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"Toward a new global research perspective in the field of Marketing"

A Message from the President and Chief Executive Officer of IIMP™

In Pursuit of High Quality Marketing Standards

It is my true pleasure and great honour to be in leadership of the International Journal of Marketing Principles and Practices (IJMPP), in addition to the International Institute of Marketing Professionals (IIMP™).

The IIMP™ was established in 2009, as a result of extensive research that was conducted internationally and found that there was an emerging need for such an organization to take leadership in growing and defining internationally accepted standards for the marketing discipline with the help of marketing leaders world-wide.
The organization pioneered its strategic approach in reaching out to 192 countries across the world to advance the marketing profession through the development of Internationally Accepted Marketing Standards™ (IAMS) based upon Generally Accepted Marketing Principles™ (GAMP) and Practices within the local countries.
I highly commend the leadership of Dr. Christophe Bisson, editor-in-chief and the work of his entire editorial team for their insightful dedication and focus on delivering high quality content through the IJMPP journal. Whether you belong to academia or the corporate world, you will find this publication to be a useful instrument for keeping you abreast on important material relating to the field of marketing.

I am happy to share that we have implemented a state-of-art infrastructure in order to develop practical marketing standards; it is great to see that the IIMP™ has truly become an international organization by welcoming advisory members from all over the world; our International Advisory Council for the Marketing Profession (IACMP) has representative members from 150 countries.
We have been very successful in building esteemed advisory teams at three different levels and making them autonomous so they are able to function independently. The Internationally Accepted Marketing Standards Board (IAMSB) consists of academic leaders, consultants and business professionals with expertise and experience in the field of marketing. The IAMS Board communicates and collaborates with the International Advisory Council for the Marketing Profession (IACMP) who provides the board with their valuable input on the development and implementation of Internationally Accepted Marketing Standards (IAMS) and designations that are offered by the IIMP™. Moreover, the Advisory Council of Marketing Practitioners (ACMP) contributes feedback based upon practical aspect.

With the aid of these capable professionals and resources, we have already reached a consensus on a guideline that will be used for launching a certification program called the Certified Marketing Management Professional (CMMP®). The CMMP will be used as an industry standard and landmark to measure and deliver skills that are internationally known to be useful for building a solid and practical career in the field of marketing.

I would like to thank our entire volunteer, advisory and executive team members from all around the world; due to their dedication and tireless efforts we have been able to launch the International Journal of Marketing Principles and Practices.

All the best,

Nisar Butt

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Editorial

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Toward a new global research perspective in the field of Marketing

It gives me great pleasure to present the first issue of the International Journal of Marketing Principles and Practices (IJMPP) which is the Journal of The International Institute of Marketing Professionals (IIMP™). This first issue was created entirely with the help of volunteers, and I would like to thank all those who dedicated their time to launching this journal, which targets significant growth in the first editions.

Within the context of globalization, given the rapid development of countries such as China, Turkey, India and Brazil and many others, the field of marketing has grown very quickly. Thus, IIMP™ takes that phenomenon fully into consideration by having the widest advisory network throughout the world (with 150 countries).

With the same approach which led to the creation of IIMP™, IJMPP aims at creating a space for the most innovative work from around the world in the discipline of marketing management, thus providing a global forum for theorists and practitioners of marketing . The first edition has 7 papers, one of which was written by a professional, and future editions may well publish the same number of papers from academicians and practitioners. We plan to publish four issues per year, including a special issue.

The first paper is by Slavica Cicvarić Kostić, a faculty member at the University of Belgrade, Serbia. It investigates the implementation of marketing communications in local administration, from both employees' and citizens' perspectives. The results show that the visibility of marketing communications in local administration establishes satisfaction levels of Serbian citizens.

The second article by Riteshkumar Dalwadi., who is at the Humber Institute of Technology and Advanced Learning in Canada, and B.A. Prajapati, from the Veer Narmad South Gujarat University in India, examines Indian consumers in the organized retail sector. Based on the findings, these consumers are categorized into seven categories.

The third paper by Dr.N.H.Mullick, from the Asia- Pacific Institute of Management in New Delhi, and Dr. M.Altaf Khan, Jamia Milli, New Delhi, India, deals with the perceptions and images of consumers visiting Indian shopping malls. It provides an in-depth analysis of the needs and expectations that consumers have of malls in metropolitan towns in India.

The fourth article by Muhammad Shakil Ahmad, from the COMSATS Institute of Information Technology in Pakistan, investigates the impact of brand extensions on parent brand images. The Johnson and Johnson case presented in the paperdemonstrates that there are significant impacts of brand extension on the parent brand.

The fifth paper by Mamoun N. Akroush, from the German-Jordanian University, in Talal Abu-Ghazaleh, Jordan, discusses and examines the literature on marketing strategies, helping to fill three gaps that were in need of further empirical investigation.

The sixth paper, by Djordje Teofilovic, from the Kennedy College of Technology, in Toronto, Canada, deals with the dichotomy concerning Corporate Social Responsibility as reported by writers on the subject, in terms of its benefits and use as a strategic tool for companies.

The final article is the only one written by a professional, François Bresson, head of controlling for Telkom Kenya (Orange group). It explores the complexity of multi-SIM markets in Sub-Saharan Africa and argues that the current marketing tools used by telecommunications companies to analyze multi-SIM markets in Sub-Saharan African markets have been biased. Thus, it proposes a new set of indicators and a methodology to address the specificities of such complex multi-SIM markets as seen in Kenya.

To conclude this brief editorial, I would like to thank all those authors who have submitted papers to the IJMPP. This first edition could be construed as the foundation for this project. Yet, the entire IIMP™ board and its members are committed to promoting the publication of work which is of superior quality and becoming a vital tool for academicians and practitioners worldwide in the field of marketing. I look forward to receiving the best of your work.

Employees' and Citizens' Perception of Marketing Communications in Serbian Municipalities

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Abstract

Governments in democratic and market-oriented systems have constantly faced different challenges. Processes of government transformation and transition in Central and Eastern European countries have led to higher degree of decentralization and more active participation of citizens, as one of the most significant stakeholder groups, primarily in local governments. Government should adopt methods of work of the market business systems, especially in the field of internal and external communications. Relatively few studies have focused on the importance of marketing communications when it comes to the functioning of local governments. This study explores the implementation of marketing communications in local administration, from both employees' and citizens' perspectives. Results indicate that the visibility of marketing communications determines citizens' satisfaction in Serbia. Findings can help local government management in other countries to successfully implement marketing communications toward its citizens.

Key words: Marketing Communication, Local Government, Citizens, Serbia

1. Introduction

To a great extent, both scientific research and practice have already dealt with the necessity to implement market business methods of work in non-profit making organizations (Andreasen and Kotler, 2003; Alexander and Weiner, 1998). That also refers to the public sector regardless of the complexity of its political and economic characteristics. Particular significance is given to implementing marketing concept with emphasis on the role and relevance of two-way marketing communications at all management levels with service users/ citizens (Day,1994). In the New Public Management concept, citizens were considered as customers of their administration services (Korunka et al., 2007), and therefore these terms have been considered as equal for the purpose of this study as well.

Researches confirm that market orientation and marketing strategies and tools, especially the ones from the field of communication, are necessary both for the non-profit making organizations and for the public sector and that they affect efficiency and effectiveness of business (Dolnicar & Lazarevski 2009; Heinonen & Trandvik, 2005). Furthermore, it is proven that the more a government communicates, the more satisfied is the public regarding their actions (Kleinnijenhuis & Van Hoof, 2006).

Marketing communications include various tools that can be employed, such as advertising, direct marketing, sales promotion, public relations and publicity, personal selling, sponsorship (Rowley, 1998). This list of tools also includes product packaging and events (Duncan & Moriarty, 1997). As new technologies also give an opportunity for developing new marketing communication tools (Safko & Brake, 2009), we can consider the list as open to all channels that deliver messages about product/service/organization (Schultz et al. 1993). In the process of designing communication strategy, choosing the tools that will be employed is one of the phases of the whole process, that also includes defining target audiences, marketing messages, channels, budgets and monitoring performances (Belch & Belch, 2004; Pickton & Broderick, 2001). This study focuses on the choice of communication tools phase. Both academics and practitioners adopt the concept of integrated marketing communications as the strategy of coordinating communication tools, as it creates synergy and increases effectiveness of each instrument (Prasad & Sethi, 2009).

The relevance of marketing communications in Serbian local government could be recognized and visible in recent years. The first steps were made after democratic political changes in 2000 (Plavsic et al., 2007). On the other hand, in Serbia, local administration reforms remain very complex, since local governments are relatively neglected by central authorities. Furthermore, as a transitional country, Serbia still has an issue of insufficient budgets for the development of local governments. For these reasons, we could not still deal with the implementation of integrated marketing communication strategy and concept in municipalities. In this study, we focused on examining the implementation of various marketing communication tools. Yet, we explored the perception of their implementation from both employees' and citizens' perspectives. The marketing communication tools that we examined in local governments included: Advertising, informing within the institution (in-door communication materials, such as leaflets), the Internet communications, resolving citizens' complaints, publishing newspapers/ magazines/bulletins of the institution, public relations, organization of events, sponsorships, communicating services' improvements. The respondents had the opportunity to state any other activity not mentioned, if they had employed/noticed them.

We aim to achieve the following objectives: To determine if there is a difference between employees' perception on the implementation of marketing communication tools in Serbian municipalities and the visibility of these tools from citizens' perspective, and to identify if the consumer satisfaction is determined by the visibility of marketing communication tools.

Findings of the study indicate that there are certain similarities and differences in perceiving marketing communications implementation from the internal perspective (the employed in the local government) and external perspective (the citizens), as well as that visibility of these activities affects citizens' satisfaction. The object of future researches would be to determine strategic framework for improving marketing communications implementation in Serbian local government.

2. Literature Review

Governments in modern society should adopt making business according to market-oriented business systems (Box, 1999; Corrigan & Joyce, 1997; Loffler & Vintar, 2004; Ryan, 2001; Walsh 1994), caused by pressure from various interest groups for cost efficiency, better quality services for consumers, competitiveness, so that organizations could successfully "sell" their "politics" to the citizens (Proctor, 2007). In a study on governments, Van Kersbergen and Van Waarden (2004) emphasized that one rather important section of "good government" is the public sector. Reviewing literature on the public sector, the authors established that marketing management concepts had already been introduced from the business sector into the public sector. The major challenge for adopting marketing concepts in public administration represents the presumption of customer consuming public

administration products and services regardless of whether or not they are created and delivered to meet customer needs. The reason is that these products and services are pre-defined and are not able to vary depending on market needs (Dolnicar & Lazarevski, 2009). Inversely to the private sector, organizations in the public sector do not depend on the individual customer but this does not exclude the needs of citizens (Proctor, 2007). In modern society, the emphasis is on understanding the perception of citizens/clients on the work of public administration and the awareness of public organizations about the public needs (Vigoda, 2000).

Many studies investigated the altered role of the citizens into the society, new relations between governmental institutions and its citizens, its quality and the public services delivery improvements among others. (Cassia & Magno, 2009; King, 2007, Batley et. al., 2001). As communication presents an integral part of every service (Heinonen & Strandvik, 2005), and government service as well, the field of communications, both external and internal, has become an extremely important one. On the other hand, the importance of communications is reflected in the fact that it could be seen as a force that shapes public opinion (Wells &Spinks, 1999). Due to the established importance of communications by public institutions and all the groups of stakeholders, it is necessary for it to be two-way communication, which implies dialogue form, where participants in communication exchange opinions, stands, behaviours, and feedback on public satisfaction (Harrison 1999).

Taking into account that it is usually assumed that confidence in the public sector has been decreasing, Van de Walle, Van Roosbroek and Bouckaert (2008) conducted a series of researches on the citizens' trust in government, summed up trends, and the results showed that confidence was not exclusively decreasing. This serves as a good platform for introducing planned communication activities that could increase trust, by informing, and including the citizens and stakeholders into functioning of government institutions and governing mutual relations.

Given that in all government institutions, local government most often is in contact with the citizens (issuing personal and other documents, managing every-day life of the municipality etc.), it is assumed analyzing this government segment will give a clearer picture of the role and impact of marketing communication.

In a global economy, characterized by the large number of participants and high level of their interconnection and interdependence, business philosophy has been directed to building up stronger connections and relations between an organization and its stakeholders, and today those are considered to be some of the key assets of an organization (Kanter, 1994; Harker & Egan, 2006). Modern approach to strategic management has increasingly recognized the significance of disciplines such as marketing and communications, and has seen their synergy and coordination as the key aspects (Knights & Morgan, 1991; Knights, 1992). Hence, integrating communications is necessary in the process of building up and nurturing relations with stakeholders (Duncan & Moriarty, 1998; Finne & Gronroos, 2009).

Studying marketing and communication theories, their roots, as well as similarities and overlapping, Duncan and Moriarty (1998) concluded that the basis for the marketing approach directed both to the consumers and other stakeholders – is communication. The ever increasing importance of communications and marketing is a characteristic of modern marketing concepts, where each and every one of them emphasizes the importance of two-way communication, understanding consumers' needs and desires and interacting with them. Communication serves as an integral part of every relation and is done before, during, and after every individual transaction (i.e. interaction), and therefore significantly influences building up of relations (Duncan & Moriarty 1997; McKenna 1991; Shultz & Kitchen, 2000).

When analyzing communications in the context of marketing, it is primarily necessary to emphasize that marketing is not the only field that sends out messages on organization/product/services. Everything an organization does or does not do send certain message and could influence stakeholders (Schultz et al., 1993; Lee & Park, 2007). Both theory and practice have confirmed that all the tools of marketing mix (product, price, placement, promotion, people, physical evidence, process) send out messages, and that serves as the basis for integrated marketing communications (Freymann & Jeffrey, 2010). However, not all messages are exclusively of persuasive character (persuasion primarily connected to advertising). Given that there is a large number of sources of messages as well as communication channels, organizations should manage messages they send out, i.e. manage planned communication activities (marketing communications), communication aspects of other marketing tools (product, price, distribution), and to monitor and control the so-called unplanned communication activities ("word of mouth", media research, social network communications) as well. If communication is seen in this way, it can be concluded that two-way communications serve as a platform to build and maintain relationships with stakeholders. This study focuses on the implementation of marketing communication tools in local government, from two perspectives – "producer's and consumer's", according to improving service quality model in business service marketing (Gelders & Ihlen, 2010). The model reveals the gaps between producers' perception and consumers' expectations in service delivery, and offers means for identifying gaps between desired and actual levels of performance, in areas such as communication (Gelders & Ihlen, 2010).

In accordance with the particularity of local governments, it can be said that the goal of marketing communication is to educate and inform the citizens, and other stakeholders as well, on what they have/do not have at their disposal, on factors that determine/limit delivery of certain services, on the best general public interest, etc. (Kotler & Lee, 2007; Proctor, 2007). By establishing relations with the citizens and carrying out communication activities, local government organizations can understand and satisfy their users (Kaplan & Haenlein, 2009). Achieving this goal implies continuous efforts to improve services and methods of providing them by taking into account opinions, suggestions, and proposals from the citizens.

From the concept of relationship marketing, the functioning of an organization is considered to be interaction between various stakeholders and the organization, and that includes organisations in the public sector. Therefore, implementing marketing concept is a good way to manage relations with citizens and to meet their expectations, which is actually one of the key goals of business. Implementing concepts of relationship marketing in the public sector, and thus in the local government, emphasizes and demands communications, interactions, quality, and value for the stakeholders (Proctor, 2007).

Local governments can use various marketing communication tools in order to present information to the citizens. Traditional approaches include: billboards, bulletins, service catalogues, presentations, exhibitions, campaigns for raising awareness in relation to problems of general interest among others. (Lee, 2008). Over the last couple of years, electronic information and communication technologies have provided new ways of communicating with citizens (Armstrong, 2011).

3. Methodology

Previous researches have mostly analyzed implementation of activities of public relations sectors in Serbian local government (researches conducted by Public Relations Society of Serbia and non-government organization Center of Modern Skills), whereas there are no previous studies investigating implementation of other marketing communication tools.

According to the aims of the study presented in the introduction, the main research questions are:

- RQ1: Is there a difference between employees' perception on implementation of marketing communication tools in Serbian municipalities and the visibility of these tools from citizens' perspective?
- RQ2: Is the consumer satisfaction determined by the visibility of marketing communication tools?

The empirical research was carried out in the Republic of Serbia and it was divided into two parts. The first part of the research included local governments' staffs that were dealing with marketing activities and their aspect of the implementation level of marketing communication by governmental institutions at the local level. The other part included citizens in Serbia, as users of the local government services and their perception on the level of implementation and importance of marketing communications. Authors conducted two empirical researches on the basis of "gap analysis" and improving service quality model (Gelders & Ihlen, 2010, Zeithaml et al., 1990), which "shows why producers and consumers see quality in different ways and demonstrates the importance of expectations and perceptions in service delivery". The model identifies gaps between desired and actual levels of performance, in our case the level of implementation of marketing communications, and it is based on the presumption that the perceptions of two sides usually differ. By identifying the gaps in the perception of marketing communication tools that local governments employed, we could identify which tools are relevant for local governments, justified by the tools they invest in, and which tools were noticed by citizens. That could lead to better allocation of resources in marketing communication. Furthermore, by examining citizens and the importance they attach to marketing communication, we can conclude if it is justifiable to invest resources into marketing communication.

By identifying the various communication tools that local governments in Serbia use and, on the basis of literature, could employ (Finne & Gronroos, 2009; Plavsic et al., 2007; Proctor, 2007), the study explored the following tools: Advertising, informing within institution (leaflets and other in-door communication material), Internet communications, resolving citizens' complaints, publishing newspapers/magazines/bulletins of the institution, public relations, organization of events, sponsorships, communicating services' improvements. The respondents had an opportunity to state any unmentioned activities if they had employed/noticed them.

The first part of the research was carried out in local governments in the Republic of Serbia in order to determine the share of certain marketing communication tools. The research was conducted in cooperation with: The Ministry of Economy and Regional Development of the Republic of Serbia, Statistical Office of the Republic of Serbia, and Standing Conference of Towns and Municipalities (SKGO), as the national association of local governments in Serbia.

The research involved gathering primary data, by using the method of questioning, designed as a census. The field research was conducted from October 2009 to February

2010. The tool used for the research was questionnaire. The questionnaire was sent to respondents by SKGO representatives, through the network of people in charge, electronically with a cover letter in which the subject and goals of the research were explained. The questionnaire was sent to addresses of 167 municipalities in Serbia. After four iterations, the total number of gathered valid questionnaires was 109, which accounted for a response of 65%.

The second part of the empirical research was carried out among the citizens of Serbia in order to determine their stands on the role, i.e. importance of the implementation of marketing communication by local government.

