Preface

This volume contains the papers presented at IBAICM-2016: Third International Conference on Marketing 2016 held on 19-20 December in Kuala Lumpur Malaysia. All submitted papers were reviewed by at least two reviewers. We are thankful to our reviewers for their efforts, it indeed enhanced quality of the papers.

The tradition of IBAICM was started in 2012 when the first international conference was held on IBA premises. The purpose behind this conference is to provide a much needed platform for showcasing high quality research and to bridge the gap between research and practice. This objective is achieved by inviting both practitioners & academics and ensuring knowledge dissemination and sharing among these stakeholders, while providing lasting networking and collaborative research opportunities.

In this regards, the conference is organized around two tracks: the academic track in which innovative research is exhibited and new ideas are discussed; and the corporate track where the implementation of theory to practice is highlighted and corporate research needs identified.

The Institute of Business Administration, Karachi, Pakistan is pleased to present Proceedings of its 3rd International Conference on Marketing, IBAICM 2016. The theme of this conference is ‘Marketing to the Bottom of the Pyramid in Emerging Markets’.

We are grateful to our sponsors: HBL (platinum partner), Green Star (Gold Partner), Habib Metro, Shan Foods (Silver Partner) and PIA (travelling partner).

We extend our gratitude to the Faculty of Business and Accountancy at the University of Malaya, our host partners, whose assistance and support extended far beyond the physical facilities. We are especially grateful to the Department of Marketing and look forward to long-term social and collaborative relationships with them.

We are thankful to EasyChair for allowing us to carry out all functions of the conference digitally.

March 6, 2017

Editors

Karachi

Dr. Wajid H. Rizvi
Dr. Huma Amir
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Traces of Company Strategy for the Bottom of Income Pyramid (BoP) in Pakistan - A Probing Analysis

Ahmed, Mohammad Ekhlaque\textsuperscript{1}; Khan, Marium Mateen\textsuperscript{1}; Kalam, Taha\textsuperscript{1}

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Abstract: This is an exploratory research making an attempt to probe the awareness of the “Bottom of the Pyramid (BoP)” concept among selected renowned companies in Pakistan. The research focused on what contributions have been made by the selected companies so far and how the marketing strategies for BoP are structurally shaping up in the Pakistani context. A qualitative research methodology has been employed. The data was collected through interviews from senior professionals from different industries, engaged actively in marketing assignments. Industries include Fast Moving Consumer Goods, Banking, Beverage and Telecommunication which contribute sizeable business and their market scope covers both urban and rural segment equally. Contributions made by the selected organizations to Bottom of Pyramid market in Pakistan are evaluated on the basis of themes derived from the literature review. The themes namely include; “concept awareness”, “profitability”, “product strategy”, “understanding and adaptation to the culture of the audience” and “innovation”.

Keywords: Bottom of the pyramid market, marketing strategy, social impact

Rent Discrimination in Sarajevo

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Abstract: Following the relative stabilization of the country after Dayton Peace agreement, B&H has been attracting growing number of foreigners who come to Bosnia for work or education. In recent years, Ilidza area of Sarajevo city has faced with an influx of such foreigners due to recently established university campuses in the area. This development caused large number of foreign students and professors, mostly from Turkey, to reside in and around Ilidza. This study investigates if these foreign students and professors face with discrimination in the rental market, using Oaxaca-Blinder decomposition method as a statistical tool. Ordinary least square (OLS) regressions under different specifications were applied and all of them revealed a significant coefficient for “foreign” dummy, indicating a significant difference between what locals pay and foreigners pay for the rent among IUS students and staff members. Further analysis with Oaxaca-Blinder decomposition method indicated that foreigners pay higher amount of rent in the area as they generally reside in better quality apartments. However, the difference in rent cannot be completely explained with the characteristics of the rental unit. Hence, this study finds an evidence of rental discrimination. The results are found to be similar when only student sample is used by excluding the staff members.

Keywords: Rental Discrimination, Oaxaca-Blinder Decomposition.
Trends on Green Consumer Behaviors (GCB): A Viewpoint from Developed and Developing Countries
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Abstract: Green consumers are those who purchase and consume green products and the one who persevere the environment with being green. The effort of these green consumers is with regards to their awareness of how the environment has been savagely polluted and they are working hard to reduce the pollution by saving the environment. They play their role as one of the living mechanism with purchasing and consuming eco-friendly products and even influence their family and peers to be part of it. Green behaviour has been well-developed by the consumers all around the continents, be it from developing country or developed country. Therefore, the green consumer behaviour has been introduced academically for the reference of educators and marketers to help them having an in-depth understanding and educate the consumers who yet develop this behaviour in them. The green consumer behaviour of each country is educated and understood differently as the behaviour is hard to measure. This is also due to inherent differences in lifestyles, beliefs, cultures and practices. Some of the countries find this behaviour as new and it is hard to change. In order to have an overview of all trends from developing and developing countries, this paper merely discussed the trend of green consumer behaviour by accumulating the findings of a previous studies done by the researchers in the scope of developing countries and developed countries on how the green consumer behaviour of each country are developed per se. This study was conducted by reviewing secondary data from academic journals and relevant materials. This study also discussed the challenges faced by both consumers and marketers in order to sustain the green consumer behaviour. The limitation of this study is that the literature with regards to green consumer behaviour is not adequate for developing countries. This might be because of not many developing countries are familiar with being green. This trend of green consumer behaviour is exemplified in order to help other researchers and marketers to overlook the trend in one write-up.

Keywords: trends, green consumer behaviours, developing countries, developed countries

An Agent-Based Approach to Vehicle Dispatch and Route Planning in a Dynamic Milk Collection Network
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Abstract: Milk collection research has taken a static approach to vehicle route planning where vehicle routes are determined before the milk collection tankers leave the central depot (dispatch point) for milk collection. However, milk collection is a dynamic phenomenon where milk collection requests may arrive after the vehicles have left the dispatch point. In this paper we develop an agent-based model
for vehicle dispatch policy and route planning in a dynamic milk collection environment. The model is tested under various conditions present in a milk collection network. Data is collected from a large dairy processor in Pakistan. The model is found robust under all conditions tested.

Keywords: Milk Collection, Supply & Distribution network, Agent-Based Modeling

Viral Marketing via the New Media: The Case of Communication Behaviour in WhatsApp
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Abstract: WhatsApp is the number one smartphone application in Malaysia. With its enormous user base, WhatsApp is a platform with considerable potential for viral marketing, which is a form of electronic word-of-mouth. Past literature indicates that the success of viral marketing greatly depends on a user’s decision to forward viral content, with the user’s intention being the key factor leading up to it. Although different models have been proposed in electronic word-of-mouth viral marketing behaviour, these platforms do not work entirely the same way as WhatsApp, which is a mobile instant messaging application. In addition, the factors affecting the user’s participation in viral marketing, as suggested by past literature, have been rather scattered and lack a consolidated view. To date, no study has been undertaken to specifically examine the behaviour of Malaysian WhatsApp users and its implications in terms of viral marketing. Therefore, there is a need to focus on the forwarding mechanism of WhatsApp messages in the Malaysian context and to identify the factors that influence users’ intention to forward WhatsApp messages (BI). This research suggests a model of consumer intention to forward WhatsApp messages, and looks at the perceived message value (which comprises the perceived entertainment value (PEV) and perceived usefulness (PU) of the message), perceived ease (PEOU) of forwarding the message, and users’ attitude. The results of the analysis suggest that the PEV, PU, and PEOU contribute to the positive consumers’ attitude towards forwarding WhatsApp messages; while users’ attitude mediates the relationship between these factors and BI. The study results show that there are factors that may be manipulated by marketers to create a ‘viral’ wave for their marketing message, which may enhance the impact of the marketing message at relatively low cost. Users’ attitude is found to be one of the factors that affects this mechanism, and one of the key factors leading to it is the perception concerning a WhatsApp message, with purposive and entertaining messages being preferred by Malaysian users. The findings of this study are useful for marketers and advertising agencies in developing a WhatsApp viral marketing strategy that may influence users to hit the “forward” button, thus creating a successful viral marketing campaign.

Keywords: Digital Marketing, WhatsApp Marketing, Viral Marketing, Consumer Behaviour
Locked in or Attracted by? The Interplay between Switching Costs and Alternative Attractiveness on Gen Y Satisfaction and Loyalty

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Abstract: The relationship between customer satisfaction and loyalty has always been a research mystery. Generation Y is regarded as a priority market segment, which no business can afford to ignore. However, Gen Yers are known as the least satisfied and loyal customers, making it a challenge group to target. More than any other generations, Gen Yers are sensitive to incentives and costs and they are aware of viable alternatives in the marketplace. Thus, this study proposed and empirically tested an integrated model to examine the mediated moderating roles of switching costs (SC) and alternative attractiveness (AA) on the relationship between customer satisfaction and loyalty. Analysis of survey data from 417 Gen Y mobile users revealed some interesting findings. While satisfaction was a significant predictor of Gen Y loyalty, there existed some mediators and moderators in the relationship. Both SC and AA were proven to be partial mediators, whereas AA was proven to be a moderator. Further, it was found that the moderating effect of AA on the association between satisfaction and loyalty was contingent upon the mediating effect of SC. These findings offer novel and important implications for the theory and practice. Finally, the implications of these findings are delineated.

Keywords: Customer Satisfaction, Switching Costs, Alternative Attractiveness, Customer Loyalty, Generation Y, Mobile Telecommunications

Identification of Perceived Quality Attributes and its Influence on Brand Attitude and Purchase Intentions in Context of Car Buying

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Abstract: The purpose of this study is to investigate perceived quality in terms of consumer’s perception about different attributes of a product and their attitude towards it which determine their purchase intentions. The industry chosen to study the variables was an automobile one and the product was Yaris which is about to be launched locally in Pakistan. A total of 227 respondents participated in the study including the exploratory and conclusive parts. The finding indicated that attitude and perceived attributes do influence purchase intention of the consumers of Pakistan and also that attributes have a positive impact on consumer’s attitude. The research hints that the automobiles companies should first focus on consumer’s perception about the attributes of the car and then design their positioning strategies while launching a car.

Keywords: Perceived Quality, Perceived Attributes, Cars, Attitudes
Perceived Facebook Company Page Features and Consumer Brand Engagement
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Abstract: Advancement in technology has shaped the consumers’ overall attitude towards the firm and its offerings. Social media has given leverage to the consumer to get the desired information about a product in a more convenient way. Quality of information available on the company’s web page even affects a consumer’s overall purchase behavior. The aim of the study was to measure the impact of consumer perception of facebook company page features on consumer brand engagement (CBE) and its consequences. Study was limited to Karachi. A conceptual framework was designed based on previous studies. Constructs and scale items were adopted and had valid reliability; however reliability and validity was re-ascertained for the current study. The data was collected through convenient sampling. SPSS-19 and AMOS-21 was used. SEM was performed to find the best fitted model through the use of AMOS. The findings revealed that facebook company page features significantly affect the consumer’s brand engagement (CBE), which ultimately impact on consumer’s self brand connection and brand usage intention. The findings of the study are important for the managers who are involved in the company’s social media pages. Consumer’s view is important since the company’s facebook page must have enough and quality information, the journey of exploring the page must be enjoyable and the page must be interactive. Since the data was collected through convenient sampling; therefore generalizability of the study is limited.

Keywords: Perceived facebook company page features, consumer brand engagement, self brand connection.

Intergenerational Influences on Automobile Brand Preferences in Pakistan
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Abstract: This paper examines the influence of Intergeneration Influence (IGI) on the preferences of automobile brands on two succeeding generations. Sample size consisted of a total of 320 subjects, translating into two dyads (mother-daughter dyad and father-son dyad) of 160 respondents from each. Three important findings from this study are; (a) in automobile category there appears to be statistically significant difference in the quantum of agreements between brands-in-use versus brands-in-mind. There appears to be more agreement for brands-in-use situation than brands-in-mind situation; (b) when it comes to automobile preferences, there appears to be statistically significant difference between the above-mentioned dyads of men and women. More specifically brands-in-use and brands-in-mind brand preferences in dyad of mother-daughter are more relevant than the dyad of
father-son and (c) The top three brands of local assemblers have depicted dominance for both brands-in-use and brands-in-mind. These three brands hold more than 57% of the auto brand preferences. This reflects that three local brands inhabit discrete and robust positions in consumers’ mind. The results illustrate that there is sign of the IGI existence between two generations. Marketers of auto brands need to understand this sort of influence on their target consumers.

**Keywords:** IGI, dyads, brand preference

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**Towards an Understanding of Customer-Based Corporate Reputation and Consumer Citizenship Behaviour: A Conceptual Model**

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**Abstract:** Corporate reputation attracts considerable attention in marketing practice and research. Previous literatures on this concept have analysed the concept from various angles in order to understand its causal relationship from different positioning such as antecedents and its consequences. However, the subject remains understudied from the aspect of different types of organizations and customers based involved in the research, particularly in marketing literature. This study is to propose a conceptual model to understand the role of corporate reputation in determining customer citizenship behaviour towards the organization (Malaysian GLCs) from the perspective of customers. The proposed of conceptual framework of this study is expected to offer valuable insights to managerial in managing their corporate reputation effectively in sustaining their competitive advantage.

**Keywords:** Customer-based corporate reputation, Customer Citizenship behavior, Brand trust

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**Effect of Brand Popularity on Customer Pre-Purchase Dissonance, Customer Satisfaction and Brand Trust: A Study of Household Appliances Industry in Pakistan**

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**Abstract:** Customer satisfaction has always been a matter of great attention and it is compared with other theories to improve the performance of a company or a
product. This study investigated effect of brand popularity on customer’s pre-purchase dissonance, customer satisfaction and customer’s trust towards a brand in Pakistan for household appliances. We developed an integrated theoretical framework about consumer brands of home appliances sector commonly used by the Pakistani customers. For that reason, a fully structured questionnaire from 450 respondents were collected and analyzed through uni-variate and bi-variate analyses. The results indicate that: (1) Positive brand popularity decreases the pre-purchase dissonance within the customer’s mind regarding the selection of one brand among the available options and negative brand popularity increases the pre-purchase dissonance within customer’s mind. (2) Positive brand popularity increases the level of customer satisfaction and negative brand popularity decreases the level of customer satisfaction. As much the brand popularity is positive as high will be customer’s level of satisfaction over a particular brand. (3) Brand trust of a customer increases with positive brand popularity and decreases with negative brand popularity. (4) The customer will go in the re-thinking process as the brand popularity of the brand is negative. Thus, marketing managers should focus on brand popularity for increasing future purchase because, if word of mouth is negative, his/her trust decreases and he/she will rethink about purchase decision.

**Keywords:** Customer Satisfaction, Brand Popularity, Brand Trust

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**Translating Practice Theory into Consumer Research with Coherent Research Strategies**

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**Abstract:** This article contributes to the underexplored methodological issues of translating practice theory into empirical consumer research. Practice theory conceptualises consumption as meaningful outcomes of social accomplishments which decentres the traditional influential roles of consumer emphasizes the performative dimension of the doings, saying, and material objects. Because consumers involved with practices are treated merely as “carriers”, the analysis focus is shifted from consumer to consumption practice. However, practices are difficult to access, observe, measure or represent because practices are hidden, tacit, and often difficult to articulate. These challenges and specifically methodological issues of social practice theory are seldom acknowledged and addressed. This paper reviews and discusses applications and challenges of deploying practice-based theory to consumer research. Finally, the article concludes with some considerations on how the methodological approaches can assist in advancing the field of consumer consumption research in general, and the bottom of the pyramid (BOP) proposition in particular.

**Keywords:** Practice theory, performative, qualitative research methodology
A study of Buyers' and Sellers' Perception of Organic Foods in Pakistan: Towards a More Effective Marketing Mix

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Abstract: Issues of food safety, nutritional value as well as environmental and ecological damage as a result of agricultural abuse have acquired global significance. Many people are looking for equitable, less cruel and sustainable answers to these problems. Organic foods / products are one such solution to people's food and agricultural needs. Looking at the viewpoints of both consumers (including prospective consumers) and producers, this research undertakes to study the marketing mix of the organic foods / products market in Pakistan and explores marketing solutions to enhance its development (research objective). Using qualitative interviews and thematic analysis, respondents’ answers are coded and analyzed to put forward their opinions and recommendations for strengthening the marketing of the aforesaid products. The theme of the paper is marketing mix, with product, price, place, promotion and packaging being the relevant categories.

It was seen that almost all respondents considered chemical-free clean foods, more healthy, nutritious and tasty. Some purchased specifically organic foods for the purpose, some whatever clean and safe solutions (whether organic or not) they could conveniently find and some, though aware, were not involved enough to look for more healthy, safer or cleaner options than what they were already consuming. Price and availability were cited as the main reasons that deterred people from buying organic foods / products. However, many producers and even a few customers felt organic products were locked up in the narrow positioning of 'rich man's health foods.' Hence there was a need to promote them more 'holistically' from the point of view of ecological and environmental safety, as well as more humane and sustainable alternatives to conventional agricultural produce. Responsibility for this needed to be shouldered by all stakeholders – consumers, producers, doctors, environmental and animal right activists and governmental agencies.

The purpose of the research is to present stakeholders of the organic foods market in Pakistan with an informed marketing perspective in order to facilitate them to take more effective decisions. A contribution of this paper thus lies in providing marketing knowledge and recommendations for the organic foods / products' market in the country.

Keywords: organic products, marketing mix, qualitative
The Impact of Industry Type, Business Age and Business Size on Proactive and Responsive Customer Orientation

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Abstract: This study investigates on proactive customer orientation and responsive customer orientation among business units operating in the technology, information, communication and entertainment (TICE) industry of Malaysia. The impact of the demographic factors of these business units on proactive and responsive customer orientation is examined. The results revealed that the business unit size has statistically significant impact on the variables of interest. The difference in the business unit size based number of employees has an influence on both the proactive and responsive constructs. In contrast, the difference in the business unit size based on the amount of annual sales turnover only influences the proactive constructs. There was also a pattern business units with higher annual sales turnover tend to have lower means for responsive and proactive customer orientation, and vice versa. The specific industry type and business unit age had no effect on proactive customer orientation nor responsive customer orientation.

Keywords: proactive customer orientation, responsive customer orientation, ANOVA

Customers’ Attitude towards Ramadan Advertising

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Abstract: Ramadan is the only religious festival in which marketing & advertising activities are carried for whole month. This provides opportunities & challenges to the marketers along with controversies. This paper will not address the controversies but will measure the effect of Ramadan advertisements on consumer attitude. Three hundred and ninety one (391) students of different universities in Karachi participated in this study. The questionnaire adopted for this study had established reliabilities and validates which were re-ascertained for the present set of data. All the five constructs used in this study had five items all based on seven point Likert scale. It was found that entertainment, information, credibility and good for economy has positive effects on the consumers’ attitude towards advertising, whereas, irritation has a negative effect on the attitude. The finding of this study will help the media in developing advertising strategies that are favorable to consumer attitude. The results of this study are consistent to earlier studies. One of the limitations in this study is that consumer attitude has been measured in the domain of electronic media. Future studies could measure effectiveness of Ramadan advertising in other Medias including print and social media.
The Influence of Personal and Product Factors on Gift Purchase Intention
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Abstract: The purpose of this paper is to examine the effects of personal and product factors on gift purchase intention. As this paper seeks to understand the Malaysian consumers’ gift purchasing behaviour, a non-probability quota sampling is being adopted. The quota sampling is based on gender (50 Male - 50 Female) and ethnicity (50 Malay-30 Chinese-20 Indian). This research adopted mall intercepts method in collecting the data, since most of the gifts are often bought in shopping malls. Self-administered questionnaire was utilised and a total 447 questionnaires were used for further analysis. To analyse the data collected for this research Structural equation modelling (SEM) was adopted. The results of the study indicate that consumer knowledge, consumer involvement, perceived risk, brand name and perceived quality have a significant influence on gift purchase intention. Furthermore, the result of the study found that consumer involvement has the strongest influence on purchase intention, while perceived quality has the weakest influence on purchase intention. This paper is one of the first studies that examine the extent personal and product factors have an influence on gift purchase intention. This paper also offers new empirical findings on how eastern culture consumers participate in gift giving.

Keywords: Gift giving, Consumer Behavior, Purchase Intention, Gift Purchase

Structural Effect of Psychological Capital on Online Purchase Intention
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Abstract: The online purchase intention is very crucial in today’s competitive environment where organizations are constrained to use different mediums for selling goods in order to seize a competitive advantage. The online system provides a platform for shoppers to have their demanded products and service according to their needs. However, online purchase intentions are the building blocks of remote purchase pattern without any physical involvement with the product. Most importantly, customers become more comfortable and hopeful of having good products with an optimistic view. The fundamental objective of this study is to determine the structural effect of PsyCap on online purchase intentions. Data were collected from 213 internet users using convenience sampling technique. The structural equation model (SEM) was used to test the hypothesized model that shows relationship between PsyCap efficacy, PsyCap hope, PsyCap optimism, PsyCap resilience and online purchase intention. The finding of study indicates that customers with positive and strong PsyCap resources lead to frequent online purchases.
purchase. Thus, customers should keep increase their PsyCap in order to make strong online purchase intentions.

**Keywords:** Psychological capital, Online Purchase intentions, Structural Equation Model

**Founder Characteristics and Small Firm Performance in Pakistan**
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**Abstract:** Although there is a large body of research on small firms, there is dearth of studies on small firms in developing countries. Developing countries present new sets of challenges which need new approach. Small firm founders in developing countries often lack marketing and general management knowledge, have low levels of literacy, lack training facilities for various types of skills, and have weak government support and infra-structure. Literature suggests founder characteristics have profound effect on the performance of small firms. This study seeks to investigate role of founder characteristics in performance of small firms in Pakistan. Small firms are defined as firms with 6 to 50 employees. A total of 440 firms from the manufacturing and services sector are selected from metropolitan Karachi and data is collected through a questionnaire. Survey instrument was a questionnaire with two parts. The first part included 17 questions related to information about founders and part two consisted of 5 questions related to performance. The questionnaire was personally administered through personal visits. Questionnaire is based on eighteen questions relating the variables of the study. Stratified random sampling is used. Innovation, proactive-ness and motivation are found to be significantly related to performance.

**Keywords:** Founder characteristics, small firm, performance, Pakistan.

**Re-Clarification of Corporate Character Scale (Davies et al., 2003) in Upscale Hotels**
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**Abstract:** This study examines the robustness of corporate character scale (CCS) in hotel industry in Malaysia via parallel analysis of factor analytic methods. A total of 529 respondents were surveyed for the purpose with Shangri-La and Hilton as sample hotels. Principal Axis Factoring and Principal Component Analysis and LISREL 8.8 were used to analyze the scale. Results show four instead of five factors scale and all factors meet necessary validity and reliability requirements.

**Keywords:** Corporate Character Scale; Factor Analysis; Parallel Analysis; Hotel
The Mediating Role of Brand Image of Health Product Brands on Consumer-Brand Relationships in Social Media
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Abstract: This paper presents the finding of a study which examines the mediating role of brand image towards the effects of various brand factors influencing consumer-brand relationship, viz., brand experience, brand attribute, endorser effect, brand familiarity, online advertisement and social media engagement. This paper was extracted from a much larger study which examined the relationships in the context of health product brands in Malaysia. The results of this study hold important implications for both practitioners and academics. Marketers need to make efforts to further improve their brand image and communicate it clearly to the consumers. This will lead to better consumer brand relationships and hopefully will ultimately lead to brand loyalty. This study also contributes to the body of knowledge as this is among the first to look at the mediating role of brand image especially in the context of branding on social media and looking specifically at health product brands.

Keywords: Brand image, Social media marketing, Consumer brand relationship

Online Grocery in Pakistan: A Remote Proposition or an Exciting Opportunity?
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Abstract: The purpose of the case is to study consumer behavior with respect to online shopping. It also helps retailers in deciding whether it is a good time to start e-tailing in Pakistan and which sites to focus on when selling their brands online. The case first provides an overview of the retail environment and e-commerce industry in Pakistan. It also provides a detailed competitive analysis of the existing e-commerce companies offering household items. Furthermore, it highlights the services being offered by different websites. It then explores the online shopping patterns and preferences of consumers for household items in the country and determines the prevalent mix of consumers to be targeted by retailers.

Keywords: E-Commerce, Grocery, Internet, e-retailing, Pakistan
Empirical Determinants of Product Innovation in Micro-Enterprises in Pakistan - An Exploratory Analysis
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Abstract: Product innovation is assumed to increase consumer utility but is effective only if the innovating firm invests in marketing, so that consumers become aware of the newly developed product. Firms first decide whether or not to conduct product innovation and then determine their expenditure for bringing the new product to the market. In the later stage they are involved in competition on the product market. This study investigates the determinants of product innovation in small firms in various industries of Pakistan. This study is an exploratory effort based on a sample of 200 plus respondents and uses logistic model. The empirical model identifies the factors that are key drivers of product, firm, and market innovation process. Controlling for size and age differences, the analysis reveals some major differences to the extent small firms use innovative practices and their connection with new product introduction. The dependent variables are described as proxies for innovation of a new product to the firm, and that to the industry. The explanatory variables are identified as proxies for innovative practices such as managerial focus, defined innovative plan, external network for learning, market research by firms, inter cooperation, involvement of frontline workers and training and development. The empirical results indicate that firms who have with internal knowledge management system, well documented plan and co-operative effort with other organizations have higher tendency for product innovation. The comparatively smaller firms and those that have some improvement in their product, and those exports are less motivated for product innovation. This study also distinguishes the product innovation behavior among manufacturing and services sector firms.

Branding and Purchase Decision of Pharmaceutical Products: A Conceptual Model
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Abstract: Pharmaceutical industry has been enjoying double digit growth in their annual sales in the past. Today, the pharmaceutical product loses exclusivity upon patent expiration with great sales erosion which make branding seems like a wise choice for pharmaceutical marketer to employ to extend their product’s lifetime. In the olden days, healthcare professionals are the sole decision maker on the choice of medication for patients. However, the increased power of patients today and how this power has affected the pattern and behavior of healthcare professionals’ prescription. Hence, it is interesting to find out whether or not branding plays a fundamental role in the pharmaceutical industry when it comes to selection of pharmaceutical products among patients. There have been couples of research done to understand the importance of branding in the pharmaceutical industry among
healthcare professionals, however not much have dwell further to better comprehend the role of branding and the power it has on the patients. This study is to propose a conceptual model that integrating branding and marketing in understanding purchase decision of pharmaceutical products in pharmaceutical industry.

**Keywords:** Branding, Pharmaceutical, Purchase decision

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**Identifying Factors Leading to the Success of Social Justice Campaigns Driven by Social Networking Engines in Engaging the Online Youth Audience**

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**Abstract:** Background. In the recent years there has been a significant exposure to relatively new media for communication. The online social media networking engines has not only facilitated the business organization but has opened the gateways of expression for the consumers. Facebook, Twitter and YouTube are now considered one of the key media to initiate a campaign which becomes viral in no time. A high percentage of such campaigns are based on social justice related to the violence, criminal, and injustice incidents taking place in Pakistan. The objective of this study was to identify factors that are leading to potential engagement of the online audience in social justice campaigns on social networking engines. The procedure to evaluate these factors was followed by conducting an extensive literature review of global researches carried out on the similar grounds, and measuring the intensity of factors leading to audience engagement through regression and correlation techniques. The data collection was done through questionnaires to measures the response of the online youth audience engaging in social justice campaigns. The practical implications of this research are highlighted in the paper.

**Aim:** This study aims to identify the factors that lead to audience engagement in online social justice campaigns. These factors have been identified and their effect has been measured on audience engagement. The scope of the project has been confined to four factors that are affecting audience engagement in online social justice campaigns. The objectives have been achieved through quantitative analysis. The study aims to highlight either audience engagement in online social justice campaigns is creating awareness or not. The major focus of the study was on the factors and their impact on the audience engagement on social justice campaigns on social networking engines.

**Methods:** This research is a quantitative study, based on calculated results through the statistical analysis. The target audience whose response is measured is the youth between the ages of 18-25 years. They must be using social media for a year or more and have exposure to the online social justice campaigns on social media. The unit of analysis is the individual respondent selected by non-probability sampling which includes random sampling. The sample size was 200 respondents, and the
study was cross-sectional in nature, where the data was collected at one point in time.

Findings: The analysis showed that where three items show an increasing awareness, one show a moderate increase and one shows a low increase in awareness. Hence, we can conclude that awareness is increasing regarding online social justice campaigns on social media, but is still in a development stage. There are many other media where information is being shared on hourly basis and updated every minute, social networking engines act as a support to share information, feeling and thoughts about what an individual thinks and belief.

Keywords and Phrases: Social Networking Engines, Social Awareness Campaigns, Online youth audience

What Constitutes the Bottom of the Pyramid (BOP) Market?
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Abstract: The BOP is a concept of dividing the world into an economic pyramid by keeping the privileged on the top and unprivileged poor at the bottom. Businesses need to adopt innovative ways of doing businesses in a market consisting of billions of underprivileged poor consumers. However, the main question is, does this huge segment have the capability of becoming profitable for companies? This research analyzes the viewpoints of various theorists and organizations about the agreed income level of a typical BOP and in doing so attempts to arrive at an ideal definition of the BOP market for businesses. Further, the research is critical of including only income as a major determinant of the BOP and incorporates broader (social and educational) dimensions while establishing the boundaries of an ideal BOP market assuming that income cannot solely measure poverty.

Keywords: Bottom of Pyramid (BOP), Income, Definition of BOP, Macro characteristics of BOP

The Utility of Hedonic Risk for Beverage Consumers: Myth or Reality?
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Abstract: The association of positive feelings like happiness, gratification, thrill and self-confidence with a challenging activity has been termed hedonic risk. This research aims to understand the impact of hedonic risk on ad recall, brand recall, intention to purchase and actual consumption of beverages. It also explores whether hedonic risk can classify the customers into non-overlapping groups that exhibit
distinct patterns of consumption. The research has been conducted on a sample of young, literate people living in Karachi. Multivariate data analysis technique of stepwise regression, logistic regression and moderating and mediating analysis were used for statistical inference. The findings are of particular interest to marketers and advertisers who want to develop marketing communications based on hedonic risk themes. Based on the findings of this research, further research can be done to develop detail consumer profiles using other techniques like cluster analysis.

**Keywords:** Hedonic risk, gratification, upbeat feelings

**The Discourse: Doing it Differently – The Oreo Princess Campaign**

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**Abstract:** This article brings forth a new perspective in the context of advertising in Pakistan and a unique standard classification structure for evaluating its communication. The three-fold components of Ethos, Pathos and Logos constitute to be the basis of understanding across many disciplines. Using the same essence of the persuasive communication model the other similar communication messages can be evaluated. This study evaluates how the Oreo Princess Campaign in Pakistan has pulverized the existing norms of communication and advertising with respect to Aristotle’s tri-partite communication model. Our study provides a basis for further developing the foundation of an effective communication following the three rhetoric elements model for persuasive communication.

**Keywords:** Persuasive Advertising, Children Advertisements, Global Branding, Food Advertising, Emerging Markets, Pakistan

**Organic Growth of BOP E-Commerce Business Model through Entrepreneurial Marketing (EM)**

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**Abstract:** E-commerce has produced a transformative effect on the people of Bottom of Pyramid and has huge potential to further transform. The use of an e-commerce website is not restricted to only billionaires; it is the same for the person whose survival is dependent on his daily income. There is an issue of affordability, but the store is available for all. Similarly, for the seller, e-commerce is not only for the big brands, small brands can also have access to the same customer. Therefore, e-commerce or internet is a perfect way to work for BOP and grow organically without spending much on marketing.

Marketing for start-ups/new entrants is not the same as it was a decade ago. You do not need a budget of millions and a huge workforce to plan your marketing. In
this situation, all you need is a viable and unique product/service to offer, a smart and enthusiastic team, and knowledge of basic marketing do’s and don’ts. No advertising is bigger than word-of-mouth marketing. The purpose of this paper is to share the research and experience of a start-up (Buyon.pk), which worked with the tactics of entrepreneurial marketing to achieve growth. The project Buyon.pk is completely growing with organic reach and continuously working and evolving Unique Selling Points to keep the customers engaged and retained with the marketplace.

When BOP people experience the ease of buying and selling –something they’ve never dreamt of –and share the experience with their groups, it gives further reassurance in a viable manner that these people are beneficiaries of e-commerce and have improved living standards. Thus, a positive attitude would be developed for e-commerce at the bottom of the pyramid and more people will get benefit through it. This will create a domino effect to the economy at large. This paper will also discuss the ways to grow BOP economy by providing them improved and sustainable living.

**Keywords:** E-commerce, Entrepreneurial Marketing, BOP

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**Tactics to Save Brands from Failure**

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**Abstract:** The purpose of this study is to present the experts opinion about various tactics used to save brands from permanent failures. The sampling technique used in this survey was judgmental with a sample size of 196 marketing professionals from FMCG, health, pharmaceutical, services and manufacturing sectors based in Karachi. Using Exploratory Factor Analyses tactics are summarized into groups. This paper offers numerous expert opinions about tactics to save brands from permanent failure. Provides valuable analyses for marketing/brand professional and academics.

**Keywords:** Brand Failure, Product Life Cycle

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**Brand Switching Behaviour of Muslim Consumers; The Road not Taken**

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**Abstract:** The purpose of this study is to build an argument in order to investigate the Muslim consumers switching behaviour. Moreover, it also intends to examine the previous literature on brand switching behaviour generally and in relation to the Muslim consumers specifically. This study seeks to expand the body of knowledge in consumer behaviour research with the emphasis on the role of Islam.
The benefits that will be yielded from this study will not only provide guidelines to business researchers, but will also enhance the current understanding of Muslim consumers. It studies how the Muslim consumer’s brand switching behaviour is influenced by religious beliefs of Muslim consumers and image of a brand. Previous studies have only attempted to understand brand switching without considering the religion specifically Islam.

**Keywords:** Brand Switching, Islam, Malaysia, Pakistan

**Comparative Study: Effect of Color on Major Chocolate Brands in Pakistan (Branding and Packaging)**

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**Abstract:** From the moment we open our eyes there is one thing that surrounds us and that is color. Thus color is one of the most important part of human life. Similarly when we talk about marketing we can’t go any further unless we take into account how this major variable “Color” will impact us. This research aims to study how color effects people in Pakistan. Are there any differences in color choices among people based on their age, gender and religion. Does occasion play any part in impacting our color choice. Furthermore this research will also provide evidence about how change in color effects brand image, brand love, brand recall and brand loyalty by taking into account major chocolate brand namely DairyMilk, Mars, Novella and Kitkat. This research was carried out in the twin cities Rawalpindi and Islamabad in Pakistan. The data was collected through online questionnaires with a total sample size of 151 respondents. Correlations, Cross tabulations and Kruskal – Wallis H test was used to interpret the data.

The results of this study indicate that all the independent variables i.e. Brand Image, Brand Love, Brand Recall and Brand Loyalty have a highly significant positive relationship with color. Age and gender did not have any significance in the choice of color. Black was seen to be the most preferred colored for chocolate among almost all age groups and genders. Kitkat turned out be the most preferred chocolate brand among both the age groups and genders. A significant relationship was also seen between the chocolate brand and the choice of color.

This study will help marketers understand the importance of color in branding and the consumer preference of color in Pakistan. This study will add on the current limited literature on color and its relation with the choice of chocolate.

This Study was limited to the twin cities. Due to budget and time constraints a printed survey could not be used and an online survey was conducted thus decreasing the one of one interaction with respondents. Due to time limitations the emotional effect of color could not be studied.

**Keywords:** Branding, Color Psychology, Chocolate
Ethics of Serving the Bottom of Pyramid Market - A Study in Context of Indian Food Market

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Abstract: Purpose of study: BOP 1.0 proposition considers BOP market as consumer and a market based approach for alleviating poverty. Free market mechanism fails to inculcate the role of state for protecting the interest of vulnerable consumer. This paper reviews the vulnerabilities of BOP consumers and reality of marketing strategies for engaging this segment. This paper presents, the current legislative framework and suggestive guidelines to be considered while forming a marketing mix for subsistence market. It suggests a theoretical framework for ethical interaction and provides recommendation for marketers and policy makers for formulating and implementing policy at BOP.

Findings – Key findings that emerged are that the existing legislative framework fails to recognise complexity of BOP environment and there is an absence of concrete BOP legislative framework.

Practical implications – For managers, this research suggests a set of guidelines for doing business in a responsible manner at the BOP markets.

Social implications – Recommendations for public policymakers are offered that stress on the need for ethical marketing exchanges to address the concern over possible exploitation of this vulnerable population.

Design/methodology/approach – This research paper focuses on the cases highlighting the malpractices adopted for engagement of BOP consumer and defines the role of government in this free market mechanism. To analyse the role of government we consider existing policy and legislative framework to curb such malpractices followed by marketer. It is followed by suggestions and recommendation for designing an efficient policy mix and managerial implications.

Originality Value – This paper makes an original contribution in direction of revival of existing policies and guidelines for making BOP specific policies

Paper type – Theoretical Research paper

Scope – Market for Food items in India

Keywords: BOP 1.0; BOP marketing; free market mechanism; Ethical interaction at BOP
Moving Towards Sustainable Consumption: A Study of Reduce, Reuse and Recycle (3Rs) Adoption among Malaysians

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Abstract: Over the last decade, rapid globalization, industrial development, economic growth and technological advancement has resulted in population growth and unprecedented changes to the social and cultural lifestyle in Malaysia. One of the dramatic increase was witnessed in the consumption of goods and services due to the rising household income and progressive consumption-oriented lifestyles. On one hand, it helps to stimulate economic activities, but on the other hand, it poses threat to the diversity and stability of the natural environment in various ways. Hence, the key purpose of this study is to identify the factors that affects Reduce, Reuse and Recycle (3Rs) adoption among Malaysians by proposing a model for the prediction of 3Rs adoption, deriving upon Value-Belief-Norm Model with the inclusion of perceived behavioral control from Theory of Planned Behavior. The study includes a total of 407 qualified respondents from all over Malaysia who are the actual adopters of 3Rs. The results demonstrate a profile, behavior and experience of consumers towards 3Rs adoption. The regression analysis was utilized to test the hypothesized relationships among the constructs. All the six-hypothesized relationships were supported. The new ecological paradigm acts as a mediating variable to altruistic value, biospheric value and egoistic value and directly affects the adoption. The findings also indicates several key theoretical and managerial contributions. It was proven that new ecological paradigm is the key determinant of 3Rs adoption decisions, and then followed by perceived behavioral control. Also, biospheric value is the key influence on new ecological paradigm, followed by altruistic value and egoistic value. The study also reveals that recycling behavior is different from waste reduction and reusing behavior. Overall, there are more Malaysians performing recycling behavior as compared to reducing and reusing waste.

Keywords: Green Marketing, Sustainable Consumption, Consumer Adoption of Reduce, Reuse and Recycle

Antecedents to Fashion Clothing Purchase Involvement: The Mediating Role of Fashion Clothing Involvement

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Abstract: The study examines the influence of materialism and fashion clothing involvement on Malaysian youth’s fashion clothing purchase involvement. The Richin’s materialism scale as well as the product and purchase involvement scales developed by O’Cass were employed to understand the behaviour of Malaysian youth towards fashion clothing. The sample (n = 281) comprised of university
students from different parts of Malaysia. The result shows that Malaysian youth do not possess a high level of materialistic tendencies. The study found that materialism and fashion clothing involvement positively influence fashion clothing purchase involvement whereas religiosity negatively influence fashion clothing purchase involvement. This study offers enormous opportunities for the international apparel marketers to formulate relevant business policies and strategies.

**Keywords**: Fashion clothing, materialism, fashion clothing involvement, religiosity, Malaysia

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**The Influence of Religiosity on the Shopping Orientation of Muslims in Karachi**

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**Abstract**: Religion as a component of culture impacts people’s values, attitudes and lifestyles which are subsequently reflected in behavior as consumers. In this research we examine the effect of religiosity on consumer behavior of the Muslims living in Karachi. Since 84% of Pakistan’s population perceives themselves as religious it is important to find if there exists a relationship between religiosity and shopping orientation in Pakistan. This research tested the significance of relationship between Religiosity (perceived strength of religiosity, intrapersonal and interpersonal religiosity) and Shopping Orientation (brand/fashion/quality consciousness and shopping enjoyment). The research was focused on the ready-made garments market. Worthington’s (2003) Religious Commitment Inventory (RCI-10) was adopted to assess Religiosity. The scale by Shamsadani, Hean & Lee (2001) was adopted to measure Shopping Orientation. A sample was purposively selected of men and women, aged 20 plus, living in Karachi, educated till secondary level or more and affiliated with Islamic educational institutes. Respondents’ data was collected via structured questionnaire-based survey. The findings are that religious respondents have moderately low fashion consciousness and brand consciousness and they are indifferent towards quality. Shopping enjoyment is moderately low in the sampled group. Religiosity is significantly but negatively related to overall shopping orientation. Specifically, perceived strength of religiosity and intra-personal religiosity are significantly and inversely related to brand and fashion consciousness and also to shopping enjoyment. It is recommended that brands which target religious people for e.g. religious clothing brands should not portray themselves as fashionable because strongly religious people have lower inclination to follow fashion. Lastly, retail outlets, malls and departmental store should conduct exploratory studies to discover how to improve the shopping experience for religious people too. This can be very important in view of the ever-present social phenomena of religious people being opinion leaders in society in general.

**Keywords**: Religiosity; shopping orientation; ready-made garments; Pakistan.
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Abstract: Women labor participation rate is very low in Turkey. Although the government incentive policies have relatively improved, positive developments expected in this area have not taken place at the desired level. The micro-credit scheme aiming at providing relatively smaller amount of loans to entrepreneur women to start their business began in 1980s in the world, and became operational in our country at the beginning of 2000s. Currently, certain level of successful is observed through in many Turkish provinces through this system. To this day, nearly 200 thousand female entrepreneur established their business through small capital provided by the micro credit system in Turkey. Moreover, they have already paid back all the loans that they used. In this study, the application of micro-credit system for increasing female participation in labor force and business life is investigated. The labor participation level of women in Turkey has remained quite low. Although the government incentive policies have relatively provided improvement, the positive developments expected in this area have not taken place at the desired level. The micro-credit scheme aiming at providing relatively lower amount of loans to women to start their business began in 1980s in the world, and became operational in our country at the beginning of 2000s. Currently, we see successful work is done through this scheme in many Turkish provinces. In this study, the application of micro-credit system for increasing the participation of women in working life is elaborated.

Keywords: Women Entrepreneurship, Female Employment, Women in Turkey.

Cosmopolitan Orientation, Consumer Consciousness, Green Purchase Intention: Mediating Role of Green Trust (Green Field Marketing)

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Abstract: At the dawn of 21st century, climate change is a biggest global challenge for all stakeholders to cope with it. Particularly firms being biggest contributors are investing time and efforts to shift their business processes and products toward environment friendly ideas. Concurrently, firms are also increasing outreach in developing countries and eager to understand what factors contribute in green purchase intention of consumers in developing countries. Due to emergence of social media, people can easily become part of the world, follow global norms / lifestyle and gain cosmopolitan orientation without geographical exposure. Voluminous literature on green purchase intention has been documented from demographic, personality and attitudes perspectives. However, how cosmopolitan orientation play role in increasing green purchase intention is still under theorized. Pakistan being a developing country with 100 million population of young consumers of less than 30 years of age, liberalized policies and highly connected with globe offers an attractive potential market for firms. Hence this study, based on consumer culture theory and expanded rational expectation (ERE) model, examines the impact of cosmopolitan orientation on consumers consciousness.
(environment and health) and then substantiate up to what extant these consumer consciousness likely to influence green purchase intention. Generally markets where consumer rights are not practiced the chances of scepticism increases. Thus study determined up to what extent green trust mediate the relationship between consumer consciousness and green purchase intention. Survey method was used with sample of 300 young students of less than 30 years of age of public and private universities located in Karachi and Islamabad cities of Pakistan. A self-administered questionnaire was filled applying convenient sampling technique between September and October 2015. The regression analysis was used to test hypotheses and bootstrapping method was followed to check mediation. Results indicated that cosmopolitan orientation has significant relationship with environmental and health consciousness. Further environmental and health consciousness was found significant determinant of green purchase intention and green trust had full mediation effect between environmental, health consciousness and green purchase intention. This study recommends that firms should communicate to explicitly the benefits of green products for health, environment and society. Further firms should share their social contribution, and having standardized advertising campaign.

**Keywords:** Cosmopolitan Orientation, Consumer consciousness, Green Purchase Intention.
Selected Papers (FULL)
Traces of Company Strategy for the Bottom of Income Pyramid (BoP) in Pakistan - A Probing Analysis
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Abstract: This is an exploratory research making an attempt to probe the awareness of the “Bottom of the Pyramid (BoP)” concept among selected renowned companies in Pakistan. The research focused on what contributions have been made by the selected companies so far and how the marketing strategies for BoP are structurally shaping up in the Pakistani context. A qualitative research methodology has been employed. The data was collected through interviews from senior professionals from different industries, engaged actively in marketing assignments. Industries include Fast Moving Consumer Goods, Banking, Beverage and Telecommunication which contribute sizeable business and their market scope covers both urban and rural segment equally. Contributions made by the selected organizations to Bottom of Pyramid market in Pakistan are evaluated on the basis of themes derived from the literature review. The themes namely include; “concept awareness”, “profitability”, “product strategy”, understanding and adaptation to the culture of the audience” and “innovation”.

Keywords: Bottom of the pyramid market, marketing strategy, social impact

1. Introduction

Global corporations including telecommunication, fast-moving consumer goods and pharmaceutical have been largely unable to reduce costs and prices enough to serve consumers living on a budget under $2.5 a day. According to Karamchandani, Kubzansky, & Lalwani, (2011) only a minority of corporations that were engaged with poor consumers have created business with only 100,000 or more customers in Africa or 1 million in India. This also proves that bottom of the pyramid clearly isn't for every company or product or any supply chain even if the company is highly engaged with this population. But most companies still find it easy to deal with large middle income farmers or skilled urban workers in emerging markets such as India rather than with producers at the bottom of the pyramid.

Prahalad (2012) has shown that bottom of the pyramid has unlimited opportunities. The 4 billion people living in poverty represent $5 trillion worth of purchasing power. Success at the bottom of the pyramid requires companies to adapt their business models for environments that are very different from their core markets. Engagement with the bottom of the pyramid customers is a daunting task that requires selling low margin products in high volume.

This paper is an attempt to probe the concept of serving to the BoP market in order to make a possible transpiration of ways in which smart companies have managed to overcome those barriers and traces of the same in Pakistan plus, how it is encouraging innovative thinking which is opening new markets.

In order to find out BoP strategy traces in Pakistan a research was carried out by interviews from representatives of 5 renowned companies to know how different industries are employing this concept and what problems they are facing. Different industries namely; telecommunication, beverage, banking and fast moving consumer goods industry were probed. The findings of these are used to conclude the degree to which one can say that BoP concept is under employment by companies in Pakistan and how it can help to open up new markets opportunities for other industries.
2. Literature Review

It is clear from the experience of many multinational firms that taking the products, services, and business systems from the West will not work in the BoP markets. Firms must learn to balance global standards and local responsiveness. The biomass stove is just one example of innovating effectively in and for, BoP markets (Prahalad, 2012). He also emphasizes couple of things in his article that there is no universal BoP solution. Solutions must be specific to an industry and to a particular target within the BoP. Innovation at the BoP must start with the commitment to awareness, access, affordability, and availability as the organizing themes where affordability should be the core challenge. Innovation must start with a deep immersion into consumers’ lives to get unique insights.

Companies should not confuse themselves by thinking that profit generating strategies for entering new markets are the same thing as responsible or sustainable business. The real benefit of entering an underserved market goes to the corporation by increasing consumption. At best, an unexpected benefit is that these specific strategies and subsequent innovative strategies could possibly increase quality of life for BoP consumers. However, it is impractical to think these strategies will ease poverty (Landrum, 2007).

There are four initiatives as a BoP roadmap. A scalable BoP Enterprise Initiative - aimed to generate knowledge that helps in creating BoP ventures. Second, a BoP Ecosystem Building initiative designed to measure the current resources of partners so that one can understand the gaps that need to be filled and developed to enable BoP enterprises to influence the existing ecosystem and fill the gap. The third, Mutual Value Creation initiative to understand the value proposition that is being created for their customers, producers and other partners and the social impact of the initiative for eradicating poverty. The fourth, BoP Global Training and Knowledge initiative called for trained talent because in the absence of such a system lessons learned and emerging best practices are not currently shared in a structured way among BoP enterprises. (London, Sheth, & Hart, 2014).

Commercial Banks target the market segment in rural villages and urban slums which affect its financial performance. There is a variety of factors involved like business growth, cost saving approach, innovation and new partnership. All these also have an impact on the financial performance of the commercial banks. The four variables have a positive relationship with cost-saving approach contributing more to the financial performance of Commercial Banks, while new partnership contributes the least to the financial performance of Commercial Banks. Focus on various aspects of business growth must be laid in the bottom of the pyramid such as focusing on the ill-served, generation of new product lines and revenue generations; Commercial banks should focus more on using different cost-saving approaches which includes distribution and technology investments, productivity, outsourcing and capital/resources. (Jagongo, & Molonko, 2014).

Firms should either adapt the vision to meet the realities of the corporation or bear the risk of the concept fading entirely from corporate business agendas. BoP concept is the next big thing which will demand creativity and open up new waves of research and new opportunities for interaction and learning the development sector and global business (Simanis, 2013).

There must be innovative management practices in sustaining engagements between firms and BoP producers over time. Along with that the concept of the 'bridging enterprise'-which originates from intersection of specific BoP communities and the corresponding non-local markets - as an interpreter and innovator reconciling the interests of stakeholders across the pyramid. The paper seeks to redirect attention toward the long term involvement between the firm and the BoP producer (Ramachandran, Pant, & Pani, 2012).
Strategic management has its importance as an analytic framework for case studies at the BoP which will help in analysis of aspects that are significant for achieving respective solutions. They stress the vitality of employing concepts such as internal organization, supply chain management and sustainability outcome in forming a strategy for BoP (Schrader, Freimann, & Seuring, 2012).

The BoP market is an opportunity to explore the un-tapped potential. BoP is an inclusive reference to large number of population who has the lowest income yet a big market that must be tapped. In this situation, the BoP marketplace presents a large size marketplace, which nonetheless is always unexploited via multinational or domestic companies (Simo, 2013).

Cultural dynamics must be respected because for every targeted segment, companies need to modify and transform the product of packaging as per the requirement. A company must see the dynamics of the target audience to cater their need. The product development should be based on reducing costs structure (Tu, Shih, Hsu, & Lin, 2014).

Accessibility, affordability and reliability of health care services are a huge barrier in the economic development of an economy that deprives the weaker segment. It is mentioned as a challenge as well as an equal opportunity, for entrepreneurs to enter in this socio-economic landscape with sustainable businesses. BoP business models need to offer affordable, accessible services and must have a high performance/price ratio (Kapoor, & Goyal, 2013).

BoP refers to those markets that genuinely serve the poorest individuals out of the market by going from merely adapting an existing available product to the development of an innovative and unique product strategy to help in the growth at the base level. It is possible to differentiate mere international marketing strategies from the genuine BoP strategies (Payaud, 2014).

Micro-finance is an effective anti-poverty tool for raising income levels, empowering women, and improving living standards for those occupying the base of the pyramid. Different strategic intents like commercial orientation socially oriented non-profit organizations drive the acquisition of disparate resources and capabilities, which in turn drives distinct performance outcomes, including a focus on different markets within the overall BoP. Cross-sector alliances between for-profit and non-profit MFI's may benefit from the unique capabilities of both types of organizations and deliver the most and broadest impact on poverty alleviation in BoP markets (Casselman, & Sama, 2013).

In making or developing new products for the BoP audience the two things to be taken care of are, product’s design and delivery. These are stressed by problems of affordability and accessibility which are the biggest pains of a BoP customer and failing in either cause offer to be unsuccessful (Viswanathan, & Sridharan, 2012).

Inclusive innovation focuses on affordable products and services that create livelihood-sustained opportunities. The added value of a systems view of innovation lies in the fact that it is well equipped to identify those drivers and barriers that shape the broader “context” of an innovation project .The traditional business logic model of companies introducing products into low-income markets requires fundamental rethinking (Suurs, López, de Boer, Miedema, de Kamp, & Mashelkar, 2013).

MNCs that want to enter the BoP market successfully, should also invest in their relationship with the BoP market as well as with other non-business actors. The development of trust, commitment and legitimacy should be geared at both NGOs and the BoP (Tasavori, Ghauri, & Zaefarian, 2014).

A thorough BoP strategy encompasses including the poor as producers suppliers and co-owners while broadening their image as not just customers but as strategic partners. Any offer ignoring affordability and adaptability shall be a failure. Companies must also take extra care about where they are diverting
the resources of these people as offering them something that they do not need and lies beyond their range of priorities is both unaffordable and inadaptable for them while the ultimate loser is the company itself that tries to offer the BoP people something with emotional and aesthetic values (Agnihotri, 2013).

Everything must be simple and close to mission. A strong value system binds the organization in delivering superior value at the BoP. Plus a sharp delivery system that impacts the understanding of the staff in getting along with the vision (Vickers, & Rosen, 2011).

The main worry of a company when tapping the bottom of the pyramid is to reap profit in the existence of slimmer margins in such markets where the income being the main constraint of the buyers, price sensitivity is the core consideration of a buyer’s decision. While dealing at the bottom of the pyramid gaining profits is difficult but it’s not impossible if one focuses on major challenges specially faced in the low income markets which is changing consumers behavior and changing the way products are made and delivered. As a company one needs to match their financial capabilities with the opportunities and aim to serve those that can best be served yielding maximum gain for them (Simanis, & Duke, 2014).

There are features of a BoP segment that companies must assess before entering so that they can decide whether this is a market they should enter or not and if they can after overcoming certain hurdles, what are those and how can they be overcome. Operating at the BoP requires selling low margin products in high volume. Multinational companies face problems as their usual supply chains, production methods, and delivery systems are the major obstacle in reducing cost (Karamchandani, Kubzansky, & Lalwani, 2011).

Serving the poor required that the fundamentals must be learnt by exposing managers in the environment of the poor masses themselves which will enable them to grasp the realities of affordability and adaptability as well as accessibility which will help companies develop those offers that will best suit their BoP audience’s needs. They proposed the idea of a business development task force for this purpose (Prahalad, & Hammond, 2002).

To successfully pursue the opportunities at the BoP, firms must make a careful consideration and analysis of availability of infrastructure, consumer resources and establish whether the initiative has been taken with an aim of sustainability or not. Once these conditions are well understood, companies will be able to make an approach for successful engagement with the masses (Mohr, Sengupta, & Slater, 2012).

MNCs contribute in making markets and not just maximizing markets that are already existent. MNCs can cross channelize knowledge from BoP markets in different countries which can help them understand similar and different markets (Faulconbridge, 2013).

Profit potential from the emerging markets must be looked at from the point of designing and selling offers in collaboration with the market rather than solely cost reduction. This idea was driven by the shifting paradigm in the emerging markets (Williams Jr, & Omar, 2013).

Companies in emerging markets are first movers or late comers. Being first movers they pursue growth in all aspects like cost, technology and mastering their landscape. But many companies neglect to lay foundation for profitability in any environment other than the expanding market. Such companies lay behind on the quality in the market structure. In their expansion phase they lose managerial control and soon operational problems emerge out hampering growth of the company. Many companies fail to be prepared for the upcoming change due to growth and see a downfall (Jullens, 2013).
Instances from the India, China and Brazil can be used to share that culture and convenience dominate the way the base of pyramid market behaves where family, friends and events drive people’s choices while the same is needed at convenience. These are the described parameters for companies to build their value offer on (Artigas, & Calicchio, 2007).

In India rural population was a key source of growth for Unilever where it proposed to extend its rural reach and to set up self-help groups. Women can be the focus in similar markets and be made a part of the value chain by making them strategic partners (Rangan, & Rajan, 2005).

The insights from the BoP segment that can be utilized to collaborate different sectors so that poverty can be alleviated by comparing the highs and lows of two previously existing models of creating collaborative interdependence namely Donor led and Enterprise led initiatives. They shared that not all strategies shall be effective at once and that some might demand priority over others as per need of the hour. Yet since this is new, these strategies must be tried and tested first (London, & Anupindi, 2012).

BoP concept can be looked at in light of holistic thinking and finds social responsibilities of corporations. Keeping in mind the future generations there should be sustainable development along with preserving the ecology for the future generations so that justice is served across generations (Hahn, 2009).

Most ventures serving the world’s poor lack a systematic way to assess their activities and often employ the wrong indicators of milestones and tasks accomplished which do not grab the whole situation. London argues that managers need to effectively build on the approaches that work, and avoid those that do not after understanding exactly whom their ventures benefit and how (London, 2009).

Prior entering a developing country, there needs to be diligence of its market institutions and their variances. That comes from gauging its political and social systems, degree of openness, product, labor markets and capital markets which must be matched with its own their strategies. Companies entering markets without a sound cost/benefits diligence are likely to falter (Khanna, Palepu, & Sinha, 2005).

3. Methodology

Being exploratory in nature, qualitative research method has been applied to explore about BoP strategies. Qualitative interviews were employed as the primary tool for data collection and for analysis on the topic (Bogdan 1982). The research involves both secondary and primary research where valuable previous studies were employed to craft a qualitative discussion questionnaire (secondary research). Qualitative interviews involved asking open-ended questions that allowed for respondents’ variations. Patton (1990) writes about three types of qualitative interviewing: 1) informal, conversational interviews; 2) semi-structured interviews; and 3) standardized, open-ended interviews. The interviews conducted are primarily based on (2) and (3). The findings from the literature review were used to extract variables which were molded into probing questions that were used in interviews from the selected companies (primary research).

Choosing the right respondent for the research is most important rather than choosing large number of sample size along with irrelevant respondents (Denscombe, 2014). As the research was qualitative in nature, six scrutinized interviews have been conducted from companies in different industries to share a multi perspective insight for the research findings. Purposive sampling technique was used, where chosen sample had relevance and the knowledge about the topic. It is well tailored for creating an exploratory sample. It is a way of getting the best information from those respondents who have relevant information with the expertise to provide valuable insight and quality information on the research topic (Miles 2014).
These companies with their respective industries which are coded as respondent for presenting findings are laid out as follows with the number of interviews conducted in each of them.

With considerable insight from these interviews the feedback was analyzed to look for what traces of BoP strategies from their end exist in Pakistan and are there any gaps that can be taken as opportunities for the companies to advance further into the BoP market or not. Information obtained is analyzed with identification of the emerging themes which have been acquired (Strauss 1990).

3.1. Rationale for Choice of Organization
The companies are selected on the basis of their industry presence in terms of time and reach which is across Pakistan in case of all the above. They are dominant players in their respective industries and have a tremendous distribution network that comes in handy in accessing the BoP market. Lastly, from the selected companies time compatibility and availability of interviewee was critical.

Table 1. Organizations Analyzed

<table>
<thead>
<tr>
<th>Organization</th>
<th>Industry</th>
<th>No. of interviews</th>
<th>Respondent Code #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unilever Pakistan</td>
<td>Home, personal care and FMCG</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>PepsiCo.</td>
<td>Beverage and FMCG</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Habib Bank Limited (HBL)</td>
<td>Banking</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Engro Foods</td>
<td>FMCG</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Pakistan Telecommunication Ltd. (PTCL)</td>
<td>Telecommunication</td>
<td>1</td>
<td>5</td>
</tr>
</tbody>
</table>

3.2. Themes Derived from Literature Review
From the guiding literature in the second section, there are five key themes that can be called the basics of a BoP strategy whose presence makes a BoP strategy complete. The literature review shows that globally anywhere a BoP strategy is enacted, these are critical for success. Thus the feedback obtained from the research was analyzed with respect to these themes and how and how much did a company cater these and attained results.

These themes are:

1. Concept Awareness
2. Profitability
3. Product strategy
4. Understanding and adaptation to the culture
5. Innovation

For a complete strategy to be in place, all these must be covered in the strategy as was sought from the feedback of the interviewed companies.

4. Research Findings

This section presents the feedback obtained from the respondents from the interviews conducted with valuable insight which transpires the contributions by the subject companies towards the BoP market in Pakistan with respect to the outlined themes. The respondents hold key positions at their respective companies and their feedback gives a thoughtful insight to understand the applications of the BoP concept in Pakistan.
4.1. Concept Awareness

Many companies have already employed BoP strategies according to their profile and market needs. Most successful ones include Unilever, PepsiCo, HBL and Engro Foods. They have found ways in targeting consumers at BoP whereas companies like PTCL are still struggling to find a way to fill the needs of these customers. All in all each company in its own way has accessed consumers at BoP. The realization of the name of the concept differs. For HBL the term used to call the BoP segment is the unbanked population while FMCG companies like Pepsi, Unilever and Engro use the term BoP. The variation of terminology is possibly due to the nature of industry where jargons differ. Manager of Unilever told that they do all such activities through Unilever Sustainable Living Plan (USLP). It is their blueprint for achieving their vision to double the size of business whilst reducing the environmental footprint and increasing the positive social impact. There are 13 main principles of this plan and Unilever is following most of them.

In interviewing marketers the concept of BoP was familiar to them and companies like Unilever and Pepsi are in the practices since the past decade. The basic problem which was unearthed was the understanding of the audience concerned. According to Respondent 1 many marketers think that BoP strategies are for the rural areas and to reach to untapped markets. He highlighted that BoP consumers not necessarily reside in rural areas. He gave examples of feudal of Sindh, who own several acres of land and are filthy rich and still they live in rural areas but they do not fall in BoP consumers.

Similarly he highlighted that within the urban centers one can find places where buying power is very low such as Orangi town, New Karachi, Leyari, Jackson, Hub or Gadap Town in Karachi city. These are the areas where BoP customers exist. Pepsi believes that penetration which moves the product to BoP increases by change of structure. The company split the whole of Pakistan into 7 regions instead of 3. Penetration goes up with the expansion of market structure, sales people, vans and coverage. That’s how Pepsi is getting into Bottom of the pyramid market. Villages that are developed they call them ‘modern villages’ and these are rural markets. And those areas which have very low purchasing power parity are the bottom of pyramid which is more in volume but low on purchasing power. Only specific price points can penetrate in these markets.

4.2. Profitability

Ultimate goal of a business is to make profit and to find strategies to maximize profit. Pakistani companies have realized the need to tap in new market space and to address to needs and wants of the BoP consumer.

Companies such as Unilever Pakistan look at the overall profit situation and not just profits solely from the BoP. As Respondent 1 shared that it’s a challenge to sell profitably by compromising on margins but the aid comes from the other markets which subsidize the cuts in margins from BoP segment.

Respondent 4 shared that Engro faced a tough challenge to keep business profitable for their Distributor-Handler-Retailer model where at the starting point, the distributor had to supply the handler at a lower margin that shall be a less attractive from profitability point of view. However, Engro adopted a focus of offsetting this by the incremental business that selling to the Handler brings.

This trick is somewhat similar to that employed by Unilever where the profits are considered from the whole and not specifically these markets. One major reason is that the distribution model adopted by Engro is much similar to that crafted by Unilever. Respondent 1 further shared that the offsetting strategy has another aspect. It enables Unilever to invest in these markets where Unilever is registering their brands in the present which is likely to bring forth a future market for them when incomes rise and these people promote from the bottom to the middle of the pyramid.
A similar idea of brand registration was found where Respondent 3 shared that HBL is reaching masses in the low income areas of Pakistan with branches in even suburban towns such as Osta Muhammad (Baluchistan), Langrialli (Sialkot district) and Sost Pak-China border. The thought is to penetrate the mind of the consumer in the present for reaping this crop in the future.

Similar Respondent 2 mentioned that Pepsi ensures profitability by placing its distributors in a way that they can access both a lucrative and BoP market to offset the lower margins from the BoP. Reaping profits is the main worry of a company at the BoP (Simanis, 2014). It is pertinent to mention that these markets are not being operated in losses. Although the profits are really slim but it renders a success in operating in this market. For Pepsi, at times it is not only margins, its product and brand awareness too. Once you deliver your product and the demand increases in both urban and BoP market, economy of scales brings in profits in any way.

International marketers have urged companies to reduce margin but increase the volume which balances the situation. According to Respondent 1 since BoP customers base is almost 70% of Pakistan, it is easier to sell in large volume. So the formula is to trade-off margin for volumes.

4.3. Product Strategy
Prahalad (2012) mentioned adapting to the local culture and tailoring your efforts as per the funnel. The idea is that the product remains the same and there is no compromise on the quality. If that product is being delivered to the BoP consumer then only the BoP strategy is followed. Solutions must be industry specific and to a particular target within the BoP (Prahalad 2012). Cultural dynamics must be respected because for every targeted segment, companies need to modify and transform the product of packaging as per the requirement (Shih 2014).

Respondent 1 pointed out that in Pakistan companies are reasonably successful in finding ways to mould the product according to the needs. In Pakistan the BoP market consists of consumers who earn 250 rupees daily. He held that if they offer a Brooke Bond Supreme 500 gm pack to same consumer which is priced around 350 rupees, it is out of sense. They have to be provided things according to their buying power. He said that even 100gms pack of 70 rupees would not make sense.

As also maintained similarly in statements from Respondents 2 and 4 the reason is the cash flow of the consumer. Pakistan being an economically hit country, people are really sensitive with their wallets. Hence respondent 1 shared that they have come up with sachets in various price ranges for example Supreme has sachets of 2, 5, 10 and 15 rupees. The wide range is to meet the demands of BoP consumers accordingly by providing a daily supplement of tea that is needed while the price commensurate the cash flow.

These sachets are also available in urban centers in low income category areas such as Gaddap town, Qasba Colony and other BoP areas marked by them. FMCG companies have applied it to shampoos and soaps and they have smaller and cheaper SKU’s available in the BoP market.

Pepsi and Engro share a similar understanding of the practice. Pepsi prices water bottles in BoP market very differently than in the normal market. Lays chips are available in 5 rupee pack whereas in normal market the cheapest SKU is for 25 rupees. According to respondent 2 Pepsi understands that to cater BoP market one has to understand the terms that dictate the lives of these consumers and settle with them. Engro foods’ Tarang, a very famous Tea whitener brand in BoP market has various SKUs; the smallest SKU is of 10 rupees.

According to Respondent 3 HBL’s presence in the industry before the industry itself existed gives an impression that HBL must be aware of the consumer needs and has a product strategy for them. Rightly so, HBL introduced in the early 1950s the Profit/Loss Sharing Savings Account better known and
adopted by industry as a functional term (PLS Savings Account) a pioneer in enabling people to save their money. The segment targeted was specially the lower middle income government clerks, small traders with little savings and other blue collar workers who have savings as little as PKR 1000. Here HBL created a market by pioneering the concept of growing their money where it shifted the mind of people from savings to investments.

The idea was simply to enable people to realize both the virtue of savings and investments while giving them a facility to bank where their core need is not to avail banking network but to save with growth of their money.

4.4. Understanding the Consumer

According to respondent 1 in any market segment it is very important to understand your customer, their foot prints and their demands and needs. According to him 70% of the Pakistanis earn less than USD 2/day and are daily wages workers with a minimal sized daily cash flow at their disposals that cannot be tied up in premium products yet they are sought since these are solutions such as shampoos, soaps, tea, milk etc.

Unilever with help of A.C. Nielsen (an International Research Company) and with their internal research team named CMI (consumer measurement index) has managed to reach out to its BoP consumers, spent time with them and analyzed their life. They sought the room where they can push their products to make their lives better. Unilever aspires to make lives of the BoP consumers better by providing them with the products which ultimately results in profit.

Similar activities have been conducted by Engro and Pepsi as they count the potential of the BoP market and are providing them with products which can fulfill their needs while profiting from them. However there is still room for improvement as companies like PTCL are working to analyze their customers. They lack the understanding of the BoP customers. Respondent 5 shared that a consumer who can spend Rs. 500 per month is our customer otherwise we do not target them.

Hence a complete understanding of the BoP concept is missing. In banking sector HBL is trying to expand its branches and has the largest network. But their ultimate goal is cater to the BoP market with their branchless services which is HBL express. Telenor Pakistan understood the customers’ way before they did and identified that it is difficult for them to send money from one city to another for example one person works in Karachi but their family lives in Swat. Hence they looked at the potential and introduced Easy Paisa which became a model for others to follow.

The key factor in Pakistan’s culture is Islam that forbids interest and not surprisingly forbids banking for being interest based. With the awareness of Islamic banking in the industry the culture has shifted to favoring banking where especially the Cleric-influenced lower income group has once again started to look at Islamic banking as a new method of availing banking facilities.

HBL was late to respond but quickly recovered and has created a variant of Islamic banking for each of its products. Its main rival in Islamic Banking, Meezan Bank being the pioneer of Islamic banking was easy to grab on HBL’s share but HBL is ousting them by the strength of their gigantic 1664 branches network with 1734 ATMs across Pakistan.

Taking into account regional languages’ dominance, in the suburban and rural regions, its ATMs are programmed to display the screens for transactions in regional languages such as Sindhi, Punjabi and Urdu, even Hindko.

With respect to the culture and customer mindset, the best thing Pepsi has done is to associate its brand with the heart and soul of the nation which is Cricket. That has registered Pepsi as a brand in the hearts
and minds of the consumers irrespective of their income levels while those that are at the BoP are also hooked up. Association with cricket has communicated Pepsi as a beverage for entire population where if it had not been so, Pepsi would have been banging its head to come up with a way to penetrate the pyramid base.

Companies in Pakistan are looking at the market potential of BoP consumer and understanding the needs and wants and acting accordingly. This does need time as the companies are currently building their paraphernalia unlike the already established Unilever that carries the reputation of market creation.

4.5. Innovation

Innovation is the key to success as has been highlighted by the distinguished scholars whose studies have been presented earlier for example Prahalad (2012). The marketers who have put together the concept of BoP strategies argue that companies must innovate and come up with new and sustainable solutions for the market.

In Pakistan Engro is known for innovation. Tarang is a vegetable-fat based recipe that costs much less than loose and packaged milk. The proposition was simple: a good tasting, thick tea creamer that costs less than packaged or loose milk. This proposition was easily communicated to the population through extensive, vibrant marketing. The idea of Tarang came from the innovation department targeting primarily to the Bottom of Pyramid market and the company has the first mover advantage with dominant position in terms of positioning, sales and market share.

Channel innovation was also done to overcome one of the major obstacles for Tarang to reach to masses in rural markets. For Tarang, the major obstacle in reaching the BoP market was distribution; how to reach every corner of the country with this product that has a shorter shelf life as compared to UHT milk. A sub distributor system was set up; every small town would have a small, satellite distributor that is served through a Master Distributor or Handler. This model has, over the years, proven to be a very successful model as it helps reach consumer in far flung areas fast that would otherwise be served through locals businesses that would buy from wholesalers in bulk from urban centers and transport the products to these small towns. Time lapse and uncertainty of buying could have resulted into possible loss due to increase amount of expiry of products.

On the other hand by doing “consumer connects” Unilever found that consumers want to make as many cups of tea possible from a sachet. The brand, quality or the quantity do not matter but the number of cups of tea that can be made. Unilever came with a strong blend of tea in name of Supreme with a proposition that one sachet can make 10 cups of Tea hereby addressing the needs of the consumers.

A creative way of both marketing and selling its cosmetics was adopted by Unilever when it started out its “Guddi Baaji” campaign where they targeted the influential and skilled women in the neighborhoods who were considered as a figure of authority in styling and beautification. In this initiative 3000 women were trained to run parlors as in villages there are no parlors and people living there do make up themselves. They were provided with products which they used in preparing girls and women for occasions and events while using Unilever products as inventory for their home run parlor. That caught good numbers which created demand for their products.

HBL launched the Aasan (Easy) account where it shed all tedious documents and minimum balance requirements by using just the NIC/CNIC and a utility bill for documentation while the account can be opened with just 100 rupees and there are no charges whatsoever. It is especially for labor class to encourage them to be financially included and avail banking facilities the same as SEC A and B customers.
5. Conclusion

The responses from the interviews reflect the existence of awareness of the concept of BoP while Unilever and HBL further take it to the level of clarifying that BoP does not only represent rural segment of the population, rather, it differentiates on income level wherever the consumer is stationed in Pakistan’s economy. BoP is an inclusive reference to large number of population who has the lowest income (Simo, 2013). The terminologies differ as industry varies for example a BoP strategy at Unilever Pakistan is called initiative for financial inclusion at HBL.

The practices of BoP strategies followed worldwide and in Pakistan are surprisingly much aligned as was found from the research. The themes defining strategy making are similar and the focus is pretty much the same. The literature studied and the interviews conducted, for instance, both reflect that profits, innovation and adaptation to culture are the key criteria for a strategy to be made for the BoP. Any offer ignoring affordability and adaptability shall be a failure (Agnihotri, 2013).

In Pakistan however, the point of affordability is somewhat fused up with adaptability making purchasing power a part of the customer dynamics and culture. Companies seem to collude the two in one for instance, the cash flow matching idea of FMCG companies like Unilever, Pepsi and Engro seem to have combined affordability and adaptability at the same time though it is working. Affordability and adaptability as well as accessibility will help companies develop those offers that will best suit their BoP audience’s needs (Prahalad, 2002).

The interviewed companies have not made any breakthrough strategy for profit maximization and are defensive presently. This can be stated on the basis of the volume/margin trade off idea employed by them. Where there should be a thought through strategy that results in pouring profits from the Bottom segment, the margins are slim and overall profitability is being used to support the function. The positive point however is the bare minimum i.e. profits and not losses is being yielded which can be termed as success so far. The interviewed companies have made efforts to register the brand in the minds of the consumers with each company having adopted a unique trick for doing so.

Efforts to understand the consumer are not sophisticated and are rather decent. The key thing is that it requires financial resources which are hard to commit given the dynamics of Pakistan. Regional adaptations are also visible from the strategies of companies interviewed especially HBL, Unilever and Engro who have covered it from the extent of communication to embedding it in product features such as ATM machines programmed to display options in regional languages.

Innovation which is the key to success is the area where most companies lack. There has been little innovation over the years in the offerings however, the way the offers are delivered have been done innovatively for example, Unilever’s “Guddi Baji” initiative which was a creative way of both branding and selling its products. Offers such as HBL Asaan Account and Engro foods’ Tarang are some good examples.

This paper highlights the involvement of companies with the BoP audience where they have been successful in keeping operations profitable while market development has been on a low with significant room for innovation. The research confirms awareness of the concept of BoP in all industries though what may be understood as BoP at Unilever is called as ‘unbanked population’ in banking industry. Respondents went on to clarify that BoP markets exist in both rural and urban centers depending upon the consumer buying power. The concept is also engraved in the strategy planning process like in case Unilever Pakistan; this is part of their initiative called Unilever Sustainable Living Plan focusing to achieve their vision of doubling the size of business by creating much larger social impact.
Researchers found similarity in the approaches of Pakistani organizations with regional and global companies as far as conceptual framework is concerned. Organizations in Pakistan are also working in line with strategic themes as identified from the practices of organizations in other countries. We have found that this concept has been mostly applied by different industries as an extension of their normal business strategies finding an opportunity in the emerging BoP markets. This has not been so far dealt with a structural approach for creating a social impact. The limitation in the approach restricts wider adaptation and integration in the organizational culture and strategic thinking. Eyring, Johson, & Nair (2011) found that mere extension of standard product, price, channel and promotion strategies will not give results in rural markets. Value propositions has to be first discovered based on study of consumer’s social and income issues, subsequently connecting them to a new business model for BoP.

6. Contributions

As we do not find BoP topic widely covered in academic and marketing literature from the Pakistani organizational perspective, this research paper which is an attempt to explore the level of existence of basic principles of the concept in Pakistani organizations will start bridging the gap. This will also help establish the concept in correct perspective and broaden the understanding of BoP market strategies. By looking at the efforts of our industries in line with the themes of the concept which have emerged in regional and international market, gaps are identified to move from an operational to strategic angle. Consumer understanding and integration of the same with innovation in product and processes from the strategic point of view will give our marketing a possible new shape.

7. Recommendations

The probing of companies for strategy traces for BoP in Pakistan has transpired positive results as well as a few disappointments.

The chosen companies are giants and in fact market creators in their industries which were expected to have made a sufficient reach and a good strategy with innovative elements. PTCL especially being a technology company has no significant contribution despite being a monopoly holder in telecommunication for a seriously long time. They must come up with a BoP strategy where the market down there is full of potential.

Engro and Unilever despite efforts lack innovation and where adopting models of distribution and delivering have been creative, the innovation can go beyond modifying SKUs to creating offers and product solutions that create quantum leap in value for the BoP customers.

Companies are recommended to continue product strategies and invest in exploring markets which can help them understand better the needs lying at the bottom that are unsolved and if solved can create a bumper crop for them to harvest. Prahalad (2012) maintained that innovation must start with a deep immersion into consumers’ lives to get unique insights. We do not find traces of unique strategy by these companies specially designed based on the study of the customer needs emerging from the current lifestyle and social issues. Companies are into the extension of their normal urban centre driven strategies taken to rural markets for increasing their customer base and market share. Eyring, Johson, & Nair (2011) found that mere extension of standard product, price, channel and promotion strategies will not give results in rural markets. Value propositions have to be first discovered based on study of consumer’s social and income issues and subsequently connecting the same to a new business model for BoP.

The market is developing and with rising consumer awareness people are seeking choices and are changing their approach in a positive manner towards branded products as pointed out by Respondent
1. The sun will shine for a long time at this market and it is recommended therefore to make hay while the sun shines.

8. Limitations

As this is an exploratory research, it attempts to explore the existence of key concepts and broader aspects of Bottom of Pyramid market strategies. Research needs to be expanded to cover micro level marketing strategies by Pakistani corporations e.g., consumer buying behavior, product innovation, process innovation, application of modern technology and such other factors. The research may also be expanded by inclusion of more companies from the industries covered as well as new industries.

References


Trends on Green Consumer Behaviors (GCB): A Viewpoint from Developed and Developing Countries
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Abstract: Green consumers are those who purchase and consume green products and the one who persevere the environment with being green. The effort of these green consumers is with regards to their awareness of how the environment has been savagely polluted and they are working hard to reduce the pollution by saving the environment. They play their role as one of the living mechanism with purchasing and consuming eco-friendly products and even influence their family and peers to be part of it. Green behaviour has been well-developed by the consumers all around the continents, be it from developing country or developed country. Therefore, the green consumer behaviour has been introduced academically for the reference of educators and marketers to help them having an in-depth understanding and educate the consumers who yet develop this behaviour in them. The green consumer behaviour of each country is educated and understood differently as the behaviour is hard to measure. This is also due to inherent differences in lifestyles, beliefs, cultures and practices. Some of the countries find this behaviour as new and it is hard to change. In order to have an overview of all trends from developing and developing countries, this paper merely discussed the trend of green consumer behaviour by accumulating the findings of a previous studies done by the researchers in the scope of developing countries and developed countries on how the green consumer behaviour of each country are developed per se. This study was conducted by reviewing secondary data from academic journals and relevant materials. This study also discussed the challenges faced by both consumers and marketers in order to sustain the green consumer behaviour. The limitation of this study is that the literature with regards to green consumer behaviour is not adequate for developing countries. This might be because of not many developing countries are familiar with being green. This trend of green consumer behaviour is exemplified in order to help other researchers and marketers to overlook the trend in one write-up.

