new potential respondents was used for field investigation. The sample consisted of 24dairy enterprises representing thirteen dairy farms, three dairy processors; three livestock feed companies, two from vet pharma companies, one from dairy services providers and two supermarket representatives. As such, the focus of this study was on network relationship within dairy chain with particular emphasis on milk producers- processors dyad. Given the context of study, the sample size is considered appropriate for research in a developing country like Pakistan.

Primary information was collected in face-to-face interview setting with semi-structured questionnaire that encompassed topics related to collaboration for the purpose of innovation. Each interview took approximately 35-45 minutes. The researcher explained the purpose and subject matter of study to respondents before starting interviewing. This helped to ensure reliability and validity by enabling interviewees to understand the questions during probing (Saunders, Lewis, & Thornhill, 2012). We also ensured data trustworthiness by maintaining original interviews along with respective respondents contact details and data was inspected thoroughly against transcribed interviews prior to draw conclusion (Guba & Lincoln, 1994).

The contents of semi-structured questionnaires were related to following topics:

- Strength and weakness of the target firm to collaborate for innovation;
- Previous collaboration experience with special emphasis to understanding about failure incidents;
- Internal and external factor that affect developing and commercialization of value-added dairy products;
- Level of existing collaborative working;
- Areas which required attention if company wants to signal their willingness to collaboration

All interviews were recorded and these recordings were subsequently transcribed. Of particular interest, transcribed data was reduced to concentrated information by choosing high frequency of relevant discussion. For example, greater number of responses to market changes, dairy production technologies and organization related factors were grouped and labelled as contingency influences.

ANALYSIS AND DISCUSSION

For the purpose of analysis, the contents of interviews data were manually coded. The coding scheme was developed with respective to theoretical understanding of organizational readiness for collaborative innovation. Following this, respondents' comments that deal with theoretical discourse (collaborative innovation) were systematically identified. As such, the level of analysis was individual executive's comments about organizational readiness.

The perceptions held by different dairy firms (largely producers and processors) on firm level readiness for innovation within dairy chain was examined. The respondents revealed that market orientation can stimulate and drive the process of collaborative innovation.

One milk producer commented:

"[…..] no way if we do not listen to processor (customer) voice; […..] dairy demand is changing [….] ours role is becoming more important [….] we need to know on-farm processing of raw milk; [….] increasing milk yield and quality"

A processing company executive commented:

"[…..]urban dairy demand is increasing day by day; [….] more variety seeking for dairy products; […] demand for our UHT milk has become triple fold during last 5 years; [….] sufficient understanding of target buyers can help to make money; [….]"

Further, within the dairy industry context, opinions were uncovered on the ability to create and capture value, capacity for aggregating dairy knowledge, exchanging information for joint decision making, management role to make strategic decision, use of dairy technology, and uncertainty and opportunistic market behaviours.

Example of the respondents' comments on how firm can be perceived ready for collaborative innovation are given as under:

Processor's Executive: "[…] detecting changing in big and immediate environment is necessary; [….] if we want to respond customers' needs and competitor campaigns; [….] yes, one effective way is sharing market information and its implications with milk producers because they are the most important input if value-added dairy production is to set priority"

Dairy Consultant B: "[….] beyond question, industry is production oriented; [….] but enterprises need to understand market demands and respond accordingly; […] only such companies will take over and other will lose business; […]"

Vet Pharma Executive: "[….] if any partner is unwilling or unable to share information, then

forget about innovation; [….]see it as an intractable barrier for collaboration"

Fee Company Manager: "[….] delay in providing or hiding part of market knowledge creates conflict thereby becomes counterproductive behaviour; [….]"

Dairy Farm Manager: "[….] to move ahead, we need to take into consideration market moves; […] need to share objectives and plans with our customers […] developing a system to communicate market signals effectively and timely"

Dairy Farm Owner: "[….] it looks goo to explore new collaborative opportunities; […] but I suspect we have to confront with uncertainty in partner behaviours; [….], I prefer to do agreement to minimize the effect of costly mistakes and maximize the result of undertaken opportunity [….]"

Dairy Farm Owner: "[….] written contract is necessary;[….] already facing trust problems;[….] processors have dominance so we (producers) face many imbalances in reward sharing even if we (producers) invest own money to fulfil their (processor) requirements"

Processor's Executive: "[….] it is becoming important that management should create environment for sharing experience and understanding to strive for win-win […] I think this is the time to know how to be a calculated risk taker; [….] if only standardized procedures are followed , then no one will take initiative"

Dairy Consultant A: "[…] time to think about two things quality and affordability of value added airy products; […] milk production is huge;[…] it is really frustrating if managers and owners are largely unable to translate market changes into concrete actions; […]"

The respondents from input supplies, production and retailing attributed the role of processors as facilitators for collaboration.

Indeed, processors in the dairy industry of Pakistan can be seen as the most important to engage other firms within dairy sector for developing value-added dairy market otherwise it remains challenging.

The results indicate firms' commitment to create value given the current and future customer needs corresponds to search new opportunities outside the existing working domain. Such understanding reveals a distinctive pattern what Grunert et al. (2005) argued combining market related competencies with production related competencies in food industry. As such, market orientation becomes a basis for collaborating innovation.

Firms with higher market orientation begin emphasizing on customers and competitive actions thereby enhancing inter-functional coordination within organization to utilize available resources synergistically. This implies adaptability as firms respond accordingly to market changes(Child, 1997; Hurley & Hult, 1998).

Information exchange capability was found another distinctive proxy of organizational readiness. Numerous comments were made on the capability of sharing vital information in time and with accuracy within organization and across the partners. Investment in building infrastructure that enable rich information sharing is crucial to develop new knowledge. What Burgess and Singh (2006) and Soosay et al. (2008)argue is that firms are highly dependent on external sources of information for innovation within food industry. As such, within the rural industry context it is important to developing a system facilitating disputes resolution through open and transparent communication can affect performance results.

The results of this study revealed that respondents understand the strategic importance of preoccupation to keep firms' culture open to adopt environmental realities. As such, learning orientation should be a part

of shared social knowledge with in firm which in turn guide the practices crucial for internal integration and external adaptation. Culture can be produced and reproduced by practices (Schoenberger, 1997) and the role of executives becomes crucial to entail changes in organizational culture thereby breaking the inertia inherent in existing practices(Senge, 1990; Tsui, Zhang, Wang, Xin, & Wu, 2006) . The evidences provide us reason that management in dairy firms has a tendency to communicate with one another instead with their employees. This tendency develops more formalization thereby leading to resistance in implementing organizational changes (Mohrman, Tenkasi, & Mohrman, 2003).

This study underscored the fact that self-enforcing mechanisms are not appropriate in an environment characterized by trust deficit and opportunistic behaviour. To a larger extent, formal control was found crucial to guide behaviour towards openness and transparency thereby achieving desired innovation objectives. Formal control in the form of written contract is more powerful in alleviating trust deficit and opportunism what Jap and Ganesan (2000), Poppo and Zenger (2002); and Liu, Luo, and Liu (2009)argued it is important mechanism to administer preferred divergence and maintain cooperation. Numerous comments reflected three strands of contractual agreements grouped as authority prescribing appropriate behaviour, managing on-going uncertainties and controlling opportunism.

CONCLUSION

Research on collaborative innovation is in developmental stage. This qualitative study helped to gain rich understanding on different elements of organizational readiness and how it might influence collaborative innovation performance given the food chain context. Theoretically, this study has revealed insights on what Miles et al. (2000) called collaborative innovation which is a mindset

crucial for meeting the challenge towards collaborative innovation.

It was found that management of processes towards collaborative innovation are fundamentally different from the process of internal innovation. The importance of organizational readiness must be realized through its elements such as adaptability, information exchange, organizational learning culture and flexible contracting.

As such, to be receptive to innovation:

- Firms need to maintain flexibility thereby must be adaptive to environmental changes and self-renewing process within organization and across the partners
- Developing an effective system of sharing vital and appropriate information with speed and accuracy by addressing structural contingencies
- Developing a common interpretation of organizational priorities to guide firms' innovation focus
- Firms must develop complementary capability to deal with formal contracts in a flexible way. If the equity and fairness persists, it may guard opportunistic behaviour thereby leading towards developing the specific asset known as trust and commitment.

Taken as a whole, market orientation was found to be a main guiding principle for building organizational readiness. In the context of the study, processors are principal actors to create an atmosphere of confidence in polarized chains if their actions assure perception of fairness and incentives. Collaboration within food supply chain may fuel innovation if firms pursue a well-formulated business strategy. (Bigliardi & Galati, 2013; Soosay et al., 2008). As such, this study explored that well-formulated business strategy hinges on above-mentioned dimensions of organizational readiness.

Finally, formal contracting with flexible clauses is an important foundation of trust and commitment in high functioning food chains.

MANAGERIAL IMPLICATIONS

The findings have interesting practical implications for executives in food industries of developing countries. Firstly, managers should know that cultivating market orientation throughout the firm is the first step to meet transitional challenges of collaborative innovation. This understanding is more crucial in developing country context where the food sector is largely production- oriented.

Secondly, the role of organizational readiness is of utmost importance in any food industries which is dominated by food safety standards, unanticipated weather conditions, perishable supplies, volatile prices and access to modern chains by small scale producers. Therefore, we suggest that executives should pay more attention to organizational readiness when moving toward collaborative innovation.

Thirdly, it appeared executives should be mindful of the proxies of organizational readiness given the nature of collaboration for innovation. In real practices, partners are selected with caution for ventures which are strategic in nature possessing long term perspective. Therefore, understanding readiness proxies such as adaptability information exchange, organizational learning culture and contracting is crucial to provide market signals for the capacity to collaborate for innovation.

Fourthly, the importance of formal contracting with flexible clauses emanates from the fact that trust and commitment is the protagonist for supply chain collaboration. As such, trust deficit and opportunism affects information sharing and contracts can formalize incentives distribution which in turn will ensure trust for future relationships. However, enforcing contract with flexible clauses to meet the

variability in on-going requirements for innovation is a continuing challenge.

STUDY LIMITATIONS AND FUTURE RESEARCH

This research has numerous limitations. Firstly, the study reported in this research was focused only on dairy industry (single sector case study) within a single developing country (Pakistan). Therefore, replication of this study within other food sectors of developing countries and developed countries will bring new insights about the complex subject raised in this paper.

Secondly, our sample size for qualitative investigation (29 IDIs) was small. However, given the available food firms in Pakistan dairy industry, these results can be considered sufficient. Further, most of the data was collected from two chain actors namely milk producers (thirteen IDIs) and dairy processors (three IDIs) along with other dairy chain firms as well. Therefore, caution may be applied when generalizing these results. As such, a large sample of firms across different food sectors should be taken to fine grain this phenomenon given the entire domestic and export chains.

Thirdly, from the methodological perspective, this piece of work followed a qualitative approach considering the lack of theory and empirical evidences on the issues under investigation. This approach has revealed certain interesting contributions to extend theoretical discourse on supply chain collaborative innovation. In future, the measures of organizational readiness must be quantified for estimating organizational readiness's effect on collaborative innovation performance to develop more robust model increasing the reliability and validity of the results.

Further, a mixed research design could be employed to combine the strengths of qualitative research and large scale

quantitative studies to enhance the understating on organizational readiness for the purpose of collaborative innovation.

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[05]

RELATIONSHIP MARKETING: INVOLVE TO EVOLVE

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ABSTRACT

Most of the relationship marketing strategies of Indian companies revolve around building, maintaining, and using the customer database for creating goodwill and extending warmth to the customers. The companies strive to build a pool of loyal customers, and in turn expect them to bring in a steady flow of sales and profits. Loyalty cards are issued with a hope to buy the customers' loyalty, fully knowing that the customers might have the loyalty cards of the competitors as well. With this, managers may feel, they have fulfilled their responsibility of having a relationship strategy in place, which may take them to the desired position in the marketplace. Customers, on the other hand are interested in value for their money. Whether customers consciously wish to develop and maintain relationships with the companies is a matter of study. What are the conscious and subconscious expectations of the customers from such relationship? What value does the customer derive from such relationship and what value he expects? Does the customer find such relationship beneficial? How much importance the customer gives to being a loyalty card holder or a club member of a particular company? As the markets develop and the customers evolve, the definition of value and relationships also change. The author, in this paper, makes an effort to understand and bring to the fore the changing paradigms of value and relationships, identify the gaps and suggest ways and means to plug the gaps.

Keywords: Relationship Marketing, Customer Experience Management, Customer value proposition, Experiential Marketing

INTRODUCTION

An organization is said to practice marketing when it is concerned more about customer needs and makes genuine efforts to satisfy those needs and wants. With business environments becoming dynamic and turbulent, organizations are facing the herculean task of attracting and retaining their customers. The use of advanced processes and technology has helped organizations to change from being product centric to being customer centric. Organizations try to understand customer behaviour and leverage customer information to manage customers profitably.

As marketing has evolved, the outlook of companies towards customers has changed. Customer satisfaction has not only become a focal point but almost a norm. But when every player in the industry started focusing on the same as well, the companies started wondering "what next?" They realized that they needed to focus on the long term profitability of the customers. This is possible only when companies develop long term relationship with the customers, and the term relationship marketing came into existence. The aim is to understand the customer and respond to their needs and preferences so well that the company is able to build more meaningful and long term connections with them.

Relationship marketing has become crucial for the existence of firms because of their heightened attention to cost cutting, revenue generation and customer retention. The goal of relationship marketing is to satisfy the customer in such a manner that he becomes loyal to the company and is unlikely to switch to the competitors. Relationship marketing involves converting the customers into clients by giving them special treatment and then tries to convert these clients into members who join the company's club to avail of the special benefits. The members then turn into advocates who recommend the company's products to other potential customers and ultimately, the company aims at converting the advocates into partners who work actively with the company in producing quality products. Thus, a mutually beneficial relationship between the company and the customers is created.

CREATING CUSTOMER VALUE

Leonard L. Berry and A. Parasuraman, in their book *Marketing Services: Competing Through Quality,* have suggested three customer value building approaches. The first approach lays emphasis on adding financial benefits to the customer relationships. The second approach is to add social as well as financial benefits. In this approach, the company tries to increase personal bonds by learning about the individual customer needs and wants and offering individualized and personalized service. The company's representative aims at turning the customers into clients. The third approach is to add structured ties to their relation apart from financial and social benefits. While the first approach of financial benefits is easily imitable, it is the second approach of social benefits and the third approach of structural ties differentiate the company's offer from that of its competitors. This is the area which the companies need to understand better, keeping in view the country it is in, the social culture and the traditional setup.

The paradigm of value and relationships in Indian context differ from that of other countries. Globally active marketers need to acknowledge the uniqueness of Indian culture and give it a differential treatment when it comes to relationship marketing. The study makes an effort to understand the meaning of relationships in the given context, and its relevance to the Indian customers. The study is significant in the perspective that a lot of foreign multinationals are looking towards India as a lucrative market. But it is important to get the basics right before they venture into the Indian Territory as we do have a few examples of otherwise successful companies failing in the Indian markets.

Figure 1: Customer Relationship Strategies

Financial Bonding	*Consistent Quality and Value Delivery*	*Customization Bonding*
• Discount Offers • Gifts • Membership Benefits		• Personalized Service • Offering a Solution
Social Bonding • Superior Experience • Special Attention • Informing Customers about New Products • Wishing Customers on their Anniversaries/ Birthdays		*Structural Bonding* • Integrating Systems with Customers • Making Joint Investment on Technology • Sharing Processes or Equipment

UNDERSTANDING THE CUSTOMERS

Indians, though price conscious, put great importance on social bonding. The financial benefits attract the customers at the first phase, but to retain them, social bonding is more important. This is where the companies can differentiate themselves from that of competitors. The elements of social bonding as given in Exhibit 1, put focus on the customers' experience with the company. This is where the bonding takes place as the customer gets an enriching and satisfying experience and the role of Experiential Marketing comes to the fore.

Over the years, companies concentrated on effectively differentiating their own brands from the flock of competitors. The customers too seemed convinced with this typical inside-out, product-driven approach. What they looked for was a certain attribute that was available to them at a bargain. Customers were comfortable extracting an economic and emotional satisfaction if the product offered a value for money. They hunted for tag lines like the "Complete Man" (Raymond's), "You are Worth It" (L'Oreal), and "Bond with the Best"

(Reid & Taylor) to enjoy self-esteem and quench their psychological thirst from a product. "A Silver Nano Technology" (Samsung), "Life is Good" (LG) or for that matter the "Sixth Sense" (Whirlpool) and promises like the soap with a $1/4^{th}$ moisturizer (Dove) and "Extra MMR" (All Out) became synonyms for deriving functional benefits out of a product. Companies too accepted this customer verdict to gain a competitive advantage, but soon realized that this way they were getting too focused on the product and withdrawing themselves from the very customer for whom it was meant. Marketers realized that though distinguishing products on the basis of physical and psychological attributes definitely lend a unique value to the product, even the most creative ideas turned out to be vulnerable to emulation by the competitors.

Soon, the marketers realized the importance of customer experience management and understood that relationships can be built not only by providing quality products or emotional bonding, but providing a superior customer experience is what contemplates into strong relationships.

THE RISE OF EXPERIENTIAL MARKETING

The boom in the service sector has created an increasing need for better customer service and hence generating an enriching experience. This does not mean that the other sectors are any exception to the rule. In fact, the rise of services marketing has led to this whole new concept of experiential marketing. In a study conducted sometime back reveals that almost 68% of Indian customers feel that companies are so busy innovating and adding value to the product that they make the customers feel neglected. This implies that irrespective of the product to be purchased the customer craves for complete attention. A regular involvement and an interaction with the customer has become the new mantra. Like Philip Kotler impressed upon in one of his interviews during his visit to India, "Marketing has undergone a paradigm shift from mass marketing to heavy advertising and now has come up to the point of establishing a relationship with the customer by offering not merely a service but a unique experience. This calls for making the customer your partner and striking a dialog with him."

The rise of Experiential Marketing in India is clearly evident from the changing tone of taglines of the companies. From "Experience Certainty" of TCS to "Experience our Expertise" by Yes Bank, the tone of Experiential Marketing is set right. "wish.click.go" of makemytrip.com, Dell Computers' "The Power to do more", Reliance Mobile's "A New Way of Life", Phillip's "Let's Make Things Better", all speaks about providing superior customer experiences. Even cellular service providers do not lag behind in experiential marketing. Airtel has evolved from "Power to keep in touch" and "Touch Tomorrow" to more customer centric taglines like "Live Every Moment", "Express Yourself", "Go Wherever, Do Whatever", and so on. Idea, with its out-of- the-box strategies like women's card and Idea Rocks the Nation

campaign, created a platform for an experience bringing the customer closer to the product step by step justifying its tag line "An Idea can Change Your Life". When furniture manufacturer 'Spacewood' decided to do forward integration and entered into furniture retailing, the stores were named as "Spacewood Experience Centre", clearly defining the way they plan to do furniture retailing – by providing superior customer experience.

Justifying the defense from the world's most erudite marketing gurus even FMCG giants like HUL and P&G are striving to meet the customer expectations, evolving with them and making an endeavor to offer a novel experience to them. The Sunsilk's Gangofgirls.com site launched by HUL in June 2006 or P&G's beingagirl.com is just a testimony. If figures in newspapers and channels are anything to go by Sunsilk's Gangofgirls.com became one of the most popular interactive internet promotions with an awesome hit rate of almost 155 million and two lakh members within two months of the launch period. Asian Paints invested heavily to meet individual customer requirements by lending an altogether different experience through touch screens and help desks at Asian Paint Color World outlets. Companies are trying to encourage customer engagement by combining the perfect offers and the best experiences for the right target. To meet customer expectations successfully by generating an experience, companies need to a focus on cross-functional efforts, reorganize the planning process and train people to create an idea and translate it into an experience for the customers while taking the complete responsibility for its success.

Cadburys tried to establish an emotional bond with the customer by cashing in on celebrations. Britannia evolved with its consumer at every step by harping on variety and creating brands with focus on aspects like health and nutrition for individual segments.

Even oil companies like Hindustan Petroleum, Bharat Petroleum and Indian Oil Corporation added a hitherto unknown dimension to the experience at filling stations. Giants in print media like The Times of India and The Hindu feel the necessity to generate a better experience by involving the customer. The Indian market finally looks in perfect sync with the customer and geared up to face this all new challenge of managing the complete customer experience for a long-term bonding and returns.

The following are the factors that have led to this paradigm shift in the concept of customer satisfaction:

Brand clutter

Explosion in media and technology resulting in a better exposed audience

Stressful life, dearth of time and availability of better options

Customer demand for convenience, control and choice

Greater purchasing power

Need for innovation and readiness for experimentation

Demand for individual attention and interactivity

Emergence of penetration as the crucial tool of marketing mix

Emergence of the metrosexual man.

Experience today counts immensely and has become an essential means for attracting and retaining customers in almost every sector. It is especially omnipresent in: Retail, telecom, media & entertainment, FMCG, aviation, hospitality & services, banking & financial services, and food & beverages.

RELATIONSHIPS VS. EXPERIENCES

Imagine, a company has completely automated the call center with an infinite number of touch tone or voice-activated options and menus for the customer to navigate. This method may result in lower costs of sales and support for the company, but how does the customer feel about this approach? Do they love interacting with machines? The automated menus that travel in circles and do not list the options they need, as well as inconsistent and incorrect information, long hold times, service representatives that can't help, and repeating account information. The company sits back and relaxes, as it thinks it has done a great job to develop an enduring relationship with the customers. Here lies the difference between Relationship Marketing and Experiential Marketing.

The idea at the core of Relationship Marketing is that every time a company and a customer interact, the company learns something about the customer. By capturing, sharing, analyzing and acting upon this information, companies can better manage individual customer profitability. Experiential Marketing's premise is almost the mirror image. It says that every time a company and a customer interact, the customer learns something about the company. Depending upon what is learned from each experience; customers may alter their behavior in ways that affect their individual profitability. Thus, by managing these experiences, companies can arrange more profitable relationships with their customers. It is argued that Relationship Marketing approach is highly technical, quantitative and operational. Relationship Marketing has also been accused of being focused on the automation of processes as against ensuring that the process results in a pleasant customer experience.

Experiential Marketing is more creative and tries to manage the feelings and perceptions of the customers across all touch points by

employing helpful, friendly and trained employees. Instead of cultivating relationships, Relationship Marketing focuses on implementing automated processes and customer databases. In a sense, this is a typical nature vs. nurture squabble.

CONCLUSION

What today's customer expects from the company is no longer confined to efficient and effective delivery of quality products. They desire a stimulating and memorable "Experience", anything that touches the heart and dazzles their senses. The essence of Experiential Marketing lies in not what you communicate to the customer but what he/she takes out or for that matter perceives out of the sum total of brand activities. It requires aligning the whole organization behind the customer proposition and creating an environment which facilitates delivering a branded customer experience. Functional features and benefits are gradually losing appeal. It's all about creating an unprecedented experience. Experiential Marketing attempts to understand the life cycle of the consumer and what they want from the brand to fit into the consumption situation. It combines analytics and creativity which helps in developing long and profitable relationships.

Experience brings about a learning and subsequently perfection in life. The same phenomenon applies to the market as well. Customer experience is an assortment of the entire involvement and emotional connect that a customer shares with a company, its offerings across each and every customer channel and touch point. Managing this experience throughout the customer and product life cycle will not only ensure new customers but also strengthen retention once they are engaged to your offering or service.

Learn from your customers; treat them as VIC's (Very Individual Customers) and the rest is assured. Great experiences send the brands to consumer's heart, not just to their

minds. That human and emotional customer connection is a key part of the journey towards truly loyal relationships.

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[06]

RESEARCH ABOUT URBAN HOUSEKEEPER'S HMR PURCHASING PATTERNS

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ABSTRACT

The purpose of this paper is to find whether an employment status of housekeepers have an effect on their HMR (Home Meal Replacement) purchasing patterns. Further, this study aims to provide marketing strategies to agro-food business based on the research results. HMR refers to half or fully-cooked foods that are ready-to-eat with simple or without cooking. In South Korea there is a growing consumption of convenience food because of an increasing population of women participating in economic activities and the trend of nuclear family and aging population. For this reason, retailers, such as department stores, supermarkets, and convenience stores, take an interested in HMR products, and sales ratio of these products is growing rapidly. According to previous studies, the main motives for consumers purchasing HMR products is to save cooking-time and the preference on different kinds of HMR products depend on consumers' lifestyle. By using regression analysis on data collected from 702 housekeepers who have purchased processed food, we will research whether the employment status of housekeepers influence on their HMR purchasing patterns.

Keywords: HMR, Home Meal Replacement, food marketing, consumer behavior

[07]

AN EMPIRICAL STUDY ON THE RELATIONSHIP BETWEEN PRODUCT INVOLVEMENT, BRAND IMAGE, AND CONSUMER PURCHASE INTENTION FOR COUNTERFEITED LUXURY PRODUCT: A PERSPECTIVE OF BANGLADESH

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ABSTRACT

Counterfeiting has become a significant phenomenon across the world. Luxury product market is one of the main victims of counterfeiting. Though many studies have been conducted to find out the behavioral pattern of consumer's, the effect of branding on counterfeits has largely been neglected. Bangladesh, an emerging market in Asia, is not free from the availability of counterfeited luxury branded products. This research seeks to examine, for the first time in the context of Bangladesh, the relationship between product involvement, brand image and consumer purchase intention of counterfeited luxury branded product. The current study tests the conceptual model and hypotheses developed based on existing literature. Conceptual model and the hypotheses are tested using correlation and hierarchical multiple regression analyses with survey data from 200 undergraduate students of Bangladesh. The result reveals that product involvement is not significantly influencing consumer purchase intention of counterfeits. However, brand image is more dominant to influence consumer purchase intention of counterfeited luxury branded product. The research findings has limitation as only one brand of product category (sunglass) has been used for this study although that still makes the research findings significant. This research finding will help the academicians and practitioners of Bangladesh and the luxury brands producing countries to identify the factors responsible for the consumer proneness for counterfeited luxury brands. It will also encourage the researchers to conduct more studies in the context of Bangladesh regarding counterfeiting which is yet quite an unexplored field of study.

Keywords: Counterfeiting, Brand Image, Consumer behavior, Bangladesh

INTRODUCTION

Counterfeit products are those bearing a trademark that is identical to, or indistinguishable from, a trademark registered to another party and infringe the rights of the holder of the trademark (Bian and Moutinho, 2011; Chaudhry and Walsh, 1996; Kapferer, 1995; Grossman and Shapiro, 1988a, b). Luxury goods sector, which has grown to a 200€ billion market (Bain and Company,

2013), losses more than $12 billion revenue each year (ICC, 2004) because of counterfeiting.

Past research suggests that about one-third of consumers would knowingly purchase counterfeit goods (Phau et al., 2001; Tom et al., 1998). Academic literature is mostly focused on the supply side of counterfeits whereas, the demand side of that is almost neglected (Penz and Stöttinger, 2005). This paper takes an attempt to look at the demand

side of counterfeiting. This research paper aims to find out the effects of product involvement and consumers' perceived brand image of counterfeited branded product (CBP) on consumer purchase intention of CBPs in the perspective of Bangladesh. Bangladesh is considered as one of the Asian hubs for counterfeit manufacturing (Khan, 2012). Moreover, though the research of Islam and Jang (2012) has put light on the reasons why Bangladeshi consumers purchase counterfeited branded products, aspects of branding are absent in that research. Thus, the current research will highlight this area of research gap and enhance the existing literature on counterfeiting.

LITERATURE REVIEW

Counterfeiting in Bangladesh

Khan's (2012) research pointed out that the increased buying power of the mass in Bangladesh has led to an increased interest in branded goods. However, due to the unavailability of most of the global brands in the country, a burgeoning growth of the products that pry on established global brands is seen (Khan, 2012). In this research, counterfeited luxury branded sunglass is the focal point. Ray-Ban is a well known sunglass brand across the world and it is also very popular in Bangladesh. The availability of fake Ray-Ban sunglasses in Dhaka is not only limited to the eyewear shops in popular shopping complexes like Bashundhara City Shopping Centre, Eastern Plaza, Rapa Plaza, Plaza A. R., Pink City Shopping Mall, Government New Market etc but also available from the cheap street hawkers. With the new hype of buying things from facebook shopping pages, counterfeited Ray-Ban sunglasses are available to purchase in Bangladesh through facebook pages too. The particular page which has a massive collection of these fake Ray-Ban sunglasses is named 'RayBan Online Shop Bangladesh'. Moreover, the online buying-selling websites are also

patronizing this counterfeit sunglass business in Bangladesh. For example, through OLX Bangladesh site one can post ads for selling counterfeit sunglass and so thus other can purchase it too. Most of the sellers admitted that they sell these items because there is a demand for these products and also because these are relatively cheaper compared to the original brand. At the same time, there are many counterfeit Ray-Ban sunglasses available from the street hawkers which are very poor in quality and easily recognizable as fake. However, the Anti-Counterfeit Association in Bangladesh is much lenient to target these activities and to take steps against these.

Brand image

According to Aaker (1996) brand image is how a brand is perceived by consumer, which basically stands for the set of brand associations in consumer memories. The three components of brand image are the product attribute, the benefits/consequences of using a brand, and brand personality (Plummer, 2000, 1985). Brand image not only influences consumers choice of brand (Dolich, 1969) but also consumers' buying behaviour (Johnson and Puto, 1987). Bloch et al. (1993) found that brand image is one of the determinants that explain consumers 'counterfeits purchasing behaviour. The following provides conceptualization of the constructs of brand image as well as related hypotheses.

Brand Personality

Aaker (1997) defined brand personality as 'the set of human characteristics associated with the brand' (p. 347). Hem and Iversen (2002) and Aaker (1999) mentioned that the brand personality factor enables a consumer to express his/her own self. Favourable brand personalities can drive consumers' preference and usage of branded products (Freling and Forbes, 2005). Bian and Moutinho (2009) found that brand personality can influence a

consumer to form the consideration set for purchasing a CBP. However, as far as the researchers of the current study are concerned, there is no research done in the context of Bangladesh to identify whether brand personality of the original brand can be transferred to the CBPs. As CBPs are carrying the name/logo of the original established luxury brands, it can be assumed that the theory regarding brand personality can be implemented for CBPs as well. Thus, the following hypothesis is proposed:

H1: Consumers' favourableness to the brand personality has a positive relationship with the purchase intention of a CBP in the context of Bangladesh.

Perceived product attributes

According to Keller (1993) product attributes are those descriptive features that characterize a product. Research findings suggest that perceived product attributes can affect consumers' purchase intention for counterfeits. This supports the findings of Puth et al. (1999) where they mentioned that perceived attributes affect consumers' decision making process. Need to mention that, DelVecchio (2001) found that perceived product attributes can help consumers to form the attitudes towards merchandised branded products. From this discussion, we can infer that eventually perceived product attributes may influence consumers' purchase intention for CBP too in the perspective of Bangladesh. Therefore, we propose the following hypothesis.

H2: Consumers' perception of product attributes has a positive relationship with the purchase intention of a CBP in the context of Bangladesh.

Perceived Benefits

Perceived benefit is associated with perception of product attributes and brand personality. According to Keller (1993) perceived benefit is what consumers think the product can do for

them. Consumers can perceive having mainly two types of benefits: utilitarian benefit or hedonic benefit (Furse & Stewart, 1986; Holbrook, 1994). For CBP, the perceived benefits are the benefits that consumers think they can have through these CBPs. Cho et al. (2002) concluded that there is a positive relationship between perceived benefits and consumers' decision making to purchase. Based on this discussion, we propose the following hypothesis.

H3: Consumers' perceived benefits have a positive relationship with the purchase intention of a CBP in the context of Bangladesh.

Product involvement

Zaichkowsky (1985, 1986) stated that product involvement refers to the perceived personal relevance of the product, based on needs, values or interest. Previous research findings showed that when product involvement is high, consumer decision making process becomes more extensive, more involved with information search and more evaluative for criteria (Browne and Kaldenberg, 1997; Celsi and Olson, 1988). So we can infer from these literatures that when product involvement is high, consumers will put more effort and time to evaluate the CBPs before purchasing them. Usually consumers want to have more personal, experimental and symbolic gain in high involvement situation compared to that of low involvement situations (Soloman et al., 1985). So in case of high involvement situation, consumers will evaluate a CBP more carefully and thus they may end up considering a CBP as a low quality, low priced product which won't give them pleasure, excitement or status. From this we can infer that in case of high involvement situation, consumers may have a lower purchase intention for CBPs. It can also be assumed that since CBPs are low graded branded products (Nia and Zaichkowsky, 2000), when product involvement is high, there is a chance of

consumers being able to distinguish the difference between the CBP and branded product, develop different perception about CBP and branded products. Eventually they may show less preference for CBP compared to branded products. Thus we propose the following hypothesis.

H4: There is a negative relationship between product involvement and consumers' perceived brand image of a CBP in the context of Bangladesh.

H5: There is a negative relationship between product involvement and consumer purchase intention of CBP in the context of Bangladesh.

Mediation effect

Mediation effect occurs when an independent variable influences the dependent variable through its effect on or as a result of a mediator variable (Baron and Kenny, 1986). As in the previous section of this study has established that product involvement affect consumers' purchase intention of CBP; the consumers' perceived brand image affect the purchase intention of CBP too. Thus it can be assumed that consumers' when product involvement affect purchase intention of CBP, that depends on how consumers' perceive the brand image of that CBP. Thus it can be said that for this study, the relationship between product involvement and purchase intention is mediated by consumers' perceived brand image of CBP. This is expressed in the following hypothesis:

H6: The relationship between product involvement and purchase intention of CBP is mediated by consumers' perceived brand image of a CBP.

CONCEPTUAL FRAMEWORK

To summarize, the current study develops hypotheses for and tests the model presented in the Figure 1 (see Appendix 1). The study tries to establish a relationship between product involvement and purchase intention of CBP where brand image works as a mediator.

METHODOLOGY

Brand selection

This research is about investigating counterfeited Ray-Ban sunglass. The reason to choose this brand is Ray-Ban is popular all across the world for its unique quality and design. Because of its international presence, Ray-Ban sunglass is likely to stimulate a range of involvement levels and knowledge across consumers. Moreover, this international brand is more familiar to Bangladeshi consumers compared to any other brand like D&G, Prada, Coach etc.

Sampling procedure

The data were collected from 200 undergraduate students from Bangladeshi private universities in Dhaka. Reason behind choosing private universities from Dhaka because those students studying there are considered to be more fashion conscious compared to that of public universities students. Convenience sampling method is used here which is a non-probability sampling technique.

Research instrument

Brand image and product involvement are the two explanatory constructs in the current studied model of purchase intention of CBPs. The constructs are measured by using 5-point likert scales where 1= strongly disagree and 5= strongly agree. Product involvement has been measured by the scale developed by McQuarrie and Munson (1992) and purchase intention has been measured by Spears and Singh's (2004). These scales have been reported reliable in earlier research. The basic thrust of this study is to determine the key factors that construct brand image which eventually may affect purchase intention for counterfeits. Though the scale developed by

Bian in Bian and Mouthinho (2011) is reported as a reliable one, a fresh look has been taken to reform that brand image scale to conduct the study in Bangladesh. A Principal Component Analysis (PCA) was conducted on the 28 items related to brand image of counterfeit Ray Ban sunglass. Varimax rotation reveals 7 factors with 23 items (all eigenvalues are greater than one), which account for 64.11 percent of the overall variance. These 7 factors indicate a three-group structure i.e. personality (excitement and competence), product

attribute (functional attribute) and benefit (functional benefit, image benefit, safety benefit and satisfaction benefit). To test for reliability of all extracted factors Cronbach Alpha Analysis is conducted. The results reveal that all scales are reliable except satisfaction benefit which has a Cronbach α value of .42. The reason behind that might be it has only two items involved and therefore it is considered acceptable. See Table 1 for the result.

Table 1: Summary of Exploratory Factor Analysis for the Brand Image questionnaire (N=200).

	Rotated Factor Loadings						
Item	Competence	Functional Benefit	Functional Attribute	Excitement	Safety Benefit	Image Benefit	Satisfaction Benefit
Confident	.80						
For Leader	.75						
Successful	.73						
Glamorous	.69						
Classic	.52				.52		
I can throw it away after a while		.82					
The packaging is good		.64					
This product may not function well		.62					
The product is expensive		.58					
The sunglass is UV ray protected		.57					
The product is practical			.78				
They have the			.69				

	F1	F2	F3	F4	F5	F6	F7
style I like							
The materials are good		.51					
This product brings me exclusivity		.51					
Young			.83				
Cheerful			.74				
Independent			.54				
Secure				.73			
Reliable				.64			
The product is a statement of my self-image					.80		
This product can bring me prestige					.52		
This product can bring me fun in buying this						.73	
In buying this product, I get the value for money for the status							.65
Eigenvalues	3.76	3.37	2.51	2.40	2.07	2.04	1.81
% of variance	13.42	12.04	8.97	8.57	7.39	7.27	6.45
A	.84	.78	.76	.73	.72	.57	.42

Note: Only factor loadings over .50 are reported.

CORRELATION ANALYSIS

Table 2 presents the correlations between all studied variables of this study. The correlation analysis gives a partial support for H1 as competence (r= .51, p < .01) shows a significant positive relationship with purchase intention. But the other dimension of brand personality, excitement (r = .06, p > .05), has a non significant relationship with purchase intention of CBP.

Table 2: Correlation Coefficients among Studied variables

	Competence	Functional Benefit	Functional Attribute	Excitement	Safety Benefit	Image Benefit	Satisfaction Benefit	Product Involvement
Competence	-	-	-	-	-	-	-	-
Functional Benefit	-	-	-	-	-	-	-	-
Functional Attribute	-	-	-	-	-	-	-	-
Excitement	-	-	-	-	-	-	-	-
Safety Benefit	-	-	-	-	-	-	-	-
Satisfaction Benefit	-	-	-	-	-	-	-	-
Product Involvement	.247**	.073	.220**	.329**	.016	.033	-.081	-
Purchase Intention	.509**	.294**	.283**	.057	.130	.135	.280**	.317**

Note: **$p < .01$, N= 200

H2 is supported by the correlation analysis output as functional attribute (r = .28, p < .01) shows a positive significant relationship with purchase intention of CBP. H3 is also partially supported by correlation result. Only functional benefit (r = .29, p < .01) and satisfaction benefit (r = .28, p < .01) show a positive significant relationship with purchase intention of counterfeited Ray-Ban sunglass in the context of Bangladesh. But the other two dimensions of perceived benefits i.e. safety benefit and image benefit do now show a significant relation with purchase intention (see Table 2). H4 is rejected by correlation result as none of the brand image dimensions is negatively and significantly related with product involvement of CBP. Though satisfaction benefit shows a negative relationship with product involvement (r = -.081, p > .05) that relation is not significant.

H5 is also rejected by correlation result as product involvement (r = .317, p < .01) failed to show a negative relationship with purchase intention of CBP. To prove H6 the researcher conduct a hierarchical multiple regression analysis for this study.

HIERARCHICAL MULTIPLE REGRESSION ANALYSIS

The hypotheses are tested using a series of hierarchical regression analysis as suggested by previous study (Baron and Kenny, 1986). Results are presented in the Table 2 for product involvement. The first group of models (a) examines the relationship between the independent variable and the mediators (brand image). A separate regression equation is used for each extracted brand image related factor. The second group of regression models

(β) examines the relationship between the proposed mediators (brand personality, attribute and benefit) and the outcome variable. The third group of regression models (τ) looks at the relationships between the independent variable and the outcome variable. Table 3 shows the result of regression analysis.

H1 predicts that perceived brand personality has a positive relationship with consumers' purchase intention of CBP in the context of Bangladesh. The result partially support H1 (Competence: β=.509, p < .05; Excitement: β=.057, p > .05) as only one dimension of brand personality significantly influences purchase intention of counterfeited Ray-Ban sunglass in the context of Bangladesh.

H2 predicts that product attribute has a positive relationship with consumers' purchase intention of CBP in the context of Bangladesh. The result supports the hypothesis (Functional Attribute: β= .283, p < .05). SO it can be said the functional product attribute is a statistically significant positive predictor of consumers' purchase intention of counterfeited Ray-Ban sunglass in the context of Bangladesh.

H3 predicts that perceived benefits have a positive relationship with consumers' purchase intention of CBP. The result supports the

hypothesis (Functional Benefit: β=.294, p < .05; Safety Benefit: β= .130, p < .05; Image Benefit: β= .135, p < .05; Satisfaction Benefit: β= .280, p < .05). All four dimensions of perceived benefits positively influence consumers' purchase intention of counterfeited Ray-Ban sunglass in the context of Bangladesh and this result is statistically significant. However, functional benefit seems to have a stronger influence on purchase intention of CBP as it has a larger beta value compared to other dimensions of perceived benefits.

H4 predicts that there is a negative relationship between product involvement and perceived brand image of CBP in the context of Bangladesh. The result reveals that though product involvement is negatively related with satisfaction benefit (β= -.081, p > .203) but the relationship is not statistically significant. Other dimensions of perceived brand image also do not support the hypothesis significantly to prove a negative relationship with product involvement. Thus H4 is not supported by this regression result. So it can be said that consumers' perceived brand image for counterfeited Ray-Ban sunglass do not vary significantly with various levels of product involvement in the context of Bangladesh.

Table 3: Regression analysis of relationship between product involvement, perceptions of brand image and purchase intention of CBP

	Estimate *a*	Sig	Estimate *β*	Sig	Estimate *τ*	Sig
Mediators						
Competence	.247	.000*	.509	.000*	N/A	
Functional benefit	.073	.250	.294	.000*	N/A	
Functional attribute	.220	.001*	.283	.000*	N/A	
Excitement	.329	.000*	.057	.247	N/A	
Safety benefit	.016	.803	.130	.008*	N/A	
Image benefit	.033	.607	.135	.006*	N/A	

Satisfaction benefit	-.081	.203	.280	.000*	N/A
Outcome variable					
Purchase Intention	N/A		N/A	.071	.133

Note: *p < .05

H5 predicts that product involvement has a negative relationship with purchase intention of CBP in the context of Bangladesh. The regression analysis reveals that the result is statistically not significant ($\beta = .071$, p > .05). Thus the result rejects this hypothesis.

H6 proposes that the relationship between product involvement and consumers' purchase intention of CBP is mediated by consumers' perceived brand image of that CBP. According to Baron and Kenny (1986) there are four conditions to meet to show evidence for mediation effect. The first condition is, the independent variable is related to the outcome variable (τ). Second, the independent variable has a statistically significant effect on the proposed mediator (a). Third, the proposed mediator is related with the outcome variable (β). Finally, when the proposed mediator is entered into regression equation after the independent variable, the mediated effect (aβ) is statistically significant, but the regression weight for the independent variable should be reduced either significantly or to zero. In this study the results demonstrate that the independent variable, product involvement, is not significantly related to the mediator, brand image. Also the independent variable is not significantly influencing the outcome variable, purchase intention, as well. As the first two conditions of mediation effect are not met, there is no need to conduct further mediation effect tests. H6 is thus not supported by this study result.

FINDINGS AND DISCUSSION

The objective of this study was to determine the factors responsible for influencing consumer's purchase intention of counterfeited Ray-Ban sunglass in Bangladeshi context. Also this study try to find out whether the relationship between product involvement and purchase intention is mediated by consumers' perceived brand image of Ray-Ban sunglass. The result of this study is discussed as follows.

This study shows that product involvement has no effect on consumer's purchase intention of counterfeited Ray-Ban sunglass in the context of Bangladesh. So it can be said that no matter whether the consumers' involvement level is high or low with the purchasing a sunglass, it will not affect consumers' purchase intention when it is a counterfeited Ray-Ban sunglass specially in Bangladesh. An explanation for this result can be provided which is a consumer may use a counterfeited branded sunglass in a different situation. As this study is conducted on undergraduate students, they may prefer to use a counterfeited sunglass only in places where the possibility of massive public exposure is less, for example, when they are going out for a long drive. In case of possibility of more public exposure, they may buy and use an authentic branded sunglass.

This research also proposes that when product involvement is high, consumers' do not hold a negative perception about counterfeited Ray-Ban sunglass. The result of this study shows that the conventional theories of brand image not necessarily be applicable for CBPs in every cases. For counterfeited luxury branded products, consumers' product involvement level plays no major role to influence their perception about a counterfeited branded product. This result shows that consumer behavior actually varies a many ways in case

of CBPs which is yet to be explored. The researcher must admit that counterfeiting phenomenon is a less studied field in the context of Bangladesh. So many other aspects of consumer behavior need to be considered. A particular aspect of Bangladeshi market is the consumers here are less knowledgeable about branded products. Their knowledge level too may play a role to create brand perception of CBPs which has not been considered here in this study. Also it is a question to explore whether the Bangladeshi consumer consider an original branded product and a counterfeited branded product equally. Do they think the brand personality is same for CBPs and the original branded product? They question is yet to be answered in future study.

Moreover, this research shows that 6 out of 7 brand image factors have a strong influence on consumers' purchase intention of counterfeited Ray-Ban sunglass in the context of Bangladesh. It shows that as Bangladeshi consumers have a stronger image about Ray-Ban sunglass, their intention to buy a pair of counterfeited one is higher. This is an alarming situation for original Ray-Ban sunglass maker and also for market policy makers. It means consumers will purchase more counterfeited goods if those brands have a positive image in the market. As consumers' perceived benefit level (functional benefit, safety benefit, image benefit, and satisfaction benefit) will go up for a CBP, they will be more prone to actually buy that. Product attributes and brand personality will also play similar role in this case. If consumers' start holding the idea that a CBP is actually a lower graded version of an original branded product which will only give much lower advantages, may be then consumers' will prevent themselves from purchasing a CBP. Marketers may conduct consumer awareness campaign to portray the difference between original branded product and CBP. Need to remember that, Bangladesh is a developing country where people's average income is quiet low. As there is always a relation exists between

income and purchase intention, future study may consider bringing this topic into highlight for Bangladeshi market.

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APPENDIX 1

Figure 1: Hypothesized relationship between product involvement, brand image and purchase intention of CBP.
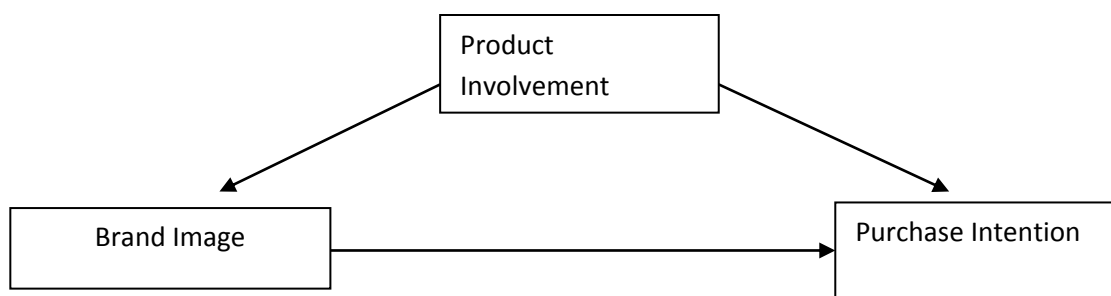
[08]

CITY BRANDING: INTRODUCING A NEW THEORETICAL FRAMEWORK WITH SOCIAL RESPONSIBILITY OF THE CITY AND CONTRIBUTION OF THE CITY TO THE METROPOLITAN AREA

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ABSTRACT

Among marketing researchers the importance of brands and especially brand loyalty for companies is well acknowledged (Muzellec & Lambkin, 2009). Among non-profit organizations, city branding has become a rapidly growing research domain (Lucarelli & Berg, 2011). Recently, the concept of brand attitude to living in the city has been studied extensively (Merrilees, Miller, & Herington, 2011, 2012, 2013). The present paper continues this research stream by providing a theoretical model where this concept is explained by four other concepts: social responsibility of the city, contribution of the city to the metropolitan area, city brand identification and city reputation. These concepts are based on previous research in the fields of marketing and management but adapted to the context of the study. Social responsibility of the city has its background in the concept of corporate social responsibility (He & Li, 2010; Marin, Ruiz, & Rubio, 2008), which is a driver of brand loyalty (Marin et al., 2008; Vallester, Lindgreen, & Maon, 2012), and brand value (Melo & Galan, 2011). Likewise, the concepts of city brand identification and city reputation have been developed using the research on brand identification (Lam, Ahearne, Mullins, Hayati, & Schillewaert, 2013; Mael & Ashforth, 1992) and corporate reputation (Lai, Chiu, Yang, & Pai, 2010; Wang, Kandampully, Lo, & Shi, 2006). The paper contributes to the literature by providing a theoretical framework that can be used both to study the city brand attitudes and to develop the attractiveness of a city.

Keywords: city branding, social responsibility, brand loyalty, city reputation

[09]

CREATION OF BRAND EQUITY: TRADITIONAL MEDIA VS SOCIAL MEDIA

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ABSTRACT:

The media landscape has undergone an enormous transformation over the past decade. Social media, i.e. social networks or micro blogs, are increasingly replacing conventional media, and the new marketing opportunities seem unlimited. Consumers are becoming fans of brands on social media platforms and using social media as an increasing source of information about brands leads to the assumption that social media in addition to traditional marketing communication instruments exerts an important impact on a brand's success. The viral diffusion of information through social media has a far greater capacity to reach the public than "short tail" – media such as TV, radio, and print advertisements. The purpose of this study is identifying the impact of brand communication on brand equity through social media as compared with traditional media. The research data were collected through online survey and total of 276 participants completed the questionnaire. The study is descriptive in nature with the sampling method being simple random sampling. Regression and analysis of variance was adopted in this analysis to identify the interplay of social media on traditional media. The results of this empirical study proved that both traditional media and social media have significant impact on brand equity.

Key words: Social media, brand equity, traditional media, brand awareness

INTRODUCTION:

The media landscape has undergone an enormous transformation over the past decade. Social media, i.e. social networks or micro blogs, are increasingly replacing conventional media, and the new marketing opportunities seem unlimited. Consumers are becoming fans of brands on social media platforms and using social media as an increasing source of information about brands leads to the assumption that social media in addition to traditional marketing communication instruments exerts an important impact on a brand's success. Companies invested more than 1.54 billion dollars for implementation and support of social media communications in 2008. This tremendous growth in social media is unlimited, as investments are expected to increase more than 3 billion dollars per year by 2013.

The rapid growth of social media has raised the question of whether this development has diminished the management's control over brand management. As social media offers an opportunity to millions of consumers around the world to talk to other consumers, so companies are no longer the sole source of brand communication. Moreover the customers who were using traditional media such as TVs, Magazines etc are turning to social media to gather more information about the brands and the product. Today consumers are willing to buying more branded products through social media rather than traditional media as they believe and trust the information what social media provides. Nearly 74% active internet users are there in India (IMRB) who

uses social media. A study conducted by Nielson (2009a) 70% of the internet users' trust the evaluations of the consumers on the social media. Today marketing companies are taking more interest to promote their brands by communicating in social media platforms. Also consumers communicate which is called as user generated social media communication which is more powerful than company's communications. This is highly essential for a company as firm created brand communication can be controlled by company or brand manager whereas user generated communication is independent and not controlled by the company.

REVIEW OF LITERATURE

Consumer-to-Consumer Communication:

Duan et.al (2008) explains the emergence of social media facilities consumer–to-consumer communications and accelerates communication to unknown consumers too. In this context Godes and Mayzlin (2004) explain that social media platforms are cost effective and simple alternative for accessing and gathering consumer –to-consumer communication. Liu(2006) confirms the impact that consumer-to-consumer communication has increased the company's revenue, in particular box-office revenue. De Bruyn and Lilien (2008) analyzed the consumer-to-consumer communication in different stages of viral marketing consumer's decision making process.

Marketing communications on marketing outcomes:

Simon and Sullivan (1993) developed a measurement model of brand equity identifying marketing communications as one of the driving source of brand equity. Yooet.al(2000) studied that marketing communications put forth a positive influence on perceived brand quality as well as brand loyalty, brand associations and brand

awareness. But however the previous research concerning the relationship of marketing communications and brand quity focus only on traditional instruments of marketing communications (Aaker, 1991; Yoo et.al., 2000; keller and lehmann, 2003).

Trusov et.al. (2009) analyzed the relative influence of referrals compared to the traditional instruments of marketing communications on the membership growth of social media platform. The results proved that word of mouth referrals positively influence membership growth and have a substantially longer carryover effect than traditional marketing activities. In this context Stephen and Galak (2009) investigated on social media and traditional media affect sales, identified by the number of loans and the size of loans allocated to new and existing members of a micro-financing website. They demonstrate that both social media and traditional media have strong effects on marketing activities. However the author reveals that the effect of traditional media is stronger than social media.

The literature review demonstrates that consumer-to-consumer communication affects marketing outcomes. Bruhn et.al (2012) states that there is an impact on brand equity from both traditional media and social media, the study compared three different industry and concluded that both traditional and social media influence brand equity. But still there remains unclear from both traditional media and social media on target variables of brand management. This study builds on the research gap by investigating the individual impacts of social media versus traditional media on brand equity. To sum up this research aims at broader understanding of the roles and mechanisms of traditional and social media communication.

### CONCEPTUAL FRAMEWORK AND HYPOTHESES DEVELOPMENT:

Keller and Lehmann's (2003) brand value chain has been considered to build the

conceptual model. Brand value chain focuses on different levels of effects caused by marketing mix efforts but the traditional brand value focuses on company oriented marketing communications and therefore does not consider the impact of communications on social media platforms. This gap has been identified and this paper and modified on both company and consumer communication activities. There are four levels in the basic structure of brand value chain: first the sender of the brand –based communication, second the consumer's mindset consisting of brand awareness and brand image, third consumer behaviour as reflected by word of mouth or purchase intention, fourth company financial performance in terms of turnover and market share.

The 2nd and 3rd level constitutes the consumers based brand equity which is termed as brand strength (Keller 2008).The focus of this study is to investigate the relative impact of company controlled and user generated brand communication on consumer based brand

equity and therefore relates to the first three levels of brand value chain. This brand value chain are constituted by companies marketing communications, includes both traditional media and as well as firm created social media and the communication between consumers i.e. user generated social media communication. Thus the study divides communication into traditional tools of brand communication and firm created and user generated social media communication. Consumers mindset is divided into two dimensions namely brand awareness and brand image. Here the brand image is further divided into hedonic and functional, following the differentiation made by Park and srinivasan(1994) between brand associations related to product's attributes and brand associations unrelated to its specific attributes. Consumers mindset influences actual behaviour of the consumers as a result of unobservable decision making process and purchase intention is considered as the behavioural outcome variable.

CONCEPTUAL FRAME WORK
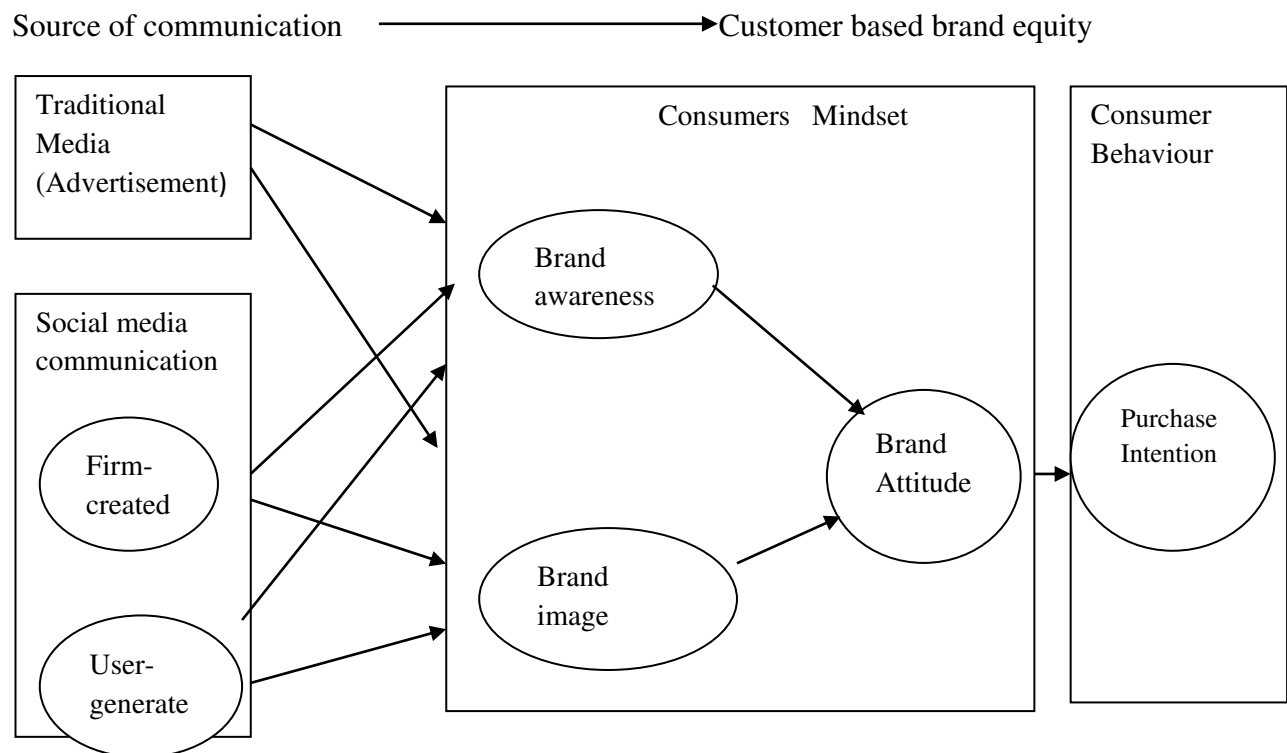
Communication stimuli trigger a positive effect in consumer so that the communication positively influences awareness and image of a brand The brand communication is positively associated with brand equity as long as the communication leads to favorable consumer reaction to the product compared to the equivalent non-branded product (Yoo et.al.,2000). Social and traditional media play an important role in improving the brand equity and thereby simplifying consumer's brand choice (Yoo et.al. 2000). Marketers always aims to present their brand by communicating in both traditional and firm created social media, it is assumed that a positive evaluation of traditional tools of communications and firm created communication will positively influences brand awareness and brand image.

H1. A positive evaluation of brand based traditional media communication influences brand awareness and brand image.

H2. A positive evaluation of brand based firm created social media communication positively influences brand awareness and brand image.

Regarding user generated social media communication; it is not generally amenable to marketing communication or company control. Hence positive as well as negative brand related user generated social media communication may lead to high level of satisfaction and therefore are expected to increase brand awareness regardless whether the content influences positively or negatively.

H3. A positive evaluation of brand based user-generated social media communication positively influences brand awareness

The overall reaction of the brand is represented by brand attitude. According the theory of reasoned action (Fishbein and Ajzen,1975) attitude comprises a combination of brand based associations of attributes and benefits assuming that brand attitude is influenced by brand awareness and brand image. The brand awareness effect on brand attitude based on user generated social media communication has taken into account. Both positive and negative user generated social media communication influences brand attitude through brand awareness. We assume that two possible indirect effects on brand attitude. If the consumers' brand awareness increases positively, then there will be positive indirect effect on brand attitude and due to negative brand awareness, there will be negative indirect effect on brand attitude. The previous research results, which shows that word of mouth has significant impact on brand awareness (Godes and Mayzlin 2009, Yoo et.al., 2000) the study assume this overall positive effect on brand attitude when weighting the impact of the three forms identically. But however the relationship should be positive/negative of the user generated social media communication. Thus the hypothesis

H4: Brand awareness and brand image positively influences brand attitude.

The brand attitude further has a strong influence on purchase intention as this is considered to be a good indicator for behavioural intention. Studies also reveal that attitudes lead to purchase intention (Wang 2009).

H5. Brand attitude positively influences brand purchase intention.

METHODOLOGY:

Data collection was done through standardized online survey. The participant of this survey includes 276 who completed the questionnaires. The sector used for this study is telecom and is considered based on the relevance and they highly spend on social media. Moreover in India 49% of the users fall under the category of 18-24 years of age group who prefer to buy in social media and 76% of the population using social media are males (http://www.socialsamosa.com). The

participants indicated all the brands , from a selection of 10 best selling brands in the country which is recognized on social media platforms. This is based on the assumption that regardless the age's group consumers are exposed to each of best selling brands via traditional media as they have heavily invested. But however this does not hold for social media because of two reasons 1. Not all age groups are represented on social media platforms 2. Social media platforms are visited selectively by users as each one has its own focus. So the study ensured that participants had actually perceived a specific brand on social media in order to be eligibly participating in the survey. From the selection of brands by each participant's, randomly one brand was assigned to them. Possible bias for choosing a brand was avoided as there might be personal positive evaluation on the brands.