The research involved gathering primary data by using the method of questioning, for the period October – December 2009. The tool used for the research was questionnaire. The questionnaire was tested by conducting a pilot research on 38 respondents of various demographic structures. Questionnaires from this part of the research were input and processed into software for statistical data processing SPSS Statistics 17.0. After preliminary analysis, it was established that a small almost insignificant number of answers to certain questions was missing and it was concluded that the questionnaire was concise, and the questions were clear and easy to understand.

The sample was determined by applying stratification. Serbia is divided into regions, and for the purpose of this study, three regions were considered, in which randomly chosen citizens, who used services of local governments over the period during which the research was carried out, were questioned. During the study, 605 questionnaires were gathered, out of which 575 were validated.

The sample included 309 men and 266 women, meaning that it was well-balanced considering sex of the respondents. It mostly included citizens capable of working, for it was assumed that they were the ones who mostly used services of the local government.

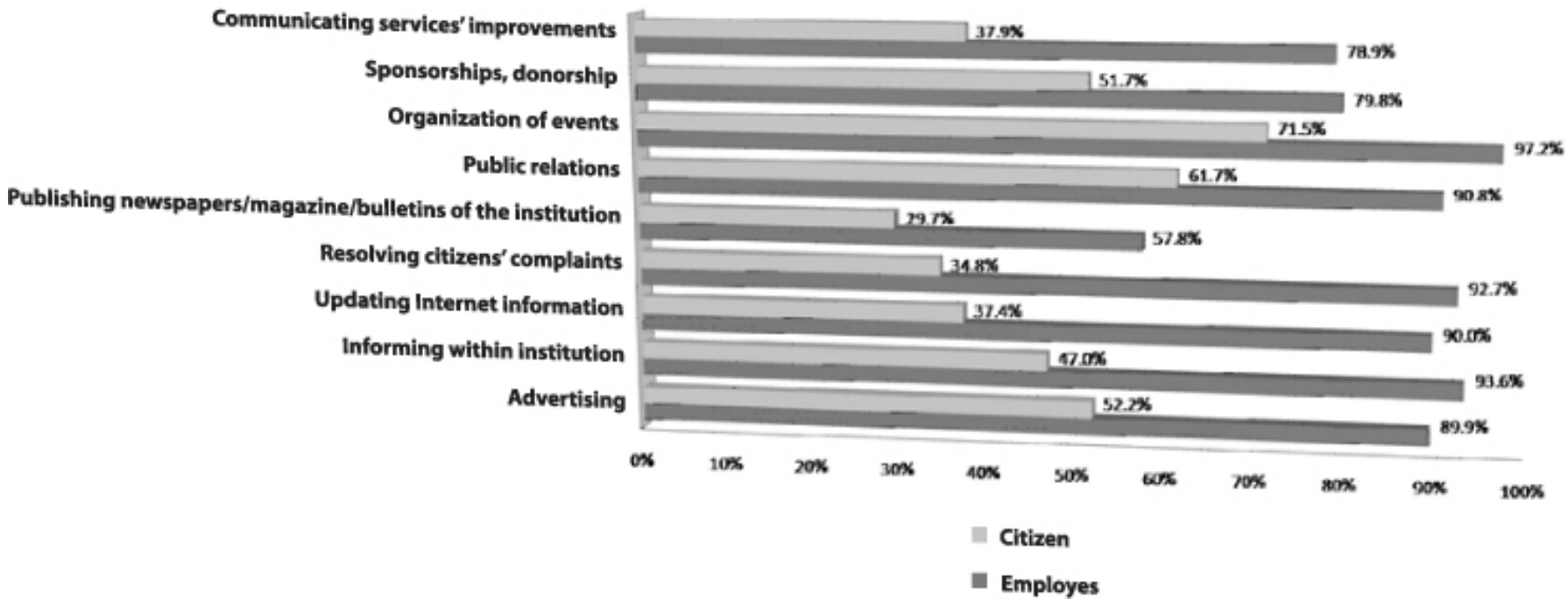
4. Findings

Findings of the research study are presented in relation to the respondents: Local government representatives and citizens.

Local Government Perspective

The questionnaire asked in local governments to determine the frequency of conducting certain marketing communication activities. Consistency of the gathered answers was tested, and Cronbachs Alpha test amounts to 0.701 for all given activities.

Figure 1: Frequencies of marketing communication tools in Serbian municipalities, employees' perception and the visibility from citizens' perspective



Marketing communications carried out by the local government compared to citizens' perception of their implementation are given in the Graph 1.

From the employees' in local government perspective, they implement all mentioned activities, and their frequencies are as follows: Organization of events (97.2%), informing within institution, via notice board, leaflets and other in-door materials (93.6%), resolving citizens' complaints (92.7%), public relations (90.8%), updating Internet information (90%), advertising (89.9%), sponsorship (79.8%), communicating services' improvements (78.9%), and publishing newspapers/magazines/bulletins of the institution (57.8%). The examinees did not add any activity that they employed, which was not already mentioned. It can be concluded from the stated that marketing communications are present in the local government in Serbia. Nevertheless, the most common activities are of one-way communications, but also we can see they employ some two-way communications, such as resolving users' complaints.

Citizens' Perspective

According to the citizens of Serbia, the local government conducts certain marketing communication activities in relation shown in Graph 1. It is interesting that the most visible activities are: Events organized by municipality (71.5%), texts about events published in media, municipality representatives being guests on TV and radio, interviews in the press (61.7%), advertising (52.2%) and sponsorship (51.7%). By determining the frequency of activities, the study identified the visibility of their implementation from citizens' perspective. We can conclude that there is difference between employees' perception on implementation of marketing communication tools in Serbian municipalities and the visibility of these tools from citizens' perspective, which is the answer on the RQ1. Significant role of media as a medium of informing the public can be seen here, and that was proven in the previous researches as well (Cicvarić et al., 2009).

By analyzing the compared values, shown in Graph 1, one could find gaps between marketing communication activities that local governments employ and activities that are noticed by citizens. For instance, from citizens' perspective, a very important activity is resolving their complaints, which is not noticed by them in the extent the local government really employs it. Furthermore, citizens do not notice informing via websites and various in-door materials in the extent to which they are employed by municipalities. Identifying the gaps could help employees in local governments, who are in charge of marketing communications, to know which tools they should make more visible to citizens.

Analysis (Chi square test) shows that there is statistically significant ($p < 0.01$) difference at the level of satisfaction of those citizens who notice implementation of marketing communication and those who do not (Table 1).

Table -1: Level of satisfaction of those users who do notice implementation of marketing communications

Activities	% satisfied citizens		χ^2	p	n
	Who notice that municipality employ activity	Who do not notice that municipality employ activity			
Advertising (TV, press, radio, Internet)	46.4	21.2	42.166	.000	196
Informing within institution (notice boards, leaflets...)	48.1	23	41.284	.000	198
Updating Internet information	50	23.7	53.110	.000	183
Resolving citizens' complaints	60.5	20.4	92.747	.000	190
Publishing newspapers/ bulletins of the institution	55.9	24.3	52.479	.000	183
Public relations	43.2	19.8	34.122	.000	194
Organization of events	35.8	31.4	5.082	.166	195
Sponsorships	40.9	27.8	11.908	.008	192
Communication services' improvements	57.8	20	87.481	.000	193

The study showed that consumer satisfaction is determined by the visibility of marketing communication tools, which is the answer to the second research question. Satisfaction was evaluated by the scale with the responses ranging from 1 (very dissatisfied) to 5 (very satisfied). Taking into consideration satisfied and very satisfied citizens and employing cross tabulation, we identified activities, which if noticed, have the greatest number of satisfied citizens, but also the largest difference in the number of satisfied and unsatisfied citizens. These are: resolving citizens' complaints (X2=92.747, p=.000, n=190), and communicating services' improvements (X2=87.481, p=.000, n=193). Furthermore, citizens' satisfaction is affected if they notice updating website information (X2=53.110, p=.000, n=183), and publishing newspapers/bulletins of the institution (X2=52.479, p=.000, n=183), but also advertising (X2=42.166, p=.000, n=196) and good informing within institution via leaflets and other in-door communication materials (X2=41.284, p=.000, n=198) among others. This could be extremely significant guideline for intensifying and improving certain activities that could affect citizens' satisfaction.

Even though the frequencies analysis showed that "organization of events" is both the most employed by local government and the most visible activity, the $\chi 2$ test showed that there was no statistical significance in the difference of the satisfaction level in case an event is or is not organized, i.e. satisfaction is not conditioned by this activity ($p>.01$). Therefore, it is possible to exclude this activity from any further considerations.

5. Conclusion

In this paper, we tried to bring together two different views about the implementation of marketing communication tools, internal stakeholder - employees in local administration, and external stakeholders – the citizens. Based on our analysis of the first research question and the data, it can be concluded that there is a difference between employees' perception on the implementation of marketing communication tools in Serbian municipalities and the visibility of these tools from citizens' perspective. The greatest gaps are identified in several important activities, such as resolving citizens' complaints, informing via websites and various in-door materials, and this could help employees in charge of marketing communication in local governments to know which tools they should make more visible to citizens. Further improvements on the use of marketing communications by local governments could be done in two directions: By intensifying the use of two-way communication tools and by integrating communication tools.

The second strand turned on the citizens' perception of the implementation of marketing communication tools in the local government. The citizens do notice implementation of marketing communications. They point out organization of events as the most noticeable activity. Nevertheless, it was established that citizens' satisfaction was not conditioned by this activity. The least noticeable activities were publishing municipal magazines and newspapers. Activities that have the greatest number of satisfied citizens, if they are noticed, but also the biggest differences between satisfied and unsatisfied citizens of services are: Resolving citizens' complaints and communicating services' improvements. Furthermore, citizens' satisfaction is affected if they notice updating website information and publishing newspapers/bulletins of the institution, but also advertising and good informing within institution via leaflets and other in-door communication materials etc. As the budget for marketing activities in local governments in Serbia is almost always limited (81.6% of employees identified the budget as the biggest issue for further development of marketing communications), the study identified activities which if intensified and improved upon, could positively affect citizens' satisfaction. For the local government management, it is clear direction for allocating resources. The stated considerations provide the answer to the second research question.

Although we have provided some initial answers, our findings also raise many new questions. For example, it would be worthwhile to explore the differences between other countries (this is the limitation of this study because our research is focused only on Serbia) and to provide guidelines for better implementation of integrated marketing communication strategy in local governments.

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Uncovering Consumers in Organized Retail Sector in India

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Abstract

The purpose of this paper is to promote understanding of types of consumers in India in organized retail sector. The main objective of the study was to identify and categorize the types of consumers visiting the organized retail stores. For collecting the primary data, at each store 30 samples were selected for this purpose based on convenience. The data collection method was an informal interview and discussions with consumers for about 15 to 20 minutes at the exit door of the three identified organized retail stores operating in Ahmadabad .The original identity of the respondents and store is disguised by coding. The findings of the consumers' categories were identified through the conversational interviews. The consumers were then finally categorized based on findings are described as, Economic Consumers, Hedonist Consumers, Moralistic Consumers, Active (Involved) and Inactive Consumers, Definite and Indefinite Consumers, Individualistic Consumers, Recreational Consumers. There was an implicit recognition of qualitative data management as an iterative process.

Keywords: Organized Retailing, Consumer Types, India

1. Introduction

Today in the highly competitive market, the growth and survival of any organization in any industry exceedingly depends on how well it understands its customers and responds to their current and potential needs. In the retail industry, understanding the retail customers plays an important role in the success of a retail store. In the Q&A at India Retail Forum 2008 Kishore Biyani enumerated gist and number of issues concerning retail business in India. He had highly stressed that retailing is all about understanding the consumers and success depends on it. The development of technology and globalization has led to a new era of consumerism where retailers focus completely on meeting the needs, wants and priorities of the consumer. It is important to know about the market and the various factors influencing the buying behavior of a retail customer Anonymous (2008).

As such all the consumers are potential consumers for the retail business, but more important is to identify the group of consumers who will become actual customers or purchasers within their outlets. Such different groups have distinct needs and wants may be because of their consumption pattern, demographics (like age profile, working patterns, income and expenditure, occupation), lifestyle changes, buying process, shopping behavior, shopping motivations and objectives, changing consumer among other.

It is claimed by Abercrombie et al. al., (1994) that modern societies are increasingly organized around consumption and therefore the trends in consumption pattern have emerged over a period of time which are very significant for retailers to observe and understand. The trends in consumption pattern describe how the consumers change over time and make predictions about how consumers will consume in the future. So, retailers need to comprehend the consumer profile. India's National Council for Applied Economic Research estimated that the nation's middle class population currently comprises about 17 million households – 90 million people – with annual earnings ranging between $4,500 and $22,000. An additional 287 million could be termed as 'aspirers' or those that hope to join the middle class in the near term. Thus rising incomes, particularly in the lower and middle-income households, are impacting retail consumers in India as these groups tend to spend more on upgrading and diversifying their lifestyles, eating out and moving on to processed and convenience items.

Generally it is perceived that consumers go for simple necessity to purchase the physical goods. But Tauber (1972) found through his research 'why do people shop?' realizing that were other reasons than the need to buy the simple physical goods. He found consumers' motivations for shopping are resulting from many factors, some of them are less associated to the buying of products, and more connected to personal and social motivations of individuals.

The purpose of the present study is to present an interrogative analysis of consumers' categories in Ahmadabad city of Gujarat. It also focuses on the describing consumers psychological and demographical characteristics. The focus of the research was qualitative in nature. A quantitative approach seeks a broad set of general findings and may give notice to the experiences of the individual as insignificant (Burns & Grove, 1993). However, there are various studies conducted in the similar line (for example, Stone (1954), The Chicago Tribune (1955), Stephen and Willet (1969), Darden and Reynolds (1971), Darden and Ashton (1975), Moschis (1976), Williams, Painter, and Nicholas (1978), Bellenger and Koargaonkar (1980), Westbrook and Black (1985), Lesser and Hughes (1986), AGB (1987), Cullen (1990), Kirk-Smith & Mak (1992), Jerratt (1996)). The main objective of the study was to identify and categorize the types of consumers visiting the organized retail stores. Thus, research focuses on how understanding of such categorized consumes is useful to the organized retailers.

2. Literature Review

It is very evident that market consists of a large variety of consumers. These consumers are different in various aspects, like, education, age, profession, locality, culture, and so on. For instance, Arnold (1997) found significant differences between the demographic profiles (e.g. age, education, household size) of large-format department store shoppers as compared to non-shoppers. A few more studies have examined the effect of consumer demographics on retail format choice in the grocery context. Zeithaml (1985) conducted a field study to examine the effects of five demographic variables (gender, female working status, age, income, marital status) on supermarket shopping variables (e.g. shopping time, number of supermarkets visited weekly, amount of money spent). It has been found that consumers differ in their shopping behavior. The consumers can be classified into different categories, like, Sinha and Uniyal (2007) have discussed in their research study. They have identified them as under:

a) Choice Optimizer: This type of consumers tries to obtain the greatest from their shopping activities.

b) Premeditated Shoppers: The consumers constituting this group go straight to specific racks or a particular section in a store.

c) Economizing Shoppers: Highly price conscious shoppers are economizing shoppers. Mainly they are found constrained by their budget,

d) Support Seekers: These types of consumers belong to the shoppers who likely to demonstrate low confidence while making purchase decisions.

e) Frequent Shoppers and Infrequent Shoppers: There are various studies that have classified the shoppers according to frequency of their visits to the retail stores for purchasing. Frequent shoppers enter the store very confidently and move around comfortably. Mostly the infrequent shoppers look around the store, ask for directions, and rush towards the shopping area or section as soon as the sales person provides the direction.

f) Recreational Shoppers: To stay at the store and enjoying the store atmosphere is one objective of these shoppers. While shopping processes, they try to obtain maximum recreational value.

Sinha and Uniyal (2007) have shown in their book on retailing that mostly, shopping orientation has been used widely to profile the consumers. The way consumers do shopping is indicated by their shopping orientations.
Solomon (1994) has identified several general shopper types. Although his work focused on western populations, it gives the general idea about them. They are:

a) The economic shopper: A rational, goal-oriented shopper who is primarily interested in maximizing the value of his or her money.

b) The personalized shopper: A shopper who tends to form strong attachments to store personnel.

c) The ethical shopper: A shopper who likes to help out the underdog and will support locally owned stores against big chains.

d) The apathetic shopper: One who does not like to shop and sees it as a necessary but unpleasant chore.

e) The recreational shopper: A person who views shopping as a fun, social activity –a preferred way to spend leisure time.

3. Research Methodology

To apprehend the determined objectives, an in-depth literature review was carried out using the available secondary data including the internet resources. For collecting the primary data from consumers, at each store 25 consumers were selected for this purpose based on their convenience. Consumers were asked various questions relating to their buying habits, spending orientations, brand preferences, likings, purpose of visit, and their overall behavior. The data collection method was informal interviews and discussions with consumers for about 15 to 20 minutes at the exit door of three identified organized retail stores.

The informal interview was chosen as a means of collecting data from the respondents. In this way, better idea on the part of the topic, the researcher could identify directly (Brenner et al. 1985). To get and ensure the right direction of the conversation, the researchers had used a check list containing 7-8 questions. The original identity of the respondents is disguised and consumers' transcripts are coded as A1, A2, A3, A4, B1, B2, B3, B4, C1, C2, C3, C4, and so on, using alphanumeric. Each interview was transcribed verbatim. Before taking an interview, the researchers have taken the oral consent of the respondent.

Population and Sample

The sample was drawn from consumers visiting at the organized retail stores. From this population, convenience samples of 30 respondents were selected. The sample consisted of both the gender and the sample size is considered acceptable for an exploratory study (Mason 1996). The respondents were chosen to represent the typical experience of the population from which they were drawn. Convenience sampling method was used to identify the respondents and to get information required. The decision to use this method may be criticized, for example Morse (1991) suggests that such a selection process is biased. It can, however, be argued that such bias was used positively to ensure that data are as accurate and complete as possible.

Data Analysis

It is recognized that data analysis in qualitative methodology begins with a need for familiarity with the data. To increase reliability of findings, the following procedure was used. To begin with, the transcripts were managed phrases and words were grouped together in common themes. The broad themes to emerge from the analysis were different types of consumers like:

Economic Consumers
Hedonist Consumers
Moralistic Consumers
Active and Inactive Consumers
Definite and Indefinite Consumers
Individualistic Consumers
Recreational Consumers

There was an implicit recognition of qualitative data management as an iterative process.