Keywords: trends, green consumer behaviours, developing countries, developed countries

1. Introduction

Over the last few decades, especially at the end 1980s and in the early 1990s, marketing academicians and professionals has focused on the “green consumers” concept which was then the epicentre of the environmental marketing. Many firms have started to be socially responsible by developing green products to meet the demand of environmentally conscious consumer prior to increasing pressure of environmental deterioration. The ideas of being socially responsible would had expressed differently. This would include firms’ effort to go green, conserve energy and use resources more efficiently, to recycle, reduce pollution, redesign products and packages and even protect the environment. In particular, green consumerism is becoming more urgent with every passing year. In order to develop effective communication messages and derive green purchase commitments, firms are interested in finding the determinants of green purchase behaviour.
A strong belief has been cultivated on the green consumers in which every individual has the ability to contribute positively to the environment and they seem to be internally controlled more than regular customers. Hence, they feel that protecting the environment is everyone’s job and individual should not rely entirely on environmentalists, governments, scientists and businesses. They tend to be more open minded and less dogmatic toward new ideas and products (Sharaf, Md Isa & Al Aqsa, 2015).

Understanding the nature of ecologically conscious consumer behaviour, its trends and difficulties, is of critical importance to resolving the adaptation challenge. This paper represents a literature review of previous work on ecologically conscious consumer behaviour and its differences from developed countries and developing countries from a marketing perspective.

2. Methodology

The current study was conducted by reviewing secondary data from academic journals and relevant materials were identified through word searches on green consumer behaviour, green purchase behaviour, ecologically conscious consumer behaviour, green consumerism and green marketing. The articles identified were screened for titles, abstracts, keywords, frameworks, headings and sub-headings. In order to gain understanding of the theoretical and methodological foundations of ecologically conscious consumer behaviour and to identify emerging key topics related to the problem, twenty journals were selected. The relevancy, recently of the studies done and impact of the published journals and credentials of the authors have become the selection criteria for this study. All of the journals selected are from Science Direct, Emerald Insight, Research Gate, Elsevier and Sage where all of them are between the years of 2010 – 2016. This is because this study is limited to research on existing trends of green consumer behaviour from a marketing perspective. The decision of selecting journals from the past six years is because green consumer behaviour has become well-known even to the developing countries. Hence, there are many academicians writing was published and therefore were selected for this study.

3. Concept and Meaning

Consumers who are concerned about the environment in their purchase behaviour, activities are associated with the marketplace and consumotion habits and consider their effect of their behaviour on the natural environment around them can be referred as green consumers (Shabani, Ashoori, Taghinejad, Beyrami & Fekri, 2013). Generally speaking, consumer who shows the environmentally friendly behaviour is called a green consumer. In addition, consumers who are environmentally conscious will purchase green products and are willing to pay more of them has been illustrated in the previous green marketing (Kim & Damhorst, 1998). Purchasing green products, insulating home with new equipment, buying compact fluorescent lamps (CFLs) or purchasing eco-friendly and energy-efficient cars are green purchase behaviour. These behaviours are varying according to countries respectively. This is due to different practice of culture and standard of living done by each country.

4. Empirical Findings

4.1 Findings of Green Consumer Behaviour (GCB) from Developed Countries

The individual’s consumption pattern of US consumers is reflected by the evidence of their organic lifestyle (Kim & Chung, 2011). Therefore, their past experiences with other organic products have a significant impact on purchase intention for organic personal care products. Furthermore, the social norms in US which is go green is normal to the citizens, it has a greater influence on eco-friendly consumer behaviour. Notably, the effect of social norms on consumers purchase intention may depend on brand reputation because brand name is closely related to social or self-signaling (Kim, Lee & Hur, 2012).
US consumers are more individualism in sense that they take care of themselves and their immediate families only. Individualism assumes that individuals are independent of one another and is conceptualised with personal goals (Oyserman, Coon & Kemmelmeier, 2002). Unlike Korean consumers who are more collectivism where they are tightly integrated where individuals belong to one or more close “in-groups” (Hofstede, 1980). Correspondingly, Korean is becoming more individualistic as they acculturate to US culture orientation (Cho, Thyroff, Rapert, Park & Lee, 2013). In order to have more positive impact on encouraging consumers’ eco-friendly behaviour, higher values must be perceived by the consumers. According to Lee, Choi, Youn & Lee (2012), Korean consumers are persuaded by the highly enlightening green campaigns, in a similar context to environmental education via the central route that affects their consciousness first and then their behaviour, involving a cognitive attitudinal change process.

According to Hartmann & Ibáñez (2011) Spain consumers perceived a significant level of utilitarian benefits, brand communication from relevant and sufficiently detailed information. To foster the association of warm glow psychological benefits with the brand through appropriate advertising, messages should be appeal to the audience’s sense of community.

In contradictory, UK consumers who appear to be more active than other groups to the environmental issues are the young generation. This is because they have ability to use borderless technology to communicate and exchange information. This can be explained by the existence of the viral power via the use of social network that often used by young generations. This can be supported by previous study stated that young generation in UK displays an extremely positive attitude toward green environmental products (Kanchanapibul, Lacka, Wang & Chan, 2014).

According to Ataei & Taherkhani (2015), Canadian consumers prefer environmentally-friendly products with more personal and financial benefits such as fuel-saving products and energy-efficient alternatives over the ones that mainly benefit the environment per se such as biodegradable or recycled products. Majority of them do see added value in products that are promoted as environmentally friendly.

In Switzerland, in order to adopt ecological food consumption behaviours, they eat seasonal fruits and vegetables so that meat consumption can be reduced (Tobler, Visschers & Siegrist, 2011). This is influenced by their belief that reducing meat consumption will benefit one’s health which they are attached to their foods naturalness and healthiness. This is in line with past research indicating that consumers have a strong association of sustainability with the naturalness of food (Verhoog, Matze, Van Bueren & Baars, 2003).

The climate policies and Swedish energy has become quite demanding in the housing sector. In a like manner, this policy measures will be more effective if it is targeted towards upper income households (Martinsson, Lundqvist & Sundström, 2011).

Lai (2000) stated that the citizens of Hong Kong were found to be much more literate when it comes to issues regarding the environmental problems over the past few years. This clearly shows that people living in Hong Kong are more responsible when it comes to protecting their environment. In the same manner, being called as a developed country, Abu Dhabi is not one even close for being green due to lack of knowledge in ecological and low awareness by green product organizations which they are still not pushing towards developing more green products nor are they working hard on green packaging (Cherian & Jacob, 2012). Study done by Akehurst, Afonso & Goncalves (2012) stated that Portuguese is drawn to be altruism where they concern about the welfare of the society and essential in explaining their green consumer behaviour.

Green consumers who lived in developed countries have tremendously upgraded their practising in ecologically lifestyle from organic foods, organic cosmetics, and green hotels and now towards eco-
fashion. There are many fashion designers and trend-setters like Emma Watsons who have introduced the era of eco-fashion. This has shown how much deep their concerns towards environment to the point they want it to be expanded even to clothing. Eco-friendly clothing seems to be the avant-garde ideas even though the designs are limited. Thus, in France, consumers acknowledge the importance of having an eco-friendly behaviour regarding the disposal clothes, not wasting, not throwing away (Cervellon, Carey & Harms, 2012). Table 1 provides a summary of journal analysed for this overview. Clearly, the studies of green consumer behaviour from developed countries have been done years ago. This shows how advance developed countries are in terms of cultivating green consumer behaviour.

4.2 Findings of Green Consumer Behaviour (GCB) from Developing Countries
Malaysian consumers were introduced to green consumer behaviour through the introduction of green food. They were explained that green food is not only about organic but it encompasses the concept of food safety, health issues, environmental hazard as well as animal welfare. These concepts are actively involved by the Malaysian government and adapted to among all the firms in food industry. The government had launched the good agricultural practices (GAPs) program to crops, livestock and fishery producers in order to enhance the objectives of sustainable agriculture and to improve food quality and productivity. (Teng, Rezai & Mohamed, 2011). Even though green foods are generally known for their environmental friendliness, safety, nutrition concept and healthiness, the low adoption rate in developing countries has been a common phenomenon including Bangladesh. Due to this unavailability, it has become the barriers for Bangladeshi to consume green products (Rahman & Noor, 2016).

Despite of having massive green campaigns, most Malaysians are still fairly unfamiliar in understanding the green concept. They believe that going green is costly but they also understand the need of being green in order to save the planet (Rezai, Phuah, Mohamed & Samsudin, 2013). Even that so, there are several states in Malaysia which have started to implement green practices into the forces. As for example, in Malacca and Selangor, the government of respective states has started the initiative of “No Plastic Bag Day”. As for Selangor, the initiative will only effect on Saturdays. Unlike Malacca, the enforcement is effective not only on Saturdays, but also on Fridays and Sundays. The state government of Malacca has done periodically checks on all premises to ensure the effectiveness of “No Plastic Bag Day” implementation. This initiative is being said not to burden people, but to improve their quality of life and help reduce pollution caused by the use of plastic, thus preserving the green environment. They are also encouraged to bring reusable bag upon a shopping spree (The Star Online, 2016). In addition to enrich the enforcement, Selangor government has banned the use of Stryofoam and polystyrene to the traders. The fine of RM 1000 will be charged to the traders who failed to partake in the enforcement (The Star Online, 2016).

On the contrary, India policy makers have not developed public interventions showcasing messages about how consumption of eco-friendly products by environmentally consumers potentially reduces environmental problems (Paul, Modi & Patel, 2016). Having the ability of doing so would be the first starting point in this regard. Chitra (2007) reported that Indian consumers are still easy prey to high tech products. Thus, the market for eco-friendly products is yet to become mainstream. Even that so, there are majority of Indian consumers who aware with the eco-friendly product and tend to choose these products. Unfortunately, they are not very confident about the quality and therefore, do not trust eco-friendly products (Ishaswini & Datta, 2011).

Likewise, India, Vietnamese consumers are also still having the least awareness with green environment. The majority of the Vietnamese are still unfamiliar with the existing of eco-product. According to Hái & Mai (2013), only the well-educated consumers have better knowledge about eco-products. It is reported that few consumers get information about environmental issues and eco-products from description of products, which reveals the fact that companies have not put enough effort into making eco-product. This can be supported by a study done by Ramly, Hashim, Yahya & Mohamad
(2012) which states that companies must convince consumers that eco-friendly make a difference in improving the environment and protecting it from further deterioration.

The habit of green consumerism can be detected if they understand and aware of the universal recycling symbol. Unfortunately for Filipinos, they are aware of the universal recycling symbol, but the meaning of the symbol were less clear to them, with some believing that it referred to the product while others believed that it referred to the packaging (Gregorio, 2014). Despite of having unclear understanding with the universal recycling symbol, majority of Filipinos is having a habit of buying products in refillable containers. Buying products with the provided container will cost them more whereas buying products in refillable containers will save more money.

Unlike Filipinos, Brazilians are still far from adopting the attitudes of recycling. Only minority of Brazilians are actually adopts adequate recycling practices connected to e-waste (recycling electronic waste), a behaviour which is socially skewed among the higher income echelons Brazilian society (Echegary & Hansstein, 2016).

While in China, some Chinese consumers put the responsibility of their management towards environmental to the government and enterprises as they believe it is so complex. In China, many people rely on official institutions to protect the environment (Zhao, Gao, Wu, Wang & Zhu, 2014).

Table 1. Summary of the studies analysed for the trends of green consumer behaviour in developed countries and developing countries

<table>
<thead>
<tr>
<th>Authors</th>
<th>Year</th>
<th>Country</th>
<th>Results</th>
<th>Future directions</th>
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<tr>
<td><strong>Developed Countries</strong></td>
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<tr>
<td>1 Kim et al.</td>
<td>2011</td>
<td>USA</td>
<td>An individual’s past experience with other organic products have a significant impact on purchase intention for organic personal care products, which provides evidence that an organic lifestyle is reflected in an individual’s consumption pattern.</td>
<td>Online and offline survey such as mall–intercept method to compensate for the weakness of each method, obtain greater generalizability with a variety of product categories, explore the factors that influence consumers’ attitudes and purchase intention.</td>
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<td>“Consumer purchase intention for organic personal care products”</td>
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<tr>
<td>2 Kim et al.</td>
<td>2012</td>
<td>USA</td>
<td>Provides strong empirical support for the importance of social norms in a consumption context. The type of environmental marketing claim made by the product moderates the influence of injunctive norms and environmental concern on consumer purchase intentions. The impact of descriptive norms on purchase intentions does not differ depending on the claim type</td>
<td>Could expand on the current findings and provide greater confidence in the generalizability of our results by including more male samples and different age groups.</td>
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<tr>
<td>“The normative social influence on eco-friendly consumer behavior: The moderating effect of environmental marketing claims”</td>
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<tr>
<td>3 Cho et al.</td>
<td>2013</td>
<td>South Korea</td>
<td>The two countries did not exhibit the cultural characteristics that were expected given the historical context associated with these cultural regions</td>
<td>Explore the process of acculturation to Western value orientations as South Korea students become more individualistic; to determine the point at which there is a transition in generations; Conducting the study.</td>
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<td>“To be or not be green; Exploring individualism”</td>
<td>USA</td>
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<td></td>
<td>Authors</td>
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<td>1</td>
<td>m and</td>
<td>2012</td>
<td>South</td>
<td>Positive impact of the fashion retailer’s role as a gatekeeper, which provides</td>
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<td></td>
<td>collective behavior</td>
<td></td>
<td>Korea</td>
<td>a sound basis to policy makers for investment in environmental regulation or an</td>
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<td></td>
<td>as antecedents of environmental behavior”</td>
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<td>encouragement strategy for the corporate sector</td>
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<td>2</td>
<td>Lee et al.</td>
<td>2012</td>
<td>Spain</td>
<td>Confirmed the influence of consumer’s environmental concern on purchase intention</td>
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<td></td>
<td>“Does green fashion retailing make consumers more eco-friendly? The influence of green fashion products and campaigns on green consciousness and behaviour”</td>
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<td>and a partial mediation of this effect by brand attitudes. Status motives increase</td>
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<td>desire for green products only when consumed in public and not in private.</td>
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<td>3</td>
<td>Hartmann et al.</td>
<td>2012</td>
<td>UK</td>
<td>Both young people with more knowledge and those with only foundational learning</td>
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<tr>
<td></td>
<td>“Consumer attitude and purchase intention toward green energy brand: the roles of psychological benefits and environmental concern”</td>
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<td>apparently have a strong intention to become involved in purchasing green products.</td>
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<td></td>
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<td>Most of the young generation show a strong personal affective response as they have a remarkable reaction to environmental behavior.</td>
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<td>4</td>
<td>Kanchanapibu et al.</td>
<td>2014</td>
<td>Canada</td>
<td>Consumers are willing to spend for environmentally-friendly products. Consumers feel more comfortable to spend product for half price. As the price increases, the willingness to pay more decreases. Younger age group are more budget-conscious due</td>
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<tr>
<td>Study Title</td>
<td>Year</td>
<td>Country</td>
<td>Key Findings</td>
<td>Implications/Recommendations</td>
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<tr>
<td>&quot;Green Marketing: A study of consumers' attitude towards environmentally-friendly products&quot;</td>
<td>2012</td>
<td>Abu Dhabi</td>
<td>Lack of communication is considered to be a major reason for commercial failures of environmentally sustainable products mainly because communication is a major step in the development of a positive behavior toward consumer's consumption patterns.</td>
<td>More detailed characterization of the green consumer profiling, for making a correct segmentation of consumers in order to develop green product offerings regarding their real needs To evaluate the influence of ecological consciousness in all buying process.</td>
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<tr>
<td>&quot;Re-examining green purchase&quot;</td>
<td>2012</td>
<td>Portugal</td>
<td>Psychographic variable, with emphasis on perceived consumer effectiveness (PCE) and altruism, are more relevant than socio-demographics in explaining ECCB. The consumers with higher ECCB</td>
<td>Might take direct observations into account to measure consumers’ willingness to perform ecological food consumption behaviors. Additional determinants such as ecological attitude, knowledge, or values, should be included.</td>
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<td>8 Tobler et al.</td>
<td>2011</td>
<td>Switzerland</td>
<td>The misconceptions about the environmental benefits of food consumption patterns are similar for both gender. Consumers generally appear to lack knowledge about the environmental relevance of various ecological food consumption patterns, which indicates that information campaigns about this topic might be worthwhile. Consumers’ willingness to perform different ecological consumption patterns might be influenced by different motives.</td>
<td>Policy and behavior should be carried out further to help increasing the incidence and effectiveness of energy policies.</td>
</tr>
<tr>
<td>9 Martinsson et al.</td>
<td>2011</td>
<td>Sweden</td>
<td>Housing type, age, and household income stand out as the three most important socio-economic factors influencing household energy saving on heating and hot water consumption, where type of housing is generally the single most important determinant. Socio-economic and structural factors for energy saving on heating are more important than general environmental attitudes.</td>
<td>Policy and behavior should be carried out further to help increasing the incidence and effectiveness of energy policies.</td>
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<td>10 Cherian et al.</td>
<td>2012</td>
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</tr>
<tr>
<td>&quot;Eating green. Consumers’ willingness to adopt ecological food consumption behaviors&quot;</td>
<td>2011</td>
<td>Switzerland</td>
<td>The misconceptions about the environmental benefits of food consumption patterns are similar for both gender. Consumers generally appear to lack knowledge about the environmental relevance of various ecological food consumption patterns, which indicates that information campaigns about this topic might be worthwhile. Consumers’ willingness to perform different ecological consumption patterns might be influenced by different motives.</td>
<td>Policy and behavior should be carried out further to help increasing the incidence and effectiveness of energy policies.</td>
</tr>
<tr>
<td>&quot;Energy saving in Swedish household. The (relative) importance of environmental attitudes&quot;</td>
<td>2011</td>
<td>Sweden</td>
<td>Housing type, age, and household income stand out as the three most important socio-economic factors influencing household energy saving on heating and hot water consumption, where type of housing is generally the single most important determinant. Socio-economic and structural factors for energy saving on heating are more important than general environmental attitudes.</td>
<td>Policy and behavior should be carried out further to help increasing the incidence and effectiveness of energy policies.</td>
</tr>
<tr>
<td>Study Source</td>
<td>Title</td>
<td>Year</td>
<td>Country</td>
<td>Summary</td>
</tr>
<tr>
<td>--------------</td>
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</tr>
<tr>
<td>Cervellon et al.</td>
<td>“Something old, something used”</td>
<td>2012</td>
<td>Paris</td>
<td>The main antecedents to vintage consumption are fashion involvement and nostalgia proneness as well as need for uniqueness through the mediation of treasure hunting. Second-hand consumption is directly driven by frugality. Eco-consciousness plays an indirect role through bargain hunting. The main characteristics of vintage fashion consumers are a higher level of education and higher income whereas age is not directly related to the purchase of vintage pieces. It would be interesting to include other variables which might have an explanatory power in the intention to purchase such products. To test as predictors the dimensions of materialism which do not overlap with need for status such as tangibility and acquisition centrality. Self-monitoring might have an impact on consumers’ behaviours regarding second-hand and vintage fashion. To investigate other industries than fashion (e.g., Furniture, cars, watches) and see if this study’s findings replicate.</td>
</tr>
<tr>
<td>Teng et al.</td>
<td>“Consumers’ awareness and consumption intentions towards green foods”</td>
<td>2011</td>
<td>Malaysia</td>
<td>Consumers with higher education level, higher income, live in urban area, Chinese and age below 35 year old were more likely aware and have positive perception towards the green food consumption. Consumers who were concerned towards food safety issues were more aware about the green foods in Malaysia.</td>
</tr>
<tr>
<td>Rahman et al.</td>
<td>“Evaluating gaps in consumer behavior research gaps on organic food: A critical literature review under Bangladesh context”</td>
<td>2016</td>
<td>Bangladesh</td>
<td>There is an indication that lack of the government role at the supply side may inhibit the adoption at the farmers’ level, thereby leaving customers short of organic food supply. Future research framework may examine the influence of price, availability, trust, health concern, environmental concern, sensory attributes of organic products and other demographic factors on consumer behavior related to organic foods.</td>
</tr>
<tr>
<td>Reazai et al.</td>
<td>“Going green: survey of perceptions and intentions among”</td>
<td>2013</td>
<td>Malaysia</td>
<td>Most Malaysians are aware and do understand what the green concept is all about consumers who have a higher education level agree that the green movement makes them aware about the green concept. Respondents further analysis needs to be done in identifying the segments of the respondents that are really willing to go green.</td>
</tr>
<tr>
<td>Reference</td>
<td>Year</td>
<td>Country</td>
<td>Summary</td>
<td></td>
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<tr>
<td>Malaysian consumers”</td>
<td>2016</td>
<td>India</td>
<td>Consumers in India who are highly concerned about environment should be targeted first to sell green products as they held positive attitude towards green product purchasing. Searching behavior also makes consumers aware about many green choices, which are compatible to their existing brand preferences.</td>
<td></td>
</tr>
<tr>
<td>Ishaswini et al.</td>
<td>2011</td>
<td>India</td>
<td>Consumers’ pro-environmental concerns significantly affect their green buying behavior. Consumers are willing to buy eco-friendly products but not many are willing to pay higher price for such products. Consumers’ awareness towards eco-friendly products and their environmental concern impacts their green buying behavior.</td>
<td></td>
</tr>
<tr>
<td>Hái et al.</td>
<td>2013</td>
<td>Vietnam</td>
<td>Environmental issues are appealing to the public enormously in recent years. Vietnamese consumers understanding of eco-products is still limited. Few consumers get information about environmental issues and eco-products from descriptions on products, which reveals the fact that companies have not put enough effort into marketing eco-product</td>
<td></td>
</tr>
<tr>
<td>Ramly et al.</td>
<td>2012</td>
<td>Malaysia</td>
<td>Respondents who were engaged in ECCB, such as purchasing products that are less harmful to people and the environment; using a particular brand of appliances that use less electricity; looking out for energy saving products; and engaging in recycling activities do so because they have the power to significantly affect change and help save the environment</td>
<td></td>
</tr>
<tr>
<td>Gregorio et al.</td>
<td>2014</td>
<td>Philippine</td>
<td>Price, expiration date, durability and the brand that they were used</td>
<td></td>
</tr>
</tbody>
</table>

Test this proposed model in various green product settings, including recyclable products, organic products, green certified products, laundry and hotel. Use panel or scanner behavior data to counter the erroneous assumption of behaviours following intentions. Studies the effect of disposable income in willingness to pay premium Further studies in the field of green purchasing in Vietnam to explore the influences that different stakeholders in the society have on green purchasing Needs to use data collection instruments that incorporate variables.
“Understand the Filipino green consumer: an exploratory study”

Factors to buy are the most important factors. Few of Filipinos understand clearly the meaning of the universal recycling symbol. Hence, instead of merely using customer profiles derived from somewhere else, more comprehensive profiling studies on Filipino green consumer should utilize sampling designs that take into consideration the differences across various demographic segments and regions in the country.

21 Echegary et al.
“Assessing the intention-behaviour gap in electronic waste recycling: the case of Brazil”

Female, individuals between 30 and 49 years old, lower income groups and people living in the Southeast are slightly more likely to have a positive intention than their peers. Include broader measure and a more representative sample of the national population in order to validate our findings. Conceptualize and introduce measures that recognize the social embeddedness of post-consumptions orientation and actions as well as the important constraints imposed by infrastructure and convenience.

22 Zhao et al.
“What affects green consumer behaviour in China? A case study from Qingdao”

Respondents who report positive attitudes and high level of environmental concern are more likely to engage in purchasing behavior. Education level is the most important demographic variable, except for using and recycling behaviours. Expands the research region, especially to include China’s underdeveloped west. Additional scale development work should identify a more reliable and valid set of items for measuring the various constructs of green consumer behaviour.

5. Challenges

The first and foremost challenge is to define the great meaning of green. As the term green has a different meaning under different context. It varies across different customer segments, industries and even within different organizations in the same industry. Regulators as well as other stakeholders may view it differently and the definitions may vary from time to time (Narula & Desore, 2016).

Secondly, the challenge of green conscious behaviour is the challenge of developing the standard for greener product. Standards, both regulatory and voluntary, may aid the consumers in making their decision related to purchase and use of green products. Amid recent years, there have been constant endeavours in dispatching new ecological models; still, what we need is a more industry-particular and customer-oriented approach. As manufacturers need to build trust of consumer in green products, efforts need to be concentrated on standardizing processes in different industries, building voluntary and public standards and collaborative efforts among competitors in terms of joint research development and advocacy.

As far as green conscious behaviour is concerned, majority of respondents are being conscious but still far from being green consumers. This is because adopting green products is price sensitivity. Consumers are generally believed that green products were priced higher and the quality of non-green products is much greater than green products. Hitherto, most consumers are still adhere to many puritanical concepts of consumptions. Additionally, consumers are distrusting the ecologically label introduced by
the government. The label which considered as environmental claims is not convincing enough for the consumers to believe the products. Not enough of having only labels, the medium of advertising is also been used as the environmental claims. Unfortunately, not many consumers are paying attention to the green advertisement. Or the green advertisement itself is not powerful enough to attract the attention of the consumers.

According to Barbarossa & Pastore (2015), a lack of proper mass-media and in-store communication is another “high priority” barrier because communication failures leave consumers unaware of the existence of green products and positive consequences on the environment that are derived from purchasing these goods.

6. Conclusion

The green practices and regulations are proved to be different for each country. The effort of government and the private sector to educate consumers through initiatives and campaign for them to be green in much commendable. This effort itself does not stop at once trial, but continuously so that the message of saving the environment by being green is reachable to the consumers. Even some of consumers are still responding to the green message negatively, it is believed that in a few years ahead, the green behaviour will be well-developed.

There are many of marketing literatures with regards to Green Conscious Behaviour from the Western countries. This is due to the facts that they are from developed countries which the behaviour are been developed for being green. Unlike, few of evidence from the developing countries are able to prove the antecedents of Green Conscious Behaviour prior to the newness to some of them. This is a difficult and complex task as it concerns human behaviour not only as consumers but also as citizens and members of society. Further study from developing countries will not only help to understand more the need of green conscious behaviour but also to help implementing the country to become more pro-environmentally. In short, consuming wisely is a moral imperative that helps to accomplish the agenda of saving the environment.

References


Rent Discrimination in Sarajevo

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Abstract: Following the relative stabilization of the country after Dayton Peace agreement, B&H has been attracting growing number of foreigners who come to Bosnia for work or education. In recent years, Ilidza area of Sarajevo city has faced with an influx of such foreigners due to recently established university campuses in the area. This development caused large number of foreign students and professors, mostly from Turkey, to reside in and around Ilidza. This study investigates if these foreign students and professors face with discrimination in the rental market, using Oaxaca-Blinder decomposition method as a statistical tool. Ordinary least square (OLS) regressions under different specifications were applied and all of them revealed a significant coefficient for “foreign” dummy, indicating a significant difference between what locals pay and foreigners pay for the rent among IUS students and staff members. Further analysis with Oaxaca-Blinder decomposition method indicated that foreigners pay higher amount of rent in the area as they generally reside in better quality apartments. However, the difference in rent cannot be completely explained with the characteristics of the rental unit. Hence, this study finds an evidence of rental discrimination. The results are found to be similar when only student sample is used by excluding the staff members.

Keywords: Rental Discrimination, Oaxaca-Blinder Decomposition.

1. Introduction

A place of residence has a tremendous effect on a people’s quality of life, their social activities, children’s education quality, safety, health, well-being and many other aspects of their life are directly correlated with the neighborhood the housing unit is located in. Every individual should be provided with the opportunity to rent the property that they like and want to live in. There should be no unfair treatment in their attempt to maximize their utility as tenants. On the other hand, landlords do have a right to set certain criteria for selecting the tenant that they see as the best fit to live in their property. However, they do not have a right to engage in any kind of discriminatory behavior in handling or selecting the applicants. Substantial number of studies, over the past two decades, presents undeniable evidence proving that ethnic minorities are being discriminated against when engaging in different transactions across many markets, from labor and product market to housing market.

Discrimination in housing market is most widely studied in the United States. Interestingly these studies on the issue are conducted by the U.S. government regularly on national scale. As a result, large pool of data was generated by the government-led studies and this inspired many individuals and community organizations to conduct their own lower scale studies in the area as well. In addition, substantial number of recent studies in housing market discrimination suggests that discriminatory behavior occurs frequently in the European housing markets as well and that it has been one of the biggest obstacles for immigrants living in EU (Harrison et al. 2005).

Even though adverse treatment towards minorities is illegal in most of the countries today (De Prins, Sottiaux, and Vrielink 2005), the research shows that various types of discrimination are still present in U.S., Australia and countries of Europe (Kuebler and Rugh, 2013; TNS Opinion & Social, 2012). Audit studies were conducted in Italy, Spain and Norway and all of them confirmed the existence of discriminatory behavior towards the minority groups living in those countries. So, due to discrimination,
the act of searching for housing unit itself is more costly and time-consuming for minority group members (Roscigno, Karafin, and Tester 2009).

As we can see there are many cases of discriminatory behavior in housing markets even in some of the most developed countries in the world. Then, based on this we can assume that the door for housing discrimination discussion must be wide open in Bosnia and Herzegovina (B&H) as well. Housing market in B&H is one of the least organized and controlled markets in the country. There are very few licensed real-estate agents in the country and they operate only in the biggest cities. This leaves a lot of space for various types of discrimination. Currently, B&H has a relatively low standard of living and prices of many goods and services are much lower than what most foreigners would pay in their country of origin for the same product or for a service. According to information available on the web, average monthly disposable salary after taxes in B&H is reported to be around 828.30 KM\(^1\). Of course, landlords and agents are well aware of the perception of most foreigners on prices in B&H and their relatively higher levels of income as well as their higher willingness to pay. This probably motivates landlords and agents to engage in discriminatory behavior towards the foreigners.

Following relative stabilization of B&H, number of foreigners who come to B&H for work, education or leisure has significantly increased. This is more evident in Ilidza suburb of Sarajevo where three private university campuses are located and also thermal water resources are abundant. In last decade, the area attract many foreign students and professors, especially from Turkey, and also many tourists from Gulf countries who come for beautiful nature of Ilidza and its thermal waters with healing power. The second group also consists of tourists who come to the area not only for a short-term visit but also they tend to revisit Bosnia often with their families and even stay in the area for longer periods which, in some cases, cover warmer half of the year. As a result, demand for housing units, both for sale and rent, increased dramatically in the last decade across Ilidza and the rest of Sarajevo. However, this study does not focus on discrimination in housing sales but only focus on discrimination in rental properties. It should be noted that this study analyzes the data collected only from the students and staff members of International University of Sarajevo (IUS). Therefore, the findings of this study should only be interpreted as a probable rent discrimination faced by IUS students and staff members.

According to information available on same webpage, renting one bedroom apartment in the city center of Sarajevo can cost anywhere from 300 KM to 500 KM with average rent being 423.68 KM per month while price of renting similar apartment outside the city center costs between 200 KM and 350 KM with the average of 281.58 KM. Renting three bedroom apartment in the city center is reported to cost between 600 KM and 1000 KM, averaging 778.12 KM and outside the city center, it costs between 450 KM and 650 KM, averaging 523.33 KM. However, these figures are not based on official data or scientific research. In addition, it is possible that these figures maybe outdated as the information source does not state the time period in which these estimates were calculated.

According to the last published data in 2014 by Service for Foreigners’ Affairs of B&H, 4,725 of new temporary stays were granted and 6,297 extended totaling 11,022. Largest number of new permits was granted to citizens of Serbia followed by Turkey, China and Croatia while largest number of extended permits was granted to citizens of Turkey followed by Serbia, Croatia and China. In recent years, number of residential permits granted and extended to citizens of Turkey has increased dramatically, and for several consecutive years it constitutes one of the largest portions of total number of permits. Over the course of 2014, 693 temporary residence permits were issued and 1,266 has been extended meaning that the total number of Turkish residents in B&H was 1,959. This means that 18 percent of all foreigners living in B&H are of Turkish origin which makes them second largest minority group in

\[^1\]http://www.numbeo.com/property-investment/city_result.jsp?country=Bosnia+And+Herzegovina&city=Sarajevo
B&H after Serbians. However, if we take into consideration that people from Serbia are coming from the country of the region and that they speak local language and often possess almost no distinctive marks that differentiate them from locals, we can freely say that largest minority group in Bosnia and Herzegovina is Turks. According to last available statistics, from 2014, the number of foreign students in Bosnia and Herzegovina is 2,176 and almost half of which are Turkish students (1,055). This number is expected to be significantly higher today, considering the fact that the number of registered students at IUS alone in Spring semester of 2016 was 1,000. Combined with the Turkish students in International Burch University, University of Travnik and University of Sarajevo, this number is expected to be well over 1,500 students.

It is often told among the students and staff members that there has been a surge in the rental rates, especially in Ilidza area, in recent years. As explained above, this is not surprising due to the influx of people, not only foreigners but also Bosnians, to the area as a result of increasing education and job opportunities because of newly opened university campuses and newly built hotels in the area. Many foreign students and staff members of IUS have complained about high rental rates that they claim to face with. Therefore, this study is important to find out if these claims are substantiated. Discrimination in any form has never been studied or even addressed in B&H before. This is true for the case of local as well as foreign students, even though ensuring equal right treatment for the foreigners in B&H could have significant and large financial benefits for the country. However, it is important to state that any form of discrimination in B&H is illegal and there are authorities responsible for collecting and reviewing the complaints regarding any form of discrimination and providing basic advice on what to do next.

2. Literature Review

The problem of discrimination that foreign students face when searching for accommodation has not received a lot of attention in the literature. Studies that do mention this issue are directed at other issues relatable to this one. U.S. Office of Equal Opportunity issued reports regarding the discrimination foreign exchange students face in U.S however, they mostly focused on the discrimination experienced during social interaction with other students or professors. Small-scale individual studies focused on discrimination caused by stereotypes (Greenwald, 2001) and professors’ adverse treatment in classes and grading (Hanassah, 2006). UK council of International Student Affairs constructed a handbook for practitioners regarding managing the accommodation for international students; however there is no mention of housing discrimination in it. Australian Human Rights Commission and New Zealand Human Rights Commission documented the cases of rental housing discrimination against foreign students in 2009.

The students filed a complaint but it did not receive a lot of media attention or policy response. Even though it is expected for this to motivate an empirical research on the issue, it did not.

Racial and ethnic discrimination in labor market was studied in various social contexts and using several different methods. The findings reveal consistent adverse treatment of protected groups and have been used for several purposes such as evidence in court cases, influencing the policies regarding protecting the rights of minorities and informing and influencing the public about the quality of life of minority groups in the society.

The results of the research conducted for U.S housing market show that (Wienk et al.1979) African-American auditors experience 17% net discrimination in when engaged in sales transfers and 16% net discrimination in renting transfers. Further research of discriminatory behavior (Yinger 1993) found evidence of 30% net discrimination against Africa-American applicants in sales and 28% in rental transfers combined with 23% net discrimination against Hispanic applicants in both sales and rental transfers in housing market. All of the cited findings were statistically significant.
Yinger (1986) found evidence of both, rental and sales housing market discrimination in U.S by examining Fair Housing Audits. Discriminatory behavior can appear in forms of providing fewer number of housing unit options to minority than majority group member, setting different prices based on group membership and less favorable lease specifications for the minority group members.

Audit studies conducted in England showed that members of protected ethnical groups suffer 12% net discrimination in trying to buy property and 30% in trying to rent it (Daniel, 1968; McIntosh & Smith, 1974). Few years later audit study with more than two auditors has been conducted in France as well. Bovenkerk et al. (1979) included French, Portuguese and Antillean auditors in his search for discrimination in rental housing market. According to the reported results the auditor of Portuguese origin did not suffer any discrimination while Antillean auditor suffered 30% of net discrimination.

Some other studies (Roychoudhury & Goodman, 1992; Yinger, 1995) present the evidence of minority group member agents displaying less discriminatory behavior than the majority groups members. Yinger (1995) finds evidence that there is 25% less chance that certain property will be reserved for the white tenants when the agent is black or Hispanic. On the other hand, several studies reached the results that suggest agents who are protected group members do not discriminate any less than other agents (Ondrich, Stricker & Yinger, 1986; Ondrich, Ross, and Yinger, 1997). Large number of studies noted that discriminatory behavior in housing market may be systematically different across different neighborhoods and areas in the city Yinger 1986; Massey & Lundy 2001; Ondrich et al).

Studies in a form of correspondence audits tested for ethnic/racial discrimination in Italy, Spain, Norway and U.S. Studies on sexual orientation based discrimination were done as correspondence audits for the housing market of Sweden. Seven of the correspondence studies sent single randomly chosen inquiry to each landlord and remaining five sent matched-applications. Many studies also tested for the statistical discrimination. In-person audit for ethnic/racial discrimination has been conducted in Greece and U.S, discrimination based on sexual orientation and disability both in U.S.

3. Methodology and Data

For the purpose of this study, survey method was used as data collection method and therefore this study uses quantitative method of data analysis. Quantitative studies of housing discrimination used regression exclusively as a method of data analysis; however, the models vary in their form and content. This study uses lnprice (rent) as the dependent variable and set of different variables that can be grouped into sum of hedonic characteristics of each house unit and sum of demographic information about owners (tenants). Hence, semi-log model can be expressed for rental units as:

\[
\ln\text{rent} = \beta_0 + \sum D_{i=1} + \sum T_{j=1}
\]  

where Di denotes different characteristics of dwellings that their tenants participated in the survey, such as size of the dwelling, location, type of heating, if the dwelling has balcony, the floor of the dwelling, type of the dwelling (house or apartment), if there is a private parking, distance from the nearest public transportation, level to which the dwelling is furnished, existence of elevator and whether the dwelling has been updated or not and how long ago. On the other hand, Tj denotes the characteristic of the tenants themselves such as family income, number of roommates, if they live single, with friends or with spouse, monthly spending, nationality and gender.

Understanding and measuring the discrimination in the field of economics originate mainly from the labor market discrimination studies. Most of the models that are widely used today to analyze various types of discrimination in economics were originally designed to measure wage differentials. One of the most popular wage decomposition methods was developed by Blinder (1973) and Oaxaca (1973) which consists of decomposing the wage differentials based on the race. The method aims to define
how much of differences in mean outcomes between two groups can be explained by the explanatory variables and how much of it accounts for differences in regression coefficients. Therefore, this technique actually breaks down the average wage gap present across two different groups into two parts: first one consists of differences in qualifications, the ones explained by the explanatory variables included in the model; second one consists of differences that are not explained by the model. The unexplained part is used to measure discrimination.

The model was first used by Blinder (1973) in studying the wage differentials between black and white men and between white man and woman. Blinder based his study on assumption that each differential is composed of differences in objective characteristics of employees, such as education and productivity and remaining part that cannot be explained by the objective characteristics. Hence, the main points of interests in Blinder’s study were to determine how much of a wage differential between white and black employees can be explained by white men’s easier access to education and how much of a wage differential between white man and woman can be explained by man’s easier access to better jobs.

This study is based on the assumption that the Oaxaca-Blinder decomposition technique could be easily applied on studying discrimination in the rental housing market as well, where it would allow grouping the factors that influence the magnitude of the rent of dwelling on one side and the discriminatory factors on the other side. One of the main critiques of Oaxaca-Blinder decomposition when studying labor discrimination is that there are numerous factors that influence the employer when deciding whom to employ and that it is not possible to include all of them in the model, which necessarily results in overestimation of discrimination level. However, in studying the rental housing discrimination the factors that influence the rent are mostly tangible and much easier to enlist which significantly decreases the chances of overestimating the discrimination.

Main variable of interest of this study is the level of rent, mainly whether the rent for the dwellings of same or similar characteristics is different for the Bosnian and non-Bosnian tenants who same or similar characteristics other than their ethnicity. Therefore, the dependent variable of the study or lnrent (lnR), and the characteristics of the dwelling and tenants are independent variables (Xs), where two given disparate groups are defined as local (L) and foreign (F).

After applying Oaxaca-Blinder decomposition to the model, it can be expressed as follows:

$$\ln R_F - \ln R_L = (X_F - X_L) + (\beta_F - \beta_L)X_L$$

(2)

where $X_F$ and $X_L$ represent vectors containing means of the variables for foreign and local participant, and $\beta_F$ and $\beta_L$ represent coefficient estimates for variables of foreign and local survey participant. First part of the equations on the right-hand side is considered to be the “explained” part of Oaxaca-Blinder decomposition since it captures the differences in the level of rent based on the differences in the characteristics of the dwelling and demographic characteristics of the tenants. Second part of the equation represents the “unexplained” part of the equation and it captures the differences in the coefficients for the foreign and local tenants.

As it can be seen from the equation, the differences in $X$s are weight by the coefficients of the foreign group while the differences in the coefficients are weight by the $X$s of the local group. Therefore, the decomposition is constructed from the viewpoint of the foreign group, meaning that the model estimates the differences in $X$s of the foreign group if the characteristics of the foreign group were equal to that of the local group. It follows the assumption that the foreigner’s rent equation is the dominant or base equation to determine the rent for both sub-groups.

To summarize, Oaxaca-Blinder decomposition will differentiate between two different components. First component measures the differences in rent paid by the local and foreign tenants as a result of
differences in characteristics of the dwelling or characteristics of the tenants. This component is labeled as “explained” part of the decomposition since it results from naturally occurring differences. The second component is referred to as “unexplained” component of the decomposition since it results from the differences in rent for foreign and local tenants that otherwise have the same characteristics. The differences in rent cannot be explained only by the variables included in the model and this part is captured by the second component of the equation. This component is often referred to as discrimination, since the differences in rent do not result from the naturally occurring factors; it is assumed that the difference must be motivated by discrimination.

Data set used for this study comes from a project entitled “Economic Impact of IUS on Local Economy of Ilidza and Sarajevo” implemented at the International University of Sarajevo in March 2016. This projected aimed at analyzing direct and indirect income and employment impact of investment spending by SEDEF foundation and personal spending of IUS staff and students on the local economy over the last 12 years period. In order to obtain data on student and staff spending, two separate surveys were conducted in April and May 2016. Student survey was conducted online and also through direct interviews with students while their responses were recorded in the online survey tool by the researchers. Staff survey was conducted on paper and the content of the survey was very similar to the student survey. A sample of staff survey is provided in Appendix II.

The student survey was conducted both online and on paper while the staff survey was conducted only on paper. The student survey was conducted on randomly selected 498 students out of 1,765 total registered students of IUS for the Spring semester of 2016. Therefore, the overall participation ratio is 28.2 percent. Following the student survey, a slightly differentiated survey for obvious reasons were conducted on the IUS and SEDEF foundation staff by distributing questionnaires to all available employees. 161 of the surveys were collected back as complete out of 231 employees working at IUS or SEDEF foundation (201 was working at IUS while 30 was employed by SEDEF foundation as of May 2016). Therefore, the participation rate is 69.7 percent and participation from both organization was not significantly different. It should be noted that SEDEF foundation employees essentially work and serve at IUS premises and most of their task is directly related with the university students and staff. Therefore, it is considered to be reasonable to include SEDEF foundation employees within the IUS staff despite the legal separation between two organizations.

Since this study has a different purpose than the project mentioned above, only the data on students and staff who paid rent for their accommodation were relevant for this study. Therefore, the main data set for this study only includes 235 students and 53 staff members and their information on their relevant variables analyzed in this study such as monthly rent, family income, monthly personal spending, car ownership, whether the person is Bosnian or foreigner, number of roommates, apartment/house characteristics like size, number of rooms, floor, type of heating, location, walking distance to the nearest tram station/bus stop, age of the apartment/house and if the apartment is furnished.

Due to natural differences between students and staff in their questions and responses, small modifications were done in some variables to harmonize the data. Also, some variables like “familyincome” and “monthlyspending” had to be augmented even though their nature was different. “familyincome” is the total income of the students’ family and it does not necessarily reflect the amount of money that student is able to control while the same value for staff is the overall household income of the staff member and it is usually available fully to the use of staff member. Similarly, “monthlyspending” is the personal monthly expenditure of the student while it is the combined expenditure of the staff member, his or her spouse and children. Therefore, merging data sets may possibly create some question marks on the result. However, these variables are included in the regressions for the sake of a higher explanatory power. Regression results without these variables did not alter the main results significantly but only the R-squre was found to be relatively lower.
Table 1 below provides the descriptive statistics of dependent and independent variables used in this study. Based on the survey results, there were over 20 independent variables which could be used in the study. However, some of them were taken out of the model due to missing information in few of these variables as some of them did not apply to either students or staff members. In the study, “renttotal” is the main dependent variable and it is calculated by multiplying the sum of “rentshare” and utilityshare\(^2\) of each roommate with the number of roommates, if there is any. Table 2 provides descriptive statistics of student sample and staff sample for comparison. As it can be seen in Table 2, mean values of most variables differ between student and staff sample. Staff members turn out to live in larger homes while students live in smaller apartments. Not surprisingly, staff members pay higher amount of rent and incur higher amount monthly spending compared to students. Majority of the staff members are married or divorced and they live with their children while students mostly share their apartments with other students. Only a fraction of staff members are single and some share their apartments with other people.

Also, Table 3 provides descriptive statistics of local (Bosnian students and staff members) sample and foreigners (Turks and other foreigners, students and staff combined) sample for comparison. As it can be seen in Table 3, mean values of certain variables differ between local tenants and foreign tenants. Foreign tenants turn out to live in larger apartments/homes while local tenants live in smaller apartments/homes. Again, not surprisingly, foreign tenants pay higher amount of rent and incur higher amount of monthly spending compared to local tenants. Finally, according to data collected, local IUS students and staff members turn out to rent relatively older apartments/homes when compared to their foreign counterparts.

Variables used in the regressions were checked for a possible multicollinearity and the results for selected variables can be seen in correlation matrix in Appendix Table 1. As it can be seen in the table, majority of the variables does not have a significant correlation which may result in multicollinearity. Multicollinearity, which is the situation of independent variables in a regression to be highly correlated with each other, becomes a potential problem when the correlation value between two variables exceed 0.50 (Mason et. al. 1991). In this study, only the correlation between size and room of the apartment/home for the overall sample, which is 0.7430, seems rather high and this might create a multicollinearity. In order to solve these problem, one possible solution is to drop one of these variables. However, the results did not change significantly when “room” or “size” variable used alone in the regressions and decomposition calculations.

\(^2\)In the region, rental rate for most apartments/homes do not include the utilities. However, in the sample, some observations were either all utilities paid apartment/home or some basic utilities like apartment maintenance fee were included in the rent. OLS regressions and Oaxaca-Blinder decompositions were calculated for different cases in terms of pure rent (after some adjustment) or utility included rent and found no significant difference (large enough to alter the findings of study) in the results.
<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renttotal</td>
<td>480.76</td>
<td>213.27</td>
<td>150</td>
<td>1200</td>
</tr>
<tr>
<td>Rentshare</td>
<td>244.96</td>
<td>121.40</td>
<td>110</td>
<td>800</td>
</tr>
<tr>
<td>Utilityshare</td>
<td>98.53</td>
<td>81.18</td>
<td>0</td>
<td>390</td>
</tr>
<tr>
<td>Local</td>
<td>0.24</td>
<td>0.43</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Foreign</td>
<td>0.76</td>
<td>0.43</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Male</td>
<td>0.73</td>
<td>0.45</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Familyincome</td>
<td>4291.04</td>
<td>4949.09</td>
<td>310</td>
<td>40000</td>
</tr>
<tr>
<td>Monthlyspending</td>
<td>1189.60</td>
<td>826.24</td>
<td>250</td>
<td>5500</td>
</tr>
<tr>
<td>Owncar</td>
<td>0.27</td>
<td>0.42</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Apartment</td>
<td>0.75</td>
<td>0.42</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Roommate</td>
<td>0.72</td>
<td>0.69</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Size</td>
<td>59.22</td>
<td>20.87</td>
<td>30</td>
<td>150</td>
</tr>
<tr>
<td>Room</td>
<td>2.42</td>
<td>0.85</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Heating</td>
<td>2.26</td>
<td>0.86</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Age</td>
<td>15.26</td>
<td>12.67</td>
<td>0</td>
<td>70</td>
</tr>
<tr>
<td>Updated</td>
<td>0.45</td>
<td>0.50</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Location</td>
<td>4.30</td>
<td>2.24</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Walkdistance</td>
<td>9.88</td>
<td>7.53</td>
<td>0</td>
<td>45</td>
</tr>
<tr>
<td>Floor</td>
<td>4.73</td>
<td>3.22</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>Elevator</td>
<td>0.80</td>
<td>0.77</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Furnished</td>
<td>3.14</td>
<td>0.99</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Parking</td>
<td>0.22</td>
<td>0.44</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td><strong>Number of observations</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>288</strong></td>
</tr>
<tr>
<td>Variable</td>
<td>STUDENTS</td>
<td>STAFF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------</td>
<td>----------</td>
<td>---------</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mean</td>
<td>Std. Dev.</td>
<td>Mean</td>
<td>Std. Dev.</td>
</tr>
<tr>
<td>renttotal*</td>
<td>462.58</td>
<td>219.46</td>
<td>561.35</td>
<td>185.81</td>
</tr>
<tr>
<td>rentshare*</td>
<td>201.09</td>
<td>113.88</td>
<td>439.48</td>
<td>154.77</td>
</tr>
<tr>
<td>utilityshare*</td>
<td>85.27</td>
<td>77.23</td>
<td>157.31</td>
<td>98.69</td>
</tr>
<tr>
<td>local*</td>
<td>0.20</td>
<td>0.40</td>
<td>0.45</td>
<td>0.50</td>
</tr>
<tr>
<td>foreign*</td>
<td>0.80</td>
<td>0.40</td>
<td>0.55</td>
<td>0.50</td>
</tr>
<tr>
<td>Male</td>
<td>0.72</td>
<td>0.45</td>
<td>0.75</td>
<td>0.43</td>
</tr>
<tr>
<td>familyincome*</td>
<td>4579.44</td>
<td>5258.73</td>
<td>3012.26</td>
<td>2949.29</td>
</tr>
<tr>
<td>monthyspending*</td>
<td>948.00</td>
<td>547.60</td>
<td>2260.83</td>
<td>992.48</td>
</tr>
<tr>
<td>owncar*</td>
<td>0.21</td>
<td>0.41</td>
<td>0.57</td>
<td>0.50</td>
</tr>
<tr>
<td>apartment*</td>
<td>0.80</td>
<td>0.40</td>
<td>0.55</td>
<td>0.50</td>
</tr>
<tr>
<td>roommate*</td>
<td>0.85</td>
<td>0.77</td>
<td>0.12</td>
<td>0.32</td>
</tr>
<tr>
<td>size*</td>
<td>57.52</td>
<td>20.91</td>
<td>66.74</td>
<td>20.71</td>
</tr>
<tr>
<td>room*</td>
<td>2.32</td>
<td>0.85</td>
<td>2.86</td>
<td>0.84</td>
</tr>
<tr>
<td>Heating</td>
<td>2.29</td>
<td>0.85</td>
<td>2.13</td>
<td>0.90</td>
</tr>
<tr>
<td>Age</td>
<td>15.63</td>
<td>13.44</td>
<td>13.60</td>
<td>9.24</td>
</tr>
<tr>
<td>Updated</td>
<td>0.46</td>
<td>0.50</td>
<td>0.42</td>
<td>0.50</td>
</tr>
<tr>
<td>Location</td>
<td>4.34</td>
<td>2.22</td>
<td>4.13</td>
<td>2.30</td>
</tr>
<tr>
<td>walkdistance*</td>
<td>9.27</td>
<td>7.95</td>
<td>12.58</td>
<td>5.69</td>
</tr>
<tr>
<td>floor*</td>
<td>5.13</td>
<td>3.35</td>
<td>2.94</td>
<td>2.67</td>
</tr>
<tr>
<td>elevator*</td>
<td>0.92</td>
<td>0.85</td>
<td>0.31</td>
<td>0.42</td>
</tr>
<tr>
<td>Furnished</td>
<td>3.12</td>
<td>1.00</td>
<td>3.19</td>
<td>0.94</td>
</tr>
<tr>
<td>Parking</td>
<td>0.21</td>
<td>0.45</td>
<td>0.23</td>
<td>0.42</td>
</tr>
<tr>
<td>Number of observations</td>
<td>235</td>
<td>53</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Significantly different at 5 percent significance level
Table 3: Descriptive Statistics for Comparison between Local and Foreign Tenants

<table>
<thead>
<tr>
<th>Variable</th>
<th>Locals</th>
<th></th>
<th>Foreigners</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Std. Dev.</td>
<td>Mean</td>
<td>Std. Dev.</td>
</tr>
<tr>
<td>renttotal*</td>
<td>357.46</td>
<td>168.75</td>
<td>520.35</td>
<td>227.56</td>
</tr>
<tr>
<td>rentsshare*</td>
<td>181.10</td>
<td>101.09</td>
<td>265.47</td>
<td>127.92</td>
</tr>
<tr>
<td>kutilityshare*</td>
<td>76.70</td>
<td>62.07</td>
<td>105.54</td>
<td>87.31</td>
</tr>
<tr>
<td>male*</td>
<td>0.69</td>
<td>0.49</td>
<td>0.74</td>
<td>0.43</td>
</tr>
<tr>
<td>familyincome*</td>
<td>2094.02</td>
<td>2736.58</td>
<td>4996.51</td>
<td>5544.64</td>
</tr>
<tr>
<td>monthlyspending*</td>
<td>886.89</td>
<td>622.03</td>
<td>1286.80</td>
<td>892.09</td>
</tr>
<tr>
<td>Owncar</td>
<td>0.27</td>
<td>0.45</td>
<td>0.28</td>
<td>0.45</td>
</tr>
<tr>
<td>Apartment</td>
<td>0.71</td>
<td>0.47</td>
<td>0.76</td>
<td>0.42</td>
</tr>
<tr>
<td>Roommate</td>
<td>0.69</td>
<td>0.96</td>
<td>0.73</td>
<td>0.85</td>
</tr>
<tr>
<td>size*</td>
<td>48.06</td>
<td>18.96</td>
<td>62.81</td>
<td>20.47</td>
</tr>
<tr>
<td>room*</td>
<td>2.07</td>
<td>0.84</td>
<td>2.53</td>
<td>0.83</td>
</tr>
<tr>
<td>Heating</td>
<td>2.23</td>
<td>1.00</td>
<td>2.27</td>
<td>0.82</td>
</tr>
<tr>
<td>age*</td>
<td>22.13</td>
<td>16.08</td>
<td>13.06</td>
<td>10.67</td>
</tr>
<tr>
<td>Updated</td>
<td>0.36</td>
<td>0.48</td>
<td>0.48</td>
<td>0.50</td>
</tr>
<tr>
<td>Location</td>
<td>3.96</td>
<td>2.09</td>
<td>4.41</td>
<td>2.27</td>
</tr>
<tr>
<td>Walkdistance</td>
<td>9.93</td>
<td>6.42</td>
<td>9.86</td>
<td>8.06</td>
</tr>
<tr>
<td>Floor</td>
<td>4.40</td>
<td>3.91</td>
<td>4.84</td>
<td>3.27</td>
</tr>
<tr>
<td>Elevator</td>
<td>0.74</td>
<td>0.94</td>
<td>0.82</td>
<td>0.90</td>
</tr>
<tr>
<td>Furnished</td>
<td>3.01</td>
<td>1.08</td>
<td>3.17</td>
<td>0.96</td>
</tr>
<tr>
<td>parking</td>
<td>0.26</td>
<td>0.44</td>
<td>0.20</td>
<td>0.45</td>
</tr>
<tr>
<td>Number of Observations</td>
<td>70</td>
<td></td>
<td>218</td>
<td></td>
</tr>
</tbody>
</table>

* Significantly different at 5 percent significance level

4. Empirical Results

As explained earlier, this study aims to test if there is an rental discrimination towards the IUS students and staff members who are not Bosnian. According to the Table 3, it is obvious from the mean values of “renttotal” and “rentshare” variables that there is a significant difference between what locals pay and foreigners pay for rent in Ilidza and other parts of Sarajevo. However, one can argue that this difference may not be that significant when other variables are included in the regression along with either “local” or “foreign” dummy. In order to prove that this dummy is significant, an OLS regression with “foreign” dummy was estimated using “lnrenttotal” as a dependent variable. As explained above, “foreign” dummy is significant as expected and desired for the purpose of this study.

In housing literature, it is often argued that the linear regression may not be the best to capture the non-linear nature of the relationship between dependent variables and some independent variables. For that reason, Table 4 presents the same regression for semi-log form of rent equation. The regression equation has a higher R-square than the ordinary regression compared to linear one. Also, more explanatory variables turn out to be significant, which are; monthlyspending, apartment, roommate, room, size, foreign, age, heating and furnished (they are displayed in bold font as they are significant at 5 percent significance level).
Based on the results of Table 4, it is clear that “foreign” coefficient is positive and highly significant, implying that foreign tenants are paying more than what locals pay for rent according to the sample of this study. However, this study aims to investigate this evident difference in more detail in order to find out if there is a “real” difference. More explicitly, this study aims to find out if the foreign tenants are paying more for rent when the housing and locational characteristics are kept constant. In other words, the study analyzes if the foreign tenants would be paying more for rent if their apartments/homes were priced based on locals’ rent equation or formula. Similarly, the same calculations can be made by using foreign tenants’ rent equation for the locals in order to check if the locals are charged similar to the foreign tenants. As explained in the methodology section, this analysis was conducted using Oaxaca-Blinder Decomposition method. Decomposition calculations were done using “oaxaca” module of Stata, which can be found in open-source research websites.

Table 4: OLS regression for Combined Sample (Semi-log model)

<table>
<thead>
<tr>
<th>Source</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>Number of obs</th>
<th>=</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>41.5113885</td>
<td>18</td>
<td>2.30618825</td>
<td>Prob &gt; F = 0.0000</td>
<td></td>
</tr>
<tr>
<td>Residual</td>
<td>18.123295</td>
<td>269</td>
<td>.067372844</td>
<td>R-squared = 0.6961</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>59.6346834</td>
<td>287</td>
<td>.207786353</td>
<td>Root MSE = .25956</td>
<td></td>
</tr>
</tbody>
</table>

In order to apply Oaxaca-Blinder decomposition technique, first relevant sub-group regressions, hence coefficients, are calculated by using linear regression method. Then, above mentioned program employs matrix calculations using the coefficients and mean values of each sub-group. Finally, the program
module calculates “explained” and “unexplained” difference and also check the significance of these differences using z-test. In all cases, the hypothesis that we are testing will be as follows:

\[ \text{H}_0 = \text{The difference is equal to 0} \]

\[ \text{H}_1 = \text{The difference is not equal to 0}. \]

Oaxaca-Blinder decomposition results are given in Table 5 for semi log model. As it is known, semi-log form allows to calculate the change in dependent variable in percentage terms. Therefore, the results indicate that foreign tenants pay 37.5 percent more compared to their local counterparts. But 13.8 percent of this difference can be explained with better or higher characteristics of the apartment/home. Remaining 23.7 percent difference is the unexplained difference or simply the difference due to “discrimination”. As it can be seen from the table, coefficients related with difference; overall difference, explained difference and unexplained difference all are significant as z-value for each coefficient is greater than 1.96 (or p-value is less than 5 percent). Therefore, all null hypotheses for the differences are rejected in both models. Hence, it can be concluded that 1) income, housing and locational characteristics of the foreigners are significantly higher than locals and 2) however, there is still a considerable and significant difference in the rent paid by foreigners even after taking these higher characteristics into account.

Table 5: Oaxaca-Blinder Decomposition Results (Semi-log model)

<table>
<thead>
<tr>
<th>Blinder-Oaxaca decomposition</th>
<th>Number of obs = 288</th>
</tr>
</thead>
<tbody>
<tr>
<td>1: local = 0 or foreign = 1</td>
<td></td>
</tr>
<tr>
<td>2: local = 1 or foreign = 0</td>
<td></td>
</tr>
</tbody>
</table>

| Coef. | Robust Std. Err. | Z    | P>|z| | [95% Conf. Interval] |
|-------|------------------|------|-------|---------------------|
| lnrenttotal | | | | |
| Differential | 6.254499 | .0262012 | 238.71 | 0.000 | 6.203145 | 6.305852 |
| Prediction_1 | 5.879020 | .0554363 | 106.05 | 0.000 | 5.857304 | 5.900763 |
| Prediction_2 | 3754792 | .0325955 | 7.05 | 0.000 | .2710926 | .4798658 |
| Difference | .3754792 | .0325955 | 7.05 | 0.000 | .2710926 | .4798658 |
| Decomposition Explained | .13789313 | .0510661 | 3.16 | 0.002 | .0612281 | .2614034 |
| Unexplained | .23758609 | .034786 | 6.83 | 0.000 | .169408 | .3057647 |

As mentioned earlier, main dataset of this study contains rental data on IUS students as well IUS staff members. However, as explained in the motivation section of the study, initial goal of this study was to find out if foreign students in the region faced with rental discrimination. Student rental dataset included 235 observation but only 46 of these observations belonged to Bosnian students. Since relatively low number of local students could make the calculations of decomposition values, it was decided to enlarge the dataset by adding staff data despite potential heteroskedasticity problem. In order to detect if the combined dataset suffers from heteroskedasticity problem, Breusch-Pagan and the White tests were conducted in Stata and the results indicate the possibility of heteroskedasticity. The results indicate the existence of heteroskedasticity problem in the combined dataset. On the other hand, no evidence of
heteroskedasticity was found when the initial student dataset was checked with the same tests. In order to deal with the consequence of heteroskedasticity, regressions and Oaxaca-Blinder decompositions were recalculated using “robust” option of stata and, even though the final results did not change significantly.

5. Conclusions

Any form of discrimination is disliked and has a negative connotation. With increasing public awareness, legal authorities generally aims pass laws and regulations in order to fight against such practices in different aspects of life. However, most of the time, discrimination is not clearly visible or obvious. Therefore, it is a difficult notion to eradicate just by passing laws and regulations. Economists and statisticians developed models which can identify the existence and quantify the magnitude of discrimination, especially the types involve monetary values such as price discrimination or wage discrimination.

Rental discrimination also is an example of such discrimination which can be proven by using statistical methods. Field experiments including audit method are ideal for studying discrimination perceived or faced by the people. However, due to its high cost, this study employed survey method. This study analyzes the rental discrimination against foreigners in and around Ilidza area of Sarajevo city using a sample selected from the students and staff members of International University of Sarajevo. Even though the sample is not representative of the city of Sarajevo, it can still be useful to get clues about the existence and degree of rental discrimination in the region.

After employing various model specifications, this study finds that foreigners do pay for rent significantly higher than locals. However, this alone is not a provoking result as one may expect that foreign members of the sample of this study are mostly foreign students and professors from Turkey with higher level of income and monthly spending compared to their Bosnian counterparts. It is widely known that, due to difference between economic levels of Turkey and B&H as well as large difference between the per capita income of Turks and Bosnians, Turks as well as most other foreigners coming from more developed or wealthier countries are expected to rent larger and newer apartments and homes. Therefore, one can easily assume that this difference in rental rates could be a result of mere quality difference.

However, this study also investigates this situation further by using Oaxaca-Blinder decomposition method and finds that, regardless of the sample selected and models specified, this difference can be divided into two parts and both of them are statistically significant, meaning that they are unlikely to be zero or non-existent. Oaxaca-Blinder decomposition simply finds that the total difference in the rents paid by foreigners and locals can be broken into two parts; the first part is called “explained” difference as it occurs due to quality differences of rental units and also due to difference in personal attributes of the foreigners and locals. The second part is called “unexplained” difference and it is classified as the difference which cannot be explained with personal attributes or quality differences between the groups. Therefore, this difference is simply called as “discrimination” component of the decomposition.

References


Perceived Facebook Company Page Features and Consumer Brand Engagement
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Abstract: Advancement in technology has shaped the consumers’ overall attitude towards the firm and its offerings. Social media has given leverage to the consumer to get the desired information about a product in a more convenient way. Quality of information available on the company’s web page even affects a consumer’s overall purchase behavior. The aim of the study was to measure the impact of consumer perception of facebook company page features on consumer brand engagement (CBE) and its consequences. Study was limited to Karachi. A conceptual framework was designed based on previous studies. Constructs and scale items were adopted and had valid reliability; however reliability and validity was re-ascertained for the current study. The data was collected through convenient sampling. SPSS-19 and AMOS-21 was used. SEM was performed to find the best fitted model through the use of AMOS. The findings revealed that facebook company page features significantly affect the consumer’s brand engagement (CBE), which ultimately impact on consumer’s self brand connection and brand usage intention. The findings of the study are important for the managers who are involved in the company’s social media pages. Consumer’s view is important since the company’s facebook page must have enough and quality information, the journey of exploring the page must be enjoyable and the page must be interactive. Since the data was collected through convenient sampling; therefore generalizability of the study is limited.

Keywords: Perceived facebook company page features, consumer brand engagement, self brand connection.

1. Introduction

The fundamental in creating brand success and loyalty is connected customers and it is a major concern in strategies regarding brand management (Tripathi, 2009; Gambetti & Graffigna, 2010). Through fetching the customers, companies took more benefits and returns, for instance; high sales, more number of purchases from customer, better revenues, customer retaining, positive words of mouth and a higher market share (Tripathi, 2009). Behaviors of customers are changing day by day due to new brands and information available in the market plus change in the undercurrents of postmodern consumer behavior, so the management of customer brand engagement has become a major concern in the new customer centric approach of marketing (Gambetti & Graffigna, 2010). Ahuja & Medury (2010) pointed out that the capability to engage customers and control over customers will often determine whether the customer enters into relationship with company or brand.

Since engagement is a somewhat new term of attracting customer in the context of online marketing, the research is going on to understand for what reasons consumer engage online for branding activities. Many companies think that online advertising attract more consumer which is the basic backbone of brand loyalty, brand evangelism, brand identity and attraction, learning about brands and sales growth (Meskauskas, 2006; Rappaport, 2007; Li & Bernoff, 2008; Evans & McKee, 2010;; Solis, 2010). There is a little literature which finds out the significant association between online consumer engagement and outcomes of marketing in terms of brand loyalty or (re)purchase intent (Reitz, 2012).
A higher level of consumer brand engagement improve the organizational performance, support growth in sales, reducing cost, improving quality, cost efficiency and enhance the consumer brand knowledge (Bijmolt et al. 2010; Nambisan and Baron 2007; Prahalad 2004; Sawhney, Verona, and Prandelli 2005). Tripathi (2009) stressed the importance of customer engagement in the modern communication technology context, companies who provide services of different brands on website feel tougher to hold their consumers and reply. Companies which engage customers online through an interactive way and put their brands online usually attain more customers connecting through internet and other digital mediums. Through social networking managers engage customers with brand and company (Wang, 2006). According to the findings of Bashir and Ali (2016), customer brand relationship, through facebook, impacts on the level of customer engagement. Customer engagement and retention is a big challenge for organizations, as, marketing practices of firms are influenced dramatically due to social media emergence and that conventional marketing practices are no more highly influential (Fournier & Avery, 2011; Hennig-Thurau, Hofacker, & Bloching, 2013).

2. Literature Review

Some scholars defined engagement as one dimensional i.e., cognitive, affective, or behavioral (Douglas & Hargadon, 2000; Marci, 2006; Heath, 2007; Mathwick & Ridgon, 2004; Wang, 2006; Rappaport, 2007), whereas some defined it as two dimensional i.e., cognitive and affective (Mollen & Wilson, 2010; O’Brien & Toms, 2008). Some have even defined it as a multidimensional construct that includes cognitive, affective, and behavioral dimensions (Hollebeek, 2011; Patterson, Yu, & de Ruter, 2006). Engaging customers is now getting the key importance in building brand success, and customer engagement is now considered as a nucleus while setting the strategies for brand management (Tripathi, 2007), whereas some defined it as two dimensional i.e., cognitive and affective (Mollen & Wilson, 2010; O’Brien & Toms, 2008). Some have even defined it as a multidimensional construct that includes cognitive, affective, and behavioral dimensions (Hollebeek, 2011; Patterson, Yu, & de Ruter, 2006). Engaging customers is now getting the key importance in building brand success, and customer engagement is now considered as a nucleus while setting the strategies for brand management (Tripathi,

![Figure 1: Conceptual Framework](image-url)
The conceptual spheres of consumer engagement have been developed by exploratory studies which demonstrate the newly increasing face of relationship marketing (e.g. Vivek, 2009; Bijmolt et al, 2010; Brodie et al, 2011). The findings of Bashir and Ali (2016) showed that customer brand relationship through facebook impacts on the level of customer engagement. Therefore, a conceptual framework was designed to measure the impact of consumers’ perception about the company’s facebook page features on consumer brand engagement and its consequences.

2.1. Perceived Facebook Company Page Information Quality and Consumer Engagement

It is the consumer’s perception about the information available on the company’s facebook page in terms of information quality, precision, importance, usefulness, helpfulness and error free (Cao et al., 2005; Ou & Sia, 2010; Zhang & von Dran, 2000). Quality of the information presented supposed as a main feature of the firm’s website which affects the behavior of consumers. Previous studies such as (Cao et al.; Day, 1997; Huizingh, 2000; Iyer, 2001; Katerattanakul & Siau, 1999; Ou & Sia; Zhang & von Dran) have identified that quality of information plays a key role to develop organization website in order to make it more reliable and carry on for online attraction of customers. O’Brien and Toms (2008) conducted a survey and found that customers tend to engage more when they know that particular information is suitable for them. O’Brien and Toms (2008) also find that consumers are more concerned about information located on a website which is more relevant to them as well as according to their particular needs, this thing attract more attention of consumers, which also explain consumers cognitive behavior and mental activity (Matlin, 1994).

Moreover, according to O’Brien and Toms (2008) information quality is found less tangible cognitive and produce more effect on brand as well as experience regarding loss of customer due to the presentation of information, there may be a chance of reminding a wisdom of delight, preference, attraction, and agreement with those related to information. At the end, O’Brien and Toms (2008) established a relation with the information providing to connect the consumers for engagement. The content of the information is more important to use by people interacting (Toms, 2002). O’Brien and Toms’ (2008) concluded that the information offered within the technology is significant for the engagement procedure to happen; information excellence is projected as a precursor to online consumer engagement. Factors that are affecting more the quality of information is cognitive behavior such as (seeking, attending, interpreting, and critiquing information), affective (excitement toward the information and ultimately the brand and satisfaction), as well as taking part (interacting with the information) on variable of online consumer brand engagement.

H1: Perceived information quality on a Facebook company page that a consumer has “liked” positively predicts consumer brand engagement.

2.2. Perceived Facebook Company Page Enjoyment and Online Consumer Engagement

Enjoyment, the best feature of the firm website which provide fun, motivation and enjoyment as well (Zhang & von Dran, 2000), found to have a significant relationship with the company’s website evaluation by consumer (Chang et al., 2005; Hwang & Kim, 2007; Ou & Sia, 2010). Past research has found that consumers who view their time on a company’s website as enjoyable also experience emotional involvement with the brand, which can lead to positive brand bonding (Zhang & von Dran) and increase overall satisfaction (Eighmey, 1997). Past study has found that customers who consider their time on a company’s website as enjoyable also undergo emotional attachment with the brand, which can lead to positive brand bonding (Zhang & von Dran) and boost overall satisfaction (Eighmey, 1997). Furthermore, pleasant online experiences can make users feel cognitively drawn in to a brand (Zhang & von Dran), which can endorse brand learning and concentration (Watson et al., 1998). Pleasant experiences can also boost online involvement as consumers are more keen to stay on the site and provide their input.
(Watson et al.; Zhang & von Dran). O’Brien and Toms (2008) state, that in order to persuade online customer engagement, company’s sites must have a sensory appeal, which they consider to be aesthetics and innovation. The researchers found that websites with aesthetically pleasing features—an incident that is appealing and enjoyable (Jennings, 2000; O’Brien & Toms, 2008)—stir the consumers onward into engagement. Based on this, the construct of enjoyment is projected to be a forerunner to online customer engagement. Enjoyment controls the cognitive (brand learning and concentration), affective (emotionally involvement, brand bonding and satisfaction), and participative (providing input) components found in online customer engagement.

**H2:** Perceived enjoyment on a Facebook company page that a consumer has “liked” positively predicts consumer brand engagement.

### 2.3. Perceived Facebook Company Page Interactivity and Consumer Brand Engagement

Interactivity reflects the degree to which consumers see the communication as two ways and is also responsive and controllable (Mollen & Wilson, 2010). It is usually considered as a critical marketing feature on a company’s website, that spread or pass favorable and positive brand information which then drive the consumer purchase intention (Ha & James, 1998; Lee, 2005; Mollen & Wilson, 2010). Cyr et al. (2009) define perceived interactivity as “allowing the consumer control and access to information on the site in a variety of ways, which is both personally satisfying and responsive”. O’Brien and Toms (2008) study interactivity as a part of the brand engagement strategy. Their finding shows that consumers are more attached to the website when the evaluation from the customer is present on the site and consumer feel better through interaction control (Schneiderman & Plaisant, 2005). The findings also showed that brand engagement might be possible through the system of the website if it is more accurate and interaction of users is also easily available (O’Brien & Toms, 2008). Yet, different framework provides using concept of different studies such as, Mollen and Wilson (2010) considered interactivity to be an antecedent to engagement. They state that a user must know that the environment has a feedback loop and that he/she can control it before a user can become engaged with a system. Clearly there is a contradiction among researchers regarding the relationship between interactivity and engagement. Interactivity is two-way, controllable, and responsive, interactivity can lead to the three online consumer engagement components—cognition (processing, interpreting, and utility relevance), affect (personally satisfying and emotional congruence), and participation (providing input) (Reitz, 2012).

**H3:** Perceived interactivity on a Facebook company page that a consumer has “liked” positively predicts consumer brand engagement.

### 2.4. Online Consumer Engagement

Online consumer engagement can be portrayed as the three Hs—head, heart and hands (K. Hallahan, Personal Communications, March 21, 2011). This concept is multifaceted and is consisted of cognitive (head), affective (heart), and participation (hands) facets. Making the consumer engaged online meant that the consumer has to be cognitively and affectively present while simultaneously trying to develop a relationship with the company online. According to Hollebeek, Glynn & Brodie (2014), brand usage intention is a loyalty factor.

#### 2.4.1. Cognition

The knowledge and learning of the consumers increase when they are cognitively engaged in a brand (Shang et al., 2006). Cyr, Hassanein, Head, and Ivanov (2007) informed that social presence (experience of others being psychologically present) resulted in a superior loyalty for an e-service website. Participation in a recognized online space is considered to be one of the most vital features to the growth and continuity of the space (Casalo et al., 2007). Numerous studies have established an affirmative connection between participation and devotion (Algesheimer et al.; Bagozzi & Dholakia, 2006; Muñiz & O’Guinn). In investigating the Jeep online community, McAlexander, Schouten, and Koening (2002)
established that customer involvement in the online community encouraged Jeep trustworthiness amongst its members.

2.4.2. Affect
Affective online consumer engagement meant that a consumer being affectively there through emotional attachment and connecting with a company that guides to overall consumer contentment. Chaudhuri and Holbrook (2001) examined the association between brand influence and devotion and established that a positive association between the two variables does exist. They stated that the higher the brand affect, the more it should be purchased (Chaudhuri & Holbrook, 2001). Jang et al. (2008) concluded that superior levels of brand commitment lead to higher levels of trustworthiness. For them commitment was the cornerstone of loyalty since it helped in giving the company a positive outlook which in turn optimistically forms loyalty toward that company. Additionally, Matzler et al. (2008) established a positive association between brand influence, defined as an emotional reaction to a brand, and trustworthiness after surveying mobile phone users.

2.4.3. Participation
Participation is the last facet in the online consumer engagement concept. Participation means “taking part in” or “contributing to” some precise activity or affair (Barki & Hartwick, 1989, 1994; Vroom & Jago, 1988). Within an acknowledged online space this means posting, sharing, conversing, and co-creating substance with the company and/or other consumers. Participation, in an acknowledged online space, is considered to be one of the most significant factors to the growth and continuity of the space (Casalo et al., 2007). Researchers have considered how participation in an acknowledged online space promotes customer trustworthiness to the product hosting the space (Algesheimer et al., 2005; Andersen, 2005; Casalo et al., 2010; Muñiz & O’Guinn, 2001).

Casalo et al. (2007; 2010) established a positive association between customer participation (i.e., attempt to arouse the community, inspiration to network, worth of comments posted, and enthusiasm to posting and responding on the site) in free software communities (a variety of brand communities developed around open-source products) and trustworthiness to free software.

According to Hollebeek, Glynn & Brodie (2014), brand usage intention is a trustworthiness factor. According to Hollebeek, Glynn & Brodie (2014), all three facets of CBE i.e. cognitive, affection have a positive relationship with customer self-brand connection. However, affection and activation facets of CBE have major effect on consumer brand usage intention.

**H4:** The Consumer Brand Engagement has a positive effect on consumer self-brand connection. **H5:** The Consumer Brand Engagement has a positive effect on consumer-perceived brand usage intent.
Table 1: Summary of Scale Items

<table>
<thead>
<tr>
<th>Measure</th>
<th>Author</th>
<th># of Items</th>
<th>Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Brand Engagement</td>
<td>Linda D. Hollebeek, Mark S. Glynn &amp; Roderick J. Brodie (2014)</td>
<td>10</td>
<td>0.85-0.92</td>
</tr>
<tr>
<td>Perceived Information Quality</td>
<td>Amy Renee Reitz (PhD Dissertation, 2012)</td>
<td>6</td>
<td>0.91</td>
</tr>
<tr>
<td>Perceived Enjoyment</td>
<td>Amy Renee Reitz (PhD Dissertation, 2012)</td>
<td>4</td>
<td>0.94</td>
</tr>
<tr>
<td>Perceived interactivity</td>
<td>Amy Renee Reitz (PhD Dissertation, 2012)</td>
<td>8</td>
<td>0.75</td>
</tr>
<tr>
<td>Self Brand Connection</td>
<td>Escalas (2004)</td>
<td>7</td>
<td>0.92</td>
</tr>
<tr>
<td>Brand Usage Intent</td>
<td>Yoo and Donthu (2001)</td>
<td>4</td>
<td>0.92</td>
</tr>
</tbody>
</table>

3. Methodology

3.1. Procedure
The constructs and scale items for this study were adapted from previous researches. The questionnaire was administered to the respondents in a leading business school in Karachi. Before performing the final statistical analysis, pretesting was done with 30 responses to check the understanding level of the respondents and to make the required changes.

3.2. Participation
The valid sample size for the study was 450 with a response rate of 92%. To perform SEM on the data sample size of 450 is appropriate (Jackson, 2003). Respondents were the students of different education levels i.e. from bachelor to doctorate. 58% of the respondents were males and 42% of the respondents were females. Ages of the respondents were in 19 to 51 years.