RESULTS AND ANALYSIS:

Regression Analysis:

The impact of traditional media communication, firm created communication and user generated social media communication on Brand awareness was studied. The F value is 80.897 (p<.05) and was significant. The R square value is .472 which means that 47.2% of the variation in brand awareness was explained by three sources of communications that is traditional media communications, firm created communications and user generated communication.

The impact of traditional media communication, firm created communication and user generated social media communication on Brand image was studied. The F value is 453.343 (p<.05) and was significant. The R square value is .833 which means that 83.3% of the variation in brand image was explained by three sources of communications that is traditional media communications, firm created communications and user generated communication.

Regression analysis was conducted to study the impact of brand awareness and brand image on brand attitude. The F value is 203.325 (p<.05) and was significant. The R square value is .598 which means that 59.8% of the variation in brand attitude was explained by brand awareness and brand image.

Regression analysis for brand intention on purchase intention and the results are below.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.905[a]	.820	.819	1.264

a. Predictors: (Constant), brndatti

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1992.661	1	1992.661	1.247	.000
	Residual	437.698	274	1.597		
	Total	2430.359	275			

a. Predictors: (Constant), brndatti

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.905[a]	.820	.819	1.264

b. Dependent Variable: purcint

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.132	.368		-3.074	.002
	Brndatti	1.123	.032	.905	35.319	.000

a. Dependent Variable: purcint

The F value is 1.247 (p<.05) and was significant. The R square value is .820 which means 82.0% of the variation in purchase intention was explained by brand attitude.

ANOVA:

1. Table showing research variables in relation to age

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Firmcrea	Between Groups	17.317	1	17.317	2.876	.091
	Within Groups	1649.680	274	6.021		
	Total	1666.996	275			
Usergen	Between Groups	43.040	1	43.040	9.006	.003
	Within Groups	1309.510	274	4.779		
	Total	1352.551	275			
Traditi	Between Groups	34.099	1	34.099	4.762	.030
	Within Groups	1962.191	274	7.161		
	Total	1996.290	275			

Results indicated that there was a significant difference in user generated communication and traditional media communications (F=9.006,4.762 p<.05) among the different age groups of respondents.

Results indicated that there was a significant difference in firm created and user generated social media communications (F= 9.023,8.932 p<.05) among the different education groups of respondents.

Results indicated that there was a significant difference in traditional media communications (F=6.031, 7.034 p<.05) among the different occupation and gender of the respondents.

SUGGESTIONS:

The investigation shows that traditional media communication, firm created social media communication and user generated social media communication strongly influences both brand awareness and brand image relatively highlighting the importance of implementing a wide range of social media communications in the industry. Also brand awareness and brand image influence brand attitude in turn influencing the purchase intentions of the respondents. So firm should be very clear and careful in setting the strategies for communicating both in social media and traditional media for creating the brand equity. Further social media offers company numerous opportunities to list to their customers, engage them and also influence them. Companies should view social media as a essential component of their marketing mix and try to integrate them in their marketing communications in order to increase brand equity. The rising trend of using social media will definitely influence for creating the brand equity of the firm in future. Moreover the cost involved for communication in social media is low when compared to the traditional media instruments such as advertisement, T.V channels etc. So the firms can take the

advantage of using social media for their marketing communications to reach their customers and create customer based brand equity.

LIMITATIONS AND FUTURE RESEARCH:

The following limitations of the study need to be acknowledged. The study uses advertisement as a proxy for traditional instrument for communications; future researchers can adopt the other instruments for marketing communications. The future research can also be investigated in various industries as this would yield a clear indication for various mechanism operating with different brands.

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[10]

DEVELOPED VS. DEVELOPING MARKETS: COMPARATIVE ASPECTS

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ABSTRACT

The word market has got a vast and varied connotation. It is something like "Sound market in sound nation" as that of "Sound mind in sound body". We often use the term as a "Market Leader" which means it is a nation with a control over the market. Market makes a nation strong. In strong or developed nations, market is strong. In developing nation market is also developing, means, market is local or domestic and not international or transitional, if it is there to some extent, certainly, it is not global. Its export is pigmy by world standard. Its economy is agro based. Balance of trade and payment is not favorable. On the contrary, developed market means market with potential. It is a country that is most developed in terms of its Economy and capital markets. The country must be high income. It also includes openness to foreign ownership, ease of Capital movements, and efficiency of market institutions. Its export is greater than the import. Money moves with a great velocity which ultimately creates more transactions. It has a favorable balance of trade and of payment. People enjoy a lavish life. There GDP is also higher as compared to that of developing economies or markets. The GDP of developed nations is in two digits plus. In case of developing nation it is less than two digits.

Keywords: Economy, Balance of trade and payment, Market Leader

INTRODUCTION

Human occupation is classified into three types viz. Employment, Profession and Business. Business refers to all commercial activities taking place in a particular nation. Business gives rise to a market which gives boost to velocity of money which ultimately results in growth and development of the economy.

Market is a part of the overall economy of a nation. Market and economy depends upon each other. Economic development depends upon the market and the market depends upon the economy of the nation.

We classify nations into three types viz, underdeveloped, developing and developed nations. There are various ways by which we can compare the nations. The main factors of comparison are GDP, per capita income, balance of trade and payment etc*[1]. In developed nations, markets are strong and costumers have more purchasing power. The word market has got a vast and varied connotation. It is something like "Sound market in sound nation" as that of "Sound mind in sound body". We often use the terms as a "Market Leader" which means it is a nation with a control over the market. Market means customers who make the nation strong.

"Market makes a nation strong". In strong or developed nations, market is strong. In developing nation market is also developing, means, market is either local or domestic and not international, if it is there to some extent,

certainly, it is not global. Its export is pigmy by world standard. Its people are seen to be trapped in the vicious circle of poverty. Its economy is agro based. Balance of trade and payment is not favorable.

On the contrary, developed market means market with all round potential. Its export is greater than the import. It is a country that is most developed in terms of its economy and capital markets. The country must be high income. It also includes openness to foreign ownership, ease of capital movement, and efficiency of market institutions. Its export is greater than the import. Money moves with a great velocity which ultimately creates more transactions. It has a favorable balance of trade and of payment. People enjoy a lavish life. Their GDP is also higher as compared to that of developing economies or markets.

Table 1

Comparison of underdeveloped, developing and developed markets/Economy

Sr. No.	Factors	Underdeveloped Economy	Developing Economy	Developed Economy
1	Social Structure	Caste based Social pattern,	Caste, religion based pattern, little improved	Mostly commercial,
2	Manpower utilization	Very low hidden unemployment	Medium, Some unemployment	High Latest technology
3	Education	Traditional	Growing engineering and technological Institutes	More practical, need based technological
4	Manpower Skill	Unskilled	Semi-skilled	Skilled
5	Base of economy	Agro based, livelihood on	Agro, production sector	Dominance of service sector
6	Per capita income	Low	Medium	High
7	Public system management	Poor	Satisfactory	Good
8	Sector wise analysis	Week service sector, Strong agro- sector	Medium service sector, Medium agro -sector	High service sector, Weak agro -
9	Market	Less developed	Medium developed	Highly developed

10	Technology	(Low) Not available	(Medium) Somewhat available	(High) Latest technology available

Source: World Census Report (Wikipedia)

In the above given table only prominent factors have been considered. Some other factors are also there which are given below:

1. Type of Government and Government Policies

2. Prominent market structure available

3. Future prospects of nation

4. Alignment with other nations (SAARC Countries, G6 Nations etc.)

5. Saving and spending habits of the people.

6. Mechanism for employment generation

7. Population

8. Utilization of available resources

9. Size of market in terms of capitalization and total no of listed companies

If we continue with this little bit then it may increase further. The role of nation is very important in getting itself developed. Some nations have built their own status in some respect. China often leads the Olympics. USA is ahead in its military base. Japan is ahead in electric gadgets. Taiwan is ahead in hardware etc. These nations have maintained their status by dint of devotion, determination and dedication. In India, economic freedom have a potential impact on better integration of labor market, better labor quality and created employment opportunity [2]

As on July 16, 2012 the International Monetary Fund (IMF) labels the following countries as "Emerging economies"

Argentina	Indonesia	Poland
Brazil	Latvia	Romania
Bulgaria	Lithuania	Russia
Chile	Malaysia	South Africa
China	Thailand	Columbia
Mexico	Turkey	Estonia
Pakistan	Ukraine	Hungary
Peru	India	Philippines

Emerging Markets:

An emerging market is a nation with social or business activity in the process of rapid growth and industrialization. China, India, Brazil, Mexico, Indonesia and Turkey etc. are emerging markets

Table2

Following table shows emerging markets by each group of analysts

Emerging Markets by Each Group of Analysts

Country	IMF	BRICS + Next Eleven	FTSE	MSCI	The Economist	S&P	Dow Jones	BBVA	Columbia University EMGP
Argentina	✓						✓	✓	✓
Bahrain							✓	✓	
Bangladesh		✓						✓	
Brazil	✓	✓	✓	✓	✓	✓	✓	✓	✓
Bulgaria	✓						✓	✓	
Chile	✓		✓	✓	✓	✓	✓	✓	✓
China	✓	✓	✓	✓	✓	✓	✓	✓	✓
Colombia		✓	✓	✓	✓	✓	✓	✓	
Czech Republic			✓	✓	✓	✓	✓	✓	
Egypt		✓	✓	✓	✓	✓	✓	✓	
Estonia	✓						✓	✓	
Greece				✓					
Hong Kong					✓				
Hungary	✓		✓	✓	✓	✓	✓	✓	✓
India	✓	✓	✓	✓	✓	✓	✓	✓	✓
Indonesia	✓	✓	✓	✓	✓	✓	✓	✓	
Iran		✓							
Israel									✓
Jordan							✓	✓	

Emerging Markets by Each Group of Analysts

Country	IMF	BRICS + Next Eleven	FTSE	MSCI	The Economist	S&P	Dow Jones	BBVA	Columbia University EMGP
Kuwait							✓	✓	
Latvia	✓						✓	✓	
Lithuania	✓						✓	✓	
Malaysia	✓		✓	✓	✓	✓	✓	✓	
Mauritius							✓	✓	
Mexico	✓	✓	✓	✓	✓	✓	✓	✓	✓
Morocco			✓		✓	✓	✓	✓	
Nigeria		✓						✓	✓
Oman							✓	✓	
Pakistan	✓	✓	✓				✓	✓	
Peru	✓		✓	✓	✓	✓	✓	✓	
Philippines	✓	✓	✓	✓	✓	✓	✓	✓	
Poland	✓		✓	✓	✓	✓	✓	✓	✓
Qatar							✓	✓	
Romania	✓						✓	✓	
Russia	✓	✓	✓	✓	✓	✓	✓	✓	✓
Saudi Arabia					✓				
Singapore					✓				
Slovakia							✓	✓	
Slovenia									✓

Emerging Markets by Each Group of Analysts

Country	IMF	BRICS + Next Eleven	FTSE	MSCI	The Economist	S&P	Dow Jones	BBVA	Columbia University EMGP
a									
South Africa	✔	✔	✔	✔	✔	✔	✔	✔	✔
Sri Lanka							✔	✔	
South Korea		✔			✔	✔		✔	✔
Sudan								✔	
Taiwan			✔		✔	✔		✔	✔
Thailand	✔		✔	✔	✔	✔	✔	✔	✔
Turkey	✔	✔	✔	✔	✔	✔	✔	✔	✔
Tunisia								✔	
UAE			✔				✔	✔	
Ukraine	✔							✔	
Venezuela	✔							✔	
Vietnam		✔						✔	

Source: Emerging Markets: Wikipedia, The free encyclopedi

In Emerging markets the development is seen as a "technology driven" it is to be seen in light of the process of market creation it engenders, which in turn lead to the analysis of the limiting factors, thus giving a solid base to the analysis of growth prospects.[#]

Once a technology is developed, it becomes available everywhere in the world. It ultimately results in the emergence of global market[*3]

DEVELOPED MARKETS

Developed market is a country that is most developed in terms of its economy and capital markets. The country must be high income, but this also includes openness to foreign ownership, ease of capital moment, and efficiency of market institution.

AS OF MARCH 2012, RUSSELL INVESTMENTS CLASSIFIED THE FOLLOWING 26 COUNTRY AS DEVELOPED MARKETS:

Australia	Hong Kong	Norway
Austria	Iceland	Portugal
Belgium	Ireland	Singapore
1Canada	Israel	Spain
Denmark	Italy	Sweden
Finland	Japan	Switzerland
France	Luxembourg	United Kingdom
Germany	Netherlands	United States
Greece	New Zealand	

CRITERIA MET BY DEVELOPED COUNTRIES:

1) They are high income Economies.
2) Active monitoring of market by formal stock market regulatory authorities.
3) Non or selective incidence of foreign ownership restriction.
4) Free and well developed equity market
5) Free and well developed foreign exchange market
6) Non or simple registration process for foreign investment
7) Rare incidence of failed trades (easy & early settlement)
8) Sufficient competition to ensure high quantities broken services
9) Efficient trading mechanism
10) Transparency– market depth information /visibility and timely trade reporting process
11) Developed derivatives markets
12) Total number of listed companies

SUM UP:

It is indeed a fact that there is gap between underdeveloped, developing and developed nation. Underdeveloped nation needs to penetrate the advanced technology for social wellbeing. Quality of education is the ray of hope and the concept of globalization shall boost the economy. For developed market, a developed nation is required. Domination of the developed countries is always

Observed in all sort of trade agreement and the same fact was revealed in Dec 1996 when Singapore hosted the first biennial ministerial meeting of the WTO*[4]

Developing nation as a whole consider itself as a big corporate house which has to stand out of the crowd for building its image individually and for global marketing activities collectively.

Underdeveloped nation needs to be given a special status for their progress. There is need of time bound developmental program so that within coming decade they all will come at par within developed nation. It is sometimes like a picture "poverty any where is a danger to prosperity everywhere". Hence it is the sole

responsibility to developed nation to provide every facility to underdeveloped nations so that it will image a strong and powerful market.

Developing nation is a capital deficient nation. Hence, is always in search of capital from abroad, especially from non residential nationals. We have a globalized and liberalized economy where market is open for all. License raj is abolished and it now attracts others to invest in a developing nation like India which has adopted the policy of liberalization, privatization and globalization

The GDP of developed nations is in two digits plus. In case of developing nation it is less than two digits. Full employment, living wages, more per capita income, better public system management, better governance, rational utilization of the available resources etc are some of the factors to be required for the same, and for this, citizens have to work hard and that to the fullest of their skills and capacity. Their devotion and dedication can prove true for market development and growth and for this we all have to take oath to work hard with hand in hand for the noble cause of eradication of poverty and illiteracy from almost all part of the globe.

At the end, I would like to sum up my thoughts by laying down stress upon a stanza of a poem I have studied recently.

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Wikipedia & press release

[11]

ANALYSIS OF TOURISM AND FASHION RETAILING;

A SRI LANKAN PERSPECTIVE

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ABSTRACT

Sri Lankan tourism industry has been experiencing a rapid growth both in terms of tourist arrivals and in foreign exchange revenues. The Government of Sri Lanka has identified tourism as a major growth area in post-conflict development, aiming to attract 2.5 million tourists by 2016. Furthermore fashion retail sector today too has shown significant market growth. Local retailers are expanding their scale and scope whilst global retailers continued to enter. In this context, the purpose of this study was to investigate, to what extend Sri Lankan fashion retail sector has grasped tourism market opportunities. Research has adopted a quantitative research methodology. Judgmental sampling of the non probability sampling criteria was chosen. The questionnaire survey was built according to the marketing mix factors to assess whether Sri Lankan fashion retail sector offers a products that leads customer satisfaction, which was priced accurately, sell using appropriate distribution methods using suitable promotional tactics to seize tourism market potentials. Results revealed that retailing and marketing approaches in terms of product, price, place and promotion are not focused exclusively to meet the demands of tourist market segment. Therefore, retailers should implement proper market growth strategies to fully gain advantages of this so far less explored market opportunity.

Keywords: Tourism, Fashion Retailing, Marketing, Customer Satisfaction

INTRODUCTION

Fashion retail industry is a novel and emerging sector in Sri Lanka. It was almost non-existent about three years ago while today it is estimated that local retailers are earning over 10 million US dollars annually (Dias, 2011). Moreover, they have the potential to reach up to US$500 million in the next few years (Dias, 2011). "In witnessing the growth of the fashion industry, the retail market is likely to grow by 50% of the number of pieces made or displayed and sold" (Dias, 2011).Prior to the 1990s, Sri Lanka was a closed economy. The retail sector majorly consisted of small privately owned single stores that did not have corporate management and were known as traditional retailers (Liyanage and Jayawardana, 2013). However, over the past few years especially after war conflicts, Sri Lankan fashion retail sector have rapidly expanded and the number of retailers have increased. This positive macro environment background has not only benefited domestic retailers but also has attracted international retailers. As to 2013 Global retail development index, Sri Lanka titled as "Sri Lanka, thriving with fresh investment ranks fifteenth with a market attractiveness of 16.6 %" (Kearney, 2013). In essence, fashion retail industry today is at a forefront of success due to the positive macro environment changes such as post -war economic developments, growing middle class, changing consumer demands mainly due to the western cultural influences,

improvement of infrastructural facilities, technological advancements etc.

Sri Lanka has been a tourist hub for many centuries. According to Lokuhetty *et al.,* (2013), Sri Lanka commenced organized tourism since 1966. Peace dawn in 2009 has resulted massive social and economic conflicts in the country, which also brought enormous benefits for tourism industry. Sri Lanka today is one of the fastest growing tourism destinations in the world and strategies have set towards transferring it towards the Asia's foremost tourist destination (SLTDA, 2013). As to Fernando and Jayewardene (2013) in 2012, Sri Lanka exceeded one million tourist arrivals for the first time and 500% increase of tourism foreign exchange earnings from US $500 million to US $ 3 billion. "Sri Lanka is capable of attracting a million more than the original number of 2.5 million tourists by 2016". However, Sri Lanka's tourism industry lacks innovation and creativity to attract and benefit from visiting tourists, relying only on conventional methods to do so.One graving issue is low level of marketing information and knowledge about export marketing with hardly any marketing activities (Dailymirror, 2013).

As to travel industry, people who travel is known as tourists. These tourists are person who travel outside their usual environment for leisure, business, shopping or other purposes. Tourism is one of the worlds' largest industries and shopping is reported to be the most preferred activity for tourists (Kinley *et al.,* 2002).Many studies have shown that tourists spend about one-third of their total tourism expenditure on shopping (LeHew and Wesley, 2006). Typically tourists do not go shopping with an exact list; rather shopping becomes a by-product of their travel experience. Whilst shopping, tourists base their purchasing decisions on variety of factors such as high quality, well designed products and easy to carry (LeHew and Wesley,2006).The exclusive design features of

the product enhance the tourism experience by giving the tourists a special memory about their journey (Alegre and Cladera, 2010).

As mentioned in SLTD (2010), retail is one of the prime areas that Sri Lanka should concern when looking towards to being Asia's next tourism success. Asian countries like Thailand, Singapore, Hong Kong, India and Indonesia are promoting themselves as tourist destinations as well as shopping paradise (Heung and cheng, 2000). Even though Sri Lankan is promoting itself as an ideal tourism destination, in here Sri Lanka as a shopping hub is merely mentioned .Yet as to SLTDA (2010) a very high percentage (87%) of foreign tourists choose Sri Lanka for holiday and pleasure purposes. In essence, Sri Lanka fashion retail sector could easily grasped tourist shopping opportunities. Being a well known apparel manufacturer for global fashion industry would surely be a core competence in reaching this goal.

Although Sri Lankan fashion retail sector is creating a home for retailers where growth and success are in the forefront, less amount of research has been done so far to asses different issues involved in the industry ,therefore to gain benefits from the opportunities in the market for instance tourism growth.

OBJECTIVE

The main objective of this research is to evaluate how far Sri Lankan fashion retailers have penetrated tourist market opportunities for their business growth. Based on this research objective the main research question of this investigation is;

To what extent Sri Lankan fashion retailers have penetrated tourism market?

METHODOLOGY

The research question called for an approach, which measured to what extend Sri Lankan fashion retailers have focused on growing

tourist market opportunities. As a result a marketing survey was conducted to measure the industry parameters quantitatively .Judgment sample of the non probability sampling criteria was selected as the sampling method. The population of the study was 52, consisted of managerial and non-managerial participants such as designers, product developers, merchandisers, marketers from selected local fashion retailers. The survey questionnaire was built according to the marketing mix factors (Cole and Kelly, 2011). Questionnaire consisted of 15 questions and the survey was carried out between April to June 2013. First few questions of the questionnaire were set to assess the industry

maturity. The majority of the questions were focused mainly on to what extend fashion retailers have grasped tourism market opportunities by offering them a product that leads customer satisfaction. Furthermore, questioner was build to evaluate retailer's knowledge on offering a product, which has accurately priced. Retailer's attitudes towards product distribution and how well they had expanded their retail business have also been identified. Survey was also aimed to identify how far retailers are focused on having the most suitable promotional tactics and how broad their knowledge on retaining and attracting tourist customers via a better promotional mix.

RESULTS AND DISCUSSION
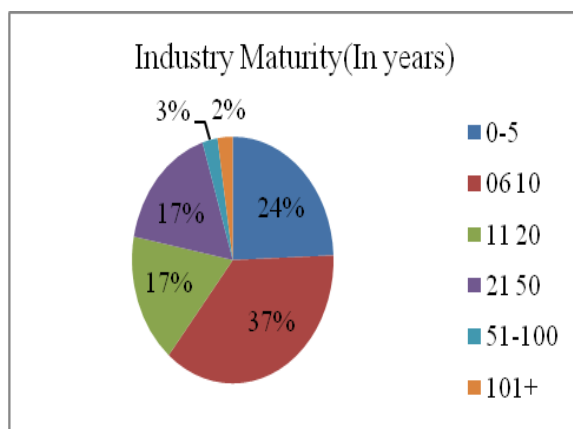
Figure 2-Industry Maturity

According to Figure 2 majority (61%) of the fashion retailers have been in the industry for 0-10 years and only 5% of the retailers have claimed themselves as been in the business for
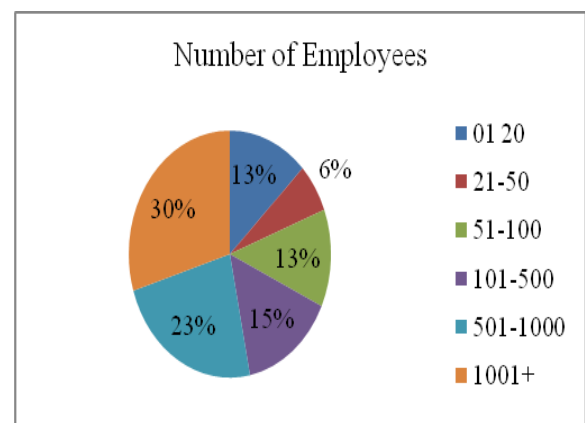
Figure 2-Number of Employees

more than 50 years. When assessing the employee numbers, it reveals that 30% consists of employees over 1000 which means majority (70%) of the firms has employees up to 1000 (*Figure 2*)

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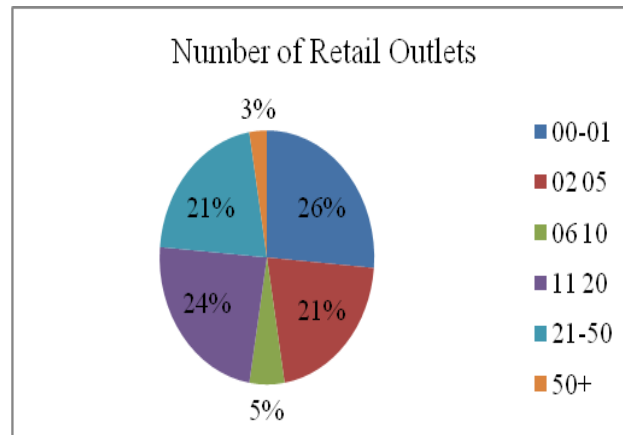
Figure 3 -Number of Retail Outlets

Figure 3 depicts the percentage of retail outlet in numbers. It reveals that a large amount of retailers (52%) only have 1-10 retail outlets. In essence these research data embodies that the Sri Lankan fashion retailing sector is domain by immature retailers and as a whole it is still a novel sector in the country.
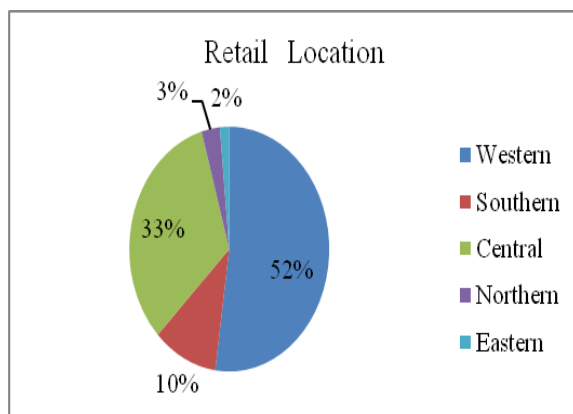
Figure 4 -Retail Location

Figure 5 -Choice of Distributions

Place and the distribution system are fundamental for developing a successful business because using a wide distribution network to sell a product can improve sales and profitability. (Chen and Lai, 2009).However research reveals that majority (52%) of retailers have based their distribution activities in Western Province (*Figure 4).*

According to SLTDA (2010) ancient cities (Central) and coastal areas have a significant increase in tourist flows in recent years. In essence, local fashion retailers could expand their retailing in said regions, increase retail availability, improve distribution facilities, and also offer more choice of distribution to enhance tourist shopping satisfaction.
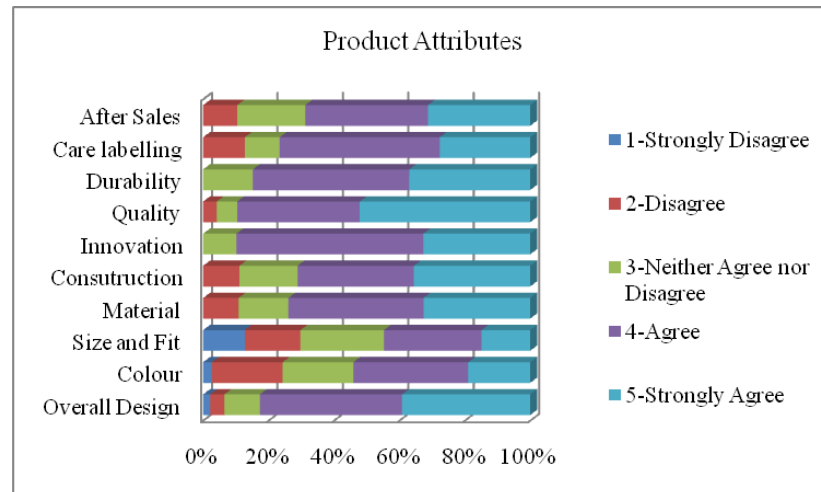
Figure 6-Product Attributes

Research data depict that retailer's focus on color as well as fit and size of the fashion products is lacking. Furthermore, retailers focus on the material and construction of the product too is not significant but higher than color and fit (*Figure*). Color is an essential element in a fashion product because the interaction between product and the color is significant. Aslam (2006) stated the importance of color as it is a powerful cue for product and brand differentiation. Color is also related to culture and religion because different socio-cultures vary in their aesthetic expressions as colors represent different meanings and aesthetic appeals in different cultures (Singh, 2006). As to Fernando and Jayewardene (2013) in 2012 tourist arrivals in the country had exceed one million. The tourist arrival figures for 2012 as per regional basis is 37% Western European ,25% South Asian,13% East Asian,7% Eastern Europeans,6% each from Middle East, North America and Australia(Fernando and Jayewardene ,2013).This statistics singles that the retail industry should be prepared to serve the demands of this diverse customer base. Thus, understanding tourist customer preferences is vital. Size and fit is crucial in mass production of garments because it is a prime factor for determining comfort in clothing. Furthermore, as Kinley, (2009)

described size and fit preferences may vary with one's personal preference, attitudes, age, sex and current fashion. Consumer body proportions vary greatly among cultures. For instance Europeans tend to be larger than Asians. Besides consumers are always changing shape and also several studies had discovered that retailer has to go beyond the physical measurements to satisfy the expectation of consumers (Kinley, 2009). Further, when it comes to size designation of clothing there are several ISO standards such as European standard for labeling (EN 13402), US standard clothing sizes (Gupta and Gangadhar, 2004). Hence local should concern on size and fit factors and use international sizing standards.

Among the core product attributes research evidences that generally local retailer has a less consideration on care labeling. Care labeling too is similarly important in fashion products because without the guidance of an accurate care label customers would not be able to properly care a particular fashion product (Ponser, 2011). As to SLTDA, (2010) Sri Lanka is a popular repeat tourist destination (30% of the tourist being second time or more). Therefore, dissatisfaction of a product and thereby negative word of mouth would harm the credibility and brand reputation. Thus, in retaining customers,

retailers should emphasis more in giving care
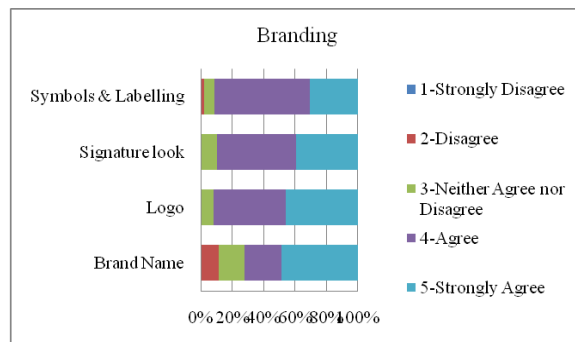
Figure 7-Branding

Moreover results show that branding is lacking in the local retail context. Yet branded retail stores can target tourist consumers more effectively, generate a competitive advantage and create a marketable brand image (Kinley *et al.,* 2013). According to Kinley *et al.,* (2013) creating a 'brand' that differentiates a retail store from all others is one of the solutions in developing a unique strength of a particular retailer, which cannot be easily copied by its competitors. Hence, retailers could emphasis more on branding because developing a well-positioned branded shopping destination offers a competitive retail niche and provided consumers a unique and identifiable shopping experience. Also it was revealed that local retailer knowledge on

Figure 9-Business Capacity

According to **Error! Reference source not found.**, Sri Lankan fashion retailers have a less amount of capacity in terms of marketing. Also their agreeability on using different

instructions for the product they offer.

Figure 8-Pricing

setting a strong pricing strategy is lacking. How you price your product is one of the key success factors because to ensure consumer's purchase your product, the price must be accurate, consistent and competitive (Forsyth and Dwyer, 2009).When setting prices retailers much consider how unique a business is, as the more unique your tourism product the more flexibility you will have to decide your pricing. Retailers market positioning and what market a retailer wish to attract are other important factors that must be considered. For most tourism businesses setting pricing strategies are more market based (Forsyth and Dwyer, 2009).Therefore retailers need to be analytical and realistic when calculating costs to make sure they obtain a profit while retaining competitive edge.

Figure 10-Promotional Methods

promotional activities too it considerably low. As mentioned by Cole and Kelly (2011) promotion is an essential marketing mix as it

informs the customer about the product, them to purchase. Therefore, retailers could pursue diverse advertising methods mainly outdoor, online and print media.

Also they could strengthen their promotional activities using cross promotional methods, which are more effective and inexpensive. They could also pursue joint venture marketing methods for instant with travel agents, hotels and restaurant.

CONCLUSION AND RECOMMENDATION

Sri Lankan tourism industry is rapidly growing creating a massive retail space. At the same time Sri Lankan fashion retail sector too is excessively expanding. Thus, the purpose of this research was to explore to what extent Sri Lankan fashion retailers have grasped tourist market opportunities.

Research concluded that Sri Lankan fashion retail sector is still an immature sector in the country. It was found that local fashion retailer's focus on product attributes in terms of color, size and fit are lacking. Color is vital as it is the least expensive way of changing the product however, has a huge influence over consumer perception about the product that affects the purchasing decision .Therefore, retailers must constantly carry out comprehensive market research, follow trend forecasting to know how color preference varies across different cultures as well as how color preference varies across seasons. Since tourist often travel with family and friends and tend to shop with these companions it is important to offer a product range with color, size and material choices that may fulfill a family need. Amount and selection you offer from each size too is important.Among the other major product attributes, research has evidenced that generally local retailer has a less consideration on care labeling. Branding is another aspect that retailers need to look in to, because the concept of branding is an

encourage and stimulate important marketing activity for any business large or small as it clearly and readily differentiates a company and the products more desirable than competitors. Moreover, research has shown that generally retailers aren't keen on setting up a smart pricing strategy. Hence, they need to make sure they are retaining a competitive edge. So it is essential to evaluate what do competitors with similar products and services charge within the market to determine which product a retailer offers could sustain high profit margin.

Research has revealed that majority of retailers has based their distribution activities in Western Province. Thus, local fashion retailers could expand their retailing activities. They should also offer more choice of distributions. Also research has evidenced that retailers have a weak marketing and promotional approaches. Therefore, they could focus essentially on creating a stimulating shopping environment via proper in- store advertising methods such as product display methods, window displays, music, video lighting, waiting areas etc. Furthermore, retailers could strengthen their sales promotional activities by giving free gift, letting sample checking, buy and get one free offer, and discounts. Local retailers could also pursue indigenous art and craft based promotional activities, perhaps workshops where tourist shoppers who seek the pleasurable outcome of shopping more than the others can interact. Offering bespoke products to such tourist customers may also be an interesting marketing approach.

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[12]

GLOBAL PLAYERS IN RETAIL MARKET : FEW APPARENT IMPACTS IN INDIAN PERSPECTIVE

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ABSTRACT

The perception of retailing has undergone changes and becomes formal and brand driven in modern times. The growth in giant shopping malls with global-brand outlets provides a clue of consumer's acceptance of organized retailing. But Indian retail market is introduced to be unstructured and 97 per cent of its trade is dependent on casual traders. Standardized retailing is in infancy stage despite the country being a signatory to World Trade Organization's General Agreement on Trade and Services. However, Indian retailing (sharing around 10-11% of GDP) has enormous potential for global players which is evident from the country's incremental inflows in Foreign Direct Investment. In view of this, there has been ongoing encouragement towards foreign participation in multi brand retailing in India. But the issue became confrontational and remains at centre of the debate. As such, the present study aims in identifying trends in retailing and portraying it as an effervescent area for investment by international players. An evaluative overview of apparent impacts on diverse fronts constitutes significant highlight of the study. The methodology takes the project through a secondary review and is not based upon any pre-determined hypothesis. Rather, an open mind to the possibilities of information is ensured for data interpretation. Findings indicate that attracting global players in Indian retailing foresees an enlighten and transformed retail landscape in the country. The research concludes that one has to encourage multinational participants instead of waiting for them to make a penetration. The current study turns out to be an attempt at micro level in same direction.

Key Words : Indian Retail, Global Players, Multi-Brand and Impact Assessment

[13]

GREEN MARKETING: WAY TO GREEN ECONOMY

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ABSTRACT

 I am writing this as I believe that all human beings want a better future for themselves and their children. Further I believe that the dream of creating a global green economy is alive within everyone. We as professionals believe that the goal of a world powered entirely by the zero emissions energy sources of the future is within reach — and that each of us has the power within to help make this universal dream come true. When I quoted, "be the change" that's what I mean. Green economy includes green energy generation based on renewable energy to substitute for fossil fuels and energy conservation for efficient energy use.A green economy is part of the broader concept of sustainable development but does not replace it, it simply offers a bridge towards development that is sustainable. We know that our planet is under unprecedented stress at the moment and that the patterns of production and consumption that we have been using are no longer sustainable. To maintain the levels which we have at present we would need another earth! Efforts have been made to reverse trends that have near depleted the earth's resources, but it may already be too late and a way forward is not clear. The Rio+20 has given a sense of action, implementation and at least a roadmap for future direction. In the past market failed in terms of related products to environmental and climate protection because of external costs, high future commercial rates and associated high initial costs for research, development. Marketing of green energy sources and green products prevents firms from being voluntarily interested in reducing environment-unfriendly activities, the green economy may need government subsidies as market incentives to motivate firms to invest and produce green products and services. This paper will attempt 1) to introduce the terms and concepts of green marketing; 2) briefly discuss why going green is important; 3) examine some of the reason that organizations are adopting a green marketing philosophy; 4) mention some of the problems with green marketing and 5) will also examine how green marketing can be helpful for green economics.

Key Words: Communities, Ecological, Impact, Non-human, Strategies

INTRODUCTION

The Green Economy can be defined as a sustainable economy and society with zero carbon emissions and a one-planet footprint where all energy is derived from renewable resources which are naturally replenished. A green economy rigorously applies the triple bottom line of people, planet and profits across all corporations at the microeconomic level and throughout the entire economy at the macroeconomic level. In contrast to a green economy, a traditional "black" energy economy is based on carbon-intensive fossil fuels such as coal and petroleum. By definition, a low-carbon economy is distinct from a green economy because it still generates carbon emissions.

A green economy exhibits the following characteristics:

- An energy infrastructure with zero carbon emissions that is powered 100 percent by renewable energy — made

possible through a combination of proven, renewable energy technologies; breakthrough cleantech solutions; as well as enabling regulation and carbon markets.

- The water, waste and wastewater infrastructure is based on long-term sustainability.

- The preservation and protection of the world's ecosystems, biological diversity and forests in partnership with indigenous peoples and all relevant stakeholders through the creation of sustainable governance models, markets and business models for delivering, maintaining and paying for ecosystem services.

- sustained and successful adaption to climate change at a local, regional and global level.

- The green economy is comprised of the 25 industries listed below (in alphabetical order):

1. Biofuels
2. Biomass
3. Carbon capture and storage
4. Carbon markets and renewable energy credits
5. Climate change adaptation services
6. Distributed generation
7. Ecosystem services
8. Energy efficiency, recycling, conservation, software and controls
9. Energy storage, batteries and fuel cells
10. Geothermal energy
11. Green design
12. Green IT
13. Green buildings, materials and construction products
14. Green transportation technologies and green vehicles

15. Hydropower
16. Ocean power
17. REDD
18. Smart grid
19. Solar energy
20. Sustainable and organic agriculture, food and products
21. Waste management
22. Wastewater management
23. Waste-to-energy
24. Water and water technologies
25. Wind energy

By definition, coal and petroleum are not a part of a green economy due to their high carbon emissions. Although nuclear energy generates relatively low carbon emissions on a lifecycle basis it is excluded from a green economy due to its potential for long-term adverse environmental impacts.

GREEN ECONOMY AND ITS VARIOUS DIMENSIONS:

1) Sector #1: Renewable Energy: Renewable energy needs to come online in order to allow for the phase-out of traditional sources of energy, such as oil, natural gas, coal, and nuclear power. The renewable energy green economy sector includes cleantech developments such as solar electric and solar thermal, wind, geothermal, biomass, batteries and energy storage, and more.

2) Sector #2: Transportation: Transportation contributes a huge quantity of greenhouse gases to the environment, making it a primary concern in the fight against climate change. The infrastructure for conventional vehicles also has a big environmental impact on our societies. The transportation sector therefore needs to be transformed by introducing much more energy efficient vehicles and fuels and batteries, encouraging the use of alternative forms of transportation such as mass transit and freight rail, and developing an

infrastructure that has less of a footprint on the planet.

3) Sector #3: Energy Efficiency: Studies have shown that inefficiencies in the electric grid, conventional buildings, and existing vehicles contribute significantly to climate change. Simple, widespread upgrades to all of these systems would require a relatively small investment for significant environmental benefits, while creating millions of jobs. This green economy sector covers things such as the smart grid, energy efficient appliances and electronics, better building technologies, and more.

4) Sector #4: Green Construction: From the materials used to the energy consumed to the waste produced, the existing building construction sector has an impact on virtually every ecological system. Yet there are tremendous opportunities to achieve sustainability in green construction, whether it's for existing or new building projects. In this green economy sector, you'll find businesses that do retrofitting of existing buildings, building of new buildings, and research into new construction technologies.

5) Sector #5: Energy Trading: Increasingly, governments and private entities are recognizing the risks and costs associated with energy and climate change, and in response are developing energy trading systems to encourage energy efficiency and the growth of the renewable energy sector. Given that energy trading involves the creation and exchange of economic commodities, this green economy focuses on financial services.

6) Sector #6: Carbon Capture and Storage: Climate change is largely caused by the excessive addition of greenhouse gases to our planet's atmosphere. Technologies that take those greenhouse gases and find ways to store and sequester them are included in the carbon capture and storage sector of the green economy.

7) Sector #7: Recycling and Waste Reduction: Waste is essentially a misused resource. By finding ways to turn trash into viable resources that can be transformed into useful products and/or energy, the recycling and waste reduction green economy sector helps to limit the use of virgin resources, save energy, and reduce pollution in the environment.

8) Sector #8: Environmental Protection: Many industrial and consumer-related activities result in environmental destruction – whether it's pollution, climate change, or ecological degradation. Those working in the green economy sector of environmental protection are focused on preventing degradation and restoring areas that have been destroyed or damaged.

9) Sector #9: Agriculture and Forestry: The planet's soil, forests, wild spaces, and other ecological systems are sensitive the human activities. Working in agriculture and forestry involves finding sustainable, efficient ways to use land and other natural resources so that these systems are enhanced and left viable for future generations.

10) Sector #10: Water Management: Water is one of the most important resources of our time, and will likely prove to be the subject of future wars as existing resources dwindle and become polluted. Sustainable water use, reuse, and restoration is required at every level to prevent significant destruction related to water restrictions.

11) Sector #11: Research, Design, and Consulting Services: Professionals are required in every single one of the green economy sectors already mentioned. Scientists, engineers, and many other professions are needed to develop the next best technologies, systems, and designs to ensure a sustainable future. In this sector, we see cradle to cradle marketing consultants, green architects, zero waste manufacturing consultants, and more.

12) Sector #12: Regulatory Administration: Many of the green economy sectors already covered require governmental input and regulation, including carbon trading, agriculture and forestry, environmental protection, recycling and waste management, and many others. Increasingly this sector will grow as more professionals are needed to navigate complex but necessary government intervention.

13) Sector #13: Consumer Products: Small businesses and large enterprises alike are designing products with sustainability attributes in mind. This includes consumer goods that are organic, biodegradable, energy efficient, recycled, natural, and fair trade. According to the 2011 Ethical Consumerism Report, expenditure on green goods and services in the UK was valued at £46.8 billion (USD$74.6 billion) growing 18% over the previous 2 years, in spite of the economic downturn.

Generally the individual economies *are the key to global transformation. They will have to start individually.*

INCLUSION OF MARKETING IN TO ECONOMICS

According to scientists, the world is moving towards an environmental turmoil. The only way to save our planet is to go green on a full swing as quickly as possible. For this cause, economists have also been doing their parts. Green marketing is a relatively new phenomenon which has arisen as a result of increasing awareness that economic policies have a lot to do with our ecology. In other words, green marketing, which is also termed as environmental or sustainable marketing, is the effort made by any business organization, large or small to design and promote products that are eco-friendly. The main idea behind green marketing has been re-marketing of products that are already manufactured, which adhere to certain environmental guidelines.

There has been a huge hue and cry from various environmental organizations about the damage caused to the planet by large scale production industries, and the inappropriate disposal methods they use. Having looked into these accusations, the government has imposed different agreements and guidelines on production units. Some business organizations have used it to their advantage, by openly campaigning for the cause, hence gaining the support of customers. However, some critics claim that this is just an advertising stunt to promote business, and that no real steps have been taken towards the cause.

A green consumer is one who is aware of the background of the products he consumes, which he chooses upon careful investigation of their broad effects on the environment. This spirit is essential in customers, so that they do not blindly fall for a company's advertisements, which will hinder the progress of the green movement. Hence it is only with the right attitude from both the consumers and the marketers, that "going green" can be achieved in the true sense. And when that happens, we can finally feel safe, and at home!

THE IMPORTANCE

The question of why green marketing has increased in importance is quite simple and relies on the basic definition of Economics: "Economics is the study of how people use their limited resources to try to satisfy unlimited wants." [McTaggart, Findlay and Parkin 1992, 24]

It suggests that mankind has limited resources on the earth, with which she/he must attempt to provide for the worlds' unlimited wants. (There is extensive debate as to whether the earth is a resource at man's disposal, for example, see Gore 1993.) While the question of whether these wants are reasonable or achievable is important, this issue will not be addressed in this paper. In market societies where there is "freedom of choice", it has

generally been accepted that individuals and organizations have the right to attempt to have their wants satisfied. As firms face limited natural resources, they must develop new or alternative ways of satisfying these unlimited wants. Ultimately green marketing looks at how marketing activities utilize these limited resources, while satisfying consumers wants, both of individuals and industry, as well as achieving the selling organization's objectives.

Why the businesses started using green marketing: As per the literature available, there are several suggested reasons for firms increased use of Green Marketing. Five possible reasons cited are:

Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives [Keller 1987, Shearer 1990];

Organizations believe they have a moral obligation to be more socially responsible [Davis 1992, Freeman and Liedtka 1991, Keller 1987, McIntosh 1990, Shearer 1990];

Governmental bodies are forcing firms to become more responsible [NAAG 1990];

Competitors' environmental activities pressure firms to change their environmental marketing activities [NAAG 1990]; and

Cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behavior [Azzone and Manzini 1994].

ANOTHER ASPECT OF GREEN MARKETING: CORPORATE SOCIAL RESPONSIBILITY

Many firms are beginning to realize that they are members of the wider community and therefore must behave in an environmentally responsible fashion. This translates into firms that believe they must achieve environmental objectives as well as profit related objectives.

This results in environmental issues being integrated into the firm's corporate culture. Firms in this situation can take two perspectives; 1) they can use the fact that they are environmentally responsible as a marketing tool; or 2) they can become responsible without promoting this fact.

There are examples of firms adopting both strategies. Organizations like the Body Shop heavily promote the fact that they are environmentally responsible. While this behavior is a competitive advantage, the firm was established specifically to offer consumers environmentally responsible alternatives to conventional cosmetic products. This philosophy is directly tied to the overall corporate culture, rather than simply being a competitive tool.

PRESSURE FROM THE GOVERNMENT: As with all marketing related activities, governments want to "protect" consumers and society; this protection has significant green marketing implications. Governmental regulations relating to environmental marketing are designed to protect consumers in several ways, 1) reduce production of harmful goods or by-products; 2) modify consumer and industry's use and/or consumption of harmful goods; or 3) ensure that all types of consumers have the ability to evaluate the environmental composition of goods.

Governments establish regulations designed to control the amount of hazardous wastes produced by firms. Many by-products of production are controlled through the issuing of various environmental licenses, thus modifying organizational behavior. In some cases governments try to "induce" final consumers to become more responsible. For example, some governments have introduced voluntary curb-side recycling programs, making it easier for consumers to act responsibly. In other cases governments tax individuals who act in an irresponsible

fashion. For example in Australia there is a higher gas tax associated with leaded petrol.

BEATING THE COMPETITION:

Another major force in the environmental marketing area has been firms' desire to maintain their competitive position. In many cases firms observe competitors promoting their environmental behaviors and attempt to emulate this behavior. In some instances this competitive pressure has caused an entire industry to modify and thus reduce its detrimental environmental behavior. For example, it could be argued that Xerox's "Revive 100% Recycled paper" was introduced a few years ago in an attempt to address the introduction of recycled photocopier paper by other manufacturers. In another example when one tuna manufacture stopped using driftnets the others followed suit [Advertising Age 1991].

OTHER NAME OF REVENUES:

Firms may also use green marketing in an attempt to address cost or profit related issues. Disposing of environmentally harmful by-products, such as polychlorinated biphenyl (PCB) contaminated oil are becoming increasingly costly and in some cases difficult. Therefore firms that can reduce harmful wastes may incur substantial cost savings. When attempting to minimize waste, firms are often forced to re-examine their production processes. In these cases they often develop more effective production processes that not only reduce waste, but reduce the need for some raw materials. This serves as a double cost savings, since both waste and raw material are reduced.

In other cases firms attempt to find end-of-pipe solutions, instead of minimizing waste. In these situations firms try to find markets or uses for their waste materials, where one firm's waste becomes another firm's input of production. One Australian example of this is a firm who produces acidic waste water as a by-product of production and sells it to a firm involved in neutralizing base materials.

OTHER SIDE OF THE COIN:

No matter why a firm uses green marketing there are a number of potential problems that they must overcome. One of the main problems is that firms using green marketing must ensure that their activities are not misleading to consumers or industry, and do not breach any of the regulations or laws dealing with environmental marketing. For example marketers in the US must ensure their green marketing claims can meet the following set of criteria, in order to comply with the FTC's guidelines. Green marketing claims must;

Clearly state environmental benefits;

Explain environmental characteristics;

Explain how benefits are achieved;

Ensure comparative differences are justified;

Ensure negative factors are taken into consideration; and

Only use meaningful terms and pictures.

Another problem firms face is that those who modify their products due to increased consumer concern must contend with the fact that consumers' perceptions are sometimes not correct. Take for example the McDonald's case where it has replaced its clam shells with plastic coated paper. There is ongoing scientific debate which is more environmentally friendly. Some scientific evidence suggests that when taking a cradle-to-grave approach, polystyrene is less environmentally harmful. If this is the case McDonald's bowed to consumer pressure, yet has chosen the more environmentally harmful option.

ECOLOGICAL MARKETING STRATEGIES UNDER GREEN MARKETING:

BE TRUE TO YOUR BRAND:

Some big brands try to reinvent themselves in order to communicate the customers what they want to hear. Arguably, this is similar to a brand that wants to engage consumers on green issues but is not currently perceived in the market as being green. Brands do not necessarily have to be known for being green in order to be relevant to consumers. Instead, brands should tell their story in a way that is true to their existing brand positioning. Unilever's Axe is a great example. Known as an irreverent brand that uses the sex appeal of its products to drive sales, Axe launched its " Shower pooling" campaign to engage its customer base on the issue of water conservation. The platform uses shower pooling — sharing showers — not only as a way to grab attention, but to make it relevant with the audience. The campaign jokes: "It's not just environmentally friendly … it's all kind of friendly."

TARGET MICRO-SEGMENTS

Here marketers could develop their own database by encouraging consumers to sign up for ongoing communications from a company. Even without a database, marketers can certainly target micro-segments online. This can be done by targeting green consumers on contextually relevant sites, retargeting those visitors elsewhere online or by partnering with a demand side platform to identify and target audiences with like-minded profiles regardless of where they go online.

TURN LOYALISTS INTO INFLUENCERS

Sometimes advertising campaigns should activate loyal customers to serve as influencers and advocates for the brand. Such a campaign provides many lessons for green marketers —

as well as the opportunity to take a similar approach to drive adoption of green products.

"GREEN" ECONOMISTS AND ECONOMICS:

"Green economics" is loosely defined as any theory of economics by which an economy is considered to be component of the ecosystem in which it resides (after Lynn Margulis). A holistic approach to the subject is typical, such that economic ideas are commingled with any number of other subjects, depending on the particular theorist. Some economists view green economics as a branch or subfield of more established schools. For instance, as classical economics where the traditional land is generalized to natural capital and has some attributes in common with labor and physical capital (since natural capital assets like rivers directly substitute for man-made ones such as canals). Or, as Marxist economics with nature represented as a form of lumpen proletariat, an exploited base of non-human workers providing surplus value to the human economy. Or as a branch of neoclassical economics in which the price of life for developing vs. developed nations is held steady at a ratio reflecting a balance of power and that of non-human life is very low. The green economy promises a way forward by offering a system of economics that ensures both growth and the long-term viability of human culture and the planet. It recognizes that by reformulating how we approach economic growth, we don't have to sacrifice the natural world or human wellbeing in order to achieve true wealth.

The green economy is simply a transformation of the current economy with an eye to sustainable development. In essence it's an alternative way of thinking about growth and development. In traditional economic growth models, GDP is the primary measure of success. Unfortunately, by focusing solely on the ability of humans to produce and consumer goods, significant damage is done to the

quality of life for both humans and other creatures of the planet. In this economic system, poverty is rampant, and the gap between rich and poor grows every year. Not only that, but the natural wealth of the planet is consistently and significantly reduced.

WHERE ARE WE NOW

Green marketing covers more than a firm's marketing claims. While firms must bear much of the responsibility for environmental degradation, ultimately it is consumers who demand goods, and thus create environmental problems. One example of this is where McDonald's is often blamed for polluting the environment because much of their packaging finishes up as roadside waste. It must be remembered that it is the uncaring consumer who chooses to disposes of their waste in an inappropriate fashion. While firms can have a great impact on the natural environment, the responsibility should not be theirs alone. It appears that consumers are not overly committed to improving their environment and may be looking to lay too much responsibility on industry and government. Ultimately green marketing requires that consumers want a cleaner environment and are willing to "pay" for it, possibly through higher priced goods, modified individual lifestyles, or even governmental intervention. Until this occurs it will be difficult for firms alone to lead the green marketing revolution.

Having said this, it must not be forgotten that the industrial buyer also has the ability to pressure suppliers to modify their activities. Thus an environmental committed organization may not only produce goods that have reduced their detrimental impact on the environment, they may also be able to pressure their suppliers to behave in a more environmentally "responsible" fashion. Final consumers and industrial buyers also have the ability to pressure organizations to integrate the environment into their corporate culture and thus ensure all organizations minimize the detrimental environmental impact of their activities.

WHERE ARE WE HEADING TO:

Think of your worst nightmare of the future. Heat waves and drought devastate food production, causing millions of the poorest to die of hunger. The melting glaciers and polar ice caps raise ocean levels, inundating coastal cities such as Miami and Houston. Freak storms cause so much property damage it collapses national economies. We are witnessing the birth of a new economic model—a triple-bottom-line model that puts social equity and environmental restoration on an equal footing with financial sustainability (profit). This nature-friendly economic model will steadily replace the old profit-centric model as the impacts of environmental destruction and inequality become impossible to ignore. The new economic model sees and based on **sharing** as the new buying. This new economic model undermines the old myth that saving the environment will destroy jobs and slow economic growth. The data are showing us that the eco-enterprise model—making money by saving resources rather than destroying them—creates more and better jobs than the old model.

It is all of us realizing that while our imaginations are limitless, so too can be our appetites. The planet that sustains us, abundant as it is, has limited resources that we will deplete if we continue to consume them faster than they can regenerate. We need to take that awareness as our guiding principle, as we move gracefully towards an emergent goal of quality, rather than quantity, of prosperity redefined as an abundance of connection rather than accumulation, in the direction of the limitlessness of our imaginations rather than our appetites. The Green Economy can be rich and full and delicious and fun, as long as we keep in mind the fact that we are, all of us, traveling on a great big Spaceship Earth that is subject to laws of nature that must be respected and obeyed. And finally its in our

hands, not to make " A GREEN ECONOMY" a long distant dream, which is based on "GREEN MARKETING".

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[14]

BUILDING CUSTOMER EQUITY THROUGH THE RELATIONSHIP MARKETING ORIENTATION: A STUDY OF INSURANCE COMPANIES IN SRI LANKA

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ABSTRACT

During the past years, the traditional transaction approach to marketing has been challenged and relationship marketing is suggested as a better option. It has changed the focus of marketing from short term orientation to a long term perspective and emphasis long-term, mutually beneficial relationships between buyers and sellers. Normally service organizations especially insurance companies are relationship oriented and mainly focus on customer equity. In order to score more on customer equity almost all the organizations are surrounded by relationship marketing components. The ultimate aim of the relationship marketing is to produce the high customer equity. This research was carried out with the objectives of evaluating the impact of relationship marketing orientation (RMO) on customer equity in Sri Lankan Insurance companies. Furthermore conceptual model has been developed to link RMO and customer equity. Trust, bonding, communication, shared value, empathy and reciprocity are considered as the dimensions of RMO. Similarly Customer equity consists of value equity, and relationship equity. Quantitative methodology has been applied and questionnaire was used to collect data. 600 household customers have been selected from the customers of the Insurance companies in Sri Lanka on quota sampling method. Multiple regression has been used for the analysis. Findings revealed that there is a positive and significant impact of RMO on Customer equity in Sri Lankan Insurance companies and that influence more on building customer equity as sustainable competitive advantage.

Keywords: Customer Equity, Relationship Marketing Orientation, Insurance Companies.

INTRODUCTION

Customer is an asset. Enterprises should take customer as an asset and implement asset management to win high-value customers and access to high-yield returns . At the same

time, enterprises should carry out their strategic adjustment, that is to say, enterprises should shift their strategic focus to customer equity. Blattberg and Deighton who originally raised the concept of customer equity in 1990 thought customer equity was company's value of customer relationship and it largely

determined the long-term value of enterprise. And then, Rust, Zeithaml and Lemon definite customer equity as a sum of discounted present value of customer's lifetime value from the measurement point in 2001. Wayland and Cole described customer equity as a value determined by purchase volume, their marginal value and the duration of such purchase. All of the studies above show that the achievement and maintain of customer equity is an economic activity essentially. Moreover, a large number of research

literatures on customer equity confirm that the spending on customers is a marketing investment, not just a business expenses. So developing appropriate marketing strategies is important to build up the customer equity in that manner, few studies have systematically investigated how to employ marketing strategies to build customer equity. Literatures also suggest that customer equity can be developed through the relationship marketing strategies (Chang & Tseng, 2005).

Recently, business practices and concepts have been fundamentally reshaping the marketing discipline. According to Gruen (1997) and Gronroos (1989), the philosophy of business has finally shifted from marketing orientation to a relationship marketing orientation. Callaghan et al. (1995) outlined the Relationship Marketing Orientation (RMO) centres on the creation and maintenance of relationship between two parties of exchange, the supplier as an individual and the consumer as an individual through the possession of the desire to be mutually empathic, reciprocal, trusting and to form bonds. Thus in the current scenario, the study of the building customer equity through the Relationship Marketing Orientation (RMO) becomes more important in order to achieve the competitive advantage.

There are some researches which had been undertaken in the customer equity perspective. But only few researchers had studied the application of RM on customer equity. Recently few studies have systematically investigated how to employ marketing strategies to build customer equity. Also rarely find researches which have been undertaken in the relationship marketing orientation on building customer equity perspective to compete effectively. Therefore deficiencies persist in the understanding the impact of RMO on customer equity in order to achieve the competitive advantage. So this research addressed the theoretical as well as empirical gap between the RMO and customer equity. At the same time, relationship marketing in

service organizations is not an entirely new concept (So and Speece, 2000). Several researches were conducted in relationship marketing perspective and customer equity perspective in banking sectors and travel agencies in many countries. In Sri Lanka also, many researchers studied the relationship marketing in commercial banking sector by referring to Business to Business (B2B context). But hardly find researches which were undertaken pertaining to the relationship marketing orientation and customer equity perspective in insurance companies.

Based on that, the ultimate objective of the research study is to examine the "impact of RMO on customer equity in Sri Lankan Insurance companies".

Relationship Marketing in an Insurance Environment

A relationship marketing approach allows the insurance marketer to offer a product in response to needs triggered by the customer and based on experience and information gathered over time. Sales and profitability can be dramatically increased because the more a marketer knows about a customer the more effectively the customer can be approached with appropriately targeted products (Harrison, 1993). One of the major themes in relationship marketing, as well as a key to profitability, is to develop long-term relationships with customers. This involves the ability to retain customers, and is in turn, dependent on agents possessing the "right" characteristics. What is "right" varies depending on whether the customer is an individual or a company. In insurance language these two types of customers may be called personal lines policyholders and commercial lines policyholders respectively.

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Long Term Insurance GWP (Rs. millions)	76	88	103	144	158	195	188	243	296	195
General Insurance GWP (Rs. millions)	3,573	4,117	5,208	6,028	7,393	8,781	8,698	9,317	10,193	12,532
Brokers' Contribution as a % of total GWP	15.11	14.23	14.27	14.34	14.55	15.43	15.44	14.43	13.36	14.60
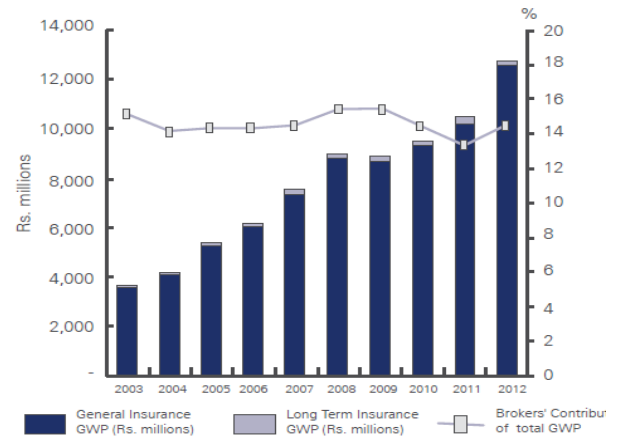
Figure 1: Gross written premium generated through insurance broking companies from annual report 2012, Insurance board of Sri Lanka.