Limitations of the Study

The study was undertaken at the exit door of the selected retail store, predo minantly male respondents were 60 percent of the total respondents, and thus there is a gender bias to our study which may benefit from the further exploration or the research. Though due care was taken by the researchers at the time of data collection and documentation, it is possible to have an error of misinterpretation or missing at all some part of data and therefore biasness in the study. The sample size of 75 although acceptable for exploratory study, does limit the study's claims of general descriptive representativeness. Nevertheless, strong broad themes emerged from the collected and explored supported the some of the past studies and warrant further exploration.

4. Findings and Results

The findings of the consumers' categories were identified through the conversational interviews. There were many differences across the samples. In general, the findings suggest that the consumers may be because of their socio-economic, psychological, and demographical background and sometimes it was previous experiences. The consumers were then finally categorized based on findings are described as under:

Economic Consumer

According to the findings of research, in retailing an economic consumer can be defined as the consumers who decide to buy or shop in a cost-effective way and make balanced choices, in a more simple language spending their money wisely. The economic consumers are apparent from the following metaphors:

- I buy only those products which I get at lower prices. - A3
- The schemes offers on Wednesday attract me to visit this store especially on it. - B8
- I normally wish to spend my money after necessary products only. I spend carefully. - C5

Utility is a term used to measure the amount of return a consumer gains from a good or service they choose to spend for, thus spending their money wisely, in retailing terms is a method of maximizing consumers own utility. They can also be termed as rational consumers.

Hedonistic Consumer

The research suggests that such kinds of consumers are thinking that they are persons who: like to have some extra because I deserve it, buy on impulse, and like shopping for new things.

These types of consumers have elements of shopping and impulse buying, and self-gifts because the person means that she or he deserves it. The hedonistic consumer is described as pleasure loving or self-indulgent and a person with high consumption measured in costs. This is supported by Brusdal and Randi (2005) and Kaul (2006) in their research work. While conversation some of the consumers expressed,

- I purchased two Punjabi Suits last week when I came with my friend to accompany her for shopping. Really I liked them very much at first sight only. - A1

- Whenever I visit this store, I always look for the new products like instant food products, wrist watches, styles of clothes, and so on. - C9

Moralistic Consumer

Moralistic consumers purchase intentionally the products and services that the customer considers to be made ethically. This may mean with minimal harm to or exploitation of humans, animals and/or the natural environment. They are also sometimes regarded as "Ethical Consumers", their buying behavior is bifurcated as 'positive buying' in which ethical products are favored, or 'moral boycott', that is negative purchasing and company-based purchasing . The moralistic consumers are evident from the following phrases.

- I prefer to purchase the handicraft items (files, folders, pens, table pieces etc...) made by women or children. - A8
- Plastic packs must be banned as they are spoiling the environment. - C6

The moralistic consumers were found more principle based while shopping the products. It was observed that the term moralistic consumer may be considered as an emerging and wider movement within retailing, which means that large corporations wish to be seen as working ethically, should try for improving the ethical standards of their business.

Active and Inactive Consumer

The research proposed that there are also consumers who are active and assertive, not passive. They are very careful about their purchases. Before making any purchase decision, they check all the major criteria like, price, discount offers, quality, quantity, product features, brand, etc. Such consumers commented;

- I knew about the offers on electronics, I had read about it in the yesterday's Gujarat Samachar. This is the best offer I have seen ever. - A4
- While shopping I always look at the brand of the product and the manufacturing company. - B3
- I come for shopping rarely; it is a job of my wife. I am not much attentive while purchasing household items. - C7

They also perform comparative analysis based on above mentioned parameters. The involved consumers are also aware that how marketers trying to attract them. The adverse was also found from the consumers, which were labeled as inactive consumers. Solomon (1994) has identified several general shopper types in his work where he named inactive consumers as apathetic shoppers.

Definite and Indefinite Consumers

The research findings contained repeated indications based on the narrow (specific) and broad (unspecific) choices of products. The consumers constituting a group go straight to specific racks or a particular section in a store, defined as definite consumers. They seem to be as they have narrow choice of product set. Such type consumers ask for the specific product or service and generally do not compare with any of the options. They are well determined in advance about their shopping. These types of consumers are noticeable from their statements;

- I do not waste time in shopping; I just go to the sections from where I will buy. - A7
- I always buy Surf Excel washing powder. - B10
- While buying my apparels, I mostly come with my friends as they help me in identifying best and suitable color combinations. - C1

The research unfolded another category of consumers termed as indefinite consumers, such consumers are those who normally show low confidence while making purchase decisions. They either need help from the accompanying person or takes an opinion of store personnel to take a purchase decision. Normally, before making any kind of decision they consult a lot with others.

Individualistic Consumers

The individualistic consumers defined as positively interpersonal, a closeness of relationships between the customer and personnel. Such types of consumers contact to the salesperson that is paying personal attention while he is purchasing. They seek individualized and extra care from the store personnel. They also believe in the long term relationship with the store personnel. Solomon (1994) stated such consumers as personalized shoppers, describing as more attachment to store personnel. Individualistic consumers stated as under:

- The salespeople are very cooperative; I am satisfied because they pay personal attention. - A6
- The smiling face of salespeople makes shopping delightful. - C3

Recreational Consumers

The research findings suggested that consumers visit to enjoy the store atmosphere. It simply gives them pleasure and joy. Such consumers try to get maximum recreational value while purchasing at the stores. Looking at the merchandise display, layout arrangement, store ambience and atmosphere they obtain pleasure. Their visits to the store last longer spending maximum time, they also see, read, listen, and take trials of almost everything that is possible and on display. These findings are similar with the studies carried by Sinha and Uniyal (2007) Solomon (1994). The recreational consumers are visible from the following metaphors:

- The environment inside the store is very cool and pleasant. - A2
- I normally spend three to four hours while I come for shopping in this store because I like to visit all the sections and sometimes I just pass time inside. - B5

5. Conclusion

Retailing activity is known in general, as a process of selling goods and services to the final consumers for their personal, or their family's consumption. Therefore, it is in the interest of every retailer to gather as much as possible information allowing the understanding of the final consumers so that the goods and services offered remains relevant to the consumers. To conclude, Gilbert (2002) has rightly motioned in his book, it is important to realize that no retail organization can be effective unless it has a complete understanding of the way retail consumers make decisions and act in relation with the consumption of the retail products. The term 'consumer' seems to be singular but in reality there is wide variety of consumers. The retailers need to study consumer types to be aware of: the needs as well as the purchase motives of the individuals, how demographic change may affect retail purchasing, the different effects of the promotional tactics, the complexity and process of purchase decisions, the perception of risk for retail purchase, the different market segments based upon purchase behavior, how retail managers may improve their chance of business success.

From the research findings, it can be concluded that there are different types of consumers existing in India.

They are:
Economic Consumers
Hedonist Consumers
Moralistic Consumers
Active and Inactive Consumers
Definite and Indefinite Consumers
Individualistic Consumers
Recreational Consumers

The understanding and insights about the above defined types of consumers enables retailers to increase the footfalls and hence their business.

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Notes

[1]Ahmadabad is the economic hub of Gujarat state in India.
[2]Q&A stands for question and answer
[3]India Retail Forum 2008 which was held on September 16-18, as its annual convention in Mumbai
[4]Kishore Biyani is a CEO, Future Group, one of the India's largest listed retailers.
[5]Hasan M., Issar A., Ojha G., & Singh B. P., 'The Indian retail bazaar', published their work in Brand strategy, November 2006, pp. 36-39
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Perceptions and Image of Indian Consumers at Shopping Malls

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Abstract

Shopping malls have emerged as an entertainment destination where consumers visit not only for shopping but also to combine it with entertainment. So, a developer has to understand the consumer perceptions and enhance the image of his mall to succeed in this business. For this he has to understand the trade area and provide the products and services as per their expectations of consumers visiting the mall. He must therefore position the mall to select the right tenant mix, promote the mall through regular events to enhance the footfalls and set up new standards and procedures in mall management. The developers, shoppers and retailers must therefore give an enthralling visit experience to consumer, so that he comes back again and again with a loyalty approach.

Keywords : Shopping Mall, Consumers, Perception, Footfalls, Retail, Image.

1. Introduction

The spread of shopping malls is a significant trend (Rama Rao V.S, 2008) in the Indian retailing scene due to its international appeal (BMI, 2011). Malls inspire Fashion based shopping as distinct from the need based shopping inspired in Super markets and discounts stores (CiteMan, 2007). In India this mall culture has grown with an incredible pace due to the rising incomes, easy availability of credit cards and a demographic composition which favors spending in malls. This has also resulted in the change of spending habits of affluent customers, as most families do their grocery shopping at malls and pay by credit cards/debit cards. These changed trends have also created an increase in the number of shopping malls which has recorded a growth of is CAGR 18.9 % between 2007 to 2015. (KPMG, 2010) Between 2010-12, the total retail mall stocks will more than double from the existing 41 mn. sq.ft to 95 mn.sq.ft. (Knight Frank,2010) and from the present 190 malls to 280 malls by 2013 (CB Richard Ellis,2010).Malls throughout the country are now being positioned as one-stop-shop for shopping, entertainment, leisure and eating out needs rather than a place only for shopping for fashion products and hence also getting bigger day by day (K.Meenakshi, 2009). They are also becoming image benchmarks for communities. Today, a shopping mall offers not only a great shopping experience but also a lot of business opportunities. This has created competition for the mall developers and they have started giving more importance to factors like parking, mall design and customer relationship because the number of department stores and mall store shoppers correlate positively with the amount of time they spend in the mall.

It is speculated that by 2011, India will have an additional 280 hypermarkets, 3,200 supermarkets, 400 department stores, 1,200 mega specialty stores and category killers and 20,000 exclusive brand outlets across the various retail categories. This speculated growth will be supported by the upcoming malls which alone will provide an additional 200 million square feet of quality retail space by year 2011 (India Retail Report,2009).

India has one of the youngest populations in the world compared to the aging populations of the US, China, Japan, and the UK. By 2025 (PwC, 2011), due to the migration and population growth, the urban population is estimated to account for 37 (KPMG, 2010) percent of the total population. At the same time, the Indian consumer market is likely to largely be an urban affair with 62 per cent of consumption in urban areas versus 38 per cent in rural India (KPMG, 2010). The middle class (including aspirers), which accounted for 45 per cent of total households in 2005, is expected to rise to 68 per cent by 20253. Aggregate consumption is also expected to grow four fold in real terms from US $ 420.7 billion in 2006 to US $ 1.73 trillion by 2025 (KPMG, 2010)

With the changing lifestyles, incomes and shopping habits, there is a lot of scope for organized retailing. Shopping malls are helping these retail giants by providing them the infrastructure required to grow fast.

The present study is based on the multiple drivers of growth and the issues being faced today by these shopping malls as their occupancy rate is decreasing day by day and they are not able to find the right rentals due to reduction in the footfalls. So, the developers should position their property according to the profile of customers residing in the trade area. They must not act only as a realtor, because poor mall management have reduced the traffic of the mall and resulted in low conversion rate. They must therefore research the area and then plan the tenant mix in their mall as per the target customers. Create unique selling propositions (USP) for their malls and have the right rentals for their shopkeepers because high rentals will lead to less profit for their shop owners. The mall developer should also create an ambience and maintain a hygienic environment for the consumers to shop and have a good experience at the mall. This will further lead for a better experience and enhance the image in the minds of consumers.

This study has been conducted in selected malls of Delhi, Bombay, Madras and Mangalore and the data has been collected through mall intercept survey with the help of structured Questionnaire. The selection of respondents has been through Convenience, Quota and judgment sampling. These findings have also been validated with the help of hypothesis where we have tested the significant difference in the mean value of different factors of Shopping Mall image and the average value of perception of the customers of different shopping malls.

2. Present Scenario

The retailing sector has experienced deep changes in the last decades (Eastlick and Lotz, 1999). Commercial attraction has become a basic management tool in planning retail development strategies because of the increase in the number of retail options.

Store Choice

The store choice is a consumer behavior outcome of a binary nature. The consumer chooses whether or not to purchase in a particular store after searching for information and evaluating the other stores that represent options (Spiggle and Sewall, 1987). When reviewing the investigations related to the store choice process four approaches are found (McGoldrick,1992): (1) Explanation of how and why a buyer

decides to visit a certain number of commercial establishment and not other ones (Bearden,1983, Crockett and Teel,1983; Sheth, 1983; Spiggle and Sewall 1987); (2) investigations based on the buyers' characteristics that examine how variables such as income, sex and age influence the store choice (Pessemier, 1983; Woodside and Moore 1983) ; (3) studies that examine the impact in a certain market area, as much on the retailers as on the consumers (Nowell and Stanley, 1991; O'Neill and Hawkins, 1980); (4) predictive-probabilistic models referred to the psychological state of the buyers and those referred to the influence of the establishment (Brown,1989; Craig, Ghosh and McLafferty,1984; Evans, Christiansen and Gill 19965; Wrigley, 1988).

Store Image

The most emphasized relationship by the researchers in this field is the link between store characteristics and their subjectivity: image. This constitutes one of the most important elements of the store choice process. Image can be considered from the consumer perspective (Baker, Grewal and Parasuraman, 1994; Darley and Lim, 1999; Joyce and Lambert, 1996);from a management point of view (Finn and Louviere,1996),and from both perspectives (Pontier,1988). Image can also be related to the store patronage phenomenon (Arnold, Handelman and Tigert, 1996; Evans et al., 1996), and can affect the individual's preference for a specific store.

A distinct image may exist within consumers' minds for each retail store. This is based on the salient elements of the retail mix. According to Ghosh (1990), the merchandise of a retailer is the most important element in the retail mix. A retailer has to make sure they offer those products to their customers that they are expected to offer. Nevertheless, there are other non-functional elements in conjunction with the expectations of the customer in order to procure customer loyalty.

Preference and Patronage

Following the contributions of Spiggle and Sewall (1987), preference refers to the state of positive influence a consumer has in respect to a given store, which may or may not result in store choice or patronage. Bearden (1977), Green, Mahajan, Goldberg and Kedia (1984), Holbrook and Corfman (1984), Holbrook and Hirscham (1982) and Zajonc and Markus (1982) are examples of studies that analyze preference. Generally, the patronage construct is defined in terms of visiting frequency (Korgaonkar,Lund and Price,1985) and, therefore, it is described in percentages rather than a binary result. Patronage behavior is the habit or the search for variety (Spiggle and Sewall 1987). Assortment overlap and inter-store distance are determinants of shared patronage (Stassen et al. 1999) Some of the most recognized recent studies on this model are Arnold et al. (1996), Evans et al. (1996), Meoli, Feinberg and Westgate (1991).

In fact, malls play a major role in consumers' lifestyle (Terblanche, 1999). They have become not only a centre for shopping but also a community centre for social and recreational activities. Stores, food courts, restaurants, cinemas, children's play areas, interactive entertainment, social use areas, relaxation spaces and promotional areas are now major components of any mall (Terblanche, 1999).

With the growing number of malls, shoppers tend to be more selective. They are more likely to patronize malls that are more attractive and have a wide variety of stores and merchandise that match their preferences. Therefore, it is essential for mall managers to know the extent to which their malls are attractive to their shoppers (Wong et al., 2001). However, mall attributes that are attractive for some shoppers are not necessarily attractive for others. Therefore, the purpose of this paper is to analyze the perceptions and image of consumers visiting the shopping malls from the consumers' perspective and then suggest the mall owners to strategize their decisions based on these factors to enhance the footfalls in their malls and satisfy the consumers visiting these malls so that they develop a loyalty factor among themselves.

3. Survey Findings

After the analysis it was found that 74.5 percent of respondents visit a shopping mall for shopping and entertainment both and 12.8 percent go only for shopping and 12.8 percent only for entertainment. (see table 1). It was also observed that consumers who come for entertainment come with family and children and stay for a longer time in the mall covering long distances, visit the food court and spend more money than the customers who come only for shopping.

Table -2: Attraction to Shopping Mall

	Number of respondents	Percent
Discount Store	191	28.0
Food Court	191	28.0
Multiplex	170	24.9
Amusement Centre	77	11.3
Others	53	7.8
Total	682	100.0

The study signifies that 28% of the respondents get attracted to the shopping mall only due to an Anchor store which exist in the form of Discount store/ food Court, 24.9 % are attracted by Multiplex,11.3 % by Amusement Centers and 7.8 % by others (see table 2).

Table -1: Reasons for Visiting a Shopping Mall

	Number of respondents	Percent
Shopping	87	12.8
Entertainment	87	12.8
Both	508	74.5
Total	682	100.0

Around 55.1 percent of customers visit a mall to buy fashion products, 17.9 % visit to buy their daily needs from a discount/ specialty store, 10.1 % visit for availing services, 6.7 % to buy household goods, 6.3 % to buy durables and 3.8 % to buy other categories of items (see table 3).

Table -3: Items Purchased Most Frequently

	Number of respondents	Percent
Daily Needs	122	17.9
Fashion products	376	55.1
Durables	43	6.3
Services	69	10.1
Household Goods	46	6.7
Others	26	3.8
Total	282	100.0

Majority of respondents (around 57.9 percent) said that their purchasing needs get fulfilled by this mall, but 32.1 percent said that that their purchasing needs get partially fulfilled by the mall and 10 percent said that their purchasing needs were not being fulfilled by the mall (see table 4).

Table -4: Purchasing Needs Fulfilled by the Mall

	Number of respondents	Percent
Yes	395	57.9
No	68	10.0
Partially	219	32.1
Total	682	100.0

Among the sample surveyed 42.1 percent consumers were not satisfied and among them 10 percent of consumers were totally dissatisfied and 32.1 percent of customers were partially dissatisfied. This has been because 52.3 percent of customers say that in the malls genuine discounts are not available, 36.7 percent say that products/brands are not available and 11.0 percent talk about the availability of services (see table 5).

Table -5: Expectation from the Mall

	Number of respondents	Percent	Valid Percent
Availability of products/brands	104	15.2	36.7
Availability of services	31	4.5	11.0
Genuine discounts and schemes not available	148	22.4	52.3
Total	287	42.1	100.0
Respondents opted for "yes"	395	57.9	
Total	682	100	

This study says that people are more interested in mall as a recreation center and that is the reason that 37.4 percent of people have indicated for more games of different types for them as well as their family and children to be the additional facility in the mall. This has also been a proven fact that due to entertainment the consumer can even go to a longer distance spends more time and money in the mall. Apart from games 23.8 percent of consumers wanted an additional facility of health club, 18.3 percent of pubs, 13.9 percent of casinos and 6.6 percent of others (see table 6).