3.3. Scale and Measure
Scale items were taken from previous studies Reitz, (2012) and Hollebeek, Glynn and Brodie (2014). Scale items were arranged on 7 point Likert scale i.e. 7 (strongly agree) and 1 (strongly disagree). The reliability for the scale in earlier studies was as low as 0.75 and as high as .92 (Floh & Madlberger, 2013; Foroughi et al., 2014).

3.4. Data Analysis Technique
Reliability and validity of the constructs were re-ascertained with the current data set. Finally goodness of fit model was ascertained through the following fit measure.
Table 2: Fit Indices

<table>
<thead>
<tr>
<th>Fit Indices</th>
<th>Category</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi Square</td>
<td>Absolute</td>
<td>Low</td>
</tr>
<tr>
<td>Relative Chi Square</td>
<td>Absolute</td>
<td>&lt; .50</td>
</tr>
<tr>
<td>root mean square error of approximation (RMSEA)</td>
<td>Absolute</td>
<td>&lt; .10</td>
</tr>
<tr>
<td>Goodness of Fit Index (GFI)</td>
<td>Absolute</td>
<td>&gt; .90</td>
</tr>
<tr>
<td>Adjusted Goodness of Fit Index (AGFI)</td>
<td>Absolute</td>
<td>&gt; .90</td>
</tr>
<tr>
<td>Comparative Fit Index (CFI)</td>
<td>Relative</td>
<td>&gt; .90</td>
</tr>
<tr>
<td>Normed Fit Index (NFI)</td>
<td>Relative</td>
<td>&gt; .90</td>
</tr>
<tr>
<td>Incremental Fixed Index</td>
<td>Relative</td>
<td>&gt; .90</td>
</tr>
<tr>
<td>Parsimonious Fixed Index (PNFI)</td>
<td>Parsimonious</td>
<td>&gt; .90</td>
</tr>
<tr>
<td>Parsimonious Comparative Fixed Index (PCFI)</td>
<td>Parsimonious</td>
<td>&gt; .90</td>
</tr>
</tbody>
</table>

4. Results

4.1. Descriptive Statistics
Descriptive analysis was performed to ascertain the reliability of constructs and normality of the data.

Table 3: Descriptive Statistics

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Reliability</th>
<th>Mean</th>
<th>Std. Dev</th>
<th>Kurtosis</th>
<th>Skewness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Brand Engagement</td>
<td>0.83</td>
<td>3.97</td>
<td>1.11</td>
<td>0.15</td>
<td>-0.399</td>
</tr>
<tr>
<td>Perceived Information Quality</td>
<td>0.83</td>
<td>4.47</td>
<td>1.22</td>
<td>-0.316</td>
<td>-0.250</td>
</tr>
<tr>
<td>Perceived Interactivity</td>
<td>0.87</td>
<td>3.74</td>
<td>1.23</td>
<td>-0.135</td>
<td>-0.556</td>
</tr>
<tr>
<td>Perceived Enjoyment</td>
<td>0.87</td>
<td>4.02</td>
<td>1.40</td>
<td>-0.039</td>
<td>-0.726</td>
</tr>
<tr>
<td>Self Brand Connection</td>
<td>0.88</td>
<td>3.92</td>
<td>1.27</td>
<td>0.064</td>
<td>-0.769</td>
</tr>
<tr>
<td>Brand Usage Intention</td>
<td>0.82</td>
<td>4.06</td>
<td>1.39</td>
<td>-0.124</td>
<td>-0.628</td>
</tr>
</tbody>
</table>

Table 3 shows that the self brand connection ($\alpha = 0.88$, $M = 3.92$, $SD = 1.27$) has the highest reliability followed by perceived enjoyment ($\alpha = 0.87$, $M = 4.02$, $SD = 1.40$) and perceived interactivity ($\alpha = 0.87$, $M = 3.74$, $SD = 1.23$). Whereas consumer brand engagement ($\alpha = 0.83$, $M = 3.97$, $SD = 1.11$) and perceived information quality ($\alpha = 0.83$, $M = 4.47$, $SD = 1.22$) have the same level reliability and brand usage intention ($\alpha = 0.82$, $M = 4.06$, $SD = 1.39$) has the lowest level reliability. These values reflect reasonable level of internal consistency (Bryman & Bell, 2015; Gravetter & Forzano, 2015). As the Skewness and Kurtosis values are ranged between ±3.5, indicating that the constructs fulfill the requirement of Univariate normality (Byrne, 2013; Hair Jr, Wolfinbarger, Money, Samouel, & Page, 2015).

4.2. Convergent Validity
Convergent validity can be ascertained through loading of indicator variables and criteria of fit indices (Hsu et al., 2015). As all factor loadings were greater than 0.40 and the fit indices are within the prescribed range, confirming convergent validity.

4.3. Discriminant Validity
Discriminant validity was performed to check the uniqueness of variables. The square root of factor loading (variance explained) is higher than the square of each pair of correlation, confirming that constructs are unique and distinct (Hair Jr et al., 2015). Table 4 is showing the results of discriminant validity.
### Table 4: Discriminant Validity

<table>
<thead>
<tr>
<th>Constructs</th>
<th>CBE</th>
<th>PIQ</th>
<th>PI</th>
<th>PE</th>
<th>SBC</th>
<th>BUI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Brand Engagement</td>
<td>0.828</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Information Quality</td>
<td>0.378</td>
<td>0.863</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Enjoyment</td>
<td>0.436</td>
<td>0.318</td>
<td>0.851</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Interactivity</td>
<td>0.515</td>
<td>0.362</td>
<td>0.384</td>
<td>0.845</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self Brand Connection</td>
<td>0.470</td>
<td>0.289</td>
<td>0.413</td>
<td>0.667</td>
<td>0.774</td>
<td></td>
</tr>
<tr>
<td>Brand Usage Intention</td>
<td>0.583</td>
<td>0.372</td>
<td>0.485</td>
<td>0.487</td>
<td>0.522</td>
<td>0.812</td>
</tr>
</tbody>
</table>

### 4.4. Confirmatory Factor Analysis

Confirmatory factor analysis was carried out separately for each of the construct. Summarized results illustrated in Table 5, shows that all indices meet the prescribed criteria.

### Table 5: Summarized Confirmatory Factor Analysis Results

<table>
<thead>
<tr>
<th>Constructs</th>
<th>CBE</th>
<th>PIQ</th>
<th>PI</th>
<th>PE</th>
<th>SBC</th>
<th>BUI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Brand Engagement</td>
<td>0.828</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Enjoyment</td>
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<td>0.851</td>
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<td></td>
<td></td>
</tr>
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<td>Perceived Interactivity</td>
<td>0.515</td>
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<td></td>
</tr>
<tr>
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<td>0.470</td>
<td>0.289</td>
<td>0.413</td>
<td>0.667</td>
<td>0.774</td>
<td></td>
</tr>
<tr>
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<td>0.372</td>
<td>0.485</td>
<td>0.487</td>
<td>0.522</td>
<td>0.812</td>
</tr>
</tbody>
</table>

### 4.5. Best Fitted Model

The overall SEM model three exogenous models i.e. perceived information quality, perceived interactivity, perceived enjoyment and three endogenous models i.e. consumer brand engagement, self-brand connection and brand usage intention is presented in Figure 2. Fit indices of final model are meeting the prescribed criteria limits. Table 6 is presenting the values of fit indices for final model.

![Figure 2: Overall Model Fit](image-url)
Table 6: Fit Indices for Structural Equation Modeling

<table>
<thead>
<tr>
<th>Construct</th>
<th>Absolute</th>
<th>2/df</th>
<th>DOF(p)</th>
<th>GFI</th>
<th>AGFI</th>
<th>CFI</th>
<th>NFI</th>
<th>IFI</th>
<th>PNFI</th>
<th>PCFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Model</td>
<td>249.46</td>
<td>2.599</td>
<td>96(.000)</td>
<td>935</td>
<td>907</td>
<td>955</td>
<td>930</td>
<td>956</td>
<td>.744</td>
<td>.764</td>
</tr>
<tr>
<td>Criteria</td>
<td>Low</td>
<td>&lt; 5.0</td>
<td>n/a</td>
<td>&gt; .90</td>
<td>&gt; .90</td>
<td>&gt; 9.0</td>
<td>&gt; 0.9</td>
<td>&gt; 0.95</td>
<td>&gt; 0.50</td>
<td>&gt; 0.50</td>
</tr>
</tbody>
</table>

The results (Figure 2) showing that the overall model was well fitted \( \chi^2 \) (N=450) = 249.46. The RMSEA = 0.051 < 0.08, and met the absolute goodness-of-fit and badness-of-fit criteria. GFI = 0.935 > 0.90, AGFI = 0.907 > 0.90, CFI = 0.955 > 0.90, NFI = 0.930 > 0.9 meet the incremental-fit index criteria. PNFI = .744 > .50 and PCFI = .764 > .50 are also meeting the requirements. Overall, the CFA results show that overall model is a good fit.

4.6. Hypotheses Testing and Results

Table 7 is showing the summarized results generated through SEM. Relationships are significant at 95% confidence level. All the hypotheses were accepted. Consumer Brand Engagement and Brand Usage Intent have the strongest relationship with R = 0.903 followed by Consumer Brand Engagement and Self-Brand Connection (R = 0.899).

Table 7: Results of the Hypotheses

<table>
<thead>
<tr>
<th>Relationships</th>
<th>Estimate</th>
<th>S.E</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBE &lt; ------ PE</td>
<td>0.502</td>
<td>0.049</td>
<td>7.107</td>
<td>0.001</td>
</tr>
<tr>
<td>CBE &lt; ------ PIQ</td>
<td>0.111</td>
<td>0.035</td>
<td>3.202</td>
<td>0.021</td>
</tr>
<tr>
<td>CBE &lt; ------ PI</td>
<td>0.463</td>
<td>0.046</td>
<td>7.021</td>
<td>0.001</td>
</tr>
<tr>
<td>SBC &lt; ------ CBE</td>
<td>0.899</td>
<td>0.109</td>
<td>10.95</td>
<td>0.001</td>
</tr>
<tr>
<td>BUI &lt; ------ CBE</td>
<td>0.903</td>
<td>0.109</td>
<td>10.13</td>
<td>0.001</td>
</tr>
</tbody>
</table>

5. Discussion and Conclusion

This study was designed to check the impact of perceived features of companies’ facebook page features on consumer brand engagement. Subsequently the impact of consumer brand engagement on self brand connection and brand usage intention was also measured. Five hypotheses were developed and tested. All hypothesis were accepted based on significat values.

The hypothesis 1 on the effect of perceived information quality (M= 4.47, SD= 1.22) on consumer brand engagement (M= 3.97, SD= 1.11) was accepted (SRW= 0.111, CR= 2.302, P= 0.021<0.05). The findings are consistent to some previous studies. According to O’Brien and Toms (2008), consumer engagement with the system will be high when the seeking information by consumers is not only available there but also present in a way that consumer perceives it as pleasurable and absorbing. Reitz (2012) also found perceived information quality as a significant factor influence on consumer engagement dimensions.

The hypothesis 2 on the effect of perceived enjoyment (M= 4.02, SD= 1.40) on consumer brand engagement (M= 3.97, SD= 1.11) was accepted (SRW= 0.502, CR= 7.107, P= 0.001< 0.05). Findings of this study align with the past studies of Watson et al. (1998) and Zhang & von Dran (2000) on website design. According to Reitz (2012) there is a positive relationship exist between perceived enjoyment of a company’s facebook page consumer brand engagement dimensions.

The hypothesis 3 on the effect of perceived interactivity (M= 3.74, SD= 1.23) on consumer brand engagement (M= 3.97, SD= 1.11) was accepted (SRW= 0.463, CR= 7.021, P= 0.001<0.05). Mollen &
Wilson, 2010 suggests that perceived interactivity on a company’s Facebook page lead to online consumer brand engagement. When consumers interact with the company through its facebook page, it provides a kind of personal satisfaction to them. Perceived interactivity on a company’s Facebook page positively influences consumer brand engagement (Reitz, 2012).

The hypothesis 4 on the effect of consumer brand engagement (M= 3.97, SD= 1.11) on self brand connection (M= 3.92, SD= 1.27) was accepted (SRW= 0.899, CR= 10.95, P= 0.001< 0.05). The findings of the study are in line with previous studies. Holebeek, Glynn and Brodie (2014) performed a study to measure the impact of consumer brand engagement dimensions on self brand connection and noted significant impact of CBE on consumer self brand connection.

The hypothesis 5 on the effect of consumer brand engagement (M= 3.97, SD= 1.11) on brand usage intention (M= 4.06, SD= 1.39) was accepted (SRW= 0.90, CR= 10.13, P= 0.001< 0.05). The findings of this study are also consistent to the study of Holebeek, Glynn and Brodie (2014) i.e. consumers’ brand usage intent is significantly influenced by consumer brand engagement.

6. Limitations, Implications and Future Research Directions

Data was collected through convenient sampling from Karachi; therefore, the generalizability of the finding is limited. Most of the respondents took part in the survey were under the age of 19-30. Due to time constraints we used only survey questionnaire method to collect the data, other methods could also be used to collect the data.

It is the era of modern communication technology, where consumers are not only receiving the information or knowledge about the brand from the organizations but also from the other customers. Firms must design to its facebook pages related to firm or brand in a way that it must attain and retain the attention of consumers. There are great hidden potentials for the firms while designing it facebook page for brands. Future research with these variables can be designed for specif product category, or culture/sub-culture to measure the consumer engagement and its consequences.

7. Conclusion

Study was designed to measure the influence of companies’ perceived facebook page features (i.e. perceived information quality, perceived enjoyment and perceived interactivity) on consumer brand engagement and consequences (i.e. self brand connection and brand usage intention). As per the finding of this study it is concluded that perceived facebook page features significantly influence on consumer brand engagement, which ultimately influence the consumers’ self brand connection and brand usage intent. Conceptual framework of this study was based on conceptual frameworks of Reitz (2012) and Holebeek, Glynn and Brodie (2014) and was successfully extended in the domain of consumer engagement. There were five hypotheses in the study and all the hypotheses were accepted as the p-value for all the hypotheses were below 0.05.

References


Viral Marketing via the New Media: The Case of Communication Behaviour in WhatsApp
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Abstract: WhatsApp is the number one smartphone application in Malaysia. With its enormous user base, WhatsApp is a platform with considerable potential for viral marketing, which is a form of electronic word-of-mouth. Past literature indicates that the success of viral marketing greatly depends on a user’s decision to forward viral content, with the user’s intention being the key factor leading up to it. Although different models have been proposed in electronic word-of-mouth viral marketing behaviour, these platforms do not work entirely the same way as WhatsApp, which is a mobile instant messaging application. In addition, the factors affecting the user’s participation in viral marketing, as suggested by past literature, have been rather scattered and lack a consolidated view. To date, no study has been undertaken to specifically examine the behaviour of Malaysian WhatsApp users and its implications in terms of viral marketing. Therefore, there is a need to focus on the forwarding mechanism of WhatsApp messages in the Malaysian context and to identify the factors that influence users’ intention to forward WhatsApp messages (BI). This research suggests a model of consumer intention to forward WhatsApp messages, and looks at the perceived message value (which comprises the perceived entertainment value (PEV) and perceived usefulness (PU) of the message), perceived ease (PEOU) of forwarding the message, and users’ attitude. The results of the analysis suggest that the PEV, PU, and PEOU contribute to the positive consumers’ attitude towards forwarding WhatsApp messages; while users’ attitude mediates the relationship between these factors and BI. The study results show that there are factors that may be manipulated by marketers to create a “viral” wave for their marketing message, which may enhance the impact of the marketing message at relatively low cost. Users’ attitude is found to be one of the factors that affects this mechanism, and one of the key factors leading to it is the perception concerning a WhatsApp message, with purposive and entertaining messages being preferred by Malaysian users. The findings of this study are useful for marketers and advertising agencies in developing a WhatsApp viral marketing strategy that may influence users to hit the “forward” button, thus creating a successful viral marketing campaign.

Keywords: Digital Marketing, WhatsApp Marketing, Viral Marketing, Consumer Behaviour

1. Introduction

As human civilization moves rapidly towards a culture of dependency on electronic devices, communication has been made easy with the creation of mobile phones, and it is undeniable that we are living in a “smartphone era” in which mobile phones, especially smartphones, are an inseparable part of our daily lives. According to the GlobalWebIndex, Malaysia had the highest WhatsApp usage in the world in 2014 (GlobalWebIndex, 2014). Currently, Malaysia has 80% smartphone penetration rate, and 47% of Malaysians access websites from their mobile phones instead of fixed-line devices (MDA, 2016).
The rising popularity of smartphones brought forth the existence of instant messaging (MIM) applications. Recent studies have revealed that 61% of Internet users in the Asia-Pacific region are active MIM applications users, with a 12% increase in global active users within the last year alone (TNS, 2015). Defined as platforms that allow users to send free real-time text messages (Church & Oliveira, 2013), MIM brings convenience to users and is widely adopted by young people (Deng, Lu, Deng, & Zhang, 2010). Some examples of MIM applications are WhatsApp, Line, Telegram, Viber and WeChat.

WhatsApp is by far the most popular MIM application in the world, with more than 900 million users and 1 million new registered users every day (“Most popular global mobile messenger apps as of August 2015, based on number of monthly active users (in millions),” 2015; Olson, 2014; Rao, 2015). As Malaysia’s top smartphone application, about 64.8% of Malaysians actively use WhatsApp; in addition, it triumphs over Facebook and other MIM applications, and is able to attract 81% of total mobile Internet users (MCMC, 2015; MDA, 2016; Nielsen, 2015; Tsang, Ho, & Liang, 2004).

The popularity of MIM applications, especially in the case of WhatsApp, makes it an excellent platform for viral marketing strategies, as it allows messages to spread quickly from one user to another (Baron & Kenny, 1986). MIM applications are expected to contain “genuinely relevant” information, and, hence, every user can be a sender of a company’s message, and, thus, knowingly or unknowingly, participate in viral marketing (TNS, 2015).

As a byword for digital word-of-mouth marketing that employs an Internet-related platform as the medium, viral marketing targets “infect” users with an advertising message, which is then passed on from one user to another, thus creating a wave of exponential growth and a “viral” phenomenon (Pousttchi & Wiedemann, 2007; Ralph F. Wilson, 2012). Past studies have suggested that each person is expected to have 8 to 12 persons in their close network, with whom information is likely to be shared (Watts, Peretti, & Frumin, 2007; Ralph F Wilson, 2000). As a subset of digital marketing, the principle of viral marketing is to exploit the network value of consumers, by leveraging on their existing connection and network to share products or services information in order to achieve greater audience reach, while keeping the advertising expenditure low (Kalpaklioglu & Toros, 2011; Richardson & Domingos, 2002; Ralph F. Wilson, 2012).

1.1. The Evolution of Viral Marketing

Starting with the classic example of Hotmail, viral marketing strategies began to attract marketers’ attention by their impressive impact. In the early millennium, Hotmail saw an exponential growth in its users from zero to 12 million within 18 months, with 270 000 new users every day (Bronson, 1998; Jurvetson, 2000; Ralph F. Wilson, 2012). This was a substantial figure in the pre-smartphone era, especially so when this growth put Hotmail ahead of any other media company, for example, CNN.

However, behind such glory, the tactic Hotmail used was simple. Hotmail gave away free email addresses and attached a tagline about their free services with every email sent out by users to their connections. These emails reached the recipients, who saw the advertisement in the email and then decided to register for the free email address themselves. These new users went on to propel Hotmail’s advertisement to their own circle of connections with every mail they sent online. In the end, a viral phenomenon was created, as users decided to forward the advertisement to their connections and their connections did the same to their secondary connections, and so the list went on.

Such a “viral” phenomenon does not just happen by chance. In the case of Hotmail, it is not hard to understand that users played a crucial role in making or breaking the viral marketing strategy. Therefore, while marketers and advertising firms are able to create a marketing message, it is still down to each individual to decide whether or not to spread the word to their contacts. In fact, viral marketing strategies rely heavily on the decisions of users to pass on a message, thereby creating a wave of exponential growth in terms of message exposure and influence (Leskovec et al., 2008).
1.2. Benefits of Viral Marketing
Viral marketing strategies are capable of providing a significant quantity of recipients and increasing the impact of the marketing strategy at a relatively low cost. Richardson and Domingos (2002) pointed out the notable superior performance of viral marketing over conventional marketing in terms of profit gained and cost effectiveness; two of the key considerations when making managerial decisions in a marketing campaign. By engaging consumers in the market to promote a product, viral marketing leverages on consumers’ network value to execute the advertising activities on behalf of the marketing team and advertising firms. As such, in a viral marketing campaign, the ultimate goal is to generate a high quantity of referrals that choose to pass on the message. Therefore, the mechanism for forwarding messages is identified as the mechanism responsible for making a message “viral” (Pescher et al., 2014; Pousttchi & Wiedemann, 2007).

The study conducted by Subramani and Rajagopalan (2003) suggested that the viral marketing strategies employed by organizations are able to stimulate the trial, adoption and actual usage of products and services, while other studies also suggested impacts, such as an increase in brand awareness, purchase decision, sales, and the credibility of an organization (Goel & Devi, 2014). In fact, the change in the lifestyle of consumers has caused viral marketing to become a valuable marketing tool. Past literature has suggested that the popularity of traditional marketing strategies would continue to decline over the years, as the Internet usage rate increases and the credibility of traditional marketing messages is being doubted (Sweeney, Soutar, & Mazzarol, 2012). Based on the previous study done by Wiedemann (2007), about 70% of marketing experts agree that mobile viral marketing is an important tool.

Since messages sent by a circle of contacts are considered as “personal messages”, these messages tend to appear more credible than marketing messages sent by an advertiser (Whitler, 2014).

1.3. The Growth of Digital Marketing
In addition, other external factors have also prompted the growing importance of viral marketing. Affected by the world economic performance and regional economic growth, organizations are seen to be more cautious in making marketing expenditure decisions, with slower growth forecasted (Warc, 2016a). This can be seen from the recent announcement of the “zero-based budgeting” policy by consumer goods titan, Unilever, where the marketing team needs to periodically justify its spending on advertising (O’Reilly, 2016). A similar situation has also been observed in Asia and Malaysia (Statista, 2016a; Warc, 2016b). Marketing managers and advertisers are therefore faced with the challenge of delivering an effective marketing campaign, with cost being one of the factors for consideration. This has led to the growth in digital marketing strategies and the opportunity for viral marketing strategies that require relatively low cost (Kirtiş & Karahan, 2011; Richardson & Domingos, 2002; Warc, 2016b).

Statistical forecasts have indicated that digital marketing revenue will reach USD252 billion by 2018, a significant growth from the USD121 billion in 2013 (Statista, 2016b). Digital marketing is currently the dominant marketing strategy employed in seven markets around the world, including Australia, Canada, and five European countries (ZenithOptimedia, 2015). In contrast, conventional marketing expenditure is projected to decline over the next few years across the globe, and the total global digital marketing expenditure is forecast to overtake conventional marketing spending by 2018 (ZenithOptimedia, 2015). A similar trend is projected in Asia, where Hong Kong is expecting digital and online advertising to grow in importance in the coming years (Nielsen, 2014).

1.4. Problem Statement
According to the Malaysian Digital Association (MDA), digital advertising revenue in Malaysia is expected to grow and hit RM2.09 billion by 2020, as compared to the current revenue of RM1.37 billion in 2016 (MDA, 2016). Although a gradual decline in the coming years is forecast, the traditional advertising channel is still the dominant media in the country’s total advertising expenditure, generally estimated at 70% (Warc, 2016b).
Statistics have shown that Malaysian marketers and advertising firms are yet to exploit the potential of viral marketing and digital marketing in delivering effective marketing campaigns. Besides the country’s current economic situation, the

Malaysian Advertisers Association (MAA, 2016) have suggested that the lack of digital marketing talent and viral marketing knowledge are among the challenges faced by marketing managers and advertising firms.

With a vast user base around the world, and being the top MIM application in Malaysia, WhatsApp can be the ‘green pasture’ for employing viral marketing strategies. For marketing managers and advertising firms to leverage on the strength of WhatsApp viral marketing, it is crucial to identify the mechanism and factors that influence the effectiveness of viral marketing, since the behaviour of passing along a marketing message among consumers via WhatsApp is completely voluntary (Ho & Dempsey, 2010). Currently, studies have been conducted in the area of electronic word-of-mouth, email marketing and SMS marketing (Hongwei “Chris”, Hui, & Liuning, 2012; Palka, Pousttchi, & Wiedemann, 2009; Pousttchi & Wiedemann, 2007), and the action of “forward” has been identified as the action that creates the “viral” effect, while “intention” is considered to be the determining factor that leads to the actual behaviour (Parreño, Sanz-Blas, Ruiz-Mafé, & Aldás-Manzano, 2013). However, there has been a lack of studies specifically exploring WhatsApp viral marketing, which does not work entirely the same as other MIM applications in terms of the application interface, features, or synchronization of phone contacts.

Factors that have been suggested as leading to positive users’ intention include users’ characteristics, users’ attitude, and social influence (De Bruyn & Lilien, 2008; Parreño et al., 2013; Scharl, Dickinger, & Murphy, 2005; Subramani & Rajagopalan, 2003). Some research also studied the impact of users’ perceived message values and users’ perception on attitude towards a certain behaviour (Hongwei “Chris” et al., 2012; Palka et al., 2009). However, such research was done among respondents from Europe, the United States, and China (Hongwei “Chris” et al., 2012; Palka et al., 2009), and there is a dearth of studies examining users’ participation in WhatsApp viral marketing among Malaysian users, and, consequently, a lack of consolidated findings.

This research studies the factors affecting consumer behaviour in participating in WhatsApp viral marketing. Other aspects of the topic, such as WhatsApp usage and users’ preference in WhatsApp messages, are also examined, to provide a more holistic view on users’ participation in WhatsApp viral marketing. In addition, a research tailored for Malaysian respondents is essential to gain insight into local users’ behaviour and the factors contributing to their intention to participate in viral marketing. This is crucial to address the current challenges faced by Malaysian marketers and advertising firms. By identifying the abovementioned factors and viral marketing mechanism, the results of this study are expected to allow a better viral marketing strategy to be formulated by the local marketers and advertising agencies.

1.5. Research Questions and Research Objectives

A review of the existing research and research gap has given rise to a series of research questions that this study aims to answer. In addition to the consumer’s intention to carry out the act of forwarding WhatsApp messages, other factors suggested from past literature, such as users’ attitude and users’ perception of WhatsApp messaging, also require examining, since, in the review of past literature, a linkage with users’ attitude, and, ultimately, users’ intention to carry out an act, has been suggested (Okazaki, 2008).

In accordance with the problem statement and review of past literature, the research questions are established as follows:
• Do perceived ease of use, perceived usefulness and perceived entertainment value affect the users’ attitude towards forwarding WhatsApp messages?

• Does users’ attitude affect the intention to forward WhatsApp messages? The following were established as the research objectives for this study:

• To examine the effect of perceived ease of use, perceived usefulness and perceived entertainment value on the users’ attitude towards forwarding WhatsApp messages.

• To examine the effect of attitude on the intention to forward WhatsApp messages.

2. Literature Review

Figure 1 presents the results of the study by Phelps et al. (2004), who identified four stages in a typical email forwarding mechanism, which included the “receipt of forwarded email” to “decision to open email”, and went on to “read forwarded email”, and, finally, “decision to forward email”. This mechanism is further supported by Palka et al. (2009), who suggested a model for the mobile viral marketing process, which included the steps of receipt, intention to open, actual receipt, intention to use, actual usage, intention to forward and actual forwarding (as illustrated in Figure 2).

Figure 1: Typical Pass-Along Email Episode (Phelps, Lewis, Mobilio, Perry, & Raman, 2004)

Figure 2: Basic Model of the Mobile Viral Marketing Process (Palka et al., 2009)
Similar models have been suggested by other studies, with “intention” being the stage leading up to actual behaviour (Aghdaie, Sanayei, & Etebari, 2012; Bakar &Bidin, 2014; De Bruyn & Lilien, 2008; Pescher et al., 2014). These studies also identified the mechanism of “forwarding” as the key step of making content “viral” (Pescher et al., 2014).

Past literature defined intention as a user’s subjective probability of performing a specific behaviour (Fred D. Davis, 1989; Fishbein & Ajzen, 1975). Intention has been shown to be the factor that leads to actual behaviour in the context of mobile and Internet marketing, and, hence, affects the impact of a viral marketing strategy (Aghdaie et al., 2012; Bakar & Bidin, 2014; Chang, 2007; Wong et al., 2015; Zhang & Mao, 2008). Therefore, users’ intention to forward WhatsApp messages is the object of study in this research.

Attitude is defined as a user’s feelings about performing a behaviour, which can be positive or negative. Fred D. Davis (1989) considered attitude to be the mediating factor between perceived ease of use and perceived usefulness, and intention. Recent literature supports that model and further suggests that attitude has a mediating effect between factors, such as ease of use, perceived usefulness and perceived enjoyment, and intention in the arena of mobile marketing (Aghdaie et al., 2012; Bakar & Bidin, 2014; Hongwei “Chris” et al., 2012; Nysveen, Pedersen, & Thordbjørnsen, 2005; Soroa-Koury & Yang, 2010).

Ralph F. Wilson (2012) suggested that a viral marketing strategy would only work when the viral content is easy to transmit. Therefore, it is suggested as being one of the factors that brings forth a positive user’s attitude; this finding is supported by similar research (Aghdaie et al., 2012; Hongwei “Chris” et al., 2012; Nysveen et al., 2005; Pousttchi & Wiedemann, 2007; Scharl et al., 2005; Soroa-Koury & Yang, 2010).

Perceived usefulness is defined as “the degree to which a user believes that using a particular system would enhance the job performance” (Fred D. Davis, 1989). In the area of mobile marketing, scholars have suggested that the usefulness of the message content is dependent upon whether it provides a discount, timely and exclusive information, a personalised message or is relevant to the recipient (Aghdaie et al., 2012; Bakar & Bidin, 2014; Chiu et al., 2014; Hongwei “Chris” et al., 2012; Merisavo et al., 2007; Okazaki, 2008; Parreño et al., 2013; Soroa-Koury & Yang, 2010).

The entertainment value of a message is one of the factors that Pescher (2014) suggested might affect users’ participation in the whole “read, interest and forward” mechanism in a viral marketing campaign. Palka’s study, in 2009, suggested that the “entertainment value” of a message depended on its contents being “amusing” and “enjoyable.” Studies have also shown that the perceived pleasure arising from the content affects a user’s viral marketing attitude (Bauer, Barnes, Reichardt, & Neumann, 2005; Hongwei “Chris” et al., 2012; Merisavo et al., 2007; Okazaki, 2008; Parreño et al., 2013; Soroa-Koury & Yang, 2010).

This study is built upon two well-established theories, the Theory of Reasoned Action (Fishbein & Ajzen, 1975) and the Technology Acceptance Model (Fred D. Davis, 1989).

The Theory of Reasoned Action (TRA) is a behavioural theory that aims to predict and explain the behaviour of individuals. Fishbein and Ajzen (1975) identified attitude and subjective norms as the factors that affect a user’s intention to carry out a certain behaviour. The TRA was further expanded into the Theory of Planned Behaviour (TPB) by taking into consideration Perceived Behavioural Control, which influences an individual’s intention to carry out an act (Ajzen, 1985).

Further adaptation of the behavioural theories led to the launch of the Technology Acceptance Model (Fred D. Davis, 1989), which introduced perceived ease of use and perceived usefulness as factors that lead to attitude. As the Technology Acceptance Model continued to evolve over time, external variables
that affect perceived usefulness and perceived ease of use were added into the model. Some of the external variables introduced by scholars include computing support, computer anxiety and system quality, which are closely related to computer system acceptance (Lee, Kozar, & Larsen, 2003). The theory went on to extend the variables further, which gave rise to TAM 2 (Venkatesh & Davis, 2000). TAM 2 took into consideration the social influence processes and cognitive instrumental processes and their influence on perceived usefulness. Voluntariness, job relevance, and result demonstrability are among the additional variables. However, these variables are directed towards system usage (Venkatesh & Davis, 2000). As the research focus is consumer behaviour in new technology rather than new technology adoption, these factors are not included in the conceptual framework (Fred D. Davis, 1989).

This research focuses on consumer behaviour in the context of WhatsApp usage, which is related to viral marketing discipline. These two theories are deemed suitable for this study, in which both consumers’ behavioural intention and factors affecting such intention to participate in new technology may be predicted.

The following hypotheses were based on the relationship between the variables suggested by past literature:

**H1:** There is a significant relationship between the Perceived ease of forwarding messages (PEOU) and users’ attitude with respect to forwarding WhatsApp messages (AT).

**H2:** There is a significant relationship between the Perceived usefulness of messages (PU) and users’ attitude with respect to forwarding WhatsApp messages (AT).

**H3:** There is a significant relationship between the Perceived entertainment value of messages (PEV) and users’ attitude with respect to forwarding WhatsApp messages (AT).

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**Fig. 3. Conceptual Framework**

This research focuses on consumer behaviour in the context of WhatsApp usage, which is related to viral marketing discipline. These two theories are deemed suitable for this study, in which both consumers’ behavioural intention and factors affecting such intention to participate in new technology may be predicted.

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**H2:** There is a significant relationship between the Perceived usefulness of messages (PU) and users’ attitude with respect to forwarding WhatsApp messages (AT).

**H3:** There is a significant relationship between the Perceived entertainment value of messages (PEV) and users’ attitude with respect to forwarding WhatsApp messages (AT).
**H4:** There are mediation effects between the Perceived ease of forwarding WhatsApp messages (PEOU), Perceived usefulness of messages (PU), and the Perceived entertainment value of messages (PEV), and users’ intention to forward WhatsApp messages (BI).

### 3. Research Methods

The proposed model aims to predict the factors affecting users’ intention to forward WhatsApp messages from three main angles, Perceived ease of forwarding WhatsApp messages (PEOU), Perceived usefulness of WhatsApp messages (PU), and the Perceived entertainment value of messages (PEV). The attitude towards forwarding WhatsApp messages acts as a mediator among three factors regarding the message itself and intention.

A quantitative approach is employed, and hypotheses are tested based on the developed questionnaire. A pilot test was conducted after the questionnaire was drafted, targeting thirty respondents.

The actual finalized questionnaire, which was refined following the results of the pilot test, consists of three sections. Section A measures the behaviour and usage pattern of WhatsApp users, such as users’ experience of sharing WhatsApp messages. Section B covers questions that measure all the variables, and Section C gathers the demographic profile of the respondents. All the questions in Section B are measured using a five-point Likert scale, from “Strongly Disagree” (1) to “Strongly Agree” (5) (Vagias, 2006).

The items used to measure all the constructs were adopted from past literature.

“Perceived ease of use,” “perceived usefulness” and “perceived entertainment value” items were adopted from Chiu et al. (2014), Nysveen et al. (2005) and Pavlou and Fygenson (2006). The items for “attitude” were adopted from Okazaki (2009) and Hongwei “Chris” et al. (2012). While the items for “intention” were adopted from Chiu et al. (2014) and Verhoeft et al. (2002).

This study aims to understand WhatsApp users’ behaviour in Malaysia. Thus, the target population was WhatsApp users in Malaysia, and both simple random and snowball sampling plans were employed to capture a more representative sample distribution. In simple random sampling, questionnaires were posted on various websites, such as social media pages and email portals. It was up to individual respondents to respond to the survey online. This method was selected due to the heterogeneous nature of online users, which reflects the actual population condition (Okazaki, 2009). In addition, this approach was able to reach respondents who are able to access the Internet, which is a condition for accessing WhatsApp.

For the snowball sampling, a survey invitation was sent to respondents via online means, such as email and WhatsApp, or offline, such as hardcopy survey forms. The respondents were requested to forward the invitation to other WhatsApp users. Previous research has suggested that a similar WhatsApp survey method is favoured by respondents due to the convenience in answering survey questions online. A related user’s data privacy protection declaration was included in each WhatsApp invitation to address the potential concern from respondents in respect of data security and privacy (Ongena, 2015). In addition, the survey cover letter took into consideration the participant’s informed consent, in that the study’s purpose and potential risks were clearly spelled out. The participation of respondents was also completely voluntary. By employing snowball sampling, WhatsApp users could be reached via referrals, since not every Malaysian is a WhatsApp user (Zikmund, Babin, Carr, & Griffin, 2013).
4. Results and Findings

A total of 625 questionnaires were collected within the data collection period of 15 days, of which, 53.6% responded to the online survey and 46.4% responded to the hard copy survey. The response rate for the hardcopy questionnaire was 72.5%, and 61% for the online questionnaire. Among the online respondents, 68% responded via smartphone or tablets, while 32% responded via desktop or laptops.

The data collected were subjected to data screening to check for missing values, errors or irregularities caused by data entry, with outliers detected and removed from the data pool. The results presented thereafter were statistically valid and free from the influence of outliers. In total, there were 614 completed and valid data, with 1.74% outliers being excluded due to an inconsistent response or repeatedly falling under the range of outliers.

The data collected were subjected to a series of analysis. Descriptive analysis was carried out to examine the profile of the respondents. It was found that this study had gathered respondents from different genders, ages, ethnicities, marital status, occupations, education levels, industries, monthly household income, and locations in Malaysia.

The results showed that 91.69% of all respondents had forwarded WhatsApp messages to their contacts before, with “friends” being the most popular message recipients. On a five-point Likert scale, most of the respondents (83.84%) had frequent behaviour of forwarding WhatsApp messages (from “Sometimes” to “Always”).

In terms of usage frequency, most of the respondents (61.57%) “always” used WhatsApp to communicate. On a typical day, 58.72% of the respondents used WhatsApp ten times or more, and 37.48% of them spent a total of more than 30 minutes chatting on WhatsApp. When the usage frequency was measured using a five-point Likert scale (from “Never” to “Always”), WhatsApp was found to be the most popular digital communication media, with a mean score of 4.44, which was higher than both Facebook (4.17) and Facebook Messenger (3.40).

Jokes, information-related messages, funny advertisements and inspirational messages were among the most popular and attractive messages, with 325, 321, 206 and 195 votes, respectively. Chain letters, games, and sexual-related messages were not favoured by the respondents, with only 25, 62 and 41 votes received, respectively.

Prior to further bivariate and multivariate analysis, a normality test was done to ensure the data normality. The normality test showed skewness and kurtosis results for the distribution of data for all items as being within the recommended range of -2 to +2, with a reasonably straight line for all Normal Q-Q plots; this supports the normality of the distribution of data collected in this study (George & Mallery, 2003; Gravetter & Wallnau, 2013; Pallant, 2013; Sekaran, 2006). This result is supported by histograms and boxplots, and the data were deemed suitable for further parametric analysis.

Exploratory factor analysis was employed to measure the construct validity. Data were found to be suitable for factor analysis, meeting criteria, such as sample size (more than 300) and data normality (Sheridan & Ong, 2011; Tabachnick & Fidell, 2013). Moreover, Bartlett’s test of sphericity was found to be significant, with the p-value reported as 0.00, and the KMO value reported as 0.945, which was larger than the recommended value of 0.60 (Sheridan & Ong, 2011). Data collected were extracted by Principal Component Analysis and with direct oblimin as the rotation method. A total of five factors with an eigenvalue higher than 1.0 were extracted, and accounted for 72.13% of the variance. Factor 1 was identified as “Attitude,” factor 2 was identified as “Perceived ease of forwarding WhatsApp messages,” factor 3 was identified as “Intention,” factor 4 was “Perceived usefulness of WhatsApp messages,” and “Perceived entertainment value of messages” was identified as factor 5. This result is
further supported by the scree plot (Cattell, 1966). The pattern matrix showed the presence of a simple structure, and each of the items loaded strongly on only one factor. All the constructs were solid and stable factors, with more than three strongly loading items with a value above 0.5 (Costello & Osborne, 2011). Coupled with the results of the reliability test, one item, coded as AT6, was removed from the construct “attitude” and the following analyses.

The internal consistency of measures was examined using the reliability test (Pallant, 2013; Sekaran, 2006). The test results showed that the corrected item-total correlation for all items was above 0.30, and all the constructs achieved a Cronbach’s alpha coefficient higher than 0.70, which implied a satisfactory result and that the items in each construct measured the same concept (Brzoska & Razum, 2010; Maltby et al., 2006).

In short, the data collected were found to be normally distributed, and the remaining items in each construct were reliable, valid, and appropriate for the next stage of parametric analysis.

### Table 1. Pearson’s Correlation Analysis Results

<table>
<thead>
<tr>
<th>Construct</th>
<th>AT</th>
<th>BI</th>
<th>Significant Level (2-tailed)</th>
<th>Correlation Exists</th>
<th>Strength of Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>PEOU</td>
<td>r= 0.31</td>
<td>Not in Model</td>
<td>0.00</td>
<td>Yes</td>
<td>Medium</td>
</tr>
<tr>
<td>PU</td>
<td>r= 0.57</td>
<td>Not in Model</td>
<td>0.00</td>
<td>Yes</td>
<td>Strong</td>
</tr>
<tr>
<td>PEV</td>
<td>r= 0.67</td>
<td>Not in Model</td>
<td>0.00</td>
<td>Yes</td>
<td>Strong</td>
</tr>
<tr>
<td>AT</td>
<td>r= 1</td>
<td>r= 0.70</td>
<td>0.00</td>
<td>Yes</td>
<td>Strong</td>
</tr>
</tbody>
</table>

Pearson’s correlation analysis suggested that the correlation between constructs was significant at the 0.01 level, with a strength of medium to strong (Pallant, 2013; Sekaran, 2006). In other words, PEOU, PU, and PEV were found to be significant and positively correlated to AT, with medium to strong strength. AT was found to be strongly and positively correlated to BI, with an r value of 0.70. The results are shown in Table 1.

The data collected were for a sample size of more than the recommended 290 (N>50+8m61). Multicollinearity was assessed through the value of Tolerance and VIF in collinearity statistics. All the tolerance values were found to be above 0.1, with VIF values of less than 10. In addition, the correlation values showed that each independent variable had some degree of correlation with the dependent variable (above 0.3); however, the correlation was not very strong (less than 0.9). The correlation between each independent variable was also less than the guideline of 0.7.

Hence, there was no indication of multicollinearity in the data (Pallant, 2013; Sekaran, 2006; Tabachnick & Fidell, 2013). The scatterplot of the variables implied no notable outliers and a normal data distribution. Therefore, the data collected were deemed suitable for regression analysis.

Two regression models were carried out, with regression model 1 being employed to assess the three independent variables (Perceived ease of forwarding messages, perceived usefulness of messages and perceived entertainment value of messages) in relation to the mediating factor (attitude towards forwarding WhatsApp messages). Regression model 2 was employed for the assessment of the relationship between AT (attitude) and BI (intention).

### Table 2. Model Summary – Regression Model 1

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.689</td>
<td>0.474</td>
<td>0.47</td>
<td>0.57</td>
</tr>
</tbody>
</table>
The regression model summary for model 1 indicated that these three variables accounted for 47% of the variable “attitude,” with an R-square value reported of 0.474 and Adjusted R-square value of 0.47.

The ANOVA results showed a p-value of 0.000 and F-value of 183.40, thereby indicating the statistical significance of this proposed model.

The coefficient results in Table 4 represent the significant unique contribution of all three independent variables in explaining the “attitude towards forwarding WhatsApp messages,” with a p-value of less than 0.05. The standardized beta coefficient of “perceived entertainment value” was the highest among the three (0.51), with “perceived ease of use” being the lowest (0.07). Therefore, “perceived entertainment value” made the strongest unique contribution in explaining “attitude.”

All three independent variables had a positive relationship with the mediating variable and all three were significant enough to be in the equation constructed below:
The adjusted R-square value of 0.494 indicated that AT itself accounted for 49.4% of the “intention to forward WhatsApp messages.” The ANOVA results showed a p-value of 0.000 with an F-value of 598.868. The statistical significance of AT in relation to the dependent variable, BI, was implied.

**Table 7. Coefficients Table – Regression Model 2**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.100</td>
<td>0.113</td>
<td>9.745</td>
</tr>
<tr>
<td></td>
<td>AT</td>
<td>0.721</td>
<td>0.029</td>
<td>0.703</td>
</tr>
</tbody>
</table>

The coefficient results showed that AT was significant in explaining BI, with a p-value of 0.000, which was less than 0.05. The standardized beta coefficient was 0.703, and the equation for the model was constructed based on the unstandardized beta coefficients as below:

\[
BI = 1.100 + 0.721 \text{ AT}.
\]

**Table 8. Input for Sobel Test**

<table>
<thead>
<tr>
<th>Values</th>
<th>PEOU</th>
<th>IV</th>
<th>PU</th>
<th>PEV</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>0.33</td>
<td>0.65</td>
<td>0.66</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>0.72</td>
<td>0.04</td>
<td>0.04</td>
<td></td>
</tr>
<tr>
<td>s(a)</td>
<td>0.04</td>
<td>0.04</td>
<td>0.03</td>
<td></td>
</tr>
<tr>
<td>s(b)</td>
<td>0.03</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(a = \text{raw (unstandardized) regression coefficient for the association between the IV and the mediator.}\)

\(sa = \text{standard error of } a.\)

\(b = \text{raw coefficient for the association between the mediator and the DV (when the IV is also a predictor of the DV).}\)

\(sb = \text{standard error of } b.\)

The Sobel test was carried out to examine the mediating effect of “attitude” (Baron & Kenny, 1986; Goodman, 1960; MacKinnon, Warsi, & Dwyer, 1995; Sobel, 1982). By applying regression analysis to the three independent variables (PEOU, PEV, and PU) and mediator (AT), as well as to the mediator (AT) and the dependent variable (BI), the figures were generated for the Sobel test and tabulated in Table 8.
Table 9. Sobel Test Results

<table>
<thead>
<tr>
<th>Test</th>
<th>PEOU Test Statistic</th>
<th>p-value</th>
<th>PU Test Statistic</th>
<th>p-value</th>
<th>PEV Test Statistic</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sobel test</td>
<td>7.74</td>
<td>0.00</td>
<td>14.02</td>
<td>0.00</td>
<td>16.56</td>
<td>0.00</td>
</tr>
<tr>
<td>Aroian test</td>
<td>7.74</td>
<td>0.00</td>
<td>14.01</td>
<td>0.00</td>
<td>16.55</td>
<td>0.00</td>
</tr>
<tr>
<td>Goodman test</td>
<td>7.75</td>
<td>0.00</td>
<td>14.03</td>
<td>0.00</td>
<td>16.57</td>
<td>0.00</td>
</tr>
</tbody>
</table>

The Sobel test calculator was employed, and the results for all three versions of the Sobel test (Sobel test, Aroian test, Goodman test) showed a p value of less than 0.05 for all cases, as charted in Table 9. This indicated that the indirect effect of all three independent variables on the dependent variable via the mediating factor was significantly different from zero, “Attitude towards forwarding WhatsApp messages” had a significant mediating effect between the three contributing factors and intention (Preacher & Leonardelli, 2015).

Proposed model results are as illustrated in Figure 4.

![Proposed Model Results](image)

**Fig. 4. Proposed Model Results**

5. Discussion and Conclusion

This study successfully achieved the research objectives by answering the following research questions:

5.1. What are the Factors Affecting Users’ Attitude towards Forwarding Whatsapp Messages?

The research results showed that the perceived ease of forwarding message, perceived entertainment value of the message and perceived usefulness of the message were the factors that influenced users’
attitude towards forwarding WhatsApp messages. Among these three factors, the perceived entertainment value of the message made the strongest contribution towards attitude, followed by the perceived usefulness of the message and perceived ease of forwarding the message.

This result aligned with the findings from the descriptive analysis of this study, where jokes and funny advertisements were found to be among the top five choices of respondents in terms of message popularity. At the same time, respondents also chose “informative messages” as one of their favourite WhatsApp messages.

From the literature point of view, this result aligned with the findings from Parreño et al. (2013) where entertainment value and perceived usefulness affected the users’ attitude towards mobile advertising. Furthermore, it also resonated with the research done by Aghdaie et al. (2012), which suggested that the perceived ease of use influenced the attitude towards using email in viral marketing.

5.2. Does Users’ Attitude Affect the Intention to Forward WhatsApp Messages?
The statistical analysis showed that the attitude towards forwarding message was a mediating variable between the perceived ease of forwarding the message, perceived entertainment value of the message, and the perceived usefulness of the message, and the dependent variable, and users’ intention to forward a WhatsApp message. The three factors affected the users’ attitude, which, in turn, affected the intention.

The answer to this research question coincided with the famous Technology Acceptance Model of Davis (1989), in which attitude was proposed as being a mediating factor that leads to a user’s intention towards a specific act.

In conclusion, this study successfully answered both the research questions, with all the hypotheses accepted. The research objectives were achieved and this study has helped to expand the viral marketing field of knowledge.

6. Implications and Recommendations

6.1. Implications

6.1.1. Acceptance of Viral Marketing
This study sheds light on the behaviour and usage habits of Malaysian WhatsApp users. In terms of the research implications and recommendations to practitioners and organizations, it was found that most Malaysian respondents have repeated forwarding behaviour, are willing to carry out this act and have a high engagement in using WhatsApp. This shows the potential of WhatsApp as a viral marketing tool in Malaysia. With such openness to participate in viral marketing, marketing managers in organizations that have not been employing viral marketing may assess the feasibility of incorporating this tool into their advertising strategy. In addition, advertising agencies may also include WhatsApp viral marketing as one of the advertising options for their clients in order to leverage the benefits of viral marketing.

6.1.2. Viral Marketing Message Theme
It was found that Malaysian WhatsApp users love jokes, informative messages, funny advertisements and inspirational messages. These four types of message range from useful messages (informative) to amusing messages with entertainment value (jokes). Malaysian users prefer the elements of the message rather than the type of message and are open to advertisements if the theme of the message suits their taste. Therefore, instead of bombarding WhatsApp users with boring and straightforward text advertisements, marketers and advertising agencies that are currently employing a WhatsApp marketing strategy may create more theme-directed viral marketing messages (for example, humour and inspirational) to suit the taste of the audience and further enhance the effectiveness of their advertising
strategy. Furthermore, this finding is also useful for digital marketers in organizations or advertising agencies for developing effective marketing messages for the purpose of WhatsApp viral marketing.

6.1.3. Message Content
The study shows that consumers’ belief towards a WhatsApp message affects their attitude to forwarding it to their contacts, which plays a big part in affecting their intention to forward. This is especially true when it comes to the purposive value and entertainment value of a message. For an effective WhatsApp viral marketing campaign, marketers and advertising agencies may emphasise the message content when it comes to designing a viral marketing message. The viral marketing message should possess purposive value and entertainment value that is relevant to the target audience.

6.1.4. The Impact of Users’ Attitude
In terms of influencing the intention to forward a message, users’ attitude was found to play a significant role, which contributes to nearly 50% of explaining users’ intention to carry out the act. It is the attitude of each individual that brings forth a positive or negative intention to forward a WhatsApp message. Therefore, marketers and advertising agencies should be more “consumer-focused” than “organization-focused” when conveying marketing messages in the form of mobile instant messages. Instead of informing consumers about what the organization wants to convey, marketers should pursue a marketing message that would bring about a positive consumers’ attitude and should keep that in mind when designing a marketing message. In order to be successful in the viral marketing campaign, maintaining the interest of consumers is crucial, and the marketing message must not revolve around the interests of the organization. Therefore, straightforward and boring text advertisements that revolve around the information of the organization may no longer be welcome among Malaysian users. Instead, a successful viral marketing campaign is one that is sensitive towards the attitude of consumers.

6.2. Contributions
The research contributes in the area of theory, methodology, and practice. In terms of theory, this study suggests that users’ attitude is a contributing factor towards intention, which also acts as a mediating factor between the message content and the ease of forwarding the message towards intention. This result aligns with other similar research in the context of mobile and Internet viral marketing (Aghdaie et al., 2012; Bakar & Bidin, 2014; Hongwei “Chris” et al., 2012; Nysveen et al., 2005; Okazaki, 2008). This study manages to consolidate the scattered factors and suggests a more comprehensive model that is new in the area of WhatsApp viral marketing. This new model incorporates perceived message content, perceived ease of use, and users’ attitude, with users’ attitude explaining close to 50% of the dependent variable.

In terms of the methodology, the questionnaire employed in this study was adapted from past literature, and has now been validated and is deemed suitable for use in Malaysian WhatsApp viral marketing or related areas of research. In addition, the double sampling plan employed in this study allowed a large quantity of useable questionnaires to be collected. Therefore, both simple random and snowballing (invitation through WhatsApp) methods are deemed suitable for such viral marketing research. However, participants’ informed consent must not be omitted from the questionnaires.

In terms of practice, this study outlines the behaviour, usage pattern and preference of Malaysian users, together with factors affecting their intention to participate in viral marketing. This information allows marketing practitioners to design viral marketing campaigns to suit the target audience better, hence leading to greater success. Furthermore, the findings of this study are useful in addressing the challenges faced by marketers and advertising firms, which are the lack of knowledge and viral marketing specialists. The research outcome may be employed to equip marketers and advertising firms in the area of viral marketing. Marketing managers that have previously used WhatsApp as a viral marketing platform may also use this information to assess, evaluate and determine whether it is a better marketing approach for the organization.
7. Limitations and Future Research

The main research limitation is the lack of complete data for WhatsApp users in Malaysia, especially the current actual penetration rate. Related parameters in this study are the best estimation by calculation, taking into consideration the latest available data for smartphone users, penetration rate and WhatsApp penetration rate. Although this does not affect the validity of the research results, the availability of such accurate data would allow for a better research design, especially in terms of the sampling plan design.

The following underlying concepts can be considered for further research:

• According to the results, the three factors – perceived ease of use, perceived entertainment value of the message, and perceived usefulness of the message – contribute to nearly half (47%) of the mediating factor, attitude towards forwarding the message. Future research may look into expanding the number of factors that explain users’ attitude towards forwarding messages, since attitude is found to be a significant factor in influencing intention.

• The research studied the factors that contribute to a positive e-word-of-mouth marketing strategy, as per the factors listed in the research model. Further studies may be carried out to investigate the reasons and factors that lead to negative e-word-of-mouth and its related mechanism, for a comprehensive literature contribution to the field of knowledge.

8. Conclusion

The study result implies that a successful WhatsApp viral marketing strategy is more than a game of luck. There are factors that a marketer may manipulate in order to create a viral phenomenon. Message content is important and marketers should be more “consumer-focused” rather than “organization-focused” when conveying marketing messages in the form of mobile instant messages. Boring and straightforward text advertisements that revolve around the information of the organization may no longer be welcome among Malaysian users. A user is most likely to hit the “forward” button when he or she has a positive attitude concerning the WhatsApp message. As one of the key factors influencing users’ attitude is the message content, marketers should develop WhatsApp marketing message content diligently, making full use of this factor for a successful marketing campaign.

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Locked in or Attracted by? The Interplay between Switching Costs and Alternative Attractiveness on Gen Y Satisfaction and Loyalty
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Abstract: The relationship between customer satisfaction and loyalty has always been a research mystery. Generation Y is regarded as a priority market segment, which no business can afford to ignore. However, Gen Yers are known as the least satisfied and loyal customers, making it a challenge group to target. More than any other generations, Gen Yers are sensitive to incentives and costs and they are aware of viable alternatives in the marketplace. Thus, this study proposed and empirically tested an integrated model to examine the mediated moderating roles of switching costs (SC) and alternative attractiveness (AA) on the relationship between customer satisfaction and loyalty. Analysis of survey data from 417 Gen Y mobile users revealed some interesting findings. While satisfaction was a significant predictor of Gen Y loyalty, there existed some mediators and moderators in the relationship. Both SC and AA were proven to be partial mediators, whereas AA was proven to be a moderator. Further, it was found that the moderating effect of AA on the association between satisfaction and loyalty was contingent upon the mediating effect of SC. These findings offer novel and important implications for the theory and practice. Finally, the implications of these findings are delineated.

Keywords: Customer Satisfaction, Switching Costs, Alternative Attractiveness, Customer Loyalty, Generation Y, Mobile Telecommunications

1. Introduction

Customer satisfaction has long been regarded as a key determinant of customer loyalty and repurchase intentions (Hallowell, 1996; Kandampully & Suhartanto, 2000). However, this conventional belief has increasingly been challenged as recent empirical studies have shown that satisfaction does not always translate into loyalty and dissatisfaction does not result in switching (Li, 2015; Sánchez-García et al., 2012). According to Kumar et al. (2013), the association between customer satisfaction and loyalty is significantly dependent on the structure and competitiveness of the industry, customer segment studied, and the presence of factors that might mediate and moderate the relationship.

Generation Y or the Millennial Generation is regarded as a priority market segment, which no business can afford to ignore (Kandampully & Zhang, 2015; Lazarevic, 2012). However, Gen Yers are known as the least satisfied and loyal customers, making it a challenge group to target (Bilgihan, 2016). More than any other generations, Gen Yers are sensitive to incentives and costs and they are aware of viable alternatives in the marketplace (Kandampully & Zhang, 2015; Lazarevic, 2012). The mobile telecommunications sector is frequently cited as an industry where switching costs and alternative attractiveness play prominent roles (Malhotra & Malhotra, 2013; Wirtz et al., 2014). On the one hand, mobile service providers have invested considerably in building switching costs in the hope of increasing customer retention (Haj-Salem & Chebat, 2014). On the other hand, customers are continually incentivized with attractive offers to switch mobile service providers (Malhotra & Malhotra, 2013). Despite their practical relevance, little is known about the interplay between switching costs (SC) and alternative attractiveness (AA) and their effects on Gen Y’s satisfaction and loyalty.
While it is an established finding that SC and AA are key determinants of customer loyalty (e.g., Edward & Sahadev, 2011; Kim et al., 2016), there is no definite conclusion about their roles in the satisfaction-loyalty link. The inconclusive findings may be attributed to the fact that some studies investigated from the perspective of mediators (e.g., Matzler et al., 2015; Picón et al., 2014), whereas other researchers examined these two constructs from the perspective of moderators (e.g., Dagger & David, 2012; Li, 2015). A mediator is a mechanism through which the predictor variable influences the criterion variable. In contrast, a moderator is a variable that influences the strength or the direction of a relationship between a predictor and a criterion (Rose et al., 2004). To date, not known studies have taken a broader perspective and analyze SC and A from both perspectives. Therefore, the purpose of this study is to clarify the nebulous roles of SC and AA. Specifically, we examine the possibility of these two constructs to work both as mediators and moderators in the relationship between customer satisfaction and loyalty in the Gen Y segment. Hence, the findings of this study are expected to provide a clearer understanding of the roles SC and AA play in the satisfaction-loyalty association.

This paper is organized as follows. First, we review the relevant literature and develop the research model. This model is empirically tested using a sample of Generation Y mobile users and structural equation modelling. From the results, we derive implications for theory and practice.

2. Literature Review, Conceptual Background and Research Hypotheses

2.1. Generational Theory
Different generational cohorts have different values, preferences, and shopping behaviors (Parment, 2013), which marketers aim to understand and offer value propositions that are attractive for specific cohorts. Generational theory postulates that members of a generational cohort share life experiences, causing them to develop similar attitudes and beliefs (Meriac et al., 2010). However, members of different cohorts have different life experiences and social contexts. Hence, they develop different beliefs, expectations, and behaviors (Dries et al., 2008), a distinct set of characteristics (Kupperschmidt, 2000). Thus, mobile service providers need to understand Gen Y market behavior and modify their strategies to increase loyalty of this fickle segment.

2.2. Customer Satisfaction and Customer Loyalty
Because of their impact on financial performance (Sun & Kim, 2013), customer satisfaction and loyalty are crucially important to company management. From a cognitive psychology view, customer satisfaction arises from consumers’ subjective perceptions of post-consumption performance against their prior expectations of performance (Kim et al., 2015). The expectation disconfirmation paradigm (Oliver, 1981) proposes that customer satisfaction arises in situations where expectations are met, or even exceeded (positively disconfirming/disconfirming) (Qian et al., 2015). Because expectations differ among consumers, customer satisfaction is a highly subjective concept, and is the result of cumulative service evaluations (Kaura et al., 2015). Following this stream of research, we define customer satisfaction as a customer’s overall assessment of his or her mobile service provider to date (Keiningham et al., 2014).

As a fundamental concept of marketing, customer satisfaction is widely recognized as a key intangible asset, and one of the best indicators for future profits of a firm as it is positively associated with customer loyalty (Kim et al., 2015; Luo et al., 2010; Ryding, 2010). Customer loyalty can be described as “the strength of a customer’s dispositional attachment to a brand (or a service provider) and his/her intent to rebuy the brand (or repatronize the service provider) consistently in the future” (Pan et al., 2012, p.151). Besides driving higher repurchase intentions, loyal customers are more likely to pay premium prices, make additional purchases, and bring referrals through favorable word-of-mouth (Haumann et al., 2014; Ryding, 2010; Qiu et al., 2015). In the context of mobile services, empirical studies show that customer satisfaction leads to favorable post-purchase behaviors, such as increased customer loyalty, decreased customer complaints and lower switching intentions (Calvo-Porral et al., 2015; Morgeson III et al.,
Replicating the established findings that customer satisfaction leads to customer loyalty, we hypothesize:

**H1.** Customer satisfaction is positively related to customer loyalty.

### 2.3. Switching Costs: A Mediator or a Moderator?

Conventionally, customer satisfaction has been regarded as a key precursor to loyalty and repurchase intentions (Anderson & Sullivan, 1993; Andreassen & Lindestad, 1998). But this belief is now being challenged by counterarguments that satisfaction does not necessarily result in customer loyalty, and dissatisfaction does not always result in switching (Wu, 2011). The variability in the relationship between customer satisfaction and loyalty drives the need to look into other factors, such as SC and AA, that may mediate or moderate the link (Han et al., 2009; Jones et al., 2000).

SC, defined as the perceived economic and psychological costs associated with changing from one provider to another (Jones et al., 2002), is recognized as a powerful defensive marketing tool that leads to longer term relationships and thus higher revenues (Chebat et al., 2011; Matzler et al., 2015). However, there is no general consensus about the role SC plays in the relationship between customer satisfaction and loyalty. Most empirical studies that treated SC as a moderator have produced mixed results about the role of this key variable in the satisfaction-loyalty association. On the one hand, a number of researchers maintained that SC positively moderates the satisfaction-loyalty relationship by strengthening the link (Chang & Chen, 2008; Lee et al., 2001); on the other, some studies found a weak relationship between satisfaction and loyalty under conditions of high SC (see Aydin et al., 2005; Matos et al., 2013). The inconclusive findings have stimulated a “new” stream of research to examine SC from the perspective of mediator (see Matzler et al., 2015; Picón et al., 2014). According to Picón et al. (2014), satisfaction determines the expected advantages and disadvantages of switching and, in turn, the loyalty decision. When the level of satisfaction is high, customers perceive greater opportunity costs or loss of satisfaction associated with switching. Thus, they are more likely to remain in the existing relationship. Based on the foregoing discussion, we argued that SC can be treated both as a mediator and also a moderator. Therefore, it was proposed:

**H2.** The relationship between customer satisfaction and loyalty is mediated through SC.

**H3.** The relationship between customer satisfaction and loyalty is moderated by SC, such that the relationship is weaker for those individuals who perceive SC to be high.

### 2.4. Alternative Attractiveness: a Mediator or a Moderator?

Another construct that may affect the satisfaction-loyalty link is perceived AA. This refers to customers’ perceptions of obtaining a more satisfactory service from an alternative provider (Kuo et al., 2013). Ghazali et al. (2016) stated that a customer’s perception of AA is dependent on the level of satisfaction, the existence of viable competing alternatives, the degree of heterogeneous among alternatives, and the benefits and costs of switching. Yang and Peterson (2004) observed that when perceived value and satisfaction with one provider were high, the probability that customers would get better service from another provider was not likely to be high. Therefore, positive service experience should decrease the perceptions of switching benefits, thereby deterring customers from changing to other providers (Ngobo, 2004). In the insurance sector, Picón et al. (2014) found that AA mediated the relationship between satisfaction and loyalty, in that an increase in satisfaction would reduce the degree of AA, which in turn contributes to customer loyalty.

While an increase in satisfaction could lead to a reduction of AA, a decrease in satisfaction is expected to increase the attractiveness of alternatives, which eventually results in customer defection. In a highly competitive market such as the mobile telecommunications, there are many competing alternatives that offer better prices, wider product choices, and better service quality (Han et al., 2015). When numerous
viable alternatives are available in the market, dissatisfied customers should be more likely to defect because they perceive that switching benefits outweigh costs (Jones et al., 2000). In the context of mobile services, Wu (2011) found that AA positively moderated the relationship between customer satisfaction and loyalty, in that satisfaction would have a greater effect on customer loyalty under the condition of high AA. From this discussion of the literature, it was assumed that AA could play a dual role—both as a mediator and a moderator—for the relationship between customer satisfaction and loyalty. Accordingly, we hypothesized:

H4. The relationship between customer satisfaction and loyalty is mediated through AA.

H5. The relationship between customer satisfaction and loyalty is moderated by AA, such that the relationship is stronger for those who perceive the attractiveness of alternatives to be high.

3. Research Methodology

3.1. Measurement Scales
All research constructs were operationalized and measured using well-established multiple-item scales adapted from previous studies, making only minor changes of wording to suit them to the target context. Items for customer satisfaction were adapted from Henning-Thurau (2004); items for SC were adapted from Aydin and Özer (2005) and Burnham et al. (2003); items for AA were adapted from Wu (2011); and items for customer loyalty were adapted from Aydin and Özer (2005). To alleviate common method biases, we used different scale endpoints for the predictor and criterion variables (Podsakoff et al., 2003). We rated customer satisfaction, SC, and AA items on 5-point Likert scales and customer loyalty items on 7-point Likert scales.

3.2. Sample and Data Collection Procedure
Our study utilized self-administered questionnaires to collect data from Gen Y members (18–34 years old) who possessed smartphones and subscribed to post-paid mobile phone plans in Malaysia. Unlike prepaid subscribers who only purchase credits when they need to use mobile services, a minimum monthly commitment protects the average revenue per user of post-paid subscribers. We distributed a total of 470 questionnaires; 452 responses were returned, a response rate of about 96.2%. After we removed incomplete surveys and cases of missing data, a total of 417 complete responses were available for data analysis, yielding a usable response rate of 88.7%.

The analysis of respondents’ demographic information indicated that 50.8% of the respondents were women; 61.2% were between the ages of 25 and 34 years; 70.2% had earned a bachelor’s degree or higher; 48.2% were professionals, managers, executives, or businesspersons; and 43.6% earned an annual household income of RM 36,000 ($8,989.33 USD) or above. With regard to the mobile Internet usage profile, 71.2% of the sample had been using a mobile Internet service for less than three years, and 50.4% reported that they averaged more than 10 hours per week. In terms of subscriptions, 80% of the respondents had a principal line and 70.5% paid their own mobile phone bills.

4. Data Analysis and Results

The research model was evaluated using the Partial Least Squares (PLS), a variance-based Structural Equation Modelling (SEM) technique, through the SmartPLS 3.0 software (Ringle et al., 2015). The reasons for the use of PLS-SEM instead of covariance-based (CB-SEM) are as follows: First, the objective of this research is to predict rather than to confirm the factors that drive Gen Y loyalty. In this respect, the prediction-oriented PLS-SEM can be used to maximize the explained variance of the targeted endogenous latent variables by estimating partial model relationships in an iterative sequence of ordinary least squares (OLS) (Hair et al., 2012). Second, this study is of an incremental nature where new measures and structural paths are included in the current model. Third, the research model is
complex in terms of the number of relationships (e.g., direct and indirect effects). As noted by Hair et al. (2013), PLS-SEM has higher levels of statistical power in situations with complex model structures than that of CB-SEM. Following the two-stage analytical procedure suggested by Anderson and Gerbing (1988), we estimated the validity and reliability of the measurement model, followed by an assessment of the structural relationships outlined in the structural model.

Following the suggestion of Hair et al. (2013), we used the convergent validity, discriminant validity, and reliability indicators to assess the measurement model. First, we assess convergent validity through factor loadings and the average variance extracted (AVE). All items loadings of the first-order constructs achieved the suggested threshold of 0.70 (ranging from 0.707 to 0.948) (Hair et al., 2013), and the AVEs of all constructs exceeded the recommended value of 0.50 (ranging from 0.569 to 0.790) (Fornell & Larcker, 1981), signifying a sufficient level of convergent validity. Next, the discriminant validity of the measured constructs were assessed using the heterotrait-monotrait (HTMT) ratio of correlations (Henseler et al., 2015). The results illustrated that the correlation values corresponding to the respective constructs did not violate HTMT.85 (Kline, 2011), indicating discriminant validity had been achieved. Further, we evaluated the reliability of the constructs according to composite reliability (CR). Construct reliability was evident as the CR for all constructs exceeded the recommended value of 0.708 (ranging from 0.887 to 0.938) (Hair et al., 2013).

After confirming the construct measures are valid and reliable, our next step was to assess the structural model. We examined the collinearity of the set of constructs, coefficient of determination (R2), significance of path coefficients, and predictive relevance (Q2). The collinearity test showed that the VIF values of all constructs ranged from 1.114 to 1.203, well below the common cut-off threshold of 5.0 (Hair et al., 2013), suggesting that multicollinearity was not a threat to the parameter estimates of the study. Next, we assessed the significance of the path model relationships among the constructs by using a bootstrapping procedure with a resample of 5,000.

To test the mediation hypotheses, we used an application of the analytical approach that Hayes et al. (2011) expounded. Figure 1a illustrates the total effect (c) of customer satisfaction on loyalty, whereas Figure 1b shows the total effect of customer satisfaction on loyalty as the sum of the direct (c′) and indirect effects (a1b1 + a2b2). The estimation of the latter uses the product of the path coefficients for each of the paths in the mediational chain. As Figure 1a indicates, customer satisfaction had a significant total effect on loyalty (c = 0.669; t = 22.855; p < 0.01). After incorporating the mediators (Figure 1b), satisfaction decreased its influence, but maintained a significant direct effect on loyalty (H1: c’ = 0.542; t = 15.950; p < 0.01). To verify the mediating roles of SC and AA, we employed bootstrapping to obtain the standard error of the path coefficient between a1 and b1 as well as a2 and b2. The mediating effect is statistically significant if the t-value (a*b/standard error of a*b) exceeds 1.96 (at p < 0.05 [two-tailed]). The results showed that the indirect effects of customer satisfaction on loyalty (through SC and AA) were significant, with path coefficients (β) of 0.069 (t = 4.027; p < 0.01 [two-tailed]) and 0.059 (t = 4.215; p < 0.01 [two-tailed]), respectively. Furthermore, the indirect effects of 0.069 (95% bootstrapped confidence intervals: Lower Limit = 0.036, Upper Limit = 0.102) and 0.059 (95% bootstrapped confidence intervals: Lower Limit = 0.032, Upper Limit = 0.086) did not straddle 0, denoting SC and AA were partial mediators for the relationship between customer satisfaction and loyalty. Hence, H1, H2, and H4 were supported.
Next, we assessed the moderating effects of SC and AA on the satisfaction–loyalty link by using the product indicator approach recommended by Chin et al. (2003). This involves multiplying each (mean-centered) indicator of the exogenous latent variable with each indicator of the moderator variable (Hair et al., 2013). As shown in Figure 2, the prediction in H3 that SC negatively moderates the relationship between customer satisfaction and loyalty was not supported ($\beta = -0.049; t = 0.980; p > 0.05$). In contrast, H5, which predicts that AA positively moderates the relationship between customer satisfaction and loyalty, was supported ($\beta = 0.165; t = 5.216; p < 0.01$).

In addition to investigating the magnitude of the R-square values as a criterion for predictive accuracy, we examined the predictive capacity of the model by checking Stone-Geisser’s Q-square value. This measure indicates the model’s predictive relevance (Hair et al., 2013); it also represents a measure of how well-observed values are reconstructed by the model and its parameter estimates (Chin, 2010). In accordance with the rule of thumb, a Q2 greater than zero signifies the model has predictive relevance, whereas a Q2 less than zero implies the model lacks predictive relevance (Fornell and Cha, 1994). As shown in Figure 2, Q2 for all the four endogenous variables indicated acceptable predictive relevance.

**Figure 1. Mediating models**

![Diagram of mediating models](image)

**a) Model with total effect**

Customer Satisfaction $\rightarrow$ Customer Loyalty $\quad c = 0.669^{**}$

**b) Model with a multiple mediation design**

Customer Satisfaction $\rightarrow$ Switching Costs $\quad R^2 = 0.105$

Switching Costs $\rightarrow$ Customer Loyalty $\quad b_1 = 0.213^{**}$

Customer Satisfaction $\rightarrow$ Alternative Attractiveness $\quad R^2 = 0.095$

Alternative Attractiveness $\rightarrow$ Switching Loyalty $\quad b_2 = 0.191^{**}$

Customer Satisfaction $\rightarrow$ Switching Loyalty $\quad a_2 = -0.308^{**}$

Customer Satisfaction $\rightarrow$ Customer Loyalty $\quad a_1 = 0.323^{**}$

$\quad c' = 0.542^{**}$

**$^{**} p < 0.01$, * $p < 0.05$ (based on one-tailed test)**
4.1. Additional Analysis
According to Edwards and Lambert (2007) and Muller et al. (2005), the moderated path analysis should also test the mediated moderating process during path estimation. Since AA was found to have a moderating effect and SC was found to have a mediating effect on the satisfaction-loyalty link, we further examined their mediated moderation effects. Our results showed that the original moderating effect of AA decreased to $\beta = 0.152$ ($t = 4.774; p < 0.01$) when the mediating effect of SC was controlled. These results support the mediated moderation of AA, that is, the moderating effect of AA.

5. Discussion and Implications
The present study examined the mediated moderating roles of SC and AA on the relationship between customer satisfaction and loyalty in the Gen Y segment. The findings revealed that although satisfaction is a salient prerequisite for Gen Y loyalty, there exists some mediators and moderators existed in the relationship. Specifically, we found that the satisfaction-loyalty link was mediated to a greater extent by SC and, to a lesser extent by AA. Interestingly, our results also showed that AA significantly moderated the relationship between satisfaction and loyalty, whereas SC did not. The non-significant moderating effect of SC may be attributed to the market conditions and sample. In a competitive mobile services market, customers are continually incentivized with attractive offers to switch providers (Malhotra & Malhotra, 2013). And Gen Y consumers are more aware than other generational cohorts of rivals’ marketing campaigns (Lazarevic, 2012). Thus, dissatisfied Gen Yers are less likely to feel “entrapped” or “locked-in” by SC and more likely to defect under the condition of high AA. In addition, the additional analysis revealed that the moderating role of AA was contingent upon the mediating effect of SC. These findings offer novel and important implications for the theory and practice.

From a theoretical perspective, this study adds to the body of knowledge on Gen Y’s market behavior from the generational theory perspective. Specifically, it provides valuable insights into the repurchase
decision-making process of this disloyal segment. As generational groups grow up with similar formative experiences, technologies, and cultural and environmental changes, they share similar core values and beliefs that profoundly impact their attitudes and behaviors (Kandampully & Zhang, 2015). Our study demonstrated that the loyalty behavior of Gen Y customers is influenced by the interplay between SC and AA. This indicates the complexity of Gen Y’s loyalty decisions, and their assessment of the perceived benefits and costs of switching. Thus, this study underscores the need to investigate Gen Y’s perceptions of SC and AA simultaneously in order to provide a more holistic and realistic picture of the underlying process that drives the loyalty behavior of this cohort.

To the best of our knowledge, this study is the first to investigate the mediated moderating roles of SC and AA on the relationship between customer satisfaction and loyalty in a coherent framework. Therefore, our results contribute to the academic debate on the role of SC and its counterpart. This study also goes beyond the mediation and moderation analysis of SC and AA to propose that the moderating effect of AA can be mediated by higher SC. The results revealed that the moderating effect of AA on the satisfaction-loyalty relationship decreased when the mediating effect of SC was taken into account. Thus, our findings shed new light on how the moderating effect is mediated in the customer satisfaction-loyalty framework.

From a managerial perspective, the findings of this study provide valuable insights for mobile telecommunications companies, particularly on how to secure the loyalty of Gen customers. Our results suggest that inflating SC is not an effective means of retaining dissatisfied Gen Y customers in a competitive mobile services market. When competing service providers become more attractive, in terms of better quality services and lower prices, dissatisfied Gen Yers are less likely to feel locked in by SC. They realize these costs may be partially offset by alternative service providers who offer subsidized handsets or more attractive mobile Internet plans. In such cases, dissatisfied Gen Yers would rather pay a one-time SC than continue to pay for mobile Internet services they are unsatisfied with. Therefore, mobile service providers are discouraged from imposing SC in lieu of satisfaction. This practice seems destined to fail in the long term, especially when (1) dissatisfaction is ongoing rather than temporary, and (2) the competing service providers become more appealing (Jones et al., 2000).

In addition, the findings of this research indicated that although high AA could increase the sensitivity of customer loyalty to satisfaction, this moderating effect was partially mediated by SC. This implies that SC can mitigate the threat of AA if it is created through dedication variables, such as customer satisfaction. Creating a base of satisfied customers who stay loyal and spread favorable word-of-mouth about a company’s services is still an important strategic imperative (Aksoy et al., 2013). Apart from improving customer satisfaction, mobile service providers must assess the extent to which their Gen Y customers perceive alternative service providers to be attractive and, ideally, act to alleviate it. For instance, comparative/negative advertising can be used to depreciate rivals’ performance and alert Gen Yers to the risks they need to bear if they switch to other service providers. This, in turn, will exacerbate the anticipatory regret among prospective switchers and weaken temptations of competitive offerings.

References


Intergenerational Influences on Automobile Brand Preferences in Pakistan
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Abstract: This paper examines the influence of Intergeneration Influence (IGI) on the preferences of automobile brands on two succeeding generations. Sample size consisted of a total of 320 subjects, translating into two dyads (mother-daughter dyad and father-son dyad) of 160 respondents from each. Three important findings from this study are; (a) in automobile category there appears to be statistically significant difference in the quantum of agreements between brands-in-use versus brands-in-mind. There appears to be more agreement for brands-in-use situation than brands-in-mind situation; (b) when it comes to automobile preferences, there appears to be statistically significant difference between the above-mentioned dyads of men and women. More specifically brands-in-use and brands-in-mind brand preferences in dyad of mother-daughter are more relevant than the dyad of father-son and (c) The top three brands of local assemblers have depicted dominance for both brands-in-use and brands-in-mind. These three brands hold more than 57% of the auto brand preferences. This reflects that three local brands inhabit discrete and robust positions in consumers’ mind. The results illustrate that there is sign of the IGI existence between two generations. Marketers of auto brands need to understand this sort of influence on their target consumers.