LITERATURE REVIEW

Relationship Marketing Orientation

Subtle changes in the concept and practice of business have been fundamentally reshaping the marketing discipline. According to Gruen (1997) and Gronroos (1989), the philosophy of business has shifted from a production orientation to a selling orientation, then to a marketing orientation, and finally to a RMO. Callaghan et al. (1995) initially developed a definition of RMO. It outlined RMO centres on the creation and maintenance of relationship between two parties of exchange, the supplier as an individual and the consumer as an individual through the possession of the desire to be mutually empathic, reciprocal, trusting and to form bonds.

Later relationship marketing has been examining by marketing academics and practitioners for more than a decade (Berry, 1995; Groenroos, 1990; Levitt, 1983), But a common operational practice, susceptible to strong criticism, is researchers' use of only a single dimensional construct: such as trust, reciprocity, bonding, or empathy, to capture the RMO (Groenroos, 1990; Callaghan et al., 1995; Morgan and Hunt, 1994). As a result, business practitioners seeking to implement a relationship marketing concept have no

specific guidance regarding exactly what a RMO is. Thus in order to fill this gap, Sin et al., (2005) conceptualized the basic components of RMO to develop a reliable and valid measurement scale for these components based on past related literature (Callaghan et al.,1995; Morgan and Hunt, 1994) and hypothesized RMO in a multi-dimensional construct consisting of six behavioral components: trust, bonding, communication, shared value, empathy, and reciprocity- and each of the six components measured with a multi-item scale. Based on that, this study adopts the RMO construct as proposed by Sin et al., (2005), including the six behavioral components: trust, bonding, communication, shared value, empathy, and reciprocity.

Customer equity

In recent years, customer equity management has received increasing attention (Bell et al., 2002). Hogan et al. (2002) attribute this movement to three substantial and long-lasting changes in the marketplace. First, managers are under increasing pressure to be more accountable to shareholders. They have to be effective and efficient in dealing with competition. Addressing directly to what the customers want is more likely to succeed.

Second, detailed information on customer's attitude, preferences, and shopping behaviors is more available and affordable. Finally, emerging technological developments enable a firm to personalize its offering, services, and communications. However, they also raise the expectation and the cost of marketing. Thus, marketing managers are faced with simultaneously greater opportunity and challenge of being

more customer-centric, and have to cope with this shift with great deliberation. According to Rust et al. (2001), customer equity is the total of the discounted lifetime values of all the firm's customers. Thus, customer equity could be considered as an important element of customer capital. Customer equity management is a comprehensive approach that focuses the effort of the firm on increasing the lifetime value of individual customers in a way that maximizes customer equity (Hogan et al., 2002). Rust et al. (2001) contend that customer equity consists of three key drivers: value equity, brand equity, and relationship equity. By assigning proper strategic roles and resources to the three drivers, a firm can achieve its best performance. According to Rust et al. (2001), value equity is the customer's objective assessment of the utility of a brand, based on perceptions of what is given up for what is received. Three key levers influence value equity: quality, price, and convenience. Brand equity is the customer's subjective and intangible assessment of the brand, above and beyond its objectively perceived value. The key levers of brand equity are brand awareness, attitude toward the brand, and corporate ethics. Relationship equity is the tendency of the customer to stick with the brand, above and beyond the customer's objective and subjective assessments of the brand. The key levers are loyalty programs, special

recognition and treatment, affinity programs, community-building programs, and knowledge-building programs. A firm

sometimes cannot pursue the three drivers of customer equity simultaneously, thus having to make a trade-off decision. Besides, the importance of specific driver depends on industry, the maturity of the firm, and the customer decision process Rust et al. (2001).

However a marketing strategy is often considered essential for establishing customer equity.

Moreover several researchers emphasized the relationship between the dimensions of RMO and customer equity drivers in literature. In that manner Chang and Tseng (2005) found relationship marketing activities significantly influence on relationship equity of a firm. Peng and Wang (2006) examined the application of relationship strategies in brand Further, Delgado et al (2005) said relationship that has with customers is a main antecedent and the main asset of brand equity at the same time brands and relationships are particularly apparent in the service context (Berry 2000). And Aaker (1991) emphasized that each brand equity dimension could be achieved by a variety of marketing strategies. Furthermore Sweeney (2001) said that there are inter-relationships between brands and relationship marketing. At the same time Chang and Tseng (2005) emphasized relationship equity to be positively related to brand equity and Chen and Mo (2011) found brand equity positively influences value equity in travel agency China, further they mentioned in order to create a long-term relationship, value is a basic requirement that should be satisfied. So there is a inter relationship between the three key drivers of customer equity (Ching and Odonchimeg , 2011)

Underpinning Theories

Generally, the social exchange theory can be explained on the basis of two constructs: main independent constructs -exchange relation and main dependent constructs -Value and utility: symbol (Homans, 1958). The relationship marketing theory and the customer equity both

are grounded on the social exchange theory. The following theoretical arguments for the relationship between relationship marketing and customer equity is explained based on these main independent and dependent constructs of the social exchange theory.

When considering the relationship marketing, Gronroos (1989) proposed, that relationship marketing is to establish, maintain and enhance the relationship with customers and other partners at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange. Thus, the core of relationship marketing is an exchange that is profitable to parties involved in the exchange. The concept of exchanges as it applies to relationship marketing can be viewed from the social exchange theory approach (Son et al, 2005). At the same time,

exchange relation is the main independent factor in the social exchange theory (Homans, 1958).

In addition, the social exchange theory stresses that relationship outcome evaluation and self-interest are on the basis of maintaining and exploiting relationships (Oliver & Swan, 1989; Smith & Barclay, 1997).In that way, Berry (1993) defined the relationship marketing as, "attracting, maintaining, and enhancing customer relationships". Hence, relation marketing also considers the outcome evaluation in the social exchange theory.

Thus social exchange theory provides the theoretical base for the link between relationship marketing and customer equity. The above justification through literature paved the way for developing the following conceptual model.
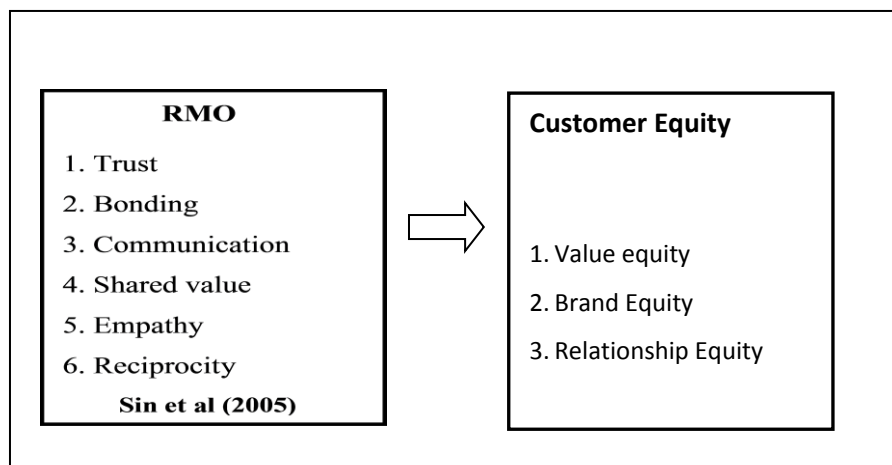
 Figure 2**:** Conceptual model for the relationship between RMO and Customer equity developed for this study

HYPOTHESES

Based on the conceptual model the following seven hypotheses were developed

H1: There is a positive impact of RMO on customer equity in Sri Lankan Insurance companies.

H2: There is a positive impact of trust on customer equity in Sri Lankan Insurance companies.

H3: There is a positive impact of bonding on customer equity in Sri Lankan Insurance companies.

H4: There is a positive impact of communication on customer equity in Sri Lankan Insurance companies.

H5: There is a positive impact of shared value on customer equity in Sri Lankan Insurance companies.

H6: There is a positive impact of empathy on customer equity in Sri Lankan Insurance companies.

H7: There is a positive impact of reciprocity on customer equity in Sri Lankan Insurance companies

METHOD

The sample for this study comprised 600 insurance customers who were conveniently selected from Sri Lanka. A paper based survey instrument was designed from previous validated scales; nevertheless these scales were modified to suit the context of Sri Lankan insurance sector, where appropriate. The scale of Trust included 4 items adopted from Sin et al. (2005) and Morgan and Hunt (1994). The items measuring other dimensions of Relationship Marketing Orientation (RMO), namely Bonding, Communication, Shared Value, Empathy and Reciprocity were taken from Sin et al. (2005). A 7-point Likert type scale anchored at 1 for strongly disagree and 7 for strongly agree was used for items operationalizing all the constructs.

To ensure content validity, the survey instrument was reviewed by seven academics who were familiar with the areas of relationship marketing. The survey instrument was pre-tested using two focus groups, each comprising eight regular customers of insurance companies. Consistent with the feedback from the above two initiatives, some minor changes were incorporated into the wording and formatting of the survey instrument.

Participants were regular customers of insurance companies of Sri Lanka. Participants were approached during working hours within the selected company premises and they were first asked whether they were regular customers of insurance companies. Survey questionnaire were then distributed only to those customers who identified themselves as being regular customers of insurance companies. The paper based surveys were distributed to 800 customers. Of this amount, 679 were completed and returned them. Of these, 79 surveys had missing data, hence they were discarded.

The customers of insurance companies comprised 44.7% male and 55.3 % female. 20% of insurance customers had less than 3 year relationship with the companies, 35% had between 3 and 6 year relationship and the remaining customers had more than 6 years relationship. Also, in terms of their education, around 32% had either diploma or advanced level education, around 30% had Bachelor or Master level education and the rest were with professional qualifications.

ANALYSIS AND RESULTS

Prior to data analysis, data purification process was conducted to ensure suitability of measures (Churchill, 1979). For ensuring the reliability of scale, Cronbach's alpha was computed. Further content validity and construct validity also were applied, under the construct validity convergent validity, discriminant validity and nomological validity were also tested. Before the data analysis appropriateness of data distribution was tested. In that manner, normality test and multicollinearity test had been undertaken. Finally multiple regression analysis (enter method and step wise method) had been used as data analysis tools and used to test the hypotheses.

Table 01

Cronbach's Alpha Coefficient for variables

Variables	Cronbach's alpha Coefficient
Trust	0.783
Bonding	0.756
Communication	0.811
Shared Value	0.826
Empathy	0.713
Reciprocity	0.801
Value Equity	0.747
Brand Equity	0.905
Relationship Equity	0.833

Source: Survey data

Table 02

Kolmogorov- Smirnov Test of Normality

Variables	Kolmogorov – Smirnov	
	Statistic	Sig
Trust	0.150	0.053
Bonding	0.140	0.138
Communication	0.153	0.072

Shared Value	0.146	0.072
Empathy	0.157	0.056
Reciprocity	0.155	0.063
Customer equity	0.143	0.119

Source: Survey data

Table 03

Tolerance and VIF values of independent variables.(Multi Collinearity test)

Variables	Collinearity Statistics	
	Tolerance	VIF
Trust	0.249	4.013
Bonding	0.127	7.356
Communication	0.252	3.971
Shared Value	0.135	7.401
Empathy	0 .394	2.536
Reciprocity	0.146	6.839

Source: Survey data

Table 04

Dimensions of RMO on Customer equity

Hypothesis	Independent variable	Depend. variable	Standardized Coefficient Beta	Sig.	Adjusted R^2
Ha	Constant	Customer equity			
	Trust		0.640	0.00	0.623
Hb	Constant	Customer equity			
	Bonding		0.420	0.00	0.411
Hc	Constant	Customer equity			
	Communi.		0.580	0.00	0.518
Hd	Constant	Customer equity			
	Shared value		0.325	0.00	0.319
He	Constant	Customer equity			
	Empathy		0.232	0.00	0.222
Hf	Constant	Customer equity			
	Reciprocity		0.178	0.00	0.134
H1	Constant	Customer equity			0.613
	Trust		0.612	0.00	
	Bonding		0.408	0.00	
	Shared value		0.312	0.00	
	Communic.		0.552	0.00	
	Reciprocity		0.120	0.00	
	Empathy		0.212	0.00	

Source: Survey data

H1: There is a positive impact of relationship marketing orientation on customer equity in Sri Lankan insurance companies - According to the table 04, the fitted model encountered that the RMO has strong positive effects on the customer equity (I.e. R^2=0.613). These predictions had been significant at the P-value of less than 5% (p< 0.05) and the regressed

model was satisfactory fits to the data and the predictability power of the fitted model was high and residuals also followed a normal distribution.

H2: There is a positive impact of customer trust on customer equity in Sri Lankan insurance company - According to the regression results in the Table 04, trust has taken positive regression coefficient value (β = 0.640) which means that trust positively contributed to customer equity and it had been significant at P-value of less 5% (P<0.05). Meantime adjusted R^2 (0.623) was high, the regressed model was satisfactorily fits to the data; accuracy of predictability of the fitted model was high and residuals also followed a normal distribution.

H3: There is a positive impact of bonding with customers on customer equity in Sri Lankan insurance companies - As per the regression results shown in the Table 04, it had been noted that fitted model revealed positive impact of bonding on customer equity (I.e. ß=0.420 p value <0.05). Since adjusted R^2 was high (0.411), the regression model was satisfactorily fit to the data, accuracy of the predictability of the fitted model is high and residuals also followed a normal distribution.

H4: There is a positive impact of communication on customer equity in Sri Lankan insurance companies - Based on the table 1, communication has taken positive regression coefficient value (β = 0.580) which has been significant at P-value of less 5% (P<0.05). It implied that communication with customers is positively influence on customer equity. At the same time adjusted R^2 (0.518) is in medium, the regressed model is sufficiently fits to the data; accuracy of predictability of the fitted model is medium and residuals also followed a normal distribution.

H5: There is a positive impact of shared value on customer equity in Sri Lankan insurance companies - As per the regression results shown in the Table 04, it had been noted that

fitted model revealed the positive impact of shared value on customer equity (I.e. ß=0.325 p value <0.05). Since adjusted R^2 was medium (0.319), the regression model was satisfactory fit to the data, accuracy of the predictability of the fitted model is sufficient and residuals also followed a normal distribution.

H6: There is a positive impact of empathy on customer equity in Sri Lankan insurance companies - Table 04 reveals, empathy had taken positive regression coefficient value (β = 0.232) which had been significant at P-value of less 5% (P<0.05). It means empathy is positively influence on customer equity but not significant. While adjusted R^2 (0.222) is low, the regressed model fits to the data; accuracy of predictability of the fitted model is low and residuals followed a normal distribution.

H7: There is a positive impact of reciprocity on customer equity in Sri Lankan insurance companies - As per the regression results shown in the Table 4, it had been noted that fitted model revealed the positive impact of reciprocity on customer equity (I.e. ß=0.178 p value <0.05). Since adjusted R^2 was low (0.134), the regression model was satisfactory fit to the data, accuracy of the predictability of the fitted model was also low and residuals followed a normal distribution.

DISCUSSION AND CONCLUSION

The ultimate objective of the research is to examine the impact of RMO on customer equity in Sri Lankan Insurance Companies. The regression result shows that there is a strong positive impact of RMO on customer equity. It means that RMO has strong positive effects on the customer equity in Sri Lankan insurance companies and 61.3% of change in customer equity is explained by RMO in Sri Lankan insurance companies. These findings are in the line with Chang and Tseng (2005), who stated that relationship marketing activities are positively related to the

drivers of customer equity. Further Sweeney (2001) and Delgado et al (2005), who found that there is a relationship between relationship marketing and brands, based on that, the first hypothesis (H1) has been accepted.

In addition, trust had the highest regression coefficient value. It means trust has the strong positive impact on customer equity and this had the higher impact than other dimensions in RMO. This is in line with Tim (1997) who identified that trust is the most popular measure for relationship marketing and may similarly prove to be the leading indicator for customer equity, meantime building and maintaining the trust is a core of brand equity. Therefore the second hypothesis (H2) has been accepted. Furthermore bonding also had the higher regression coefficient value. It shows, bonding with customers has the strong positive influences on customer equity .This finding is supported by Hiscock (2001) who emphasized that "the ultimate goal of marketing is to generate an intense bond between the consumer and the brand. Through that the third hypothesis (H3) has been accepted. In that way communication and shared value also had higher regression coefficient value. It explains, communicating and sharing values with customers has the positive influences on customer equity. Moreover brand equity can be developed through communicating with customers, this is in the line with Duncan & Moriarty (1997) and de Chernatony and McDonald (1992) emphasized brand equity adds value for customers, helps to create defensible competitive positions, and cannot be easily transferred to other organization. It shows sharing values with customers, make the impression in the consumer's minds of, it focus the brands as well (Kotler, 2007). Through that the fourth and fifth hypotheses

(H4) & (H5) have been accepted. But the dimensions of empathy and reciprocity had the positive regression coefficient value. It shows empathy and reciprocity is positively influenced on customer equity but this positive impact is not significant. This is supported with Kayaman and Arasli (2007) who concluded that there is a positive relationship between empathy and brand image and Houston et al. (1992), Callaghan et al (1995) and Smith & Johnson (1993) who links reciprocity to relationship marketing and relationships that have with customers are a main antecedent and the main asset of brand equity. Through that reciprocity automatically focuses the brand equity. Based on above the sixth and seven hypotheses (H6) and (H7) are accepted. Even though, empathy and reciprocity have not the significant impact on customer equity. Thus the above two hypotheses are accepted but in low level. This study tried to integrate the relationship between RMO and customer equity and found that "there is a strong positive impact of RMO on customer equity in Sri Lankan insurance companies". Thus, it filled the theoretical as well as empirical gab between RMO and customer equity. During this study, researcher encountered the following recommendations. This research has only been confined to the insurance companies. Therefore same research can be extended to other service sector entities such as foreign banks, commercial banks, telecommunication etc. Furthermore this research has been undertaken in different perspective in different context (B to B) context. Moreover the influence of moderating and mediating variables between RMO and customer equity can be studied. Recently Opara et al (2010) mentioned the sociality as the additional dimension of RMO. Thus other dimensions also can be considered in RMO in future.

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PERCEPTION OF INTERNATIONAL PATIENT REGARDING THE CHOICE OF HOSPITAL SERVICE A CASE STUDY OF MEDICA SUPER-SPECIALTY HOSPITAL, KOLKATA, INDIA

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ABSTRACT

Customized medical treatment facilities at a reasonable price can go a long way to improve the health of the common people in a developing country like India. Treatment facilities at an affordable cost can bring a large number of patients get treated here which has a potential of augmenting health tourism in a country like India where is diverse natural and historical evidences and places of interest. The health economy and facilities of India is not bright and adequate in view of her large population size. Some institutions offer health facilities at an affordable cost and create long lasting impression among the minds of the patients. They are not only pace setter but also can act as a morale booster for others. This paper examines the health facilities providing macro-economic data in the background of market dynamics and also presents a case study of a Hospital which provides customized medical services to the people and carve out a niche in the mind of the people.

Keywords: Customised solution, Third party assessment, Market dynamics, Compounded annual growth rate, Internationally accepted best practices standard

INTRODUCTION

If you don't care your customer somebody else will do. Customer is god. In service sector customer satisfaction directly depends on friendly employees, helpful employees, knowledgeable employees, courteous employees, quick service, service quality, good value, timeliness, clarity & accuracy of billing, competitive pricing.

Hospital is a service that no one wants to buy; no one is looking forward to his next surgery with excitement (unlike the next holiday trip or the next mobile). In today's age every customer wants to be served according to his or her unique and individual needs. Due to this reason every organization whether a hospital or any service industry needs to provide customized solutions; tailoring their services

based on actual preferences rather than on generalized assumptions.

Hospital occupies 50 per cent of Indian healthcare market, whereas, pharma, diagnostic, insurance and medical equipments holds 25 per cent, 10 per cent and 15 per cent respectively (Hazarika, 2009). According to RNCOS – 2009, 70 per cent of all hospitals and 40 per cent of beds in the country are controlled by the private sector. Less than 10 per cent of the population has health insurance (IRDA Annual report-2009-10). Indian hospital market is growing at 13 per cent per annum (IBEF – Oct, 2010). Broadly speaking, 80-85% Indian hospital market is dominated by private investors (IBEF – Oct, 2010). Under this backdrop this paper tries to re-examine and compare the impact of factors like quality of treatment, care, cure and cost on the satisfaction of the patients.

The number of international patient increase day by day. The medical visa gives the foreign patient different kind of facility. The hospitals are attracting the foreign patient by giving quality health service and treatment. Cost is not at all factor for them because they don't compromise there health with cost but also they get better treatment in low cost.

The TPA facility now becomes modern trend. Hospital giving the facility to the patient in credit treatment. Payment made by the insurance company through third party assessment.

Healthcare industry overview

- India's health expenditure was about 5.2 per cent of GDP in 2008-09. It is estimated to reach 8 per cent by 2013.

- Traditionally, the healthcare market has been highly dependent on government delivery mechanism and referrals from localized private practitioners.

- Since the 1990s, the Indian healthcare services industry has undergone a structural change and is increasingly a mix of public and private sectors.

- Non-government organizations and civil society have also started playing a greater role.

- There is a perceptible shift towards corporatization of healthcare delivery.

- Privately owned corporate hospitals are increasing their presence across the country.

 The organised private sector is gaining significant position in medical education and training, medical technology and diagnostics, pharmaceuticals manufacturing and sale, hospital construction and ancillary services.

Today, over 75 per cent of the human resources and advanced medical technology, 68 per cent of hospitals and 37 per cent of hospital beds in the country are owned by the private sector.

Private hospitals, private practitioners and local polyclinics have an 80 per cent share in India's total health expenditure.

With the emergence of private sector and introduction of technology in medicine, there is greater access to medical care for the Indian public and a growing international patient-base.

From March 2008 to March 2010, the hospitals and diagnostic services sector together received foreign direct investment of over US$ 100 million each.

India's health expenditure was about 5.2 per cent of GDP in 2008-09; It is expected to reach 8 per cent by 2013.

India's out-of-pocket expenditure as percentage of private expenditure on health is considerably higher , at over 90 per cent.

The World Health Statistics, 2010, indicates that countries with greater dependence on health insurance and government support have higher per capita healthcare expenditures and lower private expenditures.

Indian hospital industry

1. Hospital occupies 50% of the healthcare market, whereas, pharma, diagnostic, insurance and medical equipments holds 25%, 10% and 15% respectively.

2. Hospital market is growing at 13% / annum.

3. India has approximately 6 lac. Registered doctors & has a provision of registering 18000 doctors/ year.

4. According to Price Water House Coopers 70% of all hospitals and 40% of beds in the country are controlled by the private sector.

5. Less than 10% of the population has health insurance.

6. 1,98,000 open heart surgery, 202,500 hip replacement, 22995 hysterectomy are done every year in India.

Factors affecting the growth of hospital industry

As a public good health is nurtured as govt. subsidized product. Government intervention is warranted because, Absence of competitive equilibrium (Pareto Optimality) in a health market & Pareto optimality with socially inequitable health outcome. A cross sectional study has proved the cause – effect relationship of today's hospital scenarios as prevailed in India.

Private healthcare is emerging as one of the fasting growing sectors in India, with hospital chains exploring the markets in metros and tier II cities, private players seeking accreditation and developing new healthcare models. Further, the private and public sectors across various states such as Gujarat, Uttarakhand and Jharkhand have launched innovative initiatives to attract PPP investments into healthcare. West Bengal government is yet to unveil its original plan rather they have already announced its desires. As referenced by Mogha et al., (2012) from PWC, 60% of all outpatient care and 40% of all inpatient care and 70% of all hospitals and 40% of hospital beds in the country are in the private sector.

INDIA'S HEALTH TOURISM

India has historically been a regional healthcare hub for neighbouring countries such as Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and the Middle-East.

Evidence of ancient hospitals offering healthcare facilities funded by local kings and monarchs can be found in foreign travellers accounts as well as medieval scripts.

Most ancient and medieval healthcare centres provided treatment to local and foreign patients almost free of cost.

Traditional treatment methods developed from Ayurveda, Yoga, Unani, Siddha and Homeopathy (AYUSH) styles of medicines and practises.

During the early mid-Mughal period Delhi was a well-known regional destination for conclaves of physicians and surgeons.

Market dynamics

The Indian healthcare industry was estimated to be valued at about US$ 45 billion in 2010. Health tourism is a key growth sector of the Indian healthcare delivery industry. Presently, the market size is pegged at about US$ 600 million. It is projected to reach US$ 1.1 billion in 2013.

- A robust pharmaceuticals industry, growing insurance market, development of excellent private and public sector healthcare delivery centres close to tourism destinations, increasingly make India a preferred health tourism destination.

- Promotion of traditional natural medicines and, emphasis on wellness and rejuvenation have further added to India's appeal in the sector.

- Compelling reasons for healthcare delivery sector:

- A growing middle-class, with significant upward shift from lower-middle to middle-middle class.

- Increasing purchasing power: According to the National Council of Applied Economic Research (NCAER), for the first time ever, in 2009-2010, the number of middle and high income households is set to exceed the number of poor households

- Growth of middle-income class, with about 62 per cent households falling in this category in 2009-2010.

- Urbanisation and spread of economic prosperity in the small and large urban areas, employment guarantee programmes for rural population, good telecommunication infrastructure and improved infrastructure such as roads and electricity.

- Strong demand for high-quality medical care as disposable incomes increase.

- Use of technology, which is at par with international standards: in medical diagnostics, imaging and testing equipment. There is also a growing domestic medical devices industry.

- A mature pharmaceuticals industry that produces formulations and bulk drugs at considerably lower prices than the western counterparts, but of similar quality standards.

- A rapidly growing health insurance market, with the non-life insurance segment having the second largest share.

- Between 2002 and 2008, the health insurance market has grown from US$ 169 million to US$ 1.1 billion, at a Compound Annual Growth Rate (CAGR) of 37 per cent.

- A structural change in the Indian medical diagnostic services sector: increasing presence of corporate sector and, emphasis on standardized test outcomes and accreditations.

- Nascent, but growing tele-radiology and tele-medicine industries; Greater demand for Indian tele-radiologists in the US, UK and Singapore.

- A transiting public health profile, with large but declining burden of communicable diseases and increasing instances of disabilities and deaths related to non-communicable ones.

Driving factors of health tourism in india

- Skilled physicians and specialists, many, with Indian and international experience.

- High quality nursing capability providing high or equivalent standards of medical care as in patient's home country.

- Use of modern medical technology, high-quality implants and internationally accepted medical supplies.

- Strong value proposition on cost, quality of treatment and services.

- Diverse geography with numerous tourism destinations to suit the patient's schedule and health.

- No waiting period for international patients - a key constraint for surgical procedures in home country.

- Unavailability of reliable cure or facilities for treatment in home country.

- Emergence of multi-specialty hospitals in major Indian cities.

- Favorable exchange rates and cheaper international air-travel.

- Widespread use of English Interpreter services also available.

- Use of alternative medicine, wellness and rejuvenation programmes for complete healing.

- Growing local insurance market and tie-ups with international medical/travel insurance providers. Poor coverage in home country.

- International banking and widespread use of plastic money.

- Modern hospital and hotel facilities, good air and surface transport, developed telecommunications network and improving tourism infrastructure.

- Abundant and easily available information on India and, hospitals and tourism industries.

Indian hospitals offering international patient services

There are several hospitals and health institutes which offer healthcare services to international patients. These hospitals and institutes broadly fall under two categories:

1. Well-established institutions with a reputation for providing specialised treatment and undertaking rare surgeries.

2. Ultra-modern and new hospitals set up in cities with good infrastructure and proximity to key tourist centres.

In both categories of hospitals, the consulting physicians and specialists are highly skilled, many with Indian and western education as well as experience. These physicians provide consultations at multiple locations of a hospital chain or at different hospitals.

Popular surgeries and treatments sought by international patients are in cardiology, pediatrics, gastroenterology, orthopedics and joint replacement, oncology, minimal access surgeries (especially bariatric surgery), cosmetic, dentistry, gynecology, ophthalmology and obstetrics.

Alternative medicine and holistic treatment with Yoga, Ayurveda, skincare and other indigenous methods are also becoming popular in wellness and rejuvenation programmers.

Some international patients seek facilities for complex surgeries and treatment of rare disorders.

Key healthcare centres offering international patient services are located near major tourism circuits and international airports.

Global health tourism market

Thailand and India are the most popular destinations in Asia.

Of the over 50 countries offering health tourism services, Brazil, Costa Rica, Hungary, India, Malaysia, Mexico, Panama, Singapore, South Korea, Thailand and Turkey are among the most favoured destinations for health tourism.

Globally, health tourists fall under several categories, broadly as follows:

Those who seek medical care and inpatient services outside their home country.

Those who travel to another country and have to seek emergency medical care in the host country.

Expatriates seeking medical care in host country.

While these categories may together account for over 200,000 international patients in India, those coming to the country especially for health tourism as inpatients may be around 85,000.

India received an estimated 150,000 medical tourists in 2010, not including travelers seeking emergency care and expatriates.

It is estimated that in 2009, about 650,000 US citizens sought health tourism over local care; Mexico, Thailand, Costa Rica, India and

Singapore were their most preferred destinations.

High-per capita GDP countries with strong tourism and immigration destinations and, branded medical-research industry attract the most discerning and loyal customers.

Mid-range GDP and fairly industrialized countries with clinically focused hospitals attract the discerning health tourists with wider preference.

The value-for-money health tourists are more willing to seek low-per capita GDP countries with low cost healthcare labor force and clinically focused hospitals.

India's Competitive Environment in Health Tourism

India attracts international patients from over 50 countries including Afghanistan, Argentina, Australia, Bangladesh, Bhutan, Canada, France, Germany, Holland, Hong Kong, Malaya, Maldives, Mauritius, Middle-East, Myanmar, Nepal, Nigeria, Pakistan, Scotland, Senegal, Seychelles, Spain, Sri Lanka, Tanzania, UK, USA and Vietnam.

Good reputation of Indian doctors in the UK and US has helped develop confidence in the level of medical care provided in India.

Government Support to Indian Health Tourism Industry

The Indian Government's Ministry of Tourism website regularly updates the list of travel agents recognised by it.

The Indian Embassy or consulate or local Indian mission office, the Indian Medical Travel Association, the Ministry of Tourism and the "International Patient Services" of hospital websites are the places to seek information and guidance on initiating health tourism in India.

The Government of India issues medical or "M-visas" to health tourists. The M-visas are valid for a year.

It can be extended for a another year by the State Government/ Foreigner Regional Registration Offices (FRRO) on the basis of medical certificate or advice from the reputed or recognized hospitals in the country.

Any further extension is granted by the Ministry of Home Affairs only on the recommendations of the State Government/FRROs supported by appropriate medical documents.

"M-visas" are valid for maximum three entries during one year. State Government/FRROs may permit one additional entry, if required.

Foreigners coming on "M-visa" are required to get themselves registered mandatorily within 14 days of arrival with the local FRRO of Foreigner Registration Office (FRO).

Attendant or family members of the patient coming to India for medical treatment are granted miscellaneous visa co-terminus with the "M-Visa" of the patient. It is called "MX-visa" and is granted to the spouse and/or children or those who have blood relations with the patient.

Up to two attendants are allowed at a time for grant of miscellaneous visa. "MX-visa" holders are also required to register with the local FRROs/FROs well within 14 days from the date of arrival.

Medica superspeciality hospital

Medica Superspecialty Hospital will be a tertiary care hospital with 500 (proposed) beds and will provide state-of-the-art facilities in Cardiology and Cardiac surgery, Neurology and Neurosurgery, Orthopedics, Joints and Spine treatment, Liver and Gastroenterology, a large Dialysis facility, advanced Urology services and a host of other support services, all under the same roof.

This hospital has been created keeping in mind that those needing treatment should find this unit as an end-point of their search for excellence in clinical services, ambience and staff behavior, and at prices so slated so as to be affordable to all. It is a sincere attempt to stop patients from having to travel to north or south India for treatment. We strive to build in transparency in our actions and develop strong doctor-patient communication.

Medica Superspecialty Hospital will serve as the hub for our smaller hospitals in Siliguri, Asansol and various others in the northeast.

OBJECTIVE OF THE STUDY

Once, the relationship and degree of involvement of the independent variables towards patient satisfaction is known, the organization can enhance the quality/quantity of dependent variable (patient satisfaction). Hence, patient satisfaction will reach at its best helping the hospitals to grow further. Patient satisfaction surveys are an important vehicle for collecting patient's opinions and needs. They allow to quickly capturing information at relatively minimal expense and effort. Satisfaction surveys answers tough and critical questions related to customer satisfaction. Specifically, the broad objectives of the study are as follows:

1. To assess the level of satisfaction of inpatients with regard to various services provided by the hospitals. More clearly, the study looks into the area of customer behavior, attitudes and perceptions of hospital service users;

2. To identify the gap in the service by analyzing the factorial inter-relationship and hence to develop strategies to improve the patient satisfaction level and image of the hospital.

REVIEW OF LITERATURES

A good number of research works have been done in this filed. Bitneret. al. (1990) has shown that the idea of 'zero defects', though widely implemented in manufacturing industry, is extremely difficult to apply in service industry. He, however, concludes that a continuous up gradation of quality is an essential requirement of service organization. Customer satisfaction helps a firm to retain its customers that directly depends on friendly employees, helpful employees, knowledgeable employees, courteous employees, quick service, service quality, good value, timeliness, clarity, accuracy of billing and competitive pricing" (Fornell 1992). Moreover, customer switching is industry specific, limits the generalization and need to adopt broader perspective. Berry and Parasuraman (1993) have emphasized on the customer specific services i.e. individual customer based service (SERVQUAL). However, factors like pricing, inconvenience, core service failure, service encounter failure, and response to service failure, competition, ethical problems, and involuntary switching also play role in switching customers from one brand to another (Susan M. Keaveney 1995). Further it costs more to gain a new customer than it does to retain an existing one as it incurs more costs in relation with promotion, product designing, product presentation, sampling etc. (Woodruff 1997). Hence, a guideline for developing service recovery procedures is required that improve customer service and enhance customer relationships in hospitals. These can be used to implement service delivery systems that include provisions for appropriate recovery efforts, allocate recovery resources to maximize returns in terms of satisfaction, and train employees to recognize failures and reduce their effects on customers (Smith K et. al 1999). Also, expectations serve as a major determinant of a customer's service quality evaluations and satisfaction (Mangold Glynn W. et. al 1991).

In hospital and health services need of patient is controlled by cultural and ethical determinants, public and political pressure. Demand is influenced by media, medical influence, social and educational influence. Whereas factors controlling supply are public and political pressure, historical patterns, momentum and inertia. Need, demand, supply for a healthcare market overlap each other due to various reasons one of which is emergency need (Tabish Amin Syed 2005).

Over the years, hospitals have shown marginal growth. The financial risks of the hospitals are high because of lower profitability and lower operating efficiencies. Absences of specific standards for provision of care and agreement on predetermined rates for reimbursement are two critical factors in developing an insurance based system of financing (Bhat Ramesh et. al 2006). Different researchers showed that patients pay most attention on "physician care" and have less concern with "hospital costs" (Lee-I. Wan et. al 2007). So, 'voice of the customer' should be taken into the design process using advanced techniques, such as experimental design, quality function deployment and value engineering (Pakdil, Aydin et. al. 2007).

Technological orientation and relationship (IT applications and relationship); integrated health care (efficiency, openness, quality), sensitivity to response (elements of development, competence), vision and work culture (spirituality, effectiveness and ethics), concern, commitment and consideration, compatible and reciprocal relationships (appraisal, responsiveness, welfare), and promotion of self-discipline (transparency, recognition, empathy, housekeeping) have also been identified as the effective dimensions of success of healthcare marketing (Shah N et. al 2007). Medical reliability failure, physical evidence failure, poor information, medical treatment errors, costly services, complaint handling failure have been identified as the service failure in case of hospital service

marketing that directly affect the hospital image. These should be considered as mandatory factors while designing the while designing the hospital marketing strategy (Alfansi&Atmaja 2008).

Relationship marketing is evident in private hospitals giving importance to patient-staff interactions and the trusting impact on the organizations that followed and implemented it (Rooney 2009). It is essential to analyze patient's expectations to improve service quality (Bakar et. al 2008). Even, challenge of Indian healthcare is to build trust-based institutions (Bloom et. al 2008). Other researchers have also proved that staff care is the most influential attribute to patients in rating their overall hospital experience (Otani et. al 2009) and lower or higher levels of efforts are definitely required for all dimensions of perceived service quality for hospitals (Aagja et. al 2010).If hospitals want to be preferred by patients, they should be careful on gaining the trust of patients, and should try to have employees be kind and helpful to the patients (Ekiyor et. al 2010).

HYPOTHESIS

Hypothesis about the project is stated under-

H_1: Hospital should not impose any hidden cost.

H_2: Prompt service & queuing time in case of admission procedure must be analyzed by a hospital.

H_3: Infrastructure is a factor for choosing a hospital for treatment.

MATERIALS AND METHOD

The whole study is based on the primary field survey data collected from a privately owned hospital named Medica Super-specialty Hospital located in Kolkata. In total 60 patients were surveyed and after screening of all the questionnaires, 50 filled up questionnaire have been finally used. The

survey was conducted during the months of Jun-August 2013. Primary data of this study has been collected from the international patient approaching Medica Hospital for treatment. Hospital service marketing is a *"4-Factor"* model i.e. treatment (doctor's service), care (personnel's service), quality (convenience and time of service) and cost (monetary costs & non-monetary costs such as searching cost, queuing cost, temporal loss, risk of anxiety, loss of earning time etc.). The relationship between the customer satisfaction and the '4-factors' such as treatment, care, quality and cost can be measured by the following model

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4$$

Where X_1 = treatment comprised of doctor's service to solve health related problems

X_2 = quality comprised of reliability, responsiveness, assurance, empathy, tangibles i.e., convenience created

X_3 = care comprised of employee's performance towards patients and

X_4 = cost which includes direct cost like doctor's fees, medicine cost, additional investigation cost, travelling cost and other indirect cost like searching cost, queuing cost, cost of temporal loss, cost of risk of anxiety and cost of loss of earning time.

A Principle Component Analysis (Factor Analysis) model is accordingly used to estimate the principle factors out of different variables affecting the choice of a hospital at a foreign destination for treatment. All the statistical calculations have been done using the computer software STATA.

Secondary data used are been collected from different websites, journals, health news print materials etc.

DATA ANALYSIS AND INTERPRETATION

Table 11: - International patient opinion variation in percentage

Question	Highly Disagree (%)	Disagree (%)	May Be (%)	Agree (%)	Highly Agree (%)
Doctor is a crucial factor for choosing a hospital.	0	0	0	16.66	83.33
Nursing care is an important factor	0	0	16.66	6.66	76.66
Pathological facility and prompt reporting is a factor for choosing a hospital.	0	13.33	23.33	20	43.33
Critical care, ICU, O.T service efficiency helps to judge a hospital's effectiveness.	3.33	0	20	20	56.66
Hospital should not impose any hidden cost.	13.33	36.66	26.66	3.33	20
Cashless admission help to get emergency and normal benefit of treatment hospital.	3.33	6.66	36.66	26.66	26.66
Treatment package is a criterion of choosing a clinical establishment.	0	0	16.66	43.33	40
Prompt service & queuing time in case of admission procedure must be analyzed by a hospital.	3.33	6.66	10	33.33	46.66

Patient –Doctor consultation time is a criterion of choosing a hospital for treatment.	0	6.66	23.33	23.33	46.66
Money invested for treatment should reciprocate to health benefit.	3.33	0	13.33	26.66	56.66
A hospital must be a trust worthy by all means & forms	0	0	16.66	33.33	50
Infrastructure is a factor for choosing a hospital for treatment.	0	3.33	26.66	26.66	43.33
Hospital employees are having a crucial role to help the patient and their relative.	0	0	10	30	60
Hospital **must** have all modern apparatus to facilitate treatment.	0	0	6.66	6.66	86.66
Hospital must fulfill their commitment as they promised.	0	6.66	23.33	3.33	66.66
Hospital employees should listen to the legitimate demand of patients.	0	23.33	16.66	10	50
Hospital authority must inform regarding bills to the patient and their family whenever demanded.	3.33	16.66	16.66	10	53.33
Doctors &other staff should provide information about disease to patient &their relative.	0	3.33	10	10	76.66
Hospital authority should inform about health improvement of patient to the patient & their relative on demand.	0	0	0	6.66	93.33

RESULT: -

Collected Data by using STATA Statistics or Data analysis result is found.

PCA: q1 q2 q3 q4 q5 q6 q7 q8 q9 q10 q11 q12 q13 q14 q15 q16 q17 q18 q19

No. of Observation: - 50

No. Of Component: - 19

Trace   : - 19

Rho   : - 1.0000

Fig 34: **Rotation (Unrotated = principle)**

Component	Eigenvalue	Difference	Proportion	Cumulative
Comp1	4.133	1.64114	0.2175	0.2175
Comp2	2.49186	.584556	0.1312	0.3487
Comp3	1.90731	.186638	0.1004	0.4491
Comp4	1.72067	.239074	0.0906	0.5396
Comp5	1.48159	.271986	0.0780	0.6176
Comp6	1.20961	.0816885	0.0637	0.6813
Comp7	1.12792	.0419109	0.0594	0.7406
Comp8	1.08601	.21675	0.0572	0.7978
Comp9	.869258	.132162	0.0458	0.8435
Comp10	.737096	.0601335	0.0388	0.8823
Comp11	.676962	.236493	0.0356	0.9180
Comp12	.440469	.107039	0.0232	0.9411
Comp13	.33343	.046319	0.0175	0.9587
Comp14	.287111	.0879518	0.0151	0.9738
Comp15	.19916	.0711991	0.0105	0.9843
Comp16	.12796	.0563786	0.0067	0.9910
Comp17	.0715818	.0052921	0.0038	0.9948
Comp18	.0662897	.033574	0.0035	0.9983
Comp19	.0327157	.	0.0017	1.0000

Source: Primary data analysis

Fig 35:- **Eigenvalue:-**

Variable	Comp1	Comp2	Comp3	Comp4	Comp5	Comp6	Comp7	Comp8
q1	0.3673	-0.1488	-0.2161	0.2548	0.1129	0.0813	-0.0134	-0.0137
q2	0.3027	0.1143	-0.2049	0.0416	0.1031	-0.0686	-0.0752	-0.2535
q3	0.3543	0.0095	-0.0333	0.1666	0.0654	-0.2757	0.2732	-0.3526
q4	0.0841	-0.3000	-0.1434	-0.1251	0.1583	-0.4563	0.0457	0.3587
q5	0.0650	0.2420	0.1207	0.5517	-0.0300	0.2386	-0.1709	-0.1482
q6	0.3340	-0.2411	0.0635	0.0550	-0.1295	0.1304	-0.1766	0.1803
q7	0.3353	0.0807	0.1490	0.2363	-0.3013	-0.1511	0.1683	0.0563
q8	0.2426	-0.0465	0.1735	-0.0511	-0.5505	-0.1971	-0.2141	0.1887
q9	0.1951	-0.0394	0.1414	-0.2783	0.1682	-0.1424	-0.2487	-0.4505
q10	0.0423	-0.2104	0.0133	-0.0846	-0.2716	0.4811	0.4824	-0.0469
q11	0.2212	0.2780	-0.2662	-0.2733	-0.3649	0.1005	-0.0197	0.0658
q12	0.0655	0.1452	0.3594	-0.1803	0.0033	-0.1422	0.5990	-0.0403
q13	0.2765	-0.0304	-0.1476	-0.1534	0.3678	0.4335	0.1336	0.1725
q14	0.3312	-0.0856	0.1564	0.0814	0.2987	0.0624	-0.0421	0.3865
q15	-0.0038	-0.3487	0.4357	-0.0795	-0.0785	0.2727	-0.2569	-0.1973
q16	-0.0866	-0.1948	0.4529	0.2651	0.1531	-0.1180	0.1059	0.0991
q17	-0.1091	0.4679	0.0572	0.2708	0.0567	0.0193	0.0096	0.2862
q18	0.2059	0.3389	0.2682	-0.1932	0.1937	0.0236	-0.0396	-0.1157
q19	0.1127	0.3220	0.2865	-0.3391	0.0748	0.0753	-0.1753	0.2345

Source: Primary data analysis

Scale reliability coefficient (Cronbach's alpha) of the variables is found to be 0.6438 which is valid and hence accepted. The PCA analysis has successfully generated 8 components with Eigen value more than 1. Hence, we are considering those components only. Eventually, only 3 variables have shown a value more than 0.5 i.e Hospital should not impose any hidden cost, Prompt service & queuing time in case of admission procedure must be analyzed by a hospital, Infrastructure is a factor for choosing a hospital for treatment. But, Prompt service & queuing time in case of admission procedure must be analyzed by a hospital is showing a negative value which indicates that international patients are not at all concerned about whether hospital authority will study any patient related service or not rather they must provide it without any hindrance. However we have also found good value for some of the variables which are also have some relevance for an international patient prior to purchase of the service of an international hospital service i.e. Money invested for treatment should reciprocate to health benefit and Hospital employees are having a crucial role to help the patient and their relative.

So, H_1 and H_3 cannot be rejected. But, alternative of hypothesis H_2 can be selected.

CONCLUSION

So, it can be concluded that, any hospital providing international healthcare facilities should consider a trust building role in all sense while dealing with the patients approaching their hospital. Modern facilities and / or techniques are the mandatory factor that must be provided above all other benefits to provide internationally recognized healthcare providers. Medica should highlight their facilities, infrastructure, and skillful doctors/staff through all their promotional techniques. They must be transparent about the cost incurred regarding their patients and prior to any treatment, this must be informed to the

patient on their demand. Further, patients are ready to pay rational money for an excellent healthcare facility in an international location.

Some of the recommendation depends on the analysis are given bellow:-

- MEDICA should follow internationally accepted best practices standards of quality in reference with entry to exit of a hospital to create good word of mouth about their clinical establishment

- They must highlight the benefit of a treatment to be received by a patient compared to other hospitals.

- They must promote their international success stories to their patients through all promotions.

- Medica must recruit skillful staff (clinical/nonclinical) to provide outstanding service to all its international patients.

[16]

"NEGOTIATING EMPOWERMENT: PERCEPTION OF PRIVATE SUPER-SPECIALTY HOSPITAL PATIENTS REGARDING LIFESTYLE RELATED DISEASES – A STUDY OF KOLKATA"

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ABSTRACT

Non Communicable Diseases are becoming a potential global threat of our universe and India is naturally not an exception. It is mandatory to attain the problem through immediate intervention by making people aware about this menace as, there is no substantial prevention technique is available till date. This study is based on the perception of patients of Kolkata based 10 private super- specialty hospitals suffering from lifestyle related diseases. Through purposive sampling, 350 patients have been selected as sample respondent to find their opinion regarding lifestyle related diseases, its prevention, avoidance, treatment and mitigation. It also highlights the need of empowering people by making them more aware about the effects of NCDs and their prevention. Result emanated from the study is highlighting the interference of private hospital for all of those treating lifestyle related diseases, which can used for strategic marketing positioning of future hospitals.

Keywords: private super-specialty hospital, patients perception, lifestyle related diseases, lifestyle change, NCDs.

INTRODUCTION

In 2008, 36 million people died from non communicable diseases, representing 63% of the 57 million global deaths that year. In 2030, such diseases are projected to claim the lives of 52 million people. In low- and middle-income countries, non-communicable diseases will be responsible for nearly five times as many deaths as communicable diseases by 2030. In the maze of crisscross attack of communicable diseases, it is a matter of concern that non communicable disease is silently affecting the underdeveloped and developed nations leaving its long term intensified effect both on social and political front i.e. public health burden. Figures of human being affected by lifestyle diseases can discourage any urban Indian even to live. Strong evidence links poverty, lack of education and other social inequities to non-communicable diseases and their risk factors. The problem is particularly acute in very poor families. Worldwide, the increase in such diseases means that they are now responsible for more deaths than all other causes combined. Healthy lifestyles that preclude NCDs and their risk factors are needed to be made people aware to arrest the progress of the diseases. Specialty and super-specialty hospitals providing tertiary care for NCDs has to play maximum role by creating awareness

generation which can be used as a tool of marketing. This working paper is based on a conceptual research design justifying the importance and relevance of awareness and lifestyle change to prevent and / mitigate NCDs by Indian private hospitals based at Kolkata.

WHO, Global Status Report on Non-communicable Diseases 2010 (Geneva, 2010) have suggested some actions that should be taken immediately are "best buys" and "good buys". A best buy is an intervention that is not only highly cost-effective but also cheap, feasible and culturally acceptable to implement whereas Good buys are other interventions that may cost somewhat more or generate somewhat less health gain but still provide good value for money. Best buys to reduce major risk factors for non-communicable diseases include smoke-free workplaces and public places , warnings about the dangers of tobacco, comprehensive bans on tobacco advertising, promotion and sponsorship, raising excise taxes on tobacco and alcohol, restricting access to retail alcohol, enforcing bans on alcohol advertising, reducing salt and sugar content in packaged and prepared foods and drinks, replacing trans-fats with unsaturated fat in food, delivering hepatitis B vaccine immunization and promoting public awareness about diet and physical activity through education and consumer information, including mass media.

In addition to best buys, there are many other cost-effective and low-cost population-wide interventions that can reduce risk factors for non-communicable diseases. They include nicotine dependency treatment, enforcing drunken driving laws, promotion of adequate breastfeeding and complementary feeding, restrictions on the marketing of foods and beverages that are high in salt, fats and sugar, especially to children, and the introduction of food taxes and subsidies to promote a healthy diet.

When a non-communicable disease diagnosis is made, it is often at a late stage of the disease, when people become symptomatic and are admitted to hospitals with acute events or long-term complications and disabilities. Treatment for advanced stage diseases is expensive as high-technology interventions are required. The long-term nature of many non-communicable diseases demands a comprehensive health system response that brings together a trained workforce with appropriate skills, affordable technologies, reliable supplies of medicines, referral systems and the empowerment of people for self-care, all over a sustained period of time.

If rising non-communicable disease trends in low- and middle-income countries are to be reversed, current approaches to addressing such diseases need to be changed. At present, the main focus of health care for such diseases in many low and middle-income countries is hospital-centered. Treatment for advanced stage diseases is expensive as high-technology interventions are required. Health-care services models should be transformed from acute emergency care to chronic lifelong care. Moreover, in case of cardiovascular disease and diabetes, a large proportion of people at a high risk remain undiagnosed, and even those who have been diagnosed have insufficient access to essential primary health care to prevent complications. The global non-communicable disease epidemic can be countered through population-wide and individual health-care interventions that are proven, evidence based and within the grasp of nearly all countries.

Three necessary components of all non-communicable disease surveillance are monitoring exposures to risk factors, monitoring outcomes, namely, morbidity and disease-specific mortality; and surveying health system responses, including national capacity to prevent non-communicable diseases, for example, policies and plans, infrastructure, human resources and access to

essential health care and medicines. Anyway, these diseases are creating a business dimension for the healthcare market which is also an important reason of accelerating the private corporate hospitals. Attitude, values, priorities are changing very fast. Health check up is no more a luxury but an essential part to maintain healthy life. Consciousness will motivate an Indian individual to move for a health checkup which is the primary source of a hospital customer. Today's nuclear family affected by the dominance of the lifestyle related diseases and its intensity can be reduced by promoting health and disease consciousness.

According to the annual report of health to people of India 2011 Health promotion, behavioural change and promotion of healthy lifestyle is a cost effective option to resist high cost treatment of no communicable diseases and unfinished agenda of communicable diseases.

OBJECTIVE OF THE STUDY

Hospital is "an integrated part of a social and medical organization, the function of which is to provide complete healthcare, both curative and preventive, and whose outpatient services reach out to the family and its home environment; the hospital is also a centre for the training of health workers and biosocial research" (WHO).

Health promotion depends on the effectiveness and efficiency of the health system of a community (Park, 2010). The "health system" constitutes of concepts (health and disease), ideas (equity, coverage, effectiveness, efficiency, impact), objects (hospitals, health centres, health programmes) and persons (providers and consumers). Healthcare coalitions are joint public & private sector initiatives for addressing rising healthcare costs. Business, government and medicines (three groups) need to solve the problems jointly. Coalitions facilitate the communications and renegotiations between

providers, users and payers in the allocation of health resources for an area. The principles in coalition are business, hospitals, physicians, medical societies, commercial insurance, blue cross, blue shield and labour organizations (Tabish 2010).

The broad objective of the study is,

1. To identify the perception of Indian patient regarding lifestyle related diseases

2. To assess the importance of lifestyle change in NCD prevention, avoidance and mitigation

3. To find the expectation of patients from hospitals in NCD prevention

The further scope of research is to identify from customers/ patients their point of view about the necessity of promoting consciousness to make them aware about primordial prevention against lifestyle related diseases as marketing strategy for the hospitals.

BACKGROUND OF THE STUDY

Sedentary lifestyle of today's nuclear family stimulates lifestyle related diseases (Charansonney, 2011). More stress, more eating and less exercise is responsible for chronic life style related diseases and daily physical habit & longevity of life are mutually correlated (Veit, 2011). Even economic affluence has been blamed as one of the cause for rising cardiovascular disorders, mental diseases, diabetes, cancer and the so called life style diseases (Tabish, 2010). However, sedentary lifestyle an overambitious outlook, excessively aggressive competition, lack of regular exercise, excessive consumption of alcoholic beverages and smoking, etc., have brought non communicable diseases like diabetes, hypertension, myocardial infarction, etc. to the forefront. Similarly, mental health has also been compromised (Gupta, &

Mahajan, 2005; Crouch et al. 2011). Cancer rates in India are lower than those seen in Western countries, but are rising with increasing migration of rural population to the cities, increase in life expectancy and changes in lifestyles. Life style related diseases are more of personal choice rather than public health (Okamoto, 2007). Smoking, drinking alcohol, obesity increases the chances of life's disability years (Klijs et al. 2011). Individual food, nutrient and dietary pattern also affect the mortality related to cardiovascular diseases and cancer (Tourlouki et al. 2009) and diet has beneficial effect on risk factors related to cardiovascular diseases (Roman et al. 2008; Tyrovolas et al. 2010). Hence, life expectancy is bound to fall. From a public health perspective, there is an increasing need to develop cancer prevention programs responsive to the unique diets and cultural practices of the people of India (Sinha, 2003). Early life (premature death) are least influenced by infectious diseases in India but some of them are still endemic, so, still they are the higher priority for the Indian government. Moreover, there is no preventive therapy available for lifestyle related diseases (non communicable diseases) other than primordial prevention. Studies of Ramaraj, and Alpert, 2008 have revealed that Life style related diseases are accelerating by leaps and bounds as a result of current social and economic changes. According to Government of India Ministry of health and family welfare September 2010, 42% of all deaths of urban India are accountable for non communicable diseases compared to 38% for communicable diseases. Rural India is showing a reverse scenario whereas 41% death is communicable and 40% is responsible for non communicable diseases. Also in West Bengal, the dominance of life style related diseases are dominating over infectious diseases (Hazra, 1990). Quality of food and its nutritional value is having a significant impact on human survival from conception to old age which people are not aware of (Krishnaswamy, 2001). Increased mortality and decreased morbidity of urban

population due to lifestyle related diseases have increased business opportunities in the health sector (Bhattacharya 2011). Group work, videos, telephones, councelling, workshop, educational material etc. are the effective way to upgrade the knowledge level of human being regarding the relation between cause of those diseases and lifestyle modification to reduce risk factor related to degenerative or lifestyle related diseases (Crouch et al. 2011). However, physical exercise, nutritional modification are the helpful preventive measures that people should be made aware to reduce the risk factor related to those diseases (Naghi et al 2011; Winter at al 2011). The greatest reductions in non-communicable diseases will come from population-wide interventions to address the risk factors of tobacco use, unhealthy diet, lack of physical activity and harmful use of alcohol. Such interventions are low-cost, cost-effective and even revenue-generating in some cases; they are especially inexpensive when compared with procedures necessary for patients with advanced stages of disease (UN Secretary General Report, 2011 and WHO, 2010). But effective interventions are not implemented on a wide scale for a variety of factors, including inadequate political commitment, insufficient engagement of non-health sectors, lack of resources, vested interests of critical constituencies and limited engagement of key stakeholders.

Healthcare delivery becomes more consumers driven. Customer management play an important role compared to generic activities (Coddington, Fischer, and Moore, 2001). Current clinical establishment have focused more on increasing consumer awareness about specific long-term care facilities (Chandra, Smith, and Paul, 2006). According to T. Bogg et. al, (2004) conscientious people live longer because tend to take better care of themselves (eat better, exercise more) and engage in fewer risky behaviours (smoking, drinking/drugs, risky sexual or driving behaviour). Consumers are particularly conservative related to

perception & acceptance of food compared to other product as they are conscious about their taste (Verhagen et al. 2012). Health products specially insurance products are purchased based on health risk perception and thus becomes an important parameter of discussion both for academic and practioners of healthcare. Unfamiliar, unknown, uncertain, uncontrollable, severe consequences are the factors associated with risk perception. Precautionary behavior related to health is an after effect of increasing risk perception (Rosenstock, 1974) but it may be a necessacity not a condition (Raghubir and Menon, 2005). Antecedents of health risk perceptions belongs to five different categories i.e. motivational (self-positivity/unrealistic optimism, social desirability, self-control), cognitive (accessibility and diagnosticity), contextual, affective and individual differences who interact between each other to form a judgement of health risk. Financial, performance, psycho-social and physiological risk help to convert a health risk perceptions into bevioural consequences (Menon et al., 2006). Self-positivity promotes complacency (Skinner, 1995) relatively more than goal oriented behavior (Weinstein, 1989) that can create 'It cannot happen to me' syndrome (Weinstein, 1980). Moreover, it can create an illusion of positivity functions as stress buffer (Taylor et al. 2003). Health risk perceptions are further influenced by both socially desirable or acceptable practice (Argo, Dahl and Manchanda, 2005). Fang et al. (2012) has shown that trust in message is the prime factor that effect the intensity of preference in risk reduction compared to the age and education of the consumer of health product. But, consumers are motivated to pamper short term

benefit like time, effort, emotion etc. that help them to overpower long term benefit and hence indulge them to avert risk perception (Keller et al. 2003). Information of a message indicating a health risk must be presented in an intensified way with its positive effect showing real dimension to force a prospective customer to assess the risk of health hazard (Raghunathan and Trope, 2002). If negative information related to a disease is presented in a negative mood, it will not be perceived in a negative way (Keller et al. 2003). However, frequency of a risk related health message, its accessibility and its importance intensity from the perspective of its recentness gets the priority of showing a health behavior (whether to purchase a health product or not) (Raghubir and Menon, 2005b). Further, gender, age, personality, culture, individual priority also play major role towards a health related behavior (Menon, Raghubir, Agrawal, 2006). Thus, Consumers facing a health hazards adopt a healthy behavior by following awareness, interest/desire, trial, adoption, repetition and endorsement. Block and Keller (1995) observed that more uncertainty towards a preventive action fosters of engaging more in preventive behaviours. Higher the initial cost of a treatment (more the financial risk) forces lower interest of purchase of a health product. Health risks also involves physiological risks (belief, myths) and psycho-social risk (coping and social support mechanism). Health threatening behaviours need to be changed by creating awareness at the inception of an unhealthy behavior by giving incentives is being indicated as a technique of mitigating NCDs (Dobe, 2012).