Table -6: Additional Single Facility in the Mall

	Number of respondents	Percent
Health Club	162	23.8
Pubs	125	18.3
Casinos	95	13.9
Games	255	37.4
Others	45	6.6
Total	682	100.0

After analyzing the expectations of consumers we also did an image study based on two parameters Shopping Environment (SE) and Product-Promotion-Price (P-P-P) factor we visualized that among the malls the average mean on Shopping Environment factor recorded by these malls under study in Delhi, Bombay, Bangalore and Madras is 2.84 whereas on Product- Promotion-Price Factor it is 3.10 in 5 point scale (see table 7) with an average Standard Deviation of 0.76. Among the selected ten malls Bangalore Central, Bangalore, recorded the highest mean (3.02) and Atria Millennium Mall, Bombay recorded the lowest mean (2.68). The Standard Deviation recorded is also the lowest (0.70) for Ansal Plaza, New Delhi and also the highest for Atria Millennium Mall, Bombay (0.89).

In the Product- Promotion-Price study the highest mean recorded was by In Orbit Mall, Bombay and Garuda Mall, Bangalore (3.16) and the least mean by Atria Millennium Mall ,Bombay (2.99) whereas the average mean recorded was (3.10) and the average Standard Deviation was 0.55. The standard deviation recorded was the lowest for Chennai City Centre, Madras(0.51) and highest for City Walk, New Delhi (0.63).

The most consistent mall based in the P-P-P Study was Garuda Mall, Bangalore which recorded a mean (3.16) with a Standard Deviation of (0.56).This means that the consumers rate Ansal Plaza, New Delhi most and In Orbit Mall, Bombay next, with a mean (3.16) and a Standard Deviation (0.57). The lowest recorded was for Atria Millennium Mall, Bombay with a mean (2.99) and a Standard Deviation (0.58). The customer perception for all malls on the basis of Shopping Environment (SE) was a mean ranging from 2.68 to 3.02 with a standard deviation ranging from 0.53 to 0.89.

In the Product-Promotion-Price (P-P-P) study the mean ranged from 2.99 to 3.16 and standard deviation from 0.49 to 0.63. This indicates that the Image of the shopping mall perceived on the basis of both Shopping Environment and Product-Promotion-Price is most consistent in the case of Ansal Plaza, New Delhi where the Mean for SE or P-P-P both recorded was (2.95) and a SD for SE or P-P-P both (0.70) and Product-Promotion-Price factor with a mean (3.14) and a Standard Deviation (0.53) whereas for other malls both the factors are varied both in mean and standard deviation.

Table -7 : Image of Shopping Malls Under Study

Shopping Malls		S E	P-P-P
Ansal Plaza	Mean	2.95	3.14
	N	66	66
	Std. Dev	0.70	0.53
City Walk Saket	Mean	2.74	3.12
	N	64	64
	Std. Dev	0.81	0.63
TDI Mall Rajagarden	Mean	2.82	3.10
	N	68	68
	Std. Dev	0.91	0.57
City Square (Life Style) Rajagarden	Mean	2.83	3.12
	N	66	66
	Std. Dev	0.74	0.49
Total (4 Delhi Malls)	Mean	2.83	3.12
	N	264	264
	Std. Dev	0.79	0.55
Bangalore Central	Mean	3.02	3.05
	N	75	75
	Std. Dev	0.84	0.57
Garuda Mall	Mean	2.80	3.16
	N	68	68
	Std. Dev	0.53	0.56
Total (2 Bangalore Malls)	Mean	2.91	3.11
	N	143	143
	Std. Dev	0.71	0.56
Chennai City Centre	Mean	2.87	3.06
	N	64	64
	Std. Dev	0.80	0.51

The indicators are that older plazas e.g. (Ansal Plaza) are liked more by consumers in terms of a better Shopping Environment than malls like Bangalore Centre and Garuda Mall in Bangalore which are graded better in terms of Product-Promotion-Price as they provide many promotions to attract shoppers.

When the study was conducted based on responses of Consumers for all selected malls to survey the image of malls based on the Shopping Environment and Product-Promotion-Price factors we found that the (mean value) was between 2.68 and 3.16.Therefore it is difficult to say that there is a significant difference between the various shopping malls.

To know whether the differences in mean values are significant the Analysis of Variance (ANOVA) was done. Two different hypotheses were prepared with the different factors of the Mall Image and different shopping malls. The first set of hypothesis was as follows:

Analysis of Variance

The Null Hypothesis for factors of Mall Image.

H0 – There is no significant difference in the average value (mean value) of different factors of Shopping Mall Image.

The Alternate Hypothesis for factors of Mall Image:
H1 – There is at least one factor which is significantly different in the average value from the other factors of Shopping Mall Image.

The Null Hypothesis for Malls:
H0 – There is no significant difference in the average value of perception of the customers of different shopping malls.

The Alternate Hypothesis for Malls:
H1 – There is at least one mall which has a significant different average perception of the customers of the malls.

Table -8: Analysis of Variance (Anova)

Source of Variation	SS	df	MS	F	P-value	F critical
Rows	0.2513	10	0.0251	4.211	0.000137484	1.968
Columns	4.4724	7	0.6389	107.054	8.01057 e-35	2.143
Error	0.4177	70	0.0059			
Total	5.1415	87				

Table 8 shows that both the null hypothesis are accepted at very good level of significance. There is no significant difference in average values among the mall image factors and the perception of customers in these malls.

4. Conclusion

From the above analysis it can be interpreted that shopping malls has now emerged as a major source of customers' buyouts. The modern day customers lay more emphasis today on the value for money. A customer therefore visits a shopping mall not only for the purpose of shopping but also for entertainment where he is more concerned about his comfort and enjoyment. This is only possible if the mall developers provide world class facilities with better ambience and mall management. For a mall developer positioning the

mall based on the image and perception of customers in the trade area becomes an important factor. His main task therefore becomes to devise the right tenant mix to provide products and services as per the expectations of consumers'. Various promotions must be planned at regular intervals to enhance the footfalls and generate an interest in customers for visiting these malls.

The ambience and courtesy provided by the mall attendants and shopkeepers must be of high quality because this will always attract the customer to visit the mall regularly. His visit must be made memorable so that it develops a loyalty factor in him. He is satisfied both in shopping as well as entertainment in the mall and is a regular visitor to the mall. The shopping mall also maintains a close contact with him through various CRM initiatives which are fine tuned at various intervals. This keeps them informed about various events and promotions planned at the mall. They maintain a regular feedback mechanism to check the satisfaction level of customers in relation to the products and services provided by the mall. They are always open for suggestions to improve the quality of their services. These efforts certainly raise the standards of the mall management and the customer is happy about the initiatives being taken by the mall. The business of the shopkeepers in the mall also gets enhanced and they are motivated further to give their best services because the management at the mall develops a partnership approach. They are ready to have a share in profits as well as risks. This changes the whole approach of mall management and everybody share resources as well as ideas for the benefit of both by taking risks as well as sharing profits for extra business generated in their shops through the particular event. Then only the mall succeeds in the long run.

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Branding and Brand Extension: Understanding Brand Image

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Abstract

Many companies adopt brand extension a strategy with the aim of benefiting from brand knowledge achieved in the current markets. The main purpose of this study is to investigate the impact of brand extensions on parent brand image. A case of Johnson and Johnson is presented. Four selected brand extensions are Johnson and Johnson shampoo, Johnson and Johnson's isotonic drinks, Johnson and Johnson's sportswear and Johnson and Johnson's suntan lotion. Samples were selected from Bradford, UK; consist of both male and female consumers. Structured questionnaires were used to collect data through convenience sampling from a sample group of 250 respondents. Results show significant impact of brand extension on the parent brand; they indicated negative impact of brand extension on parent brand image if brand extension is done in different brand categories. Perceived brand quality and perceived brand fit of the extension also affect the parent brand image. Extending a brand in the same product category possibly increases brand acceptance.

Key words:
Brand Extension, Parent Brand, Brand Fit, Consumer Behavior, Johnson and Johnson, UK.

1. Introduction

Many companies adopt brand extension strategy with the aim of benefiting from brand knowledge achieved in the current markets. Perceived brand quality and perceived brand fit of the extension also affect the parent brand image. Extending a brand in the same product category possibly increases brand acceptance.

This article explores whether doing brand extension has any impact on the parent brand image, and whether extended products in same or different categories have any impact on parent brand image?

A case study of Johnson and Johnson's brand extension has been presented in this article. Four selected brand extensions are Johnson and Johnson shampoo, Johnson and Johnson's isotonic drinks, Johnson and Johnson's sportswear and Johnson and Johnson's suntan lotion. Results of the study show significant impact of brand extension on the parent brand; they indicated negative impact of brand extension on parent brand image if brand extension was done in different brand categories. The main purpose of this study was to investigate the impact of brand extensions on parent brand image.

2. Branding and Brand Extension

Developing a new brand requires much more investment than creating a brand extension which was what motivates firms to prefer brand extensions of already well established brands/products (Keller, 2008). Market was a place of competition and cost associated with introduction of new brand always soars, many firms are trying to decrease the risks involved in new product introduction and market the new product using the name of already well known existing brand as brand extension (Amble, 1997).

Brand extensions leverage a firm's most valuable hidden asset, its brand name (Tauber, 1981, 1988). For this reason the last decade shows that many firms use brand extension strategies to enter new markets. According to Amble et al. (1997), it was a common strategy for the last decade that companies prefer brand extension rather than introducing a new product under new product name. Amble (1997) suggested that when a product was introduced under brand extension, it has more chances of survival than introducing a new product with new brand name.

Marketers believe that brand extensions are evaluated favorably by consumers because consumers transfer positive attitudes or affect of the parent brand toward its extension.

Yet, this transfer may not be automatic but may depend upon the perception which consumer has in his/her memory about the parent brand (Aaker et al., 1990).

Many companies adopt brand extension as a strategy with the aim of benefiting from the brand knowledge achieved in current markets. Marketing strategy determines the choice of targeted market segment, positioning, marketing mix, and allocation of resources (Aaker et. al., 1990; Milberg et al., 1997). When a company launches a new product and market under the umbrella of a well-known brand name, failure rates and marketing costs are reduced (Keller, 2003). Keller (2003) has stated that, more than eighty per cent of firms resort to brand extensions as a way of marketing goods and services.

Creating a brand name with well-established association was one way of achieving this aim. Firms invest heavily in developing a brand (Keller, 2008). However, firms do not always have the financial strength to create a new brand name for each newly developed product. Usually a more economical strategy was to introduce a new product under the umbrella of an existing product.

3. Brand Image and Brand Extension

Brand extension creates the value for single brand name and makes it a mega brand. Companies prefer to extend the brand rather than creating a new brand. Companies introduce new product or extend the product line to avoid the risk involved in the introduction of a new brand. In the brand life cycle (growth, expansion, scope and adaptability), the brand extension always plays a very crucial part (Kapferer, 2001). Many companies use the image of existing brands in new markets and launch new products e.g. Virgin Group. Virgin initially worked on retailing and publishing of popular music. By using its previous reputation, the company launched its existing brands into new markets. The firm started its business from music and now it owns air lines, was a respected financial advisor and cola producer (Randall, 2000).

The most important consideration for launching a new product was to capture more market share and improve the net profit margin by using the name of a well established brand. According to Pitta et al., (1995), observed that a change in top management of companies was sometimes a reason for brand extension.

Whenever a company initiates a new product it was considered as new product development. Launching a new brand maximizes the risk of failure so there was a need to change the product development process and thereby increase the chances for all new initiated products to be successful in

the market (Brassington et al., 2000). Developing a brand extension was considered as development of a new product. Brassington et al. (2000) presented a framework for new product development. This framework consists of eight steps. Following are the new product development stages (1) idea generation, (2) idea screening, (3) concept development and testing, (4) business analysis, (5) product development, (6) test marketing, commercialization and (7) monitoring and evaluation.

According to Buday (1989), the companies' rationale behind extending brands was to attain economies of scale. Basically companies use the one brand name and introduce product in different categories, it can possibly reduce the communication expenditure as extended brand utilizes the well positioned parent brand name. The customer easily gains familiarity with new product due to the awareness and attachment with the parent brand name.

4. Brand Evaluation and Brand Extension

There are three studies which provide basis for customer brand evaluation. The first study was conducted by Aaker and Keller in 1990. They started with two research designs to evaluate the customer brand evaluation. According to results of their first study, customer associations with any specific brand can either harm or improve the evaluation about brand extensions. If the parent brand was well recognized and well positioned, brand extension acceptability in the market increases. Similarly, a parent brand lays the basis for successful acceptance of its extensions (Aaker & Keller, 1990).

The second study was conducted by Sundae & Brodie (1993); they adopted the same methodology and hypothesis tested by Aaker & Keller in 1990. Some of their results showed relevance with Aaker studies while others were different. According to their results the relationship between how difficult it was to make the product class of the extension and the attitude towards the extension was not significant. However, if the parent brand perceived quality was high, then customer attitude towards acceptance of the product extension was higher. Their results also supported the Aaker and Keller conclusion that the fit between the parent brand's product class and the extension's product class has a positive association with the attitudes the consumers have towards the extension. The third study was conducted by Bottomley and Doyle in 1996; this was the second replication of Aakle and Keller study. The authors were interested to test of results of both studies which were conducted on customer brand evaluation. According to their findings perceived quality and perceived fit of the parent brands are the two factors which make brand extension association in the customers mind. The result of their study has not supported the Aaker and Keller notion, that it was an easy task to make extension; however, it was viewed as more favorable by the customer.

Volckner's (2006, 2007 and 2008) work on image feedback effect on brand extension, consumer evaluation and drivers of brand extension provides the baseline for new indicators for brand extension. Recent study of Volckner et al., (2010) findings provided new parameters, different from previous studies. They concluded their results by using Partial least technique (PSL) that the dominant success driver was parent brand quality rather than the perceived fit between the parent brand and the extension. Similarly, Sattler et al., (2010) access the impact of brand extension success factors on brand extension price premium.

5. Johnson & Johnson: A Brand Extension Study

Primary Data was collected from consumers of Johnson and Johnson who are familiar with the brand and they are also using brand extensions of Johnson and Johnson in the Bradford Area, UK. The data was collected from respondents for checking impact of similar as well as distant brand extension on parent brand. Variables under consideration will be brand image, consumer attitude, perceived quality, perceived fit and brand awareness. Secondary data was collected through two data bases i.e., Emerald and Science Direct. Population for the current study was determined from the literature. The sample size for this study was 250 consumers comprising male and female.

Convenience sampling technique was used for drawing a sample from the population of Bradford city UK. For data analysis, descriptive statistics as well as correlation was used.

Table-1 below shows the demographic profile of respondents participating in the survey. The population for this study consisted of Johnson & Johnson consumers. As the number of female participants in survey were about 164 and that of males 86. Most of the respondents (27%) were in the age range between 26 to 30 years. A total of 67.6% of the respondent's were aged below 30 years.

Table -1 : Demographic Profile of Respondents

	Variables	Frequency	% age
Variables			
	Male	86	34.4
	Female	164	65.6
Total		250	
Age Group			
	15-20	57	22.8
	21-25	44	17.6
	26-30	68	27.2
	31-35	35	14.0
	35-40	29	11.6
	>40	17	6.8
Brand Usage Experience	< 1 Year	39	15.6
	2-3 Years	87	34.8
	4-5 Years	57	22.8
	6-9 Years	47	18.8
	> 10 Years	20	8.0

Table-2 shows the Cronbach's α (alpha) of variables in consideration. Cronbach's α (alpha) was a coefficient of reliability. It was commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. The results indicated Cronbach's α (alpha) for questionnaire (25 items) was 0.901. The Cronbach α (alpha) for individual variable of perceived fit was (0.875); perceived quality (0.812); brand awareness (0.792); consumer attitude (0.813) and parent brand image (0.864).

Table -2 : Cronbach α (alpha) Coefficient

Variables	Cronbach's α (alpha)	No of items
Perceived Brand Fit	0.875	5
Perceived Brand Quality	0.812	5
Brand Awareness	0.792	5
Consumer Attitude	0.813	5
Parent Brand Image	0.864	5
All Overall Alpha for instrument	0.901	25

As values of Cronbach Alpha for two of the variables was above acceptance level so in order to test collinearity, collinearity test was undertaken. Results are shown at Table 3.The results reflected that Tolerance levels (< or equal to 0.01) and Variation Inflation Factor (VIF) values (below 10) were within acceptable range (Kleinbaum et al., 1988). Durbin Watson values for all factors were between 1.5 and 2.5). The results did not indicate multicollinarity between variables.

Table -3 : Test of Co linearity

Variables	Tolerance	Variance Inflation factor (VIF)
Perceived Brand Fit	0.651	1.537
Perceived Brand Quality	0.545	1.904
Brand Awareness	0.743	1.709
Consumer Attitude	0.702	1.364
Durban Watson Test value = 2.3		

6. Correlation Analysis

There are four correlation matrixes according to different product category. Table-4 shows the correlation matrix for Johnson and Johnson's shampoo. Johnson and Johnson's shampoo was a pioneer brand of Johnson and Johnson's. According to table 3, results reveal that Johnson and Johnson's shampoo brand image has positive relation with brand awareness and value of r= .64 i.e. r-square was 64% (significant at 1%). Johnson shampoo brand fit was high and significant at 5%. Similarly, perceived brand quality was also high (r-square= 78%, P < 0.01) and has positive impact on brand image. Brand image of the product always enhances if company retains the perceived brand quality according to customer specification.

Value of perceived brand fit was also positive with brand familiarity i.e. r-square= 56%, P< 0.01. This high significance value shows that if the product was in same category then that product has high brand familiarity. All the value of consumer attitude was positive with perceived brand image, brand awareness, perceived brand quality and perceived brand fit and almost significant. It means that consumer brand awareness and brand usage was very high. Consumer brand awareness also has positive value with perceived brand quality i.e. r-square= 72% and significant at 1%.

Table -4 : Johnson and Johnson's Correlation Matrix

		1	2	3	4	5
1.	Brand Image	1				
2.	Brand Awareness	0.604**	1			
3.	Perceived Brand Fit	0.675	0.564**	1		
4.	Perceived Brand Quality	0.787	0.690**	0.725*	1	
5.	Consumer Attitude	0.656	0.343	0.235	0.305	1

**p< 0.01, *p< 0.05, N=250

Table 5 shows the correlation results for Johnson and Johnson's suntan lotion. According to table 4.3, there was negative correlation between brand image and brand awareness. Value for r= -40 and relation was also significant at 1%. This means that there was low Johnson and Johnson's suntan lotion brand awareness which has negative impact on Johnson brand. Perceived brand fit has positive correlation with brand image and value for r-square was 67 % and significant at 5 %.