Keywords: IGI, dyads, brand preference

1. Introduction

In branding strategy, marketers cannot undermine the role of parents in forming the brand preferences and choices. This stresses the role of family in the selection of a brand especially in the product category of cars. The objective of current project is to analyze the influence of Intergeneration Influence (IGI) on the preferences of automobile brands on two succeeding generations.

2. Literature Review

Communication of attitudes, behaviors, expertise, values, and behaviors from parentage to children is referred as intergenerational influence (Heckler et al. 1989; Moschis, 1988). In the realm of religious beliefs and political thoughts is generally believed that intergenerational influence works well and children do get influenced by the political and religious thoughts of their parents (Schindler et al., 2008). Transmission also occurs in other areas like gender biasness, materialistic orientation and racial discrimination (Elizabeth et al., 2002). It is a common observation that daughters do get influenced by those brands which their mothers use. Hence alike preferences towards selected brands which transmit from one generation to another are the significant indicators of intergenerational influence. There exists a considerable level of awareness in terms of mothers’ brand choices and preferences at the level of daughters (Elizabeth et al., 2002). So, they testified a noteworthy agreement for brand preferences between dyad of Mother and daughter. This implies that intergenerational influence brand partialities of daughters and such preferences are predisposed and molded by the choices of their mothers which ultimately translate into adoption behavior. They also suspected the involvement of additional forces like targeted advertising by competitors, innovative products and peer pressure may affect the brand choice else intergenerational inspiration. These forces may appreciate or depreciate the intergenerational influence for a specific artifact. Intergenerational influence on adult children is
reduced by other causes including accessibility to other brands in the same product category, disintegration of market, use of other brands by friends and peers, and non-user status for products (Elizabeth et al., 2002). This has also been observed that IGI influence is more visible in some brands while less influential in other brands. Additionally, product categories differences also play their due role. It is also witnessed that there are a few product categories in which IGI effects are transmitted in a single brand and hence a lone brand gets benefits of intergenerational influence and other products in the same category are devoid of IGI effects. Brand Silos is a term coined for such markets where daughters’ and sons’ consumption patterns are in majority influenced by brand preferences of their parents (Elizabeth et al., 2002). A somewhat similar study was also conducted in the Mexican market to find out how this was found statistically significant that daughters do get influenced by the brand choices of their mothers and it was found statistically significant that that brand choices of daughters do get influenced by the brand preferences of their mothers. Another study analyzed brand preference based on the structure of intergenerational influence of (IGI) dyads. They have suggested that that the IGI brand preference for durable goods differs from consumer goods (Siddiqui et al., 2012). Another study suggested that the women dyad agreed in statistical proportions of the men dyad (Hussain & Siddiqui, 2015). Other work on this subject area encompasses the influence of the suggestions of elderly on the use of fertilizer brands (Siddiqui et al., 2013).

The disparity between mother-daughter dyad can be attributed to the relative stability of mother’s inclinations compared with daughters who more are willing to try new brands (Mandrik et al., 2004). Daughters are more likely to engage in brand switching and are therefore less predictable (Moore et al., 2002). Daughters are more accurately able to predict their mother’s brand preferences than the ability of mothers to predict their daughter’s brand preferences. Buying behavior of child is more impacted by their mother much more than their father and women tend to show more involvement in brand than men (Mandrik et al., 2005). More socially connected parents tends to influence their child brand attitude and preference than ordinary asocial ones.

Only few local studies have replicated the concepts of IGI in Pakistan. One such study confirmed the replication of IGI in local culture (Moore et al., 2002). They also reported that the IGI for durable product category is higher than the consumable products. Another study gave evidence that the proportions of father-son agreements are statistically lower than the proportion of mother-daughter agreements. This proves that sons are less closely associated with their fathers as compared to daughters with their mother. Therefore, daughter’s correspondence to mothers preferred brands is higher (Siddiqui et al., 2012). More recently another study confirmed that Brand-in-Use agreements are more than Brand-in-Mind agreements (Hussain & Siddiqui, 2016). Later two studies (N = 320) worked on 14 different consumer product categories while the earlier study (N = 260) worked on 12 product categories.

The point of this study was to observe the reality of Intergenerational Influence (IGI) between two preceding generations in the assortment of automobile brands. There are a few citations of the current study that make it unique as compared with earlier studies. Most of the earlier studies have investigated only mother-daughter dyad and found them significant (Moore et al., 2002; Mandrik et al., 2004; Perez et al., 2011) while the current study has included father-son dyads along with mother-daughter dyads. Earlier studies were only targeted towards brands-in-use while the current study investigated both brand-in-mind and brand-in-use. None of earlier studies have focused on automobiles as focus of IGI preferences while the current study focuses on auto brands.

After thorough analysis, some research gaps were found which are as follows. Firstly, the existence of IGI on auto brand preferences between father-son dyad and mother-daughter dyads in Pakistan. Secondly, comparison of father-son dyads versus mother-daughter dyads for automobiles brand preferences in Pakistan. Thirdly, comparison of Brands-in-mind versus Brands in hand for automobiles brand preferences in Pakistan.
The following hypotheses were tested for auto brands based on the research questions:

**H1:** The acceptability for the IGI agreements for Brand-in-Hand is more than Brand-in-Mind for automobile brand preferences.

**H2:** The acceptability of the agreements between mother-daughter dyads is more than father-son dyads for automobile brand preferences.

### 3. Methodology

Population was defined as mother-daughter dyads and father-son dyad dyads belonging to upper middle classes. It says that these families have brand preference for automobiles and are using auto brands. To select elements and sampling units, judgmental sampling was used. Therefore, various families were selected as sampling units for this purpose. Mother and daughter group of 80 and father and son group 80 was picked for data extraction which results in a total of 320 respondents which were as follows (father 80 his son 80 and mother 80 her daughter 80). This sample size was found sufficient as per the sample size guidelines (Siddiqui, 2013). Having a size from medium to large 30 respondents make up its 80% power which is the minimum suggested strength of ordinary study (Cohen, 1988).

#### 3.1. Scale Development and Reliability

Focus group was used for the initialization of the constructs. This exercise was carried out with two executives related to automobile sales, three of the users of automobiles assembled in Pakistan and a moderator for the group. The purpose of this exercise was to reveal and agree upon the constructs of the scale, that is, brands-in-use and brands-in-mind. Further brand names to be used in the study were also agreed upon because of focus group.

Since the data was categorical in nature so alpha coefficient cannot be calculated with this particular data set to check internal inconsistency. Therefore, another method was adopted to check the reliability and it was discarding all those survey questionnaires, after data collection phase, which were having 70% or more degree of similarity in a dyad of either father-son or mother-daughter.

Questionnaire was made as an outcome of focus groups. Respondents were asked to fill in blank spaces by marking their identification of brands for the columns brands-in-use and brands-in-mind respectively in automobile category. Demographic data of respondents was also obtained on fields like gender, marital status, family members, parents living with respondent and income level. For generating more response personal questions like address, phone number and name of the respondent were avoided purposely.

Due weightage was given to the ethical side of the research in the form of informing respondents not to disclose any information which may lead to their identification. Hence privacy of information was maintained at all costs. Moreover, deliberately classified information was never sought from respondents. Confidentiality of data obtained was maintained and no other person except researcher was having an access to the data.

#### 3.2. Descriptive Analysis

Initial screening of the data was done by carrying out descriptive analysis, check for missing values and normality of distribution. Hypotheses test is done by the Z test distribution by that we could analyze the frequency of distribution of the three top choices of child and parent. This analysis was finally converged into test of hypothesis for statistical significance of tests performed to check the intergenerational influence of parents to children, in between gender (men versus women) and finally in between brands-in-mind versus brand in hand.
As far as brands-in-mind is concerned Toyota occupies the top slot both for children and their parents. This reflects strong brand equity which Toyota enjoys with percentages 28.1% in the minds of children and 27.5% for parent in mind. On the other side, for brands-in-use both for parents and children, Toyota inhabits percentages 26.1% and 21.2% respectively. Hence for Toyota intergenerational influence seems evident. The second choice for respondents was Honda with 21.3% and 21.9% for children brands-in-mind and brands-in-use category. While these percentages were 13.1% and 22.5% respectively for parents. Again, the probability of intergenerational transference for Honda is also evident.

**Table 1 Top three Automobile Brands in Parent/Child's Mind/Use**

<table>
<thead>
<tr>
<th>Top three Automobile Brands in Parent's Mind</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota</td>
<td>35</td>
<td>28</td>
</tr>
<tr>
<td>Honda</td>
<td>24</td>
<td>19</td>
</tr>
<tr>
<td>BMW</td>
<td>21</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>64</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Top three Automobile Brands in Child's Mind</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota</td>
<td>36</td>
<td>25</td>
</tr>
<tr>
<td>Honda</td>
<td>24</td>
<td>17</td>
</tr>
<tr>
<td>Mercedes</td>
<td>21</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>81</td>
<td>57</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Top three Automobile Brands in Parent's Use</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota</td>
<td>51</td>
<td>39</td>
</tr>
<tr>
<td>Honda</td>
<td>42</td>
<td>32</td>
</tr>
<tr>
<td>Suzuki</td>
<td>22</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>115</td>
<td>88</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Top three Automobile Brands in Child's Use</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota</td>
<td>50</td>
<td>36</td>
</tr>
<tr>
<td>Honda</td>
<td>34</td>
<td>25</td>
</tr>
<tr>
<td>Suzuki</td>
<td>34</td>
<td>25</td>
</tr>
<tr>
<td>Total</td>
<td>118</td>
<td>86</td>
</tr>
</tbody>
</table>

The table 2 shows the agreements for brands-in-use between parents and children in Car category. As depicted in table 2, the most agreed brand is Toyota in between mothers and daughters with 21 agreements. Honda enjoys the second slot with 12 agreements. While for son and father dyad Toyota is, the leading number citing 19 agreements from the data.

For father-son dyad, Honda is second most preferred brand with number of agreements showing a tally of 13. Hence the top ranked brand turned out to be Toyota in a general parent-child agreement condition with number of agreements reaching 40, Second position is enjoyed by Honda with total tally of agreements reaching 25 and Suzuki is on the third place showing a tally of 13 agreements. Out of 160 responses, the total number of mother-daughter agreement in car category was 47. Though for father-son dyad agreement, it turned out to be 44. While the complete agreements in between children and parent are 91 out of 320.
Table 2 Gender differences IGI for auto brand preferences

<table>
<thead>
<tr>
<th>Auto Brand</th>
<th>Men</th>
<th>Women</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota</td>
<td>19</td>
<td>21</td>
<td>40</td>
</tr>
<tr>
<td>Honda</td>
<td>13</td>
<td>12</td>
<td>25</td>
</tr>
<tr>
<td>Suzuki</td>
<td>6</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>Mercedes</td>
<td>4</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>BMW</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Nissan</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Ferrari</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Porsche</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Audi</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Don’t Use/Prefer</td>
<td>116</td>
<td>113</td>
<td>229</td>
</tr>
<tr>
<td>Total</td>
<td>160</td>
<td>160</td>
<td>320</td>
</tr>
</tbody>
</table>

Hypothesis Testing: Since the data is categorical in its nature, that is nominal scale data, for inferential statistics purpose Z test suits the needs of hypothesis testing.

The ratio of agreeableness between mother and father and children in the category in automobile category is 42% which tells a high agreement level between mother-father and their children. The value of Z is 2.42 which tells that we cannot generalize this conclusion that IGI existence among most of the parents and their children is relevant in car category.

Table 3: Number of IGI agreements on auto brands

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Agreements</th>
<th>Non-Response</th>
<th>Z</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobile</td>
<td>91</td>
<td>101</td>
<td>-2.42</td>
</tr>
</tbody>
</table>

The value which we derived of Z is 5.86 and it is more than its critical value 1.645 at 0.05 level of significance. So that after seeing this we can say that existence of IGI is more statistically significant for brand which is in hand and which is in mind and it can also be said that IGI existence is more statistically relevant in hand situation than in mind.

Table 4 Number of IGI agreements in HAND versus in MIND auto brands

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of Agreements</th>
<th>In Hand</th>
<th>Non-Response</th>
<th>In Mind</th>
<th>Non-Response</th>
<th>Z</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobile</td>
<td>64</td>
<td>50</td>
<td>27</td>
<td>51</td>
<td>68</td>
<td>5.83</td>
</tr>
</tbody>
</table>

For critical value of Z= 1.645, the calculated value is higher, that is, Z=2.15. Hence we can reach to a conclusion that in the dyad of mother-daughter intergenerational influence is statistically more significant than father-son dyad.

Table 5 Number of IGI agreements in Father-son dyad & Mother-daughter dyad dyads

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of Agreements</th>
<th>Father-son dyad</th>
<th>Non-Response</th>
<th>Mother-daughter dyad</th>
<th>Non-Response</th>
<th>Z</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobile</td>
<td>45</td>
<td>33</td>
<td>46</td>
<td>68</td>
<td>2.15</td>
<td></td>
</tr>
</tbody>
</table>
4. Results

It is evident from the above tables that three brands formulate almost 57% agreements. This indicates that three brands dominate the car market in Pakistan. These three brands have highest consumption throughout Pakistan. Therefore, it may be concluded that the brand equity of these three brands namely Toyota, Honda and Suzuki is better than other imported brands in Pakistan market.

It has been observed in the review of literature that the cycle starts with the initial consumption of a brand by parent, making brand evaluation based on parent’s individual experience with the brand and finally forming an opinion about the brand. Eventually if the opinion is positive then the brand becomes a house hold name in the family. Such a positive opinion of parents provides an opportunity to children in the family to have a firsthand experience with the brand. Moreover, indirect learning of children occurs when they see their parents talking and using the brand. This finally turns into the adoption practice of children for any brand. Therefore, it may be concluded that dominant brand has a long successful history of usage in the family by elders.

The second hypothesis relates to the assumption that intergenerational influence shows it’ strength in brand in hand, that is, in actual consumption than brands-in-mind, that is, brand in imagination. This has an underpinning that commonality in between parent and child dyad goes higher when it comes to actual consumption then merely having a longing for a brand in imagination. This study testifies this hypothesis for the product category ‘cars’, the presence of intergenerational influence is statistically significant for actual consumption (brand in hand) than imagination (brands-in-mind). Hence it may be concluded that in the product category of cars where brand knowledge and brand preferences are generally shared, IGI influence is evident.

The third hypothesis was meant to conclude if agreement between mother-daughter dyad is more statistically significant than agreements among father-son dyad. Results recommend that the presence of intergenerational influence is statistically more significant for mother-daughter than father-son dyads. Findings of this study are in line with the previous studies which already suggest that mother-daughter dyad shows more agreement in terms of brand preferences than father-son dyad. This implies that since in typical eastern cultures like Pakistan mother and daughter share more information than father and son. In other words, daughters learn more from mothers and they are more emotionally attached to their mothers than sons towards father.

5. Conclusions

Results hint that the magnitude of mother-daughter dyad agreements is statistically higher than the magnitude of father-son dyad agreements. This suggests that daughters are more closely related with their mothers. Therefore, daughters correspond more to their mothers’ preferred brands. So, the role of mothers must be accounted for in evolving brand preference of girls.

The influence of intergenerational influence varies with product category. The effect of IGI influence is more eminent in those product categories where same products are used by parent and child. While developing marketing strategy this point is of prime concern for marketing decision makers.

As the supremacy of leading brands of Toyota, Honda and Suzuki is apparent from the data, therefore marketers of these three brands are in a position to capitalize on this fact and could make more marketing efforts to imprint their brands in the minds of customers with appropriate promotion mix. This would result in strengthening their market share than imported cars.

Extent of agreements in actual consumption situation has established to be more than extent of agreement in mind circumstances. This suggests that real time exposure, consumption and firsthand
experience and interface with brands of parents and their adult children are more significant than just obtaining information about some brands. It may also be inferred that in fact it is the actual use of brand that determines IGI transfer from parent to child.

**6. Limitations**

This study recognizes the commonalities in the brand preferences of parents and adult children. But this study does not account for the role of parent as exogenous variable in shaping the brand preference of children. Consequently, this study does not indicate who shapes the opinion, parent or child. This has already been discussed in literature review that it is the parent who educates and trains his children about brands evaluations. But the role of reverse IGI cannot be discounted in product categories which are high tech in nature. This gives researchers another venue to think in terms of the role of reverse IGI in future.

**References**


Towards an Understanding of Customer-Based Corporate Reputation and Consumer Citizenship Behaviour: A Conceptual Model

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Abstract: Corporate reputation attracts considerable attention in marketing practice and research. Previous literatures on this concept have analysed the concept from various angles in order to understand its causal relationship from different positioning such as antecedents and its consequences. However, the subject remains understudied from the aspect of different types of organizations and customers based involved in the research, particularly in marketing literature. This study is to propose a conceptual model to understand the role of corporate reputation in determining customer citizenship behaviour towards the organization (Malaysian GLCs) from the perspective of customers. The proposed of conceptual framework of this study is expected to offer valuable insights to managerial in managing their corporate reputation effectively in sustaining their competitive advantage.

Keywords: Customer-based corporate reputation, Customer Citizenship behavior, Brand trust

1. Introduction

Studies on corporate reputation among scholars from various disciplines such as management, marketing, economics, psychology and sociology are building up over the past decades (Van et al., 2016; Abbasi et al., 2011). Scholars believe that the journey to fully understand the multiple perspectives of the concept of corporate reputation still requires a lot more studies (Van et al., 2016; Abbasi et al., 2011; Shahsavari & Faryabi, 2013; Abratt & Kleyn, 2012; Bartikowski & Walsh, 2011). Previous literatures on this concept have analysed the concept from various angles in order to understand its causal relationship from different positioning such as antecedents and its consequences. However, the subject remains understudied from the aspect of environmental diversity and the types of organizations involved in the research, particularly in marketing literature (Van et al., 2016; Abbasi et al., 2011; Bartikowski & Walsh, 2011; Abratt & Kleyn, 2012). Most of the earlier studies have been conducted in US, UK and Europe, in which researchers suggest that the corporate reputation scale has psychometric properties and were empirically validated in France, US and Germany but not in other countries (Dahlan, 2010; Abratt & Kleyn, 2012). The findings of those studies may be or not applicable in other countries due to consumer differences based on cultural differences, institutional factors and cross-national distance variables. They also believe that studies in other countries could be differ due to customer differences particularly in forming perception. Therefore, there is a significant evidence from the extent literature that the relationship between corporate reputation with its antecedents and consequences varies from country to country should be validated in other countries, particularly in Asia as proposed in this study.

Malaysian business environment and its economic setting is unique in its own way. A study on the corporations which includes multinational corporations (MNCs), government linked companies (GLCs) and local private companies (LPCs) found that these organizations are enthusiastic in communicating with their internal and external stakeholders on various aspects of their organization’s unique identity (Abdullah, & Abdul Aziz, 2011). This is deemed important in improving ones image and reputation and in building valuable asset for the organization (Abdullah & Abdul Aziz, 2011). Positive reputation is seen as a predictor of financial performance, creates a barrier from competitors and is the most
valuable asset of any firm which deserves to be protected (Abdullah & Abdul Aziz, 2011; Keh & Yie; 2009; Abratt & Kleyn, 2012). Findings also show that if the notion of corporate reputation if well executed by organizations, will surely be beneficial to them especially in encouraging greater sense of loyalty (citations) among customers.

The question is how far studies have been explored in the area of corporate reputation and its customer behavioural-outcome variables. Abdullah & Abdul Aziz (2011) have raised a valid question on whether Malaysian companies in general cares about their reputation against global competitors in which they found that most companies are struggling to gain public’s acceptance and is rather lacking in terms of genuine interest in contributing to the community at large. Specifically, this study is to understand how consumers perceive corporate reputation of Malaysian Government Linked Companies (GLCs) and how perception affect their behaviours in ensuring these organizations are able to sustain their position in the increasingly competitive business environment. Thus, this study is present a conceptual model to understand the role of corporate reputation in determining the forming of customer’s behaviour towards the organization (Malaysian GLCs) from the perspective of customers. The GLCs are often viewed as less competitive with poor business performance and their reputations were also tainted by corrupt practices (Dahlan, 2010). Others criticised that the GLCs are being too risk-averse, lacking sufficient entrepreneurial drive and some of their investments are more politically oriented rather than commercially driven (Najid & Rahman, 2011). Hence, it is important to understand the perception of customers on corporate reputation of these organizations that exists in a country that enjoys diverse cultural and socio-economic background. An understanding of customers’ perspective is essential as customers are one of the most important stakeholder groups that could create revenue streams. The concept is known as customer-based corporate reputation.

2. Literature Review and Hypotheses

2.1. Corporate Reputation

Corporate reputation is categorized into three main clusters namely (i) reputation as state of awareness, (ii) reputation as an assessment and (iii) reputation as an asset (Barnett et al., 2006). Positive reputation is seen as a predictor of a sound financial performance, creates a barrier from competitors and is the most valuable asset of any firm which deserves to be protected (Abdullah & Abdul Aziz, 2011; Keh & Yie; 2009; Abratt & Kleyn, 2012). Previous literatures clearly indicates that the manifold benefits of corporate reputation is indeed supports the idea of CBR being an intangible asset of organizations which influence their performance directly or indirectly.

2.2. Customer-Based Corporate Reputation

The number of studies focusing on customers as an important stakeholder group is rather small (Abratt & Kleyn, 2012; Walsh et al., 2009; Jinfeng et al., 2014; Walsh & Beatty, 2007). The concept is said to be under studied despite the apparent importance of customer as one of the major stakeholders (Abratt & Kleyn, 2012). Customers of highly reputable organizations have a tendency to portray supportive behaviour and it can be reflected into recognition of high competency and quality of the entity (Bartikowski & Walsh, 2011). This notion has been fairly supported by other scholars who believe that the direct experience of customers in reference to good/services of the organization becomes an important element of corporate reputation management (Petrokaitė & Stravinskienė, 2013). The scholar further emphasized that customer’s direct experience does not only indicated the quality of good/services but it covers a much broader spectrum of the entire organization’s performance.

Therefore, Abratt & Kleyn (2012) continue to enhance on the importance of CBR which they have defined as the customer's overall evaluation of the firm based on his or her reactions to the firm's goods, services, communication activities, interactions with the firm and/or its representatives or constituencies (such as management, employees or other customers) and/or known corporate activities. This definition
incorporated the idea of attitude-like evaluative judgment by customers into the existing definition of corporate reputation.

2.3. Customer Citizenship Behaviour (CCB)
Various studies have indicated that customers of a reputable organization tend to engage in a supportive supportive behaviour and believe that good customer support contributes to higher competency and quality of the organization (Fowler, 2013; Shahsavari & Faryabi, 2013; Abbasi et al., 2011; Bartikowski & Walsh, 2011). It has been widely accepted by researchers that CCB refers to customer’s voluntary actions which is not directly or explicitly expected of them and such actions are believed to have an impact on the organizations interests and performances (Fowler, 2013; Rosenbaum & Massiah, 2007). This statement is indeed in line with the definition of CCB which has been described as voluntary and discretionary actions by individual customers, which are not directly or explicitly expected or rewarded but may aggregate into higher service quality and promote the effective functioning of service firms (Fowler, 2013). In this context, customers are not viewed as part of the production and/or delivering services of the organizations; rather helping to improve organization’s performance. This clearly explains that CCB is not customer co-production (Abbasi et al., 2011; Fowler, 2013). With that understanding, this study will view CCB as a consequence of customer-based corporate reputation (CBR) by focusing on three elements namely helping other customers (being an effective promoters), helping the company (cooperates during service encounters) (Bartikowski & Walsh, 2011; Abbasi et al., 2011; Jinfeng et al., 2014) and circulating positive word of mouth (important source of information) (Shahsavari & Faryabi, 2013; Walsh et al., 2009; Jinfeng et al., 2014; Rosenbaum & Massiah, 2007).

Accordingly, the hypothesis is developed as follows:

**H1:** Corporate reputation has a positive relationship between corporate reputation and customer citizenship behaviour.

Trust is regarded as a fundamental element in developing and maintaining relationship between two parties that engages in exchange process as in the context of marketing (Abbasi et al., 2011; Nguyen et al., 2013; Keh & Yie, 2009). Accordingly, trust exists between both parties within a particular exchange relationship and is usually viewed as customer’s expectations towards the products/services being offered by an organization (Nguyen et al., 2013). Organisation is seen reputable when it has competence, honesty and benevolence (Nguyen et al., 2013; Keh & Yie, 2009) and has ability to fulfil their promises whilst the importance they give to customers in making important organizational decisions and considering customer’s interests as their priority reflects the element of benevolence. This explains the importance of trust towards and organization and trustful behaviours are essential for a long term relationship between organizations and its stakeholders. As such, we develop following hypothesis:

**H2:** Corporate reputation has a positive relationship with customer trust.

The relationship between customer trust and corporate reputation has been clearly described in the existing literatures. However, the definition of trust given above seems to be lack in terms of its behavioural consequences (Morgan & Hunt, 1994). Their argument is that trust that failed to invoke volunteer behaviours or willingness to act among customers is incomplete. The genuine confidence that commonly prevails between two parties that trust each other should be translated into behavioural intention, if this does not happen, one of the party involved in the exchange process believed to be not genuinely confident. Customers who are not trustful is considered not profitable for the organization and it may in fact incur loss for the organization. Having said that, it is vital to test if trustworthy relationship exists between the customers and Malaysian GLCs and is customers are willing to act favourably on behalf of the organization. Thus, hypothesis is developed as follows:
**H3:** Customer trust will influence customer citizenship behaviour.

Customers that attribute a good reputation to a service corporate is more likely to have compatible feelings like commitment, favourable intentions to continue doing business with the corporate (Jinfeng *et al.*, 2014). It has been further concluded that good corporate reputations encourages customers to continue to express support and develop affective commitment towards the organization. Studies have also indicated that commitment plays an important mediating role in ensuring successful business relationship which in turn enhances productivity, efficiency and effectiveness (Keh & Yie, 2009; Bartikowski & Walsh, 2011). The explanation behind this relation is that good company reputation is said to reduce customer’s perceived risk, hence it increases their motivation to continue making business with such organizations. Commitment entails a desire to develop a stable relationship, a willingness to make short term sacrifices to maintain the relationship and confidence in the stability of the relationship (Soch & Aggarwal, 2013). However, there is lack of mention on the contribution of corporate reputation towards organizational relationship in the existing marketing literatures (Keh & Yie, 2009). Hence, in order to fill the gap, we suggest that corporate reputation is important in gaining customer commitment:

**H4:** Corporate reputation has positive relationship with customer commitment.

Customer commitment is one of the component that helps in bridging the relationship between corporate reputation and customer citizenship behaviour and is vital in building successful relationship because it has the ability to indirectly influence customer’s cooperative behaviours ((Keh & Yie, 2009; Meyer & Allen 1997). Social exchange theory says that customers with high levels of commitment have higher tendency in displaying cooperative attitude and at the same time will make effort in support of the organization (Soch & Aggarwal, 2013). Therefore, it is important to know that customers of GLCs in Malaysian context possess similar voluntary behaviours and willingly identify themselves with the goals and values of the organization and cares about its welfare. As such, hypothesis is developed:

**H5:** Customer commitment will influence customer citizenship behaviour.

### 3. Conceptual Framework

The study aims to understand the customer-based corporate reputation (CBR) of GLCs in this country through the measurement scale developed by Walsh *et al.* (2009). The consequences of such consumer-based reputation is critical in developing customer citizenship behaviours (CCB). CCB in this context will be analysed from three dimensions namely helping the customers, helping the company and positive word of mouth (Bartikowski & Walsh, 2011; Shahsavari & Faryabi, 2013; Fowler, 2013). Earlier literatures have clearly outlined that CBR has influenced customer trust and customer commitment in various settings (Walsh *et al.*, 2009). The relationship of these concepts can be explained through a motivation reasoning theory which may result in behavioural changes. For example, highly committed customers may defend their beliefs about the firm’s reputation (Bartikowski & Walsh, 2011). Also, highly reputable companies are likely to gain customer trust in two ways. First, company that has high reputation can strengthen customers' confidence and reduce risk perceptions when they make judgment on organizational performance and quality of products or services. Thus customers are more likely to perceive companies with highly favourable reputations as trustworthy. Second, customers are more likely to perceive companies with good reputation could gain more customer commitment. This is believed to be a good foundation for Malaysian companies especially the GLCs to understand the level of reputation they hold in the mind of their customers and how it affects the nature of their behaviours. By understanding consumer behavioural impact from high reputation, companies could sustain their competitive advantage in the future. Thus, the conceptual framework is proposed as in Figure 1.0.
The proposed model is attempted to fill the current research gap. Various studies was referred in learning about the linkages between customer-based corporate reputation and customer citizenship behaviour. It has been tested by many scholars from different dimensions namely CBR as an antecedent, mediator as well as consequences. For this particular study, the reference has been narrowed down to those studies that view CBR as an antecedent in determining customer’s citizenship behaviour (CCB). Previous researches have explored many intermediate variables that helps to create a relationship between the two main variables namely customer commitment and customer loyalty (Shahsavari & Faryabi, 2013) customer satisfaction, commitment and loyalty (Van et al., 2016), customer commitment and loyalty intentions (Bartikowski & Walsh, 2011), customer trust and identification which leads towards customer commitment before leading to CCB (Keh & Yie, 2009), and customer loyalty, trust and re-patronage intention (Walsh et al., 2009).

Thus, this proposed conceptual framework, the combination of customer commitment and trust as a mediating factor in learning the impact of CBR on CCB will be an addition to the existing studies in order to search for the best combination of variables that could provide better impact on CCB which is believed to help organizations to focus their resources into a narrow spectrum and invest wisely on important elements.

Figure 1: The Conceptual Model of Customer-Based Corporate Reputation and Customer Citizenship Behaviours

4. Conclusion and Research Implications

This study aims to develop a conceptual framework of customer based corporate reputation and customer citizenship behaviour. The conceptual model derives from extant literature and related theories. The model presented here represents a first step in conceptualizing the customer-based corporate brand reputation in the context of GLCs companies. Therefore, through this conceptual framework, our contributions would be: (1) Applying the reputation scale developed in US, adapted from Walsh and Beatty’s measures in Malaysia; (2) Proposing a conceptual model that indicate the linkages of corporate reputation with its antecedents and consequences by referring to the proposed model and hypotheses, namely customer commitment and trust in shaping consumer behaviour in the form of helping the company, helping other customers and delivering positive word of mouth, and (3) highlighting to companies especially the GLCs on how their corporate reputation can affect the
behaviour of their customers through commitment and trust. On the other hand, in learning about the impact of CBR on customer’s behaviour, scholar suggested that regular measurement of customer commitment can reveal the effectiveness of corporate reputation on attracting favourable behaviours (Keh & Yie, 2009). When the relationship between customer and the supplier evolves from strangers to partners, customers may experience reputation-based certainty, and trust-based attachment and finally commitment-based bonding. The potential findings of this study will provide a proper direction to the organizations in managing their reputation which is said to be one of the strongest determinant of organization’s sustainability (Abratt & Kleyn, 2012; Keh & Yie, 2009).

This study proposed a conceptual model suggests a number of research avenues. Given that the model represents a first step in conceptualizing customer-based corporate reputation, there is opportunity for theoretical and empirical research in this area. Pertinent research issues for the future will include the development of methodologies for separating contributions to empirically test the linkage between corporate reputation and customer citizenship behaviour.

Theoretically, this study will contributes to the theory by applying an adapted customer-based corporate reputation scale in Malaysia that captures the views of customers who have interacted with GLCs companies. Importantly, this study represents an important step in that it attempts to measure corporate reputation from a customer perspective. In addition, this conceptual model proposed potential specific relationship between customer-based corporate reputation and its impact on customer citizenship behaviour. Other linkages on the relationship between customer based corporate brand reputation, customer trust and customer commitment are also proposed. Finally, the model also proposed the impact of customer trust and customer commitment.

Managerially, this study is expected to provide advices to managers on the importance of maintaining their corporate reputation by understanding its impact on building customer trust, customer commitment and customer citizenship behaviour. By specifying the consequences of corporate reputation, appropriate steps can be taken by companies to strategize their marketing activities in order to maintain and improve their corporate reputation. For example, companies should be able to improve the way in which they deliver their services to build trust and improve customer commitment which will result in customer citizenship behaviour.

References


Effect of Brand Popularity on Customer Pre-Purchase Dissonance, Customer Satisfaction and Brand Trust: A Study of Household Appliances Industry in Pakistan

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Abstract: Customer satisfaction has always been a matter of great attention and it is compared with other theories to improve the performance of a company or a product. This study investigated effect of brand popularity on customer’s pre-purchase dissonance, customer satisfaction and customer’s trust towards a brand in Pakistan for household appliances. We developed an integrated theoretical framework about consumer brands of home appliances sector commonly used by the Pakistani customers. For that reason, a fully structured questionnaire from 450 respondents were collected and analyzed through uni-variate and bi-variate analyses. The results indicate that: (1) Positive brand popularity decreases the pre-purchase dissonance within the customer’s mind regarding the selection of one brand among the available options and negative brand popularity increases the pre-purchase dissonance within customer’s mind. (2) Positive brand popularity increases the level of customer satisfaction and negative brand popularity decreases the level of customer satisfaction. As much the brand popularity is positive as high will be customer’s level of satisfaction over a particular brand. (3) Brand trust of a customer increases with positive brand popularity and decreases with negative brand popularity. (4) The customer will go in the re-thinking process as the brand popularity of the brand is negative. Thus, marketing managers should focus on brand popularity for increasing future purchase because, if word of mouth is negative, his/her trust decreases and he/she will rethink about purchase decision.

Keywords: Customer Satisfaction, Brand Popularity, Brand Trust

1. Introduction

Due to technological advancements and accelerated competitions, the target market for many organizations has been shifted from local markets to international markets; therefore, multinational organizations became more hard working and spending their major budgets in researching to identify their customer’s preferences, different factors that effecting customers purchase process to buy particular product or service. Different aspects like consumer behavior, market structure, brands trust, product acceptance, product adaptability and profit along with the prevailing culture in certain focused market become the major focus of multinational organization. As customers play very important role for the organizations profitability, therefore many researches are in progress by the researchers as well as organizations to obtain customers satisfaction along with the building brand trust.

As least work has been carried out in past regarding the effects of brand popularity on pre-purchase dissonance, customer’s satisfaction and brand trust in different cultures, so this research study will find out the effects of brand popularity on customers pre-purchase dissonance, customer's satisfaction and customer’s brand trust and to identify reasons or factors effecting brand trust and customers satisfaction in household appliances industry in Pakistan. The purpose of this study is to understand the customer’s preferences and interests in a specific brand and to identify the reasons or factors effecting customer’s
pre-purchase dissonance, customer’s satisfaction and brand trust. The study focuses on customers with different cultures in Pakistan, by fulfilling all requirements of compiling the research paper. Based on past researches, the objectives are: 1) to determine the effect of brand popularity on customer’s pre-purchase dissonance. 2) To determine the effect of brand popularity on customer satisfaction at any brand. 3) To determine the effect of brand popularity on customer brand trust. 4) To determine the reasons or factors that a customer's trust on a brand shows that customer is satisfied with the product. 5) To determine those options customer will choose in case of dissatisfaction.

2. Literature Review

A brand is defined as a name, phrase, symbol or design, symptom, or a blend of these designed to discover one seller or group of sellers of goods and services and to distinguish those from their competitors (Kahle & Homer, 1985; Kotler, 1975). Brand is an identity of the manufacturer/supplier of the goods/service along with offering particular features, services and advantages to the customers. Additionally, a brand is an assurance to the customers of, where the goods, service or company will appear for and the kind of understanding they will get (D. A. Aaker, 2009). According to (Baker & Cameron, 2008), brand is a cluster of tangible aspects (relationship, status, set of expectations) and intangible aspects (like an assurance, represented in a trademark) and if these aspects are handled suitably, will make customers satisfaction and brand value /trust. Brand is defined as an assurance about the goods and services being delivered as promised and customer satisfaction and trust on brand will be maintained if that assurance is rightly delivered by the company. (Balakrishnan, 2009)

Brand awareness plays a vital role in selecting among the best available options that customer have. Companies are focusing on promoting their products on regular intervals so that brand is identified and remembered by the customer. It allows the consumers to purchase a certain brand repeatedly and helps in creating positive brand image. Image building strategies are commonly used by the organizations to create positive word of mouth of their brand. Positive word of mouth creates and popularity and also enhances customer loyalty towards the brand. Brand awareness reflects towards product differentiation also as popular brands are considered as more reliable due to their positive word of mouth. Appropriate advertisements leads to gain product credibility in the target market, image building and reliability of the product, if it actually represents them (Moorman, Deshpande, & Zaltman, 1993). Identifying and understanding customer's needs and preferences and making products according to these will indicate the products dependability. (Ghose & Lowengart, 2001). According to (Till & Busler, 1998), various brand performance measures (like how customers will buy, which other alternative if dissatisfied) are attributed to the well-developed brand-buying ways and procedures. The major attribute is all brands performance measures tend to differ at the same time from one brand to another due to influence of big brand (large market share), also due to the repeat-buying and brand-switching as well, not due to the other brands value (Solow, 1956). The customer’s loyalty is not precise or unclear to a particular brand and thus show same levels of loyalty with the same market share.

Brand awareness plays a vital role when it comes to purchase of unfamiliar products or brands. Consumers always look for the popular brands as compare to brands that are not famous. Different categories of products are sometimes remember by the name of a single brand instead of the product itself. It creates a positive edge for popular brands that customers asks for their brand as the name of the product category. While building image in the customers mind, the cultural and emotional factors should also be considered as important as the behavioral factors, celebrities from different fields. Brand is a comparison of bias in the accurate sense of presumption (Sargeant, 2008). Therefore, the brands should be made while considering perceptions of the customers (Knowles, 2008).

As per (Macdonald, 2011), a brand represents a status, relationship and a cluster of expectations that are assured by the company: Brand is a cluster of tangible aspects (relationship, status, set of expectations) and intangible aspects (like an assurance, represented in a trademark) and if these aspects are handled suitably, will make customers satisfaction and large brand value /trust. These values will
be an encouragement to buy that product frequently. According to (Friman, Gärling, Millett, Mattsson, & Johnston, 2002), brand is a commitment in form of the product / service associated features and satisfaction of the customers. The level of customer satisfaction is judged by the purchase/usage of same brand of the product. If the customers do not buy frequently, and think of alternatives, it indicates the customers dissatisfaction with that same brand name (Ganesan, 1994).

The consumers and corporate brands link each other by the customers satisfaction and trust of customers on that brand (Hooley, Greenley, Cadogan, & Fahy, 2005). To make customers loyal, companies should work and make strategies to identify customers preferences and interests, in order to avoid switching to the alternatives (MacFadyen, Stead, & Hastings, 1999). To maintain customers loyalty for a longer time is easier than finding out the new customers and making products according to their needs and wants (Kim & Morris, 2007).

Similarly when we talk about effect of brand popularity on Cognitive dissonance is a confusion in the customer’s minds that occurs due to the confusing views, ideas and thought about a certain brand. According to the Cognitive Dissonance Theory, the needs occurrences are taken for granted due to the differences between customers attitudes and behaviors. (Chiou & Wan, 2007) quoted from past researches that the external justification and word of mouth causes customers dissonance and motivates them towards alternatives. Customers performances and responses effect individuals' attitudes (Stone & Cooper, 2003). Another major factor under consideration in this paper that affects the customer satisfaction and its decision for trusting a single brand or switch to another fulfilling the same need is culture. Culture is a combination of learnt behaviors and the set of people's shared and common thoughts and manners in a certain society (Falkenberg, 1996). Culture has been discussed and explained by many researchers in past. Culture comprises of various values, ethics, morals, arts, languages, religions, rules and laws (Escalas & Bettman, 2003).

Kapferer 2002 explained from the past theories that culture is a timely learning process and previous culture can be neglected. As culture can't be genetic and requires many time to change, so it is long run process (Kapferer, 2002) (Coulter & Coulter, 2002). The basic reason for involving the factor of culture in this paper is to give an idea that customer decision making process can also be affected by culture. Customer's pre-purchase dissonance occurs due to the different cultures mind sets and attributes (Hunt, 2011). As the dissonance causes confusion in the customers minds to buy different brand, so this dissonance will lead to the customer dissatisfaction. The less the customers dissonance level, the more will be the trust of the customers on that brand. Hence, there exists inverse relation between customers dissonance and the brand trust (Berry & Willingham, 1997). The customer satisfaction leads to the trust on the brand and customers loyalty level (Francis, Lam, & Walls, 2002).

Customer satisfaction highly depends on the attributes and values a brand is promising to fulfill. It is the way of evaluating customer needs and wants to design that product accordingly. The satisfaction level varies with changing customer pre-purchase dissonance. This dissonance depends on different cultural factors. People in different cultures will have different personalities. These cultural aspects describe the dissonance level, and discouraging customers to buy product of a specific brand. While examining the pre-purchase dissonance, cultural or personality traits should not be ignored. As the cultural aspects are of great importance, so while designing products the cultural aspects of specific target market should be focused. The change in the customer satisfaction level is also due to differences in the personality traits of different people in the specific market. The satisfaction level also determines the loyalty level of the customers: The more the satisfaction level, the more will be the loyalty level. If the customers satisfaction level goes down, the customers will stop using the product and think about selecting another brand of the same product. On the basis of these ideas a conceptual model can be created that will help to understand the situation and theory much better. It will also provide other researchers a platform to think and research different aspects that are still not considered in this model (Figure.1). This model is concerned we divided the basic variables into three different groups i.e. Social factors, Market factors and Structural factors.
The brand identity and image are created by the personality and the positioning of brand. Brands are generated by brand positioning, or grouped brand values, and brand personality by making desired perceptions in the target customer minds (28). Brands image are due to the set of beliefs, perceptions and experiences that are built in the customers minds.

![Conceptual Model for Brand Popularity affecting Customers Cognitive Dissonance, Customer Satisfaction and Brand Trust](image)

Fig. 1: Conceptual Model for Brand Popularity affecting Customers Cognitive Dissonance, Customer Satisfaction and Brand Trust

Furthermore, the brands identity is a statement or assurance made by the companies to the customers. Brand image is a combination of features, beliefs and brand values. Brand identity is a brand's distinctive impression (Erdem & Swait, 1998). Creating valuable experiences causes correspondence between the brands identity and brand image. If the perception of the brand in the minds of the customers is different than what the company is offering as brand identity, the brand will not be credible. Moreover, if the brand image is boosted and the original product or service cannot deliver such image in reality, then also the consumer will be frustrated about the brand and accordingly perception would be negative. So, it is necessary that firms should focus on the brand position and brand personality that are actually basic of brand and are true to the target consumer (Jackson, 2005).

As the loyalty and trust of the customer loyalty and trust are associated with the brands. If the customers do not buy the products on regular basis, they will switch to the alternatives (ex paint). Moreover, customers depend on the brand trust and confidence (Kapferer, 2002). When the existing brand has nothing wrong with it and it also has developed some connections to the consumers emotionally, then customers do not think to try a new foreign brand which comes in the market. They do not even want to see it in the market (Sweeney & Soutar, 2001). As the buying power determines the customers trust on local brand. Therefore, it is very beneficial to carry n to the local market (Pappu, Quester, & Cooksey, 2005). Moreover, these brands are cheaper due to the absence of additional taxes. The low price factors like familiar, can affect the loyalty of the customers (Couvelaere & Richelieu, 2005). Local brands causes valuable brand image to the customers because of their emotional association. Emotional connections are also observed where the consumers and the brands have been together for a longer period of time.
Normally it is seen that, to enhance emotional added value, local brands use names which include nationalistic connotation. Some of the examples may be of France’s two famous detergent brands which are actually very credible detergent companies Saint Marc Benckiser and La Croix Henkel. Both are well known for their performances and products. In addition to that both of them use the religious connotation of the country (La Croix means The Cross). This also creates bonding and emotional attachment to such firms. Another good example of local brands more favorable can be one of a widow who developed an emotional bond with the local bread brand because she used to have it every morning with her husband when he was alive. Local brands know a lot about society, people and have a higher awareness unlike foreign brands so they can deliver faster services and experience fewer complications (Thirsk, 1978).

McElhaney illustrated that trust can be created in three ways in rapidly changing markets which companies follow. These three includes Achieving Results, Acting with Integrity and Demonstrating Concern. Even though these three factors influence each other, the relevance and importance of these actions is always different in different scenarios (McElhaney, Upshaw, Hooton, Lechelt, & Meneilly, 1998). These three factors help companies by playing a vital role in developing and achieving higher trust level in the customers (Hosany, Ekinci, & Uysal, 2007). Trust is built on the expectation that something or someone will act in the way that they need want, desire, or crave. When individuals put trust in someone or something, they believe that their expectations will be met and they will not have to deal with the disappointment of their expectations not being fulfilled. When expectations are met trust is built, while if they are unfulfilled expectations, the result will be lose trust (Ghodeswar, 2008). Furthermore trustworthiness depends on an individual’s norms and social structures within their society, which is based on the social and economic governance mechanisms. Individuals form their opinions to whether they will trust or not based upon the values principles or standards from their culture, class membership, family line, and their individual characteristics.

Krishnan (1996) determined that there exists a relationship between the brand trust and customers satisfaction. As the fact is that if the customers is satisfied the product, he will trust more on brand, thus causing the brand success in the market. Moreover, this satisfaction will help the companies to better identification of the customers' needs, wants and their loyalty to the brands. Companies are now making strategies and working hard to keep the existing customers, so that they may no switch to the alternatives or other brands. Aaker (1997) stated that attracting new customers is difficult and costly, as compared to keeping old and satisfied customers. When we see things from a different perspective, we see all the relationships can be put into circular reasoning which is known as circle of relevance. We say that firms act with integrity and achieve results, build trust and shows concern, these factors follow actual perception of consumers and can potentially harm the wellbeing of the company (Aaker & Biel, 2013).

3. Methodologies and Data

The study uses three independent variables (customer pre-purchase dissonance, customer satisfaction and brand trust) to identify the nature and effects of brand popularity in home appliances industry in Pakistan, with the application of statistical tools and techniques. Since firms may believe that they are operating in a right or trustful behavior, this never states that the consumer will perceive it that way. Now a day, in international markets, brand trust is more significant, because of the competitive market place and it is easier to copy features of the already existing brands. Every facet of business is requiring higher trust, mostly in globalized competitive markets. (D. A. Aaker & Biel, 1993). So consumers trust is very much difficult to gain, consequently international brands need to meet or exceed the consumer’s expectations even more.

According to the discussion thus far we may highlight the following research propositions:

How brand popularity can affect customer’s pre-purchase dissonance on any brand?
How brand popularity can affect customer satisfaction on any brand?

How brand popularity can affect customer trust on any brand?

How a customer trust on a brand shows that customer is satisfied with the product?

What options will customer choose in case of dissatisfaction?

In order to answer to these questions, we may hypothesize as follows:

**H1:** Customer’s Cognitive Dissonance decreases with increase in Brand popularity of a particular brand of product.

**H2:** Customer Satisfaction increases with the positive Brand popularity.

**H3:** Brand Trust increases with increase in Brand popularity.

**H4:** Customer rethinking begins with decrease in Brand Trust.

This whole discussion allow us to contemplate that there is a positive association between word of mouth, pre-purchase dissonance, customer satisfaction and brand trust, the current proposed model will try to explore the strength and the nature of this relationship in a comparative perspective. As to model is concerned, we divided the basic variables into three different groups i.e. Social factors, Market factors and Structural factors. The study follows research model by the help of linear regression equation:

\[
\log \text{BP} = \alpha + \beta_1 \log \text{CD} + \beta_2 \log \text{CS} + \beta_3 \log \text{BT} + \epsilon \quad \text{(a)}
\]

\[
\log \text{BT} = \alpha + \beta_1 \log \text{CE} + \beta_2 \log \text{WOM} + \beta_3 \log \text{CS} + \epsilon \quad \text{(b)}
\]

(Based on W. Hassan, Muhammad A Gulzar and R. Shabbir 2014)

<table>
<thead>
<tr>
<th>BP</th>
<th>= Brand Popularity</th>
</tr>
</thead>
<tbody>
<tr>
<td>CD</td>
<td>= Customers Cognitive Dissonance</td>
</tr>
<tr>
<td>CS</td>
<td>= Customers Satisfaction</td>
</tr>
<tr>
<td>CE</td>
<td>= Customers Experiences</td>
</tr>
<tr>
<td>BT</td>
<td>= Brand Trust</td>
</tr>
<tr>
<td>α</td>
<td>= Constant</td>
</tr>
<tr>
<td>ε</td>
<td>= Error term</td>
</tr>
<tr>
<td>β_1 , β_2 , β_3</td>
<td>= Coefficients</td>
</tr>
</tbody>
</table>

Based on the research model and theoretical framework, brand popularity depends on the customers’ cognitive dissonance, customer satisfaction and the brand trust. Customer satisfaction and customer cognitive dissonance depend on each other. Brands trust leads to the customers re-thinking process, which ultimately compels to customers satisfaction level.

This research used the methodology of survey design to collect data. On the other hand, all the variables used in the study are derived from past researches to find out the customer attitude, level of satisfaction and level of trust towards any brand. The sample size includes 450 people of different ages, sex and social groups, working in different market structures and living different life standards in Pakistan, and is directly or indirectly involved in the purchase of Household Appliances. The data is collected on individual basis rather than in groups. To find the nature and extent of relationship of brand popularity,
customer cognitive dissonance, customer satisfaction and brand trust, data was collected by the use of primary data, i.e., questionnaires. The questionnaires helped to find out customers’ experiences, learning and attitude towards a brand and to find out customers’ overall behavior towards any brand. The study focused the customers directly to get the first hand information regarding customer behaviors and experiences towards any brand.

4. Findings and Analyses

The questionnaire used for the collection of data, covered all the aspects of brand popularity that can create pre-purchase dissonance in customer’s mind and can effect customer satisfaction directly or indirectly.

The questionnaire includes questions regarding the sex of the customer, age of the customer, customer’s level of education, customer’s income level for a month, customer’s involvement in purchasing a home appliances product, the brand that customer use or prefer to use, customer’s experience from a particular brand, customer’s word of mouth about the brand in use, customer’s level of satisfaction from the brand in use, customer’s level of agreement about the prices offered by the particular brand, customer level of awareness about the brand in use and customer’s level of trust on a particular brand. All these variables have different questions to find out the customer attitude and behavior towards a particular brand. The sample size includes 450 people of different ages, sex and social groups, working in different market structures and living different life standards in Pakistan and is directly or indirectly involved in the purchase of Household Appliances. "Table I describes the major descriptive statistics of the target market. The total sample size is consisted of 450 customers and data is collected on individual basis rather than in groups.

<p>| Table 1: Descriptive Statistics |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|</p>
<table>
<thead>
<tr>
<th>N</th>
<th>Mean Statistic</th>
<th>Std. Deviation Statistic</th>
<th>Variance Statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>450</td>
<td>1.07</td>
<td>.012</td>
</tr>
<tr>
<td>Age</td>
<td>450</td>
<td>3.34</td>
<td>.034</td>
</tr>
<tr>
<td>Education level</td>
<td>450</td>
<td>2.88</td>
<td>.015</td>
</tr>
<tr>
<td>Occupation</td>
<td>450</td>
<td>3.73</td>
<td>.075</td>
</tr>
<tr>
<td>Income Level Per Month</td>
<td>450</td>
<td>2.33</td>
<td>.041</td>
</tr>
<tr>
<td>Purchase Home Appliances ever</td>
<td>450</td>
<td>1.00</td>
<td>.000</td>
</tr>
<tr>
<td>Home Appliances Brand You use</td>
<td>450</td>
<td>3.61</td>
<td>.131</td>
</tr>
<tr>
<td>Valid N (list wise)</td>
<td>450</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

It describes the range of different factors under consideration, their minimum and maximum values, sum, mean, standard deviation and variance of each factor separately. The Mean value of genders participated in the collection of data is 1.07, with standard deviation of 0.261 and variance of 0.068. Similarly if we consider the age factor of the customers, the Mean is 3.34 with standard deviation of 0.713 and variance of 0.509. The Mean value for education level is 2.88 with standard deviation of 0.320 and variance 0.102. The Mean value for customer’s occupation in the study is 3.73 with a standard deviation of 1.588 and Variance of 2.522. The Mean Value of Income level of customers is 2.33, with a standard deviation of 0.862 and variance of 0.744. The mean value for the factor of home appliances brand used by the customer is 3.61 with a standard deviation of 2.783 and variance of 7.744.
The table 2 below describes the total number of customers that use specific brands in their different home appliances and their percentage in the whole data. The brand that is most preferred and used by the customers for their home appliances in the study is Samsung with a total of 152 customers out of 450 that represents 33.8% of the total sample size. Samsung is the only brand in the study that is being used by most of the customers. The other brands used by the customers with their percentage in the study are as follows. Sony is used by 85 customers out of 450 that give a total percentage of 18.9 percent of the total population under consideration. LG is used by 96 customers with a percentage of 21.3 of the sample size. Hisense, Media, Konka and TCL are the brands that are not used by any customer in the sample under consideration. Toshiba is used by 53 customers with a percentage of 11.8 and Changhong by 64 with a percentage of 14.2 of customers in the study. This gives us a total of all 450 customers.

Table 2: Usage of home appliances brands in Pakistan (N=450)

<table>
<thead>
<tr>
<th>Brand</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sony</td>
<td>85</td>
<td>18.9</td>
</tr>
<tr>
<td>Samsung</td>
<td>152</td>
<td>33.8</td>
</tr>
<tr>
<td>LG</td>
<td>96</td>
<td>21.3</td>
</tr>
<tr>
<td>Hisense</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Media</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Konka</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Toshiba</td>
<td>53</td>
<td>11.8</td>
</tr>
<tr>
<td>TCL</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Changhong</td>
<td>64</td>
<td>14.2</td>
</tr>
<tr>
<td>Total</td>
<td>450</td>
<td>100.0</td>
</tr>
</tbody>
</table>

As per the factors we take under consideration, we will observe these factors by different statistical techniques in order to check their effect on Brand Trust. The mean value of Average Trust in the customer is 4.1813 and the standard deviation size is 0.27381 with the sample size of 450 customers. The mean value for average customer experience is 3.7942 with standard deviation of 0.25317 and sample size of 450 customers. The mean value for brand popularity in this analysis is 4.2371 with standard deviation of 0.48371 and sample size of 450. Table 4 gives us a clear view about the relationship of band trust with customer experience and brand popularity. We have segregated the above equation to check the effect of the independent variables i.e. customer experience and brand popularity on the dependent variable i.e. brand trust.

Table 3: Descriptive statistic of brand trust, Customer experience and word of mouth

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand trust</td>
<td>4.1813</td>
<td>0.27381</td>
</tr>
<tr>
<td>Customer experience</td>
<td>3.7942</td>
<td>0.25317</td>
</tr>
<tr>
<td>Brand Popularity</td>
<td>4.2371</td>
<td>0.48371</td>
</tr>
</tbody>
</table>

The Table 4. below presents our results for hypothesis 1. The dependent variable in this hypothesis is customer cognitive dissonance. The results show effect of brand popularity on customer cognitive dissonance in Pakistan. The R value of brand popularity in Pakistan in this analysis is 0.582 which shows brand popularity has an impact of 58.2 percent on creation of customer cognitive dissonance in customer purchase process with alpha 0.960 which shows a significant relationship between cognitive dissonance and brand popularity in Pakistan.
Table 4. Regression predicting hypothesis 1: relationship between customer cognitive dissonance of brand popularity

<table>
<thead>
<tr>
<th>Dependent variable Cognitive Dissonance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>0.582</td>
</tr>
<tr>
<td>R²</td>
<td>.338**</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>0.337</td>
</tr>
<tr>
<td>F-value</td>
<td>229.24</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Predictors</th>
<th>B</th>
<th>Sig.</th>
<th>T</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>α</td>
<td>.960**</td>
<td>.000</td>
<td>4.767</td>
<td></td>
</tr>
<tr>
<td>Brand popularity</td>
<td>.582**</td>
<td>.000</td>
<td>15.141</td>
<td>1.00</td>
</tr>
</tbody>
</table>

*p<0.1,**p<0.05,***p<0.01

Table 5 presents our results for hypothesis 2. The dependent variable in this hypothesis is customer satisfaction. The results show effect of brand popularity on customer satisfaction in Pakistan. The R value of word of mouth in China in this analysis is 0.436 which shows brand popularity has an impact of 43.6 percent on customer satisfaction with alpha 1.158 which shows a significant relationship between customer satisfaction and brand popularity in case of Pakistan. Thus we can say that customer satisfaction and brand popularity has positive relationship with each other and customer satisfaction increases with increase in positive brand popularity in case of Pakistan.

Table 5 presents our results for hypothesis 2: Relationship between customer satisfaction and brand popularity.

<table>
<thead>
<tr>
<th>Dependent Variable Customer Satisfaction</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>0.436</td>
</tr>
<tr>
<td>R²</td>
<td>0.190**</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>0.188</td>
</tr>
<tr>
<td>F-value</td>
<td>105.211</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Predictors</th>
<th>B</th>
<th>Sig.</th>
<th>T</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>1.158*</td>
<td>.000</td>
<td>3.95</td>
<td></td>
</tr>
<tr>
<td>Brand popularity</td>
<td>.436**</td>
<td>.000</td>
<td>10.2</td>
<td>1.00</td>
</tr>
</tbody>
</table>

*p<0.1,**p<0.05,***p<0.01

Table 5 presents our results for hypothesis 3. The dependent variable in this hypothesis is brand trust. The results show effect of brand popularity on brand trust in Pakistan. The R value of brand popularity in Pakistan in this analysis is 0.627 which shows brand popularity has an impact of 62.7 percent on brand trust in customer purchase process with alpha 1.022 which shows a significant relationship between brand trust and brand popularity in case of Pakistan. Thus we can say that brand trust and brand popularity has positive relationship with each other and brand trust increases with increase in brand popularity in case of Pakistan.
Table 6: Regression predicting hypothesis 2: Relationship between brand trust and brand popularity

<table>
<thead>
<tr>
<th>Dependent variable Brand Trust</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>0.625</td>
</tr>
<tr>
<td>R²</td>
<td>0.390**</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>0.389</td>
</tr>
<tr>
<td>F-value</td>
<td>286.49</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Predictors</th>
<th>B</th>
<th>Sig.</th>
<th>t</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>α</td>
<td>1.022**</td>
<td>0.000</td>
<td>5.451</td>
<td></td>
</tr>
<tr>
<td>Brand popularity</td>
<td>0.625**</td>
<td>0.000</td>
<td>16.92</td>
<td>1.00</td>
</tr>
</tbody>
</table>

*p<0.1, **p<0.05, ***p<0.01

5. Conclusions and Managerial Implications

Through the above analyses, we can draw the following conclusions:

(I) Positive brand popularity decreases the pre-purchase dissonance within the customer’s mind regarding the selection of one brand among the available options and negative brand popularity increases the pre-purchase dissonance within customer’s mind.

Companies can decrease the level of customer dissonance by creating a positive brand popularity about the product. Companies have to focus on promotional techniques in order to increase the positive brand popularity. Positive brand popularity will help the customer to at least enter in the purchase process by decreasing the pre-purchase dissonance in customer’s mind. Brand popularity can be created by different promotional activities as most of the companies are spending a lot of their revenue in promotions of their products.

(II) Positive brand popularity increases the level of customer satisfaction and negative brand popularity decreases the level of customer satisfaction. As much the brand popularity is positive as high will be customer’s level of satisfaction over a particular brand.

Companies have to handle the customer satisfaction by conducting different surveys regarding the preferences of the customer. If companies will not understand the customer’s needs properly, customer will be dissatisfied and switch to other brands available in the market. These surveys will help the companies to understand the customer’s attitude towards the brand, customer’s preferences among the brands available in the market and customer’s view about the brands available. If brand popularity of a brand is positive, it means customers are satisfied with the product but if the brand popularity is negative then the customers are not satisfied with the product and they will switch to other options available in the market.

(III) Brand trust of a customer increases with positive brand popularity and decreases with negative brand popularity. Customer satisfaction will directly lead a customer towards trusting a brand. Companies should find out the level of customer satisfaction by observing the sales of their brand. If the sales are increasing, it means the level of customer satisfaction is also increasing. This will also increase the brand trust as well. It also indicates that the customer has good experience with the brand and promoting the product which increase brand popularity of the brand. The existing customers also influence the decision making of the new customers regarding the purchase of a product and can refer them to buy or not to buy a particular brand. Therefore, positive brand popularity and customer positive experience are the factors that directly affect customer satisfaction and lead the customer towards brand trust.
(IV) The customer will go in the re-thinking process as brand popularity of the brand is negative. It can also be narrated as with the decrease in customer satisfaction, his trust over a brand will also decrease and he will re-think to make a correct choice for the future purchase.

If the customer is not satisfied from the product or get unsatisfied after using or staying with a same brand for a long time, he will go to rethink about the decision he made about the purchase decision he made and will switch to the other options. He will keep searching for the opportunities available until the expected level of satisfaction is reached and then they will trust the brand they switch. Companies should pay attention towards the technology advancements of the products and should always improve the product as per the customer need and demand of the market.

References


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A study of Buyers' and Sellers' Perception of Organic Foods in Pakistan: Towards a More Effective Marketing Mix

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Abstract: Issues of food safety, nutritional value as well as environmental and ecological damage as a result of agricultural abuse have acquired global significance. Many people are looking for equitable, less cruel and sustainable answers to these problems. Organic foods / products are one such solution to people's food and agricultural needs. Looking at the viewpoints of both consumers (including prospective consumers) and producers, this research undertakes to study the marketing mix of the organic foods / products market in Pakistan and explores marketing solutions to enhance its development (research objective). Using qualitative interviews and thematic analysis, respondents' answers are coded and analyzed to put forward their opinions and recommendations for strengthening the marketing of the aforesaid products. The theme of the paper is marketing mix, with product, price, place, promotion and packaging being the relevant categories.

It was seen that almost all respondents considered chemical-free clean foods, more healthy, nutritious and tasty. Some purchased specifically organic foods for the purpose, some whatever clean and safe solutions (whether organic or not) they could conveniently find and some, though aware, were not involved enough to look for more healthy, safer or cleaner options than what they were already consuming. Price and availability were cited as the main reasons that deterred people from buying organic foods / products. However, many producers and even a few customers felt organic products were locked up in the narrow positioning of 'rich man's health foods.' Hence there was a need to promote them more 'holistically' from the point of view of ecological and environmental safety, as well as more humane and sustainable alternatives to conventional agricultural produce. Responsibility for this needed to be shouldered by all stakeholders – consumers, producers, doctors, environmental and animal right activists and governmental agencies.

The purpose of the research is to present stakeholders of the organic foods market in Pakistan with an informed marketing perspective in order to facilitate them to take more effective decisions. A contribution of this paper thus lies in providing marketing knowledge and recommendations for the organic foods / products' market in the country.

Keywords: organic products, marketing mix, qualitative

1. Introduction

The debate on whether the food we are eating is really safe for us and for the environment has gained inestimable proportions in not only Pakistan, but world over. People are grappling with issues of what is safe to eat and what not; what is clean and what isn't; what food processing is cruel to animals and soil and what is more sustainable and humane (Bold et al, 2015; Chiew Shi Wee et al, 2014; Sirieix, 2011 and Butt et al, 2005). To resolve these issues many people are turning to organic farming and organic foods. According to the World of Organic Agriculture 2010 study, the market for organic products has been growing at the rate of 10-15 per cent pa for the last ten years (Bartels and Berg, 2011).
In Pakistan too the food situation calls for attention. Though many people seem to be aware of the issues involved, at least to some extent, the market for safer, cleaner, organic products in the country is still small. Are people aware of the differences between organically grown and conventionally produced foods? Do they have access to organic foods? Do buyers and sellers have different perceptions of the prices and value of organic foods? Not many researches have explored these questions; those that do have studied the scientific growth and benefits of organic foods but have not dealt with the marketing mix of these products, certainly not in Pakistan (Mehmood et al, 2016; Butt et al, 2005; Jaffer and Masud, 2003). The objective of this paper thus is to study buyers' and sellers' perceptions of the marketing mix of organic foods in Pakistan and to offer suggestions for improving their effectiveness. It is hoped this research will be a small contribution towards knowledge and know how of the organic foods market in the country.

For the purpose of this paper, the term 'organic foods or products' refers to agricultural produce grown using natural and environmentally safe methods and supplements. Food products prepared by hand, using at least some proportion of such produce, are also included in this definition. The word 'seller' or 'producer' describes the suppliers of such foods, while 'buyers' or 'customers' refers to current or prospective users (or non users so far) of such produce/products. Investigating their perceptions implies finding out their views and opinions about the characteristics of organic produce and products made from them, including their benefits, prices, accessibility, and packaging. Kotler et al (2010) have given the following definition of marketing mix: 'the set of controllable tactical marketing tools – product (packaging included), place, price and promotion – that the firm blends to produce the response it wants in the target market' (p.46) (for definitions of each of the above components, please refer to appendix A).

Qualitative interviews have been used in this study to elicit views and opinions of the buyers and sellers of organic foods. Respondents' answers are presented in their own words, organized according to the marketing mix categories. Their suggestions regarding the aforementioned components of the marketing mix are also included in the respective categories. Findings are then analyzed using thematic analysis and discussed thereafter.

The purpose of this research is to enable buyers and sellers, as well as other stakeholders of the organic food market to obtain a more thorough description of the market that can enable them to make more informed decisions about their food choices and marketing strategies.

2. Literature Review

'The nation that destroys its soil destroys itself,' American President Franklin Roosevelt once said. Our ancestors practised organic agriculture, or what was historically considered conventional agriculture, fairly peacefully for 12000 years before the advent of chemically intensive industrial agriculture disturbed this peace. Soil degradation, 'superweeds', 'superbugs', greenhouse gas emissions are some of the negative repercussions of this new mode of farming (Moyer, 2016). Worldwide we are losing more than 75 billion tons of soil each year, when it takes 500 years to form just 2.5cm of top soil! (Brown, 2000). Farm pollution is the primary reason world's rivers, lakes and bays are becoming polluted. Agriculture is the main driver of deforestation, according to the Food and Agricultural Organization of the United Nations's latest report (2016), although forests and trees support sustainable agriculture, stabilize soils and climate, regulate water flows and provide important sources of food, energy and income for millions of people around the globe. Farm income rather than farm stewardship has become the dominant goal of the times (Faber, 2016).

Untreated sewage sludge and canal waters are increasingly being used in Pakistan to grow vegetables. This is despite the fact that vegetables, especially leafy ones, absorb heavy metals from such water, even at long distances. Butt et al's (2005) alarming research, for example, showed that the highest
concentration of lead was found in sewage water grown spinach and coriander (14.25 mg/g and 10.52 mg/g respectively), the maximum amount of copper (34.3 mg/g) in tinda; levels of cadmium varied from 0.29 to 2.95 mg/g in these vegetables. Canal irrigated spinach also had the highest level of lead (9.72 mg/g) and copper (10.75 mg/g), while the other vegetables had varying levels. These metals pose grave health risks to consumers: chromium is a known cause of lung cancer; lead impairs functioning of kidney, liver and brain cells; and cadmium and its compounds produce chronic symptoms varying in intensity from irritation to metabolic disturbances (Jaffer and Masud, 2003).

Frequent use of pesticides too is leading to all sorts of chronic diseases in humans - diabetes, cancer, neurodegenerative disorders, birth defects, kidney and cardiovascular diseases, to name a few. ‘Considering that we share half of our genes with fruit flies, it should be no surprise that pesticides harm people as well as pests’ (Moyer, 2016).

70-80 % of all antibiotics produced are being used on farm animals to make them grow bigger quicker but experts and environmentalists have been concerned about such flagrant abuse of these drugs since the 1970s. ‘This is a perfect way to breed resistant strains, which can find their way into humans.’ Growing antibiotic resistance is a 'wake-up call' for humans, Dr. Gould and Heilig solemnly warn (Heilig, 2013).

Agricultural abuse is also the reason millions go hungry each day. It is not lack of food but 'poverty, politics and unfair profiteering,' clarifies Lynda Brown, an acknowledged authority in the UK on organic foods and the author of several works and TV shows, as well as an active member of various movements on organic foods. 'Respect nature and nature will be your best friend; and cooperation at all levels, rather than destruction and domination, makes the best sense and bears lasting fruits,' (2000:6) she advises.

At the heart of organic farming is the 'belief that agriculture is our primary healthcare system and that there is a direct link between the health of the soil, that of the crops and animals raised on it, and ultimately that of the people fed and supported by it' (Brown, 2000:6). Chinese Green Food Development Centre defines organic farming as one which uses crop rotation, naturally produced compost and manure, biological pest control and only a limited amount of synthetic chemicals (Sirieix et al, 2011). Badgley et al (2007) also refer to organic farming practices as those that may be called agroecological, sustainable or ecological, which utilize natural (non-synthetic) nutrient-cycling processes and exclude or rarely use synthetic pesticides to sustain or regenerate soil quality. Organic is a form of farming that works with nature, rather than against it. (For more details on the sustainability of organic farming, see appendix B)

The word 'organic' was first used in 1940s on the pages of Organic Farming and Gardening, a magazine devoted to agriculture without chemicals or more specifically to counter the N-P-K (the NPK initials stand for elements nitrogen, phosphorus, potassium) mentality, which industry seemed to be applying unquestioningly to solve all agricultural problems. Organic farming soon picked up and wholegrain and brown (rice, sugar, bread) foods became popular (Pollan, 2006), paving way for what are now called organic foods. Today more and more people are turning to organically produced, ecologically safe and sustainably produced food, with organic food consumption growing by almost 20% each year. It is estimated that organic food sales account for more than 5% of all food sales worldwide (Brown, 2000).

Chiew Shi Wee et al (2014) describe organic foods as those that are safe to consume, are of fine quality and nutritious, are concerned with humane animal treatment, and are produced under the principle of sustainable development. More and more people are turning to organic foods because of their taste and healthful properties. Brown (2000) believes that organic foods are more healthy because they contain no hydrogenated fats, preservatives, flavourings, artificial additives, antibiotics, or genetically modified ingredients. Moreover, they also have low nitrate levels and high minerals and vitamin C content, in addition to being made with love and care. Pollan (2006) also reports a study conducted by the
University of California – Davis Research in 2003 which concluded that, in addition to the above, sustainably and organically grown foods had significantly higher proportion of phenols - metabolites manufactured by plants that have important antimicrobial and antioxidant properties that help prevent and fight cancer.

Chemically supported agriculture started in Pakistan around 40 years ago amid massive governmental and advertising campaigns in favour of urea, super phosphates, synthetic fertilizers and hybrid crops. Until then agriculture was based predominantly on organic manure, poultry fertilizer and simple mechanical equipment. But a growing population necessitated larger crop yields to which chemically based industrial agriculture provided a quick solution (interview, P5).

Waking up to some of the detriments of industrial agriculture, Pakistani policy makers and researchers are also exploring opportunities for organic production of fruits and vegetables in the country (see for example, Butt et al, 2005 and Mehmood et al, 2016). The introduction of the Intersectoral Nutrition Strategy has provided a structure for various provincial departments to coordinate. The Scaling Up Nutrition (SUN) movement by the Ministry of Food Security and Research in 2013 has launched a number of nutrition-sensitive agricultural programs, such as those regarding introduction of better seeds and agricultural technologies and more stringent regulations for fish, poultry and vegetable farming. However, government's main goal, as in several other countries, remains to increase food production. Needless to say, more emphasis is required on better managing of agricultural finances, agricultural research and for improved cooperation and coordination between government departments of nutrition and agriculture (Bold et al, 2015).

Private sector too can play an instrumental role in this regard. Fortunately, independent small producers have begun (some for several years now) promoting home gardens and small sized farming. One of my respondents P2, who is also a leading media personality of the country, started organic farming in Lahore back in 1993. 'I was trying to find my identity. Felt cut off from real life. I wanted to see what village life was like.' Despite having no money, family support or agricultural knowledge, she managed to collect a small group of family and friends to chip in for a plot of land to farm. To provide for regular financial needs of the farm, she would work for an NGO. 'Every week I collected litter from neighbouring houses to put into my compost dump. People laughed at me but one day they saw actual real compost in my pit. After that no one made fun of me,' she recollected with a smile (interview, P2).

Another one of my respondents, P5, used media support some 15 years ago, to invite educated urban dwellers to grow food at home. His Baghbani ('gardening' in Urdu) show followed by another episode on kitchen gardening on television were big hits. These shows, coupled with growing social awareness and education, made home farming not only acceptable but almost a 'social movement.' Moreover, his hippie appearance, casual manner and simple language 'brought it home,' he triumphantly announced (interview, P5).

Concerted efforts by other similar minded growers reached fruition in the form of farmers' markets. Pakistan's first farmers' market was set up 3 years ago in Islamabad by Qasim Tareen, who had previously been an investment banker in New York. This currently has a traffic of 150-200 customers a week (interview, P1). Another group of men and women, who had independently been musing about growing their own food and making it available in one place for others' benefit too, came together in August 2015 to open Karachi Farmers' Market (KFM). 'Instead of working on demand, we decided to provide a platform where buyers and sellers of organic produce could interact and exchange. We have provided a model which we are willing to share with anyone.' Now this market has 20-25 regular vendors of the listed 60 and a footfall of 200-300 each week (interviews, P3 and P4).
3. Methodology

This research has taken a closer look at the organic foods market in Pakistan, attempting to understand the marketing mix from the viewpoint of buyers and sellers. Conceived of in an interpretive paradigm (Burrell and Morgan, 1979), this qualitative paper used semi-structured interviews to elicit respondents' views. A total of 21 such interviews were taken until saturation of analytical categories: 8 interviews from sellers/producers and the rest from customers or prospective customers (including non users so far). Since existing research has shown the middle and upper middle classes to be the most likely consumers or prospective consumers of organic foods / products (see for example Ueasangkomsatea and Santiteerakulb, 2016 and Sirieix et al, 2011), convenience sampling was utilized for selecting buyers and prospective buyers (including non users) from these two classes in Karachi. Sellers, on the other hand, were purposely handpicked from the list thankfully provided by the Karachi Farmers' Market and included producers from various cities of Pakistan (Wilson, 2014).

Most interviews were conducted face to face at respondents' residences or at the Karachi Farmers' Market. Those of respondents residing outside Karachi or not easily accessible were taken on the phone. Face to face interviews were recorded digitally, while telephonic interviews were hand written. Many respondents spoke for around half an hour but some keen producers took much longer. Non-users of organic products finished off earlier. Respondents were asked about their concept of organic foods, their reasons for buying (or not buying) or selling them, and the marketing mix factors that were encouraging or discouraging their decisions. (Complete interview schedules can be found in appendix C.)

To triangulate producers' viewpoints, an observation of the Karachi Farmers' Market was carried out one July morning. Data from this session was helpful in supplementing interview data.

After transcription, respondents' answers were coded according to the predetermined categories of product, price, place, promotion and packaging that formed the marketing mix theme of the study (Bryman and Bell, 2003; Hycner, 1985). Participants' responses are presented collectively, with most representative answers quoted verbatim to clarify categorical idea. Notes from the observation session are also added to the appropriate categories It is to be noted that the interpretation given to the viewpoints of respondents is qualitative and hence personal to the researcher. Other researchers can have their own interpretations and methods of analyses. Next section presents these findings.

4. Research Findings

The following section presents the interview findings from both the customer and producer groups. Participants' responses are grouped together in the marketing mix categories of product, place, price, promotion and packaging (which is dealt as a category independent from product because it was felt it warranted a separate discussion). Similar responses in each category are discussed together, often clarified with the help of actual quotes of the respondents. Observational data is also added where appropriate. In addition, each category also contains suggestions from respondents for enhancing the effectiveness of the marketing mix element under discussion. Participants' identities are disguised under alphabetical codes, using 'C' for customers (including users and non-users) and 'P' for producers.

Consumers have been grouped according to their usage of organic, as opposed to industrial or conventional, foods: one group (4 respondents) was a regular buyer of organic foods; the second (3 respondents) sought clean chemical-free foods / products (whether produced organically or in any other way). Because this group sometimes had organic food and at other times any safe and clean food, it is considered 'occasional buyers' in this study. The third (6 respondents) were only prospective (so far non-users) of organic foods. All respondents in this group belonged to middle or upper middle class and had college level or professional education.
Producers group includes 6 growers of organic fruits and vegetables and poultry and 2 sellers of homemade food products (with at least some proportion of organic ingredients). These organic growers, except one (who grows at home), had small farms ranging in size from 6 to 10 acres, that are run as family or friends businesses. Of the 8, 6 producers were established in Karachi, one belonged to Islamabad and another to Lahore. All of them came from well established, upper middle class families and had left / curtailed their professional careers in favour of organic food production.

4.1. Product

All respondents in the customers category had some concept of organic foods. One of the regular consumers gave a very comprehensive definition of organic foods, ‘food produced in such a way that it is sustainable, doesn’t damage the environment, isn’t cruel to humans or animals beyond necessity; holistically ethical... [Considers] the whole – human beings, nature, plants, animals, using least degrading methods of extraction.’ One regular customer C1, however, found the word ‘organic’ superfluous. According to her, all foods, since they contain carbon compounds, are organic. She liked to call fresh food free of additives ‘pure.’ These regular customers bought organic fruits, vegetables, honey, chicken and homemade cheeses, condiments, and sauces. Most of these belonged to the upper middle class localities and a few to the middle. Almost all of them had had professional education.

A small group of customers was aware of the differences between farm fresh and industrial produce but did not use the term ‘organic’ for their purchases. They wanted to eat vegetables and fruits and even spices that were clean, free from preservatives or chemicals, and seemed to have barkat (Divine blessing). Hence they purchased such products, irrespective of whether they were produced organically or in any other way. Classified as occasional buyers of organic foods / products, these respondents belonged to the middle class and had college level education.

As far as non-users of organic foods were concerned, many hailed from the upper middle class localities and had professional education. They had some understanding of organic foods were but were not involved enough to seek more details about them or bring them in for trial. They consumed whatever grocery was readily available.

Health was a major reason people consumed and sought organic or at least hygienic food. C4 explained, ‘We buy organic because we are growing in age. We don't want our kids to consume more crappy food; their intake of junk food is already high. We better cut down on clothes and shoes and eating out and rather spend on food.’

Several producers also announced that providing good, environmentally clean and hygienic food for themselves and other people was their main purpose for opting for organic farming. Producer P6, who had been a senior aerospace engineer in Pakistan Army, enthusiastically reported about his work, 'Love it. Bit of a satisfaction trying to provide an alternative source of food without contamination to people.' He felt satisfied that many of his repeat customers were cancer survivors and those with immune system disorders. Respondent P3 was also happy that her aata (wheat flour) could be eaten by gluten intolerant people. In fact, these producers saw their businesses as part of their lives. P2 mused, 'To me it's a lifestyle.’ P7, who was a fine artist by profession, saw her organic foods business as an expression of her creative ability. Procuring countless ingredients from all over the world for her wide array of homemade products, she liked to 'invent' edibles. She had lately developed peach tea that she excitedly talked about and was in the process of developing honey based snacks.