Fig. 1

HEALTH BELIEF MODEL
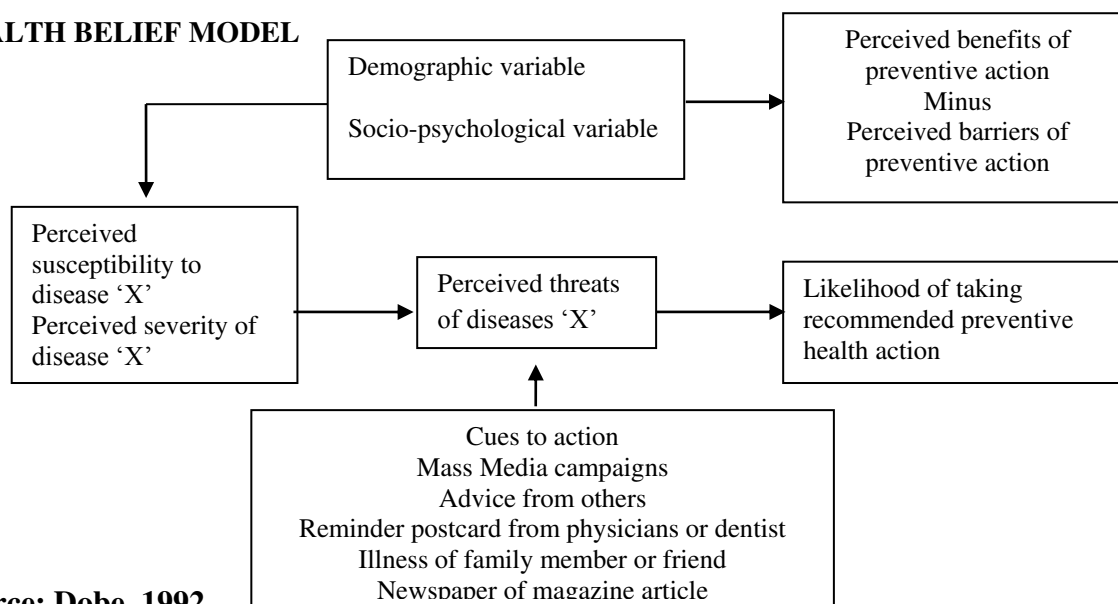
Source: Dobe, 1992

In the context of management of NCD (Non communicable diseases) related to cardiovascular diseases, proactive prevention culture is comparatively a better option than the reactive treatment that can help to minimize spending but maximize QALYs (Miller et al., 2013). Interestingly, patients are increasingly using internet for retrieving information related to diseases and health (Rahmqvist and Bara, 2007). Rahmqvist and Bara, (2010) have shown through an organized time tested study that, hospital patients are information seeker regarding facility, process, treatment, staff-care, doctor, disease progress in case of emergency health crisis. Their study has also revealed no significant interrelationship among emergency care and poor patient satisfaction whether it is old or young patient. Rollnick et al. (1993) have also confirmed by their study that people are ready to abide by information that they lack from a respectable source. Although, counseling have shown positive influence in diseases intensity reduction, but, in a tertiary care setting, physicians have restriction of time to perform counseling of the patient which has to be performed by the paramedical and other authorities (Atreya et al. 2010).

METHODOLOGY OF THE STUDY

The present study is based on both primary and secondary data. The secondary data used in this study has been collected from books, magazines, hospital brochures, web sites, periodicals, and publications, newspaper clippings of national and international importance.

The primary data used in this study has been collected from 350 out patients suffering from lifestyle related diseases i.e. NCD associated with 10 private supers-specialty hospitals of Kolkata, India. This selection has been made following purposive sampling procedure and the samples have been collected during Jun'13 – Sep'13. A questionnaire was constructed with rating scales to capture the perceptions of the respondents regarding their awareness and impact of NCD and its relation with lifestyle changes. Their perception of the role of the hospitals regarding awareness creation of NCD was also found out. A pilot survey was conducted with 50 respondents to make the questionnaire more robust. The questionnaire was tested for reliability and Cronbach alpha is 0.8399 which signifies the reliability and validity of the questionnaire.

For analyzing the data collected from both primary and secondary sources, techniques like the factor analysis models and certain other tests has been applied at appropriate places.

DATA ANALYSIS AND

INTERPRETATION –

Based on the opinion of the respondents regarding Non Communicable Diseases it has been observed that patients suffering from NCD are scared about its consequences (even death) and they believe that those diseases need to be treated without delay.

The study has also emanated that lifestyle modification is a technique to avoid the emergence, progress and intensity of NCDs besides medicinal support. Maximum number of patients attending OPD of the private hospitals have also identified, awareness about NCD through lifestyle modification, can help them lead a healthy life.

Respondents have also identified doctors as a treatment provider and also as a vehicle of information. Moreover, it can also be concluded from the responses that hospitals have a role to play to prevent NCD. Respondents are interested to receive health related information about NCD from the hospitals rather than hospital facility related information. They are ready to receive lifestyle change related information from the private hospitals to prevent NCDs.

Table 1.Results of Factor analysis

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	5.06960	2.91661	0.6291	0.6291
Factor2	2.15299	1.21081	0.2672	0.8963
Factor3	0.94217	0.42705	0.1169	1.0132
Factor4	0.51512	0.18045	0.0639	1.0771
Factor5	0.33467	0.20740	0.0415	1.1186
Factor6	0.12727	0.02460	0.0158	1.1344
Factor7	0.10267	0.04619	0.0127	1.1471
Factor8	0.05648	0.06447	0.0070	1.1542
Factor9	-0.00799	0.01845	-0.0010	1.1532
Factor10	-0.02645	0.02008	-0.0033	1.1499
Factor11	-0.04653	0.02633	-0.0058	1.1441
Factor12	-0.07285	0.04501	-0.0090	1.1351
Factor13	-0.11787	0.00862	-0.0146	1.1204
Factor14	-0.12649	0.03317	-0.0157	1.1047
Factor15	-0.15966	0.04106	-0.0198	1.0849
Factor16	-0.20072	0.01508	-0.0249	1.0600
Factor17	-0.21580	0.05214	-0.0268	1.0332
Factor18	-0.26794	.	-0.0332	1.0000

The results reveal that that out of the eighteen factors there are two factors more than 1 and the two factors explain 89.63 % of the total variance.

Table 2.Factor loadings (pattern matrix) and unique variances

```
----------------------------------------------------------------------------------------
Variable | Factor1  Factor2  Factor3  Factor4  Factor5  Factor6  Factor7  Factor8 | Uniqueness
-------------+--------------------------------------------------------------------------------+-------------
```

Variable	Factor1	Factor2	Factor3	Factor4	Factor5	Factor6	Factor7	Factor8	Uniqueness
a	**0.6630**	-0.1696	0.1619	0.0671	-0.0110	-0.0119	-0.0807	-0.0248	0.4936
b	0.4437	-0.2334	0.0815	-0.0819	-0.1133	-0.0547	0.0693	0.1366	0.6960
c	**0.6048**	-0.2728	0.2970	-0.0004	0.0562	-0.0180	-0.1144	-0.0102	0.4549
d	-0.2847	0.0103	0.2655	0.1850	0.1134	-0.1473	0.0259	0.0061	0.7788
e	0.1519	0.3392	0.4364	0.0464	-0.0685	0.0479	0.1327	0.0629	0.6407
f	**0.7583**	0.0087	-0.0206	0.0098	0.1958	-0.0243	-0.0690	0.0786	0.3745
g	**0.7725**	-0.0197	-0.0935	-0.0555	0.2059	0.1139	-0.0103	-0.0110	0.3354
h	**0.7451**	-0.0265	-0.0735	-0.1426	0.2338	0.0380	0.0625	0.0047	0.3585
i	**0.7033**	0.0043	-0.1707	-0.1365	0.0214	-0.1600	0.1547	-0.0529	0.4048
j	**-0.6072**	-0.0313	0.3015	0.1591	0.1989	0.1139	0.0158	0.0065	0.4613
m	0.4749	-0.3423	0.4095	0.1176	-0.0455	0.0783	0.0902	-0.0353	0.4582
n	**0.5919**	-0.2372	0.2391	0.0626	-0.1899	-0.0813	-0.0730	-0.0711	0.4792
o	0.4219	0.1258	-0.2152	0.4578	0.0143	-0.0166	0.0253	-0.0278	0.5484
p	0.4148	0.2412	-0.2882	0.3913	-0.0540	0.0307	0.0271	0.0285	0.5282
q	0.1243	**0.7053**	0.1389	0.0161	-0.0113	-0.0931	-0.0927	0.0834	0.4432
r	**0.5500**	0.0337	-0.1339	-0.0617	-0.2807	0.1492	-0.0294	0.0355	0.5714
s	0.2503	**0.7195**	0.1654	-0.0983	-0.0593	0.0330	0.0373	-0.0776	0.3706
t	0.2581	**0.7837**	0.0821	-0.0769	0.0440	0.0157	-0.0367	-0.0426	0.3013

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Factors derived here with eigen value more than 1 are Factor I and II. Variables with equal and more than 0.5 factor loadings are as follows, a c f g h i j n r q s and t . Out of these, a c f g h i j n and r are loaded on Factor I and q s and t are loaded on Factor II (Table :2). The two Factors are named as follows :

Factor I :   Perception of Lifestyle related diseases

Factor II : Role of hospitals regarding NCD   mitigation

Table 3. Correlation among NCD diseases related perceived factors

	a	c	f	g	h	i	j	n	r
a	1.0000								
c	**0.5282**	1.0000							
f	**0.5070**	0.4853	1.0000						
g	**0.5024**	0.4441	**0.6524**	1.0000					
h	0.4533	0.4760	**0.6096**	**0.6771**	1.0000				
i	0.4275	0.3218	**0.5347**	**0.5490**	**0.5964**	1.0000			
j	-0.3394	-0.2876	-0.4314	-0.4396	-0.4305	**-0.5660**	1.0000		
n	0.4804	**0.5288**	0.3971	0.3758	0.3546	0.3803	-0.3306	1.0000	
r	0.3460	0.2495	0.3483	0.4353	0.3647	0.3468	-0.4534	0.3512	1.0000

The correlation matrix shows that f, g and h are having maximum correlation which signifies that, lifestyle change can not only help to avoid, and mitigate but also to decrease the intensity of lifestyle related diseases (NCD). Patients are also interested about health related, hospital facility related and lifestyle related information.

 CONCLUSION

It is to be mentioned that NCDs (Lifestyle related diseases) are perceived as a threat of life and people are scared about its consequences. Further, it is believed to be avoided by lifestyle changes and hospitals have an important role to play in this process. Patients are even interested to prevent or treat the disease through hospitals. Thus hospitals can provide lifestyle change related information which can help to mitigate NCDs. It is also important that the future prospective patients of a private hospital will differentiate hospitals on the basis of their information providing capability. So, lifestyle change

related information or consequences of an untreated NCD can be used as a promotional tool of a private hospital and hence becomes an important marketing technique. Hospital's advertising content should highlight the severe life threatening consequences of NCDs to attract more patients. Hence, it can be concluded that NCD related information is a need of the Indian patients to empower them to fight Lifestyle related diseases and in absentia they will bound to negotiate empowerment

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APPENDIX

Description of the variables that are loaded to the two Factors

Factor I = a c f g h i j n r (Perception of Lifestyle related diseases)

a. NCD creates severe consequences in life

c. NCD even can cause death

f. Lifestyle modification helps to avoid onset of NCD

g. Lifestyle modification helps to avoid progress of NCD

h. Lifestyle modification helps to decrease the intensity of NCD

i. Effect of NCD is possible to avoid through lifestyle modification

j. NCD can also be avoided by medicine

n. Awareness of NCD is required as it can cause death

r. To prevent NCD hospital should only provide health related information

Factor II = q s t   (Perception about role of hospital regarding NCD mitigation)

q. To prevent NCD hospital should only provide doctor related information

s. To prevent NCD hospital should only provide hospital facility related information

t. To prevent NCD hospital should only provide lifestyle change related information

[17]

GREEN MARKETING ORIENTATION (GMO) OF SMES IN INDIA: A CASE OF ELECTRIC SECTOR

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ABSTRACT

The purpose of the study is twofold. First, to examine the domain of green marketing construct, develop and validate the GMO scale in emerging economies (i.e. India) and second, to assess its impact on the performance. All owners of SMEs operating in Jammu District were contacted using census method. The study identified and confirmed five factors namely greening the process, green supply chain management, green strategic policy initiative, proactive energy conservation and green innovation of green marketing as important dimensions of GMO. All the dimensions of GMO scale have positive and significant impact on performance of the firms. Also there exists stronger impact of GMO dimensions on the customer (B2B) satisfaction and employee retention.

Keywords: Green Marketing, Green Innovation, Green Supply Chain Management, Customer Satisfaction, Employee Satisfaction, Employee Retention, Image

INTRODUCTION

In marketing literature plethora of studies are conducted on concepts such as external market orientation, internal market orientation, customer orientation, total market orientation etc. However these concepts give more focus on business rather than on business social aspect. The social aspect considers the impact of business operations on the social responsibility of the business but is again broader as it encompasses various related aspects such as social marketing, green marketing, cause - related marketing etc. Among the existing different aspects, environment aspect can be considered to be of paramount significance. It has also received significant attention from all types of stakeholders – organisation, government, customers, NGOs etc. Mainly environmental consciousness has started receiving significant attention from last three decades and since

then there has been a progressive increase in consumers' attitude towards environment (Kalafatis et al., 1999). This is also reflected from issue of environmental degradation which is considered as a major threat for the survival of humanity and as a result many organisations have accepted their responsibility that is, to work for environment protection and not to harm it. Further, in late 1990s, Hart (1997) remarked that products and production processes of the organisations must become cleaner and they should accept the 'go green' phenomena if the organisations have to sustain competition. He also stated that organisations have realised that going green can reduce pollution and simultaneously increases their performance. Many organisations are currently recognising environmental transformation process which can reduce negative effects on the environment (Vaccaro, 2009). Also, several authors such as Chen and Chang (2012) and

Cronin et al. (2011) have integrated green issues in the literature and analysed that green marketing has gained momentum, primarily with the change in attitude and behaviour of the consumers. Traditionally, environmental issues were seen as a threat to profitability of an organisation as environmental management required big investments in prevention technologies (Walley & Whitehead, 1994). However, now-a-days organisations consider natural environment as a potential source of competitive advantage (Hart & Ahuja, 1995). Since society is paying greater attention towards sustainable development issues, firms are becoming more interested in implementing environmental marketing initiatives. Therefore, concepts like the green marketing or environmental orientation have evolved to fulfil firms' environmental protection activities and to satisfy the needs of different stakeholders (Kama et al., 2003). Hence, Ottoman (2011) put forth that the concept of green marketing not only considers the impact on environment but also take care of the firm's economic objectives as it is a firm's response to society's environmental awareness. It could also serve as an important business philosophy to maximize its financial results (Chen, 2012). Further, Gurau and Ranchhod (2009) also emphasises on the need to measure marketing strategies using variables such as determinants of green strategy. Hong, Kwon and Roh (2009) also remarked that further research must focus on refinement of measures of green orientation. Hence, there is a need to pursue research on the GMO and its impact on performance of the organisation to bridge the extant research gap (Camino, 2006).

The purpose of this paper is to develop and identify the dimensionality of GMO and to validate GMO scale and its relationship with employee satisfaction, employee retention, customer satisfaction and image in context of SMEs of Indian manufacturing industry. Based on the data collection, we present a validated scale pertaining to the needs and wants of the electrical manufacturing concerns

for paving way to the implementation of GM practices.

REVIEW OF LITERATURE AND HYPOTHESES DEVELOPMENT

The concept of green marketing is evolved from the traditional marketing concept since 1980s (Peattie & Crane, 2005), which has taken its trajectory path from production concept to product concept to sales concept to marketing concept to social concept to green concept. According to Prakash (2002) the relationship between the marketing discipline and the natural environment is important as organisations' perceive it as an opportunity that can be used to achieve their objectives. This relationship is described by many terms such as environmental marketing (Coddington, 1993), ecological marketing (Fisk, 1974), green marketing (Peattie, 1995), sustainable marketing (Fuller, 1999) and greener marketing (Charter & Polonsky, 1999). The green marketing encompasses all activities related to product modification, changes to production process, packaging changes as well as modifying advertising, etc. that are designed to generate and facilitate any exchanges that intend to satisfy the needs or wants of customers and society and also simultaneously, on the other hand, paves the way for organisational growth in a profitable manner with minimal detrimental impact on the natural environment (The American Marketing Association, Peattie, 2001 and 1995). Further, Pride and Ferrell (1993) explicated green marketing to involve broad range of activities which include recycling, construction and renovation of building with marketing mix elements in the manufacturing sector. Recently Cronin et al. (2011) stated that when a firm attempts to achieve the goals of an organisation, there are various opportunities by which organisations can pursue green strategies in order to address the needs of the various stakeholder groups. Three main types of green strategies discussed in the marketing literature include green innovation,

greening the process and green alliances. While, other researchers such as Grant (2007) put forth that green marketing concept not only emphasises on product improvement but also improves life style of the people by changing their behaviour which ultimately enhances the marketability and overall performance of the firm. This ultimately can result in a new source of innovation (Ottoman, 2011). Based on this backdrop, this study intends to identify important dimensions of green marketing relating to green innovation, process greening and supply chain management in predicting GMO in Indian context. Hence we propose the following hypothesis:

Hypothesis 1: Green marketing is a multidimensional construct.

Green marketing has become a significant approach for the firms' to survive in market and to sustain the market competitive advantage (Gronhaug & Kaufmann, 1988). Mu et al. (2009) remarked that firms while adopting the phenomena of green marketing can improve their market position and enhance their brand name and organisational performance. Wagner (2005) in his study found that firms that focus on environmental performance in terms of reducing emissions from production can have positive influence on their economic performance. Researchers such as Menguc and Ozanne (2005) suggest that organisations that engage in green practices may be able to benefit the firm in multiple ways. First, firms that have a green orientation are likely to achieve greater financial gains and market share, high levels of employee commitment (Maignan & Ferrell 2001), increased firm performance (Pujari et al. 2003) and increased capabilities (Baker & Sinkula 2005). This is also supported previously by scholars such as Luo and Bhattacharya (2006) who stated that green marketing lead to increased customer

satisfaction, greater firm value and can reduce the undesirable risk and Lash and Wellington (2007) who affirmed that organisations attain benefit from green practices through cost savings. As pollution is a sign of waste, firms that curb pollution and reduce inputs can see cost saving advantages and ultimately these firms can improve their performance through utilising the green initiatives. Thus, based on the literature, green directed initiatives positively impact on firms performance. Thus we propose following hypotheses:

Hypothesis 2: Green marketing has a significant positive impact on employee satisfaction.

Hypothesis 3: Green marketing has a significant positive impact on employee retention.

Hypothesis 4: Green marketing has a significant positive impact on B2B customer satisfaction.

Hypothesis 5: Green marketing has a significant positive impact on B2B image.

RESEARCH METHODOLOGY

The data were collected from 152 SMEs owners of electrical business units, operating in three major industrial clusters namely – Gangyal, Digiana and Bari Brahmana of Jammu District, North India. The items used to measure green marketing and its impact on employee satisfaction and retention, consumer satisfaction and image were developed using extant literature review; interviews and discussions with the owners and the subject experts. The studies used in GMO and its impact are given in Table 1. The finalised instrument comprised of 21 items of green marketing, 6 each of employee satisfaction and customer satisfaction, 5 of employee retention and 4 of image.

Table 1

Generation of scale items

S No	Components	Studies
1	Green Marketing	Chang, Chan and Wu (2012), Cronin et al. (2011), Ottoman (2011), Mishra and Sharma (2010), Kama et al. (2003), Prakash (2002), Miles and Munilla (1993)
2	Employee satisfaction	Edmans (2011), Murphy, Athanasou and King (2002), Fields and Blum (1997)
3	Customer Satisfaction	Bowen and Chen (2001), Homburg and Giering (2001), Cronin and Brady (2000), Thurau and Klee (1997)
4	Employee Retention	Thurau and Klee (1997), Rust and Zahorik (1993)
5	Image	Raveendran, Fu and Wallen (2003), Chan, Golub and Mulet (1991)

The research instrument was finalised after pretesting it using both qualitative and quantitative approaches. The qualitative research method that is, interviews was used to have clear and detail understanding about the green activities identified from the literature and used in the manufacturing firms. These efforts established content validity of the green marketing items. Following this, the quantitative approach for pretest, the second phase, was conducted on 30 SME owners operating in the industrial clusters. The qualitative validity of the items was established as all the items were found to be appropriate for measuring green marketing. The final questionnaire was distributed to 152 owners/managers of electric companies. About five visits are paid to each company to get 76% response rate.

DATA ANALYSIS

Scale item selection

Before initiating data analysis, the descriptive analysis was undertaken to identify and delete outliers for proceeding for exploratory factor analysis. Total of 13 items were deleted that is, 2 items related to green innovation, 1 item related to greening the process, 3 items related to green supply chain management, 2 items were from employee satisfaction, 1 item belonged to image and 4 from employee retention. Following this EFA followed by CFA were applied to identify and confirm GMO dimensions.

Exploratory factor analysis (efa)

EFA using rotated component matrix and principal component method was applied for data purification. At the initial run, the KMO came out to be 0.78 but the items such as the firm must use filters and other control techniques for emissions and discharge, use of cleaner technology to make savings and prevent pollution and use of eco labeling by firms showed factor loadings below 0.5, and hence were deleted. Similarly, in the second run due to presence of cross loadings among the items, few items were deleted such as the firm prefers suppliers based on environmental criteria and the firm provides suppliers with design specifications that include environmental requirements for purchased items. When the third application of EFA was performed, all the items showed acceptance. These efforts resulted in five factors namely *greening the process, green supply chain management, green strategic policy initiatives, proactive energy conservation and green promotion.* The five factor solution showed KMO value as 0.855 with Bartlett's Test of Sphericity Coefficient as chi-square = 10170.030, df = 4141and BTS = 0.000. The

factors along with items retained are mentioned in table 2.

Confirmatory factor analysis (cfa)

After EFA, CFA was applied on the retained items in the five dimensions of green marketing. Both measurement estimates and structural estimates were examined for overall model fitness as recommended by Hair et al. (2003). CFA was performed initially factor-wise on each of the five GMO constructs and on overall model to establish the robustness of the GMO construct. The results of first order and second-order GMO models are discussed as under:

FIRST-ORDER CFA RESULTS

Greening the process

The factor comprised of six items having moderate to high factor loadings namely 'the firm urges the customers to take environmental actions' (0.79), 'the firm implements government subsidised natural environmental programs' (0.74), 'the firm use ecological materials for primary packaging' (0.72), 'the firm selects cleaner transportation methods' (0.61), 'the firm holds awareness discussions with customers (suppliers or contractors)' (0.56) and 'use of cleaner technology to make savings and prevent pollution'(0.53). The communalities ranged between 0.68 to 0.81 with 20.20% variance explained. The regression weights are moderate for the firms to select cleaner transportation methods (0.65) and urges the customers to take environmental actions (0.60) but somewhat weak for the firms to hold discussions with customers (0.55), implement subsidised natural resources (0.54), prevent pollution (0.53) and use ecological material for packaging (0.53). However excluding use of ecological materials, all rest items have scored average scores indicating that SMEs are performing these activities to below average extent.

Green supply chain management

The factor 2 showed communalities ranged between 0.71 to 0.88 (0 .71 - the firm uses ISO certification on quality and environmental aspects, 0.73 -the firm must redefine operation and production processes to ensure internal efficiency, 0.88 - use of recyclable or reusable containers in logistics, 0.73 -The firm requires commitment from senior managers to green supply chain management and 0.76 - the firm has environmental management systems) and explains 15.14 %of variance. Similar to greening the process, SMEs show moderate to somewhat weak SRW for the ISO quality certification (0.63) and redefine operation and production processes (0.61). The firm show average results for the items that include requires commitment from senior managers (0.53), use environmental management systems (0.54) and use of recyclable or reusable containers (0.55). The managers have shown above average preference to use of recycle containers and for the rest items the green supply management component is below average.

GREEN STRATEGIC POLICY INITIATIVES

The factor loading of the items namely 'the firm must uses environmental friendly materials', 'the firm redesigns and improve product to obtain new environmental criteria or directives' and 'the firm must have insurance planning to cover environmental risks' were recorded at 0.85, 0.82 and 0.61 respectively. The communality values and SRW were above 0.73 and 0.51 respectively. The factor illustrated 14.43% variance. Although the results indicate that all the three items strongly predict strategic policy initiatives dimension but perception of the managers is below average for the initiatives.

PROACTIVE ENERGY CONSERVATION

The factor loadings, communalities and regression weights of the items namely 'the firm must use low energy consumption such as water, electricity, gas and petrol during production / use/ disposal', 'the firm use raw material that can be recycled or that are less harmful to environment' and 'in purchasing, the firm requires suppliers to provide certification of testing for green products conformance' were recorded at 0.69, 0.77 & 0.616; 0.58, 0.68 & 0.562; 0.79, 0.82 & 0.623 respectively. All the three items predict proactive energy conservation dimension moderately. The factor demonstrated 13.11% variance. The SMEs owners have given average score to use of raw materials that can be recycled and lowest score to use of low energy conservation.

GREEN PROMOTION

It contains three items viz. 'improving and designing environmentally friendly packaging (for example, less usage of paper and plastic material) for existing and new products', 'the firm must recycle, reuse and remanufacture the material' and 'publicise the green characteristics of the product' the respective factor loading and communality values came out 0.76, 0.55 and 0.54 and 0.73. 0.60 and 0.76. The factor explained 12.62% of variance. The predictive power of the items is quite high with regression weights above .7 for environment friendly packages and use of recycle material. But is moderate for publicizing green characteristics (table2), however the firms' activities are above average for the same and for the rest two items SMEs are performing below average. The results of the green marketing dimensions that are tested individually are discussed as under:

Table 2 : *Exploratory Factor Analysis and First Order Confirmatory Factor Analysis Results*

	Items	Mean	F L	CV	CR	SRW	
Factor 1= Greening the process	Use of cleaner technology.	3.31	0.53	0.76	9.699	.539	
	Use of ecological materials.	4.32	0.72	0.81	11.239	.535	**CMIN/df =3.158**
	Urges customers to take environmental actions.	3.41	0.79	0.79	12.053	.601	**NFI=0.711**
	The firm selects cleaner transportation methods.	3.28	0.61	0.74		.655	**CFI=0.753** **RMSEA=0.061**
	Holds awareness seminars for customers.	3.24	0.56	0.68	11.539	.557	
	Implement natural environmental programs.	3.40	0.74	0.71	9.437	.549	
Factor 2=Green	Uses ISO certification on quality.	3.53	0.65	0.71	11.485	.633	**CMIN/df**

Supply Chain Management	Redefine operation and production processes.	3.35	0.61	0.72	12.763	.617	=4.158 NFI=0.894 CFI=0.729 RMSEA=0.072
	Use of recyclable or reusable containers.	4.47	0.79	0.88	10.852	.554	
	Requires commitment from senior managers.	2.41	0.60	0.73	7.415	.538	
	Environmental	3.20	0.77	0.76		.547	
Factor 3= Green Strategic Policy Initiatives	Insurance planning to cover environmental risks.	3.40	0.61	0.73	6.879	.512	CMIN/df =3.589 NFI=0.721 CFI=0.759 RMSEA=0.062
	Redesigns and improve product.	3.37	0.82	0.76	3.828	.800	
	Uses environmental friendly materials.	3.33	0.84	0.83		.528	
Factor 4= Proactive Energy Conservation	Use low energy consumption.	2.42	0.69	0.77	3.913	.616	CMIN/df =3.410 NFI=0.783 CFI=0.765 RMSEA=0.065
	Use raw material that can be recycled.	4.11	0.58	0.68	9.365	.562	
	Suppliers to provide certification of testing.	3.44	0.79	0.82		.623	
Factor 5= Green Promotion	Improve and design environmentally friendly packaging.	3.47	0.76	0.72	11.67	.567	CMIN/df =3.274 NFI=0.859 CFI=0.764 RMSEA=0.074
	Publicise the green characteristics of the product.	4.21	0.54	0.60	9.787	.592	
	Recycle, reuse and remanufacture the material.	3.37	0.54	0.76		.786	

CMIN/df =3.890, NFI=0.739, CFI=0.787, RMSEA=0.064,

SECOND ORDER MODEL

VALIDITY AND RELIABILITY

The psychometric characteristic is established through construct, discriminant and nomological validities. The AVE was used to examine the construct and discriminant validities while regression weights were used to establish nomological validity. The CMIN/df ratio (3.89) for GMO construct displays quite a good fit. The scale statistics (Table 3) indicate the fitness of the GMO model.

The composite reliability is established for all the factors as values are recorded as 0.87 (greening the process), 0.86 (green supply chain management), 0.78 (green strategic policy initiative), 0.84 (proactive energy conservation) and 0.77 (green promotion). Further, the dimensions of green marketing have shown significant factor loading values (more than 0.50) in EFA and SRW (more than 0.50) in CFA which established the convergent

validity of the scale. In addition, convergent validity was also established by examining the AVE of each green marketing construct. The AVE of the following constructs namely *greening the process* (0.59), *green supply chain management* (0.60), *green strategic policy initiative* (0.55), *proactive energy*

conservation (0.74) and *green promotion* (0.63) indicate convergent validity of the constructs. Additionally, evidence of discriminant validity is also proved as AVE explained by each construct is greater than the square of the inter factor correlations between any two constructs.

Table 3: validity results

Dimensions	CR	AVE	Greening the Process	Green Supply Chain Management	Green Strategic Policy Initiative	Proactive Energy Conservation	Green Promotion
Greening the Process	0.87	0.59	0.76*				
Green Supply Chain Management	0.86	0.60	0.61	0.77*			
Green Strategic Policy Initiative	0.78	0.55	0.44	0.73	0.74*		
Proactive Energy Conservation	0.84	0.74	0.25	0.42	0.36	0.91*	
Green Promotion	0.77	0.63	0.58	0.73	0.70	0.37	0.87*

Note: *values represents square root of AVE

GREEN MARKETING ORIENTATION WITH PERFORMANCE DIMENSIONS

To demonstrate that a measure has nomological validity, the correlation between measure and its related constructs should behave as expected in theory (Churchill, 1995). Before examining nomological validity of GMO with employee satisfaction, employee retention, customer satisfaction and image, we checked the validity and reliability of the performance constructs. The reliability coefficient of the performance dimensions came to be 0.88 (employee satisfaction), 0.86 (customer satisfaction), 0.88 (employee retention) and 0.70 (image) while the AVE values for the performance dimensions came to be 0.61 (employee satisfaction), 0.62 (customer satisfaction), 0.84 (employee

retention) and 0.77 (image), indicating convergent validity.

In order to test the nomological validity, SEM with GMO, as second order exogenous latent construct and performance outcomes as endogenous latent constructs were tested. The standardized loadings for most of the items were above the recommended level of 0.50. Further, all CR values (t-values) were significant at the 0.05 level. The AVE from the five constructs and their respective construct reliability was above 0.50, supporting convergent validity. The overall second order model in Figure 2, using CFA, provides evidence for discriminant validity. The AVE values were greater than the squared correlation between the two constructs, establishing discriminant validity.

The results of GMO construct in relation to four individual performance constructs namely employee satisfaction, customer satisfaction, employee retention and image and overall (all performance constructs taken together) are discussed as under:

GMO – employee satisfaction

The chi-square, CMIN/df, CFI, RMSEA and NFI values for the GMO - employee satisfaction model came to be 421.80, 3.926, 0.767, 0.065 and 0.724 showing moderate model fit. The SRW of the items lie between 0.56 to 0.79 and all the critical ratio values above the prescribed criteria i.e. above 1.96 indicating that all the items have moderate.

GMO – customer satisfaction

The GMO – customer satisfaction model established that all items were significantly and positively contributing and the SRW ranged between 0.53 to 0.82. All the critical ratio values showed positive regression weights and significant values for all relationships.

GMO – employee retention

The model values for chi-square, CMIN/df, CFI, RMSEA and NFI values were recorded as 660.583, 4.525, 0.774, 0.065 and 0.732 respectively. All critical ratio values were greater than 1.96 and SRW were between 0.53 to 0.75 for different GMO items and employee retention.

GMO – image

The green marketing - image model indicated that the items were significantly contributing as the SRW and SMC were quite acceptable as per the threshold criteria. All the critical ratio values showed significant results. The model values for chi-square, CMIN/df, CFI, RMSEA and NFI values were recorded as 760.48, 4.156, 0.778, 0.061 and 0.731 respectively.

Overall GMO and performance (model)

The overall model that is, green marketing with performance of the firms namely employee satisfaction, customer satisfaction, employee retention and image showed moderate model fitness (chi-square (1201.566), CMIN/df (3.268), CFI (0.831), NFI (0.872) and RMSEA (0.058). All the dimensions are significantly contributing to the performance outcome dimensions.

RESULTS OF HYPOTHESIS TESTING

The study accepts hypothesis I that is, GMO is a multi-dimensional construct comprising greening the process (0.56), green supply chain management (0.53), green strategic policy initiative (0.89), proactive energy conservation (0.53) and green promotion (0.68). Further, the study shows that GMO comprised of five factors and has a significant and positive impact on the employee satisfaction (0.68), customer satisfaction (0.72), employee retention (0.79) and image (0.60). Hence four hypotheses which relate to GM - ES (H2), GM - CS (H3), GM - ER (H4) and GM - I (H5) are accepted.

DISCUSSION

The present study considered owners of the SMEs (Electrical industries) operating in the Jammu District. The study is undertaken to have better understanding of constructs of green marketing and their impact on the performance. The findings confirm green marketing to be multi-dimensional construct. Unlike the three dimensions confirmed by studies like Kang and Hur (2011) this study established five dimensions of green marketing namely, greening the process green supply chain management, green strategic policy initiatives, proactive energy conservation and green promotion. These dimensions are quite significant in context to electrical manufacturing firms. Among the five dimensions '*the green strategic policy*

initiative' scored highest SRW *(0.89)* followed by 'g*reen promotion' (0.68), 'greening the process' (0.57), 'proactive energy conservation' (0.53) and 'green supply chain management' (0.52).* The factor green strategic policy initiative (factor 1) consisted of six items, out of which moderate contribution is done by "use of ecological material" variable through which green marketing can be moderately predicted. However, the firm urges B2B customers to take environmental actions, implement natural environmental programs, use of cleaner technology, selects cleaner transportation methods and holds awareness seminars for customers showed average contribution to the factor. Similarly, the item that is, use of recyclable or reusable containers, uses ISO certification on quality , redefine operation and production processes , environmental management systems shows average involvement towards green supply chain management (factor 2). On the contrary, the firm requires commitment from senior managers which is found to be below average. Further, all the items of factor 3 illustrate average contribution towards the green strategic policy initiatives. Furthermore, two items namely use raw material that can be recycled and suppliers provide certification of quality testing moderately contribute to the proactive energy conservation dimension, whereas SMEs do not use low energy consumption as its contribution is below average. For the green promotion, the firms averagely publicise the green characteristics of the product, improve and design environmentally friendly packaging and recycle, reuse and remanufacture the material.

All the five individual dimensions have positive and significant impact on the four performance measures. Further, there is significant influence of each individual factor of green marketing on the performance. So, study establishes that firms can increase the positive gains or the performance through adopting environmentally friendly marketing strategies (Luo & Bhattacharya, 2006). From

overall perspective as well, there exists strong relationship between GMO and employee satisfaction (GM – ES), while moderate relationship is found for customer satisfaction (GM – CS), employee retention (GM – ER) and image (GM – I). The results indicate that the firms that adopt the phenomena of green marketing in their activities can ultimately enhance their performance.

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APPENDIX
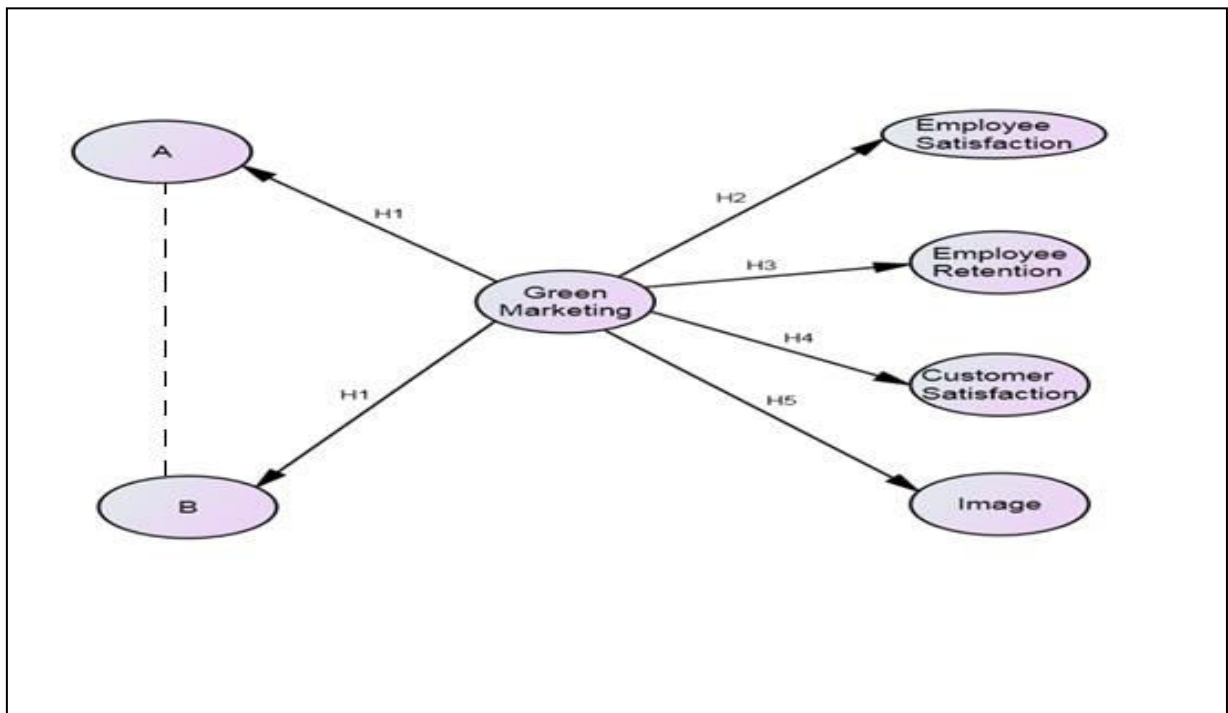
Figure1: Conceptual Model Green Marketing
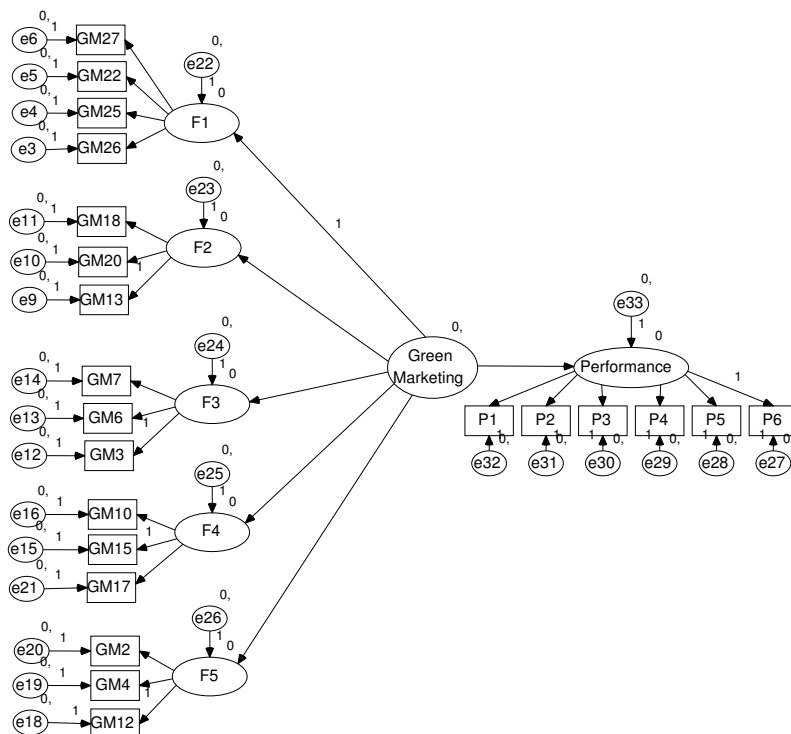
Figure 2: Green Marketing Orientation - Business Performance

[18]

WHO AM I : GREEN ADVERTISING AWARENESS IMPACT ON GREEN PRODUCT'S PURCHASE INTENTION IN INDONESIA

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ABSTRACT

Recently, issues of concerning environmental sustainability and business have an increasingly strong relationship, as a trigger to consumer awareness of their rights to get a decent product, safe, and environmentally friendly products. Indonesia as a developing country was still so slow responding to environmental issues than developed countries in the world. A green product has a relatively high cost, and therefore contributes to a high price. It affects companies are not too heavily promote green products as a marketing strategy to force the customers in Indonesia. So, we need a more integrated marketing communications from Pertamax fuel products issued by PT. Pertamina – stated owned enterprises. The objective of this study was to determine the effect of green advertising to raise consumer awareness to behavioral change fuel intention to buy green products, as well as build a model development of consumer attitude to use environmental friendly products. This study was conducted using Structural Equation Modelling (SEM), taking a sample of 200 Master and Doctoral students.

Key words: Green Marketing, Green Advertising, Green knowledge, Green Attitude, Buying Intention.

INTRODUCTION

The issues about concerning environmental sustainability and business have a stronger relationship now. This is the negative impact caused by business practices increase the risk of environmental damage. Many cases are arising about the severe environmental damage due to unethical business practices in disposing of hazardous industrial waste. This happens due to many companies in Indonesia which have a low awareness of the importance of environmental sustainability and the weak role of government and the community in assisting the unethical business practices that concern to environment. This condition of course would be detrimental to

society at large. The emergence of many negative impacts on the environment and business practices that directly impact felt by the people, finally came the activities so called green consumerisms. Incidence of awareness was greeted by the company by implementing environmental issues as one of its marketing strategy or that we know as green marketing. It is also in accordance with the increased attention on environmental issues by public regulators can be seen as another indication that environmental concern is a potential area as a business strategy (Menon & Menon, 1997).

In the study conducted by Byrne (2002) argued that environmental or green marketing is a new focus in the business, which is a

strategic marketing approach that started sticking and to the attention of many people from the late 20th century (Ottman, 1998). The emergences of these conditions require the marketers to be more careful when associated marketing strategies undertaken by involving the environment. Attention to environmental issues is evident from the growing eco-conscious market (Laroche et.al, 2001). An attention to environmental issues is marked by the incessant businesses implement international standards in its business practices as an international recognition of business processes are pro-environment. Current forms of international standards on the business activities of a company that is environmentally oriented set by ISO 14000. ISO 14000 is an environmental management system that can provide assurance to producers and consumers that by implementing such a system of products produced/consumed either waste, used products, or services is through a process that takes into account the rules or environmental management efforts.

Pertamina is the sole limited liability company that is responsible for assisting the government to distribute the oil and gas to the community in addition to performing their duties in a profit oriented company. The increase of government subsidies fuel prices due to rising of global oil prices and government policies in the restriction of subsidized fuel oil consumption, thus supporting the use of pertamax fuel claimed environmentally friendly. Pertamax is a fuel produced by Pertamina with an octane rating of 92, whereas premium as a government fuel's subsidies product with octane rating 88 and contain more lead. There are several advantages of pertamax with the high octane contained compare with premium, such as more environmentally friendly and fuel efficient. Pertamina has use the green advertising as one of its promotional strategy to educate people to be more environmentally aware and switch to using pertamax. In order

to convey the message that pertamax addition to not damage the environment but also has a functional advantage to the vehicle engine. The green advertising is done by Pertamina contains a message in information about the pertamax products using the product tagline is "pertamax better" which illustrates that the first to contain the environmental aspects with guaranteed quality and excellence of the product compared to other products functionally.

LITERATURE REVIEW & HYPOTHESIS

Growth of the industry is rapidly increasing world turns bringing social and environmental problems. The claim for eco-product development has become an increasingly important issue in the development of strategic and economic competitiveness of a country, including Indonesia. Currently, consumers was facing on alternative eco-friendly products in line with government regulations and a lot of pressure from Non Government Organization (NGO) to campaign save the planet to companies to produce environmentally friendly products in order to reduce environmental pollution. Environmentally friendly products have a relatively high cost due to high production costs and low availability of products, and therefore contributes to a high price. This gives rise to consequences for the consumers who will compare the costs with the benefits of the product are believed to be obtained. In this regard, manufacturers and marketers require efforts to implement the environmental issues as a strategy known as green advertising, which is advertising on environmental zoom.

Green Advertising

Promotion is one component of the marketing mix is generally performed by the company. Green promotion focuses on the

activities of the company to campaign for programs that raise the issue of the environment, to reinforce their image as an environmentally friendly company (Peattie, 1995). This promotion can be done through advertising, sales promotion, and public relations. The many retailer are beginning to realize the importance of commitment to the environment by promoting the use of eco-friendly bags instead of plastic bags. Terms such as phosphate free, recyclable, refillable, ozone friendly, and environmentally friendly is something that is most often promoted as a green marketing. The key to successful green marketing is credibility. By not exaggerate environmental excellence in product or establish unrealistic expectations on the customer, then the communication of environmental excellence is done through characters who can be trusted.

Advertising is one of the components of the promotional mix, which are direct advertising, personal selling, sales promotion and publicity. Advertising is a form of non personal promotion using a variety of media that is intended to stimulate purchases. Advertising offers a product to consumers by way of the reasons to buy. Green advertising is advertising that the environmental zoom. Advertising models may include a series of elements that are used to communicate the concerns of a company or product to the environment (Karna, J., Heikki, J., Virpi, A., & Eric, H., 2001). The advertising oriented environment can contain one or more of the following: green color, landscapes, eco-labels, environmental stewardship statement, treatment of raw materials, production processes that are environmentally friendly and can be recycled. A product made by a company, has a stack of features that can be used as the claims in the advertising. In the social context, there are some good environmental behavior to be applied. The behavior-oriented prevention of environmental pollution are summarized in 3R (Recycle, Reuse and Reduce).

H₁: The higher degree of green advertising awareness, the more green attitude.

Environmental Concern
It is notable that pro-environmental behaviors differ from general purchase related consumer behaviors. General purchase behavior is driven by an assessment of its benefits and costs that are of immediate relevance solely to the individual consumer performing the behavior. By contrast, environmentally conscious behavior is unlikely to deliver instant personal gain or gratification, but rather a future oriented outcome (e.g. cleaner environment) that often benefits society as a whole (Mc Carty and Shrum, 2001; Kim and Choi, 2005). However, during the very recent periods, it can be observed that the current environmental dreadful conditions are ever more menacing consumer health and wellbeing globally.

Therefore, consumers are becoming more sensitive in their environmental attitudes, preferences and purchases (Sarigollu, 2009). Over the past few decades, environmental problems and issues have been extensively recognized and discussed. A large number of respondents all over the world state that they are concerned or very concerned with environmental problems (Dunlap and Mertig, 1995; Diekmann and Franzen, 1999). Customers are ever more aware of the seriousness of the environmental degradation, resulting more ecologically consciousness and desire to purchase eco-friendly products and services, favoring businesses that prefer environmental practice (Roberts, 1996; Kalafatis et al., 1999; Laroche et al., 2001).

H₂: The higher degree of environment concern, the more green attitude.

Green Knowledge
Knowledge involves a change in one's behavior arising from experience. Kotler

(1997) outlines, the knowledge generated through (1) Drives, which is a strong internal stimulus that motivates action, (2) Directive, which is minor stimuli that determine when, where, and how one's response is based on knowledge of alternatives available to respond the encouragement (3) Response, which is a reaction to the user through the formation of attitudes on the basis of the decision values obtained, (4) Reinforcement, the follow-up and feedback through the part that reinforces attitudes.

Kempton et.al (1995) notified that most people do not know enough about environmental issues to act in an envir onmentally responsible way. Environmental knowledge can be defined as a general knowledge of facts, concepts, and relationships concerning the natural environment and its major ecosystems (Fryxell & Lo, 2003). In other words, environmental knowledge involves what people know about the environment, key relationships leading to environmental aspects or impacts, an appreciation of whole systems, and collective responsibilities necessary for sustainable development. Rokicka (2002) found that attaining a high level of environmental knowledge produces much better pro-environmental behavior. Concordantly, Mostafa (2009) found that environmental knowledge has a significant impact on the consumers' intention to buy green products.

H_3: The higher degree of Green knowledge, the more green attitude.

Green Attitudes
Attitude is the way to put or bring yourself, or how you feel, way of thinking, and behavior. Furthermore, the attitude is a form of feelings and evaluation of potential tendency to react that is the result of interaction between the components of cognitive, affective and conative which react with each other in understanding, feel and behave towards an object. Green attitudes

identified as an individual's attitude with regard to the protection and promotion of the environment. Green marketing depends on the consumer attitudes toward the environment. Green attitudes concern are rooted in a person's concept of self and the degree to which an individual perceives him or herself to be an integral part of the natural environment (Schultz and Zelezny, 2000). Attitude represents what consumers like and dislike (Blackwell et al., 2006).

Consumer confidence in a product is a result of the development of consumer knowledge. According to Mowen and Minor (2000) consumer confidence is consumer knowledge about an object, its attributes, and its benefits. Some characteristics of attitudes are a). positive attitude, negative, neutral, b). attitudes beliefs, c). attitudes have an object, d). attitude consistency, e). existance attitude. There were four functions of attitudes that can be used by marketers as a method to change consumer attitudes toward the product and its attributes according to Daniel Katz (2004), among others utilitarian function, maintaining ego function, the function of the value expression, and function of knowledge. The most popular attitude measurement used by researchers is composed of three models, namely: the attittude toward object model, the attittude toward-behavior model, and the theory of reasoned action models. This model explains that the consumer attitude toward an object is determined by the attitude of consumers towards the attributes evaluated. This model emphasizes the importance given to the customers in an attribute of a product.

H_4: The higher degree of green attitude, the more green purchase intention.

Purchase Intention
Discussion on the definition of buying interest expressed by several authors of the article or book. Mowen (1995) expressed interest in buying a tendency of consumers to

buy a brand or take action relating to the purchase of which is measured by how likely consumers make purchases. This definition is similar to that proposed by Peter and Olson (1999) which defines buying interest as the tendency of consumers to buy a brand or take action relating to the purchase of which is measured by how likely consumers make purchases.

The interest buying above explanation, it can be concluded that the buying interest is a process of planning the purchase of a product that will be made by the consumer with consideration in several things, including many units of the product is required within a certain time period, brand, and consumer attitudes in consuming products. The Intention to buy is often used to analyze consumer behavior. Before making a purchase, consumers typically will collect information about the products that are based on personal experience and information derived from the environment. Once the information is collected, then the consumer will begin to make an assessment of the product, evaluate and make purchase decisions after comparing and considering the products.

Purchase intentions by Ajzen and Fishbein (2001) described as a situation of a person before doing any act that can be used as a basis for predicting the behavior or action. According to Assael (1995) purchase intention is a behavior that merged as a response to an object that shows the customer wishes to make a purchase. Based on some of the above purchase intention definitions, can be taken a conclusion that :

a. Purchase intentions indicate how far people have the willingness to buy.

b. Purchase intention measurement will indicate someone in purchasing.

c. Purchase intention associated with the ongoing buying behavior.

Schiffman and Kanuk (2007) states that motivation as a power boost from within the individual that forced them to take action. If someone has a high motivation towards a particular object, then they will be compelled to behave in the product master. Conversely, if motivation is low, then they will try to avoid the object in question. Implications for marketing are likely the person is interested in buying a product or brand that is offered or not.

PROPOSE THE MODEL

Based on that literature review above, we proposed the research model that shown the effect of environment concern, green advertising awareness, and green knowledge as a pattern of green attitude variables influence consumers' green purchase intention. Figure 1 is a proposed model of how these variables affect purchase intentions for environmentally friendly products.

Figure 1. Variables that Drive Consumer Attitude on green product

Source : developed for this research
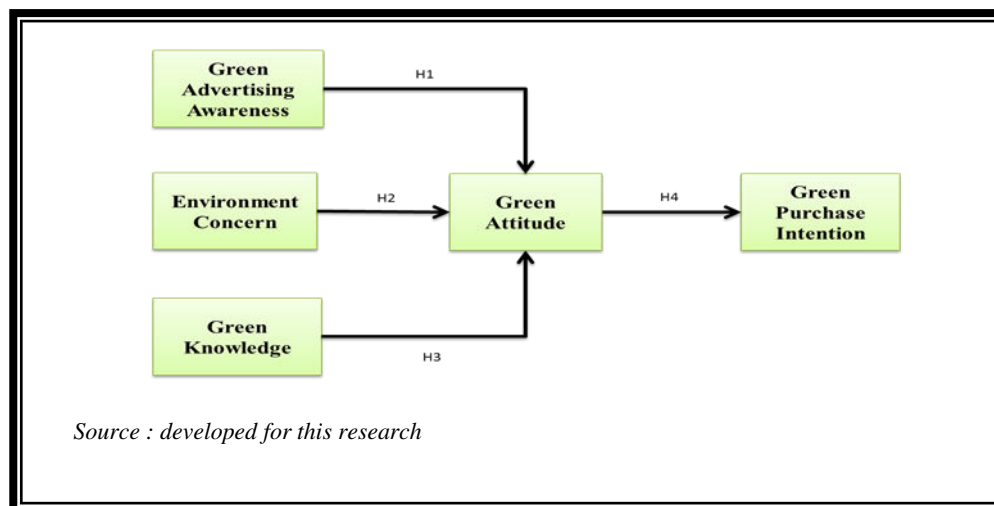
RESEARCH METHOD

Population and Sampling
The study was conducted with population the customers of the Master and Doctoral students from state university in Indonesia. The study collected 200 usable questionnaires from 200 respondents with stratified random sampling method. This amount meets the minimum criteria standard sampling which is five times larger than the estimated parameters based on Maholtra (2004). The technique used for sampling in this study was random sampling method, namely the selection of the sample was based on an assessment or opinion based on objective research and study purposes.

Sources of Data
This study uses primary data obtained from questionnaires distributed directly to 200 of the Master and Doctoral students from state university in Indonesia. The data was collected through a survey, which is conducted by asking respondents. Survey methods in research carried out by using the research instruments such as questionnaires with open and close questions consisting of items representing the independent variable and the dependent variable. Questionnaire or list of statements contained 6 items that represent the identity of respondents, with 16 items representing the dependent variable and

4 other items representing the independent variables.

Questionnaires were distributed to the respondents directly, so that the respondent can give the score and short answer from the open question available. The questionnaire has been designed using the Likert scale by assigning weights to the value of the answer (1) Very Disagree to (10) Strongly Agree. This part describes the basic measurement of the most important variables for this study. In the following subsections the operationalization of each of the key variables and indicators used in this study are as presented in the Appendix 1.

Testing Research Instruments
Testing the validity of this research using the construct validity testing. Construct validity indicates how well the results obtained from the use of a measure in accordance with the theory used to define a construct. Based on Ghozali (2006), validity testing conducted by Confirmatory Factor analysis. The result shows that the value of factor loading> 0.4, this means that the research is valid construct. Reliability in this study was measured using Cronbach's Alpha. If the value of Cronbach's Alpha> 0.6, then the research instrument can be said to be reliable.

DATA ANALYSIS AND DISCUSSION

DATA ANALYSIS

Measurement

In the confirmatory factor analysis phase aims to test a concept that is built by using the dimensions form the latent variables in the study. A test performed was to test unidimensionality of each variable forming latent. The data processing for confirmatory analysis. The results of testing the feasibility of the model in the confirmatory analysis exogenous and endogenous variables indicate the feasibility of the models. It can be seen in the tables 1 where the numbers goodness of fit index contained in the results column if the data meet conditions shown in the cut off value. Thus the mean constructs were used to establish a research model have met the eligibility criteria for a model. Probability value on this analysis is above the limit of significance is above 0.05. The figure indicates that the null hypothesis stating that there is no difference between the sample covariance matrix and the estimated population covariance matrix cannot be rejected and therefore the null hypothesis is accepted. This result gives strong grounds where existing constructs in the model can be accepted. Processing results which showed that each indicator or dimension measuring each latent variable gives good results, ie the value critical ratio (CR - which is identical to the value of t-count) above 2.58.

Table 1. Goodnes of Fit Index

	Score	Remarks
Chi-Square	429.2	Fit
Probabilities	0,000	Fit
Goodness-of-Fit Index (GFI)	0,792	Marginal
Root Mean Square Error of Approximation (RMSEA)	0,116	Fit
Tucker Lewis Index (TLI)	0,971	Fit
Comparative Fit Index (CFI)	0,951	Fit
Adjusted Goodness-of-Fit Index (AGFI)	0,788	Marginal

The Results of the Structural Model

We utilize SEM to verify the hypotheses and apply AMOS 16.0 to obtain the empirical results. Table 2 below shows the results of the structural model in this study.

Table 2. Standardized path coefficients for the structural model

			Estimate	C.R.	Hypothesis Test
Green Attitude	←	Green Advertising Awareness	,432	3,092	Supported
Green Attitude	←	Green Knowledge	,110	5,584	Supported
Green Attitude	←	Environmentally concern	,379	4,325	Supported
Green Purchase Intention	←	Green Attitude	1,269	5,437	Supported

The overall fit measures of the full model in theSEM indicates that the fit of the model is acceptable (GFI = 0.792, RMSEA = 0.116, AGFI = 0.788, CFI = 0.951, and TLI = 0.971). All of the paths estimated are significant, and all hypotheses are supported

in this research. Adding more paths in the research framework would not significantly improve the fit measures. The residuals of the covariance are small and center near 0. The results of the full model in this study are shown in Figure 2. All four paths estimated are significantly positive. Therefore, H1, H2, H3, and H4 are all supported in this research.We find out that the increase of green advertising awareness, environmentally concern and green knowledge affect to green attitude and then increase the green purchase intention. Based on the above research results, we suggest that the Pertamina and other compay should raise their green marketing strategy to enhance their cutomers move to green attitude as a competitive advantage. Figure 2 will explain the significant effect of each variabel to influence the green purchasing intention of the Indonesian consumers.

Figure 2. The results of the Model Test
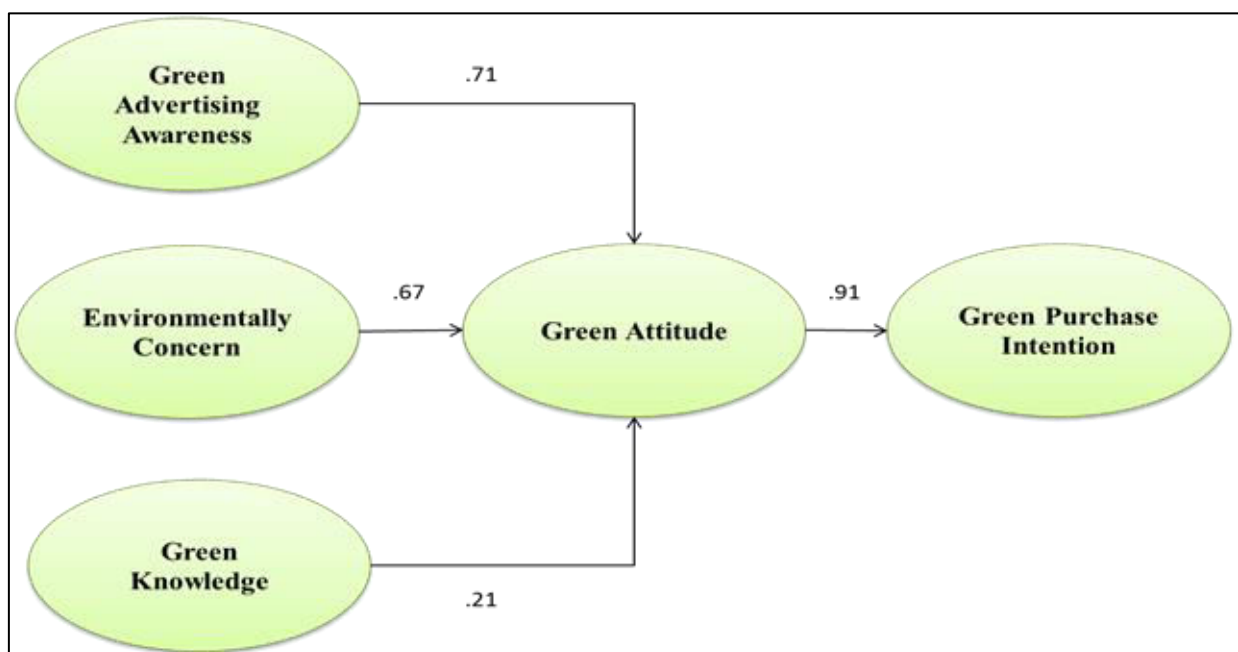
DISCUSSION

The main objective of the research is to empirical test the influence of Pertamina's green advertising strategy to promote the pertamax as fuel eco-friendly products, especially on green advertising awareness, environmentally concern and green product knowledge supporting on the customer green attitude to influence the green purchase intention of pertamax. Overall, providing an empirical test for 4 research hypotheses, using data collected from the Indonesian student of Master and Doctoral degree represented by three state universities. This current study contributes to the extant literature and the model propose to build the company strategy to explore it business strategy on green customers segment establishing the competitive strategy in the successfull of the government policy.