As Johnson and Johnson's suntan lotion was in same product category that's why brand image and perceived fit has positive relation. Similarly perceived quality was also positively associated with brand image. Table 5 shows the correlation results for Johnson and Johnson's suntan lotion. According to

table 4.3, there was negative correlation between brand image and brand awareness. Value for r= -40 and relation was also significant at 1%. This means that there was low Johnson and Johnson's suntan lotion brand awareness which has negative impact on Johnson brand. Perceived brand fit has positive correlation with brand image and value for r-square was 67 % and significant at 5 %. As Johnson and Johnson's suntan lotion was in same product category that's why brand image and perceived fit has positive relation. Similarly perceived quality was also positively associated with brand image.

Table -5: Correlation results for Johnson Suntan Lotion

		1	2	3	4	5
1.	Brand Image	1				
2.	Brand Awareness	-0.406**	1			
3.	Perceived Brand Fit	0.676	0.797**	1		
4.	Perceived Brand Quality	0.666	0.699**	0.601*	1	
5.	Consumer Attitude	-0.342	0.347	0.455	0.310	1

**p< 0.01, *p< 0.05, N=250

Table 6 shows the correlation results for Johnson's sportswear. It's the first product which was not in product category of Johnson and Johnson. Johnson and Johnson launched this brand extension in late 80's. According to results, there was negative correlation between brand awareness and brand image (r= 0.40, P< 0.01). As Johnson and Johnson was mostly famous for its shampoo so due to low brand awareness, brand awareness was also low. Similarly there was also negative correlation between brand image and perceived fit (r= 0.788, P < 0.01). Low perceived brand fit was due to brand extension in new category. There was also negative correlation between perceived brand fit and brand awareness (r= 0.345, P< 0.01). Literature review suggests that extending brand in new category has negative impact on parent brand image as well as on brand awareness.

Table -6: Correlation results for Johnson and Johnson's Sportswear

		1	2	3	4	5
1.	Brand Image	1				
2.	Brand Awareness	0.412**	1			
3.	Perceived Brand Fit	-0.788	-0.345**	1		
4.	Perceived Brand Quality	0.564	0.699**	0.422**	1	
5.	Consumer Attitude	-0.436	0.567	0.365	0.202	1

**p< 0.01, *p< 0.05, N=250

Table 7 shows the correlation results for Johnson and Johnson isotonic drinks. isotonic drinks are consumed to help recover lost energy after exercising. Johnson and Johnson introduced the isotonic drink for sportspeople. Table 7 shows that there was significant positive correlation between brand image and brand awareness (r= 0.70, P< 0.01). There was negative correlation between brand image and perceived brand fit (r= -0.76, P< 0.05). Negative relationship was due to change in product category. Similarly perceived brand fit has negative correlation with brand awareness (r= -0.74, P< 0.01). Low brand awareness results from low brand familiarity. Consumers are well aware of Johnson and Johnson's shampoo and suntan lotion but they don't have enough awareness of Johnson and Johnson's isotonic drinks.

Table -7: Correlation results for Johnson and Johnson's Isotonic Drink

		1	2	3	4	5
1.	Brand Image	1				
2.	Brand Awareness	0.701**	1			
3.	Perceived Brand Fit	-0.768	-0.745	1		
4.	Perceived Brand Quality	-0.766	0.701**	0.600*	1	
5.	Consumer Attitude	0.400	0.295	-0.242	0.295	1

**p< 0.01, *p< 0.05, N=250

According to the results explained in above tables it was very clear that all these variables contribute significantly in branding. Almost all the results are according to literature review. According to results revealed, perceived brand fit was an important variable which has major impact on dilution of parent brand image. Launching a new brand extension in new product category was sometimes useful but consumer awareness and brand familiarity are major items to be considered before launch. As results are shown, Johnson and Johnson's suntan Lotion has positive correlation results on brand image while there was negative perceived brand fit for both Johnson and Johnson's sportswear and J Johnson and Johnson's isotonic drinks. Although Johnson and Johnson perceived brand quality was positive for all the brands but low brand fit diluting the parent brand image.

Table -8: Regression Analysis Results

Variables	Standard Beta (β)
Brand Image	0.406*
Brand Awareness	0.647**
Perceived Brand Fit	**0.213**
Perceived Brand Quality	0.797**
Consumer Attitude	0.521**
Parent Brand Image	0.369**
R^2	0.648
Adjust R^2	0.645
F Value	217.87**

**p< 0.01, *p< 0.05, N=250

Similarly, second most important observation was consumer attitude. Consumer attitude increases with brand awareness. In case of suntan lotion which was Johnson and Johnson's product in parent brand category, consumer has positive attitude but for sportswear and isotonic drinks, it's negative. Overall results suggest that Johnson and Johnson have to increase the awareness among consumer about their extended brands.

The F value (217.87, d.f. = 8,961) was significant at the 0.01 level and the total variance explained was 64.8% suggesting a good model fit. The variables ranked in order of their influence would be Perceived brand quality, brand awareness, Consumer attitude, brand image and parent brand image. The value for perceived brand quality was higher than that of perceived brand fit. This result was in line with the findings of Volckner (2010). Similarly, most of the correlation results for perceived fit are also negative.

7. Conclusion

Current study was a small effort to advance the information available on brand extension. First, study results show that perceived brand fit or brand fit was the most crucial factor in order to evaluate brand extensions. As study results reveal that if the extended product was in same category as the parent brand, then it receives high consumer recognition. Suntan lotion has high and significant value for perceived brand fit as its product category was same as parent brand. While sportswear and isotonic drinks has negative perceived brand fit due to change of their product category. So it was concluded from above discussion that launching of brand extension in new product category dilute the image of parent brand.

Second important factor was parent brand awareness. If awareness of parent brand was high, then there was a high chance of success for brand extension. Extension was helpful to improve profit margin but new product must be in the same category.

They suggested that companies must build brand awareness as it contributes a lot to successful brand extensions. In case of Johnson and Johnson, the parent brand was very famous and popular among consumers but due to extensions in other product categories, overall brand image may be affected. As consumers have different perceptions about different products so building positive brand association limits the risk of extension failure. So it was concluded from above discussion that parent brand awareness was a crucial factor for the success of brand extensions.

Thirdly, parent brand quality was a most important driver for the success of brand extension. Previous studies claim that parent brand fit was an important driver for success of brand extension but the Volckner findings were different.

Finally, if there was positive attitude from consumer towards parent brand then it will favor the newly launched brand extensions too. As in case of Johnson and Johnson, consumers have a positive attitude in case of suntan lotion however it was negative in case of sportswear. Therefore it can also be concluded from results thus far revealed that positive perceived brand fit was more effective in determining consumer attitudes towards brand extension in different product categories.

The study results revealed that launching a product in same product category was more acceptable than that of a new category. Introducing a new product in the same category leads to a higher perceived brand fit, higher perceived brand quality and more positive consumer attitude. It was therefore recommended that Johnson and Johnson should adopt brand extension strategy but the new product must be in same category. Negative perceived brand fit and consumer attitude for sportswear and isotonic drinks shows that these brands are diluting Johnson and Johnson's parent brand image so Johnson and Johnson's has to adopt a policy that would synergize the situation.

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Under Researched Gaps in Marketing Strategy Implementation

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Abstract

Relevant literature review of marketing strategy implementation indicates that it has a significant role to play on companies' performance through its integration with the marketing strategy formulation. Examining marketing strategy implementation literature shows that there are gaps which need further investigation in the field of marketing strategy research with a special focus on marketing strategy implementation. Firstly, there is a critical need to investigate marketing strategy implementation since most studies have concentrated on marketing strategy formulation rather than its implementation. Secondly, the separation of marketing strategy formulation and implementation is the most important "shortcoming" in the research area of marketing strategy. This separation hurts companies' performance. The rationale is most failures in companies have come from the poor implementation of marketing strategies. Based on relevant literature review, this paper has suggested nine variables, which may lead to the successful implementation of marketing strategy. These variables are change management, internal marketing, company marketing assets and capabilities, resource commitment, marketing strategy consensus, cross-functional teams, internal communication, organisational structure, and marketing knowledge.

Keywords: Marketing Strategy Implementation, Marketing Strategy Formulation, Research Gaps, Resources-Based Theory.

1. Introduction

An examination of marketing strategy literature indicates that marketing strategy formulation and implementation are not separate parts. Most marketing strategy literature has shown that little attention has been given to marketing strategy implementation. Most studies have focussed on the marketing strategy making process rather than marketing strategy implementation (Bonoma, 1984; Bonoma & Crittenden, 1988; Cespedes & Piercy, 1996; Noble & Mokwa, 1999; Menon et al., 1999; Varadarajan & Jayachandran, 1999; Piercy, 1999; Berry, 1999; Cravens, 2000). Marketing strategy implementation has a critical role to play in a company's operations since it deals with the customer on a daily basis. The customer does not experience the formulation of marketing strategy(ies) but rather experiences its implementation Although marketing strategy implementation has a critical role to play on company performance, relatively little attention has been devoted to investigate it or examining its integration with marketing strategy formulation. This paper is organised into five sections. Sections one and two present the paper's introduction and its objectives. Section three presents literature review concerning marketing strategy implementation. Section four discusses recent perspectives that have joined the debate regarding research on marketing strategy implementation. The last section of this paper presents conclusions and underresearched gaps for future research. The marketing strategy implementation literature review discussed in this paper reveals gaps which require further investigation and empirical evidence.

The objectives of this paper are firstly to examine relevant literature review on marketing strategy research in order to reveal recent perspectives concerning marketing strategy implementation and why it should be integrated with marketing strategy formulation in one paradigm; secondly to reveal theoretical gaps that have emerged from marketing strategy implementation literature review that requires further investigation.

2. Understanding Marketing Strategy Implementation

Considerable empirical work has been carried out which shows that the separation and distinction between marketing strategy formulation and implementation damages company's performance. One of the early authors who addressed this topic was Bonoma (1984). Bonoma argued that it is easier to think up clever marketing strategies than it is to make them work under the different constraints created by company, competitor, and customer factors. Marketing strategy formulation and implementation affect each other. Based on his empirical work, Bonoma (1984) recognised that the characteristics of excellent marketing practice include excellent top management and managers, a strong sense of identity and of direction in marketing policies, strong appeal to customers, and management ability to substitute its own skills for shortcomings in the formal structure.

In the same vein, Bonoma and Crittenden (1988) argued that most academics assume that if a marketing strategy is sound, then its implementation will be smooth. Marketing strategy implementation is mainly concerned with "how to do the marketing job" rather than "what to do within the job". Bonoma and Crittenden (1988) have developed taxonomy for marketing implementation. This taxonomy includes two dimensions that included structured variables and managerial skills. Firstly, structural variables which are concerned with four structural levels, namely; marketing actions, marketing programmes, marketing policies, and marketing systems levels. Secondly, managerial skills, which are concerned with managers' behavioural skills in four central implementation processes, namely; interacting, allocating, monitoring, and organising skills. Piercy and Morgan (1991) have emphasised the critical role of practising internal marketing for marketing strategy implementation. The integration of both external and internal marketing strategies may help the organisation in the successful implementation of marketing strategy. They found that there were a number of barriers to the implementation of marketing, which were: Partnership structure, ignorance of marketing, isolation of marketing, insufficient internal marketing training, the "me too philosophy", and lack of professional culture and marketing budget.

Furthermore, at the beginning of 1990s decade, several authors addressed marketing strategy implementation from the resources-based perspective (Barney, 1991). Bharadwaj et al., (1993) focussed on key success factors which express a relationship between business performance, in terms of competitive advantages, and the cause of that performance in terms of assets and skills. Key success factors refer to the leverage functions and activities a company must master in order to outperform its rivals (Day and Wensley, 1988). Based on a qualitative study, Bharadwaj et al. (1993) developed a model of sustainable competitive advantage for service industries. The model contained two main categories which are (a) Drivers and processes/capabilities of competitive advantage. (b) Necessary requirements for competitive advantage-key success factors; they are concerned with key success factors which contribute to creating superior customer value and performance. They strongly argued that the formulation of strategy is just part of the explanation of performance. The actual implementation of strategy, for instance how a company tries to implement service quality, takes credit for a large part of the explanation of performance differences.

Debate on marketing strategy implementation continues when Meldrum (1996) argues that although specialist marketing personnel may be able to use their knowledge and skills to perform functional activities such as conducting market research and disseminating consequent product specifications. What is important for implementation is that the results of such activities influence organisational behaviour, support organisational objectives and positioning, and contribute to organisational success. Whilst the linkages between managing these processes well, and marketing knowledge and skills remain a subject for speculation, they are also critical issues in efforts to implement marketing. In the same vein, Cespedes & Piercy (1996) and Piercy (1999) argue that many of the difficulties that are associated with marketing implementation in practice appear to arise because of the conventional approaches to the formulation of marketing strategies, which have taken the view that marketing strategy formulation and marketing strategy implementation are distinct and sequential activities. These approaches lay at the heart of many execution difficulties in organisations. They are one of the critical weaknesses that have contributed to the weakening of the marketing paradigm.

Based on their considerable literature review of marketing strategy formulation and implementation "dichotomy", Cespedes & Piercy (1996) have suggested a number of risks associated with this "dichotomy" as follows:

a) Ignores the interaction between the process of marketing strategy formulation and an organisation's unique capabilities and constrains.
b) Reduces the ability of the organisation to establish a marketing strategy, which draws on its core competencies.
c) Risks divorcing the plans produced from changing realities of the inner workings of the organisation.
d) Encourages the establishment of professional planners and the consequent uncoupling of strategy from operating plans.
e) May rely too heavily on the rational-analytical belief that strategies are direct, and are chosen by management, rather than being emergent and growing from the experiences and preferences of the company and its members.
f) Assumes that the development of strategies is problematic and execution is not, which is the reverse of much managerial experience (managers know what marketing is but they need to know how to do it).
g) Ignores the cross-functional integration between groups and functions in the organisation.
h) Ignores the potential for middle management; counter implementation efforts.

3. Recent Perspectives in Marketing Strategy Implementation

Recent literature on marketing strategy implementation has indicated that the debate on its crucial role on company's performance is still going on, and a number of recent views have joined this debate. Kotler (1997) has taken a broader view of marketing strategy implementation in which he describes it as the process that turns marketing plans into action. Piercy (1998) argues that the ability of organisations to effectively implement marketing strategies is surprisingly poorly understood. He further argues that the issue of marketing implementation has been long recognised as critical to marketing effectiveness, and an area of particular weakness in many organisations. In response to Bonoma (1984) and Bonoma &Crittenden (1988) calls for the research area of marketing strategy implementation, Piercy (1998) argues that there is little evidence that the fundamental complaints about marketing strategy implementation have been addressed satisfactorily, that implementation is rarely accorded its warranted significance in discussing marketing strategy, and there are particular issues now becoming apparent that justify renewed efforts in this area. Piercy (1998) viewed the marketing strategy implementation as a comprehensive and detailed process that takes into account both the marketing strategy contexts and the organisational contexts in which the strategy is being implemented. This represents the behavioural and organisational aspects of marketing strategy implementation. The behavioural aspects are the ability of individuals to interpret information and develop market understanding, their motivation, commitment, and their behaviour in developing and delivering value to customers. The organisational or contextual aspects of the process are the learning capabilities and responsiveness of the organisation, and its management strategic orientation.

Cravens (1998), in his response to Piercy`s (1998) argument for renewing efforts in the area of marketing strategy implementation, argues that there are four issues in the market-driven era that are relevant and critical to marketing strategy implementation. Firstly, shifting from functions to processes. The clear message is that organisations are being transformed into flat organisation structures. The main implication of this view is that marketing strategy implementation becomes process driven involving multifunctional teams. Secondly, implementing a marketing strategy requires that everybody in the organisation is responsible for serving customers and creating value for them. This requires support and organisational commitment to the strategy that is being implemented. Thirdly, leveraging modularity to facilitate

marketing strategy implementation, the major challenge is coordinating and integrating the activities of the participating individuals and functions. Fourthly, recognising the new economics of information technology which is concerned with using the explosion of information technology to communicate electronically.

Appiah-Adu (1998) argues that the more effective the implementation of marketing activities, the more likely it is to exert a significant influence on business performance. Companies that commit financial and managerial resources to improve marketing practices can expect enhanced performance. In the same context, Moorman & Miner (1998) argued that marketing strategy formulation and implementation are not two distincts and discrete actions but are intertwined in an incremental fashion with the formulation and implementation happening simultaneously in a system with continuous feedback. In the same spirit, Varadarajan and Jayachandran (1999) consider marketing strategy implementation (how the marketing strategy is carried out) as the actions initiated within the organisation and their relationships with external constituencies to realise the strategy (e.g., organisation structure and coordination mechanisms). They have conducted considerable assessment of the state of the field of marketing strategy and its research streams (e.g., market orientation, strategy formulation). The Varadarajan and Jayachandran (1999) assessment found that there is lack of an international orientation to marketing and the extent to which strategy-performance relationships are observed in the context of U.S. businesses are generalisable in the larger international context and/or in other market contexts remains underresearched.

In supporting the previous arguments, Noble & Mokwa (1999) strongly argue that marketing strategy implementation pervades strategic performance. They further argue that it is a critical link between the formulation of marketing strategies and the achievement of superior organisational performance. The nature of marketing strategy implementation and the reasons for its success and failure are poorly understood. Moorman & Miner (1998) and Menon et al., (1999), separately, argue that one of the potential reasons for the limited understanding of how marketing strategies are made is that marketing strategy scholars have generally distinguished between marketing strategy formulation issues and marketing strategy implementation; meanwhile they should be incorporated in an integrated process to achieve success. This is supported by Menon et al., (1999) who have developed a model of marketing strategy-making components and its antecedents and consequences. The antecedents of marketing strategy-making are three components. These are: Centralisation, Formalisation, and Innovative culture. The consequences of marketing strategy making are the performance outcomes, which are: Creativity of strategy, Organisational learning, and Market performance. Menon et al., (1999) have used a multicomponential representation of marketing strategy making (creation) by incorporating aspects of marketing strategy formulation and implementation. They have conceptualised the following seven constructs or components of marketing strategy creation.

I. Situational Analysis
II. Comprehensiveness
III. Emphasis on Marketing Assets and Capabilities,
IV. Cross-Functional Integration
V. Communication Quality
VI. Strategy Consensus Commitment
VII. Strategy Resource Commitment.

A recent trend has emerged which focussed on the resources-based theory for the effective process of marketing strategy implementation. Barney (1991), Hunt & Morgan (1995), and Menon et al., (1999), separately, argue that an additional component for marketing strategy should be added; an explicit exploitation of the firm's core capabilities. Empirically, Menon et al (1999) carried out a study among 212 senior executives of both services and manufacturing firms which revealed that emphasis on marketing assets and capabilities was positively related to market performance. Furthermore, based on their considerable literature review on marketing strategy implementation, Noble & Mokwa (1999) argue that marketing strategy implementation research has suffered from at least three limitations. Firstly, the sum of marketing strategy implementation research is small. Secondly, its research focussed exclusively on implementation issues at the organisational or functional level with little attention given to manager-level factors. Thirdly, much of its research is not based on theoretical grounding. Piercy (1999) argues that the strategic importance of marketing strategy implementation comes from the fact that an organisation tries to translate the intended marketing strategy into practicalities of operational marketing policies by which it intends to achieve a strategic position in the marketplace. This should be done in each area of the marketing programme in a comprehensive way with a special focus on providing customer value.