Most of the regular and even occasional customers found the taste of organic foods noticeably different, sometimes ‘worlds apart', from that of conventional foods. ‘Food tastes cleaner, healthier, raw, less artificial; milk tastes less plasticy,’ C4 thoughtfully described. Non-users, of course, were not too discerning, as one of the producers also observed, ‘all they see is cracks and bruises and one or two insects crawling in the vegetables.' To regular customers this did not matter. Even though they found organic produce 'more uneven in terms of looks; not as appealing as for example, uniform, bright
apricots,' they were convinced of their nutritional value. One research participant, C11, actually found organic produce 'beautiful.'

Producers too were very strict about their ethical standards. Respondent P6 destroyed and burnt his crops 'without the blink of an eye' when pest attacks went out of control as he could not bow down to the use of artificial pesticides, nor wanted epidemics to spread to other farms. P8 also recounted her battle with using harmful chemicals. She once tried using synthetic chemicals in her soaps as customers had been complaining about their short life. But using an environmentally hazardous ingredient proved too heavy on her conscience. So she decided to let go of increased sales and reverted to her own natural formula. Organizers of the farmers' market in Karachi were also 'encouraging our vendors to buy more and more organic ingredients for their homemade products. It's a move towards organic.' (interview, P3). This was evident at the readymade food stalls at the farmers' market which were heavily advertising organic ingredients in their products.

To step-up sales of organic foods, many customers (including non-users so far) and producers believed that increasing supply and variety would induce people to consume more. 'Supply is our biggest hindrance,' one of the producers stated. Some producers suggested finding more vendors, especially for farm produce, while others like P4 believed, 'People must grow their own food.' She listed options of roof tops, pot gardening, community supported agricultural farms, parts of apartment buildings and public parks for growing more fruit trees than decorative plants. But for this, P8 suggested, professional help was needed, such as a platform for expert opinion and advice, where one could write articles, share information, give and receive counsel. Highlighting the role of Mr. Tofiq Pasha who had been instrumental in introducing and encouraging kitchen gardens, she said, 'We need more Tofiq Pashas and more of Tofiq Pasha.' Finally, producers and even some customers believed that before increasing supply, we needed to learn to eat seasonal for our own health, as well as that of the soil and the vegetables and fruits grown on it.

4.2. Price

All regular and occasional customers, as well as non-users, found organic products two to three times more expensive than conventional products. One regular user objected, 'Prices are at least 3 times. That's why we consume less. Organic food has less shelf life so one can't stock it. It has to be consumed quickly. Therefore not worth the trip.' Another customer protested, 'Price is such a big factor that middle and lower middle classes won't buy even if it's much more beneficial. They are surviving on gatar bagheecha [grown on untreated sewage water] vegetables and poor quality food and water. Why would they buy more expensive?'

Customers strongly advocated reduction in prices to increase sales. A regular buyer of organic foods, C4 argued, 'People would like to buy more if they reduce prices. This will increase sales and demand. People who don't come are the ones who can't afford. They should reduce price of every single item, seriously.' She called one of the places she does her organic shopping from 'elitist, exclusive.' Many other consumers also pointed out to the buyers of organic products to be primarily the privileged elite of the country.

Producers agreed that prices of organic products were no doubt higher than those of conventional products but those who realized their worth were willing to buy them at a premium. Besides organic products appeared overpriced when one looked at monetary cost only. If one took into account cost to the soil, to the environment and to the animals, not to mention one's own health bills, it is conventional farming that turned out to be more costly in the long run.

Even in monetary terms, P1 clarified, organic products were not more expensive than conventional products. In the open market prices, he explained, prices fluctuated a lot. So prices of conventional produce averaged out to be more or less that of organic produce. 'In past Ramadan, for example, tomatoes had gone up from Rs 40/kg to Rs 200/kg in the open market. Yet we continued selling at
Rs 80/kg.’ He also explained how his organic chicken, bred in open farmyards (truly free range) and fed and looked after for several months before delivering to end user, was priced at Rs. 550 for approx a kilo. In the open market the same weight chicken, made ready in a month’s time, sold for around Rs 400. To top it, he weighed his chickens after culling, whereas they were weighed alive, with feathers and all, in the open market.

Respondents, like C2, who had some idea of the painstaking organic production – difficulties in achieving economies of scale, preparing compost, use of natural fertilizers and pesticides and no mass advertising - nevertheless said, ‘But organic producers need to downscale their lifestyle of big houses, cars, air conditioners which they try to sustain by selling organic. Consequently their products are overpriced and organic becomes a rich man’s product.’ Another customer affirmed, ‘They can afford to reduce prices, they are all rich people with farms of their own.’

In contrast to the above allegations, several producers revealed the rather meager financial conditions of their businesses. Far from reaching a break-even, many put their personal savings into their farms on a regular basis. P2, who has been in this business for more than 20 years had never calculated her expenditures or income, so couldn’t say if she had ever broken even! P6 also informed that he would break even in winter months when big harvests were reaped and used these savings to finance summer expenditures when harvests were leaner. Even then he paid his farm workers more than double the market rate, with women receiving the same wages as men (not a norm in Pakistani agriculture). When I asked him the reason, he simply said, ‘I have to answer God one day.’

4.3. Place

Many regular buyers of organic produce and products shopped at Karachi Farmers’ Market, buying once or twice a fortnight. Some also visited big supermarkets or the Empress market downtown. But C1, who was a regular buyer of clean homemade food never shopped at farmers’ markets or supermarkets but bought farm fresh produce from neighbourhood vendors and poor cottage producers who allowed customers to select whatever they wanted, as much as they wanted and sold at very low prices. This was the most involved and informed consumer group that took pains to procure healthful food. One such customer detailed her frequent shopping trips for grocery - fruits and vegetables had to be bought from KFM, bread from bakery, organic milk was home delivered, rapeseed oil from another organic producer, and random requirements from neighbouring green grocer. ‘Not easily available and not in one place. One has to drive up especially to buy organic bread, for example. It is inconvenient,’ she concluded.

Other seekers of clean and chemical-free (though not necessarily organic) food bought open grocery from local green grocers or mobile thela walas (hawkers with carts) who sold from house to house. One such person, C7, shopped at a farm shop near her office, since they gave her fresh produce at discounted prices. These people often shortlisted suitable vendors and then preferred to shop from them. Such local arrangements were seen to be more convenient and economical than supermarkets or specialty organic food stores. ‘Conveyance is expensive for us. We can’t pay Rs 600 for a trip to a farmers’ market in Clifton.’ Another respondent seconded, ‘In middle classes availability is of supreme importance.’

Non-buyers of organic foods also fulfilled their grocery requirements from neighbourhood grocers or random convenient spots.

Accessibility was a key reason, customers noted, organic products were not selling widely. ‘Availability needs to increase in middle class areas,’ several customers stressed. C3 promised, ‘If available in my area [Nazimabad] people will buy. I am 100% sure they will buy... even if a little expensive.’
Another frequent shopper of organic foods suggested, 'Vendors can operate from their houses. They have land, time. Buyers can pick up jams, condiments, sauces from their homes. This will increase demand and they will be able to increase supply and bring down prices.'

One non-user also suggested home delivery in order to entice her to buy organic, which was what growers/producers outside Karachi were already doing 'to build marketing relationships' with customers. Home delivery also enabled them to quickly sell off fresh produce nearby.

All of my respondent producers sold at Karachi Farmers' Market (KFM), which was endeavouring to collect suppliers of different organic products under one roof. Some also sold at a couple of big supermarkets in elite localities. Those residing outside Karachi, such as P1 and P2, sent their produce via bus or courier to KFM. One of the vendors, P7, gave her reason for selecting Karachi Farmers' Market. '[I get] best [sale] results at KFM because people come here with a mindset to purchase organic.' This was attested by one customer in the following words, 'KFM are doing something positive; trying to put out something positive there to compete with large brands. It's very difficult thing. I also empathise with them – same class group, educated, middle class, workers, residing in Defence, people like us with areas of similar concerns.' Continuing the argument, he added, 'My honey sellers in Sadar are also trustworthy people because they are religious minded. I don't think they'll lie.' Appreciating personal presence of growers at KFM, C9 noted, 'A lively person makes you feel nice.'

Nevertheless, realizing 'our location is inaccessible for many' producers at KFM were exploring other retail options. P5 suggested including traders (middlemen) in the supply chain to ensure a bigger and more varied inventory at the Market. Some producers were trying to sign contracts with supermarkets but facing issues of packaging (as discussed under the heading of 'Packaging') and concerned whether retailers would provide them required marketing support (such as separate aisles and positive personal selling). P6 also believed middlemen found them threatening, which is why he quit from all but one supermarket.

4.4. Promotion

Regular users relied primarily on word-of-mouth marketing and personal selling by vendors as their major reasons for trusting sellers. C1 observed, 'You have to know the person, have reference for him who makes it [product] at his house.' C2 remarked, 'Easier if I trust them.' Many producers also believed that word-of-mouth marketing and social reference 'have more credibility than official certification in this part of the world.'

Respondent P5, an eminent organic producer, also promoted organic farming to big and small farmers: he ran TV shows, visited universities and researchers and invited people to his farm. Other producers were also using social media - such as facebook, web pages, Islamabad Food Diary – to market their products. Some producers occasionally printed out brochures and leaflets. In spite of these efforts, not many users and non-users had heard of any promotion - other than health benefits - of organic foods in Pakistan.

A few insightful customers (such as C2 and C6), who themselves promoted organic consumption, noted that sellers' emphasis only on the health benefits of organic products was largely responsible for this. Since only affluent people in the country could afford to spend discretionary income on health foods, organic had become predominantly a rich man's product who was buying it 'as an insurance against bad health and old age.' C2 ardently opined, 'Organic is about ethics but vendors are stressing only health, rather than sustainable production, cruelty to animals, environmental degradation. Different aspects will resonate with different people...Besides, everybody must educate everybody, give organic gifts, push it on others. We all need to depend less on cash, buy local, barter, downsize, follow a more sustainable pattern of consumption. Everybody must educate everybody. It's not only farmers who have stake in it.'
Besides, overemphasis on health was helping industrial organic producers to cover up the actual conditions in which organic farming was being practised. Sounding disappointed, C2 said, ‘Right now organic is a label, has food miles, packaged in plastic, and refrigerated for 5 months. So it's not truly sustainable.’ Producer P2 couldn’t agree more. ‘I say remove the ‘organic' label altogether. It becomes exploitative. Use the word desi (local) instead.’

C2’s words were echoed by many producers. P1 and P4 recognized the need for a 'holistic approach.’ There was a need to work with government bodies, NGOs, agricultural researchers, environmental activists, and doctors to spread the organic trend to all and sundry rather than to only the rich privileged class, they said. P5 and P8 stressed the need to educate people by writing articles, developing websites, and inviting and visiting students and scholars to look at the bigger picture of the poverty of the farm worker, local production, environmental care, and animal welfare, in addition to personal health. Finally P8 advised not to give in to customer complaints about natural properties of organic produce – that they takes time to prepare, are not as long lasting and not as attractive - but to remain steadfast on one's commitment to organic.

C3 also mentioned the need for influential backing to establish farmers' markets, 'In our country anyone who does good work is threatened.' Producer P4 also believed government policies, big businesses, poor regulations and lack of consumer protection policies were huge hindrances for them.

4.5. Packaging
Most customers, whether regular or occasional, were not really concerned whether paper or plastic or any other organic or inorganic material was used for packaging. They generally found packaging of organic products 'ok.' Only one regular customer, C1, objected to plastic packaging as 'not truly sustainable.' He intended to 'buy more if refilling can be done.'

C1 seemed to be echoing the concerns of producers who were eagerly bringing environmentally safe packaging into the organic foods market. Grower P2 sold in breathable packaging (bori) in bulk, like 40-50kg bags of wheat and rice, with small pouches of organic preservatives like turmeric and blackseed inside. P6 was in the process of developing reusable and repairable wicker baskets with compartments. He was not in favour of paper, as according to him, it too required cutting down of trees and soon became non-reusable. I too saw much more glass, paper, wicker packaging at Karachi Farmers' Market, compared to 2 months ago. One of the organizers also told me about their plan to offer price-cuts to customers who brought back empty refillable glass bottles.

But retailers often were rather unhappy with organic suppliers' packaging choices. Supermarkets that were willing to stock organic produce sneered at large and bulky cardboard boxes and favoured plastic packaging instead. Producers were not unaware of these issues. Respondent P5 empathized with them as to how could one package hundreds of thousands of units without plastic packaging, especially when the issues of retaining crispiness, durability, handling and storage were present to complicate the matter? But he was hopeful that some resolution would soon come around.

One of the regular customers also expressed dissatisfaction with inadequate and unreliable labeling of organic products in supermarkets. Producer P1 thus advised tamper proof packaging and clear labeling for organic items.

5. Analysis and Discussion
The following paragraphs discuss the primary findings in the light of secondary literature, keeping intact the above mentioned categories of product, price, place, promotion and packaging.
5.1. Product
Findings show that all respondents had an idea of the value of clean, chemical-free food but not all procured it. Some specifically bought organic products - such as fruits, vegetables, staples, poultry, bread and condiments - for the purpose, while others resorted to fresh clean produce sold openly. Even non-buyers of such foods were somewhat aware of the distinction between organic and conventional produce, but due to various reasons shopped whatever was most conveniently available.

Health was the main reason customers sought and producers provided clean chemical-free food. Several researches from all over the world (see for example, Ueasangkomsatea and Santiteerakulb, 2016, in Thailand; Chiew Shi Wee et al, 2014, in Malaysia; Sirieix et al’s, 2011, in China; Bartels and Berg, 2011 and Wier and Calverley, 2002, in Europe) also name health as number 1 reason for a move towards organic. Interestingly, Sirieix et al’s (2011) respondents in China used the same terms as used by my respondents - 'safe,' 'clean,' 'chemical-free' - to describe the kind of food they liked to eat. Taste and freshness were also important to my participants, as they were to Bartels and Berg’s (2011) respondents.

Very few customers, but most producers, also mentioned environmental and ecological reasons for their turn to organic. It can thus be said that altruistic motives - such as environmental concerns, food miles or support for small producers, animal welfare - are only emerging in this part of the world, as elsewhere in China (Sirieix et al, 2011) and Thailand (Ueasangkomsatea and Santiteerakulb, 2016) but are more established in the developed countries of Europe (Wier and Calverley, 2002).

Many respondents suggested an increase in supply and variety to encourage them to eat more organic. Locating more vendors was the way forward for some, while others believed in growing one's own food. A few respondents called for professional help in case of the latter. Whatever tactic one used, the need for increasing supply could not be over emphasized. But before increasing organic consumption, it was seen important to learn to eat seasonal, for better health and harvests.

5.2. Price
Most consumers found organic products expensive, up to 2 to 3 times the price of conventional products. Researches elsewhere in Asia and Europe (Sirieix et al, 2011, Wier and Calverley, 2002 and Naspetti, 2002, for example) also confirm this. Customers and even non-customers vehemently asked for a reduction in prices to encourage them to buy (more). Very few customers were aware of the long laborious process of organic production. This was why many customers, especially from middle class areas, preferred to buy fresh open produce from neighbourhood vendors than go for specifically organic products in farmers' markets or supermarkets.

Though some producers, like some of the above mentioned researchers, argued for lower prices, many believed otherwise. Calling organic products pricey was not a fair evaluation of them. It not only brushed aside the much longer and painstaking process of organic production but also ignored all cost savings to the soil, to the environment, to the animals and to the small local farmer. Were these costs taken into account, not to mention the price fluctuations in open market, conventional agriculture turned out to be more costly, particularly in the long run. Michael Pollan reminds of the same reality. '[If] no pesticides found their way into any farm worker's bloodstream, no nitrogen run-off or growth hormones seeped into the watershed, no soils were poisoned, no antibiotics were squandered, no subsidy checks were written. If the high price of my all-organic meal is weighed against the comparatively low price it exacted from the larger world, it begins to look like a real bargain’ (2006: 182).

Moreover, as some respondents incorrectly alleged, several producers were not 'rich people with farms of their own'... 'out there to make profits from scaring people from unclean poisonous foods' but were often ethical, educated, well-established men and women who had adopted organic as a way of life. Far from making profits, many had never even broken even. To them 'it is health and vitality [of self and nature at large] rather than yields that matter most' (Brown, 2000:6).
5.3. Place
Most of the regular customers bought organic food from farmers' markets in Karachi and Islamabad. Some also visited supermarkets occasionally. In times of spontaneous need, they resorted to neighbourhood shops. Being the most involved customer group, these people eagerly sought out specific vendors for specific products, however inconvenient it was. People in search of clean open food (produced organically or in any other way) also selected few trustworthy suppliers and stayed with them. Non-buyers of organic foods bought grocery from any easily accessible shop or hawker. Thus accessibility was considered of 'supreme' significance in the purchase of everyday grocery. Since purchase of organic foods / products required much time and effort, not many customers were committed enough to locate them. Many of the previously mentioned researches - such as those of Wier and Calverley (2002), Shi and Hodges (2015) and Naspetti (2002), and Sirieix et al (2011) - attest to this fact. However, most consumers in these researches preferred to buy from supermarkets because of regular, if narrow or more expensive, range of supply. A few bought directly from farmers and the open market.

Although a fairly new addition to the distribution network, farmers' markets have proven useful for both buyers and sellers as they supply different organic products in one place. Besides personal interaction with actual growers of food gave customers confidence in their purchases. Buying open grocery from neighbourhood markets or specific home producers, on the other hand, accorded customers convenience, economy and sometimes selection of merchandise. The few elite supermarkets which stock organic products offer none of these benefits (substantially). In fact, some customers do not even trust their prices and labels.

Though farmers were endeavouring to improve availability of organic foods / products, many respondents believed, this along with high prices, was holding down adoption of these products in the country. Some users and non-users pledged to buy more if the twin issues of availability and prices could be resolved. 'Yes, yes, yes' non-user C5 said. 'Definitely I will try' non-user C12 promised. Many producers were trying to improve delivery through supermarkets and middlemen, but neither seemed very supportive of organic foods / products (also see section on packaging below). Home delivery was also suggested as a distribution option in Karachi as in other cities of the country.

5.4. Promotion
Respondents in the study considered word-of-mouth publicity and trustworthiness of critical value in promoting organic products. Customers preferred to talk directly with vendors, whom they sometimes saw as 'people like us' and this gave them confidence in their purchases. Sirieix et al (2011) also speak about trust as an important factor in inducing trial.

In addition, producers were using social media, websites and sometimes TV shows to market their products. One of them also visited universities and invited other farmers and students to his farm. Unfortunately, not many customers, particularly non-users, were aware of these activities or of organic farming as anything other than a road to better health. According to one of my customers, this state of affairs was mainly because producers, particularly industrial producers, were emphasizing only the health benefits of organic products, sideling or even ignoring environmental issues, animal welfare or local concerns, consequently losing out on prospective customers who could have been wooed by these reasons.

Moreover, excessive emphasis on healthcare gave lukewarm ethical producers opportunity to camouflage the actual conditions of organic food production. Michael Pollan captures this reality in his classic work, The Omnivore's Dilemma. Calling 'organic' an 'industrial artifact, he warns that organic should not be simplistically assumed to be automatically healthful, especially for the entire ecosystem. Food that is heavily processed and has travelled long miles is hardly sustainable. Besides, on many industrial milk plants cows are still tethered to machines and have never seen a blade of grass, though they are fed organic fodder every day! Many chickens remain locked up in pens with hundreds of others
and are allowed to venture out to a narrow grassy yard only for only a few minutes every day (2006). Reverberating these concerns, several producers advocated joining hands with government bodies, educationists, environmental and animal welfare activists and for remaining steadfast to the organic way of life.

5.5. Packaging

On the whole, customers found packaging of organic products 'ok' and did not give much serious thought to it. One customer, however, was perturbed by the use of plastic by some organic vendors and another found labeling inadequate and not always trustworthy. Most producers, on the other hand, were sensitive to the use of environmentally hazardous packaging and were campaigning aggressively for banishing plastic out of the organic foods / products market. Some were even working to develop more ecological packaging alternatives. Unfortunately, retailers often objected to paper cartons, favouring plastic packaging instead.

These results are somewhat different from those of other studies in the developed (not so much in the developing) world, where communicative, ethical and environmentally safe features of packaging are becoming important marketing concerns (Fernqvist et al, 2015). Significance of ethical and adequate labelling is highlighted by Wier and Calverley (2002), Bartels and Berg (2011) and Sirieix et al (2011). Environmental issues in product packaging are evident in Fernqvist et al's (2015) study, where paper was seen as giving a feeling of a 'fresh[ness]' and reminiscent of 'farmers' market,' while plastic was considered strange, expensive, unnecessary and 'bad for the environment.'

I believe a more holistic promotional effort, geared towards enlightening people to the various dimensions of organic foods, including environmental concern, will automatically win votes towards environmentally safe packaging.

6. Conclusion

This research studied the organic foods / products market in Pakistan by interviewing buyers (including occasional and non-users) and sellers regarding their views on the marketing mix of these products and inviting their suggestions for improving marketing mix problems they highlighted. It was seen that most people were aware, at least somewhat, of the benefits of clean, chemical-free food but not all bought it. Some bought specifically organic foods / products for the purpose (called regular customers in the study); some looked for any clean and safe alternatives (whether produced organically or otherwise—they are thus called occasional consumers), while some others just shopped whatever and wherever convenient (aware, but not committed enough to look for safe clean food; called non-users in the paper). Health, as in other countries, appeared as the main reason for the quest for organic foods / products. But high prices and limited availability made shopping for organic foods / products difficult, causing even involved consumers to curtail their purchases. Market for organic products was further seen to be limited because of customers' ignorance or vague understanding of altruistic concerns about ecology and fair trade. It was thus argued to increase supply and variety through intensifying distribution and providing organic foods / products with more holistic promotional support. These measures, it was hoped would pull demand up and push prices down. Besides, they would enlist those customers who so far had not been wooed by the health motive. Thus a revised marketing mix was seen to have potential to contribute to the overall market development of organic foods / products in Pakistan.

It is hoped this research has provided stakeholders with a more well-rounded view of the organic foods / products' market in Pakistan that will help them take more informed decisions about their food choices and marketing strategies.
7. Limitations and Areas for Further Research

In this research all customers and most producers belonged to Karachi. It is felt a more varied (geographically and socially) and wider sample could have enriched findings further. Also limitations of scope and space did not allow the researcher to fully investigate some of the debates around organic foods, such as sustainability, consumer demographics, repositioning, etc. These ideas were only touched upon and one is briefly mentioned in appendix C. They can be explored in upcoming researches.

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Moyer, E. (2016) “Eat Well and Don't Wreck the Planet”, *The Blog*, USA.


**Appendix A: Definitions of the Components of the Marketing Mix**

**Product:** anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need (p.190)

**Packaging:** The activities of designing and producing the container or wrapper for a product (p. 199)

**Price:** the amount of money charged for a product or service, or the sum of the values that customers exchange for the benefits of having or using the product or service (p.247)

**Place:** company activities that make a product or service available to target consumers. This includes distribution channels, retail outlets, product transportation and logistics (p. 46)

**Promotion:** activities that communicate merits of a product or service and persuade customers to buy it; typically includes advertising, personal selling, public relating and sales promotion
Appendix B: Sustainability Debate on Organic Farming

Organic farming is not considered sustainable due to the following reasons:

- Absence of artificial fertilizers and nutrients limits crop yield and hence necessitates a bigger area of land (Moyer, 2016; Brown, 2000)

- Pest attacks destroy huge amounts of crops each year, so again large areas of crops need to be planted (FAO report, 2016)

- Organic farmers need to intensely cultivate whatever small farms they have. This too quickly depletes soil of its natural nutrients, making it useless for further cultivation (Brown, 2000; interview, P3)

- Because of all of the above reasons, organic farming is more expensive. Hence big farmers are not getting involved, keeping supplies small and prices high (interview, P1 and P5)

- Supply is also low because of seasonal plantation by organic producers (Brown, 2000; interview, P3)

- Transportation and distribution costs per unit are also higher for small quantities, further pressurizing prices (interview, P5)

In response to the above arguments, my participant producers replied that it is conventional agriculture that robs land off its nutrients faster, making it uncultivable in about 5 years time. Organic farming uses intercropping instead of monoculture that naturally replenishes nutrients by the time the next season for a particular crop arrives (interview, P1 and P2). Besides, P3 informed, a variety of crops, as opposed to monoculture farming, limits the damage done by pest attacks. Dismissing the fear, she announced in a careful tone, 'I am hedging my bets.'

Respondent P3 also revealed that she obtains 25 mun of aata from an acre of land, whereas the conventional yield is 35 mun/acre. So not only is this a relatively small differential but in the long run is likely to close due to the soil retaining its fertility for longer.

Regarding transportation and distribution costs, respondent P5 explained in meticulous detail the role of the middleman arti: he is a reliable source of start-up capital, underwriter to purchase ready harvest and a financier of labour and overhead costs for the farmer. So even if he eats away the profit, he provides invaluable service, without which a farmer couldn't even exist.

As far as expenses were concerned, if we consider the cost to the soil, to the environment, to the animals, our own health bills, and price fluctuations in the open market, conventional produce becomes more expensive in the long run, all producers unanimously agreed. Concluding the argument, P3 asserted, 'Without organic farming, agriculture is not sustainable.' P1 declared, 'In the long run, it is organic agriculture that can provide a sustainable source of supply.'

The above interview findings also find support in literature. Like P3, Badgley et al (2007) claim that "organic agriculture has the potential to contribute quite substantially to the global food supply, while reducing the detrimental environmental impacts of conventional agriculture.” They compared yields of organic versus conventional food production for 293 examples from both the developed and the developing world. It was found that the estimated organic food supply was more or less similar in magnitude to the current food supply for most food categories (grains, sweeteners, tree nuts, oil crops and vegetable oils, fruits, meat, animal fats, milk, and eggs), ranging from 0.93 to 1.06. For other food categories (starchy roots, legumes, and vegetables) the average yield ratios ranged from 0.82 to 0.89. Thus the average yield ratio for all 160 examples from developed countries stood at 0.92 while the average yield ratio for the 133 examples from the developing world at 1.80. This research also suggested...
that organic agriculture can provide 2641 kcal/person/day or an even higher 4381 kcal/person/day (The average caloric requirement for a healthy adult is between 2200 and 2500 kcal/person/day), thus having the potential to sustain not only the current human population but perhaps a significantly larger one.

According to the authors, these high yields were obtained when farmers incorporated “intensive agroecological techniques, such as crop rotation, cover cropping, agroforestry, addition of organic fertilizers, or more efficient water management...Use of cover crops, crop rotation, green manure and leaving soil fallow, some agricultural systems, leguminous cover crops not only contribute to soil fertility but also reduce the vulnerability of plants to disease. These results imply that, in principle, no additional land area is required to obtain enough biologically available nitrogen to replace the current use of synthetic nitrogen fertilizers.” This was what was asserted by the above mentioned organic producers in the study.

Many countries have started instituting measures to reverse the trend of conventional agriculture. Chile, Vietnam, Gambia, Costa Rica and a host of others are using fiscal measures (incentives and tax breaks) and regulatory tools - concerning environment, land usage, local agriculture - to fight deforestation and are already experiencing positive changes in food security, poverty reduction, climate change and sustainable development (FAO Report, 2016). Other countries, such as Thailand, Malaysia, China have set up ministries, research centres and certification bodies looking into sustainable /organic agriculture (Ueasangkomsatea and Santiteerakulb (2016).

Appendix C: Interview schedules for respondents

Buyers

1 What is your concept of organic foods / products?

2 What organic foods / products do you buy?

3 Where do you buy these foods / products?

4 What encourages you to buy organic foods / products mentioned above?

5 What can be the likely market mix factors (product, place, price, promotion and packaging) that discourage you or induce you to buy less of the above mentioned organic foods / products?

6 What changes in the market mix factors (product, place, price, promotion and packaging) can induce you to buy more organic foods / products in future?
Sellers

1. What is your concept of organic foods/products?

2. What organic foods/products do you sell?

3. Why do you sell organically, rather than conventionally, produced foods mentioned above?

4. Where do you sell these foods/products?

5. What kind of customers buy your organic products?

6. What marketing mix factors (product, place, price, promotion and packaging) are discouraging people from buying organic foods/products?

7. What changes in the market mix factors (product, place, price, promotion and packaging) can redeem the situation?
The Impact of Industry Type, Business Age and Business Size on Proactive and Responsive Customer Orientation

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Abstract: This study investigates on proactive customer orientation and responsive customer orientation among business units operating in the technology, information, communication and entertainment (TICE) industry of Malaysia. The impact of the demographic factors of these business units on proactive and responsive customer orientation is examined. The results revealed that the business unit size has statistically significant impact on the variables of interest. The difference in the business unit size based number of employees has an influence on both the proactive and responsive constructs. In contrast, the difference in the business unit size based on the amount of annual sales turnover only influences the proactive constructs. There was also a pattern business units with higher annual sales turnover tend to have lower means for responsive and proactive customer orientation, and vice versa. The specific industry type and business unit age had no effect on proactive customer orientation nor responsive customer orientation.

Keywords: proactive customer orientation, responsive customer orientation, ANOVA

1. INTRODUCTION

It is not uncommon to observe that businesses are having difficulty keeping up with the rapid and frequent changing customer needs and wants in today's business environment. One of the strategies which businesses could use to address their continual changing customers’ needs is customer orientation.

There are two parts to customer orientation; namely proactive and responsive customer orientation. Responsive customer orientation addresses the customers’ expressed needs, and proactive customer orientation addresses latent and future needs (Narver, Slater, & MacLachlan, 2004). Past literature has identified that proactive and responsive customer orientations demonstrate a robust effect in creating superior customer value and other positive business outcomes (Blocker, Flint, Myers, & Slater, 2011; Herhausen, 2011; Narver et al., 2004).

Given the importance of possessing both proactive and responsive customer orientation, the purpose of this study is to investigate on the proactive and responsive customer orientation of Malaysian service businesses operating in the technology, information, communication and entertainment (TICE) industry. The aim is to identify whether the specific business industry type, business unit age, and the business unit size based the number of employees and sales turnover affect the practice of this strategy.

Though still an emerging economy, the Malaysia market is identified as competitive via the 2016 World Competitiveness Scoreboard (IMD, 2016). This study ranked Malaysia at the 19th spot out of the 59 nations, through analysing how they manage their resources and competencies. In view that customer orientation had shown much success in gaining competitive advantage across various markets, the significance of its practice in Malaysian businesses is imperative to enhance these businesses’ competitiveness.
The TICE industry falls under the services for its type of economic activity. The service sector is a catalyst for the country’s growth with a recorded continuous expansion of 5.1 percent in the first quarter of 2016, while the national’s growth was recorded at 4.2 percent (Department of Statistic, 2016b). The TICE industry generated a total of RM 99.8 billion of gross income for the country in 2014 (Department of Statistic, 2016a).

This industry has also been linked to the bottom of pyramid via eRezeki, a government initiated project. The project, which was launched in 2015, is able to provide better human capital while providing income to the bottom 40 percent of the income pyramid or otherwise known as B40 (NST, 2014). A set of Digital -xsCapability Programmes was designed to train and match 400,000 empowered B40 members with micro tasks from domestic and foreign sources, and facilitating them on earning an average additional annual income of RM 6,000. With the significance of the TICE industry, it is interesting to study in the proactive and responsive customer orientation in this industry.

This research contributes to the body of knowledge in several different ways. Firstly, the majority of the research on the focal interest originate from developed countries, i.e. the United States of America and United Kingdom (Galbreath & Galvin, 2008; Kamboj & Rahman, 2015). Not a lot of knowledge is known about the customer orientation in a developing and emergent economy like Malaysia. Zhou, Brown, Dev and Agarwal (2007) found that customer orientations are differently utilised in developed versus developing economies. In developed economies, customer orientation has higher prominence due to better local business conditions, higher levels of resource availability, and highly demanding customers (Zhou & Li, 2010). Nonetheless, Saeed, Yousaafzai, Paladino, and De Luca (2015) pointed out that the dynamic and unstable marketplace conditions are reasons to increase the business capabilities such as customer orientation for better market knowledge. Therefore, this research will provide an insight in this economic context where the local business conditions and resources availability are less superior (Radas & Božić, 2009). Secondly, the comparison of specific business industry type is examined. Surprising, there are not many research of this nature as most researchers compare between manufacturing and service industry (Che-Ha et al., 2014; Q. Wang, Zhao, & Voss, 2016) and business-to-business and business-to-consumer (Gounaris & Avlonitis, 2001). Thirdly, this study provides knowledge of the business unit characteristics that encourage greater implementation of proactive customer orientation and responsive customer orientation.

This paper started by putting forward the background of the research problem and the purpose of the study. The next section will be discussing on the previous studies of proactive and responsive customer orientation, and how the business industry, business age and business size, affect this strategy. This is followed by the examination of the methods used for data collection and analysis in this study. The subsequent section will be discussing on results and findings. Finally, the paper concludes with the implication of this study, together with its limitation and suggestion for future research.

2. Literature Review

2.1. Proactive and Responsive Customer Orientation

The customer orientation is grounded in the resource-based view (RBV) theory. It has also been well documented that customer orientations lead to competitive advantage for businesses. Previous studies have positively linked customer orientation to customer value (Blocker et al., 2011; Herhausen, 2011), sales growth and ROI (Appiah-Adu & Singh, 1998).

While extensive studies have been done in the more develop and affluent market, there are a few studies which have been carried out in developing or emerging markets such as China and India. These studies too showed that the practice of customer orientation also led to positive business outcomes (Andotra & Gupta, 2016; Mei, 2012; G. Wang, Dou, Zhu, & Zhou, 2015). It should also be noted that customer orientation has lower prominence in developing countries due to lower local business conditions,
resource availability and customer demands. Aside from that, two studies conducted in these markets have also found that customer orientation has also been linked to practices in the bottom of the pyramid (BOP) (Chikweche, 2013; Jebarajakirthy, Thaichon, & Yoganathan, 2015).

Customer orientation is defined as the sufficient understanding of a firm’s target consumer in order to continuously create superior value for them (Narver and Slater, 1990). Further research had then led to the creation of the two dimensions of customer orientation; responsive customer orientation and proactive customer orientation (Narver et al., 2004).

The responsive customer orientation refers to the service provider’s responsiveness to customers’ expressed needs (Narver et al., 2004). The customers are conscious of these needs and request that the firms work towards fulfilling these needs. Nonetheless, responsive customer orientation fails to address the firms’ the latent and future needs of their customers. The customers did not articulate these needs, or may not even be aware of these needs (Slater and Narver, 1998).

Proactive customer orientation, on the other hand, refers to the ability to continually probe for customers’ latent needs and future needs (Blocker et al., 2011). Previous studies have identified that the importance of having proactive customer orientation (Blocker et al., 2011; Herhausen, 2011; Narver et al., 2004).

It is also crucial to understand that proactive and responsive customer orientation are not on two different ends of a scale, but instead, they are two separate dimensions (Ketchen et al., 2007). Hence, it is not conflicting for businesses to be proactive customer oriented and responsive customer oriented at the same time. Studies have found that the interaction of proactive and responsive customer orientation will create superior customer value and positive product or service development (Blocker et al., 2011; Herhausen, 2011; Narver et al., 2004).

2.2. External and Internal Factors
Many studies have been conducted to identify the factors that affect a business strategy. These factors could be broadly categorised into external and internal factors (Galbreath & Galvin, 2008; Takata, 2016).

The industry type is an external factor that affects its business strategy. The industry that a business is operating in determines the nature of its competitive environment (Dale Stoel & Muhanna, 2009). As affirmed by Barney (1991), business resources are only valuable when they exploit opportunities or neutralised threats in the contextual environment. Previous studies have shown the industry type as a contextual determinant for marketing strategy (Kamboj & Rahman, 2015; Wei, Samiee, & Lee, 2014). Therefore, this study would like to examine how the industry type affects the business units’ proactive customer orientation and responsive customer orientation.

An internal factor that is found to have an effect on business strategy is the age of business. The number of years since the business had been established gives an indication of its experience. This is because skills tend to evolve over time, as they reflect the combined effects of passive learning-by-doing (Ethiraj, Kale, Krishnan, & Singh, 2005; Ismail, Al Shaiekh, & Al Ziadat, 2009).

There is also some evidence in the literature indicating the business size influences its business strategy. Business size is found to be a significant control for responsive and proactive customer orientation (Coltman, Devinney, Midgley, & Venaikd, 2008). In research, business size is often indicated by the number of employees or sales turnover (Morgan, Vorhies, & Mason, 2009).

The practices of proactive and responsive customer orientation are expected to differ with the number of employees. This is because more employees are often viewed as having better service quality in a
service environment (Zhou, Brown, & Dev, 2009). Nonetheless, some studies argue that businesses with fewer employees are more nimble (Mason, 2010). In spite of this, some scholars have also exclaimed that when the number of employees is too small, they could be overworked (Ethiraj et al., 2005). On the other hand, when the number of employees is too large, it could create coordination problems (Ibid).

The sales turnover is also an indication of the business economies of scale. Larger businesses with higher sales turnover may have the resources to invest in refining their strategy (Leal-Rodríguez, Eldridge, Roldán, Leal-Millán, & Ortega-Gutiérrez, 2015). However, smaller businesses may also have an advantage over larger businesses with greater flexibility and independence from institutional bureaucratic leading to short lead time for decision making (Leal-Rodríguez et al., 2015).

Given the past studies on how the external and internal factors influence business strategy configurations, it would be interesting for this study to examine how the industry type, business age, business size based on the number of employee and sales turnover influences the practice of proactive and responsive customer orientation.

3. Research Methods

The unit of analysis for this study is the business units (or the entire firm, if no specialisation into different business units exists) from the technology, information, communication and entertainment (TICE) industry. The sample for the study was obtained from the TICE business industry listed in Matrade’s Malaysia Services Directory and Media Planning Guide Book 2014, as well as from relevant industry conferences. From the distributed 3421 questionnaires, there was a total of 529 usable responses. The response rate was 15.4 percent, and this response rate is consistent with those reported in strategic orientation surveys (Lu & Ramamurthy, 2011; Zhen & Nakata, 2007).

The key informants were from the managing level in the business units. A total of 54.5 percent were from the senior management, while the remainders were from the middle management and were the specialist in their respective business units.

The data collection for this study is via self-administrated questionnaires. A hybrid approach of paper-based and online-based surveys is used for questionnaire distribution to encourage a higher response rate. The paper-based and online-based questionnaires were pre-tested with several academicians and business unit directors from the different TICE industry type. The overall feedback regarding the instrument was favourable, and suggestions were taken into account to further refine the instrument to better suit the Malaysian business context.

For the paper-based method, the questionnaire booklets were sent to the potential respondents via post, hand delivered or distributed at the conferences. The URL address of the internet survey was displayed on the cover questionnaire booklets to provide the respondents with the choice answering the survey online or via the booklet. The survey was returned via the designated URL, self-addressed envelope, facsimile, email, hand collection by the researchers or via drop box at the conferences.

3.1. Measures

This study adapted the proactive and responsive customer orientation scale developed by Blocker et al. (2011). The scale had six items for each construct. There were measured on a seven-point Likert scale with 1 = “Strongly disagree” and 7 = “Strongly agree”.

For the industry type, the TICE industry was subdivided into four industries; (1) telecommunication, (2) information technology, (3) advertising, public relation and other marketing communication services, and (4) media and entertainment.
The business unit size was classified according to guidelines provided by SME Corporation Malaysia, based on the number of full-time employees and sales turnover for the service sector. According to this classification; business units with a sales turnover of less than RM 300,000 or less than 5 employees are grouped as micro; those with a sales turnover of RM 300,000 to less than RM3 million or between 5 to 30 employees are small; those with a sales turnover of RM 3 million to less than RM 20 million or between 30 to 75 employees are medium; and those a sales turnover of more than RM 20 million or more than 75 employees are large.

The business unit age was determined based on the year that the business unit was established. Similar to Ismail et al., (2009), this study will be grouping the age into; (1) less than 10 years, (2) 10-20 years, and (3) above 20 years.

The SPSS v21.0 was used as the analysis software. The data were examined via descriptive statistics, independent t-test, reliability analysis, and ANOVA. A test on non-response bias showed no significant differences between the first and last 25 percent respondents of this study (Liu, Ke, Wei, & Hua, 2013) for both the proactive customer orientation and responsive customer orientation constructs.

4. Result and Discussion

4.1. Respondent Profile

Table 1. Profile of Business Units

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<th>Percent</th>
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<tr>
<td>Information Technology</td>
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<td><strong>Years in Operations:</strong></td>
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<td>11 to 20 years</td>
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<td>21+ years</td>
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<td>Less than 5 employees</td>
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<td>30 to 75 employees</td>
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<td>More than 75 employees</td>
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<td><strong>Annual Sales Turnover:</strong></td>
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<td>More than RM 20 Million</td>
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Table 1 presents the profile of the responded business units. It shows that 11 percent of the participating business units were from the telecommunication industry, 31 percent from information technology industry, 36 percent from marketing communication services, and 22 percent from entertainment and media industry.

25 percent of the business units have been in operation for more than 20 years. Those business units which have been in operation for more than 10 years but less than 20 years accounted 39 percent. The remaining 37 percent were those which have been in operation for less than 10 years.

Most of the business units (44 percent) have 5 to 29 full-time employees. This is followed by those with less than 5 employees with 33 percent, and those with 30 to 75 employees with 15 percent. Business units with 75 employees or more account for the remaining 8 percent.

It was also found that 43 percent of the business unit had an annual sales turnover of less than RM 3 million. About one-third of the respondents (34 percent) were those with sales turnover between RM 3 million to RM 20 million. The last group which accounted for 24 percent were those with a sales turnover of more than RM 20 million.

4.2. Reliability, Descriptive and Factor Analysis

The proactive and responsive customer orientation constructs were analysed using reliability, mean, standard deviation and factor analysis.

<table>
<thead>
<tr>
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<th>Factor</th>
<th>Cronbach’s Alpha</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted</th>
</tr>
</thead>
<tbody>
<tr>
<td>RCO3</td>
<td>0.711</td>
<td>0.762</td>
<td>0.835</td>
<td>0.459</td>
</tr>
<tr>
<td>RCO1</td>
<td>0.708</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RCO2</td>
<td>0.704</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RCO6</td>
<td>0.700</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RCO5</td>
<td>0.667</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RCO4</td>
<td>0.561</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The items were segregated into their respective factors for proactive customer orientation and responsive customer orientation according to the literature for the results of the factor analysis. As presented in Table 2, all the factor loadings were above the recommended threshold of 0.5 (Hair, 2010).
The Cronbach’s Alpha for proactive customer orientation and responsive customer orientation are 0.763 and 0.762 respectively. Both figures are acceptable as they are above the 0.70 thresholds (Hair, 2010). There was also a high level of inter-item consistency among the item within each construct. The average variance extracted (AVE) for proactive customer orientation and responsive customer orientation were both 0.459. Although they are marginally below the 0.5 threshold, these figures are accompanied by the composite reliability, which is well above the minimum threshold of 0.7. Maholtra (2010) state that AVE is a more conservative measure compared to composite reliability and composite reliability alone is adequate for convergent validity albeit more than 50 percent of the variance is due to error.

The mean and standard deviation for responsive customer orientation are $M=5.24$, $SD=0.72$, while proactive customer orientation are $M=5.29$, $SD=0.73$. The means were above the midpoint of the seven-point scale in the study, indicating the emphasis of the business units in satisfying their customer needs.

4.3. ANOVA
A one-way between-group analysis of variance (ANOVA) was conducted to explore the impact of industry type on the level of proactive and responsive customer orientation. The results, as displayed in Table 3 did not show any statistical significant differences among the industry type for both proactive customer orientation ($F=1.243$, $p>0.05$) and responsive customer orientation ($F=1.790$, $p>0.05$). This result is consistent with the study performed by Lew and Sinkovics (2013), which also showed the insignificant effect of industry type on the business capabilities.

Table 4 shows that business units which are less than 10 years old were found to have the highest mean for both proactive customer orientation ($M=5.40$) and responsive customer orientation ($M=5.29$). As the age of the business unit progresses, the mean decreases for both orientations. The businesses aged between 11 to 20 years old have a mean of 5.27 for both proactive and responsive customer orientation. The business age group with the lowest mean are those above 20 years. Nonetheless, the ANOVA results show that there were no statistical significant differences in business unit age on the level of proactive customer orientation ($F=2.491$, $p>0.05$) and responsive customer orientation ($F=1.497$, $p>0.05$). This result is inconsistent with the study performed by Ismail et al., (2009). On the other hand, there were also studies which showed the statistical insignificance of business age with customer orientation (Ong et al., 2015). These results of these studies are similar to the results of this research.

<table>
<thead>
<tr>
<th>Industry Type</th>
<th>Proactive Customer Orientation</th>
<th>Responsive Customer Orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>F-Ratio</td>
<td>P</td>
</tr>
<tr>
<td>Telecommunication</td>
<td>5.27</td>
<td>1.243</td>
</tr>
<tr>
<td>Information Technology</td>
<td>5.21</td>
<td>5.19</td>
</tr>
<tr>
<td>Advertising, PR &amp; Other Marketing Communication Services</td>
<td>5.37</td>
<td>5.24</td>
</tr>
<tr>
<td>Media &amp; Entertainment</td>
<td>5.32</td>
<td>5.33</td>
</tr>
</tbody>
</table>
Table 4. ANOVA analysis for Proactive and Responsive Customer Orientation according to Business Unit Age

<table>
<thead>
<tr>
<th>Business Unit Age</th>
<th>Proactive Customer Orientation</th>
<th></th>
<th></th>
<th>Responsive Customer Orientation</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>F-Ratio</td>
<td>P</td>
<td>Mean</td>
<td>F-Ratio</td>
<td>P</td>
</tr>
<tr>
<td>Less than 10 years</td>
<td>5.40</td>
<td>2.491</td>
<td>0.084</td>
<td>5.29</td>
<td>1.497</td>
<td>0.225</td>
</tr>
<tr>
<td>11 to 20 years</td>
<td>5.27</td>
<td></td>
<td></td>
<td>5.27</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21+ years</td>
<td>5.23</td>
<td></td>
<td></td>
<td>5.15</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The ANOVA analysis was also performed to assess the impact of a number of employees on proactive and responsive customer orientation. The results as presented in Table 5 show a statistically significant difference for the number of employees in proactive customer orientation (F=4.889, p<0.05). The results of post-hoc comparison using the Tukey HSD test as displayed in Table 6, indicate that proactive customer orientation mean score for business units with less than 5 employees (M=5.45, SD=0.75) were significantly higher than those with 5 to 29 employees (M=5.24, SD=0.69). The business units with less than 5 employees were also significantly higher than those business units with 30 to 75 employees (M=5.10, SD=0.75).

Table 5. ANOVA analysis for Proactive and Responsive Customer Orientation according to Number of Employees

<table>
<thead>
<tr>
<th>No. of Employees</th>
<th>Proactive Customer Orientation</th>
<th></th>
<th></th>
<th>Responsive Customer Orientation</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>F-Ratio</td>
<td>P</td>
<td>Mean</td>
<td>F-Ratio</td>
<td>P</td>
</tr>
<tr>
<td>Less than 5 employees</td>
<td>5.45</td>
<td>4.889</td>
<td>0.002</td>
<td>5.33</td>
<td>2.765</td>
<td>0.041</td>
</tr>
<tr>
<td>5 to 29 employees</td>
<td>5.24</td>
<td></td>
<td></td>
<td>5.18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30 to 75 employees</td>
<td>5.10</td>
<td></td>
<td></td>
<td>5.13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>More than 75 employees</td>
<td>5.30</td>
<td></td>
<td></td>
<td>5.40</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The ANOVA results also indicate a statistically significant difference for the number of employees on responsive customer orientation (F=2.765, p<0.05). The responsive customer orientation mean score for business units with more than 75 employees were the highest with M=5.40, SD=0.80. This is followed by business units with less than 5 employees (M=5.33, SD=0.77), those with 5 to 29 employees (M=5.18, SD=0.67), and lastly those with 30 to 75 employees (M=5.13, SD=0.65). As presented in Table 6, the post-hoc comparison using the Tukey HSD test did not statistically differ in the pairwise comparison between these groups. Although not common, this situation occurred because the statistical calculations for ANOVA and Tukey HSD are different.

The findings of this study are consistent with Becherer, Halstead, & Haynes (2001), Lähdevuori (2014), which found that the number of employees has an impact on customer orientation. Overall, the number of employees in a business unit has an impact on their level of proactive and responsive customer orientation. Business units with fewer than 5 employees are more proactive customer oriented compared to those with 5 to 75 employees.
Table 6. Post-hoc comparison using Tukey HSD analysis for “Number of Employees” groups

<table>
<thead>
<tr>
<th>Variable and Comparison Group</th>
<th>Proactive Customer Orientation</th>
<th>Post-hoc P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proactive Customer Orientation:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 5 employees</td>
<td>5 to 29 employees</td>
<td>0.020*</td>
</tr>
<tr>
<td></td>
<td>30 to 75 employees</td>
<td>0.002*</td>
</tr>
<tr>
<td></td>
<td>More than 75 employees</td>
<td>0.588</td>
</tr>
<tr>
<td>5 to 29 employees</td>
<td>Less than 5 employees</td>
<td>0.020*</td>
</tr>
<tr>
<td></td>
<td>30 to 75 employees</td>
<td>0.480</td>
</tr>
<tr>
<td></td>
<td>More than 75 employees</td>
<td>0.964</td>
</tr>
<tr>
<td>30 to 75 employees</td>
<td>Less than 5 employees</td>
<td>0.002*</td>
</tr>
<tr>
<td></td>
<td>5 to 29 employees</td>
<td>0.480</td>
</tr>
<tr>
<td></td>
<td>More than 75 employees</td>
<td>0.493</td>
</tr>
<tr>
<td>More than 75 employees</td>
<td>Less than 5 employees</td>
<td>0.588</td>
</tr>
<tr>
<td></td>
<td>5 to 29 employees</td>
<td>0.964</td>
</tr>
<tr>
<td></td>
<td>30 to 75 employees</td>
<td>0.493</td>
</tr>
<tr>
<td><strong>Responsive Customer Orientation:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 5 employees</td>
<td>5 to 29 employees</td>
<td>0.153</td>
</tr>
<tr>
<td></td>
<td>30 to 75 employees</td>
<td>0.175</td>
</tr>
<tr>
<td></td>
<td>More than 75 employees</td>
<td>0.953</td>
</tr>
<tr>
<td>5 to 29 employees</td>
<td>Less than 5 employees</td>
<td>0.153</td>
</tr>
<tr>
<td></td>
<td>30 to 75 employees</td>
<td>0.953</td>
</tr>
<tr>
<td></td>
<td>More than 75 employees</td>
<td>0.261</td>
</tr>
<tr>
<td>30 to 75 employees</td>
<td>Less than 5 employees</td>
<td>0.175</td>
</tr>
<tr>
<td></td>
<td>5 to 29 employees</td>
<td>0.953</td>
</tr>
<tr>
<td></td>
<td>More than 75 employees</td>
<td>0.207</td>
</tr>
<tr>
<td>More than 75 employees</td>
<td>Less than 5 employees</td>
<td>0.953</td>
</tr>
<tr>
<td></td>
<td>5 to 29 employees</td>
<td>0.261</td>
</tr>
<tr>
<td></td>
<td>30 to 75 employees</td>
<td>0.207</td>
</tr>
</tbody>
</table>

Table 7. ANOVA analysis for Proactive and Responsive Customer Orientation according to the Business Units’ Annual Sales Turnover

<table>
<thead>
<tr>
<th>Annual Sales Turnover</th>
<th>Proactive Customer Orientation</th>
<th>Responsive Customer Orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>F-Ratio</td>
</tr>
<tr>
<td>Less than RM 300,000</td>
<td>5.29</td>
<td>3.292</td>
</tr>
<tr>
<td>RM 300,000 – RM 3 Million</td>
<td>5.40</td>
<td></td>
</tr>
<tr>
<td>RM 3 Million – RM 20 Million</td>
<td>5.31</td>
<td>5.22</td>
</tr>
<tr>
<td>More than RM 20 Million</td>
<td>5.13</td>
<td></td>
</tr>
</tbody>
</table>
Table 7 shows the results of the ANOVA analysis performed to test the impact of different annual sales turnover on proactive and responsive customer orientation. The impact of the different sales turnover on responsive customer orientation was not statistically significant (F=0.718, p>0.05). Nonetheless, the impact on proactive customer orientation was statistically significant (F=3.292, p<0.05). Post-hoc comparison using the Tukey HSD test indicates that proactive customer orientation mean score for business units with annual sales turnover of RM 300,000 to RM 3 million (M=5.40, SD=0.69) was higher than those business units with annual sales turnover of more than RM 20 million (M=5.13, SD=0.76). The post-hoc comparison results are presented in Table 8. The findings of this study are consistent with Becherer et al., (2001) and Lähdevuori (2014), which found that annual sales turnover have an impact on customer orientation.

Table 8. Post-hoc comparison using Tukey HSD analysis for “Business Units’ Annual Sales Turnover” groups

<table>
<thead>
<tr>
<th>Variable and Comparison Group</th>
<th>Post-hoc P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proactive Customer Orientation:</td>
<td></td>
</tr>
<tr>
<td>Less than RM 300,000</td>
<td>RM 300,000 – RM 3 Million</td>
</tr>
<tr>
<td></td>
<td>RM 3 Million – RM 20 Million</td>
</tr>
<tr>
<td></td>
<td>More than RM 20 Million</td>
</tr>
<tr>
<td>RM 300,000 – RM 3 Million</td>
<td>Less than RM 300,000</td>
</tr>
<tr>
<td></td>
<td>RM 3 Million – RM 20 Million</td>
</tr>
<tr>
<td></td>
<td>More than RM 20 Million</td>
</tr>
<tr>
<td>RM 3 Million – RM 20 Million</td>
<td>Less than RM 300,000</td>
</tr>
<tr>
<td></td>
<td>RM 300,000 – RM 3 Million</td>
</tr>
<tr>
<td></td>
<td>More than RM 20 Million</td>
</tr>
<tr>
<td>More than RM 20 Million</td>
<td>Less than RM 300,000</td>
</tr>
<tr>
<td></td>
<td>RM 300,000 – RM 3 Million</td>
</tr>
<tr>
<td></td>
<td>RM 3 Million – RM 20 Million</td>
</tr>
</tbody>
</table>

From the four ANOVA analysis above, the results found no significant effects on the impact of proactive and responsive customer orientation with industry type and business unit age. There were also no significant detected for the impact of responsive customer orientation on business unit size according to the annual sales turnover. The results’ non-significant effect for most of the results in this study indicates that the business units place great importance in practising customer orientations regardless of their external and internal factors.

The insignificant effect of industry type on the business units’ capabilities is consistent with the study performed by Lew and Sinkovics (2013). According to the authors, this result implies the importance of possessing these capabilities irrespective of the industry type. Moreover, the statically insignificant results could also be attributed to the fact that all the investigated business units in this research belong to the service sector. The customer contact is often greater in a service environment as opposed to manufacturing or trading (Ong et al., 2015).

This study also revealed the statistical insignificance of business age with customer orientation, and this result is consistent with the studies conducted by Ong et al., 2015, Becherer et al, 2001, and Weerakoon, 2013. The insignificant impact of business unit age and customer orientation indicate that business units unsuccessfully capitalised on their experience to have a more customer oriented culture (Ong et al.,
This is because older business units should theoretically be more experienced and have a greater practice of customer orientation (Ibid).

The impact of responsive customer orientation and business unit size according to the annual sales turnover was also found to be not significant. Nonetheless, the results suggested a pattern that business units with higher annual sales turnover tend to have lower means for responsive and proactive customer orientations, with proactive customer orientation being significant in the ANOVA analysis. As mentioned previously, annual sales turnover is a proxy for the size of the studied business units. While larger business units are often associated with more resources for developing strategies, it is also found that the larger size also comes with a cost of being rigid with internal bureaucracy (Leal-Rodríguez et al., 2015). A closer inspection of the specific questionnaire items which were significant were those that dealt with speed, versatility and relational. Empirical evidence has shown that smaller business fared better than larger business in these areas (Coviello, Brodie, & Munro, 2000; Leal-Rodríguez et al., 2015; Mason, 2010).

5. Conclusions

The importance of satisfying the expressed and unexpressed needs via proactive and responsive customer orientation is revealed to be a crucial business strategy. This study found that the impact of proactive and responsive customer orientation for business units operating in the TICE industry differ according to the business units’ size based on the different number of employees and amount of annual sales turnover. The different number of full-time employees in a business unit has a significant influence on both the proactive and responsive constructs, while the different amount of annual sales turnover in a business unit had a significant influence the proactive constructs. There was no effect was found for specific industry type and business unit age. This study via its findings provides fundamental information to the business unit characteristics that support the greater implementation of proactive customer orientation and responsive customer orientation in the business.

Large and small business sizes both have their advantages and disadvantages. Nonetheless, the effect of business unit size on customer orientation revealed that micro-sized business is not at a disadvantage when it comes to practice this construct as a strategy. A key finding in this study is the clear pattern of larger business units with lower means for responsive and proactive customer orientations, and smaller business units with higher means for responsive and proactive customer orientation. This is because the simpler structure of smaller business provides an advantage over larger businesses for greater flexibility and nimbleness (Coviello et al, 2000; Leal-Rodríguez et al., 2015; Mason, 2010). These advantages facilitate better implementation of responsive and proactive customer orientation.

The results also reveal that the industry type and the age of the business unit are not a barrier to possessing proactive and responsive customer orientations. The importance of practising responsive and proactive customer orientation regardless of the subindustry of TICE is indicated in this study. This is because these service environment demand for a high level of customer contact (Ong et al., 2015), and customer orientation will assist businesses to understand these served and unserved customers. The insignificant impact of business unit age and customer orientation suggested that the studied business units need to learn to capitalise on their experience to have a more customer oriented culture.

The findings of this study are interpreted with several limitations. The study was performed using ANOVA and Tukey HSD to identify the relationship between the variables. Future research could look into other statistical analysis to identify the relationship between these variables.

The generalisation of this study’s findings is limited to the telecommunication, information, communication and entertainment industry. Hence, future research could include other industries in the
service sector in view of the valuable role of proactive and responsive customer orientation in this sector.

This study is also limited to only the chosen variables. The relationship of proactive customer orientation and responsive customer orientation with another variable is not studied here. Future research could include antecedents such as organisational factors that influence the practice of proactive customer orientation. The possible factor could be versatility and nimbleness.

Future studies could also consider dependent variables of proactive and responsive customer orientation, such as indicators of performance outcomes. With a performance outcome, the optimal level of proactive and responsive customer orientation could also be examined.

References


Translating Practice Theory into Consumer Research with Coherent Research Strategies

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Abstract: This article contributes to the underexplored methodological issues of translating practice theory into empirical consumer research. Practice theory conceptualises consumption as meaningful outcomes of social accomplishments which decentres the traditional influential roles of consumer emphasizes the performative dimension of the doings, saying, and material objects. Because consumers involved with practices are treated merely as „carriers”, the analysis focus is shifted from consumer to consumption practice. However, practices are difficult to access, observe, measure or represent because practices are hidden, tacit, and often difficult to articulate. These challenges and specifically methodological issues of social practice theory are seldom acknowledged and addressed. This paper reviews and discusses applications and challenges of deploying practice-based theory to consumer research. Finally, the article concludes with some considerations on how the methodological approaches can assist in advancing the field of consumer consumption research in general, and the bottom of the pyramid (BOP) proposition in particular.

Keywords: Practice theory, performative, qualitative research methodology

1. Introduction

Practice theory (Reckwitz, 2002; Schatzki, 1996; 2001; Warde, 2005; 2014) is not a new and unified theory, but it represents a new perspective in consumer consumption research. Focusing on the micro-social processes of consumption, practice theory offers an alternative analytical framework from the dominant behavioural decision theory (BDT) and econometric modelling approaches in consumer research which tend to view consumers as highly rationale and skilful in cognitive information processing (Arnould and Thompson, 2007). However, this approach has been criticised as portraying people as information processing computers whose are motivated for utility maximization (Hirschman, 1993). In addition, such conceptual framework which assumed consumers and their desires are inherent and original, and exist largely outside the culture and social structure is also be criticized (Maclaran, 2009), especially under the influence of post-structuralism (cf Holt, 1997) and post modern perspective (cf MacInnis, 2010) on consumer research. Within the interpretive consumer research, especially the consumer culture theory (CCT) tradition (Thompson and Arnould, 2005), practice theory challenges the dominant individualistic approaches characterized by phenomenological (Thompson et al., 1989) and experiential (Holbrook and Hirschman, 1982) approach which tend to focus on symbolic and communicative parts of consumption (Askegaard and Linnet, 2011).

A practice refers to “saying” and “doing” that is contextually situated and is “carry out” and “carry through” continuously by individuals in their daily lives (Reckwitz, 2002). Under practice theory, consumption is conceptualised as “moment in almost any practice” (Warde 2005:137) where consumers are “downgraded” as “carriers” of various activities and tasks that the practice requires (ibid). It is through these engagements with the practices that individual or consumer comes to understand the world around them and the meanings of life. Practice theory is thus a move away from the mental cognitions happening in the „mind”, commonly labelled as perceived value, attitudes, needs, wants, quality etc. (Arnould and Thompson, 2015; Warde, 2005). A move away from cognitive process does not imply that cognitive process is absent from the consumption moment, but instead, under the tenen
of practice theory, the traditionally dominance role of cognitive is downgraded and comes after the practice (Warde, 2005).

Treated as carriers of practice, practice theory does not treat consumers as passive individuals, but rather conceived as skilled agents who actively negotiate and perform a wide range of practices in their everyday lives (Warde, 2005). Thus, practice theory deemphasizes moments of individual decision making and focuses on the „doing” and „saying” of various social practices. In particular, practice theory advances a perspective that social life or in consumer research context, consumer behaviour is best understood through an analysis of on-going engagement with bodily and mental processes concerning material things as well as immaterial processes embedded and embodied in a complex socio-material configuration of “practices” (Halkier and Jensen, 2011; Magaudda, 2011; Reckwitz, 2002; Watson and Shove, 2008; Warde, 2005).

This distributed view of agency between humans and non-humans (materials) and the dialectical relationship of materiality is the focus of practice theory (Gherardi, 2009). Under practice theory, consumption is thus understood as social life constituted by on-going routines, engagements and performance, and is preceded by individual”s wants, desires or moments of choice (Warde, 2005).

This paper discusses the underexplored and underexploited methodology used in practice theories in consumer research (Askegaard and Linnet, 2011; Halkier and Jensen, 2011). The goal of this paper is to contribute to the discussion of methodology in carrying out a practice-based study of consumption research in the consumer research field. The methodological issues of practice theory discussed is relevant to the on-going debate on marketing to the consumers of the bottom of the pyramid (BOP) and the promise of BOP in poverty alleviation (Chikweche et al., 2012; Jaiswal, 2007; Karmani, 2006).

This paper focuses on the interview and participation observation methods, two most widely used data collection methods approaches in practice-based consumption research. By doing so, this paper seeks to contribute to the pursuit of a coherent methodology with the practice theory framework in consumption studies. The paper begins with a brief introduction of practice theories, the fundamental concepts, and the challenges in translating these abstract elements into research methods that will be coherent with the theoretical framework. Second, a summary of the data collection methods used in consumer consumption research are provided, this is followed by a discussion on the interview and participation observation methods which are commonly used in practice-based studies. Finally, a conclusion on how these approaches can assist in advancing the field of consumer consumption research as well as consumer research at the bottom of the pyramid (BOP) is provided.

2. Practice Theory: The Fundamental Concepts and Methodological Challenges

This paper discusses the methodological strategies of using practice theory in consumer consumption research. Often practice theory is associated with the notion of “routine” and “habit”. This is a rudimentary interpretation but does have an unfortunate effect of undermining its analytical power and methodological challenges. Therefore, when deploying practice theory in consumer studies, a few key fundamental issues warrant further explanation.

First, practice theory is not a unified theory, it has been used in diverse disciplines from philosophy, cultural theory, and history to sociology, anthropology, and science and technology studies (Schatzki, 2001). In consumer studies, researchers use practice theory to argue that consumption could be best understood as social practice (Arsel and Bean, 2013) in which „practice” is conceived as organized and coordinated set of doings and sayings that are held together by various elements and are collectively shared across time and space (Gram-Hanssen, 2011). These elements include body, mind, things, knowledge, discourse, structure/process and the agents (ibid). This article adopts the synthesized theoretical framework by Reckwitz (2002). In his framework, Reckwitz (2002) focuses on core socio-
theoretical elements and conceptualised practice theory in a broader cultural theory context. According to Reckwitz (2002), practice is “a routinized way in which bodies are moved, objects are handled, subjects are treated, things are described, and the world is understood” that involves “bodily activities, forms of mental activities, ‚things‘ and their use, a background knowledge in the form of understanding, know-how, states of emotion and motivational knowledge” (p.202). Essentially, Reckwitz’s framework emphasizes the tacit and discursive processes covering both bodily and mental processes, involving material things and immaterial processes (Warde, 2005). Under the theoretical lens of practice, consumption is thus approached as an interconnectedness of physical body routine behaviour, and mental routines involving understanding and competency in using things and artefacts.

Second, practice theory focuses on the performative aspect of carrying out practices. Acts of carrying out practices, i.e., the performing/engagement of practices is viewed as skilful accomplishment and it is through the performing of practices that understanding, knowing how and desiring are produced (Reckwitz, 2002). Consumption is viewed, therefore as not generated by the individual’s mental motives and moment of choices, and is neither depends on cultural structure such as individual’s lifestyle (Halkier and Jensen, 2011; Warde, 2005), but as „moment in almost any practice” (Warde 2005:137). Performance or engagement of practices thus forms the unit analysis of practice theory.

In summary, practice theory in consumer research conceives consumption as an interconnectedness of physical body routine behaviour, and mental routines involving understanding and competency in using things. This approach implies a major departure from conventional approach in consumer research which prioritized and privileged consumers as rational and purposeful (homo economicus), or as unconsciously shaped by social structure (homo sociologicus) (Arsel and Bean, 2013; Reckwitz, 2002; Warde, 2005). Reckwitz’s framework (2002) has been adopted by researchers in the consumption research (Arsel and Bean, 2013; Campbell, 2005; Denegri-Knott and Molesworth, 2010; Magaudda, 2011; Truninger, 2011).

After establishing the fundamentals of practice theory, attention now turns to translating these performative, embodied “doings” and “sayings” abstract elements into research methodology coherent with the performative theoretical framework. Practices are difficult to access, observe, measure or represent because practices are hidden, tacit, and often „logistically inexpressible in propositional terms” (Gherardi, 2009:116), therefore, applying practice theory to the study of consumption requires adopting an appropriate epistemological stance. Halkier and Jensen (2011) and Gherardi (2009) argue that the analytical power of practice theory is most evident when it makes and connects implicitly to the social constructionist epistemology. Social constructionist epistemology held that meaning or knowledge is not to be found or discovered but is rather actively constructed by individuals against a backdrop shared understandings, practices and languages (Schwandt, 2000). Halkier and Jensen (2011) contend that social constructionist approach gives the researcher the opportunity to analyse activities of consuming as an act of continuous dynamic, relational accomplishments intersect with other multiple practices in everyday life. The analytical power of “what” and “how” of social constructionist aligns nicely with the “sayings” and “doing” of practice theory. Therefore, following Halkier and Jensen (2011), this paper adopts a moderate social constructionist perspective of practice theory. This social constructionist interpretation of practice theory will serve as a starting point for discussing methodology strategies for practice-based consumption research.

3. Practice-Based Consumption Research

The application of practice theory in marketing and consumer studies is relatively new but has made a few inroads (Araujo, Kjellberg, and Spencer, 2008; Arnould, Hartmann, and Wiertz, 2011; Hartmann, Wiertz, and Arnould, 2015). Holt’s (1995) study on baseball and typology of consumption practice is arguably the pioneering study which adopts the practice-based perspective. However, it was not until the early 2000s that the emergence of interest in engaging in practice theory was witnessed in marketing and consumer research. These include Korkman’s (2006) study on customer value formation in services
marketing, Schau and Munir (2009) on brand communities and value creation, Hartmann (2015) on value creation, Araujo et al. (2008) on exchange concept in marketing, and specifically in consumption studies, Allen (2002) on postsecondary education choice, and Arsel and Bean (2013) on taste consumption. It should be mentioned that works from science and technology studies (STS) researchers such as Shove and Pantzar (2005) and Maguadda (2011) have had a considerable influence on consumer researchers. For example, Arsel and Bean (2013) adopt Maguadda’s (2011) operational interpretation of practice theory which links objects, doings, and meanings in a triad relationship called “circuit of practice”.

A typical practice theory-based research in marketing and consumer behaviour frequently utilizes multi-method research approach. Arsel and Bean (2013) use a combination of netnography, participation observation and interview in their investigation of aesthetic consumption practice; Hargreaves (2011) uses participation observation and interview method in sustainable consumption; and Truninger (2011) utilises participation observation and interview in cooking practices. Similarly, Maguadda (2011) uses interview and narrative method in digital music consumption. Clearly, interview and participation observation are the two most commonly used methods in practice-based research. However, beyond the mere mention of the methods used, there is surprisingly very little detail about how they reflect and are coherent with the performative practice theory framework. The obvious question is—is interview method appropriate for the investigation of performative oriented practice theory? Further add to this ambiguity is, frequently, interview used in the study is merely described as “in-depth” interview. This raises another question; what exactly an in-depth interview is as compared with other qualitative interview techniques (e.g., biographical, collaborative, life-history, conversational, etc.). Following Halkier and Jensen’s (2011) lead, this paper seeks to review and suggest coherent methodological strategies for practice theory in consumption research.

The next section reviews and discusses both the interview and participation observation methods in practice theory in consumption research. It should be pointed out that due to its multifaceted, complex, and fragmented nature, practice can never be captured by a single method or reproduced (Nicolini, 2009).

3.1. Interview and Participation Observation

Because of its multifaceted, complexity, and tendency of being “taken for granted”, practice remains invisible and hidden most of the time (Nicolini, 2009). Practice, therefore always needs to be brought to the fore, and made visible in order to realize its analytical power (Halkier and Jensen, 2011; Nicolini, 2009). In view of this, ethnography is the obvious choice as it can provide rich and thick descriptions of the practice. Ethnography is however, time-consuming and also due to difficulties recruiting informants and budgetary constraints, a relatively short period of observation is deemed more practical (Penaloza, 1994). Subsequently, interview and participation observation methods have thus become more practical despite the obvious benefits of ethnography in practice-based study of consumption.

Interview and participation observation are two closely linked methods. Historically, participation observation is preferred over interview based on the assumption that participation observation provides direct access to an action, whereas interview only infers about an action based on the researcher’s subjective interpretation (Atkinson and Coffey, 2002). However, Atkinson and Coffey (2002) argue that observational data is just as problematic to use as it is also subject to social interpretation just like interview data. To Atkinson and Coffey (2002), observation and interview methods are not simply collecting information about non-observable or unobserved actions, or past events, or private experiences, but both are able to generate accounts and narratives that are forms of social action in their own right. Advancing this argument further with the social constructionist perspective, Atkinson and Coffey (2002) contend that all events, accounts, and experiences under observation and interview can be treated as enactments (social acting), and thus release the burden of reconciliation between “what people actually do” and “what people say”. They conclude that both participation observation data and
individual interview data can be treated as social practitioners’ performances in different contexts, and that such data are products of “participants” social performing with others or in relation to others.

In the following paragraphs, three interview methods form different disciplinary areas are discussed. They are active interviewing (Gubrium and Holstein, 2004) from social science; ethnographic interview (Spradley, 1979) from cultural and anthropology studies; and interview to the double (ITTD) (Nicolini, 2009) from management and organization studies.

3.2. Active Interview

Interviewing is probably the most widely used technique for systematic social inquiry (Gubrium and Holstein, 2004) and has become an integrated part of contemporary social life (Silverman, 2011). The standard qualitative interview method treats individuals as passive vessels of answers, and as repositories of facts ready for extraction (Gubrium and Holstein, 2004). The key challenge thus is to skilfully formulate questions and to create a conducive atmosphere to gain unadulterated facts and details as a representation of the reality (Rapley, 2004). This individualist approach is however, not well suited for practice theory primarily for two good reasons. First, practice theory theorizes individuals as agents bounded by socio-culturally constituted nexus (saying, doing and understanding), and not purely structure-dependent and rational (Reckwitz, 2002). Second, conventional treatment of interview as a passive vessel fails to recognize the performative part of interview, in which interview is viewed inherently interactional, locally situated (in situ) and collaboratively co-created (Gubrium and Holstein, 2004).

In many ways, Gubrium and Holstein’s (2004) active interviewing which conceives interview as an ongoing co-creation, interpretive, and performative is consistent with practice theory. Active interviewing (Gubrium and Holstein, 2004) is an interpretive practice involving both the interviewer and the informant in the co-construction of meanings in all phases of the interview process. Borrowing from the 1957 writing of Ithiel de Sola Pool, Gubrium and Holstein (2002) reiterate that every interview is an interpersonal drama with a developing plot. Conceiving interview as an interpretive practice thus casts participants as virtual practitioners of everyday life (Gubrium and Holstein, 2002) and assumes a social constructivist position. For example, a female interview respondent uses the statement “speaking as a woman” when she wants a female voice to be heard, and uses “If I were a man” when she wants to express a viewpoint of a man as spoken by female (Gubrium and Holstein, 2002:16). This simple example demonstrates that the interview talk is a fluid, dynamic process in which the respondent’s subjectivity and related experience are continually being assembled and modified. The analytic value of active interview thus lies both in their meanings construction (what was said) and how meanings are constructed (how it was said), and the ways the “what” and “how” are interrelated, in relation to ongoing interview interactions (Gubrium and Holstein, 2002). Data generated by active interviewing is thus treated as an expression of action, a performance, and an “enactment” (Halkier and Jensen, 2011).

The key to successful active interviewing is that the respondent’s interpretive or narrative capabilities must be activated, encouraged and stimulated, including intentionally suggesting of narrative positions, resources, orientations, and precedents throughout the interviewing process (Gubrium and Holstein, 2004). Hence, active interviewing is in sharp contrast with the standardized interview which concerns itself with the neutral, naturalistic, value free approach, as found in many qualitative text books.

Following Atkinson and Coffey (2002), Gubrium and Holstein (2004), and Halkier and Jensen (2011), this paper concludes that active interviewing underpinned by social constructionist is methodologically coherent with the performative oriented practice theoretical framework. Data generated by active interview is equivalent to an action, a performance, and an “enactment” consumption. The paper further argues that interview method used as analytical tool in any practice-based consumption research must be made explicit its theoretical foundations, and not just merely describing interview method as “in-depth”.

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3.3. Ethnographic Interview
Ethnographic interview (Spradley, 1979) is not an ethnography study which calls for search of thick description and deep immersion in the field, but does share some similarities with ethnography. Spradley’s (1979) ethnographic interview is a qualitative interview in which a researcher establishes an on-going relationship with the informant through repeated contacts and engages with multiple interviews over time. In the process, a genuine exchange of views and openness is developed which allows the informant to explore in a meaningful way with the researcher the meanings of actions and events they held in their worlds (Heyl, 2001). Translating this to the theoretical concepts of practice theory, ethnographic interview produces narratives about socially embedded experiences, descriptions and enactments of social performance. Specifically, ethnographic interview goes beyond the interest of the co-construction and reconstruction of meanings as emphasized by the active interviewing. Instead, it includes elements of cultural meanings, mutual respect, empowerment and reflexivity in interviewing. While cultural description is at the heart of the ethnographic interview, however, elements of mutual respect, empowerment and reflexivity formed the critical part of a successful ethnographic interview. Mutual respect and empowerment is about the researcher adopting a position of “student” by asking “I want to know what you know in the way you know it....Will you become my teacher and help me understand?” (Spradley, 1979:34). Data or narratives generated subsequently are analyzed reflexively, in the social-material context of the informant and the researcher. Such reflexivity is a critical aspect to understand and allows the interactional and mutual influence between the researcher and the informant.

Ethnographic interview and active interviewing essentially shares a similar social constructivist philosophy stance but instead of one-off contact, ethnographic interview seeks repeated interactions with the informant to learn the life world of the informants. Interview data generated are treated as enactment or performance. For example, focusing on what it means by „doing healthy food”, Halkier and Jensen (2011) use ethnographic interview in their practice-based study of healthy food eating among Pakistani Danes to reveal consumption as processes of practical and social accomplishments.

Ethnographic interview is a useful interpretive and reflexive tool for practice-based study on consumption as it helps reveal the informant’s life world. Its usefulness lies in its ability to uncover both the discursive and practical knowledge in which the informants tend to take them for granted, and remain opaque to the researcher. Discursive knowledge refers to the understandings and knowledge that have been embodied which are acting out intuitively without efforts of the will or consciousness. Practical knowledge, on the other hand, are actions based on reflection and reasoning that were learned. To carry out an ethnographic interview, first, the researcher needs to learn to listen well and cultivate mutual respect with the informant at all stages of the research. Second, the researcher needs to be aware of his/her role in the co-construction of meaning. Third, the researcher needs to be sensitive on how the broader social context can affect the informant, the interview processes, and the research outcomes. Lastly, the researcher needs to recognize that the interview is a discovery process and thus only capable of providing partial knowledge that will ever be attained (Heyl, 2001). Spradley’s “The Ethnographic Interview” (1979) provides an extremely useful reference in conducting ethnographic interview.

3.4. Interview-to-the Double (ITTD)
Interview-to-the-double (ITTD) is relatively unknown outside the field of management and organizational studies. It was originally developed in work place related research. ITTD is an interview technique that requires informant to imagine he/she has a double/twin who will replace him/her and do his/her work the next day. The informant is then asked to provide the necessary detailed instructions to ensure the double is not unmasked (Nicolini, 2009). Essentially a type of projective technique, the evaluative nature of ITTD tends to produce long monologue accounts filled with strong normative and moral stands, description that is publicly acceptable and socially sanctioned, and has the tendency to emphasize the accountability of their conducts (Nicolini, 2009). At this stage, the data produced do not represent the result as these verbal representations from the informant are not necessarily true reflection of the ground (Nicolini, 2009). Nicolini (2009), however, sees such idealized narratives generated by ITTD provide analytical window to the normative and moral make-ups (texture) of a local practice. In
particular, Nicolini (2009) notes that first, the monologue account articulates and documents the conventional moral ideas of what is good, what is right, what to expect and what is to be expected in the local practicing field. The data becomes especially useful when interpreted against a broader data set. Second, the narratives with rich instructions and task elements reveal some of the main practical concerns in carrying out a task and achieving its goals. Third, the use of local lexicons reflects the local version of reality and how they are used in the broader social context to reproduce the practice.

ITTD is not a standalone method and is best to combine with other investigative methods. This paper contends that although ITTD was used by management and organization researchers in the context of work place (Nicolini, 2009), it can be extended to the study of practice-based consumer research in consumption as it is useful in providing a multifaceted representation and reflexivity of practice. Take the example of doing healthy eating earlier by Halkier and Jensen (2011), ITTD can be used to extract the „right” way, the „morally correct” way, and the practical concerns of „doing” of healthy food eating in a community that practices high fat diet.