The results of this paper suggest that first of all, green advertising awareness was the greatest potential to influence the green attitude in Indonesian customers to intend in choosing and using green products. However, similar to previous research, consumers who are more proactive with their environmental behaviors also have better attitudes toward green advertising (Haytco & Matulich, 2010).

The results imply that green advertising may be the best at reaching those who are already practicing green behaviors. The customer green attitude also positively influence consumer purchase intention of green products. According to Ajzen & Fishbein (1991), the more positive attitude consumers have toward a behavior, the stronger intention the consumers will have to perform the behavior under his or her control. In this study, the Indonesian customers' intentions to use the green product are strong as their attitudes toward green advertisung are positive. While the customers optimistically respond to green advertising, the companies and their products, the firms should stress their environmental actions, which will allow consumers to differentiate between "green" firms and "non-green" firms as green products are in demand.

Environmentally concern is still needed by the customers to set clear about the concept of green product. Pertamina could maximize green marketing strategy through advertising to raise the awareness of customer behavior using green products and green services a very large contribution to environmental sustainability. Purchase intentions for green product and process strategies are significantly higher than non green approaches. However, post-hoc analysis shows no significant advantage of one green strategy over another (Borin, et al, 2013). Green knowledge was not very influential in shaping the attitude of green customers in Indonesia, because basically customers already know about the importance of green behavior, but a boost in its direction is still not visible.

CONCLUSION, IMPLICATIONS AND LIMITATION

Conclusion

Based on the research findings, the researcher can firstly conclude that a systematic and well-planned scheme is needed to launch a green advertising campaign. Green marketing strategy should be applied so that the firms will be able to establish a strong corporate image of being green and achieve optimistic sales of green products. The Indonesian company, especially Pertamina should implement the green behavior both internally and externally to create the really green company. Green behavior implementation will create the positive image of company and establish the competitive advantage in the competition. Finally, Pertamina should dare to use the green image as a marketing strategy to build the green advertising awareness as a potential way to influence the green attitude in Indonesian customers to use the green products, especially pertamax fuel.

Second, research findings reveal that the environmentally concern in green advertising plays the most important role in influencing consumer purchase intention of green products. As there is a lot of concern over environment concern, detailed information and actual benefits from consuming green products should be provided to add the customer knowledge about green product. The environmentally concern will lead the customer to willingness to buy or use the green product, although the price is certainly more expensive. The clear information is needed to remind the customers to use environmentally friendly products including the advantages and disadvantages of the product.

Third, consumer attitude toward green product use also positively influence consumer purchase intention of green products. According to Ajzen (1991), the more positive attitude consumers have toward a behavior, the stronger intention the consumers will have to perform the behavior under his or her control. In this study, the Indonesian consumers' intentions to purchase green product are strong as their attitudes toward green product use are positive. While

the consumers optimistically respond to green advertising, the companies and their products, the firms should stress their environmental actions, which will allow consumers to differentiate between the really green firms and non-green firms as green products are in demand.

Implications
The study provided several implications for Pertamina to develop and implement the green marketing strategy to influence the Indonesian customer on green attitude and willingness to use the green product as a new marketing strategy.

First, Pertamina can be active as a part of a strategic move environmental conservation, with more focus to demonstrate a commitment to care the planet and the people. They can develop the concept of green through green advertising as a communication way with their customers regarding campaign activities for programs that raise the issue of the environment that can strengthen the image as an environmentally friendly company. Promotion can be done through advertising, sales promotion, and public relations.

Second, green marketing is an important issue for oil and gas company, as well as society as consumers are increasingly concerned about use the green product. Green company is a long-term business strategy that aims other than profit also sustainable environmental conservation. Green marketing strategy of Pertamina can be done consistently, educate their customers, strengthen the credibility of the company, and engage customers in the green company activities.

Limitations and Future Research
In this study, there are some limitations. The limitations of this study are as follows: the sample used in this study were respondents as general who direct and indirectly use the pertamax fuel products,

so that the general perception of green products can not be known. The future research should also include the subjective norm of consumers, as it is essential for the company to understand the green behavior of its people to foster a favorable attitude towards the environment among Indonesian consumers to compare its impact with personal norms on the customers' attitudes towards green products.

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APPENDIX

Appendix 1. Variables and Indicators

VARIABELS	INDICATOR			
Green Advertising Awareness	Entertainment Green	Informativeness Green	Irritation Green	Credibility Green
Environmentally concern	Active in protecting and controlling the environment	Reduce to use of harmful goods	Concern to green labeling	Proactive to evaluate the environmental composition of goods
Green Knowledge	Heard about green products	Aware about green products	Aware that green products contribute to the sustainable future	Aware to use green products
Green Attitude	Describe as environmentally responsible	Care about green products	Has efforts to buy green product	Concern about current environmental
Green Purchase Intention	Intention to buy green product	have plans to buy green products in the future	to buy green products than non-green products	Possibility to buy green products is very high

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UNDERSTANDING YOUTH AND ADVERTISING

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ABSTRACT

'Youth' as a category has been the subject of endless research in the field of consumer studies. This is primarily because it is the largest and the most influential chunk of consumers available in the market. The study has been done to understand the Indian youth culture and their perception of television commercials targeting them. The research is qualitative in nature. The researcher studied all ads that were targeting youth and were released in the year 2013. In-depth interviews were conducted among youth. Major findings were; short term orientation rather than long term, open to sexual identities, news and commercials were consumed through social media, and that youth felt a better connect with advertisements that talked truth and made honest claims.

Keywords: youth, culture, perceptions, advertising

INTRODUCTION

According to the initial figures of 2011 census India has the largest youth population that is poised to increase further in the coming decade. 70 percent of India's population is below the age of 35 years. Every third person in an Indian city today is a youth. In fact, India is set to become the youngest nation by 2020 with 64 percent of its population in the working age group (Bisaria 2013). On the other hand, markets in developed countries are maturing, growing old, and saturating, e.g. the US market. 'Youth' as a category and prime consumer has been the subject of endless research studies in the field of consumer behavior, marketing, advertising and many more. This is primarily because with global choices and trendy lifestyle, it is the largest and the most influential chunk of consumers available in the market. Young people's attitudes are the face of social change (Widdicombe and Woffit 1995), since they are at the threshold of their adulthood. And as they revel in the excitement of their just earned money and freedom, they are more eager to do things than adults are. Their decision making skills are more advanced and they are always ready to experiment (Grant); and they make purchases to define themselves and to create an identity of their own making (Holbrook and Schindler 1989). Young adults are recognized as a specialized market segment that forms a powerful consumer spending group in their own way (Moschis 1987; Grant and Waite 2003). The marketers are always interested in

this segment because of the uniform consumption habit of youth all over the world (Kjeldgaard, 2002). Since the behavior of this segment is ever changing and fluid, marketers need to keep an eye on their changing preferences and patterns of consumption. In order to establish connect with this segment brands create youthful advertisements and also change their communication strategies over a period of time to manage relevance. Research has been done on youth consumer culture, the global youth's local origin, youth's influence in consumption, their brand loyalty pattern and even on what marketers think about this segment (Dannie 2002; Dolliver 2009 and Kulkarni, & Belgaonkar, 2012). Brands are continuously reinventing themselves time and again in terms of their identity and communication. It is interesting to see some brands making cosmetic changes to their identities while few going to great lengths to understand how the young consumer is and accordingly design the brands communication. Are these trying to create new brand identities to connect to the new age consumer who is ready to listen to new stories being told or are these ahead of time, just trying to create an aspiring new youth segment for marketing needs? The paper focuses on understanding youth targeted advertisements and the perceptions of youth regarding the same.

LITERATURE REVIEW

Youth culture

In the event of modernization and urbanization, the innocence and freedom of childhood was differentiated from the hardship of adulthood. This period of 'precocious independence' evolved over a period of time and gave birth of the notion of youth (Kjeldgaard and Askegaard, 2006). After World War II, the youth weren't required to be primary earners in the family; hence they were associated with hedonic consumption, leisure, experimentation and rebelliousness. Today,

'youth' is no more related to age or physical health.

By the general characteristics youth can be defined by their 'know-it-all' attitude, ability to face challenges mentally and physically, vulnerability, and mood swings. The youth is very much conscious about their appearance and growth. Emotionally they are very sensitive, like to be praised and recognized, and their thought process starts involving more of their own personal voice. And thus, the youth as a social category and a marketing segment is a very modern phenomenon. Adam Stone (also known as Adz) in his book, '*The Stuff You Can't Bottle: Advertising for the Global Youth Market*' wrote that the youth consumption behavior is unpredictable as they themselves don't know what they are going to do next. Marketers were happy with the experimentation of the youth and they associated youth with an idea of coolness that made them a segment of aspiration. Moreover, youth is also assumed as the future culture of adulthood (Kjeldgaard and Askegaard, 2006).

There is a myth that young people have uniform culture and consuming habits all over the world. But it's always either global culture influencing local or a local culture influencing global. For example, a local culture of 'Yoga' influencing global youth or 9/11 influencing the local youth of Pakistan. Therefore, global products can enter into local markets through the youth segment and vice versa. Moreover, the youth don't have self-control on their desires and spending habits. They are astonished by the different gimmicks of marketers and bind their negative or positive feelings about brands (M.Autio, 2005).

Youth and decision making
Earlier the television and radio were powerful media for most global youth but now Internet is the most commonly used communication tool. The 'internet generation' becomes very trendy and gets connected globally with other

consumers and brands. Youth communicate with modern digital technology such as available apps on mobile, notepad, and text or message on social networking sites (Pascoe, 2012). Anubhav Anand Mishra used The Consumer Style Inventory (CSI) to research on the decision making style of the Indian youth. Mishra suggested that "It is consisted of eight consumer decision-making style characteristics: Perfectionism or high-quality Consciousness, Brand consciousness, Novelty-fashion consciousness, Recreational, hedonistic consciousness, Price conscious, and "value-for-money, Shopping consciousness, impulsiveness, Confused by over choice, Habitual, brand-loyal". He has found that 'Impulsiveness' is a habit of young; they don't give much thought to their purchase. They are conscious about the value for money and look for discounts and reductions. Mishra also added that they are confused by information overload. Young consumers tend to buy best selling and well known brands (Mishra, 2010). This may be because 'In India, social acceptability is more important than individual achievement (Banerjee, 2008) and is given priority in an individual's life' (Khare, 2011) and also popular brands give then an identity which they are looking for at this stage of their life. Indian youth believe that good and specialty stores sell better products (Mishra, 2010). They are found to be store loyal. Xue and Wang (2012) have pointed out in the context of young Chinese consumers that they are influenced by 'face consciousnesses in their buying decisions. For example, if a group has bought something expensive one of the group member who hasn't bought and not much interested sometimes has to buy to save face which in other words would be called "peer pressures".

Youth brand loyalty

According to Sahay and Sharma "Adolescence is the phase in which children go through stressful life events in terms of physical, social, and psychological transitions. Moving out of parental influence may lead to the requirement of emotional anchors and brands could play a strong role in this, making them more open to new relationships (Ji, 2008; Montgomery, 2005) and, therefore, also to establish brand relationships. Thus, the younger age group is likely to be more emotionally involved with the brand." Supporting this statement, the study done by Rafael Bravo, Elena Fraj, and Eva Martinez (2006) exposed that family influence matters in young adult consumer behavior which lead them to the same product brand loyalty as their parents have since long period of time.

Anderson and Sharp (2009) found out in their research that growing brands are more into younger consumers as they feel they are easy to influence because they don't hesitate to try new things. Their research also shows that young people are by virtue not very loyal to any brand and on the other hand older consumers by now have their own established tastes and preferences for brands. Therefore, the brands which are unable to connect with young consumers tend to mature.

However, their research also showed that only 48% of new brands skewed towards young people, meaning that we cannot always conclude if the youth segment is always undecided and unfaithful. Moreover, every new brand cannot be for young people. Anderson and Sharp (2009) concluded that brands need to acquire customers to sustain and it is the 'disproportionate percentage' of consumers available to be acquired. According to survey done by Ram Kulkarni and Dilip Belgaonkar (2012), Indian youth is very sensitive segment of market having consciousness about quality and cost. They utility oriented and that's why they don't follow any brand blindly.

Youth and tv ads

According to a study, sixty seven percent advertising agencies target youth as a leading component for the brand's success. The youth want to feel their presence in the society for a cause of change. The most resourceful, independent and self driven youth recognize the truth which has been communicated by the advertiser towards the brand they like (Sheriff and Nagesh 2007). The youth believe and share what they see and analyze from their surrounding environment. Arvind RP rightly said that today's youth can be described as someone who holds a 'dual passport' culturally. They blend the rich global influences with their culture and family values. Media, especially the digital platform, facilitates this integration. We can observe on face book how the youth search for affiliations that make them most comfortable. Supporting this, Murali Desingh, MD, Crocs India shared that increased exposure to media and in turn information makes the youth very conscious and aware as customers (Dhaleta, Srivastav and Jha, 2011).

Today, there are different media available to the youth to communicate and stay connected. Merritte (2011) said with reference to the study conducted by Kaiser Family Foundation that usage of media in children and teens (8-18 years) is up dramatically, driven by mobile devices and multitasking. The average is 7 hours and 38 minutes of daily media consumption, including computer, TV, and texting. She also quoted in her report that Dr. Michael Rich, director of the Center on Media and Child Health at Children's Hospital Boston said it was time to accept that this increased and overlapping media consumption is part of the environment of childhood, "like the air they breathe, the water they drink and the food they eat."

In the cluttered media space, it's become very difficult to choose the most relevant media for a brand. The real challenge with advertising is,

it has to make an emotional connect by working on historical strengths of human interactions, visual excitement and storytelling, creating shared experience at a mass level as today's youth is more intellectual and a creative generation of consumers (Sheriff and Nagesh 2007). According to a study done by MTV Networks titled "A Beta Life Youth" it showed that in the age of digitalization and internet, television remains the most effective medium for reaching today's youth, and also is most efficient for introducing young people to brands and helping to shape their decisions about purchasing. The study also reports that one in four young people between ages 12-24 first see or hear of brands or products from TV ads, and sixty percent claim that TV ads play a role in their brand decisions. "Despite the economic climate and challenging circumstances for advertisers, we still see a proven ability for TV advertising to reach the target youth audience in the most direct, impactful way" said Jules Robinson SVP, Viacom Brand Solutions International.[1] Furthermore, Patel and Dr. Jain found in their research study on the impact of TV advertising on youth buying behavior that the youth (18-21 year old) admire when they see TVC of the same product that they are using and also collectively decide with their family members, products to be purchased due to exposure to TV advertisement.

Thus the paper focuses on understanding the television commercials targeted at youth and also tries to understand the youth and their

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[1] As cited on

http://www.marketingcharts.com/wp/television/tv-still-most-effective-for-brands-targeting-youth-8974/

perceptions about these commercials and how they get represented.

METHODOLOGY

The research is on one of the most promising consumer segments i.e. the youth. Qualitative research methodology has been applied for this study as this has been demonstrated as an apt method for studies on values, cultures, perceptions and psychology; (Onwuegbuzie & Leech, 2005; Cole, Chase, Couch, and Clark, 2011). The research questions are:

How does youth define their values, traditions and beliefs?

How do young consumers perceive television ads?

How does the young consume media?

In the first phase in order to develop an understanding of the portrayal of youth culture in television advertisements, researchers studied a cross section of recent Indian television commercials which portray the different aspects of youth culture and its practices. Brands selected were the ones targeting youth (Fastrack, MTV, Pepsi) and television advertisements from the year 2013 were seen and understood. Repeat viewing of commercials gave a fair idea to the researchers about the narration and the youth cultural codes as displayed in the ads.

In the second phase in-depth interviews were conducted. Interview guidelines were made based on the research objectives and the ads seen by the researchers. The interview guidelines were then tested on a group of three youngsters and based on their answers and discussion, the guidelines were improvised on. The guidelines were created broadly and questions were added or edited as and when required based on the flow of the discussion. The sample consisted of youth, male and female, within the age group of 20 - 25 residing in Ahmedabad, a city in the state of Gujarat. However, they belonged to different cultural backgrounds, who were either studying or had just started working. All respondents were contacted in advance and the researchers met them at a mutually agreed upon time and location in the city. All interviews were audio taped and key notes were documented manually as well. Every interview took anywhere from forty to sixty minutes. After the eighth interview, similar views were noted to resurface and few answers started getting repetitive; therefore ten in-depth interviews have been conducted. All taped and written conversations were then transformed into a transcript. Transcripts were further analyzed to come out with common themes from the discussions.

ANALYSIS

Aspirations, ambitions and relationships

Today's youth mostly believes in short term goals because they discovered that long term goals will automatically be achieved if small short term goals are accomplished. They are meticulous and plan well in advance before doing things. They have a clear idea of what they want to do in life. They are flexible as per the demand of the situation. Most of them are not rigid about any of their ideas. Family is the most important factor for all of them. Many respondents mentioned that their ambition is to make their family proud and give them a better life. The new youth likes to take their own decision, however they also want to include their family in it. Most responders were found to be socially active. They regularly participate in college events; proactively stand for social causes and influence people and forms activists' group.

To most of them, the basis for relationship is trust and understanding among partners. They noticed that over a period of time they have noticed lack of trust and trustworthiness in relationships. R0esponders also felt that relationships are complicated however, most

of them were not ready to divulge too many details as found this to be a matter of their private lives. Researchers probed deeper in discussing relationships and issues around it. Topics like homosexuality and live in relationships were discussed. Majority of the responders found it normal to be homosexual. They agree that people have a right to live their life on their own terms. They prefer to mind their own business and not interfere in others' lives. Surprisingly a few did believe that same gender sex and relationships disturb the natural balance of the society and quite shockingly some respondents were not even ready to talk about it. In spite of the word homosexuality being considered very common in metropolitan cities, many were not aware of this term. Respondents who were not comfortable with the idea of homosexuality were not comfortable with live-in relationships as well. They believed that this cannot be an option in any relationship. It's important for them that relationships have the approval of their family members in particular and the society at large. The popular belief found was that if a couple is in a live-in relationship, they are not serious about it. However, a few responders were comfortable about live-in relationships but then they were also concerned about the family's approval as family seemingly is the first priority for all of them. Those who do not agree with the idea of live-in agree that partners should know each other properly before marriage and it can only happen when they are living together but they are concerned about the lack of commitment on either side. They think in Indian socio cultural scenario a break up after having lived in together, getting back to a normal relationship under coded social norms might be extremely difficult. Many of them said that there has to be a rule in a society, like marriage for example. It maintains stability in human life. The rules can change with time but rules have to be there.

Age difference between men and women in love or in a marital relationship is not a matter of concern for this section of Indian youth. When asked, they cited examples of celebrities who seem to have substantial influence on them. However, a small minority still believes that women are more mature than men; therefore in a marital relationship, a man should be older than the woman. Surprisingly a respondent said that women should be younger than a man in a marriage because older women will face difficulty in bearing a child!

The tv set is in the drawing room

Interactions with youth reiterated our belief that television viewing was always either with family or with friends. A respondent said that he has to watch TV with family because the TV set is in the drawing room and that is the only set owned by the family. Almost all the respondents said that they own a common television set among all family members and all generations see television together in a common room. Few respondents passionate about sports said that cricket and football are no fun if watching without family and friends. Viewing in a community was much better especially when it came to sports as the cheering got a special meaning when it was coupled with hanging out with friends. It's not only confined to one's own home, young people arranged special social gatherings for matches and shows at small theatres and coffee shops. Many respondents started watching comedy and drama shows on General Entertainment Channels because of social viewing. This means that they started watching as a passive and secondary audience because of a single television set in the house. This also is kind of forced viewership. A respondent who was a business development executive said that she developed a taste for daily soaps by watching TV with her mother while helping her in cooking. Many of them mentioned travel and living channels as their favorite channels and shows because of the

content of the shows being either informative or inspirational to them. Interestingly a few respondents mentioned that since most part of the day they were out of home either studying or working in offices or field, they hardly had time to see television. This was not due to lack of interest but mostly due to lack of time.

Films, music, books and more!

Films and film music is mostly loved by younger generations. Therefore when probed, majority of the responders said that they like Indian films and its music because they found the songs to be melodious and they were played in discotheques and most importantly they are in a language that they can connect with easily. Very few respondents liked rock music or classical music. Most youngsters said that they have a habit of listening to music with earphones plugged. A respondent said that she plugs in an earphone to isolate herself from the rest of the world. Music on earphones creates their own world where trespassers are not allowed. Thus, consuming music was seen as an art of finding one's own space in the world.

Respondents were then asked about the trend of creating films on unusual content and a new genre of meaningful cinema that's seen to be growing in India. Many of the respondents felt that there is a wind of change in Indian cinema and the fact that they liked the change. They are looking at meaningful cinema and strongly felt that typical romantic films were shallow and lacked any form of content. However, there is a section which doesn't like the Indian films. They are the ones who liked Hollywood films, mainly those in the genre of action. A surprising reaction was of a few respondents who said that they don't have three hours at a stretch to waste in a meaningless film and hence they do not like watching films. However, many said that they rather would watch films downloaded on their laptops at their own convenient time in the comfort of their rooms. They also loved watching short

films on various sites and social networking platforms. They loved watching the short films because most films were based on political or social issues facing the society.

It was also found out that most respondents were not serious book readers and did not invest time, money and energy in reading meaningful books. Many respondents said that they start reading a book but most of the times they do not finish the book and then it's a waste. Many of them mentioned that they don't have much time for reading. Most of whatever they read is nonfiction, specifically books on self improvement, inspiration, business and economics. Very few have read comic strips in their childhood or still read. Half of the responders said that they read newspapers regularly whereas few said they read e-newspaper due to time constraints. Few were found to be totally not reading newspapers and they said that they get news from their parents or friends. According to them social media like Facebook and Whatsapp were good source of news. In fact one of the respondents said that today's generation lives in the virtual world and there is no way one can ignore the impact of social media on our lives. However, a few respondents did believe that the virtual world is more artificial than real. One respondent said that people may have hundreds of friends on social networking sites but they hardly meet people in real life. But at a contradictory level to this comment most of the young people agreed that they are too dependent on social media nowadays for almost everything.

ADVERTISEMENTS AND IMPACT

When asked about their preferred brands, it seemed that they spelt out whatever came to their mind first. Almost all of them have a perception that brand names define who they are. A respondent said that he liked "Rolex" because that's the best brand any men can think of! After a few minutes of discussion on

brands it became evident that they gave more importance to quality than just brand names. Majority of the responders said that their favorite brand was Nike. They liked it because it is cool and because of its association with sports. Some respondents liked the brand because their favorite celebrities and sports stars were wearing the same brand. Some respondents named Samsung for its quality and LG for its elegance. Two extreme responses were found when asked about Fastrack watches and its advertisements. Most of the responders loved the brand because of an instant association they all felt with the brand and found it to be very fashionable, with huge variety and affordable. Surprisingly a few respondents found the ads to be cheesy and farcical and they felt that the ads portrayed the youth in an inappropriate manner and the content of the ad was against their values.

Respondents gave interesting answers when probed on advertisements and their favorite ones. Many said that they consume ads and watch their favorite ones on a repeat mode on YouTube. When they were asked about their favorite ads most of them mentioned different brand names. One of them said that she likes ads which say a lot without saying much and thus loved all ads that were abstract or subtle in its tone and message content. They all agreed that it was important to have 'intelligent content' in ads to make it appealing to any target audience. The interviewees were probed further on three message strategies of ads namely *reestablishing tradition, suggesting a new trend and extremely provocative* and examples of ads were given for each to stimulate their memory. Majority respondents said that a new trend was something fresh and it always works in ads. A few said reestablishing traditions were a nice way to pass on a product to new generation. Some of them said it's very difficult to reestablish a tradition in present time. It has to be very convincing as youth find it fashionable to discard old things

whenever they come to know that it's old and this is true for traditions, values, fashion and products.

Surprisingly very few responders were in favor of provocative ads. They felt that extremely provocative ads are the best way to communicate with people because it is high on shock value and thus helps in making people remember the ad and the brand. Most of them hated stunts that soft drink ads often resort to, and believe there is hardly any consumer connect. A few of them though said the ads were successful in inspiring them to do things that they would not have otherwise attempted. A respondent said that it was ok if advertising played the role of a fantasy stimulator but it should come with a feel good factor in order to make an impact. Most youth felt better connected with ads that were more real like the *"Jago Re"* campaign of Tata Tea, *"Lead India"* campaign of Times of India and so on. Respondents also mentioned *"Amul"* hoardings and the way they have perfected the art of being the social commentator over the years.

'Advertising is like a mirror. It reflects whatever latent is happening in our lives and we can't realize.' Many of them mentioned ICICI "B*ande Achce Hain*" campaign; even though they were not the target audience. They said they liked it because they can connect with it as the campaign was very real and it touched upon human emotions. Many of them talked about Havel's "H*awa Badlegi*" campaign with great enthusiasm. They felt that the ad had touched the right chord, as youth was forever ready to explore positive things that challenged the hypocrisy of an old social order.

CONCLUSION:

If you are really targeting youth, then you should have the courage to address them in their own terms. It is not enough to make the ad peppy and colorful and imitate the latest

college lingo or Bollywood song. You need to get under their skins, understand their insecurities, and tap into their lives (Gahlaut 2013). The study points out at some interesting findings. Some discussion points are the fact that most young respondents were avid music and film lovers but were limited on reading books and thus had exposure to popular culture but were found to be shallow when it came to reading different genres. Most of the respondents consumed media through social networking sites or YouTube. Thus, this is surely a consumer segment that is no longer in front of the television set. Also, the fact that there is only one television set for the entire family pushes them to consume media through sites on their private laptops to ensure privacy. So media consumption habits of youth are making it mandatory for brands to communicate on social networking sites and have a strong presence in the digital world.

Talking about youth culture, family and relationships still are at the centre of youth culture. They consider family as the most important unit for approval of their career choices as well as relationships. So even though the youth may look modern in their clothes and fashion, they are quite traditional when it comes to living in the society. The most important finding of the study points out to the fact that young consumers like to be treated as adults and hence are in favors of subtle and intelligent ads as compared to provocative ads.

The future research can be a content analysis of youth targeted ads in order to exactly know the content strategy of these ads.

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GREEN MARKETING AND MISLEADING STATEMENTS: THE CASE OF SAAB IN AUSTRALIA AND LESSONS TO BE LEARNED

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ABSTRACT

This study uses the qualitative research technique to analyse Green Marketing claims of a holding company in Australia. More specifically, the paper is a case study that analyzes the "misleading claims" charge that was brought in Federal Court in Australia against GM Holden Ltd., by the Australian Competition and Consumer Commission (ACCC). It also discusses the implications of misleading advertisements and unfounded claims under the U.S. Federal Trade Commission's Unfair or Deceptive Practices Act and the potential fallouts that a business organization could suffer from making misleading claims. The paper analyses the case of misleading advertisements through the United States' Federal Trade Commission's guidelines for two reasons. First, because of its potential impact on many organizations since the United States serves as a nexus of world commerce. Second, because the Federal Trade Commission (FTC) has a long tradition, if not the longest, in the world of commerce, of regulating the content of commercial free speech, thus indirectly serves as an example for similar in different countries and jurisdictions. It is hoped that the insights generated from these discussions, in addition to the GM Holden case itself, will serve as "lessons learned" and provide guidance to business organizations. It could also trigger further studies along similar lines of inquiry from other scholars. The laws on misleading advertisement in Australia and the United States are discussed and the implications of the case for marketers worldwide are considered.

Keywords: Green marketing; misleading claims; The SaabCase; Federal Trade Commission (FTC)

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IMPACT OF SOCIAL MEDIA ON CUSTOMER RELATIONSHIP MANAGEMENT (CRM) IN THE SRI LANKAN RETAIL BANKING SECTOR

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ABSTRACT

Social Media is fast becoming a must have tool in every organization. The retail-banking sector in Sri Lanka is no exception to this phenomenon. Although it has been a sensation the world over in almost every industry including the banking industry, the use of Social Media has not reached a satisfactory stage in the Sri Lankan retail-banking sector. With commercial banks contributing heavily to the country's gross domestic product and customers having increased access to internet and becoming ever more internet / social network savvy, there is ample opportunity for the banks to exploit in this domain. On this ground, the purpose of the study is to explain if social media has an impact on customer relationship management (CRM) in the Sri Lankan retail banking industry. It was hypothesized that social media positively influences the customer relationship Management namely; Information Strategy Feel and Serve, Trust and Loyalty and Cross Buying of Products. Structured questionnaires were administered to a random sample of bank customers of selected commercial banks in Sri Lanka. Linear regression analysis revealed a significant path coefficient, which explained social media positively, influenced customer relationship management in the retail-banking sector of Sri Lanka. The findings have implications that Sri Lankan banks should actively use social media (namely forums and communities, ratings and reviews and referrals and recommendations) to enhance customer relationship management. This should be carried out as a strategic initiative under a social media implementation plan in order to achieve and sustain their competitive advantage in the Sri Lankan retail-banking sector.

Keywords: *Social Media, Customer Relationship Management, Retail Banking Sector, Sri Lanka*

INTRODUCTION

BACKGROUND OF THE STUDY

Post war Sri Lanka is on a development trend. With the rapid developments in Information Communication Technology, the availability of Internet for the Sri Lankan users is also on the rise. Use of Social Media in Sri Lankan businesses especially banks, do not seem to have reached it maximum potential yet. Although there is ample opportunity to exploit, banks seem to be reluctant to venture into this new area due to various reasons. Further, the amount of research carried out on the use of social media's impact on customer relationship management is not very common. Therefore this research aims to explore this area and

identify if social media has a significant impact on the customer relationship management in the Sri Lankan Retail Banking context.

RESEARCH PROBLEM

According to the annual report published by the Central Bank of Sri Lanka (CBSL) the service sector contributes 58.5% to the national economy. Within the service sector, the financial sector contributes a 8.9% to the national economy. The Banking sector's share in total assets of the major financial institutions is 70.6%out of which 48.2% %(CBSL, 2013) is from licensed commercial banks. Therefore, banks play a major role in driving the economy forward and fund the growth opportunities of the nation. Out of these banks the private banks play a major role in providing financial services.

Some statistics on Sri Lankan Internet and Facebook usage are as follows

Population by mid 2012			
0 – 14 years	**14 – 65 years**	**65 years and**	**Total**
5.4 bn	14 bn	1.3 bn	20.7 bn

Period	Cellular Mobile Telephones	Telephone Density - including Cellular (Telephones per 100 persons)	Internet & E-mail (b)
2012 (c) 2nd Qtr	19,272,324	111.68	1,145,587
2013 (c) 2nd Qtr	19,533,274	108.76	1,475,626

(a) Except SLT lines   (b) Including mobile broadband services   (c) Provisional

Figure 1 – Demographic data (Source - CBSL, 2013)

1,515,720 Facebook subscribers on Dec 31/12, 7.1% penetration (Miniwatts, 2013)

Many Sri Lankan businesses are slowly but surely getting on board the social media trend in order to reach out to their customers. However we do not see this very much in the private banking sector in Sri Lanka given the increasing number of Internet users in the country. As seen world over social media can bring about a wide reach for customers as well increased revenues. Therefore, it is imperative that private banks in Sri Lanka also venture into this area in order to reach out to their customers. A study found that empirical research on fan pages and its role for the customer-brand relationship is in its infancy. (Jahn B. et al., 2012) According to the social media analytics website (Socialbakers, 2013) , only a very few Sri Lankan Private banks have an official facebook page. Therefore, there is ample opportunity for the Sri Lankan Banks as well to use this tool. Based on the above understanding, the study formulates the research problem as follows; *Do social media have an Impact on customer relationship management in Sri Lankan Retail Banking sector?*

THE PURPOSE OF THE STUDY

In order to address the above research problem, the study presents its major purpose as to ascertain the extent to which Social media is used by the retail banking sector in Sri Lanka, to identify to what extent are the attributes of social media evident in relation to the retail banking sector in Sri Lanka, explore to what extent CRM is practiced in the Sri Lankan retail banking sector, to identify how

Social media influences the CRM in the Sri Lankan retail banking sector and to provide suggestions in order to use Social Media effectively in the Sri Lankan retail banking sector.

LITERATURE REVIEW, CONEPTUAL MODEL AND HYPOTHESIS OF THE STUDY

What is social media?

The medium (e.g. social networking sites such as facebook, twitter) used to do this type of networking is called social media. (Kaplan & Haenlein, 2010) define social media as "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content.

Facebook, Orkut, MySpace, Google+ - mainstream social networking sites

LinkedIn - professional networking site

Blogs like WordPress, Blogspot – used for broadcasting and publishing data

YouTube - video sharing website

Wikipedia - the open-source online encyclopedia

Flickr, Picasa – picture sharing websites

SlideShare and Scribd - document sharing websites

NLTwitter-micro-blogging website where one can post only 140 characters at a time

Social media in banks

Pioneers in social media marketing are also emerging in the industry of retail banking. US banking organizations such as Citibank, Bank of America, ING Direct and USAA demonstrate active presence in social media,

oriented toward building rapport with customers and providing interactive online service support via Web 2.0 tools and channels (Cocheo, 2009a; Cohen, 2010; Klimis, 2010; Stone, 2009).ICICI Bank, HDFC Bank and Axis Bank are among the top 10 Banks with Social Media presence as per a survey by Financial Brand in July 2013. Further as per (IDRBT, 2013) Social Media is a rich source of information about existing and potential customers for Banks.

Although examples of social media implementation in banking are emerging (especially in the USA and western Europe), the industry is still in the early stage of establishing social media presence and using Web 2.0 tools for RM (Bielski, 2008; Cocheo, 2009a; Hardey, 2009; Klimis, 2010) Majority of retail banks are skeptical to the promises of Web 2.0 to revolutionize marketing, stating concerns over information privacy, loss of control over data and possible negative implications on the corporate image (Klimis, 2010; Pannunzio, 2008; Stone, 2009).

Social Media, although not fully utilized in the Sri Lankan Retail Banking sector, a few Private Banks maintain official Facebook and / or Twitter pages. It can also be noted that some banks had carried out a few customer surveys on their respective facebook pages. The initial problem for banks in the social media space is the same problem they have had forever, knowing your client (KYC). (Colwell G., 2013)

In South Africa banks are surrounded by, legal and other uncertainty issues surrounding social media. (S. Chikandiva et. al., 2013) Further, According to Bonson and Flores (2011) Ernest & Young (2011) and Gritten (2011), social media marketing enables banks to regain trust from customers, which has been lost due to the recent economical crisis and the increased use of e-banking.

The financial impact that banks can expect from the use of social media can include the

reduction of retention and acquisition cost of customers, increase in deposit generation, increase in marketing return on investment, reduction in churn rate and thereby increased contribution margin per customer. Facebook is already being used by some banks to set up 'virtual branches'. (Bearing Point, 2011)

CRM in Sri Lankan retail banking sector

It can be noted that the nature of the Asian / South Asian buyer behavior is very much dependant on trust. Further, referrals, recommendations from trustworthy individuals often result in customers purchasing those particular products or services. Many Sri Lankan private banks offer the facility of a relationship manager for personal customers as well. This helps the bank to have a strong relationship with the customer as well as generate income from the customer over the total lifetime of the customer relationship.

Social commerce

The social interactions of people on the internet, especially in social networking sites (SNSs), have created a new stream in e-commerce. This new stream is social commerce. Social commerce is the use of Web 2.0 and social technologies to support interactions in an online context to support consumers' acquisition of services and products on the Internet (Liang and Turban, 2011). Another definition provided for Social Commerce is, Social commerce refers to the delivery of e-commerce via social media, which emerged through Web 2.0 (Liang et al., 2011) CRM and social marketing together can: increase sales, increase visibility, increase customer loyalty, enhance company image, promote positive media coverage, lead to long term relationships, contribute to growth and profitability (Katsioloudes et al., 2007)

Social CRM

This is the integration of social media with customer relationship management strategies.

This is the next frontier for organizations that want to optimize the power of social interactions to get closer to customers. (Baird C., 2012) Businesses are increasingly building social communities in order to get more closer to their customers at the same time enjoy the benefits of cost reduction and other efficiencies. Companies need to embrace this shift with a new strategy– Social CRM, which recognizes that instead of managing customers, the role of the business is to facilitate collaborative experiences and dialogue that customer's value. (Baird et al., 2011)

According to Paul Greenberg 2010, Social CRM is based on the ability of a company to meet the personal agendas of [its] customers while, at the same time, meeting the objectives of [its] own business plan. It is aimed at customer engagement rather than customer management.''

As per another study, when social networks and CRM work together well, businesses gain the ability to better listen to customer conversations and engage social customers on their own terms while managing and measuring their efforts to do so. Social networks, by bringing in otherwise untapped and unmanaged online conversations, also help organizations get closer to a true 360-degree view of the customer so they can further optimize their marketing, sales, and customer service efforts. (Maoz M. et. al., 2009, Mckay et. al., 2009) All of the above studies provide sufficient evidence on the link between social media and CRM. Therefore, it is imperative that this is researched further and the findings reported.

Social commerce constructs

Literature suggests that the next generation of online businesses will be based on communities to attract new customers (Bagozzi and Dholakia, 2002, Ridings and Gefen, 2004). Therefore, it is important for businesses to have a business model adapted to

social commerce (Lorenzo et al., 2007, Liang and Turban, 2011). Some research has shown that potential consumers are more interested in other people's recommendations rather than merely vendor generated product information (Ridings and Gefen, 2004). can best be achieved by online rating, recommendation and voting in an online context (The Nielsen Company, 2007). Inkeeping with the above veiw, the follwing social commerce constructs were proposed by Hajli, 2012

Forums & communities

A person can be motivated to contribute valuable information to the group, by expecting to receive useful help and information in return (Graham and Hall, 2004; Smith and Kollock, 1999, p. 227). This can lead to a culture of sharing knowledge and expertise (IBM, 2007). Customers with strong emotional bonds can become advocates for sellers in peer-to-peer interactions with other customers and noncustomers and play an important role in the value adding process as co-creators of value. User-generated content can greatly enhance customer satisfaction, loyalty, and/or delight, especially as customer needs change over time. (Sachi C. M., 2012)

Ratings & reveiws

By welcoming freinds and collegues to join their social networks, the members can improve their own ratings as to being loyal memebers of that particular network. As for reveiws, the customer reviews available on social networks are a good form of information for potential buyers of any product in order to make an informed decision. Also, it turns out to contain contructive

feedback for the company in order to improve their product or service. However companies need to be aware of deliberate negative feedback campaigns which be detrimental for the companies image.

Referrals & reccomendations

Consumers are increasingly using social media to gain recommendations, reviews and opinions from friends, family, experts and the collective social community. Once they access this content, the impulse to purchase immediately can be strong. (Baird, 2011)

It is reasonable to assume that any suggestions which emerge from a blog might have an impact that is similar to a conventional WOM recommendation. Specifically, a consumer's attitude towards a certain brand is likely to become more upbeat when that brand is referred to positively by a favorite blogger. (Emerald, 2011)

E-business ontology

One of the models proposed is the e-business model ontology introduced by Osterwalder et al.(2002) An ontology is a more rigorous building-block-like methodology that defines the essential concepts in e-business models and shows the relationships between them. This model has been founded on four main pillars, namely, products and services, infrastructure and network partners, relationship capital and the financial aspects.

The customer relationship pillar will be discussed further as it is very relevant in terms of CRM in e-business. The main components of the customer Relationship according to this model are as follows.
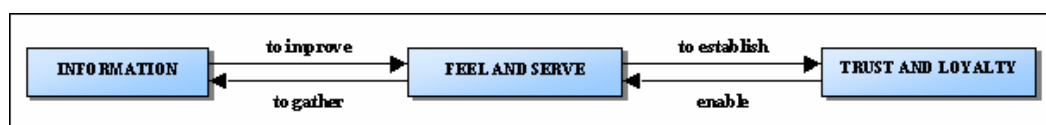
Figure 2 – Customer Relationship Variables (Osterwalder et al., 2002)

Information strategy

The objective of information strategy is to gather information about customers, use the information in order to excel in customer relationship (through personalizing, profiling etc.) and use the information to discover new profitable business opportunities as well as satisfy the customers. Further, delighted customers are prone to communicate their delight to the people with who they are connected in social networks. By developing an enduring relationship with delighted customers already in the advocacy stage of the customer engagement cycle, sellers can turn delighted customers into fans.

Feel and serve

This refers to the channel strategy that must be defined, through which the company intends to reach its customers, (direct, indirect, third party etc.) in order to deliver its value proposition. The purpose of a channel strategy is to make the right quantities of the right product or service available at the right place, at the right time to the right people. (Pitt, 1999).

Trust and loyalty

Customer loyalty can be understood as the outcome of the customer's trust and satisfaction (Osterwalder et al., 2002) Their

loyalty is attitudinal, not just behavioral. If things go well, they become advocates. The core driver of this relationship is trust. (Greenberg P., 2010) In a study carried out on Malaysian banking customers it was concluded that Malaysian bank customers tend to be loyal if the bank is trustworthy, committed to service and reliable and efficient in communicating (N. Ndubisi, 2007)

Consumers regard social media as a trustworthier source of information than the traditional instruments of marketing communications used by companies (Foux, 2006). According to a study conducted by Nielsen (2009), 70 percent of Internet users trust the evaluations of consumers on social media platforms. Another study found that customers anchor loyalty to the bank's trustworthiness and the quality of the bank-customer relationship.

Effectiveness of CRM

In a study carried put by Padmavathi et. al. (2012) on retail banks of India, the following elements were identified as the key factors of the effectiveness of CRM as customer satisfaction, customer loyalty and cross buying of products. The ultimate result of a satisfied, loyal customer was that he / she would purchase other products / services of the company as well.

CONCEPTUALIZATION AND THE CONCEPTUAL FRAMEWORK OF THE STUDY

The conceptual framework of the study is shown below.
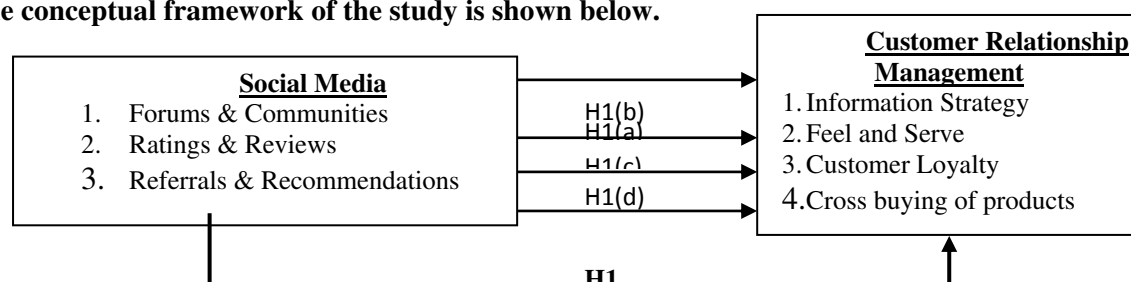
Figure 3 - Conceptual Framework (Researcher Developed)

Propositions and hypotheses of the study

The following main Hypothesis will be tested in the empirical study.

H1. Social Media (as a result of Forums & Communities, Ratings & Reviews and Referrals & Recommendations) has a positive impact on Customer Relationship Management

H1(a). Social Media (as a result of Forums & Communities, Ratings & Reviews and Referrals & Recommendations) has a positive impact on Information Strategy

H1(b). Social Media (as a result of Forums & Communities, Ratings & Reviews and Referrals & Recommendations) has a positive impact on Feel & Serve

H1(c). Social Media (as a result of Forums & Communities, Ratings & Reviews and Referrals & Recommendations) has a positive impact on Customer Loyalty

H1(d). Social Media (as a result of Forums & Communities, Ratings & Reviews and Referrals & Recommendations) has a positive impact on Cross Buying of Products

METHODOLOGY

Following the positivistic research tradition and the quantitative research approach, a survey research strategy was adopted.

Population and sample of the study

Questionnaires were distributed to random customers of banks both public and private.

However the following private banks were chosen especially in order to carry out the survey. They will be referred to as Bank A, B, C, D , E, F to maintain their anonymity. This was as these banks had a presence on one or more of the main social media networks and therefore can be studied under this research and also due to the difficulties in obtaining information from other banks. Out of the 185 customers approached only 119 have responded to the questionnaire. This shows a 64 % response rate, which is sufficient for a field survey.

OPERATIONALIZATION, RELIABILITY AND VALIDITY OF THE CONSTRUCTS

The social media scale consisted of a composite measure of three factors adapted from the research by Hajli (2012). CRM was measured using a composite measure by adapting four items developed by Osterwalder et al (2005) and Padmavathy et. al (2012) which consists of namely information strategy, feel and serve, trust and loyalty and cross buying of products. Self-Administrative Questionnaires consisting of five-point Likert scales were used to collect the predetermined data. As depicted in the table:1, Cronbach's alpha was calculated to measure the reliability / internal consistency of the measurement scales. If the value is >= 0.7, the scales were sufficiently reliable (Nunnally, 1967) The face / content validity of the scales was assured through experts' reviews and literature survey. In order to test the dimensionality of the measurement constructs, an exploratory factor analysis was performed.

Table 1: reliability analysis

Variable	No. of Measures	No. of Indicators	Cronbach's Alpha
Social Media	3	9	0.891
Customer Relationship Management	4	12	0.907

DATA ANALYSIS STRATEGY

Data analysis strategy in the study consisted of both descriptive statistical analysis and inferential statistical analysis. The hypothesis test was carried out using multiple linear regression analysis. The Statistical Package for Social Sciences (**SPSS^R**) version 20.0 was used for data analysis.

Social Sciences (**SPSS**[R]) version 20.0 was used for data analysis.

RESULTS AND DISCUSSION

A descriptive analysis based on mean values was carried out. The results revealed the following as depicted in the table 2:

Table 2: descriptive analysis

Variable	Mean	Standard Deviation
Overall Social Media	3.19	0.75
- Forums & Communities	2.96	0.97
- Ratings & Reviews	3.38	0.79
- Referrals & Recommendations	3.23	0.89
Overall Customer Relationship Management	3.39	0.60
- Information Strategy	2.99	0.85
- Feel & Serve	3.44	0.81
- Trust & Loyalty	3.59	0.78
- Cross Buying of Products	3.55	0.73

Source: Survey Data

The overall mean value of 3.19 for social media implies that the banks' customers use social media to a sufficient level. However, the mean analysis of the sub scales of social media highlights that the customers in the sample have less usage of forums and communities (2.96 on a Five point Likert scale) whilst they have satisfactory level of usage in the areas of

ratings and reviews and referrals and recommendations (respectively 3.38 and 3.23 on a five point Likert scale). The mean value for overall CRM is 3.39 (on a five point Likert scale), which describes that the average customer sentiment of their bank's CRM practice exists to a considerable extent.

In testing the hypothesis depicted the conceptual model, the linear regression analysis revealed the following results as shown in the table: 3.

Table 3: *Linear Regression Results*

Independent Variable	* Customer Relationship Management	
	Beta	Sig. P < 0.05
Forums & Communities	0.18	0.06 (Not Sig.)
Ratings & Reviews	0.16	0.09(Not Sig.)
Referrals & Recommendations	0.36	0.00 (Sig.)
Significance of F	-	0.000
R2	0.58	-
Durbin Watson test value	2.18	Sig

*Dependent variable is customer relationship management. Source: Survey Data

According to the above analysis, hypothesized claim is accepted and there is significant evidence (at significance level of 0.05) to conclude that social media positively influences the CRM of the retail banking sector in Sri Lanka. This reveals that social media in overall positively affects CRM of the retail banking sector in Sri Lanka. The regression coefficients (β=0.18, 0.16 & 0.36) confirm that the social media components of forums and communities, ratings and reviews and referrals and recommendations respectively, are positively related to CRM components, information strategy, feel and serve, trust and loyalty and cross buying of products. This implies that the social media usage of the banks' customers can be a predictor of CRM practice in the Sri Lankan retail banking industry. These findings, in overall, can be validated as these are consistent with the argument of the general literature related to the social CRM constructs (Hajli, 2012) as well the e-business ontology customer relationship pillar. Osterwalder et al (2002)

CONCLUSION

The findings empirically support that the selected banks' do use social media to reach their customers in the Sri Lankan retail banking industry. This has assisted these banks to improve the perceived CRM in the eyes of their customers. In the regression model predicting CRM, the goodness of fit is predicted using R^2, which is 0.35. This implies that social media can predict only 35% of the total change of CRM whilst there are other important factors that predict CRM of the industry.
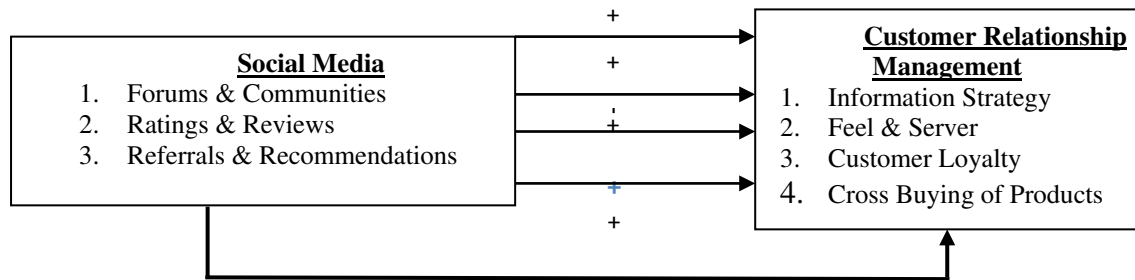
Figure 4 - Empirically Validated Conceptual Model of the Study. Source – Researcher Developed

In final analysis, developing social media facilities becomes a prerequisite to enhance CRM and acquire and sustain a competitive advantage in the retail banking sector in Sri Lanka.

MANAGERIAL AND THEORETICAL IMPLICATIONS

The findings of this study would give more weight towards generating arguments to start using social media in various banks if not used already. It gives further motivation to banks that already use social media to keep using it and improve the social media presence by using the components of social media discussed in this research.

Further, the findings of this research can be used to justify the allocation of resources towards social media. Thus there is also the market to be captured using the early mover's advantage. Therefore it is clear that social media can be used to have a better relationship with the customer and thereby gain a strategic advantage in this highly competitive sector.

Furthermore, the findings would assist to re-confirm the validity of the existing literature on social media and CRM using the scales used in this research. It would also provide a theoretical base for further research as well as implementation of social media initiatives in the Sri Lankan retail-banking sector.

FUTURE RESEARCH OPPORTUNITIES

Further research can be carried out using the Qualitative and the Case Study methods. A Quantitative can also study the profitability that can be achieved due to social media. Further, social media monitoring software can be used to measure effectiveness of the Social Media initiatives thereby enabling the banks to measure its return on investment. (ROI) It was stated above that the components of social media that were studied in this research accounts to only 35% of the total variance of the impact on CRM. Further research can try to identify what these remaining 65% factors are. The same study can be carried with the amalgamation of those remaining factors in order to gain further insight into this domain as well as understand the overall impact of social media on customer relationship management.

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[22]

PRODUCT INNOVATION AND MARKET DEVELOPMENT: THE EXPERIENCE OF THE BULA BAMBUSA PRODUCERS COOPERATIVE

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ABSTRACT

This study originated from the fact that the farmer members of the BulaBambusa Producers Cooperative have struggled for many years manufacturing traditional bamboo items which do not fetch premium prices. But the bamboo entrepreneurs have remained steadfast and confident that this situation will come to an end. Cognizant of this problem, the International Fund for Agricultural Development created the Rural Micro Enterprise Promotions Program (RUMEPP) under the Department of Trade and Industry (DTI) with the aim of alleviating the bamboo artisans from poverty. The government agency provided a variety of business development services including product innovation and market development. With the cooperative being a recipient of various trainings, equipment, and engineered technology from DTI-RUMEPP, innovative uses of the bamboo were explored. The farmer members were able to transform the lowly bamboo into engineered products that can command much better prices in the domestic market and international arena as well. Thus, this research was directed toward documenting the significant improvements that have taken place in terms of product innovation and market development given the intervention.

Keywords: Product Innovation, Market Development, Cooperative

INTRODUCTION

Background

The Philippines is one country that can be truly proud of its indigenous and exotic resources found within its forest lands. Among its resources is the bamboo which has long been considered as the "poor man's timber." Despite its lowly stature, bamboo is a cut above the rest because of its qualities as well as multifarious uses. It is a popular material for construction and handicrafts and is also used in the manufacturing of fishing gear, banana prop, musical instruments and pulp and paper. The bamboo shoots can also be cooked as food.

According to Galves (2013), it is a sound investment not only because of its $10 billion international market value but also because it can be used to produce thousands of products, requires a low capital investment, is profitable, environment-friendly and fast growing. Business opportunities flourish from nursery production, mass propagation, bamboo farming, primary processing and production of finished products.

Although there are more than 49 species of bamboo that grow abundantly in the Philippines, the country has not taken full advantage of the situation. The country is only the sixth biggest exporter of bamboo products in the world with total export value reaching

$30 million in 2009 (Galves, 2013). If the bamboo industry can be provided with appropriate interventions to maximize its potential, in the years to come, it will be the second largest bamboo producer in the world, next to China.

One of the provinces in the Philippines that is engaged in bamboo growing and manufacturing of bamboo-based products is Camarines Sur. With 775.92 hectares, 967 bamboo growers, and 170 producers involved in the industry (Howard, 2008), it can be said that the province has contributed significantly to its growth.

This study focused on the BulaBambuza Producers Cooperative located in Pawili, Bula, Camarines Sur. It aimed to provide the profile of the cooperative, the products manufactured by its members, and their problems and issues and recommendations for brighter prospects for the future. Moreover, this study disclosed the assistance provided by the Department of Trade and Industry (DTI) through the Rural

Micro Enterprise Promotion Program (RUMEPP)and the Department of Science and Technology (DOST) along product innovation and market development.

LITERATURE REVIEW

The Municipality of Bula in Camarines Sur

Bula is a second class municipality in the 5th district of Camarines Sur and is one of the first four towns which was established during the Spanish time. It is bounded on the north by the municipality of Pili and Ocampo, on the east by the municipality of Baao, on the southeast by the municipality of Nabua, on the south by the municipality of Balatan, on the southwest by Ragay Gulf, and on the west by the municipality of Minalabac. It is approximately 25 kms southwest of Naga City. As of 2010, Bula has a total population of 68,011. (source: National Statistics Office)

Figure 1. Map showing Bula, Camarines Sur

Table 1

Areas Planted with Bamboo in the Bicol region

Province	Area Planted with Bamboo in Hectares
Albay	15
Catanduanes	13
CamarinesNorte	No report
Camarines Sur	775.92*
Masbate	98
Sorsogon	No report

Source: DENR Region 5   *DTI Provincial Office, Naga City

Table 1 reveals the provinces in the Bicol region and the number of hectares planted with bamboo. The area with vast plantations of bamboo is Camarines Sur with 775.92 hectares, followed by Masbate with 98 hectares, Albay with 15 hectares and Catanduanes with 13 hectares. There is no report about the bamboo plantation in CamarinesNorte and Sorsogon. It can be gleaned from the table that Camarines Sur is blessedwith huge hectarage of bamboos which can be put to productive use. One of the municipalities that can provide the biggest supply of bamboo poles is Bula. For this reason, the production of bamboo-based products is the priority industry sector of the municipality under the One Town, One Product (OTOP) program of DTI.

Product Innovation and Market Development

New products refer to original products, product improvements, product modifications, and new brands that the firm develops through its own research and development efforts (Armstrong and Kotler, 2011). The existence of new products gives the buyers a chance to have a product that is better, and maybe even cheaper than existing ones. New products can boost the sales of the company and enhance its image.

The product could come either as a totally new product in an existing market (Product Development) or an existing product in an existing market (Market Penetration) or a product which may or may not need some modification to enter a new market (Market Development) (Go and Go, 2010). Market development requires the identification of new buyers of existing products. New segments mean more sales and greater possibility of long-term growth of the company.

Innovation encompasses the introduction of a new product or significant qualitative change in an existing product. Innovation means the identification of a new marketor new sources of raw materials or new uses for an existing product.
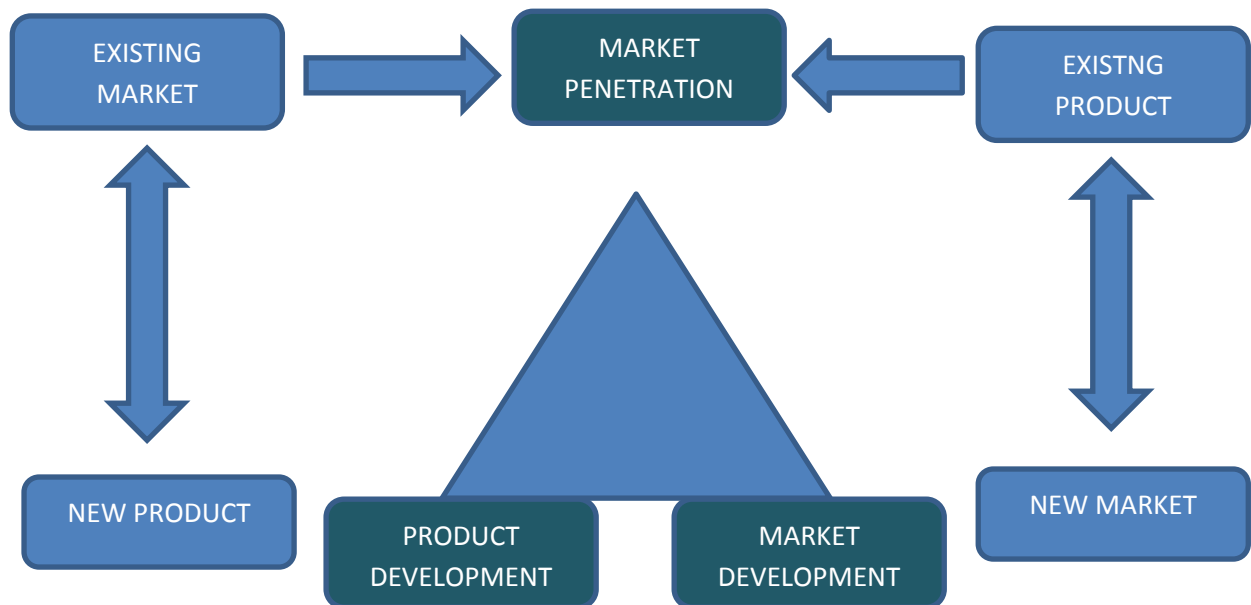
Figure 2. Internally-Generated Growth Opportunities

Executive Order No. 879

Executive Order 879 created the Philippine Bamboo Industry Development Council to revitalize the bamboo industry in the Philippines with the able support of some government agencies and the private sector (Galvez, 2013). It has identified bamboo as a priority reforestation crop. To further boost the industry, E.O 879 has ordered the Department of Education to use bamboo in at least 25% of the annual school desks and other furniture requirements of all public schools nationwide. The Executive Order further directs the use of

bamboo in furniture, fixtures, and other construction requirements of government facilities and allocating funds thereof.

Executive Order No. 879 came into being because of the country's intent to help achieve the Southeast Asian Nations' goals of reforesting 500,000 hectares with bamboo from 2010 to 2020; reducing the impact of climate change; providing farmers with additional sources of cash; encouraging local government units to plant and process bamboos and reviving the bamboo industry (Galvez, 2013).

THEORETICAL FRAMEWORK
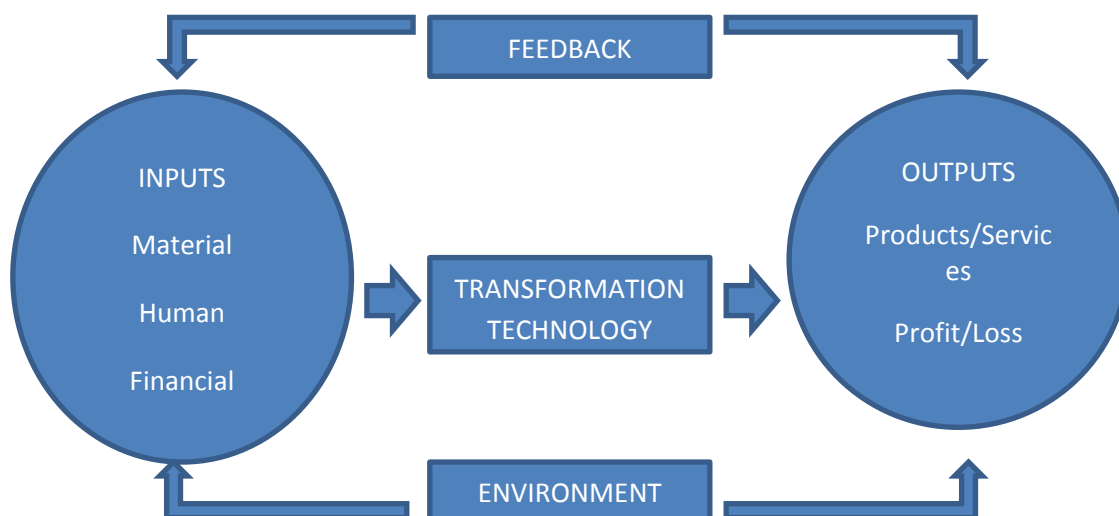
Figure 3. The Systems Approach to Organizations

This study is guided by the systems theory which was first developed in the physical sciences. A system is an interrelated set of elements that function as a whole. According to this perspective, an organizational system receives four kinds of inputs from its environment: material, human, financial, and informational (Griffin and Moorhead,1998). What the organization does is to utilize them to create products which are offered to the market. The environment provides feedbacks which serve as the basis in modifying the product. The theory also states that when one part of the system malfunctions, the entire system is affected.