Within the services marketing context, Berry (1999) argues that any business should create value for customers. There is a crucial relationship between core values, core strategy, integrated subsystems and strategy execution. The core strategy is the definition of business, and it changes rarely, if at all. For the strategy execution, Berry (1999) argues, that execution refers to the performance of individual strategies. He argues for executional excellence in which he stressed that a focused strategy, no matter how brilliant, still must be executed. Berry (1999) argues that a well-executed strategy diminishes opportunity for competitors. A customer does not experience a strategy; a customer experiences the execution of the strategy-that is the "total product". Unexecuted strategy spells failure. Great service companies not only have focussed strategies, they also focus on execution.

The only option is to outperform competitors.

A poorly executed strategy clears a path for competitors to succeed by imitation. Berry (1999), based on his empirical work in best service organisations in the US economy, explores and identifies approaches and methods that can help to achieve executional excellence as follows:

a) The first rule in the execution of the company's strategy is to hire excellent people in order to implement the company's strategy.
b) Managing the evidence through a careful manipulation of an orchestrated stream of evidence e.g., creating a good and memorable experience with the service.
c) Availability of flexible systems for serving customers and dealing with special circumstances.
d) Active listening between the company and customers to improve the execution of the marketing strategy.
e) Structural improvement process.
f) Active listening requires an ongoing, systematic, and well-organised process of data gathering about both the customers and employees in order to improve the execution of the strategy.

Cravens (2000) argues that the ultimate performance of market targeting and positioning decisions rests on how well the marketing strategy is implemented and managed on a continuing basis. A good marketing strategy implementation process spells out the activities to be implemented, which is responsible for implementation, the time and location of implementation, and how implementation will be achieved. In order to improve the implementation of marketing strategy, he suggests a number of implementation skills, as below:

a) The ability to understand how others feel.
b) Good bargaining skills.
c) The strengths to be tough and fair in putting people and resources where they will be most effective.
d) Effectiveness in focusing on critical aspects of performance in managing marketing activities.
e) The ability to create a necessary informed organisation to match each problem with which they are confronted,
f) Organisational design through creating multifunctional teams and using flexible and flat organisational structure to aid the implementation of the strategy.

Akroush (2003) carried out an empirical research on insurance organisations in Jordan. The aim was to examine the effect of marketing strategy elements on insurance organisations' performance through marketing strategy implementation factors. Akroush found there is a significant and positive relationship between marketing strategy elements (the marketing mix variables) and insurance companies' performance. Akroush also found that only two of the marketing strategy implementation variables are found to have fully moderated the relationships between the marketing strategy formulation components and the insurance organisations' performance. The marketing strategy implementation variables were marketing assets and capabilities, and company marketing experience. Other marketing strategy implementation variables such as communications and top management commitment did partially moderate the relationship between marketing strategy and performance. Furthermore, the effect of marketing strategy implementation variables on the relationships between the marketing strategy formulation components and performance is found to have varied according to performance criteria.

Akroush's study suffered from shortcomings viz., other marketing strategy implementation factors such as organisational structure and change management were not included in the study. However, the study recommended a comprehensive examination of all aspects of marketing strategy formulation and implementation, and company performance in future research endeavours to reveal their simultaneous impact on organisational performance.

Kotler & Keller (2007) argue that marketing no longer has sole ownership of customer interactions; rather, marketing needs to integrate all the customer-facing process so that customers see a single face and hear a single voice when they interact with the firm. Each business function has a potential impact on customer satisfaction. Under the marketing concept, all departments need to "think customer" and work together to satisfy customer needs and expectations. More recently, using a qualitative research design and methodology, Akroush (2007) carried out an empirical study that aimed at understanding the beliefs about and attitudes towards marketing strategy implementation success aspects held by marketing managers and executives who had been involved in implementing marketing strategies in public shareholding service organisations in Jordan. The study found that the marketing strategy implementation success aspects were: superior marketing competencies, organisational culture, and external business environment, practising internal marketing, organisational structure and change management. The qualitative findings suggested that superior marketing competencies and organisational culture were among the most important aspects that exerted a strong influence on the success of marketing strategy implementation. The study recommended examining if there are other factors that affect the implementation of marketing strategy.

4. Conclusion

The discussion and examination of marketing strategy literature has indicated that the most important conclusion to emerge there from is that marketing strategy formulation and implementation are not distinct activities, but rather are interrelated activities that should be incorporated in one

process by which companies can improve their performance. Much of marketing strategy literature has focussed mainly on marketing strategy formulation rather than its implementation. Furthermore, the separation between marketing strategy formulation and implementation activities does impair companies' performance. Marketing strategy implementation should take a strategic role rather than a tactical role at the end of the strategic marketing planning process. The rationale for this conclusion is that the formulation of strategy is just a part explanation and the actual implementation of strategy takes credit for a large part of the explanation in performance differences. Marketing strategy implementation pervades strategic performance. It goes beyond the traditional view of implementation which deals with marketing as a "separate function". It is an "integrated process" with the other functions and activities in the company.

Figure -1: Integrating Marketing Strategy Formulation, Implementation, and Performance

Under-Researched Gaps

Based on a thorough review of marketing strategy implementation literature, three gaps emerged that need more empirical investigation. These gaps are:

Gap One

Most studies examined in the marketing strategy literature have focussed on marketing strategy formulation rather than its implementation. Consequently, it is argued that there is a critical need to investigate marketing strategy implementation because it has a considerable impact on companies' performance. Furthermore, marketing strategy implementation has not yet been satisfactorily researched and there is a need to renew efforts in this area, which is still underresearched.

Gap Two

The separation of marketing strategy formulation and implementation damages companies' performance. Recognising both marketing strategy formulation and implementation activities as separate activities is the most important "shortcoming" in the research area of marketing strategy. Hence, it is argued that marketing strategy formulation and implementation are not separate activities. Rather, they should be incorporated in one process by which the company can achieve its objectives, rather than spending and focussing much effort on marketing strategy formulation only. This is because most failures in companies have come from the poor implementation of marketing strategies. Therefore, it is argued that there is a critical need to integrate both the marketing strategy formulation and implementation activities in one paradigm in order to reveal their simultaneous effect on organisations' performance. Research in this area is very much needed and is a promising research arena especially in developing countries such as Jordan.

Gap Three

The illustration at left shows the process of integrating marketing strategy formulation and implementation, and business performance.

There is no specific "guideline" which may lead to the successful implementation of marketing strategy. Specific review of literature is more appropriate and desirable. Variables should be defined in terms of their operational meaning. Consequently, there is a critical need to develop a comprehensive view through identifying factors that may lead to the successful implementation of marketing strategy. Based on the marketing strategy implementation literature review, nine variables are identified which tend to affect performance. These variables are:

I. Change Management
II. Internal Marketing
III. Marketing Assets and Capabilities,
IV. Resource Commitment
V. Marketing Strategy Consensus
VI. Cross-Functional Teams
VII. Internal Communication
VIII. Organisational Structure
IX. Marketing Knowledge

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Corporate Social Responsibility:
A Strategic Business Tool

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Abstract

The corporate social responsibility (CSR) concept is subject of a vigorous debate, on one hand heavily supported by a number of scholars, while strongly opposed by others. The concept is regarded differently by the two groups, ranging from the foundation of business existence to the genuine waste of private resources, respectively. The initial critique is based on a premise that such a concept is antagonistic to the basic business objectives. This paper examines the development of CSR into a strategic business tool.

Keywords: Marketing, Corporate Social Responsibility, Strategy

1. Introduction

The term corporate social responsibility (CSR) dates from 1960s', but the concept itself has a long history. According to Nickels, McHugh, McHugh & Cossa (2007, p. 150) CSR is "the concern businesses have for the welfare of society". The idea of responsible conduct by the societal subjects is not new since all of the societies through the history attempted to find a balance between what was appropriate for both an individual and the society. Early human societies were based on common goals that were shared by the individuals within. We could argue that social responsibility, in different forms, has existed since the establishment of first human communities. In these communities, individuals were performing duties which benefited them, but these actions also benefited other members of the community. Some individuals were hunting, some were preparing food, some were looking after the shelter for the community, and some were defending the community from enemies. Today, we consider these actions socially responsible.

One of the first recorded thoughts regarding our role in society is credited to Aristotle. According to Aristotle, "one has to think of oneself as a member of the larger community, the Polis, and strive to excel, to bring out what was the best in oneself and the community shared enterprise. What is best in our virtues—are in turn defined by that larger community, and there is therefore no ultimate split of antagonism between individual self-interest and the greater public good" (Solomon, 2002, p. 73). However, modern emergence of the CSR concept cannot be accurately traced to any point of time. Hay & Gray (2002) claim that it was Jeremy Bentham, late eighteenth century English philosopher, who established the concept of social responsibility. His principle was written into the Declaration of Independence as the pursuit of happiness as a societal goal of the American colonists. Yet, the preamble of the United States' (US) Constitution incorporates the promotion of the general welfare. And yet, the founder of the modern economics, Adam Smith, established the foundation for the Western world's business thinking.

2. Development Phases of Corporate Social Responsibility

Some of the factors that contributed to the development of CSR as a concept are changing societal values based on the economic progress and the growth of the corporations as separate legal entities. Western Civilization (Western Europe and North America) was the first to make significant economic progress due to modern industrial revolutions. Early stages of these revolutions were characterized by the business survival as a basic business objective. There was no understanding concerning employee's human or labor rights, environmental preservation and customers' needs. The only concern was profit as a requirement of business survival. That basic need for survival is found in another theory that is not related with business survival, but it definitely helps us to understand the behavioral patterns of early entrepreneurs. The famous psychologist, Abraham Maslow, developed the Hierarchy of Needs theory. "The hierarchy consists of five levels: physiological needs, safety and security, love and belonging, self-esteem, and self-actualization" (Robbins, Coulter & Langton, 2008, p. 255).

According to this theory, one must first satisfy basic needs before progressing to a higher level, and in order for an individual to move up the ladder of needs, one must satisfy the lower level needs. If we look at Western Civilization at the beginning of the Industrial Revolution, we can see that civilization was attempting to satisfy a basic physiological need: the need for physical survival. This corresponds to the human physiological needs of safety and security. This opinion is supported by the fact that many civilizations were founded in geographic regions characterized by scarce natural resources and required significant development to satisfy their physiological needs. Hence, Western Civilization required a significant period to move up the ladder of the needs hierarchy. Hay & Gray (2002) also suggest that the concept of social responsibility has moved through three distinct phases, with the first phase characterized by profit maximization as the only objective. It is based on Adam Smith's work and belief that individual business people act in their selfish interest, guided by an invisible hand that ultimately leads to the promotion of the public good. Similar philosophy is reflected in the marketing management orientation of the time. The philosophy was characterized by the production concept motivated by profit maximization. Further, Kotler, Armstrong & Cunningham (2005, p. 12) suggest that the production concept holds that "consumers will favor products that are available and highly affordable". This orientation centers on the profit as the ultimate objective of the economic exchange. Both approaches were complementary to Calvinist thinking that was dominant in the Western world in the nineteenth and twentieth century. The Calvinist philosophy stressed hard work and accumulation of wealth as the road to salvation (Hay & Gray, 2002).

In the second phase of the development of social responsibility, corporate managers were responsible not only for maximizing the stockholders' wealth but also for maintaining an equitable balance among the often competing claims of customers, employees, suppliers, creditors, and the community (Hay & Gray, 2002). In addition, marketing orientation was moving towards the selling concept. This concept emphasized

profits, but also expanded to understand that "consumers will not buy enough of the organization's products unless it undertakes a large-scale selling and promotion effort" (Kotler, et al., 2005, p.13). Berthon, Hulbert & Pitt (1999) recognized that the marketing concept has its genesis in the focus on the customer: Understanding customer needs, wants, and values and then delivering this as expeditiously and as economically as possible. This orientation shift was preparing the stage for the concept that took into consideration both the profits and customers' needs. The marketing concept expanded the philosophy by holding that "achieving organizational goals depends on understanding the needs and wants of the target markets and successfully delivering the desired products" (Kotler, et al., 2005, p. 13). Moreover, two structural trends largely responsible for the emergence of social responsibility were the increasing diffusion of corporate ownership and the development of a pluralistic society (Hay & Gray, 2002).

The movement toward the CSR concept was gradual and not reached until the second half of 20th century. During that period, North American societies started removing scarcity from the table of daily issues. More importantly, the ones that had financial resources (corporations), who were required to shape the new paradigm, also accepted the role imposed on them by the public.

The stage was set for the society to move up Maslow's Hierarchy of Needs to the self-esteem and self-actualization levels, where concern for the broader environment increased and became a norm in the society. American business leaders began to look at the problems of society in light of the goal of the greatest happiness for the greatest numbers. They wondered about the happiness of people, their employees initially, to breath foul air, drink polluted water, live in crowded cities, use unsafe products, or to be mislead by untruthful advertising, or deprived of a job because of race (Hay & Gray, 2002). Societal consensus seemed to be demanding that business, with its technological and managerial skills and its financial resources, should assume broader responsibilities in the society beyond the objectives emphasized in the initial phases of the social responsibility development. Finally, the societal marketing concept was developed which included the interests of the society in its philosophy. Kotler et al. (2005) define societal marketing concept as the idea that the organization could determine the needs, wants, and interests of target markets and deliver the desired satisfactions more effectively and efficiently than competitors, in a way that maintains or improves the consumer's as well as society's well-being.

The society arrived at the notion that happiness for all members of the society was the ultimate objective for all individuals. Happiness for all started to become the general direction of the society; the societal marketing concept that corresponds to the idea of CSR was gaining momentum. Sweeney (1972, p. 8) clarified the societal marketing concept by stating that from this perspective "social responsibility is not an obligation imposed on marketing, but an inherent aspect of the nature of marketing; not a rationalization for marketing activity, but a reason for marketing activity". The issue of social responsibility is not how an organization can employ a technology without violating socially imposed constraints, but what kinds of organizations employing what kinds of technology will most effectively meet the consumption needs and carry out the basic goals and values of a social system. Stated differently, if marketing is recognized as an effective instrument of the society, then there would be no perceived difference between the goals and values of the marketing system and those of the society in general. Marketing activity would not be considered exploitive behavior, but as a medium through which society's values are fulfilled (Sweeney, 1972).

Another important development was the emergence of the corporation as a dominant business entity separate from its owner(s) after the Civil War. Owners did not necessarily run new business enterprises in the United States. These business enterprises did not have owners, but shareholders. In order to accommodate the new business enterprise, a new and different legal entity had to be invented: the Corporation. In the corporation, shares became a claim to profits rather than ownership of property. According to Porter, Lorch and Nohria (2004), most US stockholders currently keep their stocks for less than one year. Moreover, capital is provided by large numbers of outsiders, each of whom holds only a minute fraction of the total and none of whom necessarily has any interest or any liability for the conduct of the business (Drucker, 1987). These corporations became legal entities and the ultimate objective of their shareholders was profit, not ownership.

The changing role of the corporation in the economy placed some new demands on enterprise. Jones & Haigh (2007) noted that since the corporations obtained the legal status, it should act as a societal institution and exercise an appropriate mix of rights and responsibilities to the society. Matten & Crane (2005) added that globalization has reshaped the demands placed on corporations by wider stakeholder communities that subsequently led to a shift of the responsibility from governments to corporations. Finally, Silberhorn & Warren (2007) noticed that the first decade of the new millennium has put some new light on the CSR concept. Business scandals involving Enron, WorldCom and Parmalat, along with the impact of climate change on the environment, required reassessment of traditional approaches to business thinking. The new conversation about CSR in business suggests that it is a normative, multi-level concept, whose meaning depends on various perspectives and relationships, and, that it changes in response to social trends. All of these events contributed to the changing expectations of the society.

The corporations were in the spotlight and the public expected them to uphold up on societal expectations.

3. Corporate Social Responsibility: A Theoretical and Conceptual Approach

The theoretical and conceptual framework in which CSR exists has been widely debated recently. Miller & Vaughan (2001) stated that the importance of the organization's purpose or mission statement is a common theme in most classical and modern management theories, although there is a great deal of disagreement on what that purpose should be. A classical view from the shareholder approach is that the social responsibility of a business is to increase its profits and value for its owner (Quazi & O'Brien, 2000). The stakeholder approach points out that business is not only accountable to its shareholders, but should also consider stakeholder interests, which may affect or may be affected by the operations or objectives of a business (Freeman, 1984).

Baron (2001) suggested that the identification of the social responsibilities of corporations begins with property rights. The shareholders are the owners of the corporation and it is ultimately their decision to distribute the proceeds in any manner they choose, just as they can dispose of their wage income via any channel of their choice. In addition, shareholders may decide to redistribute their income directly, volunteer to help others, or advance some cause. Some early supporters of the CSR concept argued for more proactive orientation, which required organizations to meet the expectations of the society and to promote desirable changes (Meehan, Meehan & Richards, 2006).
The Social Economic Council (SEC) (2001) emphasizes the company's contribution to society by pointing out that there are three elements that makeup Triple-P bottom line. First is profit as the economic dimension. This dimension refers to the creation of value through the production of goods and services and sources of income. Second are the people as the social dimension. This includes a variety of aspects concerning the impact of company operations on human beings inside and outside the organization. Third is the planet as the ecological dimension. This dimension relates to the effects of company operations on the natural environment

Carroll (1991) proposed the pyramid of corporate social responsibility as one of the most significant examples of early models. In this model, he graphically presented a hierarchy of company's responsibilities moving from economic and legal to the more socially-oriented ethical and philanthropic roles. The economics component represents the first level of CSR, followed by second (legal) level. Ethical and philanthropic components represent the third and fourth level of CSR. Carroll (1991) expanded on the legal and economic requirements by outlining required corporate practices. Some of the economic responsibilities include performance in a manner consistent with maximizing earnings per share and maintenance of a strong competitive position, while legal components would include law-abiding corporate citizenship and fulfillment of legal obligations.

The idea of the societal nature of the business is supported by the work of Ludwig Von Bertalanffy. Von Bertalanffy developed a general systems theory in 1968. The general systems theory was established by pre-Socratic philosophers and eventually evolved throughout the ages through different philosophic entities. According to general systems theory, rather than reducing an entity (e.g. the human body) to the properties of its parts or elements (e.g. organs or cells), systems theory focuses on the arrangement of and relations between the parts, which connect them into a whole (Von Bertalanffy, 1972). This theory is helpful in understanding the concept of social responsibility since it provides a theoretical framework that treats business profits, consumer needs and societal well-being equally.