This paper has so far discussed three different methods of interviewing—active interviewing, ethnographic interview, and interview-to-the-double (ITTD). These interview methods should not be defined and used as field work technique or methodological strategies, but should be best approached by their appropriateness and coherent with fundamentals of practice theory. In the following section, two observation techniques will be introduced and discussed.

3.5. Shadowing

Shadowing participation has its origin in management and organization studies as a fieldwork technique to study the ways of work and life of mobile people (Czarniawska-Joerges, 2007). Essentially, shadowing is about tagging informant along as he/she goes about doing his/her things or routines. By „shadowing” the informant, it helps in answering the question: „what people actually do?” Miller (2013) in his study of theory of shopping uses shadowing technique where he accompanies householders during their shopping to understand “the nature of shopping” (Czarniawska-Joerges, 2007). Shadowing and tagging of the informants may cause potential psychological discomfort, therefore, researcher has to continuously renegotiate access with them in order to resolve any issues that may arise. Reflexivity during the fieldwork period is required as the data generated is prone to the impression management issues, similar with interview-to-the-double.

This paper contends shadowing informant can be a useful tool for practice-based study on consumption, its power lies in the opportunity of observing how „practices” of the informants unfold and configured in multiple social and spatial contexts.

3.6 Commented Observation

Commented observation seeks to combine interview and observation technique in which the informant is encouraged to interpret his/her consumption environment and materiality (Emontspool, 2011). Emontspool (2011) uses commented observation in her study of ethnic consumption behaviour and finds rich data emerged when the informants were asked to compile an inventory list of items/artefacts. Informants were then encouraged to detail the circumstances in which a particular product/item is used, followed by reflections on the informant”s consumption behaviour, including narratives and life stories. This produces not only rich description, but also reveals various complex and interrelated material relationship, thus yielding a more complete consumption picture for analysis. Arsel and Bean (2011) use commented observation as part of the multi-method approach in their investigation of taste consumption.

Commented observation method works in three sequence of phases (Emontspool, 2011). First is the exploratory interview of the informant. Second, the informant proceeds with establishing an inventory of the materials/things/artefacts related to the research. Lastly, discussion of the
materials/things/artefacts contain in the inventory list. The first and the last steps provide the necessary contextual structure of the consumption behaviour, but the second phase is the most crucial as it focuses on the sense making of the informant, how informant interprets his/her behaviour, and not what he/she actually does. In many ways, commented observation falls into the familiar theme of the social constructionist philosophy. Accordingly, good narrative skill and activation of reflexivity of the informant are keys.

While shadowing technique is to learn about the informant’s routines, performances and engagement (i.e., practice) in different and multiple social locations and spatial contexts, commented observation complements the construction of informant practices by emphasizing on the “thing/item” or artefacts that are crucial part of social practices, in which practice is theorized as an interaction between sayings/ideas, ways of doing, and the materials (Arsel and Bean, 2013; Shove and Pantzar, 2005).

4. Implications for Consumer Research at the Bottom of the Pyramid (BOP)

BOP which argues that selling to the poor can be a profitable undertaking for marketers and help eradicate poverty represents a very attractive proposition, but also a controversial one (Chikweche et al., 2012; Jaiswal, 2007; Karmani 2006). In fact, BOP proposition was criticized as much of a hyperbole with very weak research methodology (Karmani, 2007). One of the main debates on consumer of BOP is centered on their consumption practice. Proponents of BOP such as Parahalad (2002; 2009) has argued strongly that poor people do desire and buy quality products, and are aspired to fully participate in the consumer market. On the other hand, sceptics such as Karmani (2007) contends that poor people do desire quality products, however they simply cannot afford them. Citing example of branded salt fortified with iodine marketed for iodine deficiency, a common problem of developing countries especially among the poor population, Karmani (2007) doubts that BOP segment would be willing, let alone afford to pay the price premium of 250% of such „quality product”. Besides the iodized salt which is health related, Karmani (2007) also questions the myth of BOP consumer buying „luxury” items such as ice cream, shampoo in sachets, skin whitening, and others.

Much of the argument between the proponents and opponents of targeting BOP consumers is centred on the concerns of possible exploitation of the poor. This concern stems from the assumption that the poor are likely to make choices that are not in their own self interest primarily due to low level of education, limited access to information, and other economic, cultural and social constraints. As a result, it could be argued that BOP initiatives may have resulted in the poor spending money away from higher priority needs such as nutrition, education, and health to ice-cream, and whitening cream (Karmani 2007).

Practice theory and its methodologies discussed earlier offers a potential useful approach for understanding consumption practice of BOP consumers. By not treating consumers either as rational and purposeful, or as unconsciously shaped by social structure, practice theory bypasses the antagonistic stands of both the proponents and opponents of BOP proposition, and advances a new perspective to better understand BOP consumers' consumption practice. This could be achieved by treating consumer as a carrier of practice who takes part in a repetitive and routine behaviour, where these repetitive behaviours emanate from embodied and embedded capacities—learned through experience and retained as a store competence in the form of mental, material, and bodily skill procedures (Warde 2014).

5. Conclusion

This paper has briefly discussed practice theory and reviewed and suggested relevant research methods that are coherent with the theory. Following Reckwitz (2002) and Halkier and Jensen (2011), this article locates practice theory in the cultural theory framework and social constructionist, shifting the consumption behaviour focus away from the popular abstract cognitions happening in the „mind”,
labelled as perceived value, attitudes, needs and wants. By assuming this perspective, and following Atkinson and Coffey (2002) and Halkier and Jensen (2011), this paper treats both interview and participation observation data produced as social performance, or social actions in different contexts, which can be used actively to elicit and foreground embedded, mental activities of understanding and knowing in a complex of doing and saying of practices.

The rest of the paper discusses the different interview and participation methods from multiple disciplinary areas at length which include ethnographic interview, active interview, interview-to-the-double, shadowing interview and commented observation. The strengths and limitations of each technique are highlighted. This paper notes that most of the methods discussed are best combined with other techniques to produce a possibly more complete picture of consumption practices. It also appears that most of the methods suggested and discussed are filled with subjectivity and relied greatly on the researcher’s reflexivity.

However, it is only expected that in the development of theory, subjectivity should not be denied and masked, but rather it should be reflexively and self critically cultivated and mobilized to discover interesting research issues (Alvesson and Karreman, 2011).

Finally, to further advance the application of practice theory in consumption research, the case of ongoing debate of BOP consumers is discussed. This paper ends by urging the theoretical foundations of practice theory (i.e., practices are performative, and are context-dependent practical accomplishments) to be made more explicit, and the linkage between these fundamental concepts with methodological strategies decision to be made visible and explained by the researcher.

References


The Influence of Personal and Product Factors on Gift Purchase Intention
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Abstract: The purpose of this paper is to examine the effects of personal and product factors on gift purchase intention. As this paper seeks to understand the Malaysian consumers’ gift purchasing behaviour, a non-probability quota sampling is being adopted. The quota sampling is based on gender (50 Male-50 Female) and ethnicity (50 Malay-30 Chinese-20 Indian). This research adopted mall intercepts method in collecting the data, since most of the gifts are often bought in shopping malls. Self-administered questionnaire was utilised and a total 447 questionnaires were used for further analysis. To analyse the data collected for this research Structural equation modelling (SEM) was adopted. The results of the study indicate that consumer knowledge, consumer involvement, perceived risk, brand name and perceived quality have a significant influence on gift purchase intention. Furthermore, the result of the study found that consumer involvement has the strongest influence on purchase intention, while perceived quality has the weakest influence on purchase intention. This paper is one of the first studies that examine the extent personal and product factors have an influence on gift purchase intention. This paper also offers new empirical findings on how eastern culture consumers participate in gift giving.

Keywords: Gift giving, Consumer Behavior, Purchase Intention, Gift Purchase

1. Introduction

Research on gift giving are commonly found in disciplines such as sociology (Gouldner, 1960), economic (Belshaw, 1965) and anthropology (Mauss, 1954). However, there are very limited researches being conducted in the marketing discipline. This is rather surprising looking into the amount of the gift giving occasions being celebrated each year (Green & Alden, 1988). In the marketing discipline, researches conducted on gift giving can be divided into two major spectrums. One is using gift giving as the primary variable of the study while the other is using gift giving as a situational variable of the study against non-gift buying (DeVere et al., 1983). In this research gift giving is treated as the primary variable of research.

Meanwhile, this unique gift giving ritual is found to impact significantly on the country’s economy. In a country like USA alone, more than US$100 billion is spent on gifts each year celebrating various gift giving occasions (Ruth et al., 1999). Similarly, the gift market in China is accountable for more than a quarter billion Yuan (Jiang, Lu and Lu, 2007). A lot of money is spent on gifts due to high participation in the gift giving ritual and the amount of gift giving occasions people celebrates throughout the year. In addition to that, gift giving occasion like Christmas and Valentine’s Day, are also believed to have a unique social significance to certain people like showing love or care. As a result, today’s gift giving occasions are becoming more commercialised, and most marketers are taking advantage of this ritual of giving by promoting their products to the consumers. In addition to that, it is also becoming a major driver for domestic consumption in the country’s economy.

According to Austin and Huang (2011), a gift has the ability to indicate the perception of themselves, the perception of a giver towards the receiver, the perception of giver’s current and future relationship with the recipient and also the giver’s intention. In another research, Segev and Shoham (2016) found
that the givers’ public self-consciousness and self-monitoring were positively related to the motivation to engage in joint gift-giving to facilitate the development of desired private identities. These researches clearly show that gift giving is indeed a rather complex ritual to participate. There is a need for more literature to have a better understanding on consumer gift giving behaviour. Gift giving is not an easy task in comparison to buying for one’s own self as there are many things to be considered such as the gift and how the recipient may perceive the giver upon receiving the gift.

Majority of the literatures on the gift purchase had been focusing on the personal factors in gift selection and purchase. It is found that the two most researched personal factors been examined in gift purchase are socioeconomic and demographic variables of the consumer (Wagner and Garner, 1993; Laroche et al., 2000). Similarly there had been very limited researches are evident that examine how the gift itself has an influence in giver purchase behaviour. Prior research mostly examined the influence of the gift packaging (Howard, 1992; Larsen and Watson, 2001) and the types of gift being used as a gift (Kemp et al., 2011; Tuten and Kiecker, 2009). Therefore, it is important to further examine the personal factors other than the socioeconomic and demographic variables and the attributes of the gift in influencing giver’s selection and purchase of gift.

This paper attempt to fill these current gaps discussed above by further extends the research of gift purchase behaviour. It is been done by incorporates the personal factors and gift factors into an integral framework to understand how these factors has an influence on gift purchase. Specifically this paper will examine personal factors such as consumer knowledge, consumer involvement and perceived risk influencing givers’ purchase intention. Next, this paper will examine the influence of gift factors such as brand name and perceived quality on givers’ purchase intention. Findings from this research will provide a great insight for marketers and consumer researchers.

2. Literature Review

2.1 Consumer Knowledge

Consumer knowledge often plays a pivotal role in predicting consumer purchasing behaviour (Lee et al., 2014; Liefeld, 2004; McEachern and Warnaby, 2008). This is because consumer knowledge has an influence on all phases in the consumer decision process (Bettman and Park, 1980). Consistently past research found that consumer knowledge plays a major role in the acquisition and evaluation of various extrinsic cues in a product evaluation (Cordell, 1997; Schaefer, 1995; Lee and Lee, 2009). Devlin (2002) found that, high consumer knowledge will tend to use intrinsic cues in product evaluation while low consumer knowledge will tend to use extrinsic cues instead. The level of consumer knowledge leads to different cues used in product evaluation could be explained by the consumer information processing model. Meanwhile in another separate study Beattie (1982) in the study found that low knowledge consumers tend to use product attribute comparison in a product evaluation. However for high knowledge consumer, they have built an ideal prototype for a product class within an internal knowledge structure in memory.

Many studies had examined the influence of consumer product knowledge on consumer purchase intention. Lee and Lee (2009) in the study of laptop product found that consumer knowledge is significantly influenced on purchase intention. Lin and Chen (2006) in the study of insurance and catering services found that consumer knowledge strongly influence on purchase intention. Meanwhile, Marketti and Shelley (2009) in the study of counterfeit apparel products also found that the increase of consumer knowledge leads to consumer having higher behavioural intention of paying more for non-counterfeit goods. The influence of consumer knowledge on purchase intention was also evident in online shopping context. Consistent with part studies, consumer knowledge is found to have an influence on consumer purchase intention (Chen and Chang, 2005). Thus it can be hypothesised that:

H1: Consumer Knowledge has an influence on gift purchase intention
2.2 Consumer Involvement
The concept of consumer involvement has received considerable amount of attention in the consumer behaviour research for the past decades. Past researches often examine the causal effect of consumer involvement influence on other various constructs. Cheung and To (2011) in the study examined the influence of customer involvement on perceived service performance of Chinese bank is found to be largely significant. Ko et al. (2010) in the study of international sport event had found that the level of involvement significantly influence the event quality perception as well as the level of satisfaction. Meanwhile, Varki and Wong (2003) found that customer involvement is significantly impacted on consumers' willingness to engage in relationships with service providers. It is also found that the level of involvement is significantly effecting the perception of the brand status as well as the brand attitude (O’Cass and Choy, 2008). It is clearly showed that consumer involvement is an important construct to understand consumer purchasing behaviour better.

Numerous studies had examined the relationship between consumer involvement and purchase intention. Kim et al. (2007) in the study of online apparel retailer found that consumer shopping involvement has an influence on the consumer patronage intention. In another study conducted by Huang (2012) in the study on virtual goods found that consumer involvement has a great influence on purchase intention. Meanwhile, Walsh et al. (2012) in the study of drivers on consumer intention to purchase manufacturer brands found out that consumer involvement on a brand has an influence on consumer intention to purchase manufacturer brand. Thus it can be hypothesised that:

H2: Consumer Involvement has an influence on gift purchase intention

2.3 Perceived Risk
Bauer (1960) introduced the concept of risk into consumer behaviour stating "consumer behaviour involves risk in the sense that any action of the consumer will produce consequences which he cannot anticipate with anything approximate certainty, and some of which at least are likely to be unpleasant" (p. 390). Unlike in other disciplines risk is being evaluated in both positive and negative aspect of it, in consumer research risk is only come from the negative aspect (Dholakia, 2001). It is found that risk exist in all purchase decision and often consumers find ways to minimise the level of risk perceived by employing various risk reduction strategies in a purchase (Greatorex and Mitchell, 1994).

When a purchase is perceived being risky or exceed the tolerable level of risk, consumer will generate ways to reduce the level of perceived risk (Yeung et al., 2010). It is found that consumer perceived risk in the purchase could be reduced either by reducing the consequences of the purchase or by reducing the level of perceived uncertainty of the purchase (Mitchell and McGoldrick, 1996). When consumer able to find ways to reduce the level of perceived risk to a tolerable level, the intention towards the purchase will be higher. Thus it can be hypothesised that:

H3: Perceived Risk has an influence on gift purchase intention

2.4 Perceived Quality
Quality is being conceptualised differently across different discipline of study. In marketing context, quality is conceptualised as the "consumer's judgement about the superiority or excellence in the product" or better known as perceived quality (Zeithaml, 1988). Perceived quality is subjective in nature where the level of quality is highly reliant on consumer judgement and not on the actual product quality itself. Since perceived quality results from consumer perception process, the level of perceived quality will differs depending on the type of product category, the usage purpose as well as the consumer itself (Oude Ophuis and Van Trijp, 1995). Many studies had been conducted to understand how consumers' use various cues to impute the perceived quality of the product (Zain and Yasin, 1997; Vranesvic and Stancec, 2003). This is because the level of perceived quality has an effect on the product and company performance (Anderson and Sullivan, 1993, Aaker and Jacobson, 1994).
Past studies have found that perceived quality has a direct influence on consumer purchase intention. Woodside and Taylor (1978) found that the higher the perceived quality of the product brands the higher the purchase intention of the consumer. Similarly Kwak and Kang (2009) in the study of sport merchandise purchase also found that perceived quality has a significant direct influence on purchase intention. The direct effect of perceived quality on purchase intention was also found to be significant in a study conducted in the B2B context (Kumar and Grisaffe, 2004). Thus it can be hypothesised that:

**H4**: Perceived Quality has an influence on gift purchase intention

### 2.5 Brand Name

It is one of the most important marketing decisions in a company is to develop brand names that work for a product (Keller, 1993). At the same time, the task is not getting any easier by the day with the ever increasing amount of new brand names being introduced. While it may be an uphill task to most companies but it does not deter these companies from continuing to build a strong and effective brand name. This is because the success or failure of the product much depends on the brand name rather than the product itself (Laforet, 2011; Olavarrieta et al., 2009). Brand name has such strong influence on the success or failure of a product primarily because of the multi-function a brand could perform for a product and company. It is found that brand name could enhance the awareness as well as create a positive image for a product (Aaker, 1991). It could also elicit consumer to have more favourable attitude towards the product (Simon, 1970. More importantly brand names could attain differential advantages over competitor products (Rio et al., 2001).

Brand name if often used by consumers in purchase decision as such past researches examined the influence of brand name on consumer purchase intention. Laforet (2011) in the study of chocolate and cereal bars found that consumer has a higher intention to choose a well-known brand over price when purchasing those products. Similar finding is also found in the acceptance of genetically engineered corn chips, whereby the more well known the brand the higher level of consumer accepting the product (Lusk et al., 2002). In addition, this finding is also found in mobile phone products whereby brand name has a significant effect on purchase intention (Shabbir et al., 2009). Thus it can be hypothesised that:

**H4**: Brand Name has an influence on gift purchase intention

### 3. Methodology

#### 3.1 Sampling Design

The objectives of this research are focusing more on theoretical generalizability rather than population generalizability. As Malaysia is a multi-racial country and it is difficult to estimate the exact number of people involved in gift giving as such non-probability quota is being adopted in this research. The quota sampling is based on gender and ethnicity. For gender it is being set at 50-50 (Male- Female) is to ensure no biasness since past researches often found that a gender differences in the gift giving behaviour(Palan et al., 2001; Jonason et al., 2012) and ethnicity is set at 50-30-20 (Malay-Chinese-Indian) to reflect the three major ethnic groups in Malaysia.

Most consumer researches often used student as their subject of study. The main concern using student is the ability to draw a generalisation to a larger population (Hagger et al. 2007). This research will instead use general adult as subject of study in comparison to student. By using general adult the data collected will provide a more accurate and realistic opinions as they have rich life experience and maturity level in comparison to student. This research proposed a target sample of 500 respondents.

#### 3.2 Questionnaire Design

The survey instrument for the current study is using questionnaire to collect all the relevant information in order to examine all the relationship in the proposed model. Basically, the questionnaire are divided
into three main sections and a total of 53 items to measure each of the exogenous as well as the endogenous construct in the proposed model. The questionnaire for this study was translated from English into Malay using back to back translation method. Translation of the questionnaire is found to be necessary because Malay is the official language in Malaysia and English is rather only the second official language spoken and written in Malaysia. A dual language questionnaire will increase the participation of respondents and understanding of the questions asked in the questionnaire. In order to avoid confusion on the different types of gift giving occasions celebrated in Malaysia and the different recipients of gift, respondents are told in the questionnaire that they are purchasing a gift for someone they love or important to them during their Birthday.

All the measurements for the study are being adapted from previous researches. Firstly the three personal factors Consumer Involvement construct was measured using five items adapted from Laroche et al. (2010). Consumer Knowledge construct was measured using seven items adopted from Laroche et al. (2003). Perceived Risk construct was measured using five items adapted from Laroche et al. (2000). As for the next two product factors, Brand Name construct was measured using five items adapted from Bristow et al. (2002). As for Perceived Quality construct it was measured using five items adopted from (Dodds et al., 1991). Lastly Purchase Intention construct was measured using five items adopted from (Chu and Lu 2007 & Prendergast, Tsang and Chan 2010). All items are measured on a seven-point Likert scale (1 Strongly Disagree- 7 Strongly Agree).

3.3 Data Collection
This research adopted mall intercepts method approach in collecting the data, as most of the gifts are bought in the shopping malls. Shopping mall is also a place that enable giver to choose, compare and evaluate the right type of gift to purchase as there various types of store resides in a shopping mall. This research employed self-administered questionnaire approach for their data collection technique. For smooth running of the data collection process, current study had employed four research assistants to be stationed in each of the shopping malls selected. Prior to collecting the data, these research assistants had undergone training and brief all the guidelines the data collection process. The data collection will only be conducted on the weekend as most people will patronize shopping malls on the weekend. Furthermore, collecting the data over the weekend will help to increase the likelihood the respondents come from various demographic backgrounds.

4. Findings
Structural equation modelling (SEM) is being adopted to analyse the data collected for this research. One of the most important reasons this technique of analysis being adopted because this multivariate technique of analysis incorporates unobserved and observed variables in the model (Byrne, 2001). The measurement validation procedures adopted for this study are using the two steps approached which brought forward by Anderson and Gerbing (1988). Firstly, all latent constructs including reflective indicators are being depicted into the proposed measurement model. This study will then examine the convergent validity, discriminant validity and construct reliability of the measurement in order to make sure that it is valid and reliable. Lastly each hypothesis for this research is being tested.

4.1 Measurement Model
In this study, a total of six latent constructs being incorporated that indicating the items for each scale (consumer knowledge, consumer involvement, perceived risk, brand name, perceived quality and purchase intention) for the initial proposed measurement model. All the latent constructs will go through an assessment of fit and unidimensionality, to ensure that the proposed model has a good model fit and meeting all the various fit indices. The result from the test found that overall the indices for the measurement model are good fit. The results found that chi-square has a value of 569 with a degrees of freedom of 512 (P=0.000). Ideally the value of chi-square should have a very low value but chi-square value is very sensitive to the sample size. To counter this weakness, the value of chi-square is being
normalised by the degree of freedom (Bentler 1990). According to Hair et al. (2006) the value for $\chi^2/df$ should have a value below 3.0. The analysis of the current study has a value of 1.112, therefore, it fulfilled the requirement and thus it showed a good fit. In addition CFI and RMSEA are being analysed and found that these indices above the recommended value thus showed a good fit.

Next this research will examine the convergent validity of the data. Each of the factor loadings is being examined to discover any potential problem exists within the CFA model. The result from the analysis found that each factor loadings are significant at 0.001 above the recommended level of 0.50, whereby the lowest value is 0.742 and the highest value is 1.274. Next, the composite reliability is being analysed and it is found that the value is in the range between 0.841 (consumer knowledge) to 0.957 (consumer involvement) is above the recommended value larger than 0.70. Variance extract is also being examined and the analysis found that the value is in the range between 0.520 (perceived risk) to 0.817 (consumer involvement). The values from the analysis exceed the acceptable 0.50 threshold.

Other than convergent validity, this research also examines the discriminant validity of the data. Fornell and Larcker (1981) suggested that discriminant validity is determined by the variance extracted value. To achieve discriminant validity, the value exceeds the squared inter construct correlations associated with that particular construct. As shown in Table 1.0 found that the variance extracted value for each construct is above its squared correlation with other constructs.

4.2 Structural Model
The fit measures indicated that the structural model was acceptable ($\chi^2 = 1455, \chi^2/df = 2.922, \text{CFI} = 0.912, \text{RMSEA} = 0.068$). As such this research will examine the effect of the five exogenous constructs (consumer knowledge, consumer involvement, perceived risk, brand name and perceived quality) on the endogenous variable (purchase intention). Firstly the analysis found that consumer knowledge has an influence on purchase intention, thus H1 is supported. The analysis also found that the other two personal factors, consumer involvement and perceived risk has an influence on purchase intention, thus H2 and H3 are supported. Also as hypothesised both product factors brand name and perceived quality has an influence on purchase intention, thus H4 and H5 are supported.
Table 1: Discriminant Validity Results

<table>
<thead>
<tr>
<th>Construct</th>
<th>AVE</th>
<th>BN</th>
<th>PQ</th>
<th>CK</th>
<th>CI</th>
<th>PR</th>
<th>PI</th>
</tr>
</thead>
<tbody>
<tr>
<td>BN</td>
<td>0.561</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PQ</td>
<td>0.643</td>
<td>0.317</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.10)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CK</td>
<td>0.577</td>
<td>0.391</td>
<td>0.202</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.15)</td>
<td>(0.04)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CI</td>
<td>0.817</td>
<td>0.291</td>
<td>0.476</td>
<td>0.242</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.08)</td>
<td>(0.23)</td>
<td>(0.06)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PR</td>
<td>0.520</td>
<td>-0.333</td>
<td>-0.475</td>
<td>-0.202</td>
<td>0.561</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>(0.11)</td>
<td>(0.23)</td>
<td>(0.04)</td>
<td>(0.31)</td>
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<td></td>
</tr>
<tr>
<td>PI</td>
<td>0.650</td>
<td>0.432</td>
<td>0.496</td>
<td>0.185</td>
<td>0.761</td>
<td>0.584</td>
<td>1</td>
</tr>
<tr>
<td>(0.19)</td>
<td>(0.25)</td>
<td>(0.03)</td>
<td>(0.58)</td>
<td>(0.34)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: VE= Variance Extracted; BN= Brand Name; PQ= Perceived Quality; CK= Consumer Knowledge; CI= Consumer Involvement; PR= Perceived Risk; PI= Purchase Intention

All correlation is significant at p<.01

5. Discussion and Conclusion

From the Structural equation modelling analysis it is found that consumer knowledge has a weak influence on purchase intention (β 0.127, p <0.05). This finding is found to be consistent with past researches that consumer knowledge has an influence on purchase intention (Lee and Lee 2009; Marckett and Shelley 2009). The finding shows that giver will purchase a gift when they sufficient knowledge about the gift. Unlike purchasing a product for own self, a gift will also symbolise the amount of effort in maintaining and strengthening the relationship between the giver and the recipient. As such giver will adopt a strategy to avoid purchasing a wrong gift by selecting a gift that the giver is familiar with.

Next the result from the analysis showed that consumer involvement has a significant strong influence on consumer gift purchase intention (β 0.597, p <0.001). This result is also found to be consistent with previous studies that examined the influence on consumer involvement on purchase intention (Hynes and Lo 2006; Kim et al. 2007). This result found that level of involvement of a person has on a particular gift giving occasion will determine the intention to purchase a gift. There are two situations whereby the level of involvement will be heightened up. First the type of recipient a giver is giving the gift to, if a giver is purchasing a gift for someone they love or close the level of involvement will be even higher in comparison to someone that is not close to the giver. Secondly the importance of the gift giving occasion to the giver will also heighten the level of involvement. For instance giver’s Wedding Anniversary; this occasion will have a higher gift purchase involvement over colleagues Birthday.

The analysis also found that consumer involvement is the most important factors influencing purchase intention in comparison to other personal and gift factors examined in the. One of the possible explanation for the finding is, a giver that is not interested in participating in a gift giving ritual, the idea of purchasing a gift will not exist. Therefore the extent how knowledgeable the giver, how good quality
is the gift and how well known is the brand of the gift will be insignificant. As such as previously discussed the level of involvement of a giver in a gift giving ritual is highly influenced by the recipient and the types of gift giving occasion.

The analysis on the influence of perceived risk is found to significantly weak influence on consumer gift purchase intention (β 0.173, p <0.05). However, current study is found to be consistent with past researches that investigated the influence between perceived risk and purchase intention (Miyazaki and Fernandez, 2001; Klerck and Sweeney, 2007). Every person perceived some level of risk in the purchase and this risk often associated with the uncertainty and consequences of purchasing a wrong gift. More than often people will find ways to minimise the level of risk perceived in a purchase. However, if the level of risk is found to be too high for a person to comprehend, that person might postpone or even not has no intention to purchase the product. This is strongly related to the current research finding which found that perceived risk has an influence on gift purchase intention.

Other than personal factors, product factors are found to also being investigated its influence on purchase intention. Firstly brand name is being investigated its influences on purchase intention to purchase a gift. Based on the analysis conducted it is found that brand name is moderately influence purchase intention (β 0.231, p <0.001). It is also found that current research findings are consistent with past researches that examine the influence of brand name on purchase intention (Lusk et al. 2002; Shabbir et al. 2009; Laforet 2011). The analysis shows that the more favourable the brand name of the gift the higher purchase intention towards the gift. This means that giver use brand name as a strategy to aid them in purchasing a gift. The finding can also be interpreted that giver tend to purchase a more favourable name because even the product may not be suitable, but the brand name will able to neutralise giver's embarrassment or lack of effort in purchasing a gift. This is because the brand value as well as the brand equity of a brand able to signify how much the giver appreciate the recipient.

Lastly perceived quality being investigated its influence on purchase intention. From the analysis it is found that perceived quality does have weak influence on purchase intention for current context of study (β 0.092, p >0.048)., it is found that result from this research is consistent with past researches that similarly investigated that perceived quality has an influence on purchase intention (Woodside and Taylor 1978; Kwak and Kang 2009). Relating current research to gift purchase, the higher the quality of the gift the higher intention of a giver will purchase the gift for the recipient. There are several reasons that giver tend to purchase a gift that has higher quality of gift. The most obvious reason is purchasing a gift that is low in quality will provide a negative impression of the recipient towards the giver such as lack of effort or inability to understand the needs of the recipient. This will jeopardise the relationship between the giver and the recipient. Also providing high quality gift can be as a strategy for giver to avoid gift that being purchased does not meet the needs of the recipient. When a recipient received a gift that is finest in quality, they will appreciate it more even though it may not be to the recipient liking. A gift that is reliable and high in quality will translate that the giver's effort is high, and the thoughts are there. Therefore, the recipient will gracefully accepting the gift even though may not be to their liking.

The analysis from this research also found perceived quality has the weakest influence on giver in purchasing a gift. One will assume that the gift itself will play a major role when it comes to gift purchase, but this research found otherwise. One good explanation could be a gift is just symbolise the evidence of a person remember the occasion and appreciate the relationship between the giver and the recipient. Therefore this research shows that the attributes of the gift itself is secondary when it comes to gift giving.
6. Limitations and Future Research

This research only included three personal factors and two and has found that consumer involvement and brand name other the factors are found to have a weak influence on gift purchase intention. It will be interesting to include other factors in order to further understand the influence of personal factors and gift factors on gift purchase intention. The inclusion of more factors will further understand is it the thought that counts or gift plays a major role in gift giving. Furthermore it will provide a better insight for retailers in understanding how to market and position their products to givers. The gift giving occasion being studied in this research is Birthday. In a year there are many gift giving occasions a person participated in, some are very significant to the giver while some are least significant. In order to draw the generalisation of these research findings, future research should replicate this research in other gift giving occasions such as Valentine’s Day or Mother’s day and examine either the research findings are consistent with this research. Lastly this research is only focusing on purchasing a gift for someone they love or important to them on their Birthday. There should be call for more research to be conducted to examine the extent the types of relationship between giver and recipients have an influence on gift purchase intention.

References


Structural Effect of Psychological Capital on Online Purchase Intention
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Abstract: The online purchase intention is very crucial in today’s competitive environment where organizations are constrained to use different mediums for selling goods in order to seize a competitive advantage. The online system provides a platform for shoppers to have their demanded products and service according to their needs. However, online purchase intentions are the building blocks of remote purchase pattern without any physical involvement with the product. Most importantly, customers become more comfortable and hopeful of having good products with an optimistic view. The fundamental objective of this study is to determine the structural effect of PsyCap on online purchase intentions. Data were collected from 213 internet users using convenience sampling technique. The structural equation model (SEM) was used to test the hypothesized model that shows relationship between PsyCap efficacy, PsyCap hope, PsyCap optimism, PsyCap resilience and online purchase intention. The finding of study indicates that customers with positive and strong PsyCap resources lead to frequent online purchase. Thus, customers should keep increase their PsyCap in order to make strong online purchase intentions.

Keywords: Psychological capital, Online Purchase intentions, Structural Equation Model

1. Background

Discussion on anthropological issues especially on human psychology is not a new topic today. Organizations of the world are using multiple resources to find, define and craft ways of creating unbeatable strategic competitive advantage in moderns, dynamic and vibrant markets of today’s global village. Although, local and international enterprises are adapting online business platforms to attract, retain and make customers countable for easy reach to company offerings again and again from anywhere around the world. H.W. Kim and S. Gupta (2009) found that repeat online purchase is five times more profitable for online business organizations, thus, it has become important for business organizations to know the importance of online purchase consumer decisions. This is why enterprises and individuals at their extreme level put their maximum efforts to increase and sharpen resources as per time requirements in their respective markets. Responding to all resources, one of the fundamental but fanatic resources for designing and crafting strategies for ecological settings is individual’s psychological capital. Psychological capital has been viewed as strongest asset in addressing human capital issues in enterprises (Avolio et al 2007).

Psychological capital is not a mystic to learn but an understanding of a person’s mental point according to which they act and react at diverse platforms of their life. The term psychological capital can be defined as condition of human intellectual development surrounded by resilience, hope, self-efficacy and resilience (Avolio, Youssef and Luthans). The framework constructed by Luthans and Youssef (2004) firstly in organizational prospective, but has wide range of understanding to multiple areas of human behaviour including decision making, cognitive behaviour and other psychological issues among individuals by demonstrating human psychological capabilities (Luthans, Luthans and Luthans, 2004). For example, from individual prospective, Li et al., (2005) has shown influence of psychological resources on employee performance, growth and their positive strength as well as nature. In addition, Avolio (2007) found linkage between psychological resources with work place performance and
behaviour (Avolio et al., 2005; Luthans and Youssef, 2007) including more work pleasure and citizenship.

However, the literature has lighten the human psychological influences at different levels and areas of social and individual platforms, the effect of psychological resources in respect to individual intentions that lead to human behaviour cannot be neglected at all. Therefore, individual psychological resources (hope, resilience, self-efficacy, and optimism) can be supported to sum up the purchase intentions. Purchase intention is development and integration of individual self-preparation towards final decision regarding purchase of the particular product at particular time. Indeed, it is most important part of human psychological interaction towards the final conscious decision. However, individual predict himself while considering macro and self-elements i.e. consumer preference, taste, choice and attitude that finally shape behaviour in real terms (Fishbein & Ajzen, 1975).

In other words, purchase intentions can be defined as consumer possibility measurement towards purchase of product which is directly proportional to willingness to purchase (Dodds, et al., 1991; Schiffman & Kanuk, 2000). Individuals find them self-supported by human intellectual resources while purchase intentions. However, a customer who intends to purchase a product, hope for the best in terms of value exchange and is ready to cope with snags if any. Following the line, he is also conscious and confident enough at the moment to make directional goals for achievement. These known human intellectual interactions are classified under psychological capital resources which describe the integrated behaviours of human psychological made decisions.

1.1. Purpose of Research
The purpose of this research is to assess the structural effect of psychological capital on online purchase intentions. In the literature, psychological capital has been found one of important tools in human psychological development (Avolio et al., 2005; Luthans and Youssef, 2007). However, very limited evidences have been found in terms of psychological capital and online purchase intentions.

2. Literature Review

2.1. Psychological Capital (PsyCap)
PsyCap is not alone itself but a blend of resources (Luthans et al., 2007) that reflect an individual’s capacity in certain aspects (Youssef et al. 2004). Specifically, condition of human psychological resources improvement that is based on; i) sureness level to take on and/or struggle to accomplish success at challenging situation (self-efficacy); ii) constructing a favourable ascription (optimism) around accomplishing achievement in today and/or in tomorrow; iii) perseverance; in the direction of aims and redirecting track where when required to achieve success (hope); and iv) sustaining and improving from problems, hindrances, adversity (resilience) to achieve success as well. The four elements of psychological capital can thoroughly be defined.

The hope as a first element of PsyCap defined as a combination of an individual’s will power that invigorates mental process in order to achieve aims and goals and support individuals to patronize alternatives to achieve goals in real life situation (Snyder, Irving & Anderson, 1991). Specifically, the hope plays a vital role in explaining PsyCap and play significantly in workplace as it is an ability and self-efficiency of individual to forecast work performance (Peterson et al, 2009; Duggleby, Cooper & Penz 2009; Luthans & Jensen, 2002). The optimism is the second element of PsyCap. According to Luthans et al., (2004), it is more important in fact closely associated element of PsyCap. It can be developed and learned in nature due to being dynamic, lithe and accurate construct (Peterson, 2000). Two factors pervasiveness and persistence defines optimism. Both dimensions are related with exactly how individual are describing actions or events (Scheier & Carver, 2002). Thus, it is the way that defines positive and negative events to individuals. For example, the positive optimism in terms of explaining prevailing and permanent causes. Meanwhile, the negative optimism in reference to external,
impermanent forces (Seligman 1998). Luthans et al., (2005) further believes that an optimistic person see hindrances as challenging opportunity that may work as roadmap to success. An employee with optimistic approach finds better understanding to impermanent, macro state of affairs (Youssef & Luthans, 2007). Empirically, the direct effect of optimism on fatigue and pessimism among supporting staff found to be positive (Rothmann & Essenko, 2007). Moreover, literature suggests that employee performance and engagement are correlated (Arakawa & Greenberg, 2007; Medlin & Faulk, 2011). Further, optimism is very important individual’s resource ability to face challenging environment which could have potential to achieve success in attaining goals.

Third element of PsyCap is resilience. It is an individual’s capability to control their environment effectively by keeping safe from adverse consequences of an event or situation (Rutter, 1987). Moreover, resilience can be understood and defined as capacity of a person to ‘bounce back’ from negative effects (Luthans, 2002). In light of above definitions, people continue their life even after hardship, failure or other traumatic experience. Thus, it can be said that a person’s strength of how he/she cope situation within available resources (Crothers & Baumardner, 2010).

Empirically, resilience found to be associated with employee performance (Luthans et al., 2007). Early researches have revealed that employees with high PsyCap capabilities quickly adjust as well as recover from negative workplace experiences and situations- thus they control over growth of quit intentions (Combs et.al. 2006). Moreover, resilience found positively associated with emotions and feelings of an individual when he/she is facing exhausting situation in life (Philippe, Lecours and Beaulieu-Pelletier, 2009). Many researches have indicated links and correlation between work pleasure as well as resilience commitment & retention (Norman et. al. 2007; Luthans and Youssef, 2007).

The self-efficacy as a fourth element of PsyCap can be defined as capability of a person in order to assemble and organize intrinsic resources such as, motivation to achieve the objectives within available intellectual resources (Luthans & Stajkovic, 1998). Bandura (2000) indicated that self-efficacy as strength of an individual to perceive and understand events, circumstances or situation that will influence, determine the way they explain their challenges along with stress symptoms. Thus, individuals with high self-efficacy control and manage environmental challenges in available framework with their skills and efforts (Avey, Jensen & Luthans, 2009). For instance, self-efficacy is linked with socialization, employee retention, existing staff turnover intentions and organizational commitment (Cameron & Harris, 2005; Tucker et al., 2007). However, self-efficacy as a psychological construct plays a mediating role in a work exhaustion, stress burnout and engagement.

2.2. Purchase Intentions

In the literature, purchase intention is an important element to foresee consumer behaviour that is surrounded by consumer attitude and external factors assessment (Ajzen & Fishbein, 1975). The consumer purchase intention is mental state of decision, based on environmental observation and past experiences to predict future possibility of purchase a particular products, in short range of time. More specifically, consumer purchase intention is a future projection of consumer behaviour that significantly contributed in the formation of behaviour through consumer attitude. Indeed, consumer trials experiences, preferences along with external environment assessment for collecting valuable information to make purchase decisions (Kanuk & Schiffman, 2000; Yang, 2009; Dodds et al., 1991; Zeithaml, 1988). Following the line, purchase intentions are directly proportional to willingness to purchase which relies that higher the purchase intentions higher the willingness to purchase of product.

Purchase intentions are sequential steps followed by consumer experiences, choices and macro environmental factor assessment to sum up information and evaluate alternatives for final purchase decisions (Zeithaml, 1988; Dodds et al., 1991; Schiffman & Kanuk, 2000; Yang, 2009). Moreover, well establish image of advertising endorser is one of the vital and most attractive factors that can change the rate of consumer preferences change and increase purchase intentions (Chi, et al., 2009). In addition, consumer preferences and attitude towards product purchase can be promoted by high exposure rate of
advertising endorser using modern communication techniques i.e. magazines and TV commercials to increase his knowledge so that he can evaluate purchase intentions effectively (Miciak & Shanklin, 1994; Anand, Holbrook, and Stephens (1988); and Laroche, et al. (1996). Indeed, purchase intentions are surrounded by psychological resources.

2.3. Why and How PsyCap Effect Online Purchase Intention?
The central idea of measuring PsyCap in online purchase intention is because of some major influences. The term PsyCap can be defined as condition of person’s intellectual development surrounded by resilience, hope, self-efficacy and resilience (Avolio, Youssef and Luthans). In other words, PsyCap is not a mystic to learn but an understanding of a person’s mental point according to which they act and react at diverse platforms of their life. Previously, PsyCap has been viewed as behavioural actor that influences individual work performance or decision making specifically in organization behaviour context. Since, behavioural context is related with individual who cannot be limited to specifically organization point of view. Though, behavioural and emotional conditions are related with individual psychological assets i.e. employee or customer who is facing a dilemma for performing or deciding about behavioural activity.

Further, researchers have intended to explore PsyCap in diverse area other than organizational context. Since, attitude and behaviors form customer choice and performance in term of purchase especially in customer behavioral prospect. Therefore measuring PsyCap i.e. efficacy, hope, optimism, and resilience in terms of customer performance during purchase or purchase intentions is crucial part. Moreover, researchers believe that PsyCap i.e. efficacy, hope, optimism, and resilience is not limited to specific context but can be measured to number of fields however that particular context should be composite of individuals. Logically, PsyCap is not related with specific place but with individual who possess psychological assets to decide and perform particular act and so is applicable for consumer buying behaviour process. Thus, researchers were keenly interested to explore relationship between PsyCap and customer online purchase intentions.

2.4. Conceptual Framework

2.4.1. Psychological Capital and Online Purchase Intention (PsyCap  $\rightarrow$ OPI)
Constructed model shown in figure 1 demonstrates the relationship of independent variable psychological capita and dependent variable consumer purchase Intentions. Psychological capital is divided into four sub variables; hope and resilience, efficacy and optimism. In previous studies, the relationship of positive psychology as well as psychological capital (Larson et. al. 2013) has been justified. Psychological capital is one of the most important and powerful assets of human capital due to its direct association with how an individual hope for the best in developing intentions of purchase and be alert for problematic issues. An individual is optimist while being acting in a situation to complete his sequence of decision making from intention development to real behaviour. These discussions are justifying that the intellectual assets which are known interactively as psychological capital, has a vital role in purchase decision. Thus, the first hypothesis of the study can be drawn;

H1: There is a significant positive influence of PsyCap on online purchase intentions.

2.4.2 Hope and Purchase intention (HOP  $\rightarrow$ OPI)
In a literature, hope is defined an individuals will power towards attainment of targets and goals. The connection between hope and purchase intention is crucial. However, hope is one of the important elements which have close positive influence on satisfaction, happiness and commitment (Youssef &
In other words, hope plays a vital role in customer satisfaction and leads to frequent purchases. Snyder (2002) found that individual perception susceptibility, changeability and uncontrollability are surrounded by hope. Thus, hope is necessary for one’s sustainability and retention (Weick and Quinn, 1999). However, an individual who in intending to purchase a product has a level of how strong or weak his will power is regarding his final behaviour. Thus, the second hypothesis of the research can be;

**H2**: Hope has significant influence on online purchase intention

### 2.4.3. Efficacy and Online Purchase Intention (EFY → OPI)

In literature, it is defined as self-belief of a person to get success in any event or situation. Self-efficacy is one of the powerful psychological elements of an individual mental capability in conditional situation. For example, when consumer is uncertain about taking decision during online purchase, they are reluctant to convert purchase intention into the final purchase. However, being confident in handling issues and problems may lead them to successful purchase decisions (Kim, Y.H. and Kim, Y.H., 2005). Since, end users who have high efficacy found more ready attempt risk taking virtual purchase whereas; consumers who have low self-efficacy found to be less engaged in uncertain and unsafe situations. There has been number of studies done on self-efficacy. Much research has found its relation with cognitive elements that influence human actions through motivation effects. As a matter of fact, the self-efficacy connection is viewed validate in different research including health, education and other organizational domains. Though, self-efficacy is one of the important ingredients of human behaviour and performance (Kim, Y.H. and Kim, Y.H., 2005). The third hypothesis of this study can be drawn as;

**H3**: Self-efficacy has significant influence on online purchase intention

### 2.4.4. Resilience and purchase Intentions (RES → OPI)

Resilience has number of various definitions in literature. It is ability of individual to cope with change; elasticity of individual to deal up with circumstances and bouncing back to its origin safely; capacity of
person to cover up from toughness and difficulties (Crothers & Baumardner, 2010; Luthans, 2002; Rutter, 1987; Luthans et al., 2007; Luthans, Combs et al. 2006). It is emotional stability of being protected in rough and tough life situations (Philippe, Lecours and Beaulieu-Pelletier, 2008). The relationship of resilience and purchase intentions is crucial to consider due to its mental capability of covering up in a critical situation and following the decision that shape in to human behaviour. The fourth research hypothesis of this study is:

**H4:** Resilience has significant influence on online purchase intention

### 2.4.5. Optimism and Online Purchase Intention (OPT → OPI)

In reality, optimism is capacity of being hopefulness about favourable future outcomes (Srivastava, S. and Angelo, K.M., 2009). An individual, at different life cycle events predicts own success in future endeavours for being optimist. The different individuals have different tendency of being optimist (Srivastava, S. and Angelo, K.M., 2009). Researchers believe that being optimist is a first step of achieving success. Optimism is important due to it is how a consumer is positively faithful to any problematic issue to be solved in future if he has an intention and purchase a product. However, the relationship of purchase intentions can be considerable to being optimist while purchase decisions. Thus, the fifth research hypothesis is;

**H5:** Optimism has significant influence on online purchase intention

### 3. Methodology

#### 3.1. Sampling and Data Collection

Hypothetically, the respondents in this research were internet users of minimum 18 ages and have shown superior tendency in online shopping. However, list of internet users in not available which make impossible for researcher to directly select sampling size from available population. Subsequently, researcher has used non-probabilistic e-convenience sampling method for data collection from potential respondents in this survey. The total target sampling size was 250 and the data was collected by convenience sampling technique from the respondents. Since, the intention of researcher was to look for cross-cultural variations in consumer behaviour specifically consumer online purchase intentions (Zikmund, Babin, Carr and Griffin, 2010). However, convenience samples are proved to be the best in exploratory research especially when supplementary survey will subsequently be conducted with probability sampling (Zikmund, et al., 2010, p.396; Sekaran and Bougie, 2010).

Further, online questionnaire was sent to respondents for data collection, using the ‘Survey Gizmo’ questionnaire tool (www.surveygizmo.com). However, concerns of individuals was not necessary to address that do not have internet access because the focus of researcher was on online travel shopping. Proceeding the survey, E-mail invitation was directed to college and university fellows, other professionals and colleagues in second week of February 2016. Email invitation was comprises of the necessary information regarding aim of research, time for fill out the online questionnaire and prize draw for respondents who filled the survey form. Additionally, LinkedIn, twitter and Facebook were also used to place survey link to get maximum feedback. Survey form was accessible in English language because majority of internet users invited to complete the electronic survey. A sufficient total of 220 respondents recorded their responses from February 13th to May 20th 2016. Meanwhile, the collected data was processed for refinement including elimination of missing values in the data due to large number of sample size (Hair et al. 2010). As a result, a total of 213 responses were finally considered valid for further measurement and analyses.

Methodologically, the standard rule for sample size selection for rigorous analysis techniques such as, structural equation models using partial least square involves a big total of sample size (Barclay et al. 1995). For instance, 10 cases per predictor are prerequisite for sample size if it is greater. Therefore, in
case of this study, the complex regression from structural path to dependant factor purchase intention is seven. Following this observation, prerequisite for the sample size should not less than 70. Thus, it seems that partial least square analysis has adequate power with total 213 responses.

4. Analysis and Results

4.1 Respondent Profile

Table 1: Respondent Profile

<table>
<thead>
<tr>
<th>Category</th>
<th>Profile</th>
<th>Total Number</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>161</td>
<td>75.5</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>52</td>
<td>24.4</td>
</tr>
<tr>
<td>Age</td>
<td>18 – 20</td>
<td>93</td>
<td>43.6</td>
</tr>
<tr>
<td></td>
<td>21 – 23</td>
<td>63</td>
<td>29.5</td>
</tr>
<tr>
<td></td>
<td>24 – 26</td>
<td>29</td>
<td>13.6</td>
</tr>
<tr>
<td></td>
<td>27 +</td>
<td>28</td>
<td>13.1</td>
</tr>
<tr>
<td>Education</td>
<td>No Education</td>
<td>69</td>
<td>32.3</td>
</tr>
<tr>
<td></td>
<td>Matriculate</td>
<td>42</td>
<td>19.7</td>
</tr>
<tr>
<td></td>
<td>Intermediate</td>
<td>53</td>
<td>24.8</td>
</tr>
<tr>
<td></td>
<td>Graduate</td>
<td>32</td>
<td>15.0</td>
</tr>
<tr>
<td></td>
<td>Post-Graduate</td>
<td>17</td>
<td>7.9</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>Sindhi</td>
<td>72</td>
<td>33.8</td>
</tr>
<tr>
<td></td>
<td>Punjabi</td>
<td>56</td>
<td>26.2</td>
</tr>
<tr>
<td></td>
<td>Pakhtoon</td>
<td>33</td>
<td>15.4</td>
</tr>
<tr>
<td></td>
<td>Balouch</td>
<td>19</td>
<td>8.9</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>33</td>
<td>15.4</td>
</tr>
<tr>
<td>Marital Status</td>
<td>Married</td>
<td>179</td>
<td>84.0</td>
</tr>
<tr>
<td></td>
<td>Single</td>
<td>34</td>
<td>15.9</td>
</tr>
<tr>
<td>Average Monthly Income (PKR)</td>
<td>No Income</td>
<td>59</td>
<td>27.6</td>
</tr>
<tr>
<td></td>
<td>10,000 – 20,000</td>
<td>62</td>
<td>29.1</td>
</tr>
<tr>
<td></td>
<td>20,001 – 30,000</td>
<td>17</td>
<td>7.9</td>
</tr>
<tr>
<td></td>
<td>30,001 – 40,000</td>
<td>13</td>
<td>6.1</td>
</tr>
<tr>
<td></td>
<td>40,001 +</td>
<td>04</td>
<td>1.8</td>
</tr>
<tr>
<td>Online Shopping Frequency (Per Year)</td>
<td>1 – 2</td>
<td>79</td>
<td>37.0</td>
</tr>
<tr>
<td></td>
<td>3 – 6</td>
<td>68</td>
<td>31.9</td>
</tr>
<tr>
<td></td>
<td>7 – 11</td>
<td>39</td>
<td>18.3</td>
</tr>
<tr>
<td></td>
<td>12 +</td>
<td>27</td>
<td>12.6</td>
</tr>
<tr>
<td>Online Shopping Experience (in Years)</td>
<td>1 – 3</td>
<td>62</td>
<td>29.1</td>
</tr>
<tr>
<td></td>
<td>4 – 7</td>
<td>77</td>
<td>36.1</td>
</tr>
<tr>
<td></td>
<td>8 – 11</td>
<td>41</td>
<td>19.2</td>
</tr>
<tr>
<td></td>
<td>12 +</td>
<td>33</td>
<td>15.4</td>
</tr>
</tbody>
</table>

In terms of sample size, a total of 213 respondents completed the questionnaire survey. The questionnaire was composed of personal data including respondent’s gender, age, level of online shopping experience and monthly income. Approximately, a total of 75.5% respondents were male and 24.4% female respondents from the 100% responded questionnaire. In other words, male users on online shopping remained considerably greater than female customers. In addition, 43.6% of respondents were in the age bracket of 18-20 and 29.5% from 21-23 age bracket and 13.6% from 24-26. In addition, 13.1% respondents belong to upper age groups of 27+. It implies that, generation Y respondents have major portion of contribution in this study. Thus, the online typology of online purchase signifies approximately 15.5% of respondents at expert level of online shopping and about 29.1% of respondents...
were found beginners and 36% at intermediate level. However, looking at the monthly income, approximately 29.1% respondents were belonging to income level between PKR 10,000 to 20,000 followed by 7.9% respondents with income between PKR 20,001 to 30,000. Moreover 6.1% respondents were belonging to income level between 30,001 and 40,000 excluding 1.8% with income of more than PKR 40000.

4.2 Validity Analysis
In this study, three widely used techniques are used to measure item internal consistence thus, composite reliability (CR), cronbach alpha (α) and average variance extracted (AVE) were deployed. Cronbach alpha (α) was employed using standardized item scores to measure internal consistency of used items. The alpha score of all latent variables has been found to be effective items of their standard edge of 0.70 (Nunnally & Bernstein, 1994) where hope and efficacy alpha values found at edge of 0.85 and 0.81 and resilience and optimism values 0.79 and 0.77 respectively. Moreover, the descriptive statistics has been shown in Table 2. It composed of mean and standard deviation of the variables used in this research. In addition, Table 2 shows minimum and maximum scores of indicators in accordance with individual scores of particular indicator use in this research. However, mean values for efficacy are 4.3 and standard deviation values 0.9. The composite reliability test indicates adequacy of latent variables. Consequently, the calculation of each latent variable was done with total variance of error terms of variables. Although, total square individual standardized loadings divided by square some of standardized loadings (Fornell & Larcker, 198). Since, adequacy of latent variables has found and given below in table 3. The values of CR seems greater than suggested common standard of 0.7 and confirming the adequacy of latent variables used in this research.

Table 2: Results based on Descriptive Analysis

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Frequency</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficacy</td>
<td>213</td>
<td>1.62</td>
<td>6.00</td>
<td>4.3</td>
<td>0.9</td>
</tr>
<tr>
<td>Hope</td>
<td>213</td>
<td>1.19</td>
<td>6.00</td>
<td>4.6</td>
<td>0.8</td>
</tr>
<tr>
<td>Resilience</td>
<td>213</td>
<td>1.71</td>
<td>6.00</td>
<td>5.3</td>
<td>1.5</td>
</tr>
<tr>
<td>Optimism</td>
<td>213</td>
<td>1.53</td>
<td>6.00</td>
<td>4.9</td>
<td>2.2</td>
</tr>
<tr>
<td>Online Purchase</td>
<td>213</td>
<td>1.65</td>
<td>6.00</td>
<td>5.7</td>
<td>1.3</td>
</tr>
<tr>
<td>Intention</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In addition, researcher has also calculated the AVE for the measuring variance retained by the amount along with constructive to variance of latent variable to variance remaining from error measurement. The measurement has been done through dividing the total square of standardized individual loadings with total variance error along with total square standardized individual loadings. However, the AVE value is higher than 0.50 which indicates adequacy of convergent validity. Thus, results indicate that the latent variables have covered sufficient portion of available variance (Larcker & Fornell, 1981). In other words, CV of available factors is at satisfactory level and is demonstrated in table 3. This calculation was employed by dividing total square standardized individual loadings with total variance error plus total square standardized individual loadings. Statistically, the value of AVE is higher than 0.50 which indicates the adequate convergent validity and this result shows that the latent variables capture the large variance share (Larcker and Fornell, 1981). The results summarized in Table 3 indicates the satisfactory convergent validity by all latent variables.
Table 3: Result of Cronbach Alpha, Composite Reliability & AVE

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>(α)</th>
<th>(CR)</th>
<th>(AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Threshold Limit</td>
<td>≥ 0.7</td>
<td>≥ 0.7</td>
<td>≥ 0.5</td>
</tr>
<tr>
<td>Efficacy</td>
<td>0.81</td>
<td>0.91</td>
<td>0.69</td>
</tr>
<tr>
<td>Hope</td>
<td>0.85</td>
<td>0.83</td>
<td>0.71</td>
</tr>
<tr>
<td>Resilience</td>
<td>0.79</td>
<td>0.89</td>
<td>0.73</td>
</tr>
<tr>
<td>Optimism</td>
<td>0.77</td>
<td>0.81</td>
<td>0.65</td>
</tr>
<tr>
<td>Online Purchase Intention</td>
<td>0.89</td>
<td>0.88</td>
<td>0.79</td>
</tr>
</tbody>
</table>

4.3 The Structural Equation Model (SEM)

In this study, advanced version of IBM-SPSS Amos was used to perform the structural equation model widely known as SEM analysis. The key speciality of AMOS is to facilitate researchers in identifying, evaluating and representing hypothesized relation between and among variables through demonstrating clear non-graphical and graphical paths in model which is used in particular study. The researchers consider SEM due to linear and cross-sectional analysis which normally produces model fitness with normal distributed data. In this study, regression and path analysis are the core topographies of the structural equation model analysis. Therefore, it is quite reasonable to use it with least sample size for measurement scale and distribution of residuals (Hair et al., 1999).

Table 4: Results of the Pearson Correlation Coefficients (r)

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Frequency</th>
<th>Correlation Coefficient (r)</th>
<th>Sig Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>PsyCap and OPI</td>
<td>213</td>
<td>0.557</td>
<td>0.003</td>
</tr>
<tr>
<td>EFC and OPI</td>
<td>213</td>
<td>0.569</td>
<td>0.001</td>
</tr>
<tr>
<td>HOP and OPI</td>
<td>213</td>
<td>0.453</td>
<td>0.000</td>
</tr>
<tr>
<td>RES and OPI</td>
<td>213</td>
<td>0.585</td>
<td>0.000</td>
</tr>
<tr>
<td>OPM and OPI</td>
<td>213</td>
<td>0.493</td>
<td>0.002</td>
</tr>
</tbody>
</table>

4.4 Measurement Model Results

![Measurement Model Results](image)

Fit Indices Result: $\chi^2 = 432$, df = 269, $\chi^2 / df = 1.60$, CFI = 0.93, TLI = 0.96, IFI = 0.95, NFI = 0.98, RMSEA = 0.063

Figure 2. Measurement Model Results based on Main Hypothesis H1
A total of 32 individualized items and 06 latent variables were used in this study to construct the hypothesized model. The measurement model has been shown in Figure 1 based on the main research hypothesis H1. Statistically, results indicate the structural relationship between PsyCap on online purchase intention is significant at p-value < 0.05 while the Chi square (χ²) value indicates a good fit. Hence, H0 cannot be accepted. In other means, the influence of PsyCap on online purchase intentions found to be significant at i.e. OPI → PsyCap: γ = 0.74, t = 4.43, p-value = 0.01. Thus, it applies that PsyCap has significant influence on online purchase intentions.

The researcher has also investigated the model fitness through various indexes for example, Chi square (χ²), Comparative Fit Index (CFI), Tucker-Lewis Index (TLI), Normed Fit Index (NFI), Incremental Fit Index (IFI) and Root-Mean Square Error of Approximation (RMSEA). The measurement portion indicates that the χ² = 432, df = 269, χ² / df = 432 / 269 = 1.60, CFI = 0.93, NFI=0.98, TLI = 0.91, RMSEA = 0.063 are better than the recommended threshold edges i.e. χ² = as low as possible, χ² / df = 2 ≤ 1, IFI ≥ 0.90, RMSEA ≤ 0.08, NFI ≥ 0.90, and CFI ≥ 0.90.

Table 5: Hypothesis Testing Results based on H1, H2 . . . . H5

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path</th>
<th>*γ</th>
<th>**t-value</th>
<th>***p-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>OPI → PsyCap</td>
<td>0.74</td>
<td>4.43</td>
<td>0.01</td>
<td>Strongly Supported</td>
</tr>
<tr>
<td>H2</td>
<td>OPI → EFC</td>
<td>0.79</td>
<td>9.369</td>
<td>0.03</td>
<td></td>
</tr>
<tr>
<td>H3</td>
<td>OPI → HOP</td>
<td>0.71</td>
<td>10.856</td>
<td>0.04</td>
<td></td>
</tr>
<tr>
<td>H4</td>
<td>OPI → RES</td>
<td>0.78</td>
<td>11.982</td>
<td>0.02</td>
<td></td>
</tr>
<tr>
<td>H5</td>
<td>OPI → OPM</td>
<td>0.85</td>
<td>6.849</td>
<td>0.04</td>
<td></td>
</tr>
</tbody>
</table>

* Gamma (γ), * t ≥ 1.96, *** p ≤ 0.05

4.5 Hypothesis Testing Results

![Diagram of Hypotheses and Path Analysis](image)

Fit Indices Result: χ² = 447, df = 216, χ² / df = 2.06, CFI = 0.98, TLI = 0.94, IFI = 0.93, NFI = 0.95, RMSEA = 0.072

Fig. 3. Measurement Model Results based on Hypothesis H1, H2, H3, H4 and H5

As shown in Figure 1, multivariate analysis and path analysis were employed in order to institute theorized relationship (i.e. H2, H3….H5) between available variables. In addition, overall model fitness
was also examined. Result of this study confirms the structural relationship between four PsyCap factors and online purchase intention and it is significant at p-value < 0.05. The chi square (χ²) shows model goodness. Hence, H₀ couldn’t be accepted. The impact of four PsyCap factors on online purchase intention (EFC ↔ PsyCap: γ = 0.79, t = 9.369, p-value = 0.03); (HOP ↔ PsyCap: γ = 0.71, t = 10.856, p-value = 0.04); (RES ↔ PsyCap: γ = 0.78, t = 11.982, p-value = 0.02) and (OPM ↔ PsyCap: γ = 0.85, t = 6.849, p-value = 0.04) found to be significant. These results, however, entails that the hypothesized relationship between efficacy, hope, resilience and optimism had a significant impact on online purchase intention. The positive and significant result, however, implies that as psychological capital and its dimensions increase, online purchase intention. In order to analyse the model fit, a total of six indices used in the structural model. The SEM result indicates that the χ² = 447, df = 216, χ² / df = 447 / 216 = 2.06, CFI = 0.98, NFI=0.95, TLI = 0.94, RMSEA = 0.072 represents a best fit than the recommended threshold edges.

5. Discussion

Purpose of this study is to identify explaining PsyCap influence and online purchase intentions. The experimental relationship of used variables, PsyCap and online purchase intentions has been found positive and significant accordance to results. It is clear from hypothesis testing during structural equation model (SEM) testing results that the significance (i.e. ≤ .000) level is less than the error level, thus all suggested hypothesis can be accepted. Further, on confidence level of 95% and above, hypothesis H₁, H₂, H₃, H₄ and H₅ are accepted.

In addition, overall results of the study are significantly indicating effect of PsyCap and online purchase intentions. Moreover, denoting result of each factor individually on online purchase intentions we have found that the influence of self-efficacy is significant on online purchase intentions, influence of hope is significant on online purchase intentions, influence of resilience is significant on online purchase intentions, and influence of optimism is significant on online purchase intentions. It entails that PsyCap is directly associated with online purchase intentions.

Moreover, we can say that role of PsyCap is positive in enrichment of human mental development of consumer online purchase intentions. In other words, if there will be enough mental enrichment or development of consumers the online purchase intentions will positively and effectively contributed. Hence, increase in PsyCap cause increase in online purchase intentions.

It has been predicted after hypothesis testing of relationship between self-efficacy and online purchase intentions that consumers with enough confidence are always showing willingness to observe long term problems and search solutions for the other consumers and are confident to share and discuss about their experiences. H₂ optimism has a significant effect on online purchase intentions concludes that consumes with enough hope are intending to find alternatives for achievement of their goals. PsyCap is owner’s resource that help individual’s to get their goals at work place (Seligman, 1999).

In addition, results of study entail that increase in four PsyCap also increase online purchase intentions and vice versa, hence organizations should think beyond the marketing tools which are mostly used in attracting customers. Organizations need to move on and keep in their prior focus the PsyCap resources to make best moves in their respective markets. Study has also supported the statement to increase PsyCap resources as man’s most powerful and important characteristic that lead to create strong and weak intention in online purchase decision. This study strongly support that consumers can be more productive in terms of purchase if they possess adequate hope and confidence with positive optimistic approach and resilient mind set in online purchase. Thus, online selling companies i.e. Lootlo, Kaymu, PakStyle, Daraz, Shop Daily; Symbios etc. must make some better moves to develop consumer PsyCap traits through possible ways. This will let them to make strong intentions in online purchase intentions and the chances of reluctant behaviour at online purchase will decrease.
6. Limitations

We have put our best efforts to design and implement this study but there are still some limitations. Therefore research results should be interpreted in accordance to these limitations. First, Apart from time, budget and other required resources, sample size of this research comprises of only active online internet shopping customers is a major limitation of this research. They could have been influenced by self-selection bias in their responses. Those customers who have been already ended purchasing from these online websites i.e. Lootlo, Kaymu, PakStyle, Daraz, Shop Daily, Symbios Home Shopping, could have diverse perceptions in term of product worth, satisfaction, experience, habit, trust and loyalty. Hence, interpretation of results should be in light of online purchase intentions of only active online shopping customers and judgment of generalization of results may require an additional research. Second, even though, Lootlo, Kaymu, PakStyle, Daraz, Shop Daily, Symbios Home Shopping are famous and large online Pakistani website selling numerous products so results are not specific to purchasing intentions of a particular type of product or brand.

7. Future Directions

The study on the impact of PsyCap on online purchase intentions is not last event in case of marketing research. The potential future researchers could use different intervening variables as a word of mouth. For example, the PsyCap and online purchase intentions can be also measured by moderating variables i.e. heritage of company or number of year experience in industry. Researchers can also increase demographic factors and may extent the sample size. In addition researcher can also use other geographic factors for measuring PsyCap and online purchase intention.

References


Founder Characteristics and Small Firm Performance in Pakistan
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Abstract: Although there is a large body of research on small firms, there is dearth of studies on small firms in developing countries. Developing countries present new sets of challenges which need new approach. Small firm founders in developing countries often lack marketing and general management knowledge, have low levels of literacy, lack training facilities for various types of skills, and have weak government support and infra-structure. Literature suggests founder characteristics have profound effect on the performance of small firms. This study seeks to investigate role of founder characteristics in performance of small firms in Pakistan. Small firms are defined as firms with 6 to 50 employees. A total of 440 firms from the manufacturing and services sector are selected from metropolitan Karachi and data is collected through a questionnaire. Survey instrument was a questionnaire with two parts. The first part included 17 questions related to information about founders and part two consisted of 5 questions related to performance. The questionnaire was personally administered through personal visits. Questionnaire is based on eighteen questions relating the variables of the study. Stratified random sampling is used. Innovation, proactiveness and motivation are found to be significantly related to performance.

Keywords: Founder characteristics, small firm, performance, Pakistan.

1. Introduction

1.1. Small Firm vs. Small and Medium Enterprises (SMEs)
In this study the focus is on the small firm with 6 to 50 employees whereas in reference to literature the terms small firm and SMEs will be used interchangeably as in research these terms are often overlapping. SME Policy of government of Pakistan claims that different approaches are required for supporting small enterprises as opposed to medium-sized enterprises. Thus, wherever required, separate policy measures are proposed for small vs. medium-sized enterprises. This implies small firms need to be studied separately from the medium-sized firm.

1.2. Role of SMEs (Including Small Firms) in Developing Countries
Role of SMEs in the economy of developing countries has long been recognized. (Kazmil and Farooquie, 2000). SMEs can enable rapid industrialization and accelerated economic growth. Recent literature from all parts of the world suggests importance of SMEs in the overall performance of economy, including USA (Audretsch, 1998), Japan (Urata and Kawai, 1998), East Asia (Berry and Mazumdar, 1991), and Africa (Morris, 1996). SMEs play an important role in economic structure and performance of a country (Berry, 1997).

In spite of the recognition of their importance, performance of SMEs has always fallen short of expectations (Arinaitwe, 2006). It needs investigation as to why SMEs have not been able to perform or to play their due role in poverty reduction, economic recovery and other developmental goals in the economies of developing countries. Most of these businesses are in the traditional, well established sectors and their customers are usually poor or lower middle class. They cannot compete in technology with medium or large scale business (Romijin, 2001). They cannot use economy of scale. Their financial position is weak and so is their technology. All these combine to make them risk averse. And this further
makes them shy about investment in new technology. A lack of ability to produce efficiently, upgrade product quality, meet deadlines and improve designs can lead to disaster. Due to all these factors institutional support is very important for them.

1.3. SMEs in Pakistan
According to the recent Census of Establishments conducted by the Federal Bureau of Statistics (FBS) there are about 3.2 million economic establishments in Pakistan. Out of these, small and medium sized enterprises constitute about 90% of all private enterprises employing approximately 78% of non-agriculture labor force. SMEs contribute over 30% to GDP, 25% in export earnings besides sharing of 35% in manufacturing value addition. Economic indicators clearly reveal the importance and potential of SMEs.

SMEs (specially small firms) in Pakistan are facing many problems. This includes illiteracy, lack of business know how (specially marketing), weak government support, lack of skilled manpower, over-regulation by government, obsolete technology, difficulty in obtaining loans, and a serious shortage of electricity, roads, transport facilities and other infrastructure. Berry et al. (1993) found that most of the problems faced by small business are related to marketing and its application. Lack of marketing skills and know how is an impediment to the viability of the small firm. In spite of the realization of the problem of small business, there has not been any significant effort to understand the problem and suggest solution.

Berry (1998) found that most SMEs in Pakistan were facing falling revenues. Roomi et al., (1998) found that problems of SMEs in Pakistan include inaccessibility to local and international market, shortage of skilled personnel, technological constraints and lack of innovation, lack of entrepreneurial and management skills, and poor product quality. Rana et al., (2003) studied 650 SMEs in Pakistan to see what characteristics of owner-managers affect SME performance. He found owners’ education, media related habits, and use of information technology, number of investors, and number of generations in business had a significant relationship with the health of the firm.

2. Literature Review

2.1. Founder Characteristics
In this study the terms founder, owner and entrepreneur will be used interchangeably as they are so used in literature with reference to the small firm Founder in this study is taken to be the starter and first owner of business. In small firms the owner personifies the firm. He sets up traditions for the firm. And his style often determines the future of the small firm. It is also argued that small firms are embodiment of the personality of the small firm owner. Thus decisions of the small firm are the decisions of the owner. Based on this premise in this study the characteristics of the founder/owner/entrepreneur will be considered to be the characteristics of the firm.

Characteristics of the business founder greatly impact the performance of SMEs (Chen, 1993; Fu, 1991; Liu, Liu and Wu, 1995). Hill, et al. (2002) studied crisis points in SMEs in UK and USA. To cope with life stage crises in SMEs Hill found founder characteristics to be significant. Lin (2000) studied success factors for 43 SMEs in Taiwan. She found that business founder’s attitude (16.4 %), and their skills (14.2 %), are the two most important concerns of the studied firms.

The following sections will discuss the founder characteristics used in this study to predict firm performance.

2.1.1. Age
Age is considered to have a negative effect on performance through diminishing entrepreneurial spirit in older entrepreneurs (Lussier, 1995). General consensus holds that younger business owners are more
innovative, risk-taking and proactive than older ones who are usually more content with the status quo. Older owners do not want to change things which have previously worked for them. They are comfortable with the existing situation and do not want to rock the boat. Ahmed (1995) argued age was one of the factors associated with small firm success through innovation and adaptability. He argues that with age owners are more innovative and adaptable. It would therefore be valuable to investigate what is the effect of age on performance in Pakistan.

2.1.2. Education
Altinay and Wang (2011) in a study on Turkish entrepreneurs found education had positive impact on owners’ entrepreneurial orientation and performance. Education gave entrepreneurs the skills and thinking necessary for understanding customers and responding to their needs. Simpson et al., (2004) and Hankinson (2000) argued education was positively related to success. Dickson (2008) argued there was a significant and positive relationship between education and entrepreneurial performance. Verhees et al., (2004) found product innovation and performance were related to education and experience. Better educated owner-managers were more efficient (e.g., Burky & Terell, 1998). In developing countries low levels of education is remarkable when contrasted with developed countries. The poor in developing countries mostly create survival-oriented small firms to overcome lack of employment. This seems to be the case in Pakistan where educated youths are now picking up self-employment in line with developed countries where highly educated were more likely to be self-employed (Woodruff, 1999).

Education is one of the most fundamental characteristics necessary for business performance. This includes college education which is important in providing a logical way to analyze situations. Morris (1996) argues formal education levels achieved and skill-related training were key factors in achievement of entrepreneurial sophistication in business. An educated owner can understand concepts and apply them. Morisette, (2007) argues entrepreneurship needs to be inculcated in education. Luk and Sheriff (1996) studied factors self-reported by successful small business owners in Hong Kong which included education. Education may not directly impact success but indirectly it has significant role to play in enabling entrepreneurs to make better decisions, understand complex situations, be more analytical and command better communication abilities. Due to chronic low levels of literacy in Pakistan, education assumes major importance as a factor to be studied.

2.1.3. Prior Industry Experience
Altinay and Wang (2011) in a study on Turkish entrepreneurs found experience had a positive impact upon their firms’ entrepreneurial orientation. In addition, the entrepreneur’s previous related work experience prior to opening a new venture influences how the entrepreneur handles the start-up and the growth of the business (Hatch and Dyer, 2004). Such experience creates a ‘cognitive framework’ which facilitated better future decisions and handling of risk.

Harada (2002) found entrepreneur’s previous experience in the industry and related business experience was related to performance. Entrepreneurs who had prior related experience were not only doing better but had a more confident approach and were ready to take reasonable risks. Performance is also affected by whether parents were entrepreneurs. Experience of ‘any’ business in general is also relevant for success. Hill (2001) suggested experience is the most significant competency and is the foundation level competency without which marketing competency cannot occur.

In this study aggregate experience will be used to represent four dimensions of experience including number of years of current business ownership, number of years of similar business owned before the present one, number of years of some other type of business owned before this one, and number of years of managerial experience before starting present business.
2.1.4. Parents Experience

Parents’ experience is significant in its effect on business performance (Harada, 2002; Hausman, 2005). Businesses running in families tend to perform better than those which are not. Role models exert a powerful influence over subsequent innovativeness (Perry-Smith and Shalley, 2003). Entrepreneurship cannot ignite and grow without the mobilization of family forces (Editorial, J. of BV, 2003). Thus family comes to play a strong part in business performance.

2.1.5. Entrepreneurial Personality

Entrepreneurial personality as a factor in firm performance has strong support in literature. Among the large number of variables found related to entrepreneurial behavior the most widely quoted are innovation, risk taking and proactive-ness (Morrison, 2000; Curran et al., 1986; Nandram, 2002; O’Gorman, 2001; and Watson et al., 1998). A founder possessing characteristics of innovation, risk-taking and proactive-ness (among many other factors) is said to have an entrepreneurial personality. But having an entrepreneurial personality is not enough. Entrepreneurial actions must actually be taken on the ground. In this study entrepreneurial personality as a factor in performance is investigated.

For small firms _owner-manager_ personifies the firm. It is the personality of the owner-manager that dictates direction for the small firm. Also entrepreneurial orientation of the owner-manager as a factor in firm performance is well supported in literature. Keh et al., (2007) found entrepreneurial orientation (EO) was significantly related to firm performance directly as well as though information utilization as an intervening variable. He found firms with high levels of EO were more likely to identify opportunities and to make their position stronger with time. High EO helps in acquisition and utilization of information.

Among the large number of characteristics found related to entrepreneurial orientation, some of the most widely quoted are innovation, risk taking and adaptability (Morrison, 2000; Curran et al., 1986; Nandram, 2002; O’Gorman, 2001; and Watson et al., 1998). A founder possessing these characteristics is said to have an entrepreneurial orientation which serves as driver for small firm success. Most discussions of entrepreneurship start with innovation.

2.1.6. Innovation

In order to survive and grow in the highly competitive world of today, where globalization, deregulation, e-commerce and great competitive intensity with new technologies is the order of the day firms must innovate continually (Higgins, 1996; Kay, 1993; Patel, 1999; Cook, 1998; Davis and Moe, 1997; Doyle, 1999). In an empirical study of 100 UK firms, Cottom et. al. 2001, found that a significant number of these firms were serious about innovation. To the extent that some had directors of innovation, managers of innovation and cross functional teams doing innovation. However Hausman (2005) found that knowledge applicable to innovativeness in large firms cannot be applied to innovation in small firms. Industry competitiveness appears to work the opposite in case of small vs. large firm.

Most discussions on entrepreneurship have focused on innovation. Activities of the firm are changed through innovation leading them away from routine and repetitive activities. New environment is created and this is done by the entrepreneur. Entrepreneur plays the innovative role (Yamada, 2004). The definition of entrepreneur is derived from the Austrian view suggested by Schumpeter (1971). According to this view entrepreneurship is carrying out of new combinations to connect resources and people. Schumpeter (1954) suggested innovativeness is the tendency to support new ideas, novelty, experimentation, and creative processes resulting in new products, services, or technological processes. Innovativeness includes fostering a spirit of creativity, supporting R&D and experimentation, developing new processes, introducing new products/services, and technological leadership (Lumpkin, 2001; Lumpkin and Dess, 2001). Usually entrepreneurs and their firms who are innovative are the first to bring a product to market (Colvin and Slevin, 2001). Creativity and innovation are related. Innovation is applied creativity.
Drucker (1994) argues there are 7 basic sources of opportunities to innovate and only one of them is to do with inventing something new. Innovation is more than invention and does not have to be technical. It can be social and economic. Thus innovation can be in any activity including selling, pricing, or even delivery. It has to have value for the end customer. Innovation can be radical vs. incremental, product vs. process, and administrative vs. technological (Cooper, 1998). Cooper defined innovation to include new products, new processes, new services (including new uses of established products, processes and services), new forms of organization, new markets, and the development of new skills and human capital. Thus entrepreneurs can do any of these innovations to gain edge over competitors.

2.1.7. Risk-Taking
Risk-taking is an important characteristic of entrepreneurs. Entrepreneurs are likely to take great risks in their pursuit of business opportunities and to promote innovation (Knight, 1921). Knight places great emphasis on this aspect of entrepreneurship. There is no guarantee that new products would succeed. Entrepreneurs have to face this uncertainty. It is entrepreneurs that can deal with this type of uncertainty. Folani and Mullins (2000, pp. 304) suggest entrepreneurs’ perception of risk is the —uncertainty and potential losses associated with the outcomes which may follow from a given set of behaviors. It may include venturing into a new and unknown territory, committing a relatively large share of assets and significant borrowing (Baird and Thomas, 1985). Entrepreneurs usually accept that entrepreneurship involves risk-taking and they are willing to take these risks in return for the rewards. They would however, prefer to lower the risks when possible.

Risk-taking may be more profitable in the long term rather than the short term —because some projects fail while others succeed—(March, 1991; McGrath, 2001). In order to excel competition and gain edge in the market, firms have to take actions which may result in considerable loss to them. Risk-taking was related to performance (Covin and Slevin, 1991; Wiklund, 1999; Zahra and Covin, 1995). Among the dimensions of entrepreneurial orientation characteristics risk-taking was next to innovation in terms of significance and effect on performance. Risk-taking is a very important issue for the small firms due to their high failure rates (Stokes, 2000).