The cooperative can be considered as a system which makes use of material inputs such as bamboo, other materials and machineries which are needed in making the finished products. Workers are hired to be able to transform the raw materials into products such as furniture and decorative items. Financial inputs include money that it receives from customers and investors. Information comes in the form of suggestions and feedbacks from customers, employees and other sources. When the cooperative operates profitably, its earnings are shared with the external environment as the organization will purchase more materials, hire more people and can even participate in extension activities that manifest social responsibility. The environment can respond by patronizing more products sold by the cooperative or infusing more capital to expand business.

CONCEPTUAL FRAMEWORK
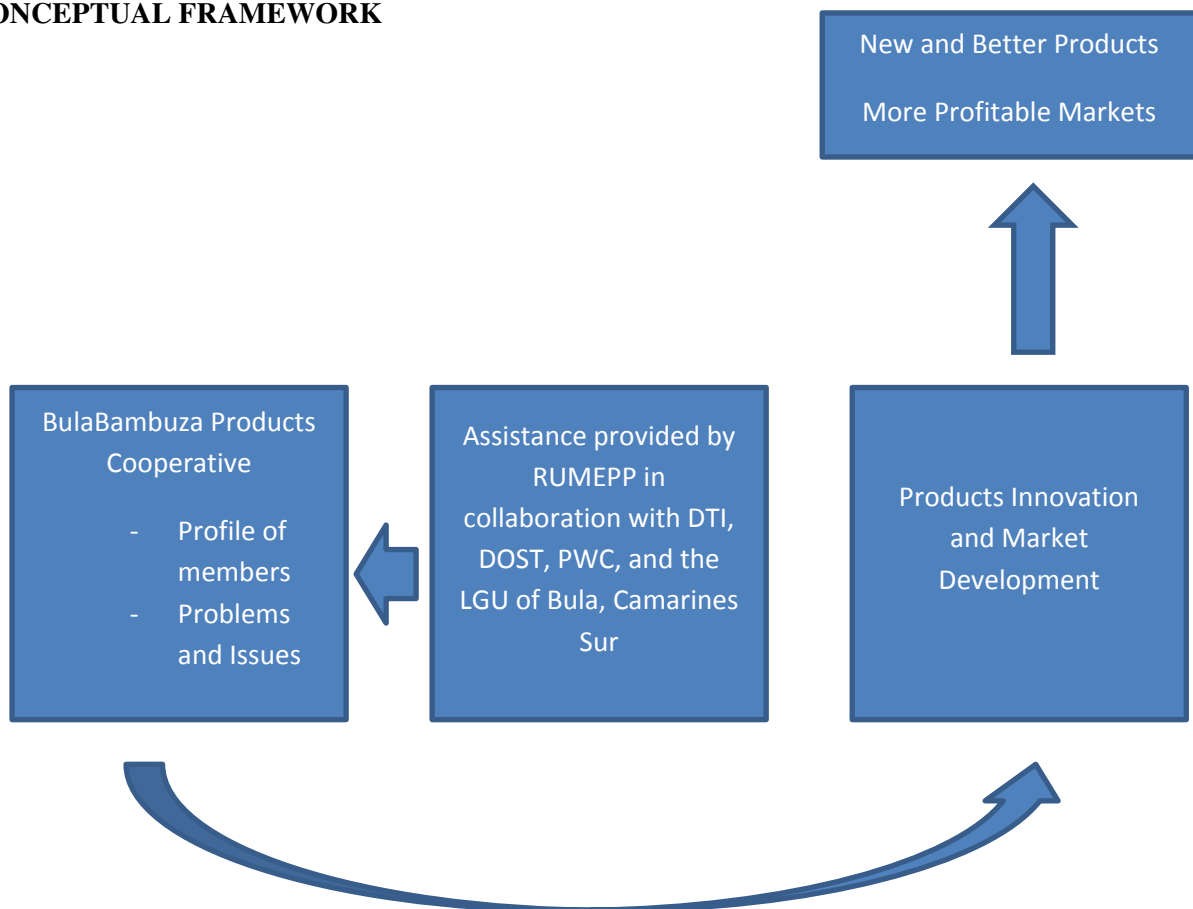
Figure 4 The Conceptual Framework of the Study

This framework is composed of four variables which are 1) the profile of the business of the cooperative's members and the problems and issues experienced by them; 2)the assistance provided by RUMEPP in collaboration with DTI,DOST, PWC, and the LGU of Bula; 3) product innovation and market development; and 4) the output - new and better products and more profitable markets.

The model suggests that the business of the members can be described in terms of length of existence, form of ownership, number of employees, and type of employment. Together with the profile of its members, the problems and issues faced by them are also disclosed.

The diagram demonstrates the assistance coming from RUMEPP and some government agencies, and local government unit. With the support cascading from them, product innovation and market development can be expected. Product innovation can take the form of new and more attractive designs and products with long-lasting quality which are in demand locally and in the international market.

RESULTS DISCUSSION

The BulaBambuza Producers Cooperative and its Beginnings

The BulaBambusa Producers Cooperative was founded in 2004 at Zone 1, Pawili, Bula, CamarinesSur. It has a total of 61 members engaged in the same industry for generations with children and grandchildren inheriting the business from their forefathers. The members have been involved in the production of bamboo-based products for a minimum of five years.

Table 2

Profile of the Business of the Members of BulaBambusa Producers Cooperative

Profile	
Length of existence	More than 15 years
Form of ownership	Sole proprietorship
Number of employees	1-5
Type of employment	Contractual

The table reveals that the business of the members of the cooperative has been in existence for more than 15 years already with the children succeeding their parents in managing the enterprise. It can be inferred that the exposure to the undertaking has made the children develop the love for the business. The form of ownership is sole proprietorship which means that the owners, themselves, manage their own business. Aside from the small capitalization required to put up the enterprise, most people prefer a sole proprietorship type because it is easy to organize and changes in operation can be readily made with little or no difficulty. The owner is assisted by family members during the slack season and when demand increases, he usually hires an additional 1-5 employees who are employed on a temporary basis. The preference to have family members working in the business is triggered by the lack of capital.

Table 3

Marketing Aspect of the Production of Bamboo-based Products

Factors	
Source of buyers	Domestic market
Frequency of buying	Irregular
Most saleable product	Furniture
Type of transaction	Cash
Monthly sales volume	1-5 products
Type of distribution	Picked up by the buyer
Type of promotion	Discounting
Pricing strategy	Cost-plus

Very few of the producers have already experienced selling their products to the international market. Bamboo producers do not seem to have enough knowledge on how to introduce their products to foreign market. The sale of the products is very irregular with the demand reaching its peak during September, May, and December because of occasions like the Penafrancia fiesta when they find prospective buyers among those who pay homage to the Virgin of Penafrancia. Furniture, in particular living room set, remains to be the most saleable product.

The entrepreneurs transact on cash basis because money is needed to procure raw materials for production the following day and to pay workers. Credit is offered to long-time customers, friends, and relatives. The small number of products, usually 1-5, that they are able to produce, springs from the fact that the producers have limited capital. It is obvious that the customers may not be too interested to purchase the products since they remain the same year-in and year-out with hardly any variation or new design.

Cost-plus pricing is employed by the producers with the price being determined by first totalling the cost incurred in producing the product such as those spent for raw materials, tools, labor and others then adding a mark-up which is usually 10-20% of the cost. However, as a way of enticing more buyers, discounts are offered ranging from 5-10% of the selling price. Majority of the producers prefer that products be picked up by the buyer not only because delivery is burdensome in terms of time, effort, and money but also because most of them do not have a delivery vehicle.

Marketing Problems Experienced by the Members of the Cooperative

The seasonal demand was noted as the topmost problem of the members of the BulaBambusa Producers Cooperative. The demand for the products is at its peak during the months of September, December, and May while demand decreases during the rainy season. With this fluctuating demand for bamboo-based products, it can be inferred that the producers do not have stable income during the year. The present situation, where

even during summer the province experiences rainfall, has even made the condition worse.

The lack of creativity and variety in product design affects the sales of the industry, too. Traditional products are the ones which are readily available in the market but could hardly fetch an attractive price in the market. The manufacturers have limited themselves to the usual uses and designs of products which are meant to be sold to the low-end market. This is caused not only by the entrepreneur's lack of capital but also to their seemingly ill-preparedness to create new and better designs.

The manufacturers have failed to promote the products aggressively. Most of them use discounting but very few participate in trade fairs, which could have given their products sufficient exposure and linkages with government agencies and private institutions. The cost of putting up a booth and other related expenses deter them from participating in trade fairs and other promotional activities. As a consequence, marketing of products take place within the bounds of the municipality and could hardly penetrate the other parts of the nation more so, the foreign market.

The high price of the finished product is also a problem because small entrepreneurs who do not have their own plantation depend on middlemen who set a very high mark-up for their supply of bamboos.

The Rural Micro Enterprise Promotion Programme

The Rural Micro Enterprise promotion Programme (RUMEPP) aims to reduce rural poverty through increased economic development, job creation and better incomes for poor rural households by developing new and existing micro enterprises operating profitably and sustainably (Clavesillas, 2013). The programme has chosen the 19 poorest provinces in the Philippines.

It operates through a fund amounting to USD 19.172M from the International Fund for Agricultural Development (IFAD), an agency under the United Nations, and counterpart funds from the Philippine government totalling to USD3.66M.

Its objective is to provide microfinance and business development services (BDS) to some 50,000 microenterprises and 200,000 poor people in the rural areas. The three components of RUMEPP are: the Microfinance Credit and Support (MCS), the Micro Enterprise Promotion and Support (MEPD), and the Programme Management and Policy Coordination (PMPC) (Clavesillas, 2013.) Below is the list of business development services provided by DTI thorough RUMEPP in the Bicol region.

Table 4

Business Development Services Provided By RUMEPP to MEs in Bicol

Types of BDS	Number
Skills Training	27
Management Training	23
Productivity Program	10
Entrepreneurial Development Program	4
Market Linkage and Trade Fairs	17

Organizational Development	5
Advocacy Program	18
Program Planning with MEs	9
Product Development	8
Total	121

Source: DTI Region 5 Annual Report, 2012

It can be gleaned from the table that the form of business development services provided by RUMEPP in Bicol was along skills training (27), management training (23) and advocacy program (18). To ensure sustainability of business it is necessary that one is equipped with technical expertise and management acumen to be able to face challenges like decline in the demand, entry of competitors in the future. The entrepreneur must believe that his involvement in business means giving back the fruits of his labor in the form of generation of employment opportunities and engagement in philanthropic endeavors.

The programme is implemented by the Department of Trade and Industry (DTI) as the lead agency, with the Small Business Corporation (SBC) managing the microfinance component, and the Regional Operations and Development Group (RODG) of DTI, handling the BDS component (Clavesillas, 2013). RUMEPP will complement the implementation of the One Town-One Product (OTOP) program under DTI. Services will be provided to microenterprises that produce products that are the priority under OTOP. The Gender –Responsive Economic Actions for the Transformation of Women (GREAT Women) project also provides support to the programme (11-13_okpaper_forum_rumepp_profile.pdf).

Other cooperating agencies and stakeholders are the National Anti-Poverty Commission, Local Government Units (LGUs) represented by the League of Municipalities of the Philippines, non-government organizations (NGOs), microfinance institutions, business development service providers and microenterprises. (11-13_okpaper_forum_rumepp_profile.pdf)

As of the first semester of 2013, RUMEPP has already exceeded its target of serving 15,000 microenterprises through the provision of credit and business development services to 15,252 MEs. The following table shows the number of microenterprises who availed of the programme in the Bicol region.

Table 5
Number of Microenterprises Served by RUMEPP in the Bicol region

Region	Province	No. of MEs served with both Credit and BDS
Bicol Region	Albay	1,576
	Camarines Sur	1,920

Catanduanes	510
Masbate	1,298
Sorsogon	1,019

(Source: More than Cash: Improving Lives through Micro Enterprise Development, DTI, 2013)

The table discloses that in the Bicol region, the most number of microenterprises that have taken advantaged of RUMEPP came from the province of Camarines Sur and the smallestnumber were from the province of Catanduanes. Among the provinces in the region, Camarine Sur is the most thickly populated, thus, it is probable that more economic activities occur in order to meet the needs of the residents. Catanduanes, which is frequently visited by typhoons, does not make it a very ideal place to establish a business.

RUMEPP and the BulaBambuza Producers Cooperative

In cognizant with the pressing issues faced by the members of the cooperative and in support of the goals and objectives of the Rural Micro Enterprise Promotion Programme, the BulaBambusa Producers Cooperative was chosen as one of the beneficiaries of the said program.

To respond to the call to provide support to microenterprises in order to alleviate poverty, Mr.BenecioEusebio donated a 6,030 sq.m lot and a former rice mill, with an area of 1,344 sq.m. The building facilitates the centralization of production and serves as storage area where the finished products and machineries, tools, and equipment are kept. It is known as the Common Service Facility which is designed to improve the efficiency of processing of raw materials to benefit most especially women microentrepreneurs in Bula. It intends to provide enhancement of employment and livelihood skills, access to technology and technical assistance for local bamboo producers. This is just the physical component of the entire GREAT Women program being implemented by the Philippine Council for Women through the Metro Naga Development Council(PCW,2013).

The Common Service Facility in Bulacan also be used by neighboring municipalities like Ocampo, Bato, and Gainza for training. However, the conditions for its usage are the payment of electricity and a fee is charged for the use of machines and operators. They are likewise required to bring their own materials.

Table 6
Interventions Provided by RUMEPP and other Agencies to BulaBambusa Producers Cooperative

Intervention	Agency/Organization Involved
1. Machineries, Tools, and Equipment	
Twin Rip Saw and Pole Cutter	DTI-RUMEPP
Planers, twin rip saw, pole cutters	DOST
Portable gadgets like sander, hammer	DTI
Table saw, bench drilling machine, twin head sander	PCW
2. Skills Development	

Trainings on Raw Material Harvesting; Treatment and Preservation; Raw Materials Dyeing, Bleaching and Finishing Techniques; Product Development	DTI-RUMEPP
Trainings on Value Chain Analysis and Product Development with 15 designs and 15 prototypes; primary and secondary processing	DTI
3. Promotion like signages	DTI-RUMEPP
Trade fair	DTI
4. Market Development – Office of the Municipal Mayor and the Barangay Halls	LGU of Bula
5. Free Business Name Registration	DTI-RUMEPP

Source: DTI Provincial Office of Camarines Sur

Table 6 presents the interventions given by RUMEPP and other agencies to the BulaBambuza Producers Cooperative.

The cooperative, being composed of poor rural households who are engaged in the production of bamboo-based products which are in consonance with the One Town, One Product (OTOP) thrust of the Department of Trade and Industry,has been chosen as a recipient of the multi-faceted assistance delivered by the government agency through the Rural Micro Enterprise Promotion Program (RUMEPP). Donations came from agencies such as the Department of Trade and Industry, Department of Science and Technology, RUMEPP through DTI, and PCW.

The provision of a Common Service Facility will not be of benefit to the cooperative in the absence of machineries, equipment, and tools which are needed in transforming the bamboo into engineered bamboo materials.These can be utilized in manufacturing bamboo-based products which are sturdier and attractive because of its modern look and can command a much higher price here and abroad. The use of such technology did not only improve the quality and physical attractiveness of the finished products; it has also accelerated the production process with the bamboo artisans being able to produce more within a shorter span of time.

The bamboo producers were trained from the harvesting of bamboos to providing finishing touches to the products. Knowing when to harvest is crucial because it leads to the production of culms that can be used or sold and improvement of the quality and quantity of production (Roxas, 2002). Selective cutting is advised wherein only the culm or pole of a specific age is selected for harvest. If the intention is to produce furniture, more mature bamboos should be chosen while for weaving materials, younger ones are better. The starch content of the poles should also be considered because ignoring such will lead to infestation.

Trainings along treatment and preservation of bamboos were conducted for the latter to have value for a prolonged period of time. Natural treatment involves allowing the freshly cut bamboos to stay on the ground for several weeks or the bamboos can also be soaked in running water or placed above fire. Chemical treatment uses preservatives where the bamboo is immersed. Trainings on raw

material dyeing, bleaching and finishing techniques were also held.

As regard product development, the producers were exposed to trainings on primary processing which involves slat preparation among others. The training on secondary processing dealt with enhancing the ability of the bamboo artisans in the production of bamboo tiles, and other items using engineered bamboo. Value chain analysis training was held in order to identify the part of the value chain that necessitates improvement to make the entire production process more efficient.

The assistance granted to the cooperative has borne fruits – its members have embraced the technology required to produce engineered bamboos. When before they restricted themselves to the manufacturing of living room set and other traditional products using bamboo poles which have undergone no or little processing, now they are into the production of tables, chairs, tiles, planks, school desks and other items which are more eye-catching and robust and can command a much higher price in the foreign market.

Promotional assistance was also granted to the cooperative in the form of brochures which contain information about the business. With the commitment to expand the market, DTI granted one free booth during the Orgullokan Bicol Trade Fair. The products were hauled from Bula to Makati and vice-versa free of charge. RUMEPP, on the other hand, had all business names registered and signages prepared without charging the cooperative.

To show its support to the cooperative, the Local Government Unit (LGU) of Bula has initiated the use of tiles, tables and chairs using engineered bamboo first in the office of the Mayor and eventually in the different barangay halls in Bula. Such move exposes the more modern uses of the lowly bamboo which could attract prospective buyer. It is expected that through word-of-mouth advertising more people would become aware

about the existence of products using engineered bamboo.

Although the programme has a financing component, in an interview with Albaño (2013), caretaker of the Common Service Facility and operator of various machines, it was stressed that there was no financial assistance provided by RUMEPP.

CONCLUSION AND RECOMMENDATIONS

With the termination of the 7-year poverty alleviation program in 2013, DTI-RUMEPP hasundeniably contributed to the enhancement of the standard of living of the members of the BulaBambusa Producers Cooperative. The business development services have been instrumental in exposing its members to the more novel ways of using the plant which was previously regarded as the "poor man's timber. The cooperative is now involved in the production of engineered bamboo. However, Bambusa is still struggling to penetrate the foreign market by exporting its products to other countries. There are foreigners who have signified their intention to purchase engineered bamboo products but the transaction is still under negotiation.

The completion of RUMEPP does not mean that the cooperative will revert to its traditional practices of producing and marketing bamboo-based products. The unwavering support of government agencies, non-government institutions and private organizations can significantly contribute to the dream of developing innovative products and penetrating the foreign market. Thus, the following interventions are recommended:

1. An all-encompassing orientation must be conducted to the members of the cooperative to fully comprehend the real meaning of cooperativism. From the interview, it was disclosed that the members still prioritize their

respective businesses. Selling of the products was done individually.

2. Educate the members about the importance of participating in trade fairs most especially the ones that are held in Metro Manila which prospective buyers from other nations visit. It is a benchmarking activity wherethey can compare their own products with those manufactured by other companies and thereby infuse improvements.

3. To improve the efficiency of its workers, a time and motion study can be conducted. It will let the workers avoid redundancy of operations and assist them in producing more within a shorter span of time. An operations manual can be prepared to guide them in conducting the business.

4. Conduct further research to identify other non-traditional uses of bamboo, including its scrap materials, which can be potential sources of additional income of the bamboo artisans.

With these interventions, it is hoped that the cooperative can be an instrument in alleviating its members from the chain of poverty.

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[23]

YOUTH AS CONSUMERS OF MICROCREDIT: A STUDY IN THE AFTER MATH OF WAR

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 ABSTRACT

Youth in war ravaged regions often face scant access to capital generally supplied by traditional banking institutions, which in turn restricts their entrepreneurial activities. Hence the main aim of this study is to determine factors influencing youth's purchase intentions of microcredit in post-war era. The findings of this study will be used to promote microcredit among youth in war affected regions. A conceptual framework was developed for this study which included affective attitudes, perceived benefits, perceived barriers, subjective norms, perceived behavioural control and default risk perception. These dimensions were hypothesised as predicting purchase intentions. Data was collected from a sample size of 2500 youth selected from the war affected areas of Sri Lanka. Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM) were employed for the analysis. The results showed that Affective Attitudes, Subjective Norms and Perceived Behavioural Control had significant influence on Purchase Intentions. Also Perceived Barriers negatively predicted Purchase Intentions. Based on these findings, we recommend how microcredit can be marketed to youth in war affected regions.

Keywords: Keywords: Microcredit, Theory of Planned Behaviour, Attitudes, Perceived Behavioural Control, Subjective Norms and Self-Identity

[24]

SWEET SMELL OF SUCCESS: A CASE ON SUCCESSFUL IMPLENTATION OF OLFACTORY BRANDING STRATEGY FOR BARISTA CHAIN OF COFFEE IN KOLKATA, INDIA

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ABSTRACT

Sense of smell triggers immediate emotional response and precisely that is the reason today's marketers are more conscious about its usefulness in communicating with the consumers. This led to the advent of Olfactory Branding, that is creating an experiential retail environment having a hint of odour and fragrance in order to stimulate the overall experience of the consumer, Previously branding was guided more by audiovisual stimulus but however due to the tremendous advertising clutter it is becoming difficult for the organizations to create a niche for themselves. It all started with the implementation of Sensory Branding using all the five human sense organs. However it was observed initially that certain senses like sight and hearing were extensively used, whereas touch, taste and particularly smell were potentially underused. Today's consumers seek for an emotional involvement in the purchasing process and are considered as Poly-Sensorial entities who are looking for more emotional and sensorial stimulation during their purchase process. Coffee has got to do a lot with smell. Retail chain like Barista tries to enhance the overall shopping experience of a consumer with proper implementation of Olfactory Branding techniques in Kolkata. This paper tries to understand and create awareness of the proper usage of olfactory branding trends in Barista Chain of Coffees in Kolkata to persuade and convert potential customers into buyers and also to create an insight into the psychological background of scent branding and gives the basis of relevance of Olfactory Communication to influence consumers.

Keywords: scent, branding, retail store, ambience, consumer awareness, sensory stimulus

INTRODUCTION

Coffee Chains in India

The humble cup of coffee that cheers up mood, initiates conversation and relaxes you from a tiring day is brewing up a storm in India. The Indian ready-to-drink (RTD) tea and coffee market has picked up a great business in the last 5 years. Reports say that the market is expected to grow to a whopping Rs 2,250 crore by 2017- thanks to the cafe culture among urban youth. The domestic market, which currently stands at an estimated Rs 1,100 crore, is dominated by outlets like Cafe Coffee Day, Baristas, Costa Coffee, Coffee World, Lavasa, Coffee Bean & Tea Leaf. The latest entrant is Starbucks and with many more in the pipeline.

More than 1,200 cafes have sprung up across India in the past decade, mostly from six organized chains, clocking an average annual growth of around 40 percent. They have made

the cafe industry -- currently capped at Rs1, 000 crore -- one of the fastest growing organized retail segments.

The major coffee outlets working in Kolkata are:

- Café Coffee Day

- Barista Lavazza

- Costa Coffee

- Starbucks

- Aqua Java

- The Coffee Bean & Tea Leaf

- The French Loaf

Olfactory branding

"One of the most significant features of the total product is the place where it is bought or consumed. In some cases the place, more specifically the atmosphere of the place, is more influential as the product itself in the purchasing decision. In some cases, the atmosphere is the primary product." – (Kotler, 1973, p. 48)

The smell of strong coffee beans of Starbucks, perfumes in Shopper's Stop, stuffed cookie aromas from Cookie Man is all about today's branding therapy. It seems that olfactory branding or better known as scent branding is an essential part of today's consumers' daily life. Olfactory branding relates with our nose and it is the only sensory stimuli which have got direct contact with our brain.

Scent marketing is becoming an incredible tool as brands discover the role scent plays in connecting with customers on an **emotional** level. It is most effective when combined with other sensory triggers, such as sight, sound and textures to create a unique customer experience. Scent can trigger a memory or desire that influences a purchase decision. Across industries, businesses are

using scent as part of multi-sensory marketing strategies to enhance customers' experiences of a location and its products or services. This all adds up to a new way of impressing a company's brand identity on the memory of the consumer: **not just a logo** but an olfactory experience. Research has shown that **people remember 35% of what they smell**, compared with only **5% of what they see**, **2% of what they hear** and **1% of what they touch**. Scent makes a brand identity more unique, strengthens customer loyalty and adds to the perception of quality, an element that's essential to every brand in today's competitive market.

Top 20 smells which make people happy

1. Freshly baked bread
2. Clean sheets
3. Freshly mown grass
4. Fresh flowers
5. Freshly ground coffee
6. Fresh air after rain fall
7. Vanilla
8. Chocolate
9. Fish & Chips
10. Bacon frying
11. Roast Dinner
12. Babies
13. Lemon zest
14. Lavender
15. Petrol
16. Apple and blackberry crumble in the oven
17. A freshly lit match
18. Roses
19. Party poppers
20. Rubber tyres

Barista- the sparkling new baby in the coffee chain sector

Barista coffee was establishes in 1999 with the aim of identifying growth opportunities in the coffee business. Increasing disposable incomes and global trends in coffee indicate immense growth potential in one particular segment. More significantly, they believe they have

been quick to spot a latent need waiting to be trapped: Coffee lovers seek a complete experience. One that combines intelligent positioning with the right product mix and carefully designed cafés. In other words, customers seek an "experiential lifestyle brand".

As of today, Barista exists in over 22 cities, and operates over 140 outlets nationally. In the last 2 years, Barista has opened over 100 outlets in the country and with a new outlet opening nationally every 14 dates, Barista is currently experiencing phenomenal growth. With outlets opening in Sri Lanka and Dubai, Barista is looking at potential growth opportunities in Asia, making it highly competitive international brand. At Barista Lavazza, the objective is to provide an authentic Italian coffee drinking experience in a warm, friendly, no pressure environment.

What makes the coffee **'Truly Italian'?** A perfect Espresso is the heart of every coffee at Barista Lavazza. The espresso itself is a concentrated coffee beverage brewed by forcing very hot (but not boiling) water under high pressure through ground coffee. Barista uses the Italian method of creating espresso as it is the best way to extract the flavor & aroma of coffee beans.

For Barista, espresso making is an art. Great care, attention & skills are employed to make the perfect brew. To make the perfect espresso Barista ensures the 4 M's are in place:

La Machine: The Machine

La Miscela: The Blend

La Macinatura : The Grinding

La Manualità : Your Touch

Barista's success in implementing scent branding

Barista started off their outlets with the aim of refreshing the minds of their customers not only with freshly grounded coffee beans which resulted in fantastic taste but they also projected in fetching more customers with what is called the olfactory branding . Barista enriched the overall "in-stay" experience with the smell of fresh grounded coffee beans through out their entire retail coffee outlet so that customers can relate their stay at Barista. This resulted in a successful campaign where customers would actually think about Barista when ever they would think about having a cup of coffee.

This strategy was very quickly adopted by all the retail outlets of Barista throughout Kolkata. The way coffee used to smell in the store, created a very fresh essence amongst its customer segment who really felt relaxed and fresh hitting the coffee shop.

What Barista tried to focus on is not just providing regular coffee to its consumers but to create a mental association with its strong "in-store" aroma of the coffee beans.

A Retailer survey would reflect the way scent branding was projected for Barista Chain of Coffee Outlets.

QUESTIONNAIRE FOR BARISTA LAVAZZA KOLKATA COFFEE RETAIL OUTLET

Please mark the correct answer with Bold Font

1> Barista is using marketing techniques (as music, scent) to promote service and in-stay experience.

Not at all (1)   2   3   4   **5 (very much)**

2>Which sense are stimulated most with these branding techniques?

Sight (light,color,décor)

Hearing (music,sound)

Touch (consumers can touch the product)

Taste (consumers can taste the product)

Smell (perfumes, odors, fragrance)

3> Barista is aware of sensory branding concepts?

Not at all (1)   **2**   **3**   **4**   **5 (very much)**

4> Barista is using odors or perfumes inside the Coffee Shops?

Y   N

5> If "No", why? (You can choose more than one option)

i) It is too expensive

ii) It is too difficult to use

iii) I don't find it that interesting

iv) I am not aware of this practice so I never thought of using it

v) Others (please specify)

6> Do you agree with the following statements:

a) Barista is using odor to create an atmosphere

Totally Disagree(1)   **2**   **3**   **4**   **Totally Agree(5)**

b) Barista is using odor to make people enter the Coffee Shop

Totally Disagree(1)   **2**   **3**   **4**   **Totally Agree(5)**

c) Barista is using odor to reinforce the brand image

Totally Disagree(1)   **2**   **3**   **4**   **Totally Agree(5)**

d) Barista is using odor to create a unique "in-stay" experience

Totally Disagree(1)   **2**   **3**   **4**   **Totally Agree(5)**

e) Barista is using odor so that customers can differentiate between brands

Totally Disagree(1)   **2**   **3**   **4**   **Totally Agree(5)**

FINDINGS

The researcher filled this questionnaire visiting more than 15 Barista outlet in Kolkata. The result is surprisingly encouraging. More than 80% of the total retail outlets managers agreed that aroma of freshly grounded coffee has actually helped to rose sales. In fact the customers are feeling the comfort during their "in-stay" experience and are much relaxed and rejuvenated. More than 75% of the customers are actually making a repeat visit to the respective Barista coffee outlets. More than 90% of the customers could actually relate to Barista when they think about having a cup of coffee.

Figure 1
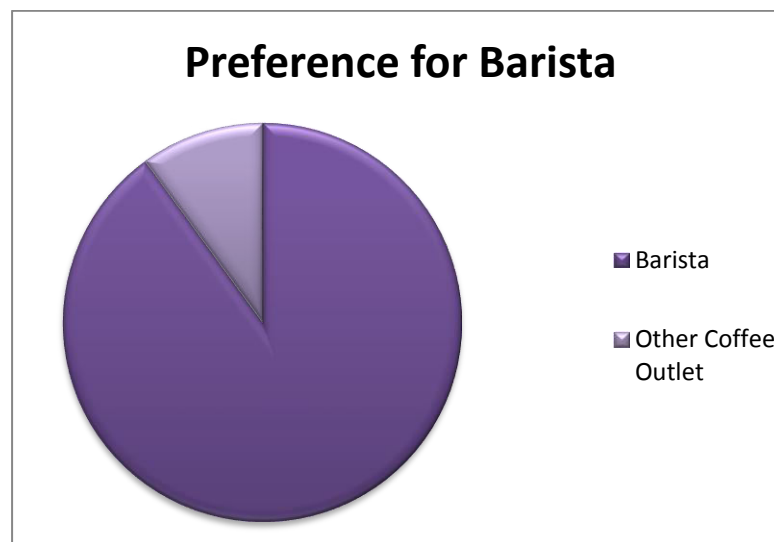
Figure 2
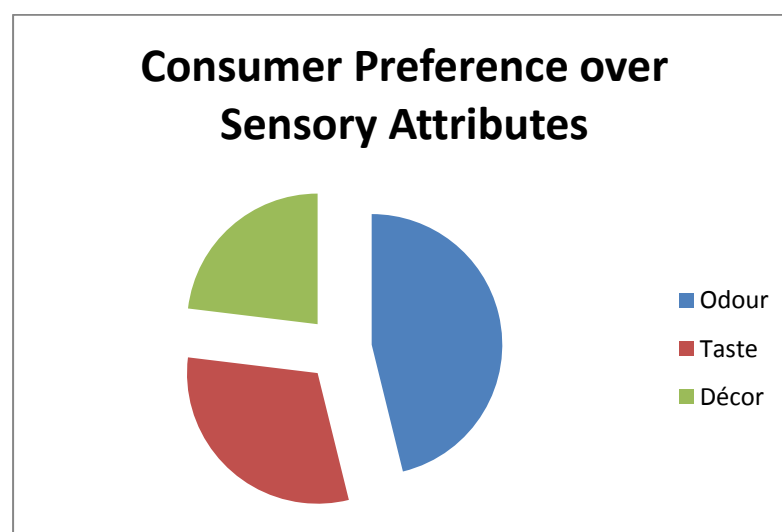
Figure 3
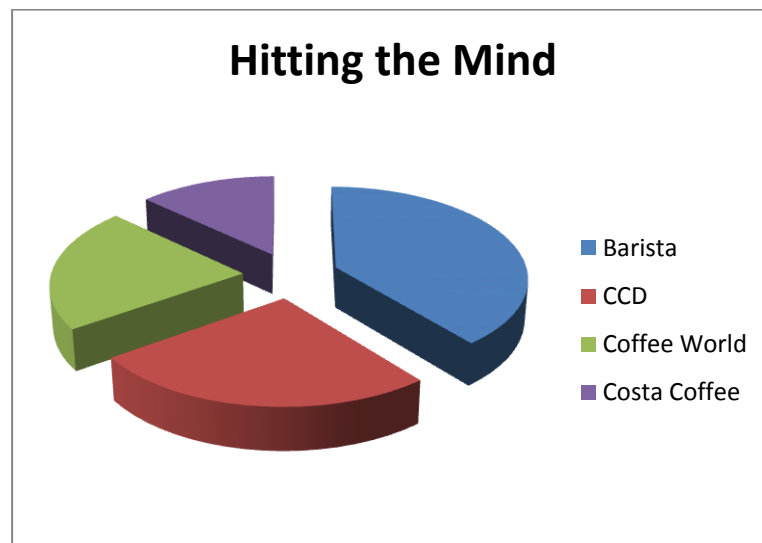
SUGGESTIONS & RECOMMENDATIONS

The Indian market is yet to utilize the hugely potential scent branding. Though there are a few organizations that are currently using scent branding, however a major chunk of the retail coffee industry is yet to understand the power of olfactory branding on a serious note.

Barista could utilized the air conditioned ducts to spray a dedicated brand of fragrance in all their retail coffee chain outlets so that every time the customers visit these coffee outlets they could feel that familiar fragrance and ultimately this aura of scent branding would enhance their in-stay experience. What happens in the process is that the viewers could build a loyalty with the brand and whenever they think of sipping a cup of coffee Barista Lavazza comes in their mind.

CONCLUSION

Till date the exploration of olfactory branding for the Indian retail segment is very limited. However the scope for utilizing this powerful branding strategy is unparallel. The Indian brands have also started trying to apply the

essence of scent branding. I have tried to provide suggestions for Barista on how to explore this unique strategy in terms of implementing smell in the retail industry and create a brand niche. Through successful implementation of Scent Branding Barista Lavazza could actually prove to be a clear winner in retail coffee chain industry.

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APPENDIX

Figure 1. The following figure demonstrates the preference for having a cup of coffee at Barista than in any other coffee chain outlet.

Figure 2. The figure explains the urge of consumer to get influenced over the sensory organs namely odor, taste, décor and other sensory attributes.

Figure 3. This figure talks about the brand that comes in the consumer's mind while thinking about having coffee from a coffee chain outlet.

[25]

INFORMATION TECHNOLOGY AND ITS EFFECTS ON BANKING SERVICES: A STUDY DONE IN KANDY CITY LIMIT, SRI LANKA

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ABSTRACT

Information Technology (IT) has become a key component to form a successful strategic plan of an organization. In the Sri Lankan context, banking sector tend to use more IT based services to attract customers, to achieve customer satisfaction and to improve financial performances. The objective of this research was to understand the impact of IT based services on customer satisfaction in banks. Two private banks and two state banks were used in this study and 100 questionnaires were collected from each bank. SERVQUAL model was used to evaluate the customer satisfaction on IT based services. The rate of adopting IT based services in private banks was higher than that of state banks. The highest IT based service quality was observed in Private Banks compared to state banks. Private banks had come closer to the customers expected level of service quality in IT based services. Customers of all the banks valued human interactions as measured by the empathy factor in the SERVQUAL model. Even though early research show that IT carries important features that could increase service quality in banks, according to this study customers did not give much credibility to IT based services, when human interactions were absent.

Keywords: IT based services, customer satisfaction, SERVQUAL, human interactions

[26]

RETAIL CREDIT GRANTING DECISION: A SURVIVAL MODEL APPROACH FOR NUMBER OF PAYMENTS

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ABSTRACT

Credit granting decisions have traditionally involved using classification techniques using historical default history to model. However, in many retail credit scoring it is a common occurrence that even a defaulting customer can be profitable if the customer has made enough number of payments and the defaulting customers' loan account is then sold off to collection agencies who buy it at significant discounts, Distinguishing between delay events where a customer pays up after follow up and default where customers loan is sold off at a discount to a collecting agency, the delay history of the customer is modelled along with the default as a joint frailty model between delay and default events and then the survival probabilities are used in finding the expected Net Present Value(NPV) of the loan and thus in the credit granting decision.

Keywords: credit granting decisions, survival model, joint frailty models, SAS NLMIXED, Gaussian quadrature

INTRODUCTION

In English, the root of the word credit is the Latin *credo* which means 'I believe' (Ferguon, 2008) for underlying the decision of granting any credit is an assessment of the ability of the buyer to repay. In arriving at the decision of lending credit, the lender needs to evaluate the trade-off between the interest income and the borrower defaulting. Traditional lending was based on the underwriter's judgemental assessment of the prospective borrower based on the 5Cs of credit – *character* (of the applicant), *capacity* (to borrow), *capital*, *collateral* and *conditions* (external factors) (Anderson, 2007). However as loans became ubiquitous and was granted by institutional mechanisms to previously unknown individuals, it became necessary to evolve formal mathematical models to arrive at a customer's credit worthiness. The history of credit scoring goes back to early 1960's however it now has increased its scope to cover the entire Credit Risk Management Cycle (Anderson, 2007) or CRMC consisting

of risk, response, revenue and retention. The objective of credit scoring is to rank order customers and label them into pre-defined classes such that the lender can decide on whom to advance credit to and how to correspondingly decide on the interest rate in way that he charges a higher rate for a higher risk customer.

Since the techniques of credit scoring have primarily been involved with the identification of "good" customers and separate them from "bad" customers most credit scoring techniques have used a form of classification technique to attain this objective. In their article (Vojtek & Kocenda, 2006) discuss various methods of classification used e.g. discriminant analysis, CART, neural networks etc. They also discuss the various types of indicators used in the credit scoring methodologies viz. demographic indicators, financial situation, employment status and behavioural characteristics. These methodologies rely on historical data to identify patterns between customers who default and those who do not and use the

above patterns to apply it to new customers' and find their likelihood of being a good or bad customer and using that in the decision of extending credit.

It is however upon the judgement of the lender, or the lending organisation as the case may be, to define rules for identifying which customers have defaulted or not. A customer who has paid most of her interest payments on time but has genuinely forgotten to pay 2 or 3 of them and thus had to be reminded, may be classified as either a good or a bad customer by the lender in question. The payoffs between the decision to grant credit or not is never symmetrical, a false positive generally leads to a loss of a significant amount of principal whereas a false negative often contributes towards a loss of interest income only. This paper evaluates an alternate method to identify good and bad customers – rather than counting the number of delays and arbitrarily assigning a ceiling it uses standard financial models to identify the minimum number of payments required for making a loan profitable. It then uses survival modelling techniques to identify which customers are likely to make the minimum number of payments required for maintaining profit and uses the same in the credit granting decision.

The rest of the paper is arranged as follows. The next section Background provides a background to the business problem, data and the modelling methodology. It also provides a literature review for similar studies done elsewhere and discusses how this study will add to the extant literature. The section Methodology discusses in detail the modelling methods used as well as presents the analysis results. The final section Conclusion discusses the application domains for this study as well as scope for future work.

BACKGROUND
Business Problem
This study involves data of an automotive finance company in southern India. This company provides loans to finance two-wheelers (motorbikes, scooters, mopeds etc.)

in India typically priced between ₹20,000 and ₹80,000 (though two-wheelers exist beyond this range) or roughly between 400 and 1600 USD at the time of the study. Loans are advanced for periods for 10 months, 12 months, 18 months or 24 months at an annual interest rate of approx. 14% with decreasing principal (i.e. amortization model). The data is available for 6 years (72 months) between Dec 2004 and Nov 2010 and identifies if a customer has made his/her payment on time or not and if not by how much it has been delayed.

The organization currently considers any customer who delays as a bad customer and uses the same for the credit scoring model which is a logistic regression model. However such a mechanism is clearly extremely risk averse as many customers have delayed one or more payments. This study looks at an alternative credit granting decision based on the financial model for the loan and uses a survival modelling approach to find expected NPV of the loan using the financial model. Thus this study involves building two models – a financial cash flow model and a survival analysis model on top of that.

Mathematical Background - Financial Model for Loan
It is not necessary that a loan which has been delayed is a bad loan. Indeed, it may even be the case that a loan which has defaulted may still be above breakeven if significant number of payments has been made. In this organisation, as well as many others, customers need to pay the loans in equated monthly instalments (EMI) due on a certain date of a month. If they do not pay on the due date, they are given two reminder calls and after that two reminder letters are sent out. Customers are warned in these letters of appropriate legal action as well as confiscation of the vehicle, which is almost invariably the sole collateral on the loan. Customers need to pay a hefty simple interest on each delayed day to not only account for the costs of follow up but also to strongly incentivise them to pay

on time. This simple interest on the delay is assumed to be sufficient for not only the cost of held-up capital but also administrative costs for follow-up.

In case the customer does not pay up in 120 days (4 months) the loan is written off as a bad debt loan and sold off to a collecting agency at a high rate of discount, typically at 20% of the outstanding amount. The collecting agency has the responsibility of following up with the customer, taking legal recourse and/or confiscating the vehicle from the customer.

The financial model considered here is based on actuarial techniques in risk pricing (Booth & Walsh, 1998). The method used in this study is based on the "Steady State Portfolio Approach" discussed in their paper. This approach assumes that lending is a steady state process whereby at any given time a block of loans is outstanding, and is supported by a proportional amount of capital. The outstanding loans give rise to streams of interest payments and expenses and the development of analysis of individual loans is ignored assuming that the financial institute will continue to extend loans and receive payments at a constant rate.

We consider the following parameters for estimating the loan model:-

r_F = Cost of funds

r_L = Interest rate on loans

r_C = Interest earned on bank's equity capital

r_D = Interest to be paid on debt capital (tier 2 capital)

L_0 = Amount of loan, assumed for this analysis to be 100 for convenience

X = EMI amount as per amortisation schedule

L_t = Loan outstanding at end of month t

K_0 = Initial capital

n = Duration of loan in months

B_t = Amount paid to treasury at end of month t. Here it is assumed that the treasury throughout the term of the loan will be able to borrow the amount of money already lent and repay it at the end of the month

r_H = Hurdle rate set by the lending organisation which is the minimum rate of return or investment required by a manager or investor

E_0 = Percent of loan amount incurred as initial expenses

K_t = Equity capital outstanding at end of month t

K_{Dt} = Debt capital outstanding at end of month t (Tier 2 Capital)

E_t = Running costs in month t

Using these variables, (Booth & Walsh, 1998) show that the Net Monthly Income (NMI_t) and Net Present Value (NPV) of the model can be written as

$$NMI_t = X - [(1 + i_F)L_{t-1} - L_t] * \frac{L_0 + E_0}{L_0} + i_C * K_{t-1} + RTK_t - E_t$$

$$- K_{D(t-1)}(i_D - i_C)$$

$$\& \ NPV(i_H) = -K_0 + \sum_{t=1}^{n} NMI_t * v_H^t$$

where $i_{<Suffix>}$ is the corresponding monthly rate for the annual rate of $r_{<suffix>}$

e.g. $1 + r_F = (1 + i_F)^{12}$

and $v_H = \frac{1}{1+i_H}$

Figure 1 is a diagrammatic cash-flow model which is represented by the above equation.

In case a customer delays, the lending institute still has to pay the proportional amount to the treasury. However it is assumed, as stated earlier, that if the customer does pay up finally within 120 days then the simple interest is sufficient to cover any losses i.e. delays are not considered as loss making in the model.

Based on when the default would take place, a loan can be either a profitable or loss-making loan. If we model the probability of default at the nth month as a survival model then it is possible to estimate the expected NPV using the same. (Booth & Walsh, 1998) discuss this approach in their paper and provide formulae using the probability of default but do not go further in estimation of the same nor cite any references for similar studies.

The expected Net monthly income (NMI_t) can be shown (Booth & Walsh, 1998) as

$$NMI_t = XP_t^{(q)} - \left[(1 + i_F)P_{t-1}^{(q)}L_{t-1} - P_t^{(q)}L_t\right]\frac{L_0+E_0}{L_0} + i_C P_{t-1}^{(q)}K_{t-1} +$$

$$\left(P_{t-1}^{(q)}K_{t-1} - P_t^{(q)}K_t\right) - E_t - P_{t-1}^{(q)}K_{D(t-1)}(i_D - i_C) + q_t P_{t-1}^{(q)}(1 - f_t)L_{(t-1)}$$

$$\ldots\ldots\ldots(1)$$

where

q_t = Probability of default in month t

$P_t^{(q)}$ = Probability that loan will remain in force in month t = $\prod_{j=1}^{n}(1 - q_j)$

f_t = Expected ratio of loss during month t to L_t

Equation (1) will be used later in the estimation of the expected NPV. The next section focusses on methods to find out the probabilities $P_t^{(q)}$ using the available historical data.

Mathematical Background – Finding default probabilities

Survival models are frequently used in the field of medicine to identify if a patient will survive at time t=t+1 given that he/she has survived at time t=t. The survivor function F(t) (Rodrigues, 2007) is defined as

$$F(t) = \Pr(T \geq t)$$

and the risk function $R(t) = 1 - F(t)$

The density function f(t) is given by

$$f(t) = -F'(t) = \lim_{\Delta \to 0} \frac{\Pr(t \leq T \leq t+\Delta)}{\Delta}$$

The hazard function is given by

$$\lambda(t) = \lim_{\Delta \to 0} \frac{\Pr(t \leq T \leq t+\Delta | t \leq T)}{\Delta} = \frac{f(t)}{F(t)}$$

In the presence of covariates, the Cox Proportional Hazards model (Willan, 2012) defines the hazard function as

$$\lambda(t) = \lambda_0(t)e^{\beta X}$$

where $\lambda_0(t)$ is an arbitrary and unspecified balance independent of β

β is a set of regression coefficients

and X is a set of explanatory variables

The proportional hazard model leads to an important result that the ratio of hazard functions is constant over time i.e.

$$\frac{\lambda(t|z_1)}{\lambda(t|z_0)} = e^{\beta(z_1-z_0)}$$

$$\Rightarrow \frac{\lambda(t|z_{k+1}+1)}{\lambda(t|z_k)} = e^{\beta_k}$$

where e^{β_k} is the hazard ratio with a 1 unit increase of z_k

The set of β can be estimated using the partial likelihood function (Cox, 1972)

The partial likelihood function is a product over uncensored failure times and defined as per the formula below:-

$$L(\boldsymbol{\beta}) = \prod_{i=1}^{n} \left(\frac{\exp(\boldsymbol{\beta}^T X_i)}{\sum_{j \epsilon R_i} \exp(\boldsymbol{\beta}^T X_j)} \right)^{\delta_i}$$

where R_i refers means the set of observations which can fail at t=t$_i$ and δ_i is an indicator The corresponding log-likelihood function is then maximised for estimation of $\boldsymbol{\beta}$.

Such an approach clearly has significant advantages (Jones) in the estimation process because

- Specifying the baseline hazard $\lambda_0(t)$ is unnecessary
- The interval between events does not affect the partial likelihood
- Censored cases contribute information only pertinent to the risk set (i.e. the denominator, not the numerator)

In the scenario considered, there are two events which are taking place – a delay event and a default event. We are interested mainly in the time-to-default event but would like to use the event history of delays in our modelling. We would thus need to model the same by what is known as joint frailty model, a brief discussion of which follows here.

A frailty model is used to account for the unobserved heterogeneity in the population wherein individual differences cannot be ignored. Much of the literature in survival analysis is from the medical sciences and the joint frailty model is no exception. In the medical world, the recurrence of events like tumours, hospitalisations etc. lead to an elevated level of risk for death, usually considered as a censoring event and thus non-informative in nature. However to consider death as a terminating event in the model would be a more proper way to capture the elevated risk. A joint semi-parametric model for intensity functions of both recurrent events and death have been suggested (Liu, Wolfe, & Huang, 2004). Such models have also been called semi-competing risks (Fine, Jiang, & Chappell, 2001) because the terminating event censors the recurrent event but not vice-versa. Let

variable such that δ_i = 1 at t=t$_i$ if it is uncensored else it is 0.

$X_{ij} = j^{th} \, recurrent \, time \, for \, i^{th} \, event \, (i = 1,2,\dots N)$

C_i be the non-informative censoring times

D_i be the informative censoring times (death or in this model default)

What is actually observed is $(T_{ij}, \delta_{ij}, \delta_i^*)$

where $T_{ij} = \min(X_{ij}, C_i, D_i)$,

$\delta_{ij} = I_{(T_{ij}=X_{ij})}$ is 0 if there has been either informative or non-informative censoring

and δ_i^* is an indicator variable which is 1 if there has been informative censoring.

Then (Rondeau, 2010) shows that the joint model for hazard functions for recurrent events $(r_i(.))$ and death($\lambda_i(.)$) (in this paper, default).

$$\begin{cases} r_{ij}(t|\omega_i) = \omega_i r_0(t) \exp\left(\beta_1' Z_{ij}(t)\right) = \omega_i r_{ij}(t) \\ \lambda_i(t|\omega_i) = \omega_i^\alpha \lambda_0(t) \exp\left(\beta_2' Z_i(t)\right) = \omega_i^\alpha \lambda_i(t) \end{cases}$$

$\dots\dots\dots (2)$

The frailties ω_i are assumed to be independent and follow a gamma frailty density is assumed. This equation is estimated using a method of Gaussian quadrature using the SAS NLMIXED procedure as detailed in (Liu & Huang, 2008) and (Lu & Liu, 2008) using a piecewise linear baseline hazard. Since NLMIXED procedure allows only a normal distribution on the random effects, as per (Liu, Wolfe, & Huang, 2004) it is done using a probability integral transformation (PIT). For a detailed mathematical description of the PIT, one can refer to (Nelson, Lipsitz, Fitzmaurice, Ibrahim, Parzen, & Strawderman, 2006).

LITERATURE REVIEW

In their paper, (Booth & Walsh, 1998) discuss the possibility of risk of default by using the probability that the loan remains in effect at end of month t – although effectively a survival probability they do not use any techniques to estimate the probability nor do they cite any research which has done similar

models. To the best of the knowledge of the author, their paper has not been cited elsewhere to do a study for the estimation of the survival probabilities. Survival models use various covariates to find the survival probabilities based on the definition of default models for analysing credit risk by three different models:- modelling proportional hazards for different types of loans, prediction of early repayment of loans and prediction of default. A proportional hazards model based on behavioural data about monthly balance and delinquency has been modelled by (Stepanova & Thomas, 2001) and is apt to be used for loan modifications like additional loan given, interest rate changes etc. However the proposition of this paper is that although delay in paying loans may not be non-profitable to the lending agency the delay behaviour is integral to the defaulting behaviour. This is based on the premise that every customer has a willingness to pay as different from ability to pay and can be modelled (Zhao, Zhao, & Song, 2009) using a microeconomic latent variable approach. In this paper, I do not take a microeconomic approach but consider a survival modelling approach to identify the default probabilities. This paper thus links the methodologies used in actuarial finance to the microeconomic considerations of willingness and ability to pay and thus acts as a first step towards a novel look at credit scoring techniques in a retail lending scenario.

METHODOLOGY
Dataset
The dataset consists of 25257 automotive loans provided to customers between Dec 2004 and Nov. 2010. Loans start at different points within the period and there are 4 possible different periods – 10 months, 12 months, 18 months and 24 months. The dataset consists of one row per customer and the 72 months are provided as 72 columns. For all of the months where the customer made a payment an integer denoting the number of days delayed is provided. If the month in

have been used elsewhere in credit scoring, for example, (Pazdera, Rychnovsky, & Zahradnik, 2009)

e.g. 90 days past due. On the other hand, (Stepanova & Thomas, 2002) use survival question is not part of the loan repayment period then the corresponding column is NULL. If one of months had a delay of over 120 days the loan has been sold off to a collecting agency at a discounted rate. We will call such delays beyond 120 days as default hereinafter in this paper.

Table 1 gives a description of the various columns present in the dataset and **Table 2** gives a brief summary of some descriptive statistics for the covariates. Unfortunately, due to the quality of the dataset for a large set of customers (n=3032; 12.0%) the number of payment observations is less than the tenor of the loan despite there being no default. This could be due to three reasons: -

1. The loan continues beyond the period of observation for which we have data
2. The customer has made an early closure of the loan
3. There is a genuine data problem

To allow us to model and estimate this we transform the dataset into an event structure. **Table 3** defines the transformed dataset. We consider in our analysis – two types of events: a delay event and a default event. In addition we create a censoring event for the 7032 cases above. We create the events table with the following rules:-

1. If there is a delayed payment we create one row with delay =1 and default_flag=0. We populate the month into the loan in the stop column. In the start column we populate 0 if this is the first event for the contract in question or the stop time of the previous event for the contract.
2. If there is a default event we create one row with default=1 and delay=0. We populate the month into the loan in the stop column. In the start column

we populate 0 if this is the first event for the contract in question or the stop time of the previous event for the contract.

3. If the loan has defaulted we do not create further entries for that loan. There exist some contracts where there is data beyond the first default period but these are data issues.

4. If there has not been any default and the total number of payments is less than the number of months a new row is created with delay=0, default=0 and event=0 (censoring flag)

5. If there has not been any delay or default at all on a contract, we create one row with default=0 and delay=0. We populate the start time with zero and the stop time with the TENOR period of the loan.

Table 4 provides some descriptive statistics for the event model.

We estimate the model as defined by equation (2) using the covariates in Table 3. The columns ENUM and TIME are time varying and provide information on the number of delayed events for the contract as also the time since the last event – thus effectively giving a full history of the events. The method is a Gaussian quadrature method using the NLMIXED procedure as per (Liu & Huang, 2008). The parameter estimates from this model is provided in **Table 5.** These estimates are in line with (in respect of order and sign of coefficients) a simple Cox regression done earlier (but not presented in this analysis for brevity) for the time to default without considering delayed events.

These survival probabilities estimated can then be plugged into equation (1) and the NPV calculated which can be used in a credit granting decision. Although a full analysis to find out the NPV for each of the loans was not possible because the financial model was done on an excel sheet and the analysis was done on SAS, a sample check revealed that for most of the defaulted payments there was a negative NPV, however some (approx. 8% on the sample set) did yield a positive NPV.

CONCLUSION

In this study, there has been an attempt to look into the financial model of a loan and use that to extend credit to those customers having a positive expected net present value (NPV). Although this approach has been discussed earlier in the literature, there has been no attempt known to the author where the survival probabilities have been identified using past data and customer's paying characteristics. Thus this study adds significantly to the extant literature.

However, there is a lot of scope for future work in this area. Firstly, there needs to be further diagnostics on the joint frailty model herein in lines with (Universite catholique de Louvain, 2012), (Shih & Louis, 1995) etc. Second, this model needs to be refined further with respect to using the survival probabilities in the contracts and their expected NPVs calculated. The calculated NPV's then need to be considered for the total data set and then rank-ordered for a full scorecard. Finally, this model needs to be tested and analysed for new data sets and adequacy checked. It is only then that this model could be applied in the actual credit granting decision – however it could be used as a stepping stone for future studies.