The socially responsible nature of the business is also found in contemporary theory known as triple bottom line (TBL). TBL theory (also known as people, planet, profit) claims to be a mechanism designed to encourage businesses to give closer attention to the whole impact of their commercial activities, rather than just their financial performance (Robins, 2006). The TBL theory implies that equal consideration should be given to economic, environmental, and social dimensions of business impact. It rejects the idea that financial performance should be priority over the environmental and societal welfare.

Finally, one of the most significant statements in support of the CSR concept came from its fiercest critic. Milton Friedman is famous for his statement that the social responsibility of business is to increase its profits. However, he modified his thoughts by accepting that profit maximization should be attempted within a legal framework and subject to broad social ethical norms (Friedman, 1970).

4. Corporate Social Responsibility: A Strategic Business Tool

Even though Barney (2001) suggests that a firm's competitive advantage can be defined with respect to return on expectations of that firm's owners (stockholders), some would challenge the claim by arguing that competitive advantage could be defined with respect to return on expectations of the firm's stakeholders. Mintzberg (2004) would suggest that corporate leadership does not need to encourage societal demands on the business. Disney, however, has targeted the right stakeholders and has seen positive financial returns. Disney's value is augmented by its CSR initiatives through improved public perception and customer satisfaction. Disney's value is augmented by its CSR initiatives through improved public perception and customer satisfaction. Many of Disney's CSR initiatives are crafted to maintain the wholesome reputation of its brand and to promote goodwill among employees and the community (McPeak & Tooley, 2008).

Greiner (1998) reports that some companies are forced to look for modified business strategies, but those strategies that were applied to the problems of the preceding situations may not work anymore. However, Clancy (1990) noted that the development of a successful new product, service, or marketing program is a very difficult process and it requires many decisions to be made. Designing a corporate strategy that reconciles the objectives of the company and those of the public requires even more consideration. Successful integration of both variables demands a business strategy developed by visionary and responsive corporate leadership. Finally, strategic planning, with a concern for long-term business viability (image) and success, is seen as the necessary balance to shorter-term (cost) budget planning (Goold & Quinn, 1990). Mintzberg (1987) reported that corporate strategy is a blend of the deliberate and emergent ones. Deliberate corporate strategy may need to include the emergent strategy in order to deliver the realized strategy acceptable to most, if not all, of the stakeholders.

Gouillart & Sturdivant (1994), claim that every successful business is built on superior sense of timing, opportunity and responsibility. However, the most critical ability is to be able to sense the market. The market for contemporary corporations is every internal and external customer. Therefore, Graafland (2002) suggests that companies are more likely to contribute to CSR if they believe that CSR pays off in the long run by satisfying both groups of customers. The total managerial services that a firm requires at a point in time are partially constrained by the short- and long-term objectives (Mahoney & Pandian, 1992). Thanks to the changes in information technology, consumers have become informationally-empowered and the muscle in the marketplace has shifted in their favor (Rust & Oliver, 1994). During the last decade, the influence of changing customer expectations on business has been so dramatic that they have influenced strategies of firms (Prahalad & Hamel, 1994). Van De Ven and Jeurissen (2005) found that the relationship between socially responsible behavior and business success depends on many factors, especially the competitive conditions of a firm. Depending on the competitive conditions, some CSR initiatives can be beneficial to a firm. Porter and Kramer (2006) suggest that incorporation of CSR and business operations is possible under the concept known as Strategic CSR. Baron (2001) coined the phrase strategic CSR which is defined as the private provision of a public good. The corporation engaging in strategic CSR examines various aspects of their business and determines how improvements can be made by providing value to the community. Through this process, the organization garners a substantial return on its investment while providing a benefit to the community. Van De Ven & Jeurissen (2005) claim that CSR should make sense from the perspective of the overall competitive strategy of a firm and should be treated as an integral part of it; not only because this furthers the long-term survival of a firm, but also because this way the moral claims of stakeholders have the best chance of becoming an accepted part of the firm's decision-making structure and its organizational culture. Baron (2001) pointed out that one should examine the motivation behind the adoption of CSR practices before concluding why firms would label such practices as socially responsible. A firm motivated only by profits may adopt a practice labeled socially responsible because it increases the demand for its product. Beirne (2008) reported that retail sales of Fair Trade Certified coffee alone grew tenfold between 2001 and 2006 to $730 million, having Wal-Mart and Starbucks as major supporters of the company. This strategic CSR is simply a profit-maximization strategy motivated by self-interest and not by a conception of CSR. As noted earlier, such a strategy may turn out to be risky since the public could see it as insincere and ultimately could punish the company by employing some form of boycott or public pressure. In case of Fair Trade Certified coffee it actually delivered on expectations. Murray and Montanari (1986) find CSR as a strategic tool is possible if the social responsibility management is seen as a form of product management that strives to determine appropriate corporate behavior with respect to its moral, ethical, and social obligations, both within and outside of the firm.

Earlier, Drucker (1974) also supported the need for an integrative perspective. He argued that two key aspects of managing social responsibility are the identification of the social impact of the firm and dealing with this impact. In order for a strategy to be successfully implemented, it has to be sustainable. Investments in socially responsible programs

are reasonable as long as the business strategy brings enough profitability to turn the cycle again. Crittenden et al. (2011) report that Stonyfield Farms, Whole Foods, and Horizon Organic Holding Corporation are companies in the dairy industry that have centered their strategic marketing efforts on sustainable products.

Rumelt, Schendel & Teece (1991) confirmed that the most significant impact of strategic management is on the economics of the company. In the case where socially responsible programs bring unrecoverable expense to the company, there is a question if such a strategy would lead to a successful future or an unavoidable failure.

Baron (2001) also agrees that the term strategic CSR is used to refer to a profit-maximizing strategy that some may view as socially responsible. For example, a company may adopt an environmental practice that would make the community a more attractive place to work. Such practice may be put in place in order to increase worker productivity and the company's profits. Baron believed that such a strategy could be considered as strategic even though the spillovers may benefit other members of the community. The bottom line is that the initial motivation for such practice is profit maximization. Devinney (2009) is convinced that CSR will be sustainable only to the extent that both corporations and the relevant societies are ultimately convinced that there is some payoff to the investment. Therefore, the strategic approach to CSR is feasible under the mutual payoffs circumstances. This approach paid off for the New Belgium Brewing, the third largest craft brewer in the U.S. The company based its founding core ideology on sustainability and has received many awards for sustainability innovation (Crittenden et al., 2011).The main idea of the New Belgium Brewing was to produce and deliver organic products that could be reproduced indefinitely.

CSR as a strategic business tool originates in a changing business environment that demands a more socially responsible stand from businesses. There is growing pressure on large businesses to deliver to society as well as to fulfill the needs of their stockholders. Barney & Hansen (1994) emphasize the impact of intangible assets, such as corporate reputation, on firms' performance. Smith (2005) is convinced that companies are caught in a moral trap since customers want their companies to be responsible, but do not want to pay premiums. However, they may well also boycott companies that are not perceived to be doing the right thing. Following John Kay, business strategy is defined as a firm's scheme for handling the relationships with its environment. Such a scheme includes market entry decisions, product-positioning decisions and an approach to relationship building with stakeholders (Van De Ven & Jeurissen, 2005). Rooney (2007) asserts that organizations that choose to develop CSR programs as part of their business strategy can create competitive advantage through these programs. In such a case, CSR programs should be seen as an embodiment of the organization's culture and values and be embedded in all operations rather than just a public relations tool handled by the corporate office.

With a CSR program on mind, PepsiCo unveiled a series of targets to improve the healthiness of Pepsi's wares that would ultimately lead to higher profitability. By 2015 the firm aims to reduce the salt in some of its biggest brands by 25%; by 2020, it hopes to reduce the amount of added sugar in its drinks by 25% and the amount of saturated fat in certain snacks by 15% (The Economist, 2010).

Husted & Salazar (2006) claim that strategic approach to corporate social responsibility is the case of the business that decides to support the community by giving scholarships for training in technical programs. In this case, the firm's reputation in society improves, but in the long run, it will also enjoy additional benefits such as the greater availability of a qualified labor pool with higher levels of productivity. Porter and Kramer (2006) claim that if CSR is developed and implemented in the organization as an integral part of business activities, it ultimately produces value for the organization and enables leaders to effectively maximize profits. They provided some examples to prove the point that strategic CSR could benefit the corporate image and its profitability. They reported that "Urbi, a Mexican construction company, has prospered by building housing for disadvantaged buyers using novel financing vehicles such as flexible mortgage payments made through payroll deductions." The outcome of this approach was that the disadvantaged population received something they were striving for, while Urbi managed to generate profit. Another example is Microsoft. Indeed' they developed the Working Connections program with community colleges across the US while providing the funding and support to these institutions to help promote IT as an area of study. Finally, Toyota has pioneered the Prius in response to a social demand for cars that produce fewer emissions. The development of such a car was a technological milestone, but Toyota ultimately benefited after the Prius turned into a success. Customers and the society got what they were looking for, while Toyota became the first car manufacturer to launch such a solution. The success was confirmed once the competing manufacturers launched their own versions of low emissions cars. However, Toyota already built the reputation for being the pioneer producer.

The business approach of using CSR as a strategic tool seems to contradict the virtue ethical perspective on the right motivation behind it. On many occasions, it may turn against the company to implement such strategy. Becker-Olsen, Cudmore & Hill (2006) claim that consumers tend to punish companies if they are perceived as insincere with respect to their CSR initiative. Van den Ven (2008) notes that since an exclusive profit-motivation feeds the skepticism of

the consumer, CSR initiatives are likely to be less effective than they could be if the motivation behind them is perceived as strategic and profit-oriented in nature. CSR as a strategic business tool could improve the company's image. There are different strategies that could be used to help to build ethical positioning such as reputation management, corporate brand and ethical product differentiation. However, Middlemiss (2003) suggests that the success of mentioned strategies significantly depends on authenticity. If stakeholders perceive these strategies as mere public relations or promotional effort, the result would not be as expected and the investment in this strategy would be lost. Porter & Kramer (2006) go on to report that organizations began developing CSR programs as part of a broader business strategy. These programs help companies to consider which social issues could be addressed in the context of business strategy. The effectively adopted CSR programs and policies provide the most benefit for the organization since they match internal corporate with external societal objectives. While social good can result from the application of these programs, the most notable advantage is that these programs will produce gains for the organization's bottom line. Without these gains, the organization would have no effective reason for pursing these goals (Porter & Kramer, 2006).

Smith (2005) concludes that major challenges remain in developing and implementing a CSR strategy, especially in measuring corporate social performance and engaging with stakeholders. There are questions about the legitimacy of some CSR initiatives. Moreover, there may be a backlash against a well-intentioned CSR initiative. These are all concerns that become more important if CSR assumes a more central role in corporate strategy, and might well undercut an otherwise convincing business case. However, Robins (2005) noted that voluntary and discretionary expenditures of business on social and environmental projects are seen to be more closely aligned with corporate risk management and reputation-building than with corporate strategy. He believes that such efforts do not guarantee business success and so it has more elements of a risk than a strategy. It is arguable that every business strategy deals with risk management as well; therefore, CSR expenditures are a blend of both a business strategy and risk management.

Alsop (2004) notes that a good name can enhance business in good times and can protect it during a crisis. Therefore, companies need to continuously promote a good reputation rather than trying to enhance it only in good times. To do this they need to realize the importance of a good reputation and socially responsible behavior. Smith (2007) contends that before companies begin launching new social responsibility programs, they need to recognize that the law of diminishing returns applies, meaning that the reward of doing something decreases as the doing of it increases. The trick is to determine how much money to spend on social responsibility to stay ahead of the competition and to maintain a strong reputation as a socially responsible company, while maintaining marginal return on the investment. Schnietz & Epstein (2005) found that there also might be financial value in a reputation for corporate social responsibility during a crisis - where the benefit of a reputation comes not from increases in financial performance, but rather in insulation from negative financial performance. Fombrun (2001, p24) claims "reputations have considerable hidden value as a form of insurance - acting like a reservoir of goodwill". Finally, Schnietz & Epstein (2005) confirm that those firms who focus not only on explicit contractual claims, but also on implicit claims on non-investor stakeholders usually realize higher market valuations than firms that ignore or discount the implicit claims by non-investor stakeholders on future revenues.

5. Conclusion

Corporate social responsibility (CSR) is known by many names, including corporate responsibility, sustainability, corporate citizenship, community relations, corporate stewardship, social responsibility, triple bottom line and perhaps other euphemisms. The CSR concept emerged when the public started expecting more from business than just their existence for the sake of a profit-maximization. While various definitions of social responsibility have been advocated, there seem to be five key elements in most, if not all, of these definitions:

(1) Corporations have responsibilities that go beyond the production of goods and services at a profit.
(2) These responsibilities involve helping to solve important social problems, especially those they have helped to create.
(3) Corporations have a broader constituency than stockholders alone.
(4) Corporations have impacts that go beyond simple marketplace transactions.
(5) Corporations serve a wider range of human values than can be captured by a sole focus on economic values (Buchholz, 1991).

There are numerous arguments in support of the business's involvement in society. Porter & Kramer (2006) suggest that incorporation of CSR in business operations is possible under the concept known as Strategic CSR. Baron (2001) coined the phrase strategic CSR that is defined as the private provision of a public good. There are many examples of how companies integrated the CSR concept in their business strategy, but these examples are more of an exception to the rule than the generally accepted standard. Finally, Smith (2007) concludes that "companies' behaviors change when consumer preferences change. Social responsibility will exist as to the extent that the consumer is willing to pay for it."

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Market Study on SIM Card Usage in Sub-Saharan Africa with Special Reference to Kenya

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Abstract

Although Sub-Saharan African countries are among the lesser developed countries in the world, they have the fastest mobile market growth. In these markets, most mobile users utilize prepaid services and own multiple SIM cards from various mobile operators. This paper argues that the current marketing tools used by telecommunications companies to analyze multi-SIM markets such as Sub-Saharan African markets are biased, and we propose a new set of indicators and methodology to address the specificities of such complex multi-SIM markets as marketing the Kenya case. We contend that the new methodology and indicators developed will help scientists as well as telecommunications marketers/strategists better contend with the challenges inherent to multi-SIM markets.

Keywords: Mobile Telephony, Multi-SIM Market, Sub-Saharan Africa, Marketing Tools, Kenya.

1. Introduction

Developed countries are the leaders in the production and utilization of Information and Communication Technologies (ICT), while the poorest countries, such as those in Africa, produce and utilize far less (UNCTAD 2006). There are several reasons for the low level of ICT in Africa, including inadequate regulatory systems, an overall low level of economic activity and higher taxes; furthermore, many African countries still have irregular or non-existent electricity supplies, currency instability, exchange controls, inflation and a lack of human resources (Butcher, 2003; McCormick & Onjala, 2007; The Economist (1), 2009).

In spite of these impediments, "Africa is the region with the fastest rate of mobile subscriber growth. With developed markets now saturated, the developing world's rural poor will account for most of the growth in the coming years" (The Economist (3), 2009, p. 2). Indeed, notwithstanding "the lack of investment in legacy systems, hardware and software, they can be in a good position to leapfrog over some of the incremental steps and to select a new position on the technology curve" (Fleming, 2003, p.8). Among African countries, South Africa, Nigeria and Egypt are the leaders in terms of the region's number of subscribers (UNCTAD, 2006). In addition to rapid growth in the mobile market, Africa is "the new laboratory for development in telecommunications" (The Economist (1), 2009; p 3). However, traditional methodologies used for the analysis of certain types of very competitive telecommunications market, such as those in the Sub-Saharan Africa (SSA) region, tend to lead to distortions. Indeed, in certain countries, because there is a high number of competitors and because of extremely opportunistic customer behavior, mobile phone users own a number of SIM cards from multiple telecommunications providers instead of utilizing the services of just one company. These users swap from one provider to another on a call-by-call basis, and such markets are referred to as multi-SIM markets.

In this research, we contend that as the phenomenon of multi-SIM usage is rapidly gaining ground and popularity in many developing markets (driven by increasing deregulation and competition combined with persistently widespread poverty), it is vital for the telecommunications industry to switch from traditional analytical tools and sets of indicators to a revamped methodology and a set of business indicators which are specifically adapted to the situation at hand. Yet, Sutherland (2009, p21) emphasizes that "ARPUs (Average Revenue per User) and churn levels have been misrepresented." In addition, we discuss why, even though some of these indicators have already been floated by analysts for a couple of years, they are not yet in use as regular key business indicators by major players, which we argue is due to methodological difficulties, scarcity of data, and also the inertia of the industry. We argue, however, that given certain conditions, an adaptive approach can now be extensively adopted.

In this survey we qualitatively explore the Kenyan mobile telecommunications market which is both a typical Sub-Saharan market (allowing us to generalize our conclusions to other Sub-Saharan markets, and likely other developing markets as well) and a market in which the competition, decreases in price and multiple SIM use are already pervasive, forcing telecommunications providers to tackle these challenges. Starting with the available factual data, we challenge and reshape accepted market paradigms through an analysis of ratios (e.g. number of SIM cards/user, real user penetration rate) and by redefining the notions of average usage and revenues per user (AUPU and ARPU) in the context of a multi-SIM market, leading to a more comprehensive understanding of such markets.

2. The Sub-Saharan African Mobile Market

Understanding of the telecommunications sector in Sub-Saharan Africa (SSA) has been profoundly reshaped over the course of the last decade. By the mid 1990s, when Western telecommunications operators helped launch mobile operations in the SSA, these operations remained limited. Indeed, the market was not perceived as being particularly attractive, with general poverty and inequality levels among the highest in the world, and where fixed telephony never took off. In SSA, fixed telephone lines are "almost exclusively located within cities and randomly in rural areas," with an average penetration of 3.1 lines per 100 inhabitants, compared to 32.4 percent in the Americas or 39.7 percent in Europe (International Telecommunication Union (ITU), 2007, p.8). Often, companies in SSA were state-owned mobile operators (sometimes propped up by additional foreign capital and expertise) that functioned as monopolies. In 2006, 7.3 percent of SSA countries were dominated by such monopolies, 43.9 percent were described as partially competitive, and 48.8 percent had achieved "full competition" (ITU, 2007, p.4). Mimicking SSA fixed telecommunications strategies, targeted customers were urban top-end users, as prices were high in terms of local revenues and initial network deployments centered on the main conurbations of still largely rural countries. In this way, mobile service merely targeted a small percentage of the population. Varoudakis and Rossotto (2004, p.68) state that the "per capita income is a main driver of the telecommunications services demand, determining the size of the ICT networks. Other factors that affect the provision of telecommunications services include the population size and density. Rates of fixed, mobile, and Internet penetration invariably turn out to be smaller in countries with large

populations. Large populations tend to be more dispersed, and thus harder to cover by ICT networks." To the surprise of many analysts, however, the introduction of prepaid plans was highly successful, both in terms of penetration rate (defined as the number of active SIM cards per capita) and in terms of profit. The introduction of prepaid tariff plans was mostly credited for the initial boom, as was the case in South of Africa: "In 1997, the introduction of a prepaid option for mobile calls boosted the number of subscribers in South of Africa to 1.9 million, or 4 per cent of the population, a figure that exceeded initial expectations" (UNCTAD, 2008, p.257).