2.1.8. Proactiveness
Proactive-ness is the opportunity seeking, forward looking perspective that involves introducing new products/services and acting in anticipation of future demand. Lumpkin and Dess (2001) describe proactive-ness as a response to opportunities and competitive aggressiveness as response to threats. It includes many activities including identifying opportunities, and market trends, assessing strengths and weaknesses of opportunities, and forming teams capable of exploiting them (Kropp, Lindsay, and Shoham, 2004). Entrepreneurs need to develop a vision and determine ways to combat previously unidentified components to capitalize on the perceived business opportunities (Bird, 1989; Schumpeter, 1954).

2.1.9. Motivation for Business (Push vs. Pull Factors)
Gilad and Levine (1986) introduced the _push_ and _pull_ theory of motivation for entrepreneurship. According to the _push_ theory individuals are pushed into entrepreneurship by negative factors including unemployment, low incomes, bad experience from work and other such factors. The _pull_ theory suggests individuals are attracted to entrepreneurship due to what it offers including self-fulfillment, independence, wealth, and other desirable outcomes. Keeble et al. (1992) and Orhan and Scott (2001) argue people become entrepreneurs primarily due to pull factors.

Pull factors were more likely to lead to success than push factors (Watson, et al., 1998). It is generally argued that individuals who are pulled into entrepreneurship will have more profitable and higher growth firms (Storey, 1994). This push-pull dichotomy can provide a useful classification for entrepreneurial motivations.
Moreover, those owners who entered business due to pull factors had an entirely different attitude. They were enjoying doing business and were more motivated. Push factor motivated owners were just surviving and looking for financial returns. They did not have emotional involvement in business in the same way as the pull motivated owners.

2.1.10. Adaptability
Entrepreneurial success requires both a real opportunity in the market and a well conceptualized business concept and a good fit between the two. This fit is not necessarily present from the beginning. The successful entrepreneur realizes this and thus recognizes the need for continuous adaptation of elements (Shindehutte et al. 2001).

Shindehutte et al. (2001) found adaptability in small firms, based on turbulence in the external environment, related to success. They also found prior ventures lead to more adaptation. And opportunist entrepreneur is more likely to adapt than craftsmen or inventors. Also non family ventures were more adaptive than family ones. Dynamic markets led to more adaptation and to innovation. Firms with more adaptive capacity adapt more. And adaptation leads to higher sales revenues and higher profits.

The extent to which a given marketing strategy will work is a function of its adaptation. This may include positioning a company around a flexible product line. Adaptation may well be associated with the marketing concept (Pitt, 2000). A critical finding is that adaptation has performance implications in small firms. The tendency to adapt over time is positively associated with profit performance. The most important adaptive strategy seems to be product/service development. It is important for an entrepreneur to have a concept that loosely fits the opportunity and then proactively adapt as things evolve, than to lock the firm into specific commitments that limit the venture’s future actions.

2.2. Performance Measurement
In this study performance is measured both objectively and subjectively. Objective measures of performance include growth in profit, sales and employees with respect to competition in the last three years as judged by the owner manager. Subjective measures of performance include overall satisfaction from business and decision to invest in business next year (Rana et al, 2003). Objective measures of success may not be enough. Small business owner may have personal objectives that need not always be objective. He may be lifestyle oriented businessman. Or he may just like to carry out an activity to ‘pass time’. Thus he may not measure his success in objective terms. Such business owner may be happy with moderate success as long as he is achieving his other subjective goals. Thus to fully understand performance from the small business owners’ point of view it is important that both measures of success be included in performance measurement. This study asks small business owner questions related to profit and growth in sales and employees to assess objective performance. He is asked his overall satisfaction from business and his willingness to invest in same in next period as a proxy for subjective success measurement.

3. Factor Analysis and Adjustment of Research Framework
Based on the factor analysis some variables were deleted and the final revised framework and hypotheses were formulated as in the sections below.
3.1. Research Framework
Framework for the study is given in Figure 1.

3.2. Research Hypotheses

3.2.1. Objective Business Performance
H1: Founder characteristics of small firms in Pakistan influence objective business performance.

H1A: The higher the age of the founder the lower the business performance of the firm.

H1B: The higher the education of the founder the higher the business performance of the firm.

H1C: The higher the prior industry experience of the founder the higher the business performance of the firm.

H1D: The higher the parents’ industry experience the higher the business performance of the firm.

H1E: The more innovative the founder the higher the business performance of the firm.

H1F: The more risk-taking the founder the higher the business performance of the firm.

H1G: The more adaptable the founder the higher the business performance of the firm.

3.2.2. Subjective Business Performance
H2: Founder characteristics of small firms in Pakistan influence objective business performance.

H2A: The higher the age of the founder the lower the business performance of the firm.
H2B: The higher the education of the founder the higher the business performance of the firm.

H2C: The higher the prior industry experience of the founder the higher the business performance of the firm.

H2D: The higher the parents’ industry experience the higher the business performance of the firm.

H2E: The more innovative the founder the higher the business performance of the firm.

H2F: The more risk-taking the founder the higher the business performance of the firm.

H2G: The more adaptable the founder the higher the business performance of the firm.

4. Results

4.1. Inter-Correlation of Variables of Study

4.1.1. Services
Results showed two dimensions of entrepreneurial orientation were significantly correlated with objective performance, namely innovation ($r = .19$, $p < .01$), and risk-taking ($r = .16$, $p < .01$) and all three dimensions of entrepreneurial orientation were correlated with subjective performance, namely, innovation ($r = .28$, $p < .01$), risk-taking ($r = .25$, $p < .01$) and adaptability ($r = .15$, $p < .01$). See table 1.

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4.1.2. Manufacturing
Results showed two dimensions of entrepreneurial orientation were significantly correlated with objective performance, namely innovation ($r = .18$, $p < .01$), and risk-taking ($r = .15$, $p < .01$) and all three dimensions of entrepreneurial orientation were correlated with subjective performance, namely, innovation ($r = .28$, $p < .01$), risk-taking ($r = .24$, $p < .01$) and adaptability ($r = .15$, $p < .01$). See table 2.
Table 2: Inter-Correlation of Variables of Study for Manufacturing Firms

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<tr>
<td>SUBP</td>
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4.2. Hypotheses Testing through Multiple Regression Analysis

4.2.1. Service

4.2.1.1. Relationship between Founder’s Entrepreneurial Orientation Characteristics and Objective Business Performance H1

Hypothesis H1 (H1E to H1G) postulated a positive significant relationship between owner-managers’ entrepreneurial orientation characteristics and objective business performance of the firm. This hypothesis was tested through regression analysis. Results indicated innovation (β = .21, p < .01) positively and significantly influenced objective business performance. Risk-taking (β = .18, p < .01) also positively and significantly influenced objective business performance. Adaptability however was not significant with objective performance. R² was found to be 8% which meant the three dimensions of owner-managers’ entrepreneurial orientation characteristics together explained 8% variation in objective business performance of small firms in Pakistan. Therefore the hypothesis H1E (innovation and objective business performance) and hypothesis H1F (risk-taking and objective business performance) were supported, while hypothesis H1G (adaptability and objective business performance) was not supported. See table 3.

Table 3. Multiple Regression: Founder’s Entrepreneurial Orientation Characteristics and Business Performance Services

<table>
<thead>
<tr>
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<th>Objective business performance (β)</th>
<th>Subjective business performance (β)</th>
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<tr>
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<td>.26***</td>
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<td>Risk-taking</td>
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<td>F Change</td>
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</table>

Significance levels ***p < .01; **p < .05; *p < .10
4.2.1.2 Relationship between Founder’s Entrepreneurial Orientation Characteristics and Subjective Business Performance H2

Hypothesis 2 (H2E to H2G) postulated a positive significant relationship between owner-managers’ entrepreneurial orientation characteristics and subjective business performance of the firm. This hypothesis was tested through regression analysis.

Results indicated innovation (β = .26, p < .01) positively influenced subjective business performance. Risk-taking (β = .21, p < .01) also positively influenced subjective business performance. Adaptability (β = -.18, p < .01) however did not significantly influence subjective business performance.

R2 was found to be 14.3 % which meant the three dimensions of owner-managers’ entrepreneurial orientation characteristics together explained 14.3 % variation in subjective business performance. Therefore the hypothesis H2E (innovation and subjective business performance) and hypothesis H2F (risk-taking and subjective business performance) were supported, while hypothesis H2G (adaptability and subjective business performance) was not supported.

4.2.2 Manufacturing

4.2.2.1 Relationship between Founder’s Entrepreneurial Orientation Characteristics and Objective Business Performance H1

Hypothesis H1 (H1E to H1G) postulated a positive significant relationship between owner-managers’ entrepreneurial orientation characteristics and business performance of the firm. This hypothesis was tested through regression analysis. Results are given in Table 4.

Results indicated innovation (β = .20, p < .05) positively and significantly influenced objective business performance. Adaptability (β = -.20, p < .05) negatively and significantly influenced objective business performance. Risk-taking however did not significantly influence objective performance.

R2 was found to be 4 % which meant the three dimensions of owner-managers’ entrepreneurial orientation characteristics together explained 4 % variation in objective business performance. Therefore hypotheses H1E (innovation and objective business performance) and H1G (adaptability and objective business performance) were not supported.

4.2.2.2. Relationship between Founder’s Entrepreneurial Orientation Characteristics and Objective Business Performance H1

Hypothesis H2 (H2E to H2G) postulated a positive significant relationship between owner-managers’ entrepreneurial orientation characteristics and subjective business performance of the firm. This hypothesis was tested through regression analysis.

Results indicated none of the entrepreneurial orientation dimensions, namely, innovation, risk-taking, and adaptability were significant with subjective performance. Thus hypothesis H2E (innovation and subjective business performance), H2F (risk-taking and subjective business performance) and H2G (adaptability and subjective business performance) were not supported.
Table 4: Multiple Regression: Owner-managers’ Entrepreneurial Orientation Characteristics and Business Performance

<table>
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<tr>
<th>Independent Variables</th>
<th>Dependent Variables (β)</th>
<th>Objective business performance</th>
<th>Subjective business performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Method A/B</td>
<td>Method A/B</td>
</tr>
<tr>
<td>Innovation</td>
<td>.20**</td>
<td>.08</td>
<td>.08</td>
</tr>
<tr>
<td>Risk-taking</td>
<td>-.04</td>
<td>.08</td>
<td>.08</td>
</tr>
<tr>
<td>Adaptability</td>
<td>-.20**</td>
<td>.08</td>
<td>.08</td>
</tr>
<tr>
<td>R²</td>
<td>.08</td>
<td>.15</td>
<td>.15</td>
</tr>
<tr>
<td>R² Change</td>
<td>.08</td>
<td>.15</td>
<td>.15</td>
</tr>
<tr>
<td>F Change</td>
<td>2.25*</td>
<td>.8</td>
<td>.8</td>
</tr>
</tbody>
</table>

Significance levels ***p < .01; **p < .05; *p < .10

5. Discussion

Age is negatively correlated with objective and subjective performance for services firms. This shows that younger founders are more successful than older ones. This might be due to the fact that services are usually found in retail setups where the business model tends to be simple in Pakistan, e.g. shops and grocery stores. Education is not significant with objective or subjective performance. Reasons for this appear to be similar to those given for age. Incidentally experience, parents experience is also not significant. Innovation, risk-taking is significant with both objective and subjective performance and adaptability with subjective performance. This shows founders who are adaptable perceive themselves to be more successful in a subjective manner.

For manufacturing results are quite similar.

Regression analysis results indicated that for services innovation and risk-taking are significant with both objective and subjective business performance but adaptability has not found to be significant. This means those who innovate and take risks are rewarded but those who adapt may not be.

For manufacturing however only innovation is significant with objective business performance. One explanation can be that manufacturing often needs substantially more investment and thus founders are reluctant to take risks. Adaptability requires more knowledge and technology in manufacturing.

6. Conclusion

There are lessons in this study for the small business firms in Pakistan. In the present global economic crisis small firm survival will depend on its ability to innovate ahead of competition. Doing business the conventional way is not likely to lead the small firm to profitability, sales growth and growth in employment. The small firm has to innovate within its limited resources. Innovation is not invention. It is new ways of doing business which adds value to the business or quality of life of its customers.

Small business owners must try to get into the kind of business they enjoy doing and this is likely with type of business in which they feel confident.

For the policy makers the implications are that small firm must be helped to survive its first few years in which it is vulnerable. Training programs and consultancy can help the small firm but the small firm needs assurance that consultants are good for them and for this consultants need to talk in the language of the small firm owners.
References


Re-Clarification of Corporate Character Scale (Davies et al., 2003) in Upscale Hotels
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Abstract: This study examines the robustness of corporate character scale (CCS) in hotel industry in Malaysia via parallel analysis of factor analytic methods. A total of 529 respondents were surveyed for the purpose with Shangri-La and Hilton as sample hotels. Principal Axis Factoring and Principal Component Analysis and LISREL 8.8 were used to analyze the scale. Results show four instead of five factors scale and all factors meet necessary validity and reliability requirements.

Keywords: Corporate Character Scale; Factor Analysis; Parallel Analysis; Hotel

1. Introduction
Organizations find challenges in differentiating their business from those of others in this achieving their competitive advantage in today’s business world. Using solely functional or utilitarian values to differentiate their products or services brand makes more difficult to sustain in the market, thus, introducing the symbolic meanings of a particular brand becomes essential. Therefore, scholars have suggested that marketers should create and a meaningful differentiation through symbolic values that is through personality (Aaker 1997, Davies, et al., 2004).

The corporate character scale (CCS) was introduced by Davies and colleagues (2003) to assess organization reputation by adopting human personality trait theory. The authors personify organization as a person, imbued with human characters or personality traits. By doing so, it facilitates the creation of corporate brand image by stakeholders particularly consumers (Syed Alwi & da Silva, 2007). CCS has been linked to organization distinctiveness and stakeholders’ satisfaction (Chun & Davies, 2006). Despite its predictive ability, its adoption in the Southeast Asian region has been limited (e.g. Chetthamrrongchai, 2010) particularly in the lodging and accommodation (i.e. hotel) industry.

The five dimensions of CCS have showed robust factor structure in retail context, however its factor structure in the lodging industry has yet to be examined. Thus, the objective of this current study is to investigate the robustness of CCS in the lodging industry particularly for upscale 5-star hotels which placed paramount focus on brand image building. The intention is to establish CCS as reliable scale to measure upscale hotels corporate reputation.

2. Corporate Character Scale – The Trait Approach
The appeal to human traits or characters plays a pivotal role in consumers purchasing behaviors (Freling et al., 2010). Most empirical studies confirm the influence of these characters to the overall brand personality concept (Eisend et al., 2013). In service, brand personality or characters may create differentiated identity in hotels when the functional attributes are no longer insufficient to create unique service offerings (O’Neill & Matilla, 2010). As these characters become salient hotel attributes, they are essentially the decisive reason for hotel guests to choose and stay in a particular hotel or eat in a restaurant (Siguaw et al., 1999). One known measurement of characters is the corporate character scale (CCS) originated from the study of Davies and colleagues (2003). CCS is defined as ‘how a stakeholder distinguishes an organization, expressed in terms of human characteristics’ that concern on perception of corporate reputation (Davies et al., 2004). They use CCS to measure organization reputation by
adopting the lexical approach of human trait descriptors via personification metaphor of ‘company as person’.

Although there are several existing measurement of corporate reputation, CCS is intended to associate human characteristics to organization to which stakeholders, especially customers, could easily relate to.

CCS comprises 5 first-order factors (i.e. dimensions) reflected by 43 trait items. Davies and colleagues (2003) uncovered 7 factors in their seminal study, however 2 factors (machismo, and informality) were later dropped on their subsequent study (Chun and Davies, 2006) (Please refer to Table 1). The remaining dimensions show significant construct validity in one study (see Chetthamrongchai, 2010), while another study remove several items to achieve good fitting measurement model (see Syed Alwi and da Silva, 2007). Notably, Da Silva and Syed Alwi (2006) adopt CCS to compare corporate brand image of virtual retailer versus bricks and mortars retailer in a British context. Their findings reveal that agreeableness, enterprise, competence, chic and informality are very much relevant in bricks and mortar context in explaining corporate brand image. However, in the context of virtual environment, only agreeableness, enterprise, competence and chic becomes more relevant. Yet, a study by Chetthamrongchai (2010) proves that all five dimensions of CCS are replicable. In another study, Whelan and Davies (2007) investigate the image of Tesco in another non-British market i.e. Ireland. Findings reveal that Tesco’s corporate character in Ireland focuses more on ruthless and competence. They further argue that Tesco Ireland may have acquired certain negative associations as it is a British company in the Irish market.

Table 1 – Corporate Character Scale

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Facet</th>
<th>Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreeableness</td>
<td>Warmth, Empathy, Integrity</td>
<td>Friendly, pleasant, open, straightforward, concerned, reassuring, supportive, agreeable, honest, sincere, trustworthy, socially responsible</td>
</tr>
<tr>
<td>Competence</td>
<td>Conscientiousness, Drive, Technocracy</td>
<td>Reliable, secure, hardworking, ambitious, achievement-oriented, leading, technical, corporate</td>
</tr>
<tr>
<td>Enterprise</td>
<td>Modernity, Adventure, Boldness</td>
<td>Cool, trendy, young, imaginative, up to date, exciting, innovative, extrovert, daring</td>
</tr>
<tr>
<td>Chic</td>
<td>Elegance, Prestige, Snobby</td>
<td>Charming, stylish, elegant, prestigious, exclusive, refined, snobby, elitist</td>
</tr>
<tr>
<td>Ruthlessness</td>
<td>Egotism, Dominance</td>
<td>Arrogant, aggressive, selfish, inward-looking, authoritarian, controlling</td>
</tr>
</tbody>
</table>

Source: Davies et al., 2003

---

3 Corporate reputation can be defined as “the collective perception about a firm’s past behavior and outcomes from a multiple stakeholder perspective” (Shamma and Hassan, 2009). Thus, public’s perceptions about company’s reputation is vital to gain public attention and sustain their corporate reputation (Shamma and Hassan, 2009).
Recently, Avis (2012) addresses few underlying concerns in adopting human personality trait theory into branding in general. One of them is composition of factors and items in the measurements which have always been proven to be culturally driven (e.g. Rojaz-Méndez et al., 2013). Replication of CCS in the hotel industry is still unknown. It faces the greatest challenges due to the ever growing volume and hyper competition. The increasing customers demand with the increasing market competition pushes hotel brands to seek differentiation and sustain competitive advantage. Leveraging on the brand characters or personality is promising. The current study examines the robustness of CCS mainly using factor analytic methods. Recent studies in scale development and validation have stressed on the use of Horn’s (1965) parallel analysis (PA) as a decision rule to determine the numbers of factors to be retained (Garrido et al., 2013). Thus, this study will adopt PA to decide factors that should be remained. Exploratory factor analysis (EFA) will be then constrained to numbers of factors identified from the results of PA. The study will then investigate construct validity of the extract factors using confirmatory factor analysis (CFA).

2.1. Methodology

2.1.1. Sample and Survey Instrument
The study distributed questionnaires to several business schools in Kuala Lumpur public universities. A total of 529 responses were collected form MBA students (Male = 52%, 58.2% between 21 to 40 years old). Only 3.8% were full-time students while others were doing the MBA degree on a part-time basis. There were two versions of the questionnaire in which respondents were asked to evaluate the brand personality (i.e. characters) of Shangri-La and Hilton hotels. In the first section of the questionnaire, respondents were asked, ‘If you were to imagine Shangri-La [Hilton] hotel has come to life as a human being, please rate the following characters that you believe would best describe the hotel on the following items.’ This was followed by the lists of 43-items corporate character scale (CCS) adopted from Chun and Davies (2006). It is a reflective scale comprises five first-order dimensions – 12-item agreeableness (facets: warmth, empathy and integrity), 9-item enterprise (facets: modernity, adventure, and boldness), 8-item competence (facets: conscientiousness, drive, and technocracy), 8-item chic (facets: elegance, prestige, and snobbery), and 6-item ruthless (facets: egotism, and dominance). All items were measured using 6-point Likert scale (1 = strongly agree, 6 = strongly disagree). In the second section, respondents filled up several demographics data after completing the CCS items.

2.1.2. Outliers and Normality
All cases were transformed to z-score values. The study removed all cases that were more than ± 3.0 values (Ng, 2010). Sixty five outlier cases were deleted, thus only 464 cases were further analyzed. Item-to-response ratio was 10:1 which exceeded the recommended ratio of 5:1 (Hair et al., 2010). The remaining cases showed significant violations of multivariate normality (Small (1980) test of multivariate normality, p < .001) (DeCarlo, 1997). This was supported by Mardia (1970) multivariate kurtosis and skewness (p < .001). However, both principal component analysis (PCA) and exploratory factor analysis (EFA) in SPSS 18 do not require data to meet multivariate normality assumption.

2.1.3. Factor Clarification
Horn’s parallel analysis (PA) (1965) was performed to identify the number of latent factors (Crawford et al., 2010; Hayton et al., 2004; Reise et al., 2000; Schmitt, 2011). Using STATA 13, PA with principal

4 A pre-study identified that most hotel patrons were highly aware of Shangri La and Hilton hotels when asked to recall a five star rating hotels in KL. Probably because these hotels are actively promoting their brand image in the mass media. Thus, the study decided that these hotels becomes the stimuli for the current study.
axis factoring (PAF) method of extraction was ran at 95th percentile eigenvalues of 10,000 iterations (Crawford et al., 2010, Dinno, 2009; O’Connor, 2000). PA-PAF resulted in 4 latent factors with adjusted eigenvalues > 1 (Refer to Table 2).

<table>
<thead>
<tr>
<th>Component or Factor</th>
<th>Adjusted Eigenvalue</th>
<th>Unadjusted Eigenvalue</th>
<th>Estimated Bias</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10.08</td>
<td>11.16</td>
<td>1.08</td>
</tr>
<tr>
<td>2</td>
<td>5.82</td>
<td>6.86</td>
<td>1.04</td>
</tr>
<tr>
<td>3</td>
<td>2.93</td>
<td>3.94</td>
<td>1.00</td>
</tr>
<tr>
<td>4</td>
<td>1.18</td>
<td>2.13</td>
<td>0.94</td>
</tr>
<tr>
<td>5</td>
<td>0.85</td>
<td>1.72</td>
<td>0.87</td>
</tr>
</tbody>
</table>

2.1.4. Exploratory Factor Analysis
In the following step, the study ran exploratory factor analysis (EFA), specifically using principal axis factoring (PAF) with oblimin rotation and constraining the extracted factor to 4 using SPSS 18. This resulted in reflective items which grouped to each 4 latent factors. Following suggestion from Hair et al. (2010), items that did not meet the minimum communalities values of .50 were removed. After 3 EFA-PAF iterations, all items showed communalities exceeding the recommended value (Please refer to Table 3). However, 2 items (prestigious, and refined) showed weak item loading values of less than .50, while 1 item (up-to-date) cross-loaded into another factor (> .40). The study then ran a separate principal component analysis (PCA) with varimax rotation to each individual factor to remove weak loading items (Conway & Huffcutt, 2003), however PCA results indicated that all items showed strong item loadings (> .70) to their respective factors. In the following analysis stage, the removal of weak and cross-loading items from EFA-PAF results were done using confirmatory factor analysis (CFA).

Table 3 – Pattern Matrix

<table>
<thead>
<tr>
<th></th>
<th>Factor 1</th>
<th>Factor 2</th>
<th>Factor 3</th>
<th>Factor 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ambitious</td>
<td>.869</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leading</td>
<td>.815</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exclusive</td>
<td>.754</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Achievement oriented</td>
<td>.709</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elegant</td>
<td>.579</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hard working</td>
<td>.575</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prestigious*</td>
<td>.476</td>
<td></td>
<td></td>
<td>.323</td>
</tr>
<tr>
<td>Refined*</td>
<td>.470</td>
<td>.614</td>
<td>.419</td>
<td></td>
</tr>
<tr>
<td>Authoritarian</td>
<td></td>
<td>.943</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inward-looking</td>
<td></td>
<td>.909</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Controlling</td>
<td></td>
<td>.853</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selfish</td>
<td></td>
<td>.700</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Young</td>
<td></td>
<td>.845</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trendy</td>
<td></td>
<td>.842</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stylish</td>
<td></td>
<td>.651</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imaginative</td>
<td></td>
<td>.650</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up-to-date**</td>
<td></td>
<td>-.614</td>
<td>.419</td>
<td></td>
</tr>
<tr>
<td>Exciting</td>
<td></td>
<td>-.585</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reliable</td>
<td></td>
<td>.855</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secure</td>
<td></td>
<td>.757</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concerned</td>
<td></td>
<td>.508</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Item loadings of < .50,
**Item cross-loadings of > .40
2.1.5. **Confirmatory factor analysis**

The study used LISREL 8.8 to run CFA on the remaining items. Since multivariate assumption was not met, the study transformed all cases using LISREL 8.8 drop-down menu Normal function. CFA was run individually to each of the 4 remaining factors. By referring to the modification indices (MI) provided by the statistical software output, item with the largest measurement error was removed, and CFA run was repeated until the factor achieved model fit (MacCallum et al., 1992; Schmitt, 2011). The results revealed that factor 1 is reflected by 5 items (hard-working, ambitious, achievement-oriented, leading, and exclusive) which Davies and colleagues (2003) label competence dimension (i.e. factor). However, the current study re-labels this dimension as drive. Factor 2 is reflected by 3 items which are selfish, inward-looking, and controlling all of which group within ruthless dimension. Meanwhile trait items imaginative, up-to-date, and exciting represent factor 3 which is labelled enterprise dimension. Lastly, the remaining trait items concerned, reliable, and secure are labelled conscientiousness. The study then referred to Cronbach’s \( \alpha \), composite reliability (CR), and average variance extracted (AVE) values for convergent validity, and used Fornell and Larcker (1981) method to investigate discriminant validity of the remaining 4 factors. Convergent validity is met when Cronbach’s \( \alpha \) and CR values exceed the minimal .70 values, while AVE values meet the minimal .50 values (Fornell and Larcker, 1981; Nunnally and Bernstein, 1994). Whereas, discriminant validity is achieved when the AVE values of two factors are greater than the common variance shared (phi-squared, \( \phi^2 \)) between them (Fornell & Larcker, 1981). Table 4 below summarizes the results. Overall, these factors achieved both convergent and discriminant validity.

**Table 4 – Convergent and discriminant validity**

<table>
<thead>
<tr>
<th>Drive</th>
<th>Drive</th>
<th>Ruthlessness</th>
<th>Enterprise</th>
<th>Conscientiousness</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Hard-Working</td>
<td>( \alpha = .89 )</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Ambitious</td>
<td>CR = .89</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Achievement-Oriented</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Leading</td>
<td></td>
<td></td>
<td>CR = .87</td>
<td></td>
</tr>
<tr>
<td>- Exclusive</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Ruthless            | 0.03  | \( \alpha = .87 \) | CR = .87  |                   |
| - Selfish           |     |              |            |                   |
| - Inward-Looking    |     |              |            |                   |
| - Controlling       |     |              |            |                   |

| Enterprise          | 0.13  | 0.07         | \( \alpha = .78 \) | CR = .78  |
| - Imaginative       |     |              |            |                   |
| - Up-to-date         |     |              |            |                   |
| - Exciting          |     |              |            |                   |

| Conscientiousness   | 0.49  | 0.07         | 0.14       | \( \alpha = .85 \) |
| - Concerned         |     |              |            | CR = .86  |
| - Reliable          |     |              |            |                   |
| - Secure            |     |              |            |                   |

| AVE                 | 0.62  | 0.69         | 0.54       | 0.67               |

Note: Diagonal are Cronbach \( \alpha \) and composite reliability (CR) values. Below diagonal are \( \phi^2 \) values between respective factors. Bottom row are AVE values.

### 3. Discussion

The objective of this study is to re-clarify the factor structure of the CCS within the lodging industry particular in the upscale 5-star hotel market. Despite showing structural stability in previous studies
(e.g. Chetthamrongchai, 2010), the results indicate that the current study could partially replicate CCS five-factor structure. Only 4 dimensions emerge from the factor analytic approaches taken (i.e. PA, EFA, and CFA). Specifically, guests of upscale hotels in Malaysia perceives these hotels to be imbued with drive (5 items), conscientiousness (3 items), enterprise (3 items) and ruthless (3 items) characters.

There might be several explanations why the findings are as such. First, trait items operates at highly abstract level (Bao & Sweeney, 2009 and may not be replicable across different cultural contexts (e.g. Valette-Florence & De Barnier, 2013). Insofar, most development in brand personality scale has proven that combined etic-emic approach will result in a robust measurement model which comprises both etic and emic trait descriptors (e.g. Aaker et al., 2001; Rojaz-Méndez et al., 2013). CCS adopts the human trait theory (i.e. Big Five model) and by doing so, not all human traits are applicable to describe corporate brand (further discussion in Caprara et al., 2001; Huang et al., 2012). Scales based on human traits are usually confined within the contexts that they are intended for, though some traits have shown cross-cultural robustness (e.g. Aaker et al., 2001; Sung et al., 2015).

Second, most studies that adopt CCS investigate the retail industry (e.g. Chetthamrongchai, 2010; Syed Alwi and da Silva, 2007) and organizations (Davies, 2008). In fact, the original intent of developing CCS was to find alternative to measure corporate reputations. When adopting CCS to upscale hotel, only 14 items are robust. It is highly possible that there are emic items that are yet to be identified. Such probability is highly probable if one’s delve into the development of brand personality specific to Malaysian context.

Third, the current study only used Hilton and Shangri La as the stimuli to measure CCS for upscale hotel. This may have supressed other traits from being extracted. The samples may have had bad experiences with these two hotel stimuli. More relevant traits could have been extracted if respondents were just asked to recall any 5 star rating hotels that they have patronage. This should improve CCS robustness.

The current study has several limitations. First, as stated above, upscale hotel stimuli was limited to two hotels only. A more comprehensive list of hotels may improve the factor structure stability of CCS. Second, future studies need to investigate the robustness of CCS in other industries. Its application has been limited to retailing with the exception one (see Davies, 2008). Third, the adoption of CCS need to be tested in other cultural contexts. Such would be improving its measurement invariance across other cultures.

Reference


The Mediating Role of Brand Image of Health Product Brands on Consumer-Brand Relationships in Social Media
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Abstract: This paper presents the finding of a study which examines the mediating role of brand image towards the effects of various brand factors influencing consumer-brand relationship, viz., brand experience, brand attribute, endorser effect, brand familiarity, online advertisement and social media engagement. This paper was extracted from a much larger study which examined the relationships in the context of health product brands in Malaysia. The results of this study hold important implications for both practitioners and academics. Marketers need to make efforts to further improve their brand image and communicate it clearly to the consumers. This will lead to better consumer brand relationships and hopefully will ultimately lead to brand loyalty. This study also contributes to the body of knowledge as this is among the first to look at the mediating role of brand image especially in the context of branding on social media and looking specifically at health product brands.

Keywords: Brand image, Social media marketing, Consumer brand relationship

1. Introduction

The existing research on consumer-brand relationship has mainly focused on the how the relationships are formed (Bagozzi, 1995; Duncan and Moriarty, 1997; Fournier, 1998; Peterson, 1994), how the relationship developed (Fajer and Schouten, 1995; Fournier, 1998; Franzen, 1999), the relationship pattern (Aaker and Joachimsthaler, 2000; Fajer and Schouten, 1995; Fournier, 1998; Kaltcheva and Weitz, 1999), the concept of the relationship (Blackston, 1992; Duncan and Moriarty, 1998; Franzen, 1999; Hess, 1998), and finally, the impact of the brand relationship (Kaltcheva and Weitz, 1999; Park and Kim, 2001).

Due to the rapid development of Internet/Information technology, social media has become more and more important and even an essential part of our lives today. This includes ongoing business dialogue with consumers, the public brand-related content, interactive experience, as well as the presence and participation of the brand social characters (Moorman, Zaltman and Deshpande, 1992; Roberts, Varki and Brodie, 2003). Social media offers variety of new identity performance which is part of brand-related background (Merchant, 2006). Some authors have also questioned whether social media has replaced traditional media in terms of brand equity creation (Bruhn, Schoenmueller and Schäfer, 2012). Despite the interest, studies on the link between online advertisements on social media and branding are still limited.

Brand image refers to the thinking, feeling and believe about brand as well as its products or services. While investigating the consumer relationship model, Aaker and Joachimsthaler, suggested that brand image plays an important role in building up brand relationships (Batra, Myers and Aaker, 1996). Farquhar also found that a consistent brand image can create a positive consumer-brand relationship (Farquhar, 1994; Faircloth, Capella and Alford, 2001). Moreover, brand image serves to legitimize the brand as an active relationship partner (Fournier, 1998). One the other hand, other studies has identified various factors that influence brand image. However, very few studies have looks at the mediating role of brand image. Thus, this research examines the mediating role of brand image between the various
factors influencing consumer-brand relationship, viz., brand experience, brand attribute, endorser effect, brand familiarity, online advertisement and social media engagement. Our paper builds on the consumer-brand relationship theory looking at the various factors that impact brand image and ultimately on brand-customer relationships.

This paper was extracted from a much larger study which examined the relationships in the context of health product brands in Malaysia. Here health products refer to substances such as vitamins and minerals, herbal remedies, homeopathic medicines, traditional medicines (like Traditional Chinese Medicines), probiotics, and other products like amino acids and essential fatty acids. This definition is adapted from the definition for natural health products used in Canada (Health Canada, 2016). We decided to look at consumer brand relationship from a social media perspective as there is negligible advertising about health products on mainstream media channels and the companies are increasingly using social media channels and sponsoring celebrity endorsers who promote these products on their own social media channels.

2. Review of Literature

2.1. Consumer-Brand Relationship

Drawing on social psychology literature regarding interpersonal relationships, Fournier introduced the consumer-brand relationship theory (Kotler, 1988). This perspective of oriented relationship for consumer behaviours has expressed the understanding of consumers and the brands, simultaneously the usefulness of dynamic connection between consumers and brands with the important role played by the brands in consumers’ life. The brand relationship refers to the economic, emotional and psychological attachment that consumers can have with the brands (Evanschitzky et al, 2006; Doney and Cannon, 1997). Continuously providing benefits to consumers can enhance the consumer-brand relationship (Aaker, 1996a; Smith et al., 2007). Brand-related social content can be used to influence consumer attitudes towards the brands, as well as encouraging consumers to share brand-related content by using social networks. However, review of literature indicates limited research looking at how social media has influenced and changed the traditional consumer-brand relationships, especially on how brand image mediates the relationship between the various factors that impact the consumer-brand relationships.

2.2. Brand Experience

According to Schmitt, brand experience refers to personal events with direct participation and experience with certain brands and response to stimulation with real experience, virtual expression, and so on (Schmitt, 1999; Chaudhuri and Holbrook, 2001). Previous studies have put forward numerous brand experiential classifications (Evard and Aurier, 1996; Pine and Gilmore, 1998; Schmitt, 2012). Brand experience can be commonly categorized into cognitive process, behavioural intentions, and emotional responses (Hirschman and Holbrook, 1982; Holbrook and Hirschman, 1980; Padgett and Allen, 1997).

Most brands want to build up strong connection with their customers, but this depends on the positive personal experience (Ha and Perks, 2005). Brand experience can cause much greater impact on the inner bond between the brand and consumers rather than the influence caused by product features and benefits (Weinberg, 2001; Murphy and Smith, 1982). In fact, brand experience can create deeper meaning and memorable image in consumers’ mind and lead to greater credibility from consumers to the brand.

Schmitt (1999) has divided brand experience into two categories, namely individual and shared experience. When consumers communicate with others, the positive experience will be reinforced and emphasized (Henderson, Iacobucci, and Calder, 1998). It has been shown that shared experience can
actually cause significantly positive influence on brand image formation (Pao-Long Chang and Ming-Hua Chieng, 2006) and this is especially relevant in the context of social media.

2.3. Brand Attribute
According to Keller, product attribute refers to the descriptive features of certain brand which can represent the characters or features for the brands (Keller, 2003; Levin and Levin, 2000). A product or service can be viewed as combination of essential and extrinsic attributes; both these attributes are actually the real attributes perceived by consumers (Stokmans, 1991; Brown and Dacin, 1997). The directly linked information of brand are considered as essential or intrinsic attributes to the consumers, while extrinsic attributes are opposite and are indirectly linked information associated with the brands (Stokmans, 1991; Mitchell and Olson, 2000). Providing product attribute information may affect subsequent judgement via comparison with competing brand products, and may create unique or deferrable impression of certain brand products (Neuberg and Fiske, 1987). The judgement made by consumers’ perspective of the brand attribute can actually affect the perception of brand awareness, and even sometimes, the purchase decision making (Aggarwal, 2004). The core value or symbol or image of the brands can connect to the brand cognitively and can contribute to consumers’ purchase decision (Gardner and Levy, 1955).

2.4. Endorser Effect
A brand endorser can be considered as a transfer channel for passing on the brand meaning, and this is a common way for brand expansion overseas (McCracken, 1989). According to the associative network memory model, the endorser’s reputation and public impression can actually support consumers to process brand recall and recognition in their mind and use as additional nodes to stay in consumers’ memory (Fiske and Taylor, 1991; Lafferty, Goldsmith and Newell, 2002). Endorsers with high credibility will create a stronger impression related to the brand in consumers’ mind. Therefore, endorser’s effect can actually directly support the brand recall and recognition (Biswas et al, 2006).

In fact, endorser’s credibility and their reputation are used to enhance the advertisement effectiveness in marketing field, and this has been reported in both marketing and social psychology researches (Aronson, Turner, and Carlsmith, 1963; Sternthal, Phillips, and Dholakia, 1978; Harmon and Coney, 1982). The credibility of the information source can affect the extent of acceptance of the message. The endorsement effect can actually make consumers aware of certain brands with the key value and features shown by the endorser (Erdem, Swait and Louviere, 2002), and also change the consumers’ inner attitude and cognition.

2.5. Brand Familiarity
Brand familiarity can be defined as a unidimensional structure, which is directly related to the amount of time spending of processing information about the brand, regardless of the content types being processing involved (Baker et al, 1986). Brand familiarity can also be referred to as the consumers’ product related experience (Hoch, and Deighton, 1989; Brucks, 1985). As a broad concept, brand familiarity is related to consumers’ experience, background knowledge, and the strength of consumers’ belief (Chevalier and Mayzlin, 2006; Phelps and Thorson, 1991).

As the consumers’ familiarity increase followed by the increase in confidence, information will be perceived as less negative or risky by the consumers when dealing with familiar brands. Moreover, brand awareness is the necessary conditions for building up/ related to brand image (Kapferer, 2004; Keller, 1998). It is considered relatively easier for consumers to connect the brand image when the brand is well established with clearly completed public impression.

2.6. Online Advertisement
Advertisements are often used to create the symbols and images in order to lead the relationship between brands and consumers. Advertisements are used to link the brand with some related symbols with
particular kind of meaning, such as gender, age, ethnicity, etc, and try to make all these things become parts of the brand (McCracken, 1986). Social media has recently gained a lot of attention among advertisers all over the world, who acknowledge the impact of this new media (Belch and Belch, 2004). Thus it is not surprising that several studies have looked at the relationships between social media engagement and branding (Yan, 2011; Edelman, 2010).

2.7. Social Media Engagement
Social media with its immense popularity as unique aspects has completely changed marketing (Hanna, Rohm, and Crittenden, 2011; Kerr et al., 2012). Since social media can connect business to consumers directly at a low cost and fast, it has become the most important field with the advantages of impact on customers’ cognition and purchase behavior, as well as bringing people with different preference together (Kaplan and Haenlein, 2010; Williams and Cothrell, 2000; Hagel and Armstrong, 1997; Wellman and Gulia, 1999). Compared with other traditional communication channels, social media is considered as highly effective for communicating brand-related information with their consumers. Some studies have shown that brands should participate in Facebook, Twitter, MySpace and others, in order to achieve success under network environment (Kaplan and Haenlein, 2010; Gangadharbatla, 2008; Kim and Ko, 2012). Many companies are now on social networks and use these tools for brand promotion and to support the creation of brand communities (Kaplan and Haenlein, 2010; Fosdick, 2012).

2.8. Brand Image
According to Gardner and Levy, brand image is considered as the most important marketing factor and can communicate to target segment or potential customers effectively (Gardner and Levy, 1955). By the late 1980s, brand image had become one of the essential factors to influence consumer behavior (Dobni and Zinkhan, 1990; Agarwal and Rao, 1996). Brand image has been defined differently by various authors. According to Aaker, brand image is the way brand is perceived by consumers and it can be stored as set of brand associations in their memory (Aaker, 1996b). From consumers’ perspective, brand image is the factor can help decide whether the brand is fitted to their demanding and also contribute to consumers’ purchase decision making process (Dolich, 1969; Johnson and Puto, 1987; Fishbein, 1967). A well-established brand image will help build appropriate brand position, to be differentiable from competed brands, and enhance brand’s marketing performance. Thus, to build up long-term brand image is considered as indispensable role for brands (Aaker, 1997; Keller, 2001; Park et al., 1991; Feldwick, 1996; Park and Srinivasan, 1994).

A good communicative brand image should help build brand positioning, differentiate it from competing brands, and also enhance the brand’s performance in marketing, and as a result can eventually build long-term connection between brand and consumers (Aaker and Keller, 1990; Keller, 1993; Park et al, 1981; Feldwick, 1996; Park and Srinivasan, 1994). A company’s marketing activities can cause cumulative impact on consumer’s perceived brand image. Thus, brand image is expected to play a mediating role between all activities related to branding, such as brand experience, attributes, familiarity and endorser effect, with consumer-brand relationship. Therefore, the following hypotheses have been proposed (See Figure 1: conceptual model).

**H1:** Brand image mediates the relationship between brand attribute and consumer-brand relationship.

**H2:** Brand image mediates the relationship between brand experience and consumer-brand relationship.

**H3:** Brand image mediates the relationship between endorser effect and consumer-brand relationship.

**H4:** Brand image mediates the relationship between brand familiarity and consumer-brand relationship.
**H5:** Brand image mediates the relationship between online advertisement and consumer-brand relationship.

**H6:** Brand image mediates the relationship between social media engagement and consumer-brand relationship.

### 3. Methodology

This study used non-probability sampling, specifically, snowball sampling method for collecting data. Online contacts were asked to participate in the research by completing the online survey questionnaire (refer to attached questionnaire in Appendix 3). These respondents were then requested to select other respondents who had similar characteristics - in this case those who were using health products (Haer and Becher, 2012).

Out of a targeted 300 responses, 250 completed surveys were collected. This study used a 7-point Likert scale (1=strongly disagree, and 7=strongly agree) items for the dependent, mediating and independent variables and the items were adapted/adopted from previous relevant studies. The list of variables, number of items and sources from which they were adopted/adapted are given in Appendix 2. The first question asked respondents to indicate one health product brand is the one first come into their mind.

The data analysis was carried out using statistical software SPSS statistics 22 and the add on PROCESS. Invalid and incomplete surveys were deleted and a total of 223 valid surveys were used for the final analysis. The sample size is deemed sufficient according to rules of thumb (Hill, 1998).

### 3.1. Mediation Analysis

In this study, the PROCE SS macro, an add-on to the SPSS program, was used to test for mediation. Model 4 (from the Model Template for PROCESS SPSS 2013-2015) was used to perform mediator analysis with p < 0.05 (Cohen et al., 2003). Preacher and Hayes bootstrap method was used as it
provides some advantages over the Sobel’s test, primarily with regards to an increase statistical power. This method provides point estimates and confidence intervals by which one can assess the significance or non-significance of a mediation effect. Point estimates reveal the mean over the number of bootstrapped samples and if zero does not fall between the resulting confidence intervals of the bootstrapping method, one can confidently conclude that there is a significant mediation effect to report.

4. Results

4.1. Demographic Profile
Given below are the demographic profiles of the respondents and the findings of our study:

<table>
<thead>
<tr>
<th>Variables</th>
<th>Responses</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>53</td>
<td>24.9%</td>
</tr>
<tr>
<td>Female</td>
<td>160</td>
<td>75.1%</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-25 years old</td>
<td>30</td>
<td>13.5%</td>
</tr>
<tr>
<td>25-35 years old</td>
<td>29</td>
<td>13.0%</td>
</tr>
<tr>
<td>35-45 years old</td>
<td>22</td>
<td>9.9%</td>
</tr>
<tr>
<td>Above 45 years old</td>
<td>142</td>
<td>63.7%</td>
</tr>
<tr>
<td><strong>Occupation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student</td>
<td>25</td>
<td>11.2%</td>
</tr>
<tr>
<td>Full-time employed</td>
<td>43</td>
<td>19.3%</td>
</tr>
<tr>
<td>Part-time employed</td>
<td>33</td>
<td>14.8%</td>
</tr>
<tr>
<td>Self-employed</td>
<td>41</td>
<td>18.4%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>16</td>
<td>7.2%</td>
</tr>
<tr>
<td>Others</td>
<td>65</td>
<td>29.1%</td>
</tr>
</tbody>
</table>

A total of 213 completed responses were used for the final analysis. Out of this, 53 (25%) of the respondents were male and 160 (75%) female (Table1). Majority of participants were above 45 years old (63.7%). Since this study investigated health product brands, younger customers may not consider health issues important. About 40% of the participants are in full-time employment or are self-employed, and approximately 15% of participants were employed part-time. Interestingly about 19% of the respondents indicated that they are self-employed.

Based on the answers to the first question (see Table 2), it was found out that American brand Amway was the most popular health product brand with 15% of respondents indicating the brand as their choice. A number of respondents also indicated Nutrillite (about 8%), which is the sub-brand of Amway with a range of vitamins and supplements. Amway uses the multi-level marketing model and increasingly using social media to connect with their consumers. Amway was followed by Canadian brands Jamieson (14%) and Oltimo (13%). Other brands chosen by the respondents included Salus, GNC, Natural, Swisse, Blackmores, Kirkland, Centrum and Bill.
Table 2: List of Health Product Brands

<table>
<thead>
<tr>
<th>Health Product brand</th>
<th>Frequency (%) approx.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amway (including Nutrillite 8%)</td>
<td>15</td>
</tr>
<tr>
<td>Jamieson</td>
<td>14</td>
</tr>
<tr>
<td>Oltimo</td>
<td>13</td>
</tr>
<tr>
<td>Salus</td>
<td>10</td>
</tr>
<tr>
<td>GNC</td>
<td>8</td>
</tr>
<tr>
<td>Natural</td>
<td>8</td>
</tr>
<tr>
<td>Swisse</td>
<td>6</td>
</tr>
<tr>
<td>Blackmores</td>
<td>5</td>
</tr>
<tr>
<td>Kirkland</td>
<td>3</td>
</tr>
<tr>
<td>Centrum</td>
<td>2</td>
</tr>
<tr>
<td>Bill</td>
<td>2</td>
</tr>
<tr>
<td>Others</td>
<td>14</td>
</tr>
</tbody>
</table>

4.2. Factor Analysis
Table 3 presents the results of the Kaiser-Meyer Olkin (KMO) and Bartlett’s tests (Pallant, 2007). The results indicate that we can go ahead with factor analysis.

Table 3: KMO and Bartlett’s Test Results

| Kaiser-Meyer-Olkin measures of sampling adequacy | .912 |
| Bartlett's Test of Sphericity Approx. Chi-Square | 12243.811 |
| Df                                                | 1770 |
| Significance                                      | .000 < 0.05 |

4.3. Principal Component Analysis
This study used principal components analysis (PCA) with the aim of deriving fewer variables to provide the same information that one would obtain from the larger set of variables. 7 unidimensional variables were extracted, namely brand experience, brand attribute, brand familiarity, online advertisement, social media engagement, brand identity and customer brand relationship (in Appendix 1). However, endorser effect loaded into two dimensions, which were named as endorser attractiveness and endorser credibility respectively.

4.4. Reliability Analysis
Internal consistency reliability tests show that the Cronbach’s alpha of all variables in this study are all above 0.7, and thus considered as reliable (Nunnally and Bernstein, 1994; Peterson, 1994) (Table 4).

Table 4: Reliability Statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s Alpha</th>
<th>Number of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent variables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand attribute</td>
<td>.853</td>
<td>5</td>
</tr>
<tr>
<td>Brand experience</td>
<td>.895</td>
<td>6</td>
</tr>
<tr>
<td>Endorser attractiveness</td>
<td>.802</td>
<td>5</td>
</tr>
<tr>
<td>Endorser reliability</td>
<td>.970</td>
<td>10</td>
</tr>
<tr>
<td>Brand familiarity</td>
<td>.907</td>
<td>6</td>
</tr>
<tr>
<td>Online advertisement</td>
<td>.865</td>
<td>5</td>
</tr>
<tr>
<td>Social media engagement</td>
<td>.913</td>
<td>7</td>
</tr>
<tr>
<td>Mediator</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand image</td>
<td>.895</td>
<td>5</td>
</tr>
<tr>
<td>Dependent variable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer-brand relationship</td>
<td>.917</td>
<td>6</td>
</tr>
</tbody>
</table>
4.5. Brand Image as Mediator

In this study, the linear regression analysis (not shown in this paper) showed that there is strong correlation between independent variable, which satisfied the four essential conditions for performing mediating factor analysis. Due to the significant correlation between each individual variable with others, mediation analyses has been performed using both Sobel’s test and Preacher and Hayes bootstrap test were used with bias-corrected confidence estimates (MacKinnon, Lockwood and Williams, 2004; Preacher and Hayes, 2004). In this study, the 95% confidence interval of the indirect effects was obtained with 5000 bootstrap (Preacher and Hayes, 2008).

![Diagram](image)

**Figure 2: X Affects Y Model A: Direct Effect & Model B: Indirectly through M**

Note: In Figure 2, the independent variables (X) include brand experience, brand attribute, endorser effect, brand familiarity, online advertisement and social media engagement. Consumer-brand relationship, the dependent variable (Y) and brand image is the mediating variable (M).

Table 5 shows the results of the mediating role of brand image in the relationships between brand experience, brand attribute, endorser attractiveness, endorser reliability, brand familiarity, online advertisement and social media engagement with consumer-brand relationship. According to Baron and Kenny (1986), partial mediation effects exist when the mediated effect (a x b) and direct effect (c) both exist and point at the same direction. On the other hand, there is full mediation when mediated effect (a x b) exists but the direct effect does not exist (not significant). Results of the mediation analysis confirmed the mediating role of brand image between the various brand factors and consumer-brand relationship. Following Baron and Kenny (1986), brand image partially mediates all the relationships between the brand factors and consumer-brand relationship. Table 6 below gives the summary of the results of the hypotheses tests.
Table 5: Mediation Analysis Model Summary (Brand Image as M)

<table>
<thead>
<tr>
<th>Model</th>
<th>Pat</th>
<th>Beta Coefficients (b)</th>
<th>t statistics</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Attribute (X)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Image (M)</td>
<td>Pat</td>
<td>.5089</td>
<td>9.6819</td>
<td>.0000</td>
</tr>
<tr>
<td>Consumer-Brand Relationship (Y)</td>
<td>Pat</td>
<td>.7468</td>
<td>12.8005</td>
<td>.0000</td>
</tr>
<tr>
<td></td>
<td>Path</td>
<td>.5315</td>
<td>8.9883</td>
<td>.0000</td>
</tr>
<tr>
<td></td>
<td>Path</td>
<td>.3801</td>
<td>7.7069</td>
<td>.0000</td>
</tr>
<tr>
<td>Brand Experience (X)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Image (M)</td>
<td>Pat</td>
<td>.4312</td>
<td>8.2190</td>
<td>.0000</td>
</tr>
<tr>
<td>Consumer-Brand Relationship (Y)</td>
<td>Pat</td>
<td>.5756</td>
<td>10.7642</td>
<td>.0000</td>
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<tr>
<td></td>
<td>Path</td>
<td>.2866</td>
<td>6.1583</td>
<td>.0000</td>
</tr>
<tr>
<td></td>
<td>Path</td>
<td>.2890</td>
<td>6.8518</td>
<td>.0000</td>
</tr>
<tr>
<td>Endorser Attractiveness (X)</td>
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<td></td>
<td></td>
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<tr>
<td>Brand Image (M)</td>
<td>Pat</td>
<td>.4897</td>
<td>10.2504</td>
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<tr>
<td>Consumer-Brand Relationship (Y)</td>
<td>Pat</td>
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<td>.0000</td>
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<tr>
<td></td>
<td>Path</td>
<td>.5014</td>
<td>9.2360</td>
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<td></td>
<td>Path</td>
<td>.3430</td>
<td>7.5128</td>
<td>.0000</td>
</tr>
<tr>
<td>Endorser Reliability (X)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Image (M)</td>
<td>Pat</td>
<td>.4933</td>
<td>9.8197</td>
<td>.0000</td>
</tr>
<tr>
<td>Consumer-Brand Relationship (Y)</td>
<td>Pat</td>
<td>.6229</td>
<td>10.7999</td>
<td>.0000</td>
</tr>
<tr>
<td></td>
<td>Pat</td>
<td>.6238</td>
<td>12.1567</td>
<td>.0000</td>
</tr>
<tr>
<td></td>
<td>Path</td>
<td>.3073</td>
<td>7.2484</td>
<td>.0000</td>
</tr>
<tr>
<td>Brand Familiarity (X)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Image (M)</td>
<td>Pat</td>
<td>.4451</td>
<td>9.5699</td>
<td>.0000</td>
</tr>
<tr>
<td>Consumer-Brand Relationship (Y)</td>
<td>Pat</td>
<td>.6125</td>
<td>12.2766</td>
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<td></td>
<td>Path</td>
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<td></td>
<td>Path</td>
<td>.3521</td>
<td>8.7799</td>
<td>.0000</td>
</tr>
<tr>
<td>Online Advertisement (X)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Image (M)</td>
<td>Pat</td>
<td>.5037</td>
<td>13.5985</td>
<td>.0000</td>
</tr>
<tr>
<td>Consumer-Brand Relationship (Y)</td>
<td>Pat</td>
<td>.4470</td>
<td>8.0297</td>
<td>.0000</td>
</tr>
<tr>
<td></td>
<td>Pat</td>
<td>.7588</td>
<td>18.9839</td>
<td>.0000</td>
</tr>
<tr>
<td></td>
<td>Path</td>
<td>.2654</td>
<td>6.9004</td>
<td>.0000</td>
</tr>
<tr>
<td>Social Media Engagement (X)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Image (M)</td>
<td>Pat</td>
<td>.4702</td>
<td>9.6864</td>
<td>.0000</td>
</tr>
<tr>
<td>Consumer-Brand Relationship (Y)</td>
<td>Pat</td>
<td>.5864</td>
<td>8.5728</td>
<td>.0000</td>
</tr>
<tr>
<td></td>
<td>Pat</td>
<td>.6466</td>
<td>14.1641</td>
<td>.0000</td>
</tr>
<tr>
<td></td>
<td>Path</td>
<td>.2757</td>
<td>7.3466</td>
<td>.0000</td>
</tr>
</tbody>
</table>

Table 6: Summary of Results

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 Brand image mediates the relationship between brand attribute and consumer-brand relationship.</td>
<td>Partial mediation</td>
</tr>
<tr>
<td>H2 Brand image mediates the relationship between brand experience and consumer-brand relationship.</td>
<td>Partial mediation</td>
</tr>
<tr>
<td>H3 Brand image mediates the relationship between endorser effect and consumer-brand relationship.</td>
<td>Partial mediation</td>
</tr>
<tr>
<td>H4 Brand image mediates the relationship between brand familiarity and consumer-brand relationship.</td>
<td>Partial mediation</td>
</tr>
<tr>
<td>H5 Brand image mediates the relationship between online advertisement and consumer-brand relationship.</td>
<td>Partial mediation</td>
</tr>
<tr>
<td>H6 Brand image mediates the relationship between social media engagement and consumer-brand relationship.</td>
<td>Partial mediation</td>
</tr>
</tbody>
</table>

5. Discussion and Conclusions

This paper is extracted from a much larger study which looks at branding of health products on social media. Table 5 summarises the main findings of this study. Following Baron and Kenney (1986), we can interpret that Brand image partially mediates between the various brand factors, namely brand experience, brand attributes, endorser effect, brand familiarity, online advertisement and social media.
engagement with consumer brand relationships. The findings do highlight the importance of brand image. In other words, a positive brand image is absolutely essential for consumer brand relationships to happen. This is in line with previous studies which suggest that brand image plays an important role in order to build up the brand relationship (Batra, Myers and Aaker, 1996) and that a consistent brand image can create a positive consumer-brand relationship (Farquhar, 1994; Faircloth, Capella and Alford, 2001).

The results of this study hold important implications for both practitioners and academics. Marketers need to make efforts to further improve their brand image and communicate it clearly to the consumers. This will lead to better consumer brand relationships and hopefully will ultimately lead to brand loyalty. This study also contributes to the body of knowledge as this is among the first to look at the mediating role of brand image especially in the context of branding on social media and looking specifically at health product brands. Bian and Moutinho (2011) showed that brand image was not a mediator between effects of involvement/knowledge and purchase intention. However, our study shows that brand image does mediate between brand familiarity and brand experience with consumer-brand relationship - which refers to the economic, emotional and psychological attachment that consumers can have with the brands.

6. Limitations of the Study

It should be noted that even though we have interpreted the analysis results as “partial” mediation, the concepts of full or partial mediation are now considered outdated (Hayes, 2013).

This study focussed on branding of health product brands on social media and future studies should examine whether this is applicable to other product categories, such as electronic products, cosmetics, and even luxury products. It should be pointed out that this study did not look at the impact of price but it may have an impact on brand image and ultimately on consumer-brand relationships. It would also be interesting to see if brand image also plays a mediating role in the offline context.

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### Appendix 1: Factor Loadings - Principal Component Analysis

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Appendix 3: Demographic Information of Participants

*Questionnaire (An Online Survey was Used)*

Please answer the following question about health product brands.

1. **When you think of health product, what brands come to your mind immediately?**

Note: when you answer following questions, please answer them based on the particular brand you have written down for Q1. In other words, use the brand you have answered in Q1 to substitute for [selected brand] during the survey.

2. **Brand experience**

The following questions concern your personal experience with [selected brand] on social media. You need to answer how much you agree with each of the following statement. “1” means “Strongly Disagree” and “7” means “Strongly Agree”.

2.1 When I encounter [selected brand] on social media, I engage in a lot of thinking.

2.2 Content shown in [selected brand] social media seem interesting.

2.3 [selected brand] social media enables information sharing with others.

2.4 It is easy to deliver my opinion through [selected brand] social media.

2.5 I can easily communicate with other customers on [selected brand] social media.

2.6 Overall, I am satisfied with [selected brand] on social media.

3. **Brand attributes**

The following questions concern your opinion about brand attribute of [selected brand] on social media. You need to answer how much you agree with each of the following statement. “1” means “Strongly Disagree”, and “Strongly Agree”.

3.1 [selected brand] often promote their products/services on social media.
3.2 [selected brand] often discounts or package deals on their social media.

3.3 [selected brand] provide relatively good customer service on their social media.

3.4 [selected brand] responds to their customer enquiries on time and effectively on social media.

3.5 The information found on [selected brand] social media is useful when making purchase decision.

On the scales that follow, please indicate your reaction to information posted by the endorser of [selected brand] on social media. Rate these posts by endorser from 1 to 7, clicking in the direction of the end of the scale that seems to be most characteristics of posts by endorser on [selected brand] social media.

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4. **Brand familiarity**

The following questions concern your opinion about brand familiarity of [selected brand] on social media. You need to answer how much you agree with each of the following statement. “1” means “Strongly Disagree” and “7” means “Strongly Agree”.

4.1 My friends often pass along information on brand, product, or services from [selected brand] social media.

4.2 My friends often upload contents from [selected brand] social media on their blog or microblog.

4.3 I often read my friends’ comments on [selected brand] social media.
4.4 I follow [selected brand] social media because my friends have recommended it.

4.5 [selected brand] I can talk about it for a long time.

4.6 I am pretty familiar with [selected brand] products or services.

5. Advertisement

The following questions concern your opinion about [selected brand]’s advertisement on social media. You need to answer how much you agree with each of the following statement. “1” means “Strongly Disagree” and “7” means “Strongly Agree”.

5.1 I often watch the newest version of [selected brand] advertisement on social media.

5.2 I often share or upload the advertisement of [selected brand on social media].

5.3 I consider advertisement of [selected brand] is an important source of brand related information.

5.4 I like the way of [selected brand] advertisement presentation of their products/services.

5.5 I trust the information [selected brand] provided on their advertisement.

6. Social Media Engagement

The following questions concern your engagement with [selected brand] on social media homepage. You need to answer how much you agree with each of the following statement. “1” means “Strongly Disagree” and “7” means “Strongly Agree”.

6.1 I often visit [selected brand] social media (e.g. go to selected brand Facebook page).

6.2 I often read [selected brand] social media postings.

6.3 I often watch photos or video on [selected brand] social media.

6.4 I often share or upload content on [selected brand] social media.

6.5 I consider [selected brand] social media is an important source of brand related information.

6.6 I often pay attention to “like” or “mark as favorite” content on [selected brand] social media.

6.7 The “like” or “mark as favorite” content plays important role when I considering [selected brand] products/services.

7. Brand Awareness

The following questions concern your awareness about [selected brand] in the social media. You need to answer how much you agree with each of the following statement. “1” means “Strongly Disagree” and “7” means “Strongly Agree”.

7.1 When mentioned about [selected brand], it gives me a feeling of goodwill.
7.2 I am always aware of [selected brand] products/services in comparison with the other competing products/services that appeared in the social media.

7.3 I can quickly come up the differences of [selected brand] compared with competing brand products and services.

7.4 When talked about healthy products and services, [selected brand] is the first brand come up to your mind.

7.5 This [selected brand] has a good reputation among the competing brands.

8. Brand Image

The following questions concern your perspective and image about [selected brand] in the social media. You need to answer how much you agree with each of the following statement. “1” means “Strongly Disagree” and “7” means “Strongly Agree”.

8.1 This [selected brand] products/services have a differentiated image in comparison with the other products/services in the social media.

8.2 This [selected brand] products/services in the social media has a positive impression.

8.3 This [selected brand] products/services are well established in the social media.

8.4 Compared with competing brands, [selected brand] is considered as a good choice of merchandise.

8.5 [selected brand] is considered as a very reliable brand.

9. Consumer-Brand Relationship

The following questions concern your relationship with [selected brand] in the social media condition. You need to answer how much you agree with each of the following statement. “1” means “Strongly Disagree” and “7” means “Strongly Agree”.

9.1 Based on [selected brand] social media contents, I love products/services of [selected brand].

9.2 I feel proud of being a customer of the [selected brand].

9.3 The [selected brand] is one of my priced possessions.

9.4 I value the heritage of the brand.

9.5 If I were to replace the product/service, I would replace it with another product/service of the same [selected brand].

9.6 [selected brand] is one of the highest quality.

9. Preference of social media

The following questions concern your preference of several popular social media websites/apps.
9.1 Which of the following social media websites/apps do you have account, if any, you may select more than one answers.

- LINE
- Facebook
- Instagram
- Twitter
- Youtube
- LinkedIn
- Wechat
- Google+
- MySpace
- Weibo
- Other:

9.2 How do you rank the above social media websites/apps? Please check first 5 you think are reliable, trustworthy.

- LINE
- Twitter
- Youtube
- LinkedIn
- Weibo
- Google+
- MySpace
- Other:

Demographic questions

1. What is your age?
   a. 18-25 years old
   b. 25-35 years old
   c. 35-45 years old
   d. above 45 years old

2. What is your gender?
   a. Male
   b. Female

3. What is your current occupation?
   a. Student
   b. Full-time employed
   c. Part-time employed
   d. Self-employed
   e. Unemployed
   f. Others
Identifying Factors Leading to the Success of Social Justice Campaigns Driven by Social Networking Engines in Engaging the Online Youth Audience

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Abstract: Background. In the recent years there has been a significant exposure to relatively new media for communication. The online social media networking engines has not only facilitated the business organization but has opened the gateways of expression for the consumers. Facebook, Twitter and YouTube are now considered one of the key media to initiate a campaign which becomes viral in no time. A high percentage of such campaigns are based on social justice related to the violence, criminal, and injustice incidents taking place in Pakistan. The objective of this study was to identify factors that are leading to potential engagement of the online audience in social justice campaigns on social networking engines. The procedure to evaluate these factors was followed by conducting an extensive literature review of global researches carried out on the similar grounds, and measuring the intensity of factors leading to audience engagement through regression and correlation techniques. The data collection was done through questionnaires to measures the response of the online youth audience engaging in social justice campaigns. The practical implications of this research are highlighted in the paper.

Aim: This study aims to identify the factors that lead to audience engagement in online social justice campaigns. These factors have been identified and their effect has been measured on audience engagement. The scope of the project has been confined to four factors that are affecting audience engagement in online social justice campaigns. The objectives have been achieved through quantitative analysis. The study aims to highlight either audience engagement in online social justice campaigns is creating awareness or not. The major focus of the study was on the factors and their impact on the audience engagement on social justice campaigns on social networking engines.

Methods: This research is a quantitative study, based on calculated results through the statistical analysis. The target audience whose response is measured is the youth between the ages of 18-25 years. They must be using social media for a year or more and have exposure to the online social justice campaigns on social media. The unit of analysis is the individual respondent selected by non-probability sampling which includes random sampling. The sample size was 200 respondents, and the study was cross-sectional in nature, where the data was collected at one point in time.

Findings: The analysis showed that where three items show an increasing awareness, one show a moderate increase and one shows a low increase in awareness. Hence, we can conclude that awareness is increasing regarding online social justice campaigns on social media, but is still in a development stage. There are many other media where information is being shared on hourly basis and updated every minute, social networking engines act as a support to share information, feeling and thoughts about what an individual thinks and belief.
1. Introduction

The field of marketing has evolved drastically in the past few years. Social media is an invention that has defeated many traditional marketing techniques and has given adequate solution for all the problems faced by marketers using traditional marketing techniques. Social networking engines like Facebook, YouTube and Twitter have mobilized the business industry all over the world where it is serving as an addition to the integrated marketing communication. Social media marketing has exposed the business organizations to initiate cost effective marketing. Social media networking engines have served as a best “fit” for the social cause marketing. The informational role of social media has changed the ways the consumers use to engage with other all over the world. This has led the youth to be aware of all the activities going all over the world. Many social justice organizations have benefitted for the advent of social media. They are using social media as a low cost way to spread their messages to the public. Social media has also enabled the common people to express their thoughts and feelings about the issues they witness in the community around them. Social justice in Pakistan is a huge debate in the present times. The wide spread of violence, criminal activities, and terrorism has created an unrest among the people of Pakistan. The fear of being the victim of the violence going on in the country makes them share their feeling with all the members of the society in order to gather them to raise their voice for justice. Social media has provided the citizens with an opportunity to express, interact, influence and persuade the member on social media to raise their voices against violence.

There are various factors that are leading to audience engagement on social media due to the physical safety for the individual. They can express opinions, feelings and emotions without any fear. Peer to peer interaction has increased on online media which has boasted the spread of word of mouth. The point of view of many marketers is that social media has increased the audience engagement which is due to a number of factors. But this is to be proved with the help of quantified data and techniques along with identifying the factors leading to engagement in social justice campaigns.

2. Objectives of the Study

To find the factors of audience engagement in online social justice campaigns on social networking engines.

Measure the effect of audience engagement factors on involvement of youth in online social justice campaigns.

Identifying whether the online social networking engines are creating awareness among youth or not regarding the social justice campaigns.

3. Literature Review

3.1. Online Social Justice Campaigns in Pakistan

In the past studies social justice is defined as an ideal condition in which all members of a society have the same basic rights and protection, it is the notion that historical inequities should be acknowledged and remedied, through specific measures. A key social work value, social justice entails advocacy to confront discrimination, oppression, and institutional inequities (Barker, 2003). Social justice is word on everyone’s minds nowadays due to the awareness, education and the extent of violence carried out around the world (Thyer, 2010). The most important factors leading to viral social justice campaigns is the availability of social media networking engines where a huge crowd of users are interacting and
expressing their ideas and opinions. World is facing numerous problems regarding violence, inequality and social injustice.

Social violence can be categorized into revolutionary violence, terrorism, criminal violence, ethnic violence, religious sectarianism and political violence. These problems are mainly hitting the underdeveloped countries of the world where political, social and economic unrest is prevailing for a long time. The fear of being inferior is not bearable by many nations in the world and Pakistan is one of the top ranked countries now a days. Pakistan has its origin from the sub-continent, located in the heart of Asia is a victim of social and political instability since 2008. This has touched the hearts of many Pakistani’s to express their frustration and emotions with each other as a nation. Providing justice to anyone is possible in many ways for example enabling freedom of expression, leading the society to realize the needs of equality, enabling the citizens to fight for their rights and security, ending violent attacks on life of the citizens by any power in the country, and last but the most important one is providing a sense of understanding to the citizens of the country for what is right and what is wrong in less literate societies. Many social justice campaigns like that of Malala Yousafzai, Shahzeb Khan and Imanea in Lahore etc. has spread virally through electronic and online media arousing the consumer to show willingness and play a role in bringing social stability in the society (Jamal, 2012). Terrorism and criminal violence has badly affected the Pakistani society. The major social injustice acts in Pakistan are young female molestation, women acid attacks, sexual harassment cases, suicide attacks, target killings of political and remarkable personalities and violation of ethnic values at social and political levels.

This has caused unrest among the citizens of Pakistan and has provoked them to raise their voices through social media. The process of spreading information on social media has reduced the complications of audience awareness, through the elimination of Media Corporations and traditional gatekeepers (Madianou, 2012). Audience engagement is increasing in social justice campaigns day by day. Many models and factors have been developed to identify which factors influence the audience engagement; however, very few studies measure the quantitative effects of these factors terms of engaging the customer. Social justice is recognized nowadays due to the awareness, education and the extent of violence carried out around the world during the recent times (Thyer, 2010).

Today, around 28% of the world’s population is using various social networking engines. The connectivity through social media engines has removed the distance and reach from person to person. People indulge in making connections with others who share the common interests (Aiio, 2010). This is helping various organizations to gather the pool of people who share the common interest and have common goals. The human behavior prediction is made easier with the use of social media networking engines. We have moved from the Stone Age to industrial age, the digital age and the information age and finally now to the social age where we interact, and share our lives and business with the people who live in this global village (Raiteri, 2012). The evolution of social age has changed the necessities of human life. Communication, interaction, the influence of peers, seniors, and colleagues, and sharing of information and knowledge are the key dimensions of the social age. Information and knowledge sharing is a phenomenon where people are reaching the hierarchy need of belongingness. They are free to use technology in order to interact at a place where large audiences are present (Marks, 1998).

This transformation has led to privacy issues at a national and individual level. The ability to store and utilize data and use it in diverse way to track the activities and interest of individuals, track their movement from one place to another and using their idea to judge their personalities is a threat to an individual’s or state’s security. The deletion and manipulation of one’s data is easy through the use of technology and no equipment is developed to retrieve the deleted data or to detect transformation. There are many new websites developed which are leading to ensure the safety of data that is present on internet (Boyd & Ellison, 2007). According to Bennett (2012), Facebook, LinkedIn, Twitter and YouTube are the major networking engines that were launched in 2003. Facebook is an online social networking engine which is accessible to users once they create an account on it. Facebook is used in
an extremely diverse manner in order to interact with the audience from all over the world (Smith & Duggan, 2013). Twitter emerged in the 2006 as a micro blogging service, for example that of an American student jailed in Egypt or the US airways plane crash in Hudson. Twitter is a social networking engine where one user follows the other users. Unlike Facebook twitter users’ need no reciprocity that if one user is following the other, the other may not follow the initial one. The networks of users created on twitter spread of information more than any other social networking engine (Kwak et al., 2010). YouTube is also a medium for social interaction but in a different way. YouTube has become the third most popular website in the world where users share the videos, movies, music etc. and everybody has access to the videos, music, movies etc. Many companies are using YouTube for advertising their products and paying revenues to YouTube. YouTube is being used for educating people by sharing tutorials, marketing businesses, and for entertainment purposes. The video sharing feature of YouTube helps it to make viral on other social media as well which benefits as the spread of information (Cayari, 2011). Social media has served as an addition to the marketing channels that organizations use to communicate their message to the consumers. This has led to a huge transition in the field of marketing (Vinay & Rajeev, 2012).

3.2. Online Audience Engagement
Singh (2010) defines audience engagement in following words: “The repeated interactions that strengthen the emotional, psychological or physical investment a customer has in a brand.” The degree to which an individual is interacting and establish trust with the brand is of utmost importance for the brand marketers. The online audience engagement differs from the offline audience engagement in qualitative and quantitative terms (Eisenberg & Eisenberg, 2006). This is because the nature of audience engagement differs in online media as it gives the opportunity of socializing and interacting to the customers. This changes the way audience engagement is measured and analyzed in the context of social media.

The importance of audience engagement is to enhance the company’s product exposure to as many customers as possible by using Web 2.0 technology which is online digital technology of online portals and social media (Singh & Kumar, 2010). The companies are focusing on building trust through online media. Until and unless, a company is not indulged in interacting with the customer, the acceptance of a new products or service is almost unable to find a place in the minds of the consumer as the leaders in the market (Haven, 2007). Many Pakistani companies like Pizza Hut Pakistan, Tehzeeb bakers, Mobilink, Ufone and Nestle Pakistan are engaging customers by using online media.

Audience engagement has two dimensions; Emotional engagement and Behavioral engagement. The past researchers shows that social media engage customer due to persistence, replication, and scalability, however, the factors that engage online audience in social justice campaign differ to an extent (Madianou, 2012). The factors that are engaging the online audiences in the social media marketing are peer presence on social media, knowledge sharing, exploring new information, directly engaging with the brand, continuous persuasion and presence, freedom of expressing their opinions and views, recognition for someone, experiencing the new ways of interaction, increasing exposure and seeking for opportunities. The interconnection between people and the professional is the reason why people encourage knowledge sharing and engage in the activities on social media (Cromity, 2010).

The factors that lead to audience engagement in social media are readily available information, interactivity, persistent content, easy and frequent use and access, freedom of expression, and physical safety. These factors lead to audience engagement in social media either for product marketing or social cause marketing. However, the social justice campaigns create the emotional connect also known as empathy, the spiritual motivation and the self-interest to make the society better that will in return benefit the audience engaging in it (Goodman, 2000).

Pakistan is ranked among the developing countries in the world where the use of internet and social media has attracted various businesses and a number of users but is still unable to grow and penetrate
with its full potential (Hassan, 2012). In the survey of 2010, there are 20 million internet users in Pakistan. The number of broadband users has reached to 1.79 million in 2012 (Jabri, 2013). The social media penetration in Pakistan is 4% which account for 8,007,540 users all over the country which is very low. The numbers of Facebook users in Pakistan has reached to 8 million in 2013 who are between the ages of 18-24 years whereas that of twitter are 1.9 million in 2012. In Pakistan social media popularity is amongst 53% of total population out of which 25% are using YouTube according to 2012 survey. These statistics show the wide spread use of social media in Pakistan. This increase has been witnesses in past five years (Atta, 2012). The statistics show that the country social media usage trends are high and will be increasing which may result an increase in audience engagement in social justice campaigns in Pakistan.

3.3. Factors for Audience Engagement in Online Social Justice Campaigns

Spiritual Satisfaction. “Spirituality is a human attitude consisting of affective, cognitive, and behavioral dimensions. This attitude is primarily a faith relationship with the Transcendent” (Morrison et al., 2010). When we talk about spirituality what comes to our mind is primary faith in a “Supreme Being”. When an individual work for the society they are serving for the well-being of others which is not determined for any rewards in return. Their aim in life is to achieve spiritual satisfaction and have a sense of achievement with the happiness of the Creator (Morrison et al., 2010). Similarly when we talk about the social media justice campaigns the audience in the context of Pakistan has a higher need for spiritual satisfaction as compared to that of other countries. The uncertainty of environment has created a fear in the people that this violence may be replicated with them if they ignore the pain of others (Barker, 2003).

Spiritual satisfaction relates to psychology and sociology, both of which are of importance in the field of marketing to analyze consumer behavior. It is well suited to be studied in the light of audience engagement. It is not studied in the deep religious aspect; however, it is basically related to audience engagement in the social service context. The empathy with the human being of the Creator is what they believe will lead them to find spiritual satisfaction (Morrison et al., 2010). The dimensions of spirituality for example, honesty, humility and social service lay the foundation of spiritual value system. Social justice campaigns are becoming viral as Pakistani online audiences are high in need for spiritual satisfaction.

**H1:** Spiritual satisfaction is positively related to audience engagement in online social justice campaigns.

Emotional Connect. Emotional connect is defined as a non-physical connect with the customers by a sharing their feelings, emotion and building a trust that the product or service will never hurt their emotions. Communication is the key to develop an emotional connect due to which the marketers have to develop an effective marketing campaign that can influence the feeling and emotions of their customers positively (Dobele, et al., 2007). The components of emotional connect are trust and honestly between the brand and the customer which lead to audience engagement. As it is difficult to develop an emotional connect until and unless it sounds natural, this is because the physical brands and products are at times unsuccessful in building the emotional connect. Many companies are focusing of corporate social responsibly in order to serve the community and hence creating the emotional connect with their customers (Green & Peloza, 2011).

The social justice campaign have an emotional connect based on the prevailing social in-justice and violence in the society. They have an affective emotional connect with the audience which help the online audience to involve in order to sympathize and support the victims of injustice and violence. When audience is exposed to the persistent, replicable and scalable social media news on the same topic it leads to an increased trust on the information on social media. The freedom of expression is in the hands of consumer to share their help, support and sympathies with the victims and their families...
leading to a strong emotional connect. Many researchers have shown that emotional persuading campaigns and messages are established for long term in the mind of the consumer (Dobele et al., 2007).

H2: Emotional connect is positively related to audience engagement in online social justice campaigns.

Moral Values. Moral values are the framework by which a person distinguishes between the right and the wrong. This framework helps an individual to decide the actions that are right in one particular situation (Goodman, 2000). Moral values may be perceived differently across different cultures and the individuals are very staunch in practicing their moral values. However, the dimensions of moral values may vary from individual to individual based on their judgment of application in different situations. People are staunch on practicing moral value, however, it is a psychological behavior that they sometimes do not accept that something is a moral binding on them. This common behavior of individuals is raising social conflicts in the societies where one considers an act moral or right and the other as immoral. In people’s view, if they find the act as unfair, immoral and against the consideration that all human beings are equal, they tend to consider it as a moral duty to help the victims by contributing to their damage control and providing emotional help to them (Goodman, 2000). It clearly depends on how the individual perceives the situation and incident that has taken place according to their understanding which may vary from individual to individual.

H3: Moral values are positively related to audience engagement in online social justice campaigns.