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Table 1 : Description of dataset

Column Name	Column Description	Comment
AgreementNumber	Unique identifier of contract	
AGE	AGE of the borrower	
MTHINCTH	Monthly income in thousands INR	
NOOFDEPE	No of dependents of the borrower	
SALDATFR	When does the person receive salary	If salary date fraction is 1 then person is receiving salary on 31st and will be paying the EMI on the same date. On the other hand if they receive their salary on 15th of the month salary date fraction is 0.5
TENORMNTH	Tenor of the loan in months	Valid values=10,12,18,24
DWNPMFR	Fraction of loan downpaid initially	
Education	Education	Valid values='HS','Graduate','PostGraduate'
SEXCODE	Gender of Borrower	Valid values=1 for Female, 2 for male
Lifestyle_code	Code reflecting lifestyle	Valid values: 0: Neither Washing Machine nor Microwave 1: Only Washing Machine 2: Only Microwave 3: Both
Dec-04	No. of days delay	If month is not within loan period then NULL. If no delay then 0. Else number of delayed days. If number of delayed days>120 then considered as default
71 more similar columns from Jan-05 to Dec-10		

Table 2 : Descriptives for dataset

COLUMN	DESCRIPTIVE	10 months	12 months	18 months	24 months	Total
	No. of loans	3871	13241	4273	3872	25257
Gender	Gender Male	3662	12312	3975	3444	
	Gender Female	209	929	298	428	
Education	Education: HS	937	3387	1045	731	
	Education: Grad	2756	9300	3090	2982	
	Education: Postgraduate	178	554	138	159	
Lifestyle	Lifestyle: None	2224	7464	2657	2119	
	Lifestyle: Washing Machine	928	3538	1023	892	
	Lifestyle: Microwave	148	185	58	106	
	Lifestyle: Both	571	2054	535	755	
Age	Min	18	18	18	18	
	Max	70	70	70	68	
	Mean	36.77	36.43	36.50	36.54	
	Std. Dev	9.88	9.84	9.84	9.66	
Monthly Income (in Thousands INR)	Min	1	0.5	0.5	1	
	Max	35	39.5	38	37.5	
	Mean	9.06	9.48	8.12	7.81	
	Std. Dev	4.76	4.92	4.60	4.35	
No. of Dependants	Min	0	0	0	0	
	Max	10	10	10	10	
	Mean	2.99	3.03	2.92	2.34	
	Std. Dev	1.63	1.59	1.63	1.50	

Table 3:Transformed Dataset

Column Name	Description	Comment
AgreementNumber	Unique identifier of contract	
AGE	AGE of the borrower	
MTHINCTH	Monthly income in thousands INR	
NOOFDEPE	No of dependents of the borrower	
SALDATFR	When does the person receive salary	If salary date fraction is 1 then person is receiving salary on 31st and will be paying the EMI on the same date. On the other hand if they receive their salary on 15th of the month salary date fraction is 0.5
TENORMNTH	Tenor of the loan in months	Valid values=10,12,18,24
DWNPMFR	Fraction of loan downpaid initially	
Education	Education	Valid values='HS','Graduate','PostGraduate'
SEXCODE	Gender of Borrower	Valid values=1 for Female, 2 for male
Lifestyle_code	Code reflecting lifestyle	Valid values: 0: Neither Washing Machine nor Microwave 1: Only Washing Machine 2: Only Microwave 3: Both
delay	Flag for delay	One row per delayed payment
default_flag	Flag for default	One row per default payment
enum	Sequence Number	Sequence Number for agreement number
start	Last delay time	0 or stop time of earlier record for agreement number
stop	Number of month of the loan when delay or default or censoring took place	This is effectively the time to event
time	Gap time	(Stop-start)
event	Marker for censoring	1 if event, 0 if censored
marker	Marker for event type	1 if delay event, 2 if default event, 0 if censoring
SEXCODE_M	Dummy variable for sex=Male	
SEXCODE_F	Dummy variable for sex=Female	
EDU_HS	Dummy variable for Education = HS	
EDU_GR	Dummy variable for Education = Graduation	
EDU_PG	Dummy variable for Education = Post Graduation	
LIFE_NN	Dummy variable for Lifestyle = None	
LIFE_WM	Dummy variable for Lifestyle = WM	
LIFE_MI	Dummy variable for Lifestyle = Microwave	These dummy variables are required since NLMIXED procedure cannot handle categorical variables as there is no CLASS statement
LIFE_BO	Dummy variable for Lifestyle = Both	

Table 4 :- Descriptives of delay and default events

METRIC	VALUE
No. of loans	25257
No. of loans with censored event	3032
No. of loans with at least one delay event	17541
No. of loans with default event	5614
No. of defaulted loans with at least one delay event	5236
Average No. of delayed events on loan (considering only loans with delay)	
-Overall	5.1
-TENOR=10	3.85
-TENOR=12	4.36
-TENOR=18	6.25
-TENOR=24	6.97
Average no. of periods before default (considering only loans which have defaulted)	
-Overall	9.01
-TENOR=10	7.56
-TENOR=12	7.55
-TENOR=18	10.04
-TENOR=24	12.16

Table 5 : Estimates of Joint Frailty Model

TYPE	VARIABLE	Parameter	Estimate	Error	DF	t Value	Pr > |t|	lower	upper	gradient
DELAY	AGE	alpha_age	-0.01	0.0003	2.50E+04	-33.08	<.0001	0.0101	-0.0089	1295665.00
DELAY	NOOFDEPE	alpha_dep	0.08	0.0017	2.50E+04	47.62	<.0001	0.0759	0.0824	126416.20
DELAY	DWNPMFR	alpha_dwn	0.27	0.0221	2.50E+04	12.35	<.0001	0.2296	0.3162	11403.79
DELAY	EDU_GR	alpha_edugr	0.01	0.0077	2.50E+04	1.49	0.1373	0.0036	0.0264	30157.95
DELAY	EDU_HS	alpha_eduhs	0.06	0.0086	2.50E+04	6.54	<.0001	0.0395	0.0732	3805.02
DELAY	EDU_PG	alpha_edupg	0.05	0.0123	2.50E+04	4.24	<.0001	0.0280	0.0762	2574.67
DELAY	ENUM	alpha_enum	-0.17	0.0014	2.50E+04	-117.74	<.0001	0.1709	-0.1653	30744.22
DELAY	MTHINCTH	alpha_inc	0.15	0.0005	2.50E+04	321.30	<.0001	0.1463	0.1481	1180799.00
DELAY	LIFE_BO	alpha_LifeBo	0.25	0.0084	2.50E+04	29.45	<.0001	0.2315	0.2645	18172.48
DELAY	LIFE_MI	alpha_LifeMi	0.15	0.0081	2.50E+04	18.26	<.0001	0.1315	0.1632	14904.18
DELAY	LIFE_NN	alpha_Lifenn	0.00	0.0075	2.50E+04	0.55	0.5804	0.0106	0.0190	3343.41
DELAY	LIFE_WM	alpha_LifeWM	-0.02	0.0193	2.50E+04	-1.20	0.2301	0.0609	0.0147	117.55
DELAY	SALDATFR	alpha_sal	0.11	0.0066	2.50E+04	17.07	<.0001	0.1003	0.1263	9766.61
DELAY	SEXCODE_F	alpha_sexf	0.04	0.0109	2.50E+04	3.84	0.0001	0.0204	0.0629	29660.77
DELAY	SEXCODE_M	alpha_sexm	0.20	0.0119	2.50E+04	17.23	<.0001	0.1810	0.2275	6876.86
DELAY	TENORMNTH	alpha_ten	0.04	0.0007	2.50E+04	64.44	<.0001	0.0421	0.0447	679440.50
DELAY	TIME	alpha_time	-0.14	0.0013	2.50E+04	-113.05	<.0001	0.1454	-0.1404	-5660.52
DEFAULT	AGE	beeta_age	0.09	0.0008	2.50E+04	115.90	<.0001	0.0898	0.0929	662317.10
DEFAULT	NOOFDEPE	beeta_dep	0.00	0.0072	2.50E+04	-0.21	0.8324	0.0157	0.0127	47391.45
DEFAULT	DWNPMFR	beeta_dwn	0.04	0.0768	2.50E+04	0.48	0.6293	0.1134	0.1876	5823.35
DEFAULT	EDU_GR	beeta_edugr	0.00	0.0387	2.50E+04	-0.08	0.94	0.0788	0.0730	9612.71
DEFAULT	EDU_HS	beeta_eduhs	0.12	0.0277	2.50E+04	4.24	<.0001	0.0631	0.1718	3892.87
DEFAULT	EDU_PG	beeta_edupg	0.21	0.0733	2.50E+04	2.93	0.0034	0.0712	0.3586	777.38
DEFAULT	ENUM	beeta_enum	-0.17	0.0014	2.50E+04	-117.88	<.0001	0.1716	-0.1660	50887.16
DEFAULT	MTHINCTH	beeta_inc	0.14	0.0021	2.50E+04	68.67	<.0001	0.1380	0.1461	238156.40
DEFAULT	LIFE_BO	beeta_LifeBo	-0.01	0.0352	2.50E+04	-0.30	0.7677	0.0794	0.0586	2126.30
DEFAULT	LIFE_MI	beeta_LifeMi	0.00	0.0241	2.50E+04	0.00	0.9971	0.0471	0.0473	5095.87
DEFAULT	LIFE_NN	beeta_Lifenn	-0.10	0.0235	2.50E+04	-4.11	<.0001	0.1427	-0.0506	6946.56
DEFAULT	LIFE_WM	beeta_LifeWM	-0.41	0.0771	2.50E+04	-5.32	<.0001	0.5614	-0.2592	114.22
DEFAULT	SALDATFR	beeta_sal	-0.08	0.0227	2.50E+04	-3.53	0.0004	0.1246	-0.0356	4521.47
DEFAULT	SEXCODE_F	beeta_sexf	0.00	0.0281	2.50E+04	-0.01	0.9939	0.0552	0.0548	13574.35
DEFAULT	SEXCODE_M	beeta_sexm	-0.11	0.0365	2.50E+04	-3.02	0.0026	0.1815	-0.0385	708.60
DEFAULT	TENORMNTH	beeta_ten	-0.09	0.0019	2.50E+04	-47.74	<.0001	0.0966	-0.0890	174982.40
DEFAULT	TIME	beeta_time	-0.14	0.0044	2.50E+04	-32.33	<.0001	0.1521	-0.1347	22691.66

Figure 1 : Diagrammatic Cash-Flow Model

CASH FLOW MODEL (DIAGRAMATIC)

Net interest paid out on debt capital

Running expenses

Repayments to treasury — includes initial costs repayment

LOAN DEPARTMENT (BANK)

EMI (from customer)

Equity capital returned

Interest on equity capital

Objective: Cash flows discounted at hurdle rate (required internal rate of return) by bank must give positive NPV
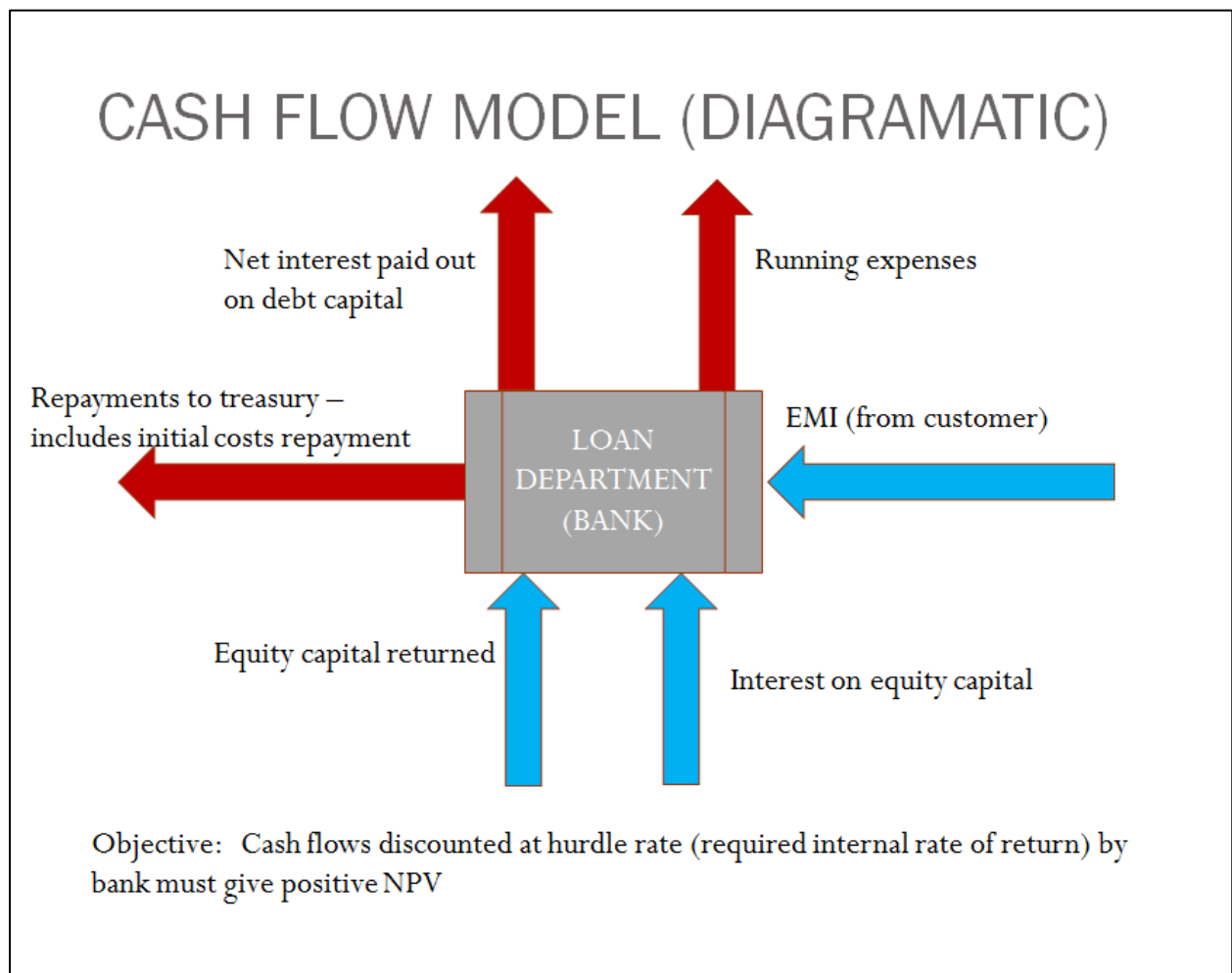
[27]

FORECASTING FOOD DEMAND FOR HOSPITALS AND REDUCING WASTE

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ABSTRACT

Providing food to inpatients in a hospital is a complicated affair due to the large variety of food items that need to be provided due to medical restrictions. It is however understood by experienced hospital administrators that forecasting the demand for the food is necessary for better experience of the patients as well as managing costs – which typically are around 7.5% of overall costs in a hospital. This paper assesses model performance for food demand estimation for breakfast in a hospital covering 28 items consumed on a regular basis using daily consumption data for 3 months. Model performance is analysed using 3 different approaches – a multivariate ARIMA approach, a panel data approach and a transfer function approach and recommends the final approach for use in demand estimation. Results of the final approach are within 6% MAPE for most items. This method has been implemented in the hospital chain in Bangalore for breakfast, lunch and dinner (the latter two datasets are not discussed here for brevity) and has led to over 25% reduction in costs in food preparation.

Keywords: demand estimation, hospitals, food, transfer function models, ARIMA models

INTRODUCTION

Hospitals and other healthcare providers need to provide all meals for their patients and these remains a major yet auxiliary part of healthcare globally. The challenges of food demand estimation in hospitals is aggravated by the fact that the quality of the food is determined by the nutritional components and value more than the taste and presentation. The various types of patients in most general hospitals necessitate a wide variety of food to be prepared for dietary requirements. This is compounded by individual food preferences especially in large cosmopolitan cities in India where the food preference is different for people from different regional and ethnic backgrounds. The fact that people's health and mental conditions whilst admitted in a hospital make them averse to most kinds of food, irrespective of the nutritional value and taste, only complicates things.

Although food preparation remains one of the auxiliary activities of a hospital and is often outsourced to catering services companies, one must remember that they contribute to a significant percentage of costs as well as being a key part in the customer experience in the hospital. It is estimated that food preparation in a large hospital in Bangalore, India contributes to approximately 4.5% of the total costs. As Indian hospitals compete in the global scale to reduce costs and become competitive whilst maintaining the highest standards of healthcare, (Govindarajan & Ramamurti, 2013) it becomes imperative for them to reduce the costs of all such auxiliary services. In their paper, they provide further examples of reduction of similar costs like decorations, smaller office spaces etc. One other example of an auxiliary service which hospitals are focussing on is reducing costs in hospital linen by reducing wastage.

In a hospital environment as there will be a need to produce various items for dietary and preference perspectives an effective forecasting model would require forecasts for individual items. In many cases this is done with a mixture

of intuitive and statistical methods (Harris & Adam, 1975) with the former being more prevalent in medical settings. Various studies have revealed that food wastage remains the largest component of waste in hospitals (Alam, Sujauddin, Iqbal, & Huda, 2008) with some (Mattoso & Schalch, 2001) reporting it to be as high as 50%. Despite this, even latest research (Goonan, Miranda, & Heather, 2014) shows that many hospitals do not use any electronic forecasting system and instead use manual counting on a day to estimate the next days' forecasts. Studies in India (Patil & Shekdar, 2001) have revealed that the proportion of food waste is generally quite high between 40-45%.

In this paper, we discuss the forecasting technique for estimating food consumption and thereby reducing leftovers in a large hospital in southern Bangalore. This paper considers only 28 items which are served for breakfast in this hospital although the full study considered independently food items for breakfast, lunch and dinner. The remaining paper is arranged in the following manner. In the Background section we detail the business problem and its objectives as well as provide a summarisation for the data. In the following Methodology section I review the extant literature concerning the same and discuss different forecasting methodologies considered for the food items considered. The Estimation and Results section summarises the results for the three different forecasting techniques and discusses which method is the recommended method. In the Summary and Conclusion section we discuss how the model was implemented and briefly discuss how was the model implemented. This section also discusses the challenges of the model and scope for future work.

BACKGROUND

Business problem

This paper discusses the forecasting and estimation of food demand during breakfast for in-patients in a large hospital in southern Bangalore, India and thereby reducing food

waste.Food waste has been classified (Engstrom & Carlsson-Kanyama, 2004) into five types:-

- *storage losses*, which occur because of improper storage,
- *preparation losses*, which are mostly seeds, peel, etc. from fruits and vegetables,
- *serving losses*, which are what are left on serving dishes, and in canteens and bowls,
- *leftovers* which are prepared food never served, and finally
- *Plate waste*, which is what the diner leaves on the plate.

Of these storage losses were considered to be quite small because perishables were ordered only two days before consumption. This also included losses because of poor quality food being supplied by the vendor especially in fruits and vegetables. The hospital quality team used a random sampling method for each of the food items (including each vegetable, fruits etc.) and accepted it based on some metrics agreed with the vendor. Food items which were defective after that had to be borne as cost by the hospital and could not be returned as per agreement though any such cases were discussed in quarterly meeting with the vendors by the procurement managers. Preparation losses were unavoidable given that the types of vegetables and fruits procured depended both on taste as well as dietary requirements. Serving losses and leftovers were the matter of most serious concern and reducing it was the focus of the study. Plate waste was never considered since hospital portions are necessarily fixed by the doctor/dietician and patients often consumed less because of health and mental conditions. In addition, taste is not the primary consideration in food preparation in hospitals and it is likely that this along with patienthealth will contribute towards plate waste.

The hospital intended to develop an accurate forecasting system by which it will be able to procure food items and prepare food as per the demand. It was decided by mutual agreement that a model having less than 10% MAPE will be acceptable. It was also agreed that some of the food items would have very small quantities

and so they may have an MAPE of over 10% - in such cases the MAD should be less than 3.

Dataset

There are 29 food items being served for breakfast on a daily basis – these consist of individual Indian food items as well as set menus like continental breakfast. Table 1 gives the list of the food items which are served here. Patients are given a menu card the day before to choose items based on their preference and are served the same subject to approval by the dietician after considering their health situation. This does not include patients who are on purely liquid diet for health considerations or have an operation due soon. It also does not consider any patients who are not in a position to consume anything orally and have tobe kept on intravenous support. Some of the food items are cooked separately for renal patients but that is not considered separately in the analysis.

Raw items for food like rice, pulses, wheat are procured on a monthly basis whereas vegetables, chicken, eggs etc. are procured on a daily basis using the forecast for two days ahead i.e. procurement for Wednesday is done on a Monday and so on. This hospital used intuitive, "experience based" forecasting for food demand and as shortfall of food items is generally not an accepted practice in hospitals for patient food, they erred on the side of caution. Although the hospital could not provide statistics of the amount of food wasted on a daily basis historically, focused interviews with members of staff (in catering services divisions and quality divisions) revealed that pre-consumption wastage (serving losses and leftovers) was as high as 30-35% on certain days. As an example, there were 45 portions of rice which was leftover on an evening when only 65 plates were served on that day. On another day, 12 cut watermelons had to be disposed of because they were not consumed – of a total of 22 cut on that day. This was leading to serious cost escalation in the catering services for this hospital.

The hospital quality department was able to provide 115 days of daily consumption data between 1ˢᵗ October 2012 to 23ʳᵈ January 2013

(both inclusive) for each of the 28 items as well as the number of patients in the hospital (occupancy) on each of these days. The 29ᵗʰ food item – chicken sandwich was removed from the analysis as data was not available for the entire month of December 2012. This was obtained from hospital records which in turn were collected manually on a daily basis from the menu cards given to the patients. The manual process did reveal errors of data collection and 43 data points in a total of 3220 (1.33%) distributed in 8 days (6.95%) were found to be either missing (40) or obviously wrong (3) as per discussion with the head of the quality department(and were thus discarded).This was corrected by multiple imputation method on SAS (Yuan, 2000) using the MCMC method.

Figures 1 give a time series plot for two of the food items as an example. Due to confidentiality requirements, the names of the two food items have not been provided in the graphical plots. It is easy to see that there is significant variation in the food demand across the days.

As is expected there was significant correlations, both in a magnitude and statistical sense, between many of the food items because of the way in which these food items are consumed. As it is not possible to fit the entire correlation table into the document here we highlight in Table 2a portion of the food items which show the extent of both positive and negative correlations. Table 2b shows the descriptive statistics of the food items. For confidentiality requirements the food items have not been identified.

Whilst some of the correlations are obvious, example between chutney and sambar as they are almost invariably consumed together some others like the high negative correlation between Veg sandwich and health drinks may not be interpreted without having access to the data.

METHODOLOGY

The objective of this study was to accurately forecast each of the menu items. It was also suggested by hospital experts in quality and catering divisions that the occupancy should be a significant explanatory variable in the model

estimation. Additionally the demand on a certain day for a certain food item should be correlated to the demand of the same food itemon the earlier two days – this was because the average duration of hospital stay was 3.6 days and it is expected that patients would be having similar meals on all days for both preference and dietary requirements. This suggested that we will need to consider autoregressive components in the model estimation.

There exists only limited literature on the methods to be used for forecasting food items and most use simple time-series forecasting models. For example(Miller, McCahon, & Miller, 1991) and (Miller, McCahon, & Miller, 1993) analyze restaurant data and suggest using de-seasonalised exponential smoothing (DES) techniques. However none of these methods use the occupancy or similar information as a predictor variable.

One available option for such cases is the use of regression with ARIMA errors (Makridakis, Wheelwright, & Hyndman, 2003). This method has been preferred (Hyndman, 2010) to the apparently simpler form of ARIMAX model because of ease of estimation. Although these models have been used in economics and business elsewhere, as an example (Van Den Bossche, Wets, & Brijs, 2004) the author has not been able to find any literature for application in the foodservice industry. This model has restrictions in that it does not allow for considering lagged versions of the regressor variable. Another option is the use of one-way fixed effect panel data regression(Baltagi B. H., 2013)with cross-sectional effects only since there is multiple variables (each of food items) collected over 115 daily intervals. However to incorporate the lagged versions the respective food items, it would be necessary to revert to dynamic panel data models (Baltagi B. , 2001). As explained there, this however creates additional complexities due to presence of lagged dependent variables among the regressors and can affect conditions of exogenity. However it has been shown (Arellano & Bond, 1991) that it is "possible to define conditions that should result in a consistent estimator" (SAS

Institute Inc, 2008)and has implemented on SAS (SAS Institte Inc., 2008). The underlying theory of dynamic panel regression and parameter specification testing (SAS Institute Inc., 2008)is complex– however it is easy to estimate as it does not require analysis multiple correlation plots and can be done in single command without detailed understanding of time series characteristics.

The final choice of model is the choice of a transfer function model (Makridakis, Wheelwright, & Hyndman, Dynamic Regression Models, 2003)which is a general case of regression with ARIMA errors as well as ARIMAX models (Hyndman, 2010). The method of estimation used is defined in the book (Makridakis, Wheelwright, & Hyndman, Dynamic Regression Models, 2003). Other models which could have been considered but not done due to complexity involve multivariate estimation and VAR Analysis (Enders, 1995).

This paper is thus a significant addition to the literature as it investigates methods of estimation of demand in menu-type items even whilst considering explanatory variables. The occupancy reflected in this study in a hospital context may be relevant as number of customers in hotel or restaurant service. The same models can be extended in other contexts like ticket reservations in the travel and tourism departments as well as in online portals where the number of customers could be the explanatory variable. This paper thus uses well known econometric methods, earlier applied extensively in macroeconomic studies, to be adapted in a business management context. As all of these situations are central to customer experience and contribute towards customer retention and loyalty and thus are not a part of operations management but also central to a marketing paradigm.

ESTIMATION AND RESULTS

The data set provided had 115 days' data from 1st October 2012 to 23rd January 2013 (both inclusive. For the model estimation purpose, data of 1st October 2012 to 31st December 2012

(92 days) was used and kept the rest (23 days) as a holdout sample for validation. The analysis was done on SAS 9.2 software.

Each of the time series, including the occupancy, were individually examined for white noise and stationarity by the Ljung-Box test and Augmented Dickey-Fuller tests respectively. None of the series was white noise and a 9 of them were found to be stationary at a 95% confidence interval.

As there was data for only 115 days, weekly seasonality was only possible to be tested. The tests revealed that none of the series had a significant weekly seasonality. Each of the time series were also tested for autocorrelations and partial autocorrelations.

Model I: Regression with ARIMA Errors

The following model was used for estimation.

$$Y_{kt} = \beta_k * Occ_t + n_{kt} \quad \text{………………………………………………………(1a)}$$

$$n_{kt} = ARIMA(p_k, d_k, q_k) + \varepsilon_{kt} \text{..(1b)}$$

t=1,2,3…,T (T=92 – size of estimation sample)

k=1,2,3,….K (k=28 – number of food items estimated)

Where Y_{kt} = demand for kᵗʰfood item on tᵗʰ day

β_k = coefficient for the kᵗʰ food item

Occ_t = occupancy on the tᵗʰ day

n_{kt}= error for the thekᵗʰ item on tᵗʰ day

ε_{kt}= residual for the thekᵗʰ item on tᵗʰ day

The model is estimated in two steps – a regression step followed by an ARIMA estimation step using the error terms as input.

Model II:One-way fixed effect panel regression model with lagged dependent variables

As has been discussed earlier, it was suggested by the quality group experts and the foodservice departments that the occupancy should be affecting the demand for any food item and also the demand and occupancy of a couple of days before should be contributing towards the demand for the food item. For this reason, it was decided to consider lagged versions of both the dependent variable(individual food demand) as well as that of the independent variable(occupancy). This choice should be done judiciously as well as conservatively as increasing the number of lagged terms the model may lose efficiency (Baum, 2013) and we choose to consider 5 lags of the the food demand. This is based on the fact that since average stay at hospital is 3.6 days so lags of 1 to 4 could be expected to be significant and so lags of order 5 should be sufficient.

In the panel regression model, we estimate the following model:-

$$Y_{kt} = \sum_{l=1}^{5} \emptyset_l Y_{k(t-l)} + \beta_1 * Occ_t + \gamma_k + \varepsilon_{kt} \quad \text{………………………………………………..(2)}$$

where

t=1,2,3…,T (T=92 – size of estimation sample)

k=1,2,3,….K (k=28 – number of food items estimated)

l=1,2,3,4,5

Where Y_{kt} = demand for kᵗʰfood item on tᵗʰ day

$\emptyset_{kl}$ = coefficient for the kᵗʰ food item at the lᵗʰ lag

β_1 = coefficient for the occupancy

Occ_t = occupancy on the tᵗʰ day

γ_k= individual cross-sectional effect

ε_{kt}= residual for the thekᵗʰ item on tᵗʰ day

The model is estimated using SAS by the GMM method in a two-step process (SAS Institute Inc, 2008) where the first step is used as an estimator for the weighting matrix used in second step.

-

$$Y_{kt} = a_k + \frac{\omega_k(B)}{\delta_k(B)} Occ_{t-b} + N_{kt} \quad \text{……………………………………………………………}(3)$$

where

t=1,2,3…,T (T=92 – size of estimation sample)

k=1,2,3,….K (k=28 – number of food items estimated)

Where Y_{kt} = demand for k^{th} food item on t^{th} day

$\omega_k(B)$= Numerator term for k^{th} food item

$$= \omega_{k0} - \omega_{k1}B - \omega_{k2}B^2 - \cdots . -\omega_{ks}B^s$$

$\delta_k(B)$= Numerator term for k^{th} food item

$$= 1 - \delta_{k1}B - \delta_{k2}B^2 - \cdots . -\delta_{kr}B^r$$

Occ_t = occupancy on the tth day

N_{kt}= noise for the thek^{th} item on t^{th} day

The model is estimated by the linear transfer function method (Makridakis, Wheelwright, & Hyndman, Dynamic Regression Models, 2003).

RESULTS

Tables 3a, 3b and 3c summarise the estimates for the three models above. Each of the models was used to predict the response in the holdout sample for validation. Two metrics were computed on the hold-out samples – Mean Absolute Percentage Error (MAPE) and Mean Absolute Deviation (MAD) using the holdout sample data only. The results of these are summarised in Table 4.

As discussed earlier, the model needed to be such that MAPE would be less than 10% and if it is not, the MAD should be less than 3. Using these two criteria, the performance of the models can be summarised in Table 5 below.

Figures 3, 4, 5 are examples of the actual and predicted models for three of the food items each having predictions from all of the three models.

SUMMARY AND CONCLUSION

As can be seen from Table 5 the Model III i.e. transfer function model outperforms the other two models in both the criteria. Model II which is the panel data model clearly performs poorly with respect to the others possibly because it is not catering to autoregressive terms of the independent variable. Whilst it was clearly

Model III: Transfer function model

The third approach considered, as discussed above, is a transfer function approach. The model which is estimated is given below:

simpler to estimate and was one of the main drivers to be chosen as a potential candidate model (all other models required analysis of the time series individually) its poor performance leads to a rejection.

However it is not just the model performance which makes Model III to be the preferred model of choice. Examining eqn. (3) it is obvious that the model for food demand is a linear combination of the food quantity as well as the occupancy at various lags. This is what was expected by the subject matter experts because patients stayed on an average for 3.6 days and that they would be consuming similar food items on each day of the week.

An excel based estimation tool was created to estimate the food demand for individual days using the past data – this tool could be updated at a future date by using new parameter values if it was suspected that the model needs updating.

At first, the model was used to estimate the food quantity needed to be prepared – however the actual preparation process using the manual, intuitive techniques as earlier. It was found that the estimated volumes using the model (i.e. Model III) on this data for the first three months (April-June 2013) and it was able to meet both the metrics criteria. After this, the model

estimation was used in the food preparation as well procurement systems.

Although this study was able to estimate the food production process in a sufficiently reliable methodology implementation of such a model remains challenging if it has to be done in other hospitals in India and the world as model estimation needs to be done afresh. Additionally, if new food items are added to the menu or removed from it, the estimation parameters may need to be re-evaluated for the scenarios. This requires sufficient expertise in handling time series models and coming up with the appropriate forecasts. This is not often available in administration and technology departments of hospitals and foodservice businesses.

This study is only the starting point for many future studies in foodservice, tourism and hospitality industries as well as other catalogue or menu driven businesses where multiple items need to be forecasted for their demand. Such forecasts are not only required for operations purposes but also are essential in a marketing perspective in new business ventures and also in proper marketing communications to ensure that the marketing communication is in line with the operational and supply chain issues which one may face with a stochastic demand. This paper has not dealt in detail on these issues in adjoining industries. Further as the data analysis processed revealed there is strong correlations between the various different food items and the same is expected between menu items in any menu in any industry. Future work in this field needs to consider how such correlations can be handled in the model. This study is just a small step in understanding the demand of different items on a menu or catalogue driven business.

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APPENDIX

Table 1

Food items served in breakfast				
Boiled Egg	Chutney	Coffee	Continental Breakfast	Curd
Custard	Dosa	Egg white omelette	Fruits Dish	Health drinks
Idly	Juice	Milk	North Indian Breakfast	Oats
Omelette	Papaya	Pongal	Rava	Rice Porridge
Salad	Sambar	Soup Non-veg	Tea	Tomato soup
Upma	Veg Sandwich	Veg soup	Chicken Sandwich	

Note: Chicken Sandwich was not considered in the models since data was missing for the entire month

Table 2a : Correlations between food items

	Milk	H. drinks	Idly	Dosa	Pongal	Upma	Chutney	Sambar	B.Egg	Omelette	Veg S/W	Curd
Milk	1.00											
Health drinks	0.33	1.00										
Idly	-0.33	-0.39	1.00									
Dosa	0.61	0.28	-0.32	1.00								
Pongal	0.44	0.38	-0.15	0.50	1.00							
Upma	0.18	0.57	-0.19	0.16	0.22	1.00						
Chutney	0.44	-0.10	0.06	0.48	0.25	-0.18	1.00					
Sambar	0.44	-0.08	0.05	0.48	0.28	-0.18	0.98	1.00				
B.Egg	-0.14	-0.42	0.52	-0.29	-0.40	0.34	0.16	0.14	1.00			
Omelette	-0.42	-0.34	0.61	-0.52	-0.46	0.18	-0.06	-0.07	0.83	1.00		
Veg S/W	-0.32	-0.47	0.84	-0.41	-0.41	0.15	0.10	0.08	0.72	0.80	1.00	
Curd	0.68	0.19	-0.43	0.57	0.43	-0.03	0.39	0.38	0.10	-0.50	-0.47	1.00

Note: This highlights only some of the food items – the entire correlation matrix is not given for brevity

Table 2b: Descriptive Statistics

	Mean	**Standard Deviation**
Occupancy	461.53	20.30
F1	96.28	9.62
F2	525.69	11.14
F3	129.93	8.22
F4	168.94	6.20
F5	23.91	2.87
F6	13.27	1.74
F7	98.49	11.01
F8	21.13	2.07
F9	513.08	18.83
F10	110.49	7.48
F11	234.12	6.91
F12	58.49	5.08
F13	89.18	7.51
F14	17.13	2.01
F15	66.31	3.63
F16	54.31	5.33
F17	55.62	6.50
F18	156.14	11.82
F19	59.67	5.81
F20	51.06	5.94
F21	17.65	3.36
F22	525.74	11.34
F23	581.65	22.21
F24	106.49	6.48
F25	98.26	16.93
F26	95.06	9.47
F27	125.74	10.47
F28	74.26	6.07

Table 3A: Parameter estimates for Model I

Food Item	Diff	Intercept	Occup	AR(1)	AR(2)	AR(3)	AR(4)	MA(1)	MA(2)	MA(3)
F1	1		0.04	0.67		0.34		0.25	0.17	
F2	1	124.6	0.01	-0.39	-0.21					
F3	1	31.6						0.31	0.98	
F4	0	1.2	0.03	0.67				0.87		
F5	1		0.21	0.21	0.93					
F6	1		0.14					0.33	0.44	
F7	1	2.78	-0.03	-0.46	-0.27	-0.31				
F8	0		-0.7	-0.06						
F9	1	2.13	0.21							
F10	0		-0.26	-0.24						
F11	0		0.03		0.77	0.09		-0.29	0.63	
F12	1	12.12	-0.84	0.45						
F13	1	14.32	0.25	0.24						
F14	1	6.12						0.76	-0.36	
F15	0		0.24	-0.24				0.23	-0.22	
F16	1		0.21	-0.22						
F17	1	11.02	0.26	-0.45				0.37	-0.34	-0.34
F18	0	14.37	0.87	-0.24				0.99		
F19	1	15-Jul	0.21	-0.78	0.21	-0.09	0.21			
F20	0	12.61	0.65	-0.22				-0.56		
F21	1	-0.09729	0.87					-0.2		
F22	1	131.3637	0.01					0.41	0.57	
F23	0		0.34	0.29				0.38	0.44	
F24	0	8.11	0.21	-0.67				-0.24		
F25	1	14.21		0.02	-0.34	0.09		0.31	-0.67	-0.09
F26	1	6.21	1.12	0.34	-0.24			0.13	0.14	
F27	1		1.15	0.33	-0.23					
F28	1		0.96	0.12	-0.12			0.41	-0.37	-0.01

Table 3B: Parameter estimates for Model II

Parameter	Value
Intercept	-0.015
Occupancy	0.0103
Qty_Lag1	0.277
Qty_Lag2	0.070
Qty_Lag3	0.027
Qty_Lag4	0.016
Qty_Lag5	0.069
Qty	-1

Table 3C: Parameter estimates for Model III

Item	Diff	Intercept	AR(1)	AR(2)	AR(3)	AR(4)	AR(5)	MA(1)	MA(2)	MA(3)	MA(4)	MA(5)	Shift	Num(0)	Num(1)	Den(1)
F1	1							0.22	0.34	0.04			1.00	0.02	0.02	
F2	0	131.12						-0.38	-0.18				-			
F3	0	32.71						-0.58	-0.40	-0.10			-			
F4	1							0.61					-			
F5	1							0.61					-			
F6	1							0.64	0.21				2.00	-0.01	-0.01	0.14
F7	0		-0.26	-0.90	0.18			-0.33	0.64				-			
F8	0							-0.55	-0.36				0.00	0.01	-0.01	
F9	1							0.66	-0.03				-			
F10	0							-0.34	-0.21	-0.11			0.00	0.08	0.00	0.32
F11	1							0.74					1.00	-0.04	-0.04	-0.65
F12	0	14.07	0.28	0.44				-0.40	-0.44	0.11	-0.22		-			
F13	0	22.78						-0.38	-0.22				-			
F14	0	4.35						-0.34	-0.19				-			
F15	0							-0.32	0.08				1.00	-0.01	-0.01	0.96
F16	1		-0.02	0.10	0.17			0.33					-			
F17	0	14.33						-0.45	-0.25	-0.35	0.03	0.30	-			
F18	0	40.56	0.14	-0.84				-0.28	0.68				-			
F19	0	15.07						-0.34	-0.23				-			
F20	0	12.60						-0.11					-			
F21	1	-0.10						0.50					-			
F22	0	131.36						-0.31					-			
F23	0													0.33	-0.30	
F24	0		-1.00					0.48	0.03	0.11			-			
F25	0		-0.95										-			
F26	1												0.00	0.03	0.03	
F27	1		-0.42	-0.42	-0.38	-0.37							-			
F28	1							0.42	0.28				-			

Note 1: Actual food items not given for confidentiality requirements. Index of food items do not match with order of variables in Table 1

Note 2: Only coefficients significant at 95% ($p \leq 0.05$) is shown in the tables 3a, 3b and 3c. For example in the Model III, estimation was done for some of items with numerator lags of up to 5 and denominator lags of up to 3 based on inferences from the autocorrelation and cross-correlation plots

(Makridakis, Wheelwright, & Hyndman, Dynamic Regression Models, 2003). However for none of the items numerator coefficients for lags of second order or more were significant and none of the denominator coefficients for lags of third order or more were significant. These have been removed from the model parameters shown in the tables 3a, 3b, 3c.

Table 4 : Error Metrics for the three models

Food Item	Model I		Model II		Model III	
	MAD	MAPE	MAD	MAPE	MAD	MAPE
F1	6.23	6.65%	6.60	7.04%	5.46	5.83%
F2	8.33	1.60%	11.31	1.60%	7.67	1.47%
F3	7.16	6.24%	7.49	6.54%	5.88	5.13%
F4	4.23	4.76%	4.59	4.28%	3.53	3.97%
F5	2.89	18.34%	2.42	15.40%	2.03	12.87%
F6	3.42	26.46%	2.57	19.92%	1.32	10.17%
F7	6.30	5.70%	9.11	8.23%	6.60	5.96%
F8	2.58	15.11%	3.76	22.05%	1.74	10.22%
F9	14.26	2.80%	14.39	2.83%	13.08	2.57%
F10	7.25	6.82%	6.20	5.83%	5.55	5.22%
F11	5.16	2.31%	6.31	2.82%	4.66	2.08%
F12	4.97	14.70%	5.05	14.93%	4.50	13.31%
F13	4.07	4.67%	4.59	5.27%	4.42	5.07%
F14	3.10	21.23%	2.02	13.86%	1.57	10.77%
F15	3.31	5.43%	11.58	15.74%	2.98	4.90%
F16	2.70	6.25%	6.08	14.05%	2.92	6.74%
F17	6.69	19.85%	5.17	15.34%	4.96	14.72%
F18	9.78	6.82%	10.04	7.00%	9.12	6.36%
F19	5.29	10.72%	12.22	18.69%	4.77	9.67%
F20	4.93	13.68%	5.83	16.18%	4.96	13.75%
F21	2.25	11.67%	3.75	19.45%	1.96	10.15%
F22	8.12	1.56%	17.38	3.33%	7.91	1.52%
F23	16.36	3.24%	16.34	3.24%	16.33	3.24%
F24	5.78	5.67%	5.77	5.66%	4.97	4.87%
F25	6.68	5.94%	9.23	10.21%	6.49	5.78%
F26	5.84	5.84%	6.08	6.08%	5.11	5.11%
F27	5.92	5.30%	6.79	6.08%	6.43	5.76%
F28	6.83	10.10%	4.47	7.31%	4.33	7.07%

*Note:*These are all computed on the holdout sample only

Table 5: Model performance with predefined criteria

	Model I		Model II		Model III	
	MAPE	MAD	MAPE	MAD	MAPE	MAD
Pass	18	3	13	3	20	5
Fail	10	7	15	12	8	3

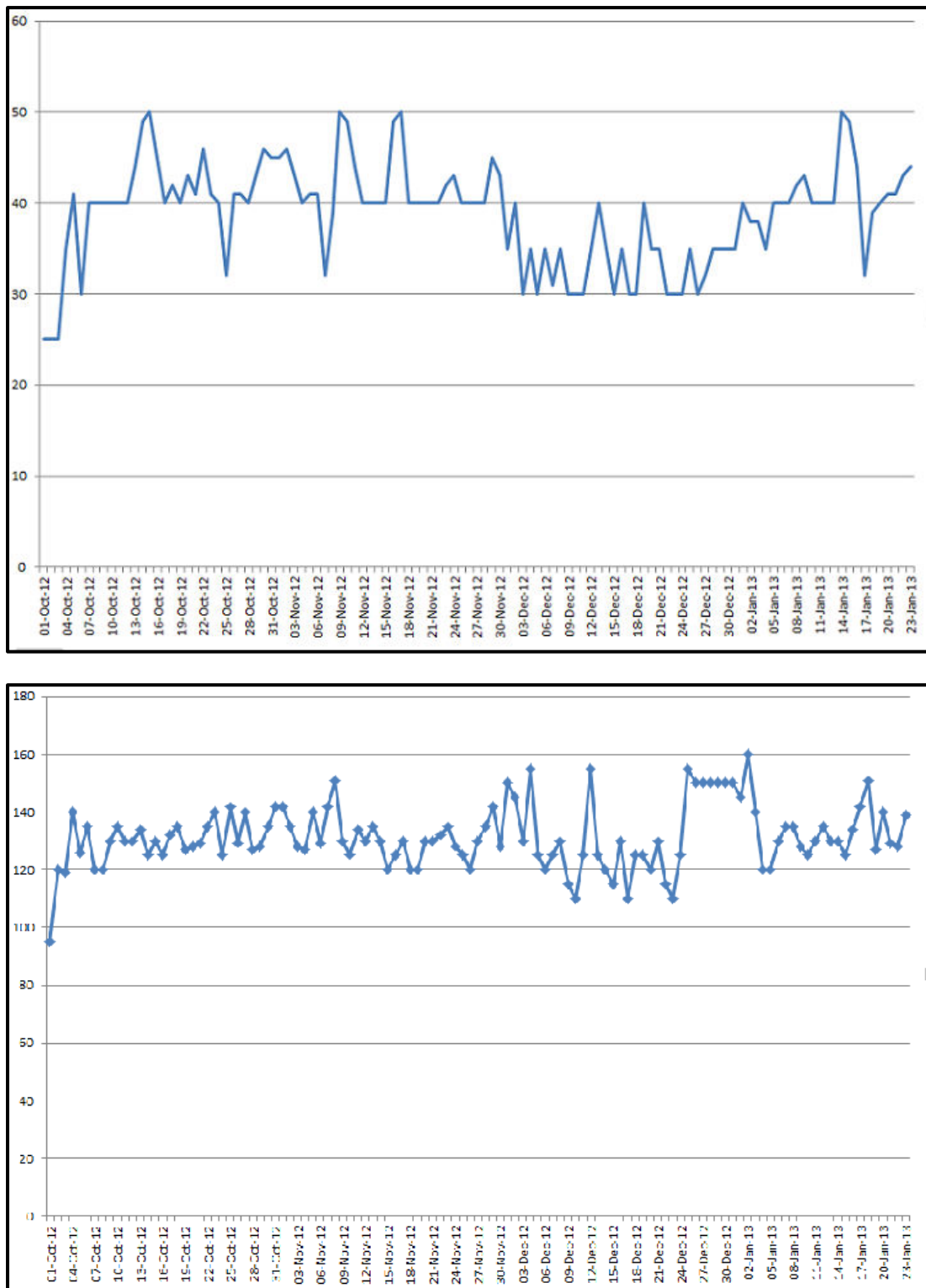*Note:* MAD criteria is not evaluated for ones which have MAPE < 10%

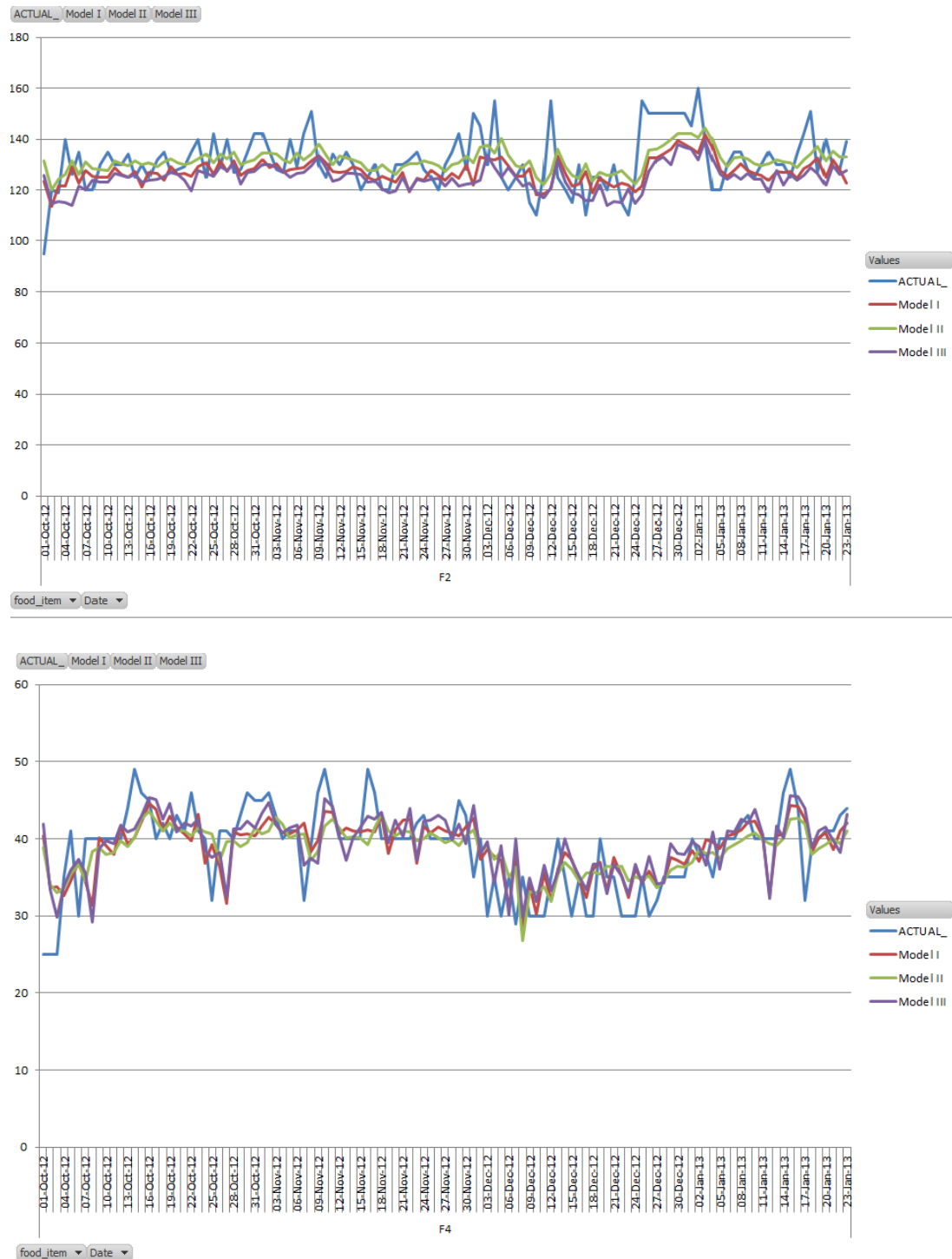**Figure 1: Time series of two example food items**

Figure 2: Actual and forecasted plots for two example series

[28]

STIMULI INFLUENCING CONSUMERS WHILE PURCHASING FRUITS AND VEGETABLES IN THE UAE:
A RETAILER REFLECTION IN INDIA BY 2020

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ABSTRACT

The young federation of the United Arab Emirates (UAE) comprises of 200 different nationalities living harmoniously . The UAE a business hub of East and West mainly depends on imports of most goods including fruits and vegetables. Major amount of these are imported from India along with USA, Australia and other countries . The study analysed the various stimuli influencing purchasers based on a model created by the authors. The research comprised of 487 samples from various nationalities who gave their unbiased opinion. The UAE has a 50% population from Asian countries major part of that being Indians .The data was collected from April 2011 to December 2012. The results indicated purchase pattern and the retailer evaluation differed on open shelf and packaged, labeled depending on culture, age, family status and based on demographic profile. With a viewpoint there are no local citizens only global citizens and that Indian retail of fruits and vegetables has changed in the last couple of years following the global pattern with companies like Reliance along with traditional markets. The results indicate consumer's preferences and expectations from retailers which will be highly significant to managers. The increasing tourists and people on deputation in Multinational companies are a different segment for retailer consideration. The traditional retailers will also have to compete at new levels to capture the market of the young, savvy, variety seeking, and knowledgeable consumer with a time constraint. The recommendations will pave way for importers and retailers to gain a competitive edge

Keywords: Stimuli, Consumer behaviour, Evaluative criteria,

INTRODUCTION

The consumers' approach towards buying packaged, labeled and open shelf fruits and vegetables varies due to many reasons including stimuli thereby affecting the market and the suppliers The United Arab Emirates (UAE), boasts of a multicultural facet with more than 200 nationalities (Basit.A 2013). The country (UAE) a young federation, aims at being one of the world's all round best nations, by 2021 (Rahman.S 2012). The UAE is a lucrative market for ease of entry and

doing business, however the consumer needs and trends in the UAE are very fragmented and requires continuous monitoring. Along with opportunities, UAE presents a big challenge for the marketer of fruits and vegetables to understand the needs of a consumer market. The population of UAE was estimated as most diverse populations in the Middle East. 19% of the country's population is Emirati 23% are other Arabs or Persians while the majority of the population, about 50%, is from South Asia. Workers from developing countries like India, Philippines,

Egypt, Jordan, Pakistan and Bangladesh are part of every social class. In 2007, there were approximately 1.4 million Indian nationals residing in the UAE, making them the single largest expatriate community in the oil-rich nation. The UAE has also attracted expatriates from developed countries in the West. The population of the UAE has an unnatural sex distribution consisting of more than twice as many males as females. The 15-65 age group has a male/female sex ratio of 1: 2.743. (UAE Interact book)

Fruit and Vegetable Scenario:

Large quantities of fruit and vegetable requirements are imported into the UAE and the bulk of it comes from Asian countries. Table **1** shows the existing and anticipated import from 1995 to 2020.

Table 1   Import Export Figures of Fruits and Vegetables in the UAE

U.A.E. : Historic and Forecasted Per Capita Consumer Expenditure on Food (in million USD)	1995	2000	2005	2010	2015	2020
Fruit	87.9	85.0	134.8	166.0	186.2	211.2
Vegetables	114.3	103.1	162.8	202.1	224.4	252.4

 (Source Euromonitor 2010)

Objectives of the study:

To evaluate the stimuli influencing the purchasers of fruits and vegetables in The United Arab Emirates (UAE) based on the model created and recommend strategies to Indian retailers for 2020 from trends observed in the UAE markets.

Rationale:

The United Arab Emirates caters to a diverse resident population while being one of the top tourist destinations in the world. The floating resident Indian population in the country is used to certain high standards here and expects the same in the home country when on holiday or relocating. A proof of this has been observed in opening of LuLu Mall and Hypermarket in Kochi, India in March 2013. LuLu is one of the top 5 retailers in the UAE (Gulf News Report 2008). Large retailers in India like Reliance Fresh and Reliance Retail, operated by Mukesh Ambani, and Aditya Birla Retail Ltd of the Aditya Birla Group ,have financial resources but have not succeeded with a profitable growth model (Agarwal Sapna.April 2013)

Organized retailing in Fresh Fruits and Vegetables (FFV) is gaining momentum in India since last couple of years. Modern formats of supermarkets including, Reliance Fresh, Choupal Fresh, Food World, etc. promoted by different companies are evolving rapidly around the country. Two of the major players in the supermarket sector in the country are Reliance Industries and Bharti-Walmart tie up. Other key players include ITC, Food World (JV of RPG Group of India and Dairy Farm International based in Hong Kong), Spencer, Godrej, Pantaloon (Big Baazar and Food Baazar), Subhiksha and Aditya Birla Group.(Meeta Panjabi& Vijay Sardana)

While analysing the international model presented by the retailers in consumer savvy country the paper suggests strategies for successful endeavours and the expectations of customer which should be reflected in Indian fruit and vegetable retailing by 2020 if not earlier.

Scope of the study:

While many stimuli influence purchase behavior, as depicted in the Figure 1 developed by the authors, the scope of this paper has been restricted to external stimuli while purchasing fruits and vegetables in general and stimuli generated by the retailer while selling fruits and vegetables.
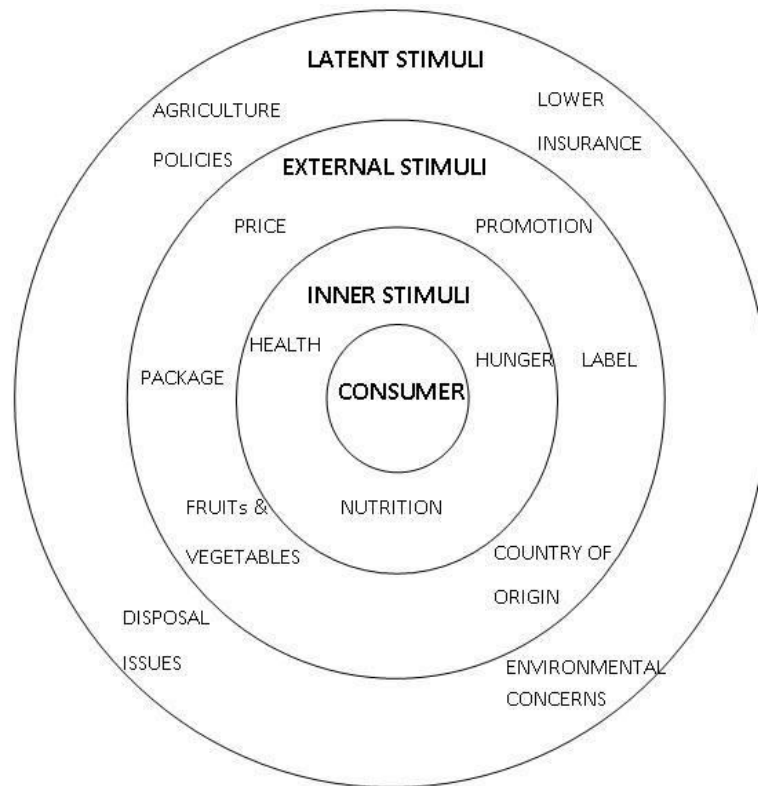

Figure 6 Stimuli Influencing Purchase of Fruits and vegetables

REVIEW OF LITERATURE

Perceived Quality Signals

Hawkins. D& Moterhsbaugh .D (2012) explain: consumer inferences means "what you see is not what you get". Consumers use available data and draw their own ideas and conclusions. Quality signals can be used by non quality cues. Examples of such signals are price-perceived quality, advertising intensity, warranties, and also include country of origin (COO).

Visual Impact Mac Innis D, Hoyer(1999) explain vision is one of the key senses in processing of marketing stimuli involving colour and brightness. Consumers differ in their knowledge as all consumers have taxonomic and goal derived categories as part of their prior knowledge.

Role influence

Avery, Beatty, Holbrook, Kozinets, Mittal, Raghubir, & Woodside, (2011) explain factors influencing relative roles of spouses. These include Gender role orientation, Wife's employment status, Stage in family life cycle, Time pressure, Importance of purchase, Consumer involvement and Socio economic development of the population.

Critical Perceptions

Hawkins.D &Mothersbaugh.D (2012) indicate perceptions hold critical implications for marketing strategies. Retailers use exposure very effectively. Store interiors have separate

sections for canned goods, fresh fruits and vegetables and meat. Shelf position and amount of shelf space influences which items and brands get more attention. Point of purchase displays also attracts attention and increase sales. All the above factors add to the perception of the consumer while evaluating the retailer.

Position of Products

Hawkins.D& Mothersbaugh.D. (2012) elucidate that consumers choose voluntary exposure and actively seek out aisles containing items they want to buy. Colour and Movement serve to attract attention and are used extensively by retailers along with the position. Position here refers to placement of an object in physical space. Apart from these individual factors as 'Motivation' and 'Ability' affect attention.

Shopping Destinations.

In terms of grocery shopping, recent research from Datamonitor has found that attributes such as quality and freshness, store location and customer service determine where the U.A.E. consumers do their shopping. Freshness has recently become a more important factor in purchasing behaviour due to increased attention to health issues, the availability of fresh products due to imports, and retailers' move to highlighting these fresh products. The figure 2 represents the critical factors in determining shopping destinations for the consumers in The UAE.
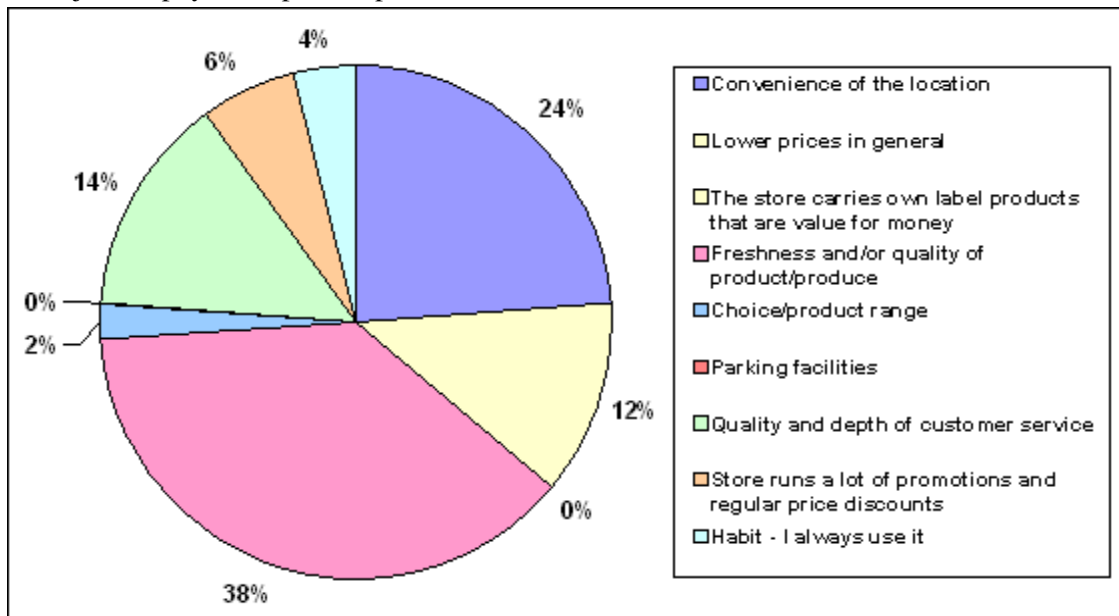

Figure 2: Description: Most Critical Factors in Determining Shopping Destinations : are convenience of location 24%, lower prices 12%, freshness or quality 38%, choice 2%, customer service 14%, promotions and discounts 6% and habit 4%. [Source Datamonitor 2009]

RESEARCH DESIGN

A personal questionnaire was used as research instrument to collect details of demographic profile and spending habits discussed in the subsequent sections. The respondents indicated on a Five point Likert scale the level of importance to attributes related to purchasing fresh fruits and vegetables in the open shelf as well as pack and labelled. The attributes were compiled based on review of literature, observation, promotional advertisements in newspapers and flyers, experience of researchers and research studies for other products and services.

Data Collection The primary data was collected from men and women of different nationalities residing in the UAE. Data was collected by personal survey in various public places like malls and markets. An attempt was made to maintain quota based on the nationality ratio of the UAE population. A bilingual questionnaire in English and Arabic was constructed to obtain effective responses from the Arabic speaking population of the UAE. Since the scope of the study included various age categories, both genders and was not concerned with family status it was easier to maintain systematic random sampling. The data collection commenced from April 2011 was completed in December 2012. The respondents were given assurance regarding the data being used for academic research and maintaining confidentiality of individual responses. There was a constraint that person should be an involved shopper of fruits & vegetables. Those who were not involved were not considered for the study.

Demographic Profile of the Respondents.

1. **Gender** Out of 535, a total number of 487 respondents, who responded with free frank views were considered for the study. The gender composition was 42.9 % Male and 57.1 % Female. More females were involved in shopping and consistency with gender-role is observed in the UAE with regards to purchase of fruits and vegetables.

2. **Educational Background** It was observed 42.5% of the 487 respondents were postgraduates, 34.9% of them graduates, 15.2% had professional education and the remaining 7.4% had high school degree. The high educational background of the respondents was an indication that the participating consumer is aware of his actions and can easily understand the efficiencies of a system or comprehend a hidden truth not revealed by the seller.

3. **Age** While analysing the age distribution it was observed that 13.8 % of the respondents were from the age category of 18-25. The largest set of respondents was from the age group of 26- 35 comprising 45.6 % of the total. The second largest 29.6 % of the total were from the age category 36-45. This is in line with the fact that most of the working population in UAE is comprised of this age bracket of 26-45. The group above this was 46-55 comprising 9.7 % and the 56 and above were 1.4 % . Considering that the UAE does not give citizenship to residents most people above 56 usually either retire to their home countries or migrate to other countries like Canada and Australia.

4. **Monthly Income** The largest group of respondents form 32% in the income group 5001-10000 AED monthly and second largest earns less than AED 5000 and is 20.9 % of the total. Every family irrespective of the income bracket spends a minimum amount of money on fruits and vegetables, being main supplementing food.

5. **Nationality** Among the respondents Asian expats constitute the largest group with 52 %. The second largest being Arab expats, 19.5 %. UAE national respondents constitute 16 %. The remaining comprised of Western expatriates.

6. **Number of years lived in the UAE** The objective of asking this was to research any variations observed in influence of stimuli and purchase behaviour with the number of years in UAE and familiarity with outlets, brands and product itself. The question was not asked to UAE residents. Hence out of 487 respondents the answers of 409 respondents was noted. Out of 409 individuals respondents who lived in UAE for 15 years or more, constitute 17.6 %. Respondents who lived in UAE for 11-15 years form 14.9 %. The remaining respondents, nearly 68% had lived here for a time period of 5-15 years.

7. **First or Second generation in the Gulf** This observation was made to note if there was any differences in influence of stimuli relating to purchase behaviour between respondents who had lived here for longer period and with second generation having increased purchase power due to parents' affluence. Out of 409 respondents 80.9 % were first generation living in the UAE and the remaining was second generation.