The introduction of the prepaid option lowered the entry barrier for cost-conscious customers, allowing them to spend small amounts at a time, when they could afford it. The possibility of prepaid subscriptions contributes to the penetration growth by reducing connection fees (Zhang & Prybutok, 2005). Esselaar and Stork (2005, p.71) underscore that "households with contract mobile phone have far higher household incomes that prepaid phone users. Individuals with contract mobiles have, on average, a monthly income of US$ 1797, while individuals with prepaid mobiles have a monthly income of US$ 423… The success of pre-paid subscriptions in SSA can be attributed to its appeal to people with lower or irregular incomes, since its use does not require a bank account, a physical address or a postal address, and it allows users more control over their expenses-charging the phone as money becomes available, and not spending anything if it is not."

The success of the prepaid option prompted operators to consider a fundamental revision of market potential which takes into account the fact that mobile phones are useful for private life and also for business, and millions of potential customers would use them, even if they just spend small amounts: "Cell phones are popular in Africa because of the predominance of oral cultures and the relatively low literacy rate. Cell phones in villages have cut down on travel time for users who had previously gone to regional towns in order to make a call" (McCormick & Onjala, 2007, p.31). This led to a strategy shift in approaches for developing markets in the late 1990s and early 2000s, namely lowering entry barriers to dramatically expand customer databases; firstly, by increasing the mobile network coverage, and secondly, by lowering customers' minimum costs of ownership (MCO) through a continual decrease of communications prices, SIM prices, and more recently in mobile handset prices (the latter through the introduction of specific ultra low-cost handsets - ULCH - and handset subsidies). Profitability is ensured through the set-up of a low-cost structure (relying heavily on Chinese equipment from such vendors as Huawei and ZTE, as well as local manpower which receive low wages) that matches the network rollout spending and MCO. Indeed, "handsets makers became aware of the scale of the opportunity in the developing world, they turned their minds to producing low-cost models" (The Economist (2), 2009).

To date, this strategy has been hailed as a major success, enabling "the fastest growing mobile market in the world with penetration rising from a few percent in 2002 to more than 27% today (number of active SIMs per capita).Declining tariffs and handsets have enabled millions of people to access communication services for the first time. There is still large growth potential, and we expect penetration to double to 60 percent by 2012 on the back of tariffs and handsets getting even cheaper and broader network coverage. Sub Saharan markets have been highly profitable for large operators that have earned Ebitda margin of up to 60 percent" (Karangwa & Drouet, 2009, pp.2-3). Nonetheless, the current situation is not without its drawbacks.

As the first entrants began acquiring millions of new customers each year, the potential of Sub-Saharan markets (among other developing countries) became apparent to many more mobile operators. As a result, several new mobile operators entered the African market, reinforcing the competition and driving prices further down in proportions unknown in western markets. As a result, Sub-Saharan markets are currently very fragmented, with 150 operators in 49 African countries, among them 5 major groups (MTN, Orascom, Vodafone, Orange and Zain). Whether they are African or otherwise, these companies compete for the business of approximately 1 billion inhabitants in Africa. At the same time, as operators aim to expand their networks and thereby their number of customers, they target more distant rural regions. In these locations, the revenue per capita is much lower, thus leading to a decrease of the Average Revenue per User (ARPU).

The ARPU is a very common indicator for telecommunications operators, measuring revenue per SIM card, taken as proxy for the number of users, very often on a monthly basis. It is equal to the overall revenue divided by the number of SIMs: ARPU = (average minute price* traffic (minutes))/Number of SIM. In the same vein, the AUPU = Average Usage per User, an indicator measuring the traffic (in minutes) generated by a SIM card, is often also calculated on a monthly basis by dividing the total traffic provided by an operator in a month, divided by the number of SIM cards: AUPU = (traffic (minutes))/Number of SIMs.

The average minute price of an operator on a market is thus simply calculated as: Average Minute Price equals the ARPU divided by the AUPU. Decreases in prices and in the ARPU did not worry operators much, as long as the tremendous growth of the number of customers and decreases in operating and capital expenses did more than compensate for these negative trends, sustaining a very profitable growth pattern. Recently, however, an unsettling trend has begun to appear, as a disconnect between the ARPU and the price

decrease conceded by operators. In the short term, this disconnection is indiscernible in the overall ARPU decrease as a result of intensified competition. However, the ARPU is falling more than the price cut on the long term. One possible explanation could be that the financial and economic crisis which hit the American economy and went global in 2008 impacted SSA countries as well. Undoubtedly, the crisis did affect usage rates - but if the crisis indeed increased the fall of the ARPU, the disconnection is in fact a different phenomenon that began to surface even before the economic crisis.

3. Kenyan Market for SIM : An Overview

The regulator of the Kenyan telecommunication market, the Communications Commission of Kenya (CCK), provides regular market reports. In addition, as all 4 main players are public companies or subsidiaries of public companies, data is generally available.

In the Kenyan case, based upon the public figures published (June 2009):

- Safaricom (2009) reported 13.3 million active users.
- Zain (2009) declared 2.4 million active users.
- Orange reported 1 million subscribers.
- Yu declared 0.4 million subscribers.

This would mean that there were 17.1 SIM cards in circulation in Kenya as of June 2009, assuming no multi-SIM phenomenon. Overall, we estimate the real active SIM card base to be 15.7 million (based on spotted trafficking SIM cards). However, as mentioned earlier, we must take into account the multi-SIM effect.

The Kenyan mobile market came into being in 1993, with the start of the country's first mobile network, Safari.com. It was at that time a state-owned mobile monopoly operator. Safari.com was privatized in 1997 and remained the only player for several years until the introduction of competition in 2000 when Ken Cell entered the market. Various owners subsequently took control of this company, which is now known as Zain Kenya, a subsidiary of a Kuwaiti group. Yet, as a result of its later entry, it took off only slowly, and despite an early customer perception of higher network quality, its performance has stayed at a level far below that of Safaricom. The 3rd and 4th operators, i.e. Orange, a subsidiary of the French group France Telecom, and Yu, a subsidiary of the Indian group Essar, entered into the market only recently, respectively in September and December 2008. This came about as a result of a governmental bid to promote price decreases and market growth through increased competition in this country of 39 million inhabitants. The underpinning logic is that competition allows markets to grow as firms compete to increase their market share by decreasing prices, offering new services and improving quality (Fink et al., 2002; Garbacz & Thompson, 2007; Hart, 1983; Megginson & Netter, 2001; Nickell, 1996; Petrazzini, 1995; Schleifer, 1998; Vickers & Yarrow, 1998).

4. Indicators and Methodology

Gartner (2006) perceives that the consequences in real penetration rates can be much lower than what is usually described by applying a correcting ratio of SIM card per real user. We propose a full reassessment of indicators using this SIM card per-user ratio, as well as a methodology to better evaluate multi-SIM markets with this new set of indicators.

Indicators

The current widely accepted indicators for the mobile market are:

- $\textit{Penetration rate} = \dfrac{\textit{Total number of SIM cards on the market}}{\textit{Total population}}$

This is generally expressed as a percentage of the total population.

- $\textit{The Average Revenue Per User, the ARPU} = \dfrac{\textit{Revenue generated by mobile users}}{\textit{Number of SIM cards}}$

Generally expressed in monetary units (implicitly per SIM card per period of time, often a month or a year), it can be used at a market level, or at an operator level.

- $\textit{The Average Usage per User, the AUPU} = \dfrac{\textit{Traffic generated by mobile users}}{\textit{Number of SIM cards}}$

Generally expressed in minutes (implicitly per SIM card per period of time, often a month or a year), it can be used at a market level, or at an operator level.

We proposed the following changes:

Introduce the SIM card per user ratio:

$$\sigma = \frac{\textit{Total number of active SIM cards on the market}}{\textit{Total number of users on the market}}$$

- The penetration rate is renamed the Gross penetration rate.

$$\textit{Gross penetration rate} = \frac{\textit{Total number of active SIM cards on the market}}{\textit{Total population}}$$

- We define the Net penetration rate as:

$$\text{Net penetration rate} = \frac{\text{Total number of users on the market}}{\text{Total population}} = \frac{\text{Total number of active SIM cards on the market}}{\sigma * \text{Total population}}$$

- The ARPU is renamed the Average Revenue Per active SIM card (ARPAS):

$$ARPAS = \frac{\text{Revenue generated by mobile users}}{\text{Number of active SIM cards}}$$

- The AUPU is renamed the Average Usage Per SIM card (AUPAS)

$$AUPAS = \frac{\text{Traffic generated by mobile users}}{\text{Number of active SIM cards}}$$

- The ARPU is now defined as the ARPAS*SIM card per user:

$$ARPU = \frac{\text{Revenue generated by mobile users}}{\text{Number of users}} = \sigma * ARPAS$$

- The AUPU is now defined as:

$$AUPU = \frac{\text{Traffic generated by mobile users}}{\text{Number of users}} = \sigma * AUPAS$$

Methodology

The applied methodology utilized to achieve the right strategic indicators and then to better evaluate multi-SIM markets would thus entail the following strategies. Firstly, assess the number of active SIMs that are on the market by relying on the operators' reporting when available, or choosing a definition of an active user and applying it to the technical evaluation of the competitors' customers database. Subsequently, mobile operators must assess the number of SIMs by customer. Lastly, they have to restate the indicators with the help of this ratio.

Hypotheses

The hypotheses made are:

- In Kenya, every person who is a mobile phone user has a Safaricom SIM card (Orange, 2009), i.e. the total market size is 13.3 million customers (and not 16.8 millions as could be assessed at first glance). Indeed, it was the first entrant and it has broader coverage around the country. Safaricom is the obvious choice for anyone wanting to have a mobile phone. In a more general context, the theory states the advantages of being the pioneer in the market (Fuentelsaz et al., 2008; Lieberman & Montgomery, 1988; Liebowitz, 2002; Shapiro & Varian 1998).
- As a consequence, all Zain, Orange and Yu customers also have a Safaricom card
- Orange customers and Zain customers divide themselves between those who have two SIM cards i.e. Safaricom+Orange or Safaricom+Zain, and those who have three cards. Nevertheless, the split does not really influence the result.

$$\sigma\ Kenya = \frac{Total\ number\ of\ active\ SIM\ cards\ on\ the\ market}{Total\ number\ of\ users\ on\ the\ market} = \frac{15.7}{13.3} = 1.1805$$

Table -1: Comparison of results obtained with the new and old methods

Traditional method results		New method Results	
Market Penetration rate	: 17.1/39=43.8%	Net Penetration rate	: 13.3/39=34.1%
Market ARPU	: KES 444 (€4.30)	ARPU	: KES 524 (€5.08)
Market AUPU	: na	AUPU	: na

Using the same methodology and assumptions based upon ING figures over a longer period of time, we find similar results, with a ratio of 1.19 for March 2009.

Table -2: Determination of the SIM card per-user ratio

	September 2006	March 2007	September 2007	March 2008	September 2008	March 2009
Safaricom	77.90%	79.00%	81.30%	85.00%	86.20%	83.70%
Zain	22.10%	21.00%	18.70%	15.00%	13.80%	14.60%
Orange	0.00%	0.00%	0.00%	0.00%	0.00%	1.70%
σ Kenya	1.28	1.27	1.23	1.18	1.16	1.19

Peculiarity of the Kenyan Market

It is easy to imagine in the case of Kenya (which may not be that easy for other countries) is that one player has 100% market shares and there are recent entrants. In many countries, market studies will be needed to know more about consumer habits, especially in these countries where such studies are lacking. Nonetheless, given the importance of the phenomenon, it is crucial to study it further.

At first glance, the number of SIM cards/user does not seem very high. Gartner (2006) states that this ratio is 1.75 for Italy. Nevertheless, we have to take into account the fact that we do not compare markets that are at the same stage of their development. Italy is already a mature market, with an uncorrected penetration rate of more than 100 percent. In Kenya, many connected people do still have only one SIM, and the (uncorrected) penetration rate is only around 43.8 percent (corrected: 34.1 percent). This ratio will thus probably continue to grow sharply, as new SIMs sold will be provided to people that already are customers of an operator, and not in fact new customers.

Yet, the steady decline of the multi-SIM ratio between September 2006 and September 2008 is mainly due to Zain being seemingly driven out of the market, prior to a rebound and an increase in sigma since September 2008. With the renewed competitive pressure introduced by the arrival of two new operators, this ratio will thus probably continue to grow as new SIMs sold will be provided to people that are already customers of an operator, and not new customers.

Seen in this way, the penetration rate is lower than previously thought, meaning there is still more potential for growth. The market ARPU is also better than previously determined, but this does not make each operator's revenues more important per se, unless the operator fights to gain weight in each customer consumption mix.

Mobile operators have to fight for existing customers: It is not enough to be "number one" or "number two" on the market. In fact, one must be the 'SIM of reference' for one's customer basis in order to take the larger share of the market. Thus, the target of companies should, as far as possible, make sure that customers can continually use the same SIM card, or at least use it more often than the others. Customer basis expansion does not imply that customers will switch entirely to your service in one day, but rather your value share for this customer will gradually increase in comparison with other operators.

The continuous network (rural) extension constitutes a

mixed case. As the penetration rate is lower than previously thought, it may mean that the rural area does not buy cards at the expected rate. Nonetheless, this should be confirmed by market field studies done on the ground. A market which has been penetrated less may also be a market with more opportunities than expected.

Giving away of free SIM cards and the policy of subsidizing handsets should be rethought. Indeed, subsidized handsets could be offered to people who already have service, and free SIM cards introduce an unwelcome blurring effect between costly SIM cards and recharge cards that cost much less, for a less than clear reward for the operators.

The continually decreasing price of mobile voice services leads to commoditization. This trend is probably not avoidable, but up to what point can prices decrease? The continuing cost decrease of networks creates room to maneuver, but only up to a point. Differentiation through new services, other than just voice, seems to be the way to maintain profits. This has been utilized with great success by Safaricom, which has maintained a highly loyal customer base thanks to its mobile payment product M-Pesa. Another strategy for challengers could also be to take advantage of the multi-SIM nature of African markets, offering to be the second SIM on a multi-SIM handset. To date, however, no operator has ventured to take that risk.

5. Conclusion

The new methodology and indicators developed here can help scientists as well as telecommunications marketers/strategists better comprehend the complexity of multi-SIM markets. Given the facts on the ground, the situation is not as bleak as it might seem. In fact, although we provide caveats about the necessity of reassessing African markets, these markets provide room for optimism. Loose regulations have opened the way for experiments, such as quick and easy mobile banking, at a low expense rate compared to what has been done in mature countries. In addition, as these African nations lack many infrastructural elements (cables, buildings, and others) as well as services (e.g. post office and banking system), many people cannot access these services as they have neither addresses nor bank accounts; however, various mobile services could be developed allowing mobile operators to explore vertical concentration. In this way, these companies could increase their profits by increasing the amount of high added-value activities, and thereby the mobile network deployed can leverage the economy (Varoudakis & Rossotto, 2004). This in turn increases the telecommunications market for these countries and hence their revenues through a multiplier effect. As the valence of the Sub Saharan African market is high for telecommunications companies (emphasized by the fact that the world market is currently fairly flat), investments will be strengthened and this could lead to innovations, economic growth and greater prosperity.

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Notes

[i]Among others, the first mobile operators in South Africa (Vodacom), Senegal (Sonatel Mobiles), Ivory Coast (Ivoiris), Kenya (Safaricom), were the upshot of the national fixed incumbent (respectively Telkom SA, Sonatel, "Côte d'Ivoire" Telecom and Telkom Kenya), helped in one way or another, by AT&T, France Telecom and Vodafone, respectively). Still, in 2006, 7.3 percent of SSA countries were monopolies, 43.9 percent described as partially competitive, and 48.8 percent had achieved "full competition" (ITU, 2007, p.4).

[ii]At the end of the 1990s in Kenya, Safaricom's standard tariff was 2500 Kenyan shillings to buy a mobile line, the equivalent of €33 at the time.

[iii]While some SSA countries already have sizeable urban populations (Botswana is at 60 percent, and the Ivory Coast is at 49 percent), Kenya's population is still 78 percent rural, and rural flights have barely started in Uganda (Orange, 2009). All of these countries had become even more rural by the mid 1990s.

[iv]By the end of 2008, the penetration rate reached 41.66 percent in Nigeria and 49.6 percent in Ghana, among the most advanced countries, while it is still far below at 14.4 percent in the Democratic Republic of Congo and around 20 percent in Mozambique and Liberia (ITU, World Telecommunication/ICT Indicators Database, 2009).

[v]A Subscriber Identity Module, or "SIM" card, is a device used to store information in mobile phones. A unique telephone number, or line, is associated with each SIM card.

[vi]Prepaid customers recharge their accounts for a given amount that allows them to call for a predetermined duration; this is opposed to post-paid customers, pay a regular fee plus an amount correlated with their past consumption.

[vii]In June 2009, there were 7 operators in Nigeria, 6 operators in the Ivory Coast and Uganda, and 5 in Ghana and Guinea.

[viii]They are the largest groups present in Africa and the Middle East, and make up 30 percent of the total market, assessed at €77 billion in 2008. In North America, the five biggest players comprise 73 percent of the market; in Europe, trans-national operators account for roughly 50 percent of the market (Orange, 2009).

[ix]Safaricom is listed on Nairobi's stock market. Zain Kenya is a subsidiary of Zain Group, listed on the Kuwait Stock Exchange. Telkom Kenya/Orange is a subsidiary of France Telecom, listed in Paris and New York. All three companies provide regular financial and activity reports.

[x]Local definition. Source: Orange Kenya.

[xi]Bouillaguet, J. B. & Vavruska, D. (2009, p.20)

[xii]Ibid.

[xiii]Bouillaguet & Vavruska (2009, p.19)

[xiv]In 2006, the penetration of mobile cellular subscribers per 100 inhabitants in Africa was 22.0, in the Americas was 62.0, in Asia 29.3, in Europe 94.3 and in Oceania 72.6 (ITU, 2007).

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