Patriotism. Patriotism is a feeling associated with the place or country a citizen is living in. The love for the country, it is considered as in literal terms. There are various dimensions of patriotism which includes, blind patriotism and constructive patriotism as the two main leading forms. Blind patriotism is to love the country and its people without accepting any criticism regarding the flaws it have or what makes you uncomfortable, whereas, constructive patriotism in where the citizens act as change agents for rectifying any flaws they see according to the worldwide criticism. This ideology of change leads the citizens to eradicate the malice and reasons of disgrace from their culture. In Pakistan’s perspective Hassan (2012), mentions that people of Pakistan need change in their country. They actively engage and criticize the campaigns against violence in Pakistan; however, passive patriotism is less consequential where threat and fear to lives hold them back. Patriotism is duly in grounded in a human being when they associate the needs of self-protection and shelter (Marks, 1998).

H4: Patriotism is positively related to audience engagement in online social justice campaigns.

3.4. Awareness Created by Social Networking Engines Regarding Social Justice Campaigns
In Pakistan, till the start of 2012, the acts on injustice, violence and terrorism were at their peak. There were enormous threats to the lives of every citizen of Pakistan and people use to refrain for free movement from one place to another especially to the northern are of Pakistan and KPK (the province of Pakistan) (Tirmizi, 2010). If we talk about today, Karachi, one of the biggest cities of Pakistan is still under the influence of criminal attacks, violence, and target killing. As mentioned above Facebook is one of the largest used social media networking engine in Pakistan, where thousands of Pakistani interact with each other. The trends of past 5 years show an increased spread of social justice campaigns on Pakistani social and electronic media. Persistency of the content of social media makes the social justice campaigns viral in no time. This is the reason why every day millions of post, shares and likes are seen on the campaigns that are raising the voice for enforcement of social justice (Mahfouz et al., 2010). The audience can express their opinions and feelings, and emotional connect to the victims. But they have no authority to physically bring about the changes in the society due to lack of empowerment and lack of security to their lives.
When measuring awareness, we divide it into two dimensions which includes exposure and engagement. The more the engagement will be, it will lead to the sharing of information with more users on social media which then increase the awareness regarding the campaigns and the progress taking place regarding the campaign on all other media (Jabri, 2013). Social media is now the biggest platform for the users to share their views and ideas about how they perceive a particular matter. The engagement in any social justice campaign is based on the understanding that they gain out of it, the more they understand the background and the facts of the campaigns the more they start to engage in it. Hence, engagement is directly related to the level of understanding of that matter; it increases the interest and involvement.

4. Research Design and Methodology

This is a quantitative study which is based on calculated facts to determine the relationship between the independent and the dependent variables. The chapter explains the research type and method, the details of the data collection tool, the target audience whose response is to be measured, the sampling technique, sample size, unit of analysis and the time horizon of the study.

4.1. Sample and Data Collection Procedures

This study is an empirical research which is gaining knowledge and desired results on the basis of experience and observations. Empirical research is a causal study which explains the factors that lead to online audience engagement in social justice campaign on social networking engines. This study answers an empirical research question based on the observations and statistics generated from the questionnaires, used as a research tool. The analyses that have been carried out are correlation and regression. Correlation analysis is carried out to check the direction and the significance of relation with the dependent variable of the independent variables. The regression analysis shows the magnitude of relationship between the independent and dependent variables. In all these analysis the p-value is kept < or equal to 0.05 which is considered as significant. The unit of analysis in this research was individuals, time horizon was cross-sectional. The sample size was 200, ages between 18-25 years, both genders male and females were made a part of the study. Since the age group is 18-25, all the respondents were students of Bachelors and Masters Programs whose social media usage ranged between hourly to monthly. The sampling technique used in Non probability, random sampling. This technique includes the random selection of respondents from the sampling population in the twin cities of Pakistan. They have been targeted in the universities of twin cities where the students from Rawalpindi & Islamabad are present.

4.2. Measures

The research tool used for data collection in this study is the questionnaires. The first objective is being measured by question which is based on respondent preference model. The second objective is being measured by the “Likert scale” constructed to test the variables which are spiritual satisfaction, emotional connect, peers influence, persistent content, moral values, self-protection and patriotism which are the independent variable. The dependent variable is audience engagement. The Likert scale is from 1-5, where 1 is “Highly Agree” and 5 is “Highly Disagree”. The third part of the questionnaire comprises of the questions to measure the awareness created by the social media regarding the online social justice campaigns. These questions have been analyzed by carrying out descriptive analysis.

5. Results

5.1. Correlation
Table 5.1: Correlation between the dependent and independent variables

<table>
<thead>
<tr>
<th></th>
<th>SSmean</th>
<th>ECmean</th>
<th>MVmean</th>
<th>PTmean</th>
<th>AEmean</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SSmean</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ECmean</strong></td>
<td>.357**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MVmean</strong></td>
<td>.202**</td>
<td>.018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PTmean</strong></td>
<td>.073</td>
<td>.106</td>
<td>.149*</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>AEmean</strong></td>
<td>.192**</td>
<td>.252**</td>
<td>.049</td>
<td>.227**</td>
<td></td>
</tr>
</tbody>
</table>

5.2. Regression

Table 5.2: Coefficients of regression analysis

<table>
<thead>
<tr>
<th></th>
<th>Coefficients</th>
<th>Unstandardized coefficients</th>
<th>Sig.</th>
<th>F value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R square</td>
<td>B</td>
<td>Std. Error</td>
<td></td>
</tr>
<tr>
<td>Spiritual Satisfaction</td>
<td>0.037</td>
<td>0.242*</td>
<td>0.088</td>
<td>0.006</td>
</tr>
<tr>
<td>Emotional Connect</td>
<td>0.064</td>
<td>0.254**</td>
<td>0.069</td>
<td>0.000</td>
</tr>
<tr>
<td>Moral Values</td>
<td>0.002</td>
<td>0.047</td>
<td>0.068</td>
<td>0.487</td>
</tr>
<tr>
<td>Patriotism</td>
<td>0.052</td>
<td>0.236**</td>
<td>0.072</td>
<td>0.001</td>
</tr>
</tbody>
</table>

**Regression coefficient is significant at the 0.01 level**
**Regression coefficient is significant at the 0.05 level**
**Regression is significant at F value > or equal to 4.**

Table 5.1 shows the results of correlation and regression used to find the direction and significance of the relationship between the independent variables i.e. spiritual satisfaction, emotional connect, moral values and patriotism with the dependent variable i.e. audience engagement. Spiritual satisfaction is significantly and positively correlated with audience engagement ($r = +0.192$, $p$ value < 0.05). From table 5.2 the value of $R$-square which is 0.37, this value of $R$-square is significant at $p$ value < 0.05. The beta coefficient for spiritual satisfaction is 0.242 the value of beta is significant at $p$ value < 0.01. Hence, accept H1 which states that spiritual satisfaction is positively related to audience engagement in online social justice campaigns. Emotional connect is significantly and positively correlated with audience engagement ($r = +0.252$, $p$ value < 0.05). For Emotional connect the value of $R$-square which is 0.64, which means that 64% of the variation in audience engagement is depicted by emotional connect. This value of $R$-square is significant at $p$ value < 0.05. The beta coefficient for emotional connect is 0.254, this value of beta is significant at $p$ value < 0.01. So Hypothesis 2 is accepted. Table 5.1 shows that Moral values is insignificantly correlated or not correlated with audience engagement ($r = +0.049$, $p$ value > 0.05). Table 5.2 shows that the regression model is not significant at 95% level of confidence as $p$ value > 0.05 which is 0.487. Table 5.2 also shows that the moral values do not make the online audience engage in online social justice campaigns on social networking engines. Rejecting Hypothesis 3. From table 5.1 Patriotism is significantly and positively correlated with audience engagement ($r = +0.227$, $p$ value < 0.05). This shows that more the online audience is patriotic for their country, the more they engage in online social justice campaigns on social media networking engines. Table 5.2 shows the value of $R$-square which as 0.052. This value of $R$-square is significant at $p$ value < 0.05. The beta coefficient for patriotism is 0.236; this value of beta is significant at $p$ value < 0.01. Hence, Hypothesis 4 is accepted.
6. Discussion

The highest percentage of the respondents belongs to the age bracket of 19-21 years i.e. 45.5%. It is normally seen that the age group from 19-21 years of age have developed mature habits and behaviors which they pursue in their everyday lives. Hence, a huge chunk of the target market belongs to the age group of 19-21 years and above. The research is primarily based on the attitudinal studies of the youth respondents who are the future generation of Pakistan.

Among 200 respondents the highest used social networking engines was Facebook i.e. 73.5%, after which most of the respondents said that they use all of the social networking engines most frequently i.e. 20% which is a positive and effective sign for the research being conducted.

65.5% individuals use social media networking engines daily and 85.5% of respondents use social media on hourly or daily basis combined. However, we can conclude through this that the target market are high users of social media networking engines who have adequate information that can be provided for the analysis of this study.

Spiritual satisfaction is significantly and positively correlated with audience engagement. Hence, accepting Hypothesis 1 This shows that increase in need of spiritual satisfaction leads to an increase in audience engagement in online social justice campaigns on social networking engines and vice versa. Emotional connect is significantly and positively correlated with audience engagement this value of R-square is significant at p value < 0.05. The beta coefficient for emotional connect is 0.254, this value of beta is significant at p value < 0.01. So Hypothesis 2 is accepted. This shows that more the emotional connect the audience feels with the victims of violence and injustice, the more they engage in online social justice campaigns on social media networking engines. Moral values is insignificantly correlated or not correlated with audience engagement, Table 5.2 also shows that the moral values do not make the online audience engage in online social justice campaigns on social networking engines, rejecting Hypothesis 3. Therefore we can clearly state that engaging individuals by targeting them through their morals and values would not be very suitable as it is one of those factors that individuals are not directly influenced by. Patriotism is significantly and positively correlated with audience engagement, the value of R-square which as 0.052, hence accepting Hypothesis 4. The above analysis leads to a conclusion that online audience is engaging in social justice campaign on social media due to emotional connect, spiritual satisfaction and patriotism. People are emotionally affected by the pain of others which makes them eager to take part in activities that can save them and they find social media as the only place to express their emotional sentiments for the victims.

7. Future Implication of the Research

There are many other factors that can be identified which are driving audience engagement in social justice campaigns. There is a huge gap in understanding the behavior of social media usage by the online audience in Pakistan and very few researches have been carried out. Online social networking engines can be an effective source of studying the behaviors of the consumers of local markets. The behaviors of respondents in other cities of Pakistan can also be measured with the help of same research which can be used to compare the attitudinal and behavioral differences. It can benefit many companies which spread the businesses and the advertising campaigns across cities.

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We thank Mr. Sarfraz Kiyani (Assistant Professor, FSM) for assistance with research methodology, and Mr. Raja Shuja Ul Haq and Ms. Farah Naz for comments that greatly improved the manuscript.

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References


Appendix

Graphical Analysis:

Figure 1: Exposure to information regarding Shahzeb khan’s murder case on social networking engines

The Figure 1 shows that 37% of the respondents come across the information related to social justice campaign on social media daily. When their responses are analyzed, it is seen that more the audience is exposed to online social justice campaigns the more they become aware of the intricacies of the happenings regarding that case which arouses the interest.

Figure 2: Notice your friend’s sharing, liking or commenting on a content related to shahzeb khan

Figure 2 shows that the audience how often notice their friends engaging in online social justice campaigns. The more the peers engage in their online social justice campaigns the more the audience is becoming aware of the online social justice campaigns and it information on social media due to the sharing of information. The stats show that majority i.e. 29.5% notice their friends engaging in these campaigns weekly.
Figure 3: Frequency of Likes, comments or shares information regarding social justice campaigns

Figure 3 shows that respondents own engagement in online social justice campaigns which is in return increasing their own exposure and awareness and also creating awareness for their friends by sharing that information. In this analysis, majority i.e. 36.5% say that they weekly engage in linking, commenting on, and sharing the information regarding online social justice campaigns. A cumulative percentage of 81% state that they engage in these campaigns on monthly basis. It is leading to an increase in awareness.

Figure 4: Frequency of updating a status on Facebook or Twitter regarding the violence and injustice in Pakistan

Figure 4 shows the frequency of sharing information and updating the status on social media regarding social justice campaigns. It show that 45% of the respondents have shared the information about once regarding the social justice campaigns, whereas, 18% have shared and updating it twice. A cumulative percentage of 30% have shared it at least thrice. This shows a little low engagement, however, only 6.5% have never shared or updating any information regarding social justice campaigns. We can call it a moderate sharing and updating of information as very low percentage have identified “Never”.

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The above analysis show that where three items shows an increasing awareness, one show a moderate increase and one shows a low increase in awareness. Hence, we can conclude that awareness is increasing regarding online social justice campaigns on social media, but is still in a development stage.
Branding and Purchase Decision of Pharmaceutical Products: A Conceptual Model
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Abstract: Pharmaceutical industry has been enjoying double digit growth in their annual sales in the past. Today, the pharmaceutical product loses exclusivity upon patent expiration with great sales erosion which make branding seems like a wise choice for pharmaceutical marketer to employ to extend their product’s lifetime. In the olden days, healthcare professionals are the sole decision maker on the choice of medication for patients. However, the increased power of patients today and how this power has affected the pattern and behavior of healthcare professionals’ prescription. Hence, it is interesting to find out whether or not branding plays a fundamental role in the pharmaceutical industry when it comes to selection of pharmaceutical products among patients. There have been couples of research done to understand the importance of branding in the pharmaceutical industry among healthcare professionals, however not much have dwell further to better comprehend the role of branding and the power it has on the patients. This study is to propose a conceptual model that integrating branding and marketing in understanding purchase decision of pharmaceutical products in pharmaceutical industry.

Keywords: Branding, Pharmaceutical, Purchase decision

1. Introduction

Since late 1980s, the pharmaceutical industry has been achieving strong double digit growth rates of annual sales in the excess of 10% per annum. The pharmaceutical companies have been relying on their strong research and development, full protection towards their patented products as well as maximization of the sales force. Unfortunately, the pharmaceutical industry is no longer enjoying the luxury of aggressive sales growth today. Conversely, they are facing continuous challenges which have changed the industry’s rule of games (Moss & Schuiling, 2003).

One of the challenges is cost of research and development (R&D) in the pharmaceutical industry is increasing as year passes by. Moreover, the probability of getting a new product into the market is relatively slow and it is not as promising as intended, which forces the company to depend on limited existing products to achieve their sales. Hence, it is almost impossible to sustain the good old days’ high growth rates during 1990s when they only have few blockbusters to generate their sales. Secondly, the strong reliance only on the big products means that as the patent of products expires, the sales of company will be at stake. It has been conveyed that almost half of the global best sellers which amounted to 50 are reaching to the end of their patent validity, which would then contribute to low sales production. To make things worse, the erosion of price will accelerate once generic becomes available upon patent expiration. The sales of generic company are likely to increase intensely from this phenomenon in addition to the act of public authorities all around the world trying to reduce the overall health spending. Lastly, the pharmaceutical industry is somehow consolidating and this causes the sales efforts to reach its saturation level. As this happens, it is not possible anymore to depend solely on sales force expansion in hope to promote the company’s products (Moss & Schuiling, 2003).
Due to high cost of R&D and the static rate of new product development success, any new successful products that can be made available in the market should be fully exploited. In this regard, branding seems like a wise strategy to enhance the success of the new product introduction because the values created from branding can be preserved in the brand name itself. As such, it is suggested that pharmaceutical industry can leverage on branding for long-term success as compared to merely employing only technical excellence as they are today. In this context, branding enable value transfer from health authorities to healthcare professionals (prescribers) and subsequently also to the patients, which in the long run will help to strengthen the bond between the buyer and the seller. In pharmaceutical industry, prescribing recommendation from healthcare professionals (doctor and pharmacist) as well as branding is very important. In order to win in the market place and to re-gain their historical growth rate, the industry is in need to identify a new source of sustainable competitive advantage (Blackett & Harrison, 2001).

Branding is one of the strategy is important to create sustainable business performance. Knowing the importance of branding, pharmaceutical marketers often modelled itself against the FMCG industry. They have been using all their resources to build brand for their medicine as they view it as the company’s key assets. In order to attain sustainable competitive advantage, the pharmaceutical marketers employed multiple approach in branding strategies and tactics (Schuiling & Moss, 2004). However, due to the nature of pharmaceutical companies as regulatory organizations, the marketing and selling of their medicines has to be moulded to suit acceptable practices in healthcare. Based on earlier argument, it is clear that pharmaceutical industry facing challenges despite of spending huge sum of money in building brand and in increasing their sales performance due to several restrictions. In comparison to the FMCG industry, the pharmaceutical industry is way behind in adopting brand marketing strategy, and it was mentioned that it is still under the nascent stage (Panchal et al., 2012). This situation is mainly contributed to the fact that some believe that it is not worth for pharmaceutical companies to invest in building strong brands as their product lifetime is limited.

Nonetheless, there have been couples of research done to understand the importance of branding in the pharmaceutical industry, not much have dwell further to better comprehend the role of branding and the power it has on branded medicine against the generic alternatives. To fill the gap, this study is to propose a conceptual model that examining the role of branding in purchase decision of pharmaceutical products from the customers (patients) perspective.

2. Literature Review and Theoretical Background

2.1. Branding in Pharmaceutical Industry?
As explicated earlier, branding seems like a wise choice for pharmaceutical marketer to employ to extend their product’s lifetime. Branding can help foster relationship between pharmaceutical manufacturers and customers where the manufacturers can build “must have” brand among health authorities and healthcare professionals. Secondly, branding offers competitive differentiation against competing products as strong brands have attributes that are extremely difficult to be copied by rivals. Lastly, branding fosters customer loyalty which is crucially important for the pharmaceuticals marketers to maintain or even increase their market share (Blackett & Harrison, 2001).

Importantly, branding will increasingly become an important asset to the pharmaceutical company when the consumers perceive branded medicine is better than generic alternatives (Panchal et al., 2012). The pharmaceutical industry would be more confident in making investment into building brand when consumers find difference between branded and generic alternatives especially when they perceive the branded ones to be better. There has been an evolving attitude and behaviors among the consumers, hence the pharmaceutical industry must embrace a newfangled marketing approach as opposed to what they have in the past (Blackett, 2002).
In the past, healthcare professionals are the sole decision maker on the choice of medication for patients. However, due to the increased power of patients today, knowledge of patients could affect the pattern and behavior of healthcare professionals’ prescription. The traditional role of healthcare professionals as the gatekeeper for healthcare information has been challenged by the emergence and evolution of the internet. Indisputably, patients have slowly become their own strong healthcare advocates as they are able to make their own research and gain information from their fingertips regarding medication and disease status. Today, patient possesses more power than ever to arrive to an era of achieving patient-acceptable-yet-physician-appropriate-treatments (Blackett & Harrison, 2001). Therefore, it is important to foster brand loyalty among the patients as brand loyal customers is a powerful asset that can possibly influence the healthcare professionals especially within primary care treatment which include chronic disease like hyperlipidemia, hypertension and diabetes (Griffiths, 2008). It remains a question to what extent a patient have their decision-making influenced by brands when they select medication. It is interesting to find out if branding plays a fundamental role in the pharmaceutical industry when it comes to selection of pharmaceutical products.

2.2. Purchase Decision Making

Today, consumers are overloaded with information every day to facilitate them to make countless decisions. Undeniably, it is not an easy pathway for consumers to make a decision with encumbered information; therefore consumers tend to cultivate certain “heuristics” which is referred as the habits that tend to influence the pattern of how the consumers make decision (Scammon, 1977; Jacoby et al., 1977; Jacoby, 1984). In the contemporary marketplace, brand is the commonest “rule of thumb” as it facilitates many purchase decisions. Besides, brand also connects both current and future decisions to three different elements namely knowledge, satisfactions and experiences, resulting to reassurance benefit to consumers (Keller, 2008). Therefore, brands truly play an important role in guiding the overall process of a decision making among consumers.

Alike to the concept of decision making process, there is also another framework known as the “hierarchy of effects” (HOE) models (Laghinder & Steiner, 1961). HOE model however is on the subject of communication and advertising. While decision making process describes how consumers run through a series of steps before making final choice, HOE model describes the different mental stages of relationship between consumers and a particular brand (Vakratsas & Ambler, 1999; Ray, 1973). HOE denotes to series of steps which consumer perceive, process and utilize advertising and other marketing communication tool. There are 3 different segments altogether which are cognitive (thinking), affective (feeling) and conative (doing) (Barry & Howard, 1990). Firstly, the consumer will develop certain degree of awareness towards a brand before knowledge. Upon gaining the brand knowledge, the consumers will either develop a positive or negative feeling toward the brand subsequently react towards the feeling by approaching (use) or avoiding (reject) the brand (Kotler & Bliemel, 2001).

2.3. Brand Awareness

In consumer decision making process, 3 major reasons are involved in contributing to the importance of brand awareness (Keller, 1993). It is a goal for every marketer to make their brand prominent and stand out against their competitors in a given product category. When consumers go through a purchase decision, they already have established a consideration set and it is important to raise brand awareness for a product as it will increase its likelihood to be part of the consideration set (Kapferer, 2008; Baker et al., 1986; Chakravarti et al., 2003). Following the “hierarchy of effect” (HOE), the first stage is represented by the brand awareness. As discussed earlier, brand awareness assist the purchase decision as it brings the brand to the consideration set. Consumers are more likely to purchase well-known and familiar brands in the decision rule (Jacoby et al., 1977; Roselius, 1971). When consumers have low involvement in the funnel of purchase decision, brand awareness alone is sufficient to trigger the brand choice without other eliciting factor (Bettman & Park, 1980; Hoyer & Brown, 1990).
2.4. Word of Mouth (WOM)

In consumer behavior context, there is a naturally occurring phenomenon known as the word of mouth (WOM) (Kozinets et al., 2010). WOM is noncommercial, unlike advertising as it does not originate from the company. WOM includes all interpersonal communication regardless of positive or negative remarks regarding a company or a brand between the communicator and the receiver (Goyette et al., 2010). WOM contributes to the formation of purchase decision as it serves as a valuable source of information on product performance. Hence it is also a prerequisite attribute in the funnel of purchase decision (Mooradian et al., 2012). As consumers are personally connected to the source of WOM, the information transferred will be more likely to be received positively by the recipient. The recipient perceives such information as more reliable and trustworthy as compared to other advertising medium (Solomon, 2011). For that reason, marketers should definitely utilize WOM as an effective mean to influence consumer’s purchase decision (Kozinets et al., 2010). Consumers work like a network and they tend to talk about their favorable brands to others especially when they are loyal to the brands. They become a voluntary advocate or ambassadors of the brand as they positively talk about the brand to express their loyalty subconsciously.

Positive WOM could also be contributed by brand awareness since it is the first phase in the purchase decision funnel. As such, brand awareness is the pre-requisite phase before WOM. Hsin et al. (2009) also mentioned that when the brand embeds strongly in the mind of the consumers, the consumers are more inclined to think and talk about the brand.

H1: Brand awareness will positively affects WOM activities.

H2: WOM will positively affects purchase decision.

2.5. Brand Loyalty and Brand Trust

It was concluded by Grewal et al. (1998) that brand awareness is a central moderator in the circle of branding research. It was also found out that consumers are more likely to purchase a particular brand when they are conversant with the brand (Kamins & Marks, 1991). Aaker & Keller (1990) also mentioned that marketers are able to stimulate and foster customer loyalty towards a brand through high brand awareness. Moreover, high brand awareness will lead to high level of brand trusts which subsequently lead to higher intention to purchase. Esch et al. (2006) also added that brand trust has affection effect. Affection is a result of a collective relationship with a brand which triggers a positive feeling. It has been proven by Laroche et al. (1996) that consumers’ confidence to purchase will increase proportionally with brand familiarity as brand familiarity enhance their attitude toward the brand. Additionally, consumers’ feeling towards a brand can also be affected by their familiarity with the brand name (Joachimsthaler & Aaker, 1997).

In the model of purchase decision, Peng (2006) point out that brand loyalty is most greatly contributed by brand awareness. Chou (2005) also seconded to the above statement and suggested that businesses should always promote brand awareness as the primary step upon introduction of a new product or a new market to ensure the best result of marketing. Even back in decades ago, it has already been shown that marketers are able to grow their product market share through high brand awareness and high brand trust (Grewal et al. 1998). In short, a highly recognizable brand is more highly demanded than lowly recognizable brand, subsequently this affect consumer’s purchase decision (Lau & Lee, 1999). On another note, brand loyalty refers to consumers’ commitment to repurchase and they are not likely to switch to alternatives under any circumstances when they are loyal (Hsu, 2000).

H3: Brand awareness positively affects brand trust.

H4: Brand trust positively affects purchase decision.
H5: Brand awareness positively affects purchase decision.

H6: Brand awareness positively affects brand loyalty.

H7: Brand loyalty positively affects purchase decision.

2.6. Advertising
With the emergence of technology, wireless connection and mobility, consumers are continuously exposed to boundless marketing communication tools such as advertisement and promotions. Irrefutably, consumers are influenced by these marketing tools to some extent. Marketers regardless from the public sector or the private sectors learn that effective communication with the target audience is momentously important as it will lead them towards success when their intended message gets across correctly (Oliver, 1999). Advertisement and other forms of promotional tools have been continuously leveraged to promote and sell a particular product or service as advertisement has the ability to create a positive feeling among the consumers. Advertising is referred as a process which can create likelihood and positive tendency towards a product or service selection. When a particular advertisement is able to trigger an attitude towards a brand, it helps to form the purchase decision (Arshad & Aslam, 2015). Henceforth, advertising is a significant variable which may affect consumers’ purchase decisions (Oliver, 1999).

Advertisements come from various forms which include slogans, taglines, symbols, logos or even the packaging. The right approach and usage of advertising medium is important to ensure its effectiveness. However, due to the stringent environment and strict regulation of pharmaceutical industry which disallows direct advertising to consumer, the marketers could only rely on indirect advertising. Hence, marketers can only advertise therapy or disease related advertisement instead of branded medicine (Goldsmith & Lafferty, 2002).

H8: Advertising positively affects consumer’s purchase decision.

H9: Advertising positively affects brand awareness.

Based on the literature presented, a conceptual Model of purchase decision in pharmaceutical Industry is developed. The explanation of the proposed model is discussed on the next section.

3. Conceptual Model of Purchase Decision in Pharmaceutical Products
This study is to examine the role of branding in purchasing pharmaceutical products. The model is proposed as in Figure 1. The framework were conceptualized and gathered from multiple journals, (Ladha, 2007; Hutter et al., 2013; Hsin et al., 2009; Wang et al., 2010; Lau & Lee, 1999; Levy & Guterman, 2012) and also based on the literature review carried on pharmaceutical industry as well as FMCG industry. In previous findings where the studies were conducted in non-pharmaceutical industry, it was found out that brand awareness is the pre-requisite of words of mouth, brand trust and brand loyalty which in turn positively affect the purchase decision. In addition, advertising also directly affect brand awareness and purchase decision positively. Whilst these are conducted in different background industry, it is interesting to ascertain if the same applies to pharmaceutical industry which lacks of research and focus.

4. Conclusion

This study is to propose a conceptual model that integrating branding and marketing in understanding purchase decision of pharmaceutical products in pharmaceutical industry. Scholars argue that branding will increasingly become an important asset to the pharmaceutical company when the consumers perceive branded medicine is better than generic alternatives (Panchal et al., 2012). The pharmaceutical industry would be more confident in making investment into building brand when consumers find difference between branded and generic alternatives especially when they perceive the branded ones to be better. There has been an evolving attitude and behaviors among the consumers, hence the pharmaceutical industry must embrace a newfangled marketing approach as opposed to what they have in the past (Blackett, 2002). Although more suggestion on the importance of branding in this industry, empirical evidences are still lacking which need further investigation. Thus, this research considers timely and worth.

References


The Utility of Hedonic Risk for Beverage Consumers: Myth or Reality?
Raza, Fariha; Salman, Dr. Faryal

Abstract: The association of positive feelings like happiness, gratification, thrill and self-confidence with a challenging activity has been termed hedonic risk. This research aims to understand the impact of hedonic risk on ad recall, brand recall, intention to purchase and actual consumption of beverages. It also explores whether hedonic risk can classify the customers into non-overlapping groups that exhibit distinct patterns of consumption. The research has been conducted on a sample of young, literate people living in Karachi. Multivariate data analysis technique of stepwise regression, logistic regression and moderating and mediating analysis were used for statistical inference. The findings are of particular interest to marketers and advertisers who want to develop marketing communications based on hedonic risk themes. Based on the findings of this research, further research can be done to develop detail consumer profiles using other techniques like cluster analysis.

Keywords: Hedonic risk, gratification, upbeat feelings.

1. Introduction

In the field of marketing, the terms ‘hedonism’ and ‘risk’ are frequently used and adequately defined. However, the advertisers have blended these two different terms and are trying to create a mental image that the feelings of thrill and excitement that were the attributes of challenging activities, can be associated with non-dangerous products. By doing so, they are trying to make a brand as exciting as a challenging activity itself. This idea has been called ‘hedonic risk’.

Conchar, Zinkhan, Peters, and Olavarrieta (2004) have discussed the different meanings of the term risk as defined in marketing literature. Risk is a characteristic of an event, a choice or an activity that contains uncertain consequences. This element of uncertainty gives the term ‘risk’ a negativity. This uncertainty is measured in terms of confidence, reliability and dependability. Statistically, risk is defined as a high probability of adverse situation.

Although risk itself appears as a negative term, risk taking is not always characterized as a negative activity. Risk taking has positive consequences. It allows adolescents to experiment with independence. By taking risks, a person develops his identity and improves his self-image (Breton, 2004).

By synthesizing the perspectives of Conchar, Zinkhan, Peters, and Olavarrieta (2004) and Breton (2004) one can realize that within the same time frame, the researchers are focusing on different attributes of risk and risk taking. While one can perceive risk to be something that is undesirable and should be avoided, another can perceive risk taking to be a desirable exercise for self-development.

Extending the perspective of the positive side of risk, researchers found that risk taking develops a sense of independence in the youth and instills a sense of self-efficacy in them (Evans, Mixon, Rozmus, & Wysochansky, 2005). From the researches of Conchar et al, Breton (2004) and Evans et al, we can develop an idea that youth will be more likely to indulge in risk taking as compared to any other age group. For this reason, this research was conducted on a sample of youth.
When the risk taking behavior in adolescents was further studied, another perspective came to light. It pertained to their desire to lead an exciting life. Researches showed that youth want to indulge in risky activities so that they can experience the excitement and the thrill which such activity brings while choosing to ignore the realization of their own mortality (Fitzwater, Varlynskaya, & Spear, 2010). This led towards the popularity of extreme sports in youth. The thrill and excitement were also the drivers for drug and alcohol consumption (Breivik, 2010). Much research has been done on the hedonism driven consumption of dangerous and risky products and engagement in dangerous activities like extreme sports (Klaus & Maklan, 2011). This corroborated the findings of Borskhy and Raschky (2009) that people are willing to take risk for present pleasure and have started perceiving risk as a challenging yet pleasure giving exercise. People had started craving for risk and this phenomenon was studied in early 2000s (Johnston, 2003). This phenomenon made risk an economic good. People choose to engage in risk taking activity because for them, such activities hold a positive value (Allman, Mittelstaedt, Martin, & Goldenberg, 2009).

While Johnston was studying the reasons why people willingly seek risk taking activities, he also found out a very interesting phenomenon that the demand for risky activities is not the demand for the risk itself but a demand for the feelings of thrill and excitement that are related with risk (Johnston, 2003). When marketers saw these research findings, they found an opportunity to develop a unique advertising theme based on the association of these risk related feelings with non-risky product categories (McCole, 2004).

As marketing literature shows that advertising invents qualities for products that become their essence, advertisers started to experiment by associated the risk related feelings with non-risky products (Arens, 2006). The purpose was to make these risk related feelings, the essence of these non-risky products so that a customer would want these products not for their functional utility but because of the emotional utility of making them feel the same excitement, thrill and rush that they would have enjoyed when participating in a risk taking activity (Bohm & Batta, 2010). One can deduce from this literature that apart from the practical utility of such products, customers start deriving new value and new utility from the same product. This technique makes the mundane, frequently used products more desirable and more exciting (Jhally, 2014).

Marketers studied whether this desirability of products for their risk related emotional feelings was constant across all age groups. It was concluded that this desirability is more pronounced for youth as compared to any other age group (Montgomery & Chester, 2009). These finding were corroborated in other researches done in the same period that concluded that positive hedonic sensitivity is more pronounced in adolescents as compared to people younger or older than this age group (Fitzwater, Varlynskaya, & Spear, 2010).

Marketers used symbolism in their advertising to associate the feelings of thrill, rush, happiness (which were actually the essence of risk taking activities) with non-risky product categories (Schor & Ford, 2007). Since the association of risk related positive feelings with non-risky product categories was a new phenomenon, the researchers wanted to know the attributes of risk related activities that can attract the youth to non-risky product categories. They found out that these attributes are excitement, joy, happiness, the feeling of rush and thrill, self-efficacy, confidence and warmth (Allen, Gupta, & Monnier, 2008).

1.1. Research Gap
Much research has been done on the association of hedonism with the consumption of drugs, alcohol and extreme sports, but there is room for research in associating the hedonic risk with non-risky product categories like soft-drinks, chocolates and other regular confectionery products. Although research studies have focused on the inner bliss and personal values and hedonism affecting customer behavior, researchers themselves claim that little work has been done in studying symbolism in beverages. (Allen, Gupta, & Monnier, 2008). This research addresses the gap in studying hedonic risk, a symbolic property
of risk, and its impact on the ad recall, brand recall, intention to purchase and the actual consumption of beverages among the youth in Pakistan.

Out of all the beverages in Pakistan that have been actively advertising on mass media, Mountain Dew is a brand that has featured active young people who enjoy challenging outdoor activities. The ads of Mountain Dew have an edginess and audacity. The brand is all about exuberance and energy and the typical customer is an 18-year-old street-smart male teen (Arens, 2006). Therefore, Mountain Dew is a true representative of a brand that uses hedonic risk in its advertising. This research thus addresses the impact of hedonic risk with focus on Mountain Dew brand.

1.2. Research Objectives
The focus of this research is to:

1. Determine whether hedonic risk appeal increases the ad recall and brand recall?
2. Establish a relationship between hedonic risk appeal in beverage ads and the consumption and intention to purchase that brand?
3. To determine whether gender moderates the relationship between hedonic risk and ad and brand recall and brand consumption and intention to purchase.
4. To determine whether the dimension of gratification moderates or mediates the relationship between adventure, intention to purchase and consumption?
5. Can hedonic risk classify the target market into distinct groups that differ in their intentions to purchase and consumption patterns?

The alternative hypotheses are:

H1: Hedonic risk in advertising theme positively affects ad recall
H2: Hedonic risk in advertising theme positively affects brand recall
H3: Hedonic risk in advertising theme positively affects intention to purchase
H4: Hedonic risk in advertising theme positively affects brand consumption
H5: Gender moderates the relationship between hedonic risk and ad recall, brand recall intention to purchase and consumption.
H6: Gratification moderates the relationship between adventure and consumption
H7: Gratification mediates the relationship between adventure and consumption
H8: Hedonic risk classifies beverage consumers into mutually exclusive and collectively exhaustive distinct groups

2. Research Methodology
This research is conducted under the paradigm of post-positivism. The most important advantage of this research philosophy is that if a falsifiable proposition is not refuted on the basis of empirical
evidence, the hypothesis is considered more reliable (Muhammad, 2014). UN defines youth as people belonging to the age group 15-24 years of age. This is a common definition of youth that is used for statistical consistency across the regions (UNSD demographic statistics, 1998). This definition has been used for the sampling purpose in this research as well. In order to avoid the constraint of seeking prior information from the guardians of persons aged between 15-17 years of age, the age group that was practically approached for this research was between 18-24. The sample consisted of males and females between 18-24 years of age, residing in Karachi. Quota sampling was done in the absence of a suitable frame of reference. The population was first divided into male and female segments. Subjects were drawn in proportion to their original percentage in population using UNSD demographics of statistics, 1998. Sample size was 384 as the population is large (Sekaran & Bougie, 2010).

2.1. Instrument Construction, Modification and Selection
The following section of this report gives an overview of the concept analysis of the term ‘hedonic risk’ in order to develop the declarative, denotative, précising and operational definitions which served as the basis for scale development.

The connotation of the term hedonic risk is derived from the combination of the intensions of hedonism and risk. The intension of hedonism consists of the following properties:

Pertains to pleasure: a hedonic thrill (Dictionary.com, n.d.).

The root word hedonic comes from the Greek word for “sweet”, which means relating to or characterized by pleasure. This is interesting because even though hedonic motivation incorporates the pursuit of pleasure as well as the avoidance of painful situations, the concept has been traditionally linked to the positive connotation of pleasure (Wikipedia, n.d.)

- Fun, fantasy, sensory stimulation (Arnolds & Reynolds, 1979)
- Affective gratification, experiential (Batra & Ahtola, 1991)
- Emotive gratification (Spangenberg, Voss, & Crowly, 1997)
- Festive, playful, escape and adventure (Babin, Dardin, & Griffen, 1994)

The connotation of the term risk consists of the following characteristics:

- Probability of threat, damage or hazard (Business Dictionary, n.d.)
- Challenge
- Thrill
- Excitement

The term hedonic risk as found in marketing and social science literature has different meanings that are associated with it:

- Pleasure or ‘high’ that a drug gives (Evans, Mixon, Rozmus, & Wysochansky, 2005)
- Gratification from extreme sports (Allman, Mittelstaedt, Martin, & Goldenberg, 2009)
- Pleasure from life threatening self-created (Breton, 2004)
- Pleasure from virtual games that are fantasies of adventure (Montgomery & Chester, 2009)
- The economic utility of risk (Johnston, 2003)
- The economic utility of non-risk activity attributes that are associated with risk (Johnston, 2003)

The last two attributes given by Johnston (2003), are especially focused in this research and are studied in the context of advertising where linguistic discourse has been replaced by images and goods are imbibed with symbolic properties.
Hedonism has two main dimensions: gratification and warm and upbeat feelings, Arnolds and Reynolds (1979), Babin, Dardin, and Griffen (1994), Spangenberg, Voss, and Crowly (1997).

Risk has three dimensions: adventure, challenge and possibility of harm (Business Dictionary, n.d.). Under these dimensions, the characteristics that describe these dimensions are listed below in Table 1.

Table 1:

<table>
<thead>
<tr>
<th>Hedonism</th>
<th>Risk</th>
<th>Probability of harm</th>
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<tbody>
<tr>
<td><strong>Gratification</strong></td>
<td><strong>Adventure</strong></td>
<td></td>
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<tr>
<td>Pleasant**</td>
<td>Thrill**</td>
<td>Fear</td>
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<td>Aversion</td>
</tr>
<tr>
<td><strong>Warm and Upbeat Feelings</strong></td>
<td><strong>Challenge</strong></td>
<td><strong>Probability of harm</strong></td>
</tr>
<tr>
<td>Active**</td>
<td>Active</td>
<td>Creative</td>
</tr>
<tr>
<td>Alive**</td>
<td>Alive</td>
<td>Inspired</td>
</tr>
<tr>
<td>Amused</td>
<td>Attentive</td>
<td>Proud</td>
</tr>
<tr>
<td>Attentive</td>
<td>Confident</td>
<td>Satisfied</td>
</tr>
<tr>
<td>Carefree</td>
<td>Energetic</td>
<td>Strong**</td>
</tr>
<tr>
<td>Confident**</td>
<td>Excited</td>
<td>Uncertainty</td>
</tr>
<tr>
<td>Creative</td>
<td>Exhilarated</td>
<td></td>
</tr>
<tr>
<td>Delighted</td>
<td>Lively</td>
<td></td>
</tr>
<tr>
<td>Energetic**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enthusiastic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excited**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exhilarated**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Happy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independent**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspired</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pleased</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proud**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfied**</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The above matrix shows that the most of the characteristics belonging to the dimension of warm and upbeat feelings are common to hedonism and risk (e.g. energetic, active, exhilarated etc.).

The following definitions are based on the extracted matrix shown above:

- Declarative definition of hedonic risk: Positive feelings associated with risk (This definition does not include the negative feelings that were omitted in creating the extraction).
• Denotative definition of hedonic risk: the set of positive feelings originally associated with risk that are now associated with non-risky product categories e.g. the feeling of thrill and excitement associated with the non-risky product category, cola drink. This denotative definition sets a boundary for the term hedonic risk. It includes only positive feelings associated with risk. It includes the association of these feelings with non-risky product categories only.

• Précising definition of the term hedonic risk: The feelings of gratitude, warmth and upbeat feeling that are the characteristics of a challenging adventure but are now associated as the essence of non-risky product categories such as soft drinks and chocolates.

• Operational definition of the term hedonic risk: The feeling of happiness, excitement, being active and alive, attentive, confident, pleased, proud, satisfied that are associated with non-risky products to make the customers think that these products are exciting products and by consuming them, they will experience the same excitement, thrill, stimulation, happiness, pride and self efficacy which can be experienced after a successful challenging adventure. All these characteristics can be measured on a bipolar scale, Arnolds and Reynolds (1979), Babin, Dardin, and Griffen (1994), Spangenberg, Voss, and Crowly (1997).

Literature supports the view that the concept of hedonic risk fulfillment is captured through dimensions of adventure, gratification, warm and upbeat feelings. The scale of hedonic motivations developed by Arnold and Reynolds (2003) was used to capture the dimension of adventurous risk through elements such as adventure, stimulation, feeling of thrill and rush and fear.

The elements that capture gratification, warm and upbeat feelings were classified into these three dimensions using exploratory factor analysis. The results of EFA showed that the dimensions of gratification, warm and upbeat feelings contain the following elements as shown in Table 2:

<table>
<thead>
<tr>
<th>Factor</th>
<th>Upbeat Feelings</th>
<th>Warm feelings</th>
<th>Gratification</th>
</tr>
</thead>
<tbody>
<tr>
<td>active</td>
<td>delighted</td>
<td>pleasant</td>
<td></td>
</tr>
<tr>
<td>alive</td>
<td>good</td>
<td>cheerful</td>
<td></td>
</tr>
<tr>
<td>amused</td>
<td>happy</td>
<td>release stress</td>
<td></td>
</tr>
<tr>
<td>attentive</td>
<td>independent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>attractive</td>
<td>industrious</td>
<td></td>
<td></td>
</tr>
<tr>
<td>carefree</td>
<td>inspired</td>
<td></td>
<td></td>
</tr>
<tr>
<td>confident</td>
<td>interested</td>
<td></td>
<td></td>
</tr>
<tr>
<td>creative</td>
<td>light-hearted</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>lively</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>playful</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>pleased</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>proud</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>satisfied</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>strong</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The means of the scores of the items constituting each of the three factors shown above were averaged to represent the dimensions of warm feeling, upbeat feelings and gratification that have been used in the next step of data analysis, i.e. stepwise regression. The two dependent variables, consumption and purchase intention were measured through the scale developed by Mackenzie (1986). Consumption was measured in terms of average actual consumption per week. Purchase intention and desire to consume the brand were measured on a 5-point Likert scale.
Using the scale developed by Bergkvist and Jonas (Bergkvist & Jonas, 2000) the ad and brand recall were measured on a nominal scale. The respondents were shown an image showing extreme sports and were asked to name the beverage that the image was associated with. This measured ad recall. In the second part of the questionnaire, the respondents were asked to write down the brand names which came to their minds when they thought of the beverage that is associated with adventure and excitement. Thus, this measured brand recall.

In this exploratory research, the initial theoretical model that was identified through literature review is shown below. Hypothesis H1-H5 are tested through this model. However, as will be discussed later, the results necessitated an alternative model to be explored as well. This research discusses the findings related to both the models.

![Theoretical Model 1](image)

**Figure 1: Theoretical Model 1**

2.2. Reliability and Validity

Inter-item reliability for the dimensions of adventurous risk, gratification, warm feelings and upbeat feelings are acceptable as shown by Cronbach’s alpha below:

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Cronbach's Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warm feelings</td>
<td>.953</td>
<td>14</td>
</tr>
<tr>
<td>Upbeat feelings</td>
<td>.917</td>
<td>8</td>
</tr>
<tr>
<td>Gratification</td>
<td>.780</td>
<td>3</td>
</tr>
<tr>
<td>Risk</td>
<td>.648</td>
<td>4</td>
</tr>
</tbody>
</table>

Validity was established by creating estimation and hold out samples. The results of logistic regression were found to be statistically and practically significant through the values of -2LL and the classification accuracy achieved by the logistic model, as will be discussed later.

3. Data Analysis and Findings

Only 269 observations out of 384 were complete. MCAR’s test was significant, showing that the missing data was non-random. EM imputation method was used to impute the missing data. The normality of data was tested through Kolmogorov-Smirnov and Shapiro Wilks test. Both the tests were significant at 0.05 alpha. Levene’s test for homoscedasticity was non-significant, showing that the data exhibited equal variances across the groups.
Since the data did not comply fully with the statistical assumptions of normality and lack of multicollinearity, stepwise regression was employed to test the relationship between hedonic risk, ad and brand recalls, intention to purchase and consumption. The results showed that although the dimension of adventurous risk is a statistically significant predictor of ad recall and brand recall, yet the variance explained by it is too small to be of any practical value ($R^2=5.3\%$ and 2.5\% respectively for ad recall and brand recall).

Next, the impact of the dimension of adventurous risk, gratification, warm feelings and upbeat feelings on intention to purchase was determined through stepwise regression. The following table shows that out of the 4 independent variables, only risk, gratification and upbeat feelings impact the intention to purchase. Together they explain 28.3\% variance in the intention to purchase (ITP):

**Table 4: Model Summary of Stepwise Regression for Intention to Purchase (ITP)**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>R Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>.532</td>
<td>.283</td>
<td>.278</td>
<td>.80416</td>
<td>.025</td>
<td>13.487</td>
<td>1</td>
<td>380</td>
<td>.000</td>
</tr>
</tbody>
</table>

Predictors: (Constant), Upbeat feelings, Adventurous Risk, Gratification

From the table given below, the equation for intention to purchase is derived as:

$$ITP= 0.920 + 0.267 \text{ Adventurous risk} + 0.209 \text{ Gratification} + 0.177 \text{ Upbeat feelings}.$$  \hspace{1cm} (1)

**Table 5: Regression Coefficients for ITP**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>(Constant)</td>
<td>.920</td>
<td>.187</td>
<td>4.931</td>
</tr>
<tr>
<td></td>
<td>Upbeat feelings</td>
<td>.177</td>
<td>.061</td>
<td>.180</td>
</tr>
<tr>
<td></td>
<td>Adventurous risk</td>
<td>.265</td>
<td>.065</td>
<td>.227</td>
</tr>
<tr>
<td></td>
<td>Gratification</td>
<td>.209</td>
<td>.057</td>
<td>.216</td>
</tr>
</tbody>
</table>

Predictors: (Constant), Upbeat feelings, Adventurous Risk, Gratification

However, it is interesting to note that although the dimension of adventurous risk has the largest impact on the intention to purchase outcome ($\text{beta}= 0.227$, $p=.000$), it does not play a significant role in determining the actual consumption as shown by the stepwise regression results below:

**Table 6: Model Summary of Stepwise Regression for Actual Consumption**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>.349a</td>
<td>.122</td>
<td>.117</td>
<td>1.599</td>
<td>.011</td>
<td>4.946</td>
<td>1</td>
<td>381</td>
<td>.027</td>
</tr>
</tbody>
</table>

Predictors: (Constant), Warm feelings, Gratification

The only two variables that affect actual consumption are the gratification and warm feelings.

$$\text{Actual consumption} = 0.064 + 0.436 \text{ Warm feelings} + 0.245 \text{ Gratification}.$$  \hspace{1cm} (2)
Table 7: Regression Coefficients for Actual Consumption

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>(Constant) .064</td>
<td>.296</td>
<td>.218</td>
<td>.828</td>
</tr>
<tr>
<td></td>
<td>Warm feelings .436</td>
<td>.115</td>
<td>.241</td>
<td>3.799</td>
</tr>
<tr>
<td></td>
<td>Gratification .245</td>
<td>.110</td>
<td>.141</td>
<td>2.224</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Actual Consumption

The next analysis was done using the PROCESS macro developed by A.F. Hayes in order to determine whether gender moderates the relationship between the hedonic risk and ad recall, brand recall, intention to purchase and consumption.

The model and coefficients of the independent variable adventurous risk and intervention term are significant at alpha 0.05, determining that gender moderates the effect of risk on ad recall. The model fit is good as the -2LL value of the model is greatly reduced to 24.165 from the -2LL value of null model of 223.736. The moderating effect of gender on brand recall is enhanced for males as compared to females as determined from the conditional effect given in the Table 12 shown in the appendix.

Gender does not moderate the relationship between hedonic risk and brand recall as determined by an insignificant interaction term (p=0.2837).

Since the earlier stepwise regression determined that intention to purchase was a function of adventurous risk, gratification and upbeat feelings, the moderating effect of gender was analyzed by using only these three variables as independent variables and using intention to purchase as dependent variable. Gender does not moderate the relationship between adventurous risk, gratification and upbeat feelings and the intention to purchase. This conclusion is based on the non-significant intervention terms in PROCESS model.

The stepwise regression had shown that actual consumption was a function of gratification and warm feelings. Therefore, only these two variables were used as independent variables in testing the moderation effect of gender between these variables and the actual consumption. Gender moderates the relationship between warm feelings, gratification and actual consumption. Males show an enhanced consumption as compared to females. This is shown from the significant intervention term (p=0.0025 at alpha 0.05) and the enhancing impact of gender on consumption in the Table 13 shown in the appendix.

The results of moderating analysis stated above necessitated the analysis whether gratification moderates the relationship between adventure and actual consumption:

Figure 2: Theoretical Model to Test Hypothesis H6
The results of running PROCESS macro using gratification as a moderating variable show that gratification fully moderates the relationship between risk and consumption and this impact is of enhancing nature: the higher the feeling of gratification, higher is the consumption for any given level of risk. If gratification is not present, risk has no effect on actual consumption.

The research also explored whether adventurous risk causes gratification that in turn causes consumption. For this, PROCESS macro was run using gratification as a mediating variable and risk as independent variable and consumption as dependent variable. The results showed that risk is a significant predictor of gratification. Gratification is a significant predictor of consumption when the effect of risk is controlled. Risk is a non-significant predictor of consumption when the effect of gratification is controlled. The indirect effect size of risk on consumption is significantly greater than zero. The Sobel test was significant with $z=4.5817$ at $p=.000$. These results show that gratification fully mediates the relationship between risk and consumption. If risk does not generate gratification, actual consumption will remain unaffected.

![Figure 3P: Theoretical model to test Hypothesis H7](image)

The next objective was to determine whether the hedonic risk classifies the consumers into distinct groups based on their level of consumption. Since the preliminary examination of data showed that the statistical assumptions of normality was not met fully, therefore, logistic regression was chosen as the multivariate technique because it is robust and does not require statistical assumptions of normality, linearity and homoscedasticity.

The logistic regression classified the respondents into light users and heavy users. Although original data had measured consumption as a continuous data using Likert scale, it was converted into categorical data by classifying respondents showing less than average consumption as light users and those consuming above average as heavy users. The sample was split into estimation and hold out sample in 60: 40 ratio. The Hosmer and Lemeshow test shows the goodness of fit. A non-significant value 0.689 means that there is little difference between the actual and the predicted values of group membership and the overall model fit is good.

<table>
<thead>
<tr>
<th>Table 8: Logistic Regression Model Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model Summary</td>
</tr>
<tr>
<td>Step</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>2</td>
</tr>
</tbody>
</table>

*a. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.*

<table>
<thead>
<tr>
<th>Table 9: Overall Fit of Logistic Regression Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hosmer and Lemeshow Test</td>
</tr>
<tr>
<td>Step</td>
</tr>
<tr>
<td>2</td>
</tr>
</tbody>
</table>

The practical significance of this classification is determined through classification matrix that shows that the percentage of cases correctly identified as light users in estimation and hold out sample is 97.1% and 91% respectively. The cut-off point calculated as per chance criteria is 75.375% (25% higher than chance proportion shown in cross tabulation table below). In this case, the cost of misclassifying a case
as a heavy user is high as compared to classifying a case as a light user. Therefore, for predictive accuracy, the benchmark is the percentage of correctly classifying the light users, both in estimation and holdout sample.

Table 10: Classification Table

<table>
<thead>
<tr>
<th>Step</th>
<th>Observed consumption Level</th>
<th>Predicted Selected Cases&lt;sup&gt;b&lt;/sup&gt;</th>
<th>Percentage Correct</th>
<th>Unselected Cases&lt;sup&gt;c&lt;/sup&gt;</th>
<th>Percentage Correct</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Light users</td>
<td>170</td>
<td>97.1</td>
<td>101</td>
<td>91.0</td>
</tr>
<tr>
<td></td>
<td>heavy users</td>
<td>42</td>
<td>26.3</td>
<td>34</td>
<td>17.1</td>
</tr>
<tr>
<td></td>
<td>Overall Percentage</td>
<td></td>
<td>79.7</td>
<td></td>
<td>71.1</td>
</tr>
<tr>
<td>2</td>
<td>Light users</td>
<td>163</td>
<td>93.1</td>
<td>103</td>
<td>92.1</td>
</tr>
<tr>
<td></td>
<td>heavy users</td>
<td>38</td>
<td>33.3</td>
<td>31</td>
<td>24.4</td>
</tr>
<tr>
<td></td>
<td>Overall Percentage</td>
<td></td>
<td>78.4</td>
<td></td>
<td>74.3</td>
</tr>
</tbody>
</table>

a. The cut value is .500  
b. Selected cases Sample Split -- 60/40 EQ 0  
c. Unselected cases Sample Split -- 60/40 NE 0

Table 11: Logistic Coefficients

<table>
<thead>
<tr>
<th>Variables in the Equation</th>
<th>B</th>
<th>S.E.</th>
<th>Wald</th>
<th>df</th>
<th>Sig.</th>
<th>Exp(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 2&lt;sup&gt;b&lt;/sup&gt; Warm</td>
<td>.647</td>
<td>.263</td>
<td>6.047</td>
<td>1</td>
<td>.014</td>
<td>1.911</td>
</tr>
<tr>
<td>Grat</td>
<td>.780</td>
<td>.245</td>
<td>10.149</td>
<td>1</td>
<td>.001</td>
<td>2.181</td>
</tr>
<tr>
<td>Constant</td>
<td>-5.702</td>
<td>.880</td>
<td>41.987</td>
<td>1</td>
<td>.000</td>
<td>.003</td>
</tr>
</tbody>
</table>

b. Variable(s) entered on step 2: Warm feelings

Logistic regression complements the findings of stepwise regression done earlier by showing that out of the four independent variables, only gratification and warm feelings affect the likelihood of a person being classified as a light or a heavy user of the beverage brand. The positive sign of the logistic coefficients shows that as the scores on warm feelings and gratification increase, the likelihood that a person will be classified as a heavy user will increase. The exponentiated coefficients show that one-point increase in warm feelings will increase the odds of being classified as a heavy user by 91.1% whereas one-point increase in gratification will increase these odds by 181.1%
4. Conclusion

The following section gives a recap of how the research objectives of this study are answered:

4.1. Impact of Hedonic Risk on Ad and Brand Recall

The association of positive feelings like happiness, gratification and self-confidence with a challenging activity has been termed hedonic risk. The components of hedonic risk are the adventurous risk dimension, gratification, warm and upbeat feelings. Statistically, it is only the risk appeal and not the happiness, gratification and warm and upbeat feelings, that increases the ad recall and brand recall but this effect of risk appeal is too little to be of any practical significance. Therefore, we can conclude that the element of risk in hedonic risk phenomenon affects ad and brand recall statistically only. This result statistically corroborates the conclusion given by Altan, 2008 that the association of risk with a nonrisky activity will result in improved ad and brand recall. However, for all practical purposes, the effect size is too little to make marketers dependent upon this element only, to make their ads and brands memorable.

4.2. Impact of Hedonic Risk on Intention to Purchase and Actual Consumption

The components of hedonic risk that affect intention to purchase are the risk dimension, gratification and upbeat feelings. It is interesting to note that the variables that affect intention to purchase are different from the variables that influence actual consumption. Only warm and upbeat feelings about the brand affect the consumption of that brand. The element of positive risk does not play a significant role in determining the actual consumption. This means that the risk dimension does not have a long-term temporal effect. It might create a momentary desire to consume the brand, but it is not sufficient to convert this desire into actual purchase. Consumption is influenced by the upbeat and warm feelings the customers have towards the brand. This result supports the conclusion reached by Fitzwater, Varlynskaya, and Spear (2010) that excitement and happiness are the most important personal values among youth.

4.3. Moderating Effect of Gender

Gender moderates the relationship between hedonic risk and ad recall. The ad recall is enhanced for males. Gender does not moderate the relationship between hedonic risk and brand recall. Gender does not moderate the relationship between hedonic risk and intention to purchase. Gender moderates the relationship between hedonic risk and actual consumption. The consumption effect is enhanced for males. This augments the market targeting strategy of Mountain Dew which states that the typical consumer of Mountain Dew is a young street smart go-getter male (Arens, 2006).

4.4. Moderating and Mediating Effect of Gratification

Gratification is an important element as it moderates and fully mediates the relationship between risk and consumption. Therefore, adventure alone is insufficient in inducing consumption. This conclusion augments the earlier research of Allman, Mittelstaedt, Martin and Goldenberg (2009) that feeling of exhilaration and rush are desired by the youth when considering the choice of a brand. This conclusion is also supported by the earlier research done by Altan (2008) and Schor and Ford (2007) that stated that marketing efforts based on themes of thrill and excitement are more effective in the presence of modifiers that reflect moods, and self-concept of the customer.

4.5. Classifying Customers on the Basis of Hedonic Sensitivity

Out of the four components of hedonic risk, only warm feelings towards the brand and the feeling of gratification are useful in classifying beverage consumers into mutually exclusive and collectively exhaustive distinct groups of light users and heavy users. This again supports the findings that
adventurous theme on its own is insufficient to elicit distinctly different consumption response from the consumers.

Youngsters who consume a brand like Mountain Dew are influenced by the gratification and warm feelings that the brand symbolizes rather than merely on the risky adventure that is portrayed in the ad. The relatively small market share of Mountain Dew in a market like Pakistan shows that risky adventurous appeal is neither increasing the ad or brand recall in a practical sense (although it is statistically significant), nor is it inducing actual consumption by itself only. Risky adventurous themes can only be successful in the presence of gratification. If gratification is not present, risk by itself will have no impact on consumer behavior. Therefore, to increase the effectiveness of adventurous and risky appeals, the ads must contain a symbol of gratification. This gratification moderates and mediates the impact of risk on actual consumption. Therefore, marketers may need to revise the advertising strategy of Mountain Dew. A case in point can be made about the beverage brand, Fanta. It is portrayed as a fun brand and its ads revolve around themes of happiness, excitement and bubbling exuberance. The global brand value of Fanta is 2.42 times higher than that of Mountain Dew, reflecting that consumers are more influenced by the exciting nature rather than just the adventurous nature of the brand (Statistica).

5. Future Research Direction

This research explored the effectiveness of only four dimensions of hedonic risk, i.e. adventurous risk, gratification, warm feelings and upbeat feelings. In order to determine the impact of hedonic risk on ad and brand recall, further dimensions of hedonic risk can be explored.

For achieving greater finesses in classifying the consumers based on their level of consumption, future research can be done using a larger sample size that is sufficient enough to use multiple discriminant analysis. This technique will improve the results further by classifying consumers into several categories based on their consumption levels.

This research can be expanded to develop detailed consumer profiles through cluster analysis technique. The cluster analysis will provide marketers with information regarding contemporary distinctive variables that will be helpful in profiling the customers on a wide spectrum of consumer behavior.

References


Appendices

Table 12: Moderation Effect of Gender between Hedonic Risk and Ad Recall

<table>
<thead>
<tr>
<th>Logistic Regression Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>-2LL</td>
</tr>
<tr>
<td>223.7363</td>
</tr>
<tr>
<td>coeff</td>
</tr>
<tr>
<td>constant</td>
</tr>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>Risk</td>
</tr>
<tr>
<td>int_1</td>
</tr>
</tbody>
</table>

Product terms key:
- Gender
- Risk
- X
- int_1

Conditional effect of X on Y at values of the moderator(s):

<table>
<thead>
<tr>
<th>Gender</th>
<th>Effect</th>
<th>se</th>
<th>Z</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>-.6016</td>
<td>1.3606</td>
<td>.3290</td>
<td>4.1351</td>
<td>.0000</td>
<td>.7157</td>
<td>2.0054</td>
</tr>
<tr>
<td>.3984</td>
<td>.5002</td>
<td>.2685</td>
<td>1.8627</td>
<td>.0625</td>
<td>-.0261</td>
<td>1.0265</td>
</tr>
</tbody>
</table>

Values for quantitative moderators are the mean and plus/minus one SD from mean.
Values for dichotomous moderators are the two values of the moderator.

Table 13: Moderating Effect of Gender between Warm Feelings and Actual Consumption

<table>
<thead>
<tr>
<th>Outcome: Actual consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model Summary</td>
</tr>
<tr>
<td>R</td>
</tr>
<tr>
<td>.3901</td>
</tr>
</tbody>
</table>

Model

<table>
<thead>
<tr>
<th>coeff</th>
<th>se</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
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<td>.0800</td>
<td>26.3094</td>
<td>.0000</td>
<td>1.9475</td>
</tr>
<tr>
<td>Gender</td>
<td>.5706</td>
<td>.1550</td>
<td>3.6804</td>
<td>.0003</td>
<td>.2657</td>
</tr>
<tr>
<td>Warm</td>
<td>.5955</td>
<td>.0874</td>
<td>6.8138</td>
<td>.0000</td>
<td>.4237</td>
</tr>
<tr>
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<td>.4734</td>
<td>.1555</td>
<td>3.0438</td>
<td>.0025</td>
<td>.1676</td>
</tr>
</tbody>
</table>

Product terms key:
- int_1
- Warm
- X
- Gender

R-square increase due to interaction(s):

| Int_1 | 0.0166 | 9.2650 | 1.0000 | 380.0000 | .0025 |

Conditional effect of X on Y at values of the moderator(s):

<table>
<thead>
<tr>
<th>Gender</th>
<th>Effect</th>
<th>se</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>-.6016</td>
<td>.3107</td>
<td>.0741</td>
<td>4.1937</td>
<td>.0000</td>
<td>.1650</td>
<td>.4564</td>
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<td>.3984</td>
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<td>5.7343</td>
<td>.0000</td>
<td>.5152</td>
<td>1.0530</td>
</tr>
</tbody>
</table>
Table 14: Moderating Effect of Gender between Gratification and Actual Consumption

**Outcome: Actual Consumption**

<table>
<thead>
<tr>
<th>Model Summary</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>R-sq</td>
<td>MSE</td>
<td>F</td>
<td>df1</td>
<td>df2</td>
<td>p</td>
</tr>
<tr>
<td>.3637</td>
<td>.1323</td>
<td>2.5316</td>
<td>16.4737</td>
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<td>380.0000</td>
<td>.0000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Model</th>
<th>coeff</th>
<th>se</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>2.1145</td>
<td>.0807</td>
<td>26.1952</td>
<td>.0000</td>
<td>1.9558</td>
<td>2.2733</td>
</tr>
<tr>
<td>Gender</td>
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<td>.1554</td>
<td>3.9887</td>
<td>.0001</td>
<td>.3143</td>
<td>.9256</td>
</tr>
<tr>
<td>Grat</td>
<td>.4890</td>
<td>.0812</td>
<td>6.0263</td>
<td>.0000</td>
<td>.3295</td>
<td>.6486</td>
</tr>
<tr>
<td>int_1</td>
<td>.4163</td>
<td>.1502</td>
<td>2.7722</td>
<td>.0058</td>
<td>.1210</td>
<td>.7115</td>
</tr>
</tbody>
</table>

Product terms key:
- int_1     Grat    Gender    X

R-square increase due to interaction(s):

<table>
<thead>
<tr>
<th>int_1</th>
<th>R2-chng</th>
<th>F</th>
<th>df1</th>
<th>df2</th>
<th>p</th>
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</thead>
<tbody>
<tr>
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<td>.0058</td>
<td></td>
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</tbody>
</table>

Conditional effect of X on Y at values of the moderator(s):

<table>
<thead>
<tr>
<th>Gender</th>
<th>Effect</th>
<th>se</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>-.6016</td>
<td>.2386</td>
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<td>2.7109</td>
<td>.0070</td>
<td>.0655</td>
<td>.4117</td>
</tr>
<tr>
<td>3.984</td>
<td>.6549</td>
<td>.1217</td>
<td>5.3834</td>
<td>.0000</td>
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<td>.8941</td>
</tr>
</tbody>
</table>

Table 15: Moderating Effect of Gratification between Risk Dimension and Actual Consumption

<table>
<thead>
<tr>
<th>Model = 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y = Act-Con (Actual Consumption)</td>
</tr>
<tr>
<td>X = Risk (Adventurous Risk)</td>
</tr>
<tr>
<td>M = Grat (Gratification)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Model Summary</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>R-sq</td>
<td>MSE</td>
<td>F</td>
<td>df1</td>
<td>df2</td>
<td>p</td>
</tr>
<tr>
<td>.3232</td>
<td>.1045</td>
<td>2.6127</td>
<td>13.5106</td>
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<td>380.0000</td>
<td>.0000</td>
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</table>

<table>
<thead>
<tr>
<th>Model</th>
<th>coeff</th>
<th>se</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
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<td>.0000</td>
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<td>.6568</td>
</tr>
<tr>
<td>Risk</td>
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<td>.1129</td>
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<td>.2648</td>
<td>-.0959</td>
<td>.3479</td>
</tr>
<tr>
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<td>.0111</td>
<td>.0581</td>
<td>.4486</td>
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</tbody>
</table>

Product terms key:
- int_1     Risk    X    Grat

R-square increase due to interaction(s):

<table>
<thead>
<tr>
<th>int_1</th>
<th>R2-chng</th>
<th>F</th>
<th>df1</th>
<th>df2</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>.0156</td>
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<td>1.0000</td>
<td>380.0000</td>
<td>.0111</td>
<td></td>
</tr>
</tbody>
</table>

Conditional effect of X on Y at values of the moderator(s):

<table>
<thead>
<tr>
<th>Grat</th>
<th>Effect</th>
<th>se</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>-.9792</td>
<td>-.1220</td>
<td>.1073</td>
<td>-1.1367</td>
<td>.2564</td>
<td>-.3331</td>
<td>.0890</td>
</tr>
<tr>
<td>.0000</td>
<td>.1260</td>
<td>.1129</td>
<td>1.1168</td>
<td>.2648</td>
<td>-.0959</td>
<td>.3479</td>
</tr>
<tr>
<td>.9792</td>
<td>.3741</td>
<td>.1813</td>
<td>2.0637</td>
<td>.0397</td>
<td>.0177</td>
<td>.7305</td>
</tr>
</tbody>
</table>

Values for quantitative moderators are the mean and plus/minus one SD from mean.
Values for dichotomous moderators are the two values of the moderator.
Table 16: Mediating Effect of Gratification

For Gratification

<table>
<thead>
<tr>
<th>R</th>
<th>R-sq</th>
<th>MSE</th>
<th>F</th>
<th>df1</th>
<th>df2</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>.5339</td>
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<td>152.3076</td>
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<td>382.0000</td>
<td>.0000</td>
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</tbody>
</table>

Model Summary

<table>
<thead>
<tr>
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<th>se</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
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<td>.0522</td>
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<td>.0000</td>
<td>.5421</td>
</tr>
</tbody>
</table>

Outcome: Actual Consumption

Model Summary

<table>
<thead>
<tr>
<th>R</th>
<th>R-sq</th>
<th>MSE</th>
<th>F</th>
<th>df1</th>
<th>df2</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>.2982</td>
<td>.0889</td>
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<td>18.5916</td>
<td>2.0000</td>
<td>381.0000</td>
<td>.0000</td>
</tr>
</tbody>
</table>

Model

<table>
<thead>
<tr>
<th>coeff</th>
<th>se</th>
<th>t</th>
<th>p</th>
<th>LLCI</th>
<th>ULCI</th>
</tr>
</thead>
<tbody>
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<td>.1893</td>
</tr>
<tr>
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<td>.0000</td>
<td>.2999</td>
</tr>
<tr>
<td>Risk</td>
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<td>.1214</td>
<td>.3673</td>
<td>.7136</td>
<td>-.1941</td>
</tr>
</tbody>
</table>

Indirect effect of X on Y

<table>
<thead>
<tr>
<th>Effect</th>
<th>Boot SE</th>
<th>BootLLCI</th>
<th>BootULCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grat</td>
<td>.3208</td>
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<td>.1852</td>
</tr>
</tbody>
</table>

Normal theory tests for indirect effect

<table>
<thead>
<tr>
<th>Effect</th>
<th>se</th>
<th>Z</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grat</td>
<td>.3208</td>
<td>.0700</td>
<td>4.5817</td>
</tr>
</tbody>
</table>
Tactics to Save Brands from Failure
Saeed, Kausar1; Siddiqui, Kamran Ahmed2

1Institute of Business Management, Karachi, Pakistan
2University of Dammam, Saudi Arabia
Kauser.Saeed@iobm.edu.pk; KASiddiqui@uod.edu.sa

Abstract: The purpose of this study is to present the experts opinion about various tactics used to save brands from permanent failures. The sampling technique used in this survey was judgmental with a sample size of 196 marketing professionals from FMCG, health, pharmaceutical, services and manufacturing sectors based in Karachi. Using Exploratory Factor Analyses tactics are summarized into groups. This paper offers numerous expert opinions about tactics to save brands from permanent failure. Provides valuable analyses for marketing/brand professional and academics.

Keywords: Brand Failure, Product Life Cycle

1. Introduction
The purpose of this study is to present the experts opinion about various tactics used to save brands from permanent failures. There is an abundance of literature on brand and branding areas but research on brand survival/recovery is very thin. This paper draws its analysis of tactics to save brands from failure on the opinion of marketing experts.

2. Literature Review
Four generalizations can be made from the existing literature. Firstly, there is not a single study that gives a concrete measure on the strategies or tactics to save brands from permanent failure. Secondly, most of the studies talk about the factors that cause brand to be successful (Quiston, 2004). As success and failure are two sides of the same coin therefore studies on brand success are considered as relevant. Major work done in this subject area focuses on how big brands are made successful and what aspects push them to achieve the excellence but the literature on how near failing brands can be recovered from failure is very thin. Thirdly, the most prolific work on brand failure has been done by Matt Haig (2004). There are seven crucial mistakes that brands could make and led to failure (Haig, 2004). But there is no account on how to save a failing brand. Fourth, various other studies have touched the subject area of brand failure (Kumar & Murthy, 1996; Kotler & Keller, 2011; Narayanan, 2012) but failed to discuss beyond brand failures. Fifth, one of replication studies has successfully replicated the Matt Haig’s study with the local examples in Pakistan (Khakhan & Siddiqui, 2013). However, it was just mapping exercise of local examples on the seven reasons outlined by Matt Haig (2004). More recently a few local studies have attempted to fill the gap (Saeed & Siddiqui, 2015; Khaqan et al., 2016; Saeed & Siddiqui, 2016). As mentioned above there is no systematic study available on the tactics to save brands from failures. A brief description of various branding tactics used to detect brand failure and save it from further deterioration is given below:

2.1. Market Research
“Marketing research is the function that links the consumer, customer, and public to the marketer through information—information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process. Marketing research specifies the information required to address these issues, designs the method for collecting information, manages and implements the data collection process, analyzes the results, and communicates the findings and their implications” (AMA, 2013).
2.2. Brand Audit
It is “a detailed analysis of the brand in its current state. The purpose of a brand audit is to ascertain the health of the business by determining the effective and ineffective qualities of the brand so that brand can restructure its identity and message to produce better results” (DeMers, 2015).

2.3. Brand Activations
It “rallies around activity that brings brands to life and encourages positive participation - physically or digitally. Regardless of how we deploy this activity, let's get the basics right. This will in turn deliver tangible and mutually beneficial value to clients, brands and customers alike” (Guardian, 2016). It is the art of driving consumer action through brand interaction and experiences. In simple terms, the key aim of these sorts of campaigns is to get consumers to act. It’s about bringing brands to life via experiences and forming long-term emotional connections.

2.4. Brand Extensions
It is “the marketing strategy wherein a new product is launched under the existing brand name. The category in which product is launched may be related or unrelated to the brand’s current category. The brand that gives rise to a new product under its name is called - The Parent Brand” (BusinessJargons (a), 2016). It is needed when a company uses its leverage to launch a new product category.

2.5. Brand Reinforcement
Brand reinforcement “includes regular monitoring of a product at all the levels of product life cycle (Introduction Stage, Growth Stage, Maturity Stage and Decline Stage) to keep a check on the changes in the tastes and preferences of customers” (BusinessJargons (b), 2016). It involves ensuring innovation in product design, manufacturing, and merchandising and ensuring relevance in user and usage imagery.

2.6. Brand Re-Positioning
“Changing a brand's status in comparison t o that of the competing brands. Re-positioning is effected usually through changing the marketing mix in response to changes in the market place, or due to a failure to reach the brand's marketing objectives” (BusinessDictionary, 2016).

2.7. Brand Revitalization
It is “the marketing strategy adopted when the product reaches the maturity stage of product life cycle, and profits have fallen drastically. It is an attempt to bring the product back in the market and secure the sources of equity i.e. customers” (BusinessJargons (c), 2016). It is required in one of two cases, either that lost sources of brand equity are recaptured ("a back to basics" approach) or that new sources of brand equity are identified and established.

2.8. Brand Tracking
Refers to “collecting quantitative data from consumers over a time to give consistent, baseline information about how brands and marketing programs are performing” (MarketingBinder, 2014).

2.9. Celebrity Endorsements
“A form of brand or advertising campaign that involves a well-known person using their fame to help promote a product or service. Manufacturers of perfumes and clothing are some of the most common business users of classic celebrity endorsement techniques, such as television ads and launch event appearances, in the marketing of their products” (BusinessDictionary, 2016).

Brief descriptions of branding tactics used to prevent brand failure are listed below:
Table 1 Branding Tactics to save brands from permanent failure.

<table>
<thead>
<tr>
<th>Branding Tactics</th>
<th>Brief Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market research</td>
<td>Organizing information about brands &amp; customers of brand failure</td>
</tr>
<tr>
<td>Brand Audit</td>
<td>Measuring health of brand &amp; detecting failure early</td>
</tr>
<tr>
<td>Brand Tracking</td>
<td>Measuring rebranding actions &amp; detecting failure early</td>
</tr>
<tr>
<td>Brand Re-positioning</td>
<td>Changing the brand’s image in consumer’s mind</td>
</tr>
<tr>
<td>Brand Re-vitalization</td>
<td>Changing brand elements or promotion mix</td>
</tr>
<tr>
<td>Brand Reinforcement</td>
<td>Reassuring current attitudes towards a brand</td>
</tr>
<tr>
<td>Brand Activations</td>
<td>Engaging customers &amp; extending the PLC</td>
</tr>
<tr>
<td>Brand Extensions</td>
<td>Launching new products in different category</td>
</tr>
<tr>
<td>Celebrity endorsements</td>
<td>Involving celebrities to promote the brand</td>
</tr>
</tbody>
</table>

3. Methodology

As the main thrust of the study is about the tactics that can be employed to save the brand from failure in the local market therefore survey method has been selected to reach enough respondents who are experts in the field of marketing. After data collection, various statistical tests were applied including descriptive statistics, inferential statistics tests.

The population of the survey is the marketing managers belonging to FMCG, health, pharmaceutical, services and manufacturing sectors based in Karachi. The sampling technique used in this survey was judgmental and the sample size was 196 marketing professionals and it was believed to be adequate for the current study.

The primary data was collected with a help of a questionnaire, designed specifically for the present study. In the initial phase of study, few interviews were made with several senior brand managers. These interviews were substantiated with the help of two focus groups. The respondents of focus groups were marketing professionals and faculty members of the top business school of the country. Based on the discussion of interviews and the focus group a questionnaire was designed. Keeping in view of very busy professional as target population, efforts were made to keep the questionnaire short.

The respondents of this survey were 196 marketing/brand managers who were interviewed for this survey. These professionals were employed in marketing departments of different industries/sectors and they have been grouped in four categories namely, a) Services (advertising, telecom, education, (etc), b) FMCG (Fast Moving Consumer Goods), c) Pharmaceuticals and Health, and d) Manufacturing. Most of the respondents worked in the service sector and belonged to advertising agencies, media buying houses, banks and consultancies.

The brand knowledge of respondents according to their own perception was categorized as excellent - 27%, average - 41% and poor - 25% and rest did not answer this question. Combining excellent and average scores, it becomes 68% which was significant to generalize the findings. More than 50% of respondents have more than three years of brand management experience which signifies that selected sample is appropriate and qualified to comment on different aspects of brands and brand failures. In Brand portfolio management 18% respondents were those who had the experience of handling more than ten brands. 34% had looked after on 5-10 brands and 31% had been the custodian of 2-5 brands.
Professional Education wise the sample can be broken down as follows. 48.5% of the sample was based upon MBAs which shows that these respondents have had the professional education which is relevant to the subject of the survey.

According to Job Status 65% of the respondents were either the Chief Executives or Brand Managers or Marketing Managers of different companies. Others might not be having the same positions as required but they all belonged to the marketing departments.

Table 2 depicts the analysis of respondents’ judgments on the phase in which most brands fail and the phase at which the brand can be saved from permanent failure.

*Table 2 Brand Failure & PLC Phases*

<table>
<thead>
<tr>
<th>PLC Phase</th>
<th>Phase in which most brands fail</th>
<th>Phase in which brands can be saved from permanent failure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
</tr>
<tr>
<td>Introduction</td>
<td>128</td>
<td>65.31</td>
</tr>
<tr>
<td>Growth</td>
<td>48</td>
<td>24.49</td>
</tr>
<tr>
<td>Maturity</td>
<td>18</td>
<td>9.18</td>
</tr>
<tr>
<td>Decline</td>
<td>2</td>
<td>1.02</td>
</tr>
<tr>
<td>Total</td>
<td>196</td>
<td>100.00</td>
</tr>
</tbody>
</table>


More than 65% respondent said that it is very likely that a brand fails in the introduction stage and 24% said that brands fail in the growth stage. In short most brands tend to fail in initial stages. As far as reviving of the brand is concerned 72% marketing executives are of the view that brands can be saved in introduction and growth stage.

Failing brands can be saved by employing certain tactics. Marketing experts were asked to rate these tactics from not important to most important. The average rating of these tactics range from 3.04 to 4.01 which means that they are important. In Table 3 it can be seen that Market Research is considered to be the highest ranking in brand saviors. Market Research is conducted to know exactly what consumers do not like about the brand. Repositioning came out to be the second-best tactics to save the brand. Repositioning means that the perception of the brand should be altered. The two are followed by Revitalization i.e to recapture lost sources of brand equity and identify and establish new sources of brand equity. The least preferred brand tactics that can be used to save the failing brand are Brand Extension (launching new products in different category) and Celebrity