8. **Work Status** This can easily be related to the time the person might have evaluating various products and their greater search for convenience. Out of 487 respondents , 65.3 % worked full time and 12.3% worked part time. The remaining comprised of respondents who were either not working such as housewives or UAE nationals who had retired from the services after completing their Defence duties and some were students.

9. **Purchase Involvement** The involvement of the purchaser was considered as an important criterion for the study. The main purchaser formed 59.3 % out of 487 respondents. The remaining were involved in purchase at least 2-3 times a week. Those who said they were not involved were not considered for further research and the survey was terminated at that point.

10. **Number of People in the Household** The number of people in household was assessed to find out the purchase behaviour of people who were single or families in relation to their purchase patterns and influence of stimuli while evaluating fruits and vegetables. Out of 487, 13.8% were single. The largest category had 2-4 members in their households and constituted 60.2% of the total. While 18.5 %, had members between 5 to 7 in their household and the remaining 7.6% had more than 7 members in one household.

11. **Purchase Behaviour** It was observed that 56.7% of the respondents said they purchased fruits and vegetables 2-3 times a week and nearly 30% said once a week. The other figures for the groups comprised of daily, once in 15 days and were not of much significance.

12. **Average Expense Per Visit** Most respondents spent AED11-50/- Per visit constituting 37.6% and the next significant group was AED 51-100 at 33.7%. Only 1.4% respondents spent less than AED 10. Around 13 %

respondents spent between AED101 and 150 and 14% spent more than AED 151/-

Attributes The list of general attributes and retailer attributes in Table 2 and Table 3 was compiled based on review of literature, observation, promotional advertisements in newspapers and flyers, experience of researchers and research studies for other products and services and listed in no particular order in the tables. Table 2 and Table 3 also illustrate the mean and standard deviations compiled from the data. The samples responded on a five point Likert Scale to the importance given while purchasing fruits and vegetables. The not at all important was given value of 1 and extremely important was considered as 5 for calculating descriptive statistics.

Table 2 General attributes and Descriptive statistics

Attributes	Mean	S.D
Quality of fruits & vegetables	4.7331	.7219
Local produce	2.9877	1.1166
Country of origin	3.2793	1.1404
Broad assortment of variety	3.9220	.9439
To be able to buy small quantities	3.7351	1.0510
Price	4.2608	1.0040
If artificial methods of ripening are used	3.3080	1.4585
Organic foods	3.7125	1.1365
Pre-packaged fruits & vegetables	3.1088	1.2029
Date of production	4.3696	.9912
Expiry date	4.4456	1.0187
Choose the quantity on my own	4.3326	.9793
Touching the fruits & vegetables	4.4004	.8522
Colour	4.3634	.8943
Smell	4.0431	1.0063
Attractive packaging leads me to impulse purchase	3.0719	1.2327
I prefer to buy packaged fruits	2.6817	1.2843
quality of fruits & vegetables in open shelf	4.0472	1.0810
Use of pesticides	3.3450	1.4866
Branded	3.2177	1.1767
Promotion on vegetables	3.5318	1.1665
Nutrition information	3.7844	1.1497
Recipes mentioned on package	3.1786	1.2285
Store at home outside refrigerator	3.3614	1.1244

| Price discounts | 3.7659 | 1.1415 |
| Most of the fruits & veg take 3-7 days to reach | 3.3676 | 1.1306 |

Table 3 Retailer Attributes and Descriptive Statistics

S. No	**Retailer attributes**	Mean	S.D
1.	Convenient location	4.3511	.9262
2.	Convenient parking	4.3840	1.0175
3.	Convenient timing of the store	4.3265	.9197
4.	Open on Friday mornings	3.7248	1.2564
5.	Reasonable prices	4.5441	.7297
6.	Variety of products	4.5606	.7425
7.	Customer service for packing	4.2177	1.0273
8.	Good display	4.3121	.8918
9.	Clean environment	4.7310	.6663
10.	Easy access to packing material	4.2505	.9659
11.	Pre packed	3.0390	1.2425
12.	Branded fruits & Veg	3.3039	1.1645
13.	Good quality products on open shelf	4.4312	.8929
14.	Good quality products in pre packed	3.9363	1.1359
15.	Fast checkout counters	4.3244	.9694
16.	Credit payment	3.5832	1.2492
17.	Low priced advertised specials	3.6591	1.1560
18.	Courteous friendly employees	4.2875	1.0100
19.	Retailer provides nutritional information	3.5832	1.2209
20.	Offers variety of smaller size packings	3.5811	1.0643
21.	Free home delivery	3.2218	1.3178
22.	Additional quantity instead of price discounts	3.5832	1.1657
23.	I prefer buying cut fruits	3.1191	1.4048
24.	I buy only whole fruit & veg	3.7248	1.2645
25.	Precut fruits & veg are not hygienically stored	3.5544	1.2442
26.	Recipe ideas	2.8871	1.1748

FACTOR ANALYSIS

Factor Analysis was carried out for importance given to various attributes while purchasing fruits and vegetables. The 26 general attributes were reduced to seven factors. For further analysis two factors listed in Table 4 were stimuli related and were considered for general purchase behaviour of fruits and vegetables.

Table 4.Factors For General Purchase Behaviour considered as Stimuli for purchase

Statements	Factors	Factor names given
Colour		
Touching the fruits & vegetables		
Choose the quantity on my own		
Smell	**Factor 1**	
Quality of fruits & vegetables		**Quality and Sensory Stimuli (QSS)**
Attractive packaging leads me to impulse purchase		
I prefer to buy packaged fruits		
Recipes mentioned on package	**Factor 2**	**Pack and Packaging (P&P)**
Branded		
Pre-packaged fruits & vegetables		

Six factors emerged from 26 attributes of retailers of which two were considered for further analysis in Table 5 as the attributes of the factors could be considered to act as stimuli from literature review.

Table 5 .Factors considered as stimuli from retailer attributes

Statements	Factors	Factor names given
Variety of products		
Customer service for packing		
Clean environment		
Good display		
Easy access to packing material	**Factor 1**	**Shopping experience**
Reasonable prices		
Good quality products on open shelf		
Courteous friendly employees		
Convenient timing of the store		
Convenient parking		
Convenient location	**Factor 2**	**Convenience Factors**
Open on Friday mornings		
Fast checkout counters		

Factor Analysis Summary :The factors which were analysed in relation to Gender, Education, Monthly income, Nationality ,Number of years lived in UAE, 1st or second generation in UAE, work status, Involvement in purchase, number of people in household, frequency of purchase and average expenditure per visit. Appropriate t-tests and ANOVA were carried out as applicable to see the difference in behaviour. The findings of these tests is summarised in Tables 6 for factor considered as stimuli. Significance level was tested at 1% and 5% and is indicated in the table.

Table 6 .Summary of Factor Analysis

	Factors	**General attribute**		**Retailer attribute**	
	Demographic profile	**Quality and Sensory Stimuli (QSS) 1**	**Pack and Packaging (P&P)2**	**Shopping experience**	**Convenience Factors**
1	Gender	1%	5%	1%	1%
2	Education	1%	5%	1%	1%
3	Age	5%	Ns	5%	5%
4	Income	Ns	Ns	Ns	5%
5	Nationality	1%	Ns	1%	1%
6	Number of years in UAE.	Ns	Ns	Ns	Ns
7	1st/2nd Generation in UAE	Ns	5%	Ns	Ns
8	Work Status	Ns	1%	Ns	Ns
9	Level of Involvement	1%	1%	5%	1%
10	Family Size	1%	1%	Ns	1%
11	Frequency of purchase	Ns	Ns	5%	1%
12	Average spend per week.	Ns	Ns	Ns	Ns

Findings on General and Retailer Attributes.

1. The different genders showed difference in behaviour for Quality and Sensory Stimuli with females indicating higher concerns whereas, males indicated higher concerns in respect of pack and packaging factor. Females also showed higher concerns for Shopping Experience and Convenience Factors. Females seem to be more involved in the overall purchase of fruits and vegetables.

2. Undergraduates followed by Postgraduates indicated high concern for Quality and Sensory stimuli .School educated respondents showed high interest in pack and packaging factor. Undergraduates followed by Professional indicated higher concerns for Shopping experience and Convenience factors. The school educated showed least concern.

3. Quality and Sensory stimuli was found to influence the age group of 46- 55 more than other age groups. The age of respondent was not significant for pack and packaging. The 46-55 age are most concerned and 18-25 least concerned about Shopping experience. For convenience factor the above 56 followed by 46-55 age group showed higher concerns and 18- 25 showed least concern.

4. Respondents' Income levels were not significantly influenced by stimuli of sensory type , pack and packaging and Shopping experience . However there was a higher concern shown by respondents from above AED 20,000 and least by the under AED 5,000 Income level.

5. Arabs and Western Expats are highly concerned with Quality and Sensory stimuli. There was no significant difference in behaviour observed to Pack and packaging factors. Western Expats followed by Arab expats were most concerned a with the Shopping experience as well as convenience factors. The UAE nationals appeared to be least concerned . This low concern by the UAE nationals need to be studied more to see if this scenario is specific to Fruits and vegetables purchase.

6. The number of years people had lived in the UAE was not significantly influenced by stimuli, pack and packaging, Shopping experience and Convenience factors. Further statistical analysis will have to be performed to see if the concerns were high or low from the participating respondents.

7. The second generation of expats living in the UAE showed high scores for pack and packaging indicating convenience was important to them. There was no significance for other factors.

8. Part timers showed high interest in in pack and packaging factor. There was no significance observed for the other factors analysed.

9. The main purchaser showed high scores for Quality and sensory stimuli, Shopping experience and convenience factor, while the 2-3 times purchaser showed higher concerns for pack and packaging factor.

10. Families with 2-4 members showed high scores for quality and sensory stimuli. Higher concern was shown by families with 5- 7 people as compared to other groups for pack and packaging factor. Single people considered convenience factor of higher concern to them. Shopping

experience factor did not show significant results with family size.

11. Groups purchasing 2-3 times a week show highest concern for pack and packaging, shopping experience as well as Convenience factor.

12. A respondent irrespective of average spend shows no significant difference for any factors considered for analysis. Further statistical analysis could reveal different results.

RECOMMENDATIONS

Though retailers can analyse the findings and create strategies, few recommendations are elucidated here based on the secondary study, primary study, trade magazines and updated secondary research. The Gulf News (January 2014) mentioned trends in retailing in United Kingdom, indicating consumers are buying carefully and throwing less food which seems very significant in these economic times.

1. The brand name and fame of a retailer can be earned and maintained only if quality products are sold to the consumer. The retailer should not compromise in quality of any of the perishable products and provide maximum time at home for consumption of the product.

2. The retailer must satisfy the sensory stimuli of the customer including visual, touch, smell and taste. The retailer should organize attractive display of the fruits and vegetables and attract customers especially children and females. Different displays can induce the consumer to return on a regular basis to view and purchase.

3. The retailer must appreciate the desire of the consumer to touch feel and then buy while educating the consumer on the increased wastage due to repeated handling and hygienic concerns.

4. Retailer must understand the trend of buying pre-packaged products, especially by the buyers indicated in the findings (e.g. young buyers, part timers etc.). Retailer should provide pre-packaged fruits and vegetables in varying quantities This involves additional expenses in weighing and packing however the increased sales and fast clearance will compensate the expenses.

5. The retailer must issue consumer friendly instructions like 'Use Best before', 'Wash and Use'. This will help maintain customer loyalty.

6. The retailer should provide loyalty cards and give discounts, additional facilities including SMS of new stocks , season sale etc. Loyalty card holders may be given purchase vouchers, added points for each purchase which can be converted to purchase at a later time Personalised service and speedy clearance for high purchasers , home delivery , shopping support are few of the measures that can help maintaining loyalty.

7. Packing of products adds cost in terms of material and manpower. However this cost should be absorbed the additional cost from his margin .

8. Trolley management must be taught to customers to ensure minimum wastage.

9. Retailer should provide parking facility near the retailer store. As an alternative in congested areas the parking paid / free could be located in nearby area and a mini bus /autorickshaw could be provided

from the parking to the market and back. Parking charges could be reimbursed for purchasers spending over a certain amount per visit.

10. The retailer must maintain a very dry and clean environment at the fruit and vegetable section. Hygiene includes handlers, containers, processes, old stocks drainages and disposal areas.

11. The retailers should introduce electronic ordering system through , emails, web pages, SMS, phone and interactive media . They can establish take away counters near the parking areas so that a consumer can collect and pay without parking.

12. Drive in areas could be established for speedy shopping of fruits and vegetables and essentials. Suitably located these drive -ins may provide lots of relief to a busy professional and increase the sales.

13. Retailers can provide crèche facilities / Play areas, even if required for a nominal payment . This will help the female customers to concentrate on the shopping

14. The retailers should establish a feedback system to include, written, electronic and even negative feedback on a periodical basis. Retailer could provide toll free phones to help lodge complaints and submit feedback.

FUTURE RESEARCH

It is recommended that academic research be conducted to see points of parity and differences by studying the behaviour of respondents length of stay in the UAE corresponding with respondents in India who stay in the same city or locale for a similar length of time. Parallels can also be drawn between the 2nd generation of the UAE expatriates and 2nd generation of respondents in a city, area or locale. Findings from this can help retailer understand the expectations from consumers and help create brand trust.

The other stimuli in Figure 1 can be studied with a psychological perspective. It is also recommended to study the suitability of the fact that some insurance companies will offer lower premiums(Latent stimuli in figure 1) to vegetarians in United Kingdom(Poulter.S.2013). It would be interesting to see if this type of policy would ever come to India, which has equal number of vegetarians if not more.

CONCLUSION

The fruits and vegetable market in India is getting as complex as it is in the UAE. The retailer trust can be established only by maintaining consistent quality. The large players in fruit and vegetable industry with the collaboration of the industry , academia and the government should conduct periodic seminars ,workshops and panel discussions . The feedback obtained should be translated into actionable decisions to improve the industry and the market. The retailer in India needs to be prepared for a tech savvy, demanding consumer who knows how to use technology to get best results helping stretch the 'Rupee' just a little more with not just transaction but with acquisition and possession cost

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INFLUENCE OF GLOBAL APPAREL BRANDS IN THE SOCIETY (CHENNAI CITY – INDIAN CONTEXT)

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ABSTRACT

India has been going through radical changes in the recent years with the entry of multinational companies through Globalization. The emergence of young professionals in the urban areas, the impact of internet and mass media, the opening up of the luxury and leisure markets and the influence of westernization are some of the aspects which have entrenched in the consumer psychology and changes in the social environment. Globalization, has created a revolution in the textile and clothing market of India with the emergence of global apparel brands in Indian market. Having realized the fact "You are what you wear" Indian consumers have started giving more importance for the clothing which paved a way for these global apparel brands to create a strong influence in the lifestyle, buying behavior, social status of the consumers. India with the population of over 1.27 billion people with different classes of consumers as destitute, climbing, aspiring, consuming and rich, the objective of this paper is to identity the impact of these global apparel brands in the lifestyle , status of various classes of consumers in the society and the significance of these brands in the economy, policy and the culture of Indian society in general and Chennai city in specific.

Keywords: Globalization, lifestyle, buying behavior, culture, Indian society

INTRODUCTION

"You are what you wear"

India is witnessing change in the lifestyles of large section of population. Apparel brands play an important role in the change of lifestyle and the values of Indian customers as they hold a key in the market. Global apparel brand means the brand name of the apparel which is known throughout the world and for a brand to be global as such, it deploys certain amount of ideas and values across the world. In India, apparel market is considered as the second largest category behind food and agriculture representing approximately 10% of the total market of the country. India is also the manufacturer and exporter of international brands like Gap, Tommy Hilfiger, Espirit, Wills life style, Peter England, Allen Solly etc… after China and Bangladesh. India's apparel and textile industry including domestic and exports is expected to grow from 3.27 lakh Crores to 10.32 lakh crores by 2020 says a new research report by Technopak advisors, a leading management consultancy. After liberalization of Indian economy and globalization Indians have become more inclined towards branded apparels. From the last few decades the fashion Industry in India has been experiencing tremendous changes due to its dynamic nature of which in turn increases fashion consciousness among Indian consumers. With this economic scenario of Indian Market, the city Chennai located in the southern region of the country has become a hub of retail. Global apparel brands have started entering this city with the strategic focus to capture the market by giving them best resources. With the emergence of malls like City Center mall, Express Avenue Mall, Ramee Mall, Phoenix Market city, Forum

Mall , Grand Mall and few more upcoming malls the consumers of Chennai city became more inclined towards branded apparels. Disposable income due to corporate employment, Fashion consciousness, updating with the trend, style, cost effectiveness on the branded apparels compared to tailored made garments, fit, style and quality of the readymade garments caused the Chennai consumers to change from conventional lifestyle to contemporary lifestyle. Adding to this, wearing the garments of international brands with the logo and tag lines shown outward became a sign of social status. In this study an attempt was made to study the influence of these global apparel brands in the society of Chennai city. The parameters which have more impact in the socio economic and cultural changes of the society have been identified by conducting a survey among focus groups with different age groups.

The following paper is divided into 5 sections . Section 1, the present section gives an introduction of the apparel and textile industry in India, the emergence of global apparel brands in India and the impact of these apparel brands in Chennai in specific. Section 2 explains the objective of the study and section 3 explains the research design and methodology and section 4 talks about the analysis and section 5 concludes the effect of global apparel brands in the society of Chennai city.

OBJECTIVE OF THE STUDY

The primary objective of this study is to identify the influences of global apparel brands in the society of Chennai city. The study would seek to address the following question. The effect of global apparel brands on the Chennai consumer's lifestyle, culture and values.

METHODOLOGY

The methodology comprised of focus group discussion of the consumers in the city

Chennai. According to the census of India, Chennai is considered to be the most densely populated city in Tamil Nadu. According to the census 2011 The city has a population density of 26,553 persons per square kilometers,. Interestingly, Chennai seems to be the epicenter of the urban growth in the State. The capital city has also substantially improved its literacy record, going up from 85.3 per cent in 2001 to 90.2 per cent in 2011. The total population of the city according to the census was 46 million, a seven percentage point increase since the year 2001.The city is the only district in the state to be declared as completely urban. The society in Chennai is made up of diversified, multifaceted, different cultured , migrated population from all other states of India especially from Rajasthan, Bihar, Kerala and Orissa. In order to overcome these factors, qualitative research has been conducted assuring qualitative research is essential when there is little knowledge on research area which deals with the questions of subjective experience and situational meaning. Qualitative approach provides a better opportunity for conveying the sensitivity.

Focus group details

Before the interview was conducted, based on the review of the literature questions and guidelines for conducting the focus group discussions were made ready. The first was to define the term " Society" and the second was to identify the parameters which explain the society like the culture, family setup, human interactions, language, lifestyle and value. The third was to understand the change in the society with the emergence of globalization and the advent of international brands in the market of Chennai.

Components of the focus group

Three groups have been taken from the age group between 18 and 30 comprising of students and young professionals. These groups have been identified for the factor that people of these age groups are living in the

"Brand Era" . The other three groups have been formed with the age group above 60 years. These groups led a normal lifestyle and with dignified values in the society . They are mostly loyal customers of tailored garments. Age has been taken as main criteria for the focus group selection as in Chennai and in India as whole age defines the person's role in the society.

ANALYSIS

The discussion has been divided in three parts. Firstly definition of the term " society" , secondly the parameters which define the standard of the society and thirdly the change of the society after the emergence of global apparel brands. For the Definition of the term " Society" , though the city is the combination of diversified population from various parts of the country, according to both the age groups " Society is something which gives a recognition and platform. The society is formed out of family members, friends, relatives and neighbors. There is no book which taught them the values or culture of the society and they say social values, culture, status of the society all have been learnt out of experience. They considered societal responsibility is an obligation of each and every individual"

The parameters which define the society have been taken as lifestyle and values for evaluation though adhere are many other parameters like religion, language, culture , human interaction and so on.

Lifestyle : age group between 18 and 30

According to the three groups from this segment, lifestyle is the fast culture and everything available readily with very good quality and variety, be it food or garments. Branded apparels from the western countries provided to this generation with the latest styles and the trend at par with the trend of the western society made them feel updated with the world of fashion. They felt clothes made them look rich, stylish, modern and neat. Wearing the branded garments like Levi's denims, United colors of Benetton T shirts, luxury garments from Armani, Versace, Vera Moda, Diesel and branded sportswear from Reebok and Adidas made them feel more confident and convenient and competent with the people of other parts of the globe. Any global brand you name it, they are aware of the history of the brand. Media, advertisement, promotional activities, Exhibitions, Fashion shows created a great awareness of the global brands in the minds of the young consumers of Chennai. Adding to this the advent of mall culture in Chennai city where the global apparels from various countries and brands are displayed under one roof provided them good exposure on branded apparels. The disposable income from the corporate employment with the intervention of IT industries make the consumers of this age group to spend more on their clothes. They keep changing the wardrobe once in fortnight.

Lifestyle : age group above 60

 For this age group, lifestyle is of simplicity and deprivation and to some extent cost conscious. This group is more for tailored made garments and they all had almost an emotional attachment with the tailors who have been stitching them for years. According to these three groups above the age group of 60, life style means simple but at the same time dignified and carrying themselves neat and tidy all the time. But for some reason or the other, they did not want to follow stylish way of dressing, trendy denims, six pocketed trousers, casual shirts. They have adopted the lifestyle of "identity carrying". Identity to portray them in a particular way, neatly ironed pants and shirts, properly combed hair, with the pen on the pocket of the shirt, clean habits. For them lifestyle defined them the status of the person in the society. They felt stylish way of dressing will spoil their identity and some people started avoiding colored shirts and got stuck to white shirts light shaded shirts. They

felt wearing plain white shirt light shaded shirts will give them more identity and recognition in the society they live.

The second parameter for the study was "**values**". Values being the important part of the society, had a lot of subjectivity. The subset of values like being religious, dignified, maintaining the value of the family, society as well, kind of clothes they wear, behavioral norms as Indian values. These subsets determined if you adhered to Indian values or not.

Values : groups between 18 and 30

Though this group of people is aware of the societal values mentioned above, they were not ready to show the values through their dressing For example neat way of dressing was considered to give more value in the society, but they preferred to wear stylish and funky dresses from various brands. They had feeling that you could wear stylish western clothes but still can portray good values. You could wear branded stylish apparels and still respect your elders, respect parents and the society per se. Your physical appearance, the way you carry yourself did not communicate your values. Shopping was one of the favorite hobbies of most of the youngsters of this group. They changed the wardrobe more frequently and for which the frequency of purchase from the branded show rooms was very high. They didn't mind spending more on the branded apparels from across the globe despite the cost. They considered wearing costly, branded clothes from the international brands gave them a status symbol and value in the society.

Values : age group 60 years and above

The three groups belonging to the age group above 60 felt that they had grown up with a different set of Indian values that had been taught to them by their elders, the society they lived in . These values spoke about H2H(Human to Human interaction), family

orientation, society relationships, respect for elders, keeping the family name intact, importance of the right kind of clothes for the right occasion, simple, utilitarian and being religious. The respondents of this group mentioned it was very difficult to understand the youngsters. They were confident of their knowledge and hence did not take advice from elders. They were a part of religious ceremonies, auspicious occasions but they decided on their wardrobe which was not always Indian. This generation was bold, confident, arrogant, and religious. They mentioned every Indian except for the super-rich grew up with the basics irrespective of the money his or her family owned. In the olden days, flaunting wealth was considered uncouth and vulgar. Moreover, youngsters had become more selfish and self-centered. Their needs took a priority before the families.

The influence on the society

Easy availability of global apparel brands had attracted the people to the malls. Global brands with their sales promotions lured the people to their stores and have over a period of time made them indulgent and materialistic. Economic independence due to disposable income has increased but so have the needs of the people of Chennai. Global apparel brands had made western clothes as regular wear for the Indian youngster. Local brands have followed suit but this has resulted in creating brand consciousness among youngsters.. Global media telecasted western shows which communicated unconsciously their culture of individualism, materialism and indulgence. Global media exposed the deprived consumers of Chennai to the luxuries of the western world. Since, these global brands were easily available, the consumers of Chennnai wanted to be a part of that. The increase in the advertisement spends of global brands also made the Chennai customers indulgent. These youngsters had grown up in a typical loving Indian family; hence they cared for their parents and catered to their needs. They

attended family occasions and celebrated festivals but they defined their way.

CONCLUSION :

The above focus groups indicate that there seem to be two segments existing in the society of Chennai. The important ramifications of the above research are the seeds of lifestyle, status, culture and confidence growing in the city Chennai. The youngster has started taking his own decision. With increase in the penetration of television, more households had adopted different lifestyle with new type and designs of clothes. The youngsters decided on their choice of dressing. With increase in media, malls, shopping complexes , exposure to variety of apparels has gone up. This exposure tend to lure the customer. Post liberalization, there has been some lifestyle, cultural and value shifts in Chennai. With the present culture of Chennai, the consumer learnt to earn more, spend more, buy international – foreign as well as national brands, connect with the world and become more competitive, confident. He is ready to take on the world with the latest trends and style . Individualism, Consumerism, his role and relationship with the society has witnessed a change. The joint family which was considered to be the city's strength is witnessing a change. Certain elements of culture like dress, society norms, traditions, value systems, are changing. Rituals, festivals, faith in religion among others are still followed as before.

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SOCIAL MEDIA OPTIMIZATION ON LUXURY HOSPITALITY: A CASE STUDY MANDARIN ORIENTAL

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ABSTRACT

Social Media were perceived like communication tools for young target markets, moreover students. In the last past years, the evolution of social media was important in terms of quantity (i.e. users) and quality (i.e. contents). For this reason also luxury brands started to use social media, because of the target markets of social media multiplied themselves and they have become a worldwide social phenomenon. My researches are in luxury communication and sensory marketing for hospitality sector and for this reason I am introducing an interesting research on a case study of my sector: Mandarin Oriental. Now, this Chinese company in luxury hospitality is using eight social media in a very professional way and it's a good example of how a luxury company can use its communication on social media for improving the goodwill of its brand image. I have integrated in this research not only academic texts on social media, but also I have integrated these texts with my knowledge of semiotic. Semiotic is very useful for an academic research on new media for a clear perception of the right content and context of communication.

Keywords: social media, hospitality, communication, luxury

INTRODUCTION

This analysis is based on secondary data and it takes inspiration by the methodology of Creswell J. W. This could be considered a first step for starting an opening discussion on this topic.

Following the format for a qualitative proposal[2] the first step is:

Statement of the problem. The problem that I have verified is the lack of literature on the analysis of luxury communication in the hospitality sector. Moreover the lack is about the new style and new media of the hospitality luxury communication. As a matter of fact the use of social media in luxury communication is quite new and unusual for this target market. There are many researches about luxury, many researches about social media, but few researches about the use of social media in the luxury sector, moreover if it's the hospitality sector.

Purpose of the study and how study will be delimited. The purpose is to start a process of analysis about the style of communication related to one specific top luxury brand: Mandarin Oriental. But in the meantime to analyze the choice of which social media has

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[2] Creswell J.W., (2009) *Research Design: Qualitative, Quantitative and Mixed Methods Approaches*, 3rd edition, Thousand Oaks, CA: Los Angeles, Sage pag. 74-75

been chosen[3] by the company. This analysis will be useful for understanding how the hospitality luxury brand communicate (contents) and where they communicate in the social (social media plan).

The researcher's role. I have started to study, research and teach Integrated Marketing Communications in 2006, but with a strong focus on fashion and beauty sector. On 2010, I have started to adapt my researches also to the hospitality sector. Here I have adopted to approach of the observer. My academic background is sociological and semiotic. So, my analysis will be influenced by this background.

About the use of the internet for luxury brand, the opinion is completely changed in the last years "Being on the web is today compulsory for luxury brands"[4] . The medium was considered too poor, but now the situation has changed a lot. "…television advertisements are not suitable for luxury brands' dream – they are too short and too passive. But the internet allows brands to use movies that can last long enough to communicate part of the brands' dreams"[5]. It's important to know that the last web sites that we can navigate they are full of multimedia tools and they are richer that TV. They have blogs, images, videos, and with full interaction. Related to the last Las Vegas new technology show (Int'l CES)[6] we have seen that now the Internet has changed

and modified the TV (i.e. Samsung Smart TV)[7].

Another aspect of the luxury brands communication is the attention of social marketing, for example in the hospitality sector a famous brand like Banyan Tree put a lot of attention on it "With the call to arms of embracing the environment and empowering the people, we seek to continue being an agent of social and economic development through responsible tourism. Our triple bottom line (economy, society and environment) help direct our sustainable development by inspiring associates, guests, and partners to take a wider consideration encompassing a long term view when making business decisions"[8].

As you know, "social marketing techniques have been deployed to help achieve these objectives: be it for health improvement, disease prevention, accident or crime reduction or environmental responsibility, social marketing is being used to facilitate voluntary behavior change"[9]. But the luxury communication strategy of Mandarin Oriental (MO) is different.

Before speaking of Mandarin Oriental, that it's my case study, I would like to introduce it:

"Mandarin Oriental Hotel Group is the award winning owner and operator of some of the most luxurious hotels, resorts and residences located in prime destinations around the world. Increasingly recognized for creating some of

[3] ©2013 Mandarin Oriental Hotel Group. Retrieved from http://www.mandarinoriental.com/connect/
[4] Kapferer J.N., Bastien V., (2012) *The luxury strategy – break the rules of marketing to build luxury brands*, UK, Kogan Page pag. 266
[5] Op. cit. pag. 267
[6] Retrieved by http://www.cesweb.org

[7] Retrieved by http://www.samsung.com/us/video/tvs
[8] From the mission statement of Banyan Tree Global Foundation http://www.banyantreeglobalfoundation.com/about_us/mission_statement
[9] Bird S., Dahl S., Eagle L., Spotswood F., Tapp A.,(2013) Social Marketing, UK, Pearson Education Ltd. Pag. 3

the world's most sought-after properties, the Group provides 21st century luxury with oriental charm. Above all, Mandarin Oriental is renowned for creating unique hotels through distinctive design and a strong sense of place, luxury hotels right for their time and place. The Group regularly receives international recognition and awards for quality management and legendary service hospitality."[10] And again: "the Group today. Since the 1990's the Group has expanded globally and now operates, or has under development, 45 hotels representing over 11,000 rooms in 26 countries, with 20 hotels in Asia, 11 in The Americas and 14 in Europe, Middle East and North Africa. In addition, the Group operates, or has under development, 13 Residences at Mandarin Oriental connected to its properties.[11]"

Come back to the communication strategy of MO, it goes in the direction of pure luxury without a social message. In this way the marketing strategy is more on conspicuous consumption and leisure[12] than on social. This is a precise choice related to the specific target market that MO have decided.

But in the meantime, MO has decided to follow the strategy of using more than the others: social media.

"All social media are networked around relationships, technologically enabled, and based on the principles of shared participation"[13] so the hard core of social media is participation, this the reason way MO wants to improve the two way communications with their stakeholders via social media.

The social media value chain is composed by:

Share

Create

Talk

Work

Buy/Sell

Learn.

When I speak about MO its emphasized more the components: share, create, and talk.

They have created a very intimate, cozy area in which you feel MO more near to their stakeholders, moreover their customers and prospects.

Everybody knows the four Ps, but with the social media we have modified them in 5, we have added another P: participation. And also when we speak about WOM, world of mouth, now you can find many times the term: world of mouse. This is for emphasizing the fact that the today's communication is more by mouse than by mouth. It is also interesting to see the evolution of jobs related to the social media. This is becoming a great sector in term of job profiles. Here some examples:

Social media editor

Social media marketing manager

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[10] Retrieved by http://www.mandarinoriental.com/about-us/
[11] Retrieved by http://www.mandarinoriental.com/about-us/history/
[12] Veblen T., (1994) The Theory of the Leisure Class. Penguin twentieth-century classics. New York: Penguin Books.

[13] Solomon M., Tuten T., (2014) *Social Media Marketing*, USA, Pearson Education Ltd. Pag. 4

Marketing and communications associate

Project social media manager

Social media communications manager

Social media coordinator

Online communications and social media director

Social media communications specialist

Social media intern

Social media strategist[14].

All these facts are important for understanding why luxury brands go in the direction of social media also if at the beginnings seemed completely out of their target markets.

Speaking about luxury in China, this is very interesting because of in the last years we have seen an explosion of millionaires "…in China there are some 320.000 people whose net possessions are worth more than a million dollars, earned rather than inherited for the most part. This figure will be multiplied by five in the next years, seriously affecting the assessment of the Chinese consumer in the luxury brand sector".[15] This is also one of the reasons why there is a focus on new luxury hotels in China and also a specific Chinese brand, like Mandarin Oriental.

For Mandarin Oriental communication is very important "The key area of importance is Communication" says Christian Boerger[16].

Starting an analysis of the MO website we can find a Media Centre full of information for the press.

For example:

Press releases, continuously updated

Photos & Video in high and low definition

Press kits. Inside:

Overview & History

A Global Brand

Board Members

Fact Sheet

Corporate Publications. Like:

 "MO Magazine"

Group Directory

Awards brochure

Business Profile

The web site is a very rich source of information for journalists, with a very complete virtual press room. The advertising campaign of MO has a very particular strategy:

"In 2006, Mary McCartney was appointed as the official photographer of the Group's award winning international advertising campaign, replacing the late Patrick Lichfield, world famous photographer and British Royal. Ms McCartney has established a strong reputation for portrait photography and advertising campaigns for luxury brands internationally. The Group recently welcomed two new personalities as fan, making a total of 26

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[14] Solomon M., Tuten T., (2014) *Social Media Marketing*, USA, Pearson Education Ltd. Pag. 21-22-23-24

[15] *Giron M. E., (2010) Inside Luxury – the growth and the future of the luxury goods industry: a view from the top, Spain, LID Publishing Ltd. (pag. 121)*

[16] From Lin: interview to Christian Boerger – Regional Director Revenue Management Europe,

Middle East & Africa – Mandarin Oriental Hotel Group, London, UK (pag. 44)

celebrities endorsing our brand. The internationally renowned Italian actress and model, Caterina Murino and Italian mezzosoprano singer and recitalist, Cecilia Bartoli join Mandar in Oriental's 24 existing fans: Karen Mok, Lin Chiling, Kevin Spacey, Christian Louboutin, Sophie Marceau, Harry Connick Jr.,

Hélène Grimaud, Sa Ding Ding, IM Pei, Michelle Yeoh, Jane Seymour, Kenzo Takada, Jerry Hall, Vanessa Mae, Vivienne Tam, Barry Humphries, Frederick Forsyth, Darcey Bussell, Bryan Ferry, Liam Neeson, Helen Mirren, Maggie Cheung, Sigourney Weaver and Sir David Tang. [17]"

In the website there is a section entirely dedicated to the fans, the ambassadors of the brand Mandarin Oriental.[18] This is a strategy that also J.N. Kapferer suggested[19], the strategy is: no personalities (paid) in advertising. But, yes for brand ambassador or like MO calls them, fans. The difference in communication is very clear, in the first case the star isn't your customer, it's only a testimonial of your brand with a payment for the   witness, in the second case, the star is your customer and provide to the editor/company his positive feedback about the quality of MO. There is a big difference in term of credibility.

There is also an interesting strategy about the choice of the fans; it's a mix of arts and tradition. They are not only the stars, but they

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[19] *Kapferer J.N., Basten V., (2012) The Luxury Strategy – break the rules of marketing to build luxury brands, UK, Kogan Page Limited (pag. 262)*

are special stars with very interesting personalities: i.e. not TV people. Because of TV is for mass market products.

For improving its credibility MO has decided to use a lot social media. Herewith enlisted the social media used by MO:

Facebook

YouTube

Flickr

Twitter

Pinterest

Google +

Sina Weibo

Instagram

They are a lot and it's particular for two reasons, first, none of the brands in hospitality sector uses 8 social media and second, moreover also in the luxury sector the use of social media is limited (i.e. Hermes 5, Luis Vuitton 7, Ferrari 6).

Herewith enclosed you can find a short analysis of MO social media:

Facebook. 116.552 likes, 2.222 talking about this, 950.160 (07.01.2014) were here. In the Facebook page there is a corporate section with "about us" (i.e. mission, description), "events", etc. The page is a corporate page. Here you can find:

Photos

Locations

are you a fan?

moments of delight

The style of communication is "infotainment". Facebook social media was launched on 2004.

Twitter. 13.325 tweets, 1.462 following, 55.274 followers (07.01.2014). The MO twitter page is colorful and full of beautiful images. The characteristic of twitter forces MO of improving images and to limit the text. This is the first difference with Facebook page. It's quite clear that there is a lot of work for informing and selling MO concept in a great way. The main difference between traditional media and social media is that in the first case there is a huge investment of money and in the second, there is a huge investment of time. Time means of having expert and professional human resources in the activity of social media optimization. So, the concept that off line media are very expensive and social media are free isn't completely right. Twitter was created on 2006 and it's considered "the SMS of the Internet".

YouTube channel has 1.054 subscribers and 246.086 views (08.01.2014). There is a very high video quality. The top quality is the corporate video "The New "Moments of Delight at Mandarin Oriental" (Music by Sa Ding Ding). Sa Ding Ding is a fan of MO. In this video there is a very professional communication from the technical point of view and for the contents. They have the capability of showing the most prestigious Mandarin Oriental hotels in the worlds, but with the Hong Kong spirit inside. There are also many videos on the MO fans and about the "making of" related to the fan advertising campaign. There is space also for some MO charity activities, and moreover corporate activities (i.e. events). They provide space also for some selected hotels. So, global plus local communication. YouTube was launched on 2005 and acquired by Google on 2006.

Pinterest has 25 boards, 739 pins, 1886 followers, (08.01.2014). This social media has a focus on images. And MO puts inside a lot of very professional images. The contents are the same of YouTube channel: fan, hotels, events, experience, life on MO, etc. But with an advantage, they put absolutely more

contents here than in the YouTube channel, i.e. there is more attention to all targets and activities like honeymooners, children, cuisine, seasons, SPA, etc. Here the net surfer may access to a lot of MO details. So, here there is the opportunity of knowing better the wonderful MO customer service, and evaluate it. Pinterest was launched on 2010

Google Plus. In Google Plus there are:

Information.

Post

Photos

YouTube

The most interesting part is: Post. Here is possible to find a lot of news with a language, style and content between Facebook and Twitter. Again, here the quality of the pictures is very professional, the communication of the MO image is perfect, the brand image of MO is communicated in a precise way. It's very interesting the fact that MO maintains the same quality of brand image, communication and contents through all different media. There isn't any mistake of under or over positioning, and also it's so clear that there is a unique centralized source of communication. Google+ was launched on 2011.

Flickr, 1116 photos (08.01.2014). The main difference related of Instagram is that this social media is completely full of pictures. It seems that the quantity is absolutely more than Instagram. Again, the big difference on Flickr is that here, all the pictures are from professional photographers. The fact that the general image is less amateur and more professional could diminish the credibility of the communication. The user could perceive the image like "advertising" (artificial) and not like a real image. In this case I could perceive a "betrayal" of the social media concept, and a clear conquest of these media by the multinational companies. There is another aspect that we need to be considered; the

public of Instagram and Flickr is more female than male. In any case, an excess of professionalism in this communication will not change the MO image, but it could create some problems of credibility. It's important to remind some details: Flickr was born for amateur photographers; Instagram was born for images of everybody. Flickr born on 2004 and is part of Yahoo from 2005.

Weibo. This choice is very interesting. Weibo is the most important social media of China. This is the reason why, MO has decided to work on it. The number of new millionaires in China grows up every day. It's a new target market, so the choice of include Weibo in the list of social media was mandatory. Also in this case, the communication is adequate of the target market, according with its taste, but maintaining the positioning of the MO brand image. Weibo is a hybrid between Facebook and Twitter, it was launched on 2009 by SINA Corporation.

Instagram, 209 posts, 1968 followers, 20 following (08.01.2014). Also for Instagram I could repeat the same concepts above for Flickr. The two social media are in competition and the concept of communication is very similar. Again the quality of the image is very good, they are the same images of Flickr, but the graphic of Instagram is a little more "social". Instagram was launched on 2010 and it's a social media of the Apple and Windows world, but on 2012 was acquired by Facebook.

There some suggestions that arrive to my mind related to this topic, for understanding better the essence of luxury. "Heritage, quality, craftsmanship, expertise – they all form a close nexus of inter-related values so life

giving for a luxury brand"[20] and "Brands have an uphill task finding and training staff in emerging markets, especially providing the knowledgeable and sensitive service that is most needed in these markets (*Asian*) where consumers themselves have a steep learning curve ahead of them"[21]. So, Asian markets are more and more important for luxury brands, also in the hospitality sector: the first spots for luxury stores were five-star hotel. Joyce Ma started her boutique at the Mandarin Oriental hotel, *the* most prestigious venue on Hong Kong island."[22] You know that Hong Kong is the place where luxuries are a bare necessity. "Three factors have helped make Hong Kong the retail paradise it is: its duty-free status, its thriving tourism industry, and the way retail has seen integrated into the city's everyday life."[23]

And the headquarter of MO is exactly in the center of Hong Kong, with the communication department.

So, luxury is different related to any other sector: "Luxury brands have the additional task of conveying the brand's essence and all its elements in each communication.", and "Luxury brands are niche brands and their advertisements are tailored towards a specific

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[20] *Chadha R., Husband P.,(2006) The cult of the luxury brand – inside Asia's love affair with luxury, India, Nicholas Brealey International pag. 99*
[21] *Chadha R., Husband P.,(2006) The cult of the luxury brand – inside Asia's love affair with luxury, India, Nicholas Brealey International pag. 100*
[22] *Chadha R., Husband P.,(2006) The cult of the luxury brand – inside Asia's love affair with luxury, India, Nicholas Brealey International pag. 108*
[23] *Chadha R., Husband P.,(2006) The cult of the luxury brand – inside Asia's love affair with luxury, India, Nicholas Brealey International pag. 111*

consumer market"[24]. So, some explanations about why we have seen the big involvement of luxury brands is here "Developing an online presence for any company, but especially with high value luxury products requires the brand manager to ensure there is a focus on establishing trust. Furthermore, for the luxury brand there is the additional complication of the abundance of luxury counterfeit products that could lead to consumers' suspicion of the authenticity of a website and its products",[25] and "Providing information about the company, its history, founders and employees has been suggested to promote credibility and trust."[26].

Credibility, trust, confidence are fundamental values for a company that put the high customer service like a key point of its strategy. Furthermore, remember that an hotel is like a temporary house for a person and privacy, service, elegance are key factors very important in this situation.

There are even some movie stars that live in the hotel, not temporary but for years like in the Chateau Marmont.[27]

Another aspect of social networks is that: "one consequence of online social networks has been to blur the line between business and personal life".[28] This is one debatable point, social networks are private, but MO needs to defend privacy. I think that MO has the capability of providing a personal image without show the privacy of their guests. Also the communication, the making of, etc. related to the MO fans, never enter in the area of gossip. Gossip isn't luxury, it's the communication of a target market that isn't in the luxury, but that wants to imitate it.

Some other information about luxury is that this sector continues to increase like you can see in this graphic of Altagamma Fondation[29]

[24] *Okonkwo U. (2007) Luxury Fashion Branding – trends, tactics, techniques, China, Palgrave Macmillan pag. 145*
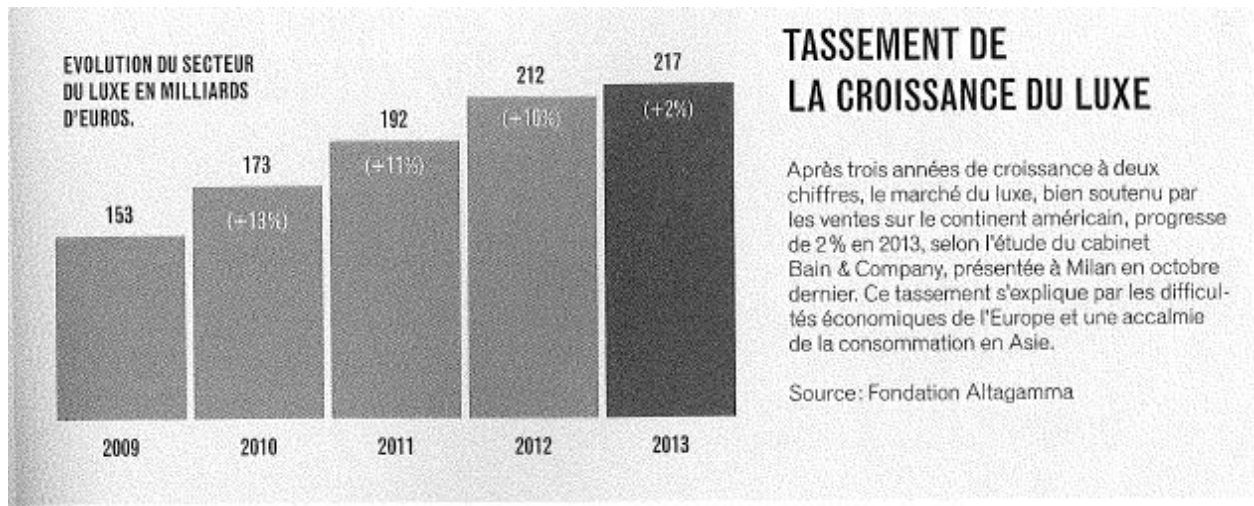
[25] *Wiedmann K.P., Hennings N. (2013) Luxury Marketing – a challenge for theory and practice, Germany, Springer Gabler pag. 209*

[26] *Wiedmann K.P., Hennings N. (2013) Luxury Marketing – a challenge for theory and practice, Germany, Springer Gabler pag. 213*

[27] Retrieved by http://www.chateaumarmont.com/video/chateau_4001.mov

[28] Barker M., Barker D., Bormann N., Neher K. (2013) *Social Media Marketing – A Strategic Approach*, South-Western, USA, Cengage Learning pag. 184

[29] Retrieved by http://www.altagamma.it/

EVOLUTION DU SECTEUR DU LUXE EN MILLIARDS D'EUROS.

TASSEMENT DE LA CROISSANCE DU LUXE

Après trois années de croissance à deux chiffres, le marché du luxe, bien soutenu par les ventes sur le continent américain, progresse de 2% en 2013, selon l'étude du cabinet Bain & Company, présentée à Milan en octobre dernier. Ce tassement s'explique par les difficultés économiques de l'Europe et une accalmie de la consommation en Asie.

Source: Fondation Altagamma

There are many signs about it, like in the educational sector with some masters on luxury[30]. We can consider the world of luxury like a *Gemeinschaft*, a community, it's global and the members can easily recognize themselves. For example, Piaget has more than 430.000 friends on Facebook like says us the CEO of Piaget Philippe Leopold Metzger[31], in the same interview he says that "*nos clients chinois son très sensibles à l'élégance et au raffinement, qui entrent dans les valeurs e le critères de Piaget*". So, again this is an international and on line big community. The luxury is like a magnet, "Ce qui est certain, c'est qui le luxe magnétise, notamment par son dosage idéal de matériaux nobles, d'essences rares, d'alliances magiques, de designs exceptionnels, de services impeccables et surtout de rêves mythiques, incarnés tant par

son storytelling que par ses stars »[32] says Arnaud Dotenac.

So, like the etymology of the word Luxury is from the latin word *Lux* that meaning light, it seems that luxury products and services illuminate all the world.

CONCLUSION

Some conclusions related to this analysis:

Luxury brands have decided to use social media. This is a big news related to some years ago. Because of the old trend was that social media were only for mass market products, FMCG products.

Luxury brands in hospitality have discovered the great advantage of having a direct channel of communication with their customers, consumers, prospects, journalists, etc. Now, the big trend is to have a direct link with your customers without any barriers or intermediaries (i.e. trade, traditional media, etc.). And with social media there is the possibility of a direct link with your

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[30] Master in Luxury Marketing of CREA/SAWI and Master of Art in International Business with luxury management specialization
[31] Metzeger P.L. (2014) Market – *Le charme discret du sublime*, Caruge-Geneva, Swiss Business Media pag. 25

[32] Dotezac A., (2014) Market – *Parce que le luxe sublime*, Caruge-Geneva, Swiss Business Media pag. 22

customers, consumers, prospects, stakeholders in general.

Mandarin Oriental has decided that social media are a fundamental tool in the general strategy of communication. This is a very innovative point. Many other brands use social media only because of it's trendy, MO use them in a continuous and professional way.

Mandarin Oriental can be one of the best example for all the other brands of this sector. Yes, like Tripadvisor is one of the biggest revolution in the hospitality sector, again the choice of MO can create a new strategy of marketing for luxury hospitality brands, so, not using social media because of it's a cool thing and you cannot avoid it. But using a real social media optimization strategy that starts a new concept of communication, a new era, from the off line media, to the on line media, to the social media. And MO is a protagonist of this revolution.

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[31]

TAKING CONTROL OVER WORD OF MOUTH:

AN EFFECTIVE MARKETING STRATEGY

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ABSTRACT

Word of Mouth (WOM) is recognized as an important form of marketing and promotion, and an equally important source of information that influences customer product purchase decisions. Thus, WOM is especially significant in any industry, as it enables consumers to evaluate a product and/or a service with first-hand information prior to purchase or experience. The overall satisfaction or dissatisfaction of a consumer in relation to any product or service is the most influential factor on WOM. The purpose of this paper is to survey the effect of WOM as an effective marketing strategy. Two products from the service industry namely, tourism and health care sectors were evaluated to comprehend the significance on WOM. Data was collected from tourists who visited a core tourism site in Sri Lanka and from patients patronizing a leading health care service provider in the country. The data was analyzed using descriptive analysis and frequency. Additionally, regression analysis was applicable for the inference relationships between overall satisfaction of the visit and loyalty by willingness to recommend to potential consumers. Major findings concluded in this survey are that firstly, WOM affects the purchase decision of a product or service to a great extent. Secondly, there is a significant positive relationship between overall satisfaction and willingness to recommend. This therefore, implies that marketers and service providers must have a greater understanding about WOM and attempt to develop positive WOM as a key marketing strategy by enhancing consumer satisfaction in the service industry.

Keywords: Word of Mouth communication, tourism, health care satisfaction, ability and willingness to recommend

INTRODUCTION

Consumer behavior is a process that involves activities of people engaged in seeking for, choosing, buying, using, evaluating and disposing of products and services with the goal of satisfying their desires (Belch and Belch, 2004). For marketers, consumers' decision about choosing a product or a service is an important factor (Kotler and Armstrong, 2012). Advertising and Word of Mouth (WOM) are the leading two promotional methods that influence customer purchase decisions (Mahajan *et al*., 1990). Thus, positive WOM is a vital tool of attracting customers in the service industry where mass media advertising is commonly used but can be less effective compared to WOM (Duhan *et al*., 1997; Reingen and Kernan, 1986). This study addresses the effect of WOM communication on consumer decision-making more specifically in the tourism and health care sectors in Sri Lanka. The study also makes an attempt to reveal the link between

satisfaction and willingness to recommend through communication by WOM. It is noted that according to a survey conducted by SLTDA, more than 70% of the tourists who visited Sri Lanka in 2009 – 2010 had received information from tourists who visited the island previously. This highlights the importance of satisfaction to generate positive word of mouth. The importance of satisfaction is that it will result in encouraging repeat visits and developing positive word of mouth recommendations to attract new visitors with minimal marketing inputs (Page and Connell, 2006). WOM communication enables customers to use oral communication to share direct information and experiences that may attract or divert new customers towards or away from specific products, brands and services (Hawkins *et al.*, 2004). Customers' levels of satisfaction or dissatisfaction give rise to their intention of sharring experiences with others (Dichter, 1966; Neelamegham and Jain, 1999; Nyer, 1997). Naturally, positive WOM increases the likelihood of purchase, while negative WOM has a negative effect. Thus, taking contol over WOM will enable marketers to reach out to their target markets effectively with minimal advertizing cost.

REVIEW OF LITERATURE

WOM communication in marketing

Marketing is now advanced through different commercial sources of reaching out to target markets. Advertising, newspapers, radio and television are some of the commercial sources commonly used for information gathering. The influence of these sources on consumer decision making may vary from product to product. Marketers may even spend extensively on advertising campaigns but often consumer decisions are highly affected by word-of-mouth from their own trustworthy sources (Sernovitz, 2012). A growing lack of trust in sources such as advertising has made customers to seek more reliable information

from other sources like word-of-mouth (Allsop, *et al.,* 2007). Consumer stance towards advertising decreased in the recent years (Trusov, *et al.,* 2009). This highlights the necessity for marketers to identify the most effective and trustworthy marketing tools that will influence consumer decisions. Thus, word-of-mouth communication is considered to be one of the most leading marketing tools in marketing (Zamil, 2011).

Role of WOM communication in health-care and tourism industries

The private health-care decisions of patients are highly based on word-of-mouth. Patients are very mindful about their health. However, very often it is difficult to rely only on advertizing with regard to the quality care of hospitals or medical practitioners. Thus, patients are influenced by recommendation from their relatives or friends. This result in the generating of WOM which plays a vital role in the selection of a specific health-care service provider (Khalid, Ahmed and Ahmad, 2013). Information provided by hospital quality reports or websites, represents the standards of a health-care provider (Gruca and Wakefield, 2004; Leister and Stausberg, 2007). However, depending on the service intended to persuade, and the difficulty in obtaining or understanding objective information, recommendations by known parties plays a major role as information sources despite the availability of all other sources of information (Edgman-Levitan and Cleary, 1996; Bates and Gawande, 2000; Leister and Stausberg, 2007; Ferguson *et al.,* 2010).

Similarly, in the tourism industry, interpersonal communication becomes a highly influential marketing strategy. Tourism research has confirmed the influence of both positive and negative WOM communication upon tourism products to a considerable manner. A number of prior studies have examined the way potential travelers obtain information that influence their travel

decisions (Fodness and Murray, 1999; Gitelson and Crompton, 1983; Lee and Sparks, 2007; Rasinger *et al.,* 2007; Zins, 2007). . Negative WOM can have a significant impact upon a destination's image, as dissatisfied visitors spread unattractive views related to their experiences (Morgan *et al.,* 2003). When locals display unfriendly feelings towards tourists, the result is negative WOM and a likely downturn in the industry (Crick, 2003).

Interpersonal impact and WOM communication

Oral communication is considered as a powerful promotional tool among numerous others, whereby this form of communications could be branded as WOM. Communication plays an important role in improving customers' assessment about service quality (Franke, 1988). WOM is further regarded as oral, person-to-person communication between a receiver and a communicator (Arndt, 1967), whereby the communicator is identified by the receiver as being non-commercial regarding a product or service (Buttle, 1998). In the field of marketing literature, WOM communication, in general, is a concept that is used to exemplify guidance from experienced individuals. Additionally WOM, which is often the central feature in consumer choice (East *et al.*, 2007) is known to be a successful and effective basis of providing gen regarding potential consumer choices, particularly with regard to services for which pre-purchase experience may be limited, owing to its lack of commercial bias, speed and interactivity.

Communicating by WOM is accepted as an imperative form of promotion and a significant birthplace of information which has the potential to persuade the consumer's attitudes and purchase behavior of customers, since consumers emulate one another by following a social or vicarious learning pattern (Hawkins *et al*., 2004). Thus the spoken word, which demonstrates an individual's perceptions and thinking, has the power and ability to create the impression and image the speaker wants to depict to the person who is on the receiving end.

Westbrook (1987, p.261) broadly defined WOM communication to include "all informal communications directed at other consumers about the ownership, usage or characteristics of particular goods and services or their sellers." Hence WOM communication could be described as being a procedure that incorporates the spoken word, which in turn enables consumers to distribute and share information and beliefs that, in turn, would point buyers towards and away from particular products, brands, and services (Hawkins *et al*., 2004).

WOM communication in literature is considered to be a highly influential marketing tool in the service industry. Thus, this paper is an attempt to add to the literature with the findings derived from two key service sectors considered.

METHODOLOGY

To support the objective of this paper, the researchers selected international tourists who visited a core tourism site in Sri Lanka and patients from a private sector health-care service provider from the health care industry.

Sampling

The first survey was conducted with a sample size of 400 international tourists who visited a world renowned heritage site in Sri Lanka. The convenience sampling technique was used in this survey.

The second survey was conducted with a sample size 550 in-patients during a time span of four weeks in June 2013. A stratified random sampling technique was used to select the in-patients for this study.

Instrument

A structured questionnaire was circulated among the tourists who visited the site. The questionnaire more specifically intended to gather the modes of information from which the tourists obtained information about the site. The second part of the questionnaire collected data to examine the relationship between the overall level of satisfaction and willingness to recommend the site to potential tourists. A five point Likert scale, where 1 indicated "strongly agree" and 5 indicated "strongly disagree," on the statements examined the overall level of satisfaction of tourists and their willingness to recommend the site.

Likewise, a standard questionnaire was administered to the targeted in-patients in the selected hospital. A five point Likert scale, where 1 indicated "strongly agree" and 5 indicated "strongly disagree," on the statements examined the overall level of satisfaction of the patients and their willingness to recommend the hospital.

DATA ANALYSIS

Descriptive statistics of frequency and percentage analysis was used to examine the most influential information modes that affected the decision. Linear regression analysis was performed to describe the relationship between satisfaction and willingness to recommend. R-squared value interpreted the model fit. The data analysis was processed with the statistical software of SPSS version 17.

RESULTS

Results from the analysis of the heritage site revealed that 20% of the tourists gathered information about the site from tourists who previously visited the site. This is the second highest source of information which is second only to the internet that was 50%. The rest was from magazines, newspapers, and television. On the other hand, 90% of the tourists were willing to recommend the site to other future tourists. Likewise, results from the health-care provider survey revealed that overall, 83% of the patients were willing to recommend the hospital to their friends and relatives. Furthermore, 70% of the patients were likely to persuade a client/patient who visits a competitive hospital, to choose this hospital.

Results from the linear regression analysis on the relationship between overall satisfaction and willingness to recommend the heritage site are provided below

Table 1

Regression coefficient analysis on overall satisfaction to willingness to recommend

Parameter Estimates

Independent Variable	Dependent Variable	B	Std. Error	Sig.	95% CI Lower Bound	95% CI Upper Bound
	Intercept	.795	.370	.032	.068	1.522
Overall Satisfaction	Recommend	.629	.041	.000	.548	.710

R^2 for Recommend = 0.375

In regression analysis, the R square value for willingness to recommend is 0.375. This means 38% on willingness to recommend can be explained by overall satisfaction of the tourists. The p-value willingness to recommend is less than 0.05 (p=0.000). Based on the results presented in Table 1, overall tourist satisfaction is a significant predictor of willingness to recommend.

Similarly, the results from the linear regression analysis on the relationship between overall satisfaction and willingness to recommend among the in-patients of the selected hospital are provided below.

Table 2

Regression coefficient analysis on overall satisfaction to willingness to recommend

Coefficients[a]

Independent Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.095	.048		-1.990	.047
Overall Satisfaction	1.005	.026	.850	37.948	.000

a. Dependent Variable: Willingness to Recommend
b. R^2 for Recommend = 0.723

In regression analysis, the R square value for willingness to recommend is 0.723. This means 72% on willingness to recommend can be explained by overall satisfaction of the in-patients. The p-value willingness to recommend is less than 0.05 (p=0.000). Based on the results presented in Table 2 overall patient satisfaction is a significant predictor of willingness to recommend.

DISCUSSION AND CONCLUSION

The main objective of the current research was to investigate the impact of WOM communication which used the spoken word as an effective marketing tool in the service industry. Thus, two key service sector products were portrayed to support this objective. The findings provide evidence that there is a relationship that exists between satisfaction and willingness to recommend. Also, the results revealed that WOM communication is highly associated with the consumer decision making process. The results of this study have important implications for both marketers and managers in the service sector, more specifically in the tourism and health-care sectors. Marketers therefore need to study their products and services carefully if they are going to establish a strong presence in the competitive market. Since evidence shows that WOM communication among tourists and patients influences their decision for travelling or selecting a health-care service provider and a significant relationship exists between satisfaction and willingness to recommend, decision makers need to take this into consideration when supplying products and services to their target markets. They should persuade their consumers to make use of the power of the spoken word and talk positively about the products and services offered, with other potential consumers. Thus, managers should concentrate on improving service

quality and meeting the satisfaction of the consumers to provide a satisfactory experience. Customers who have a satisfactory experience with the products and services offered will spread positive WOM and this oral communication will be a useful tool in sharing and distributing profitable information. Thus, WOM communication is an extremely effective marketing strategy which is able to pervade and capture the target markets in the service industry with the minimal involvement of advertizing and promotional costs.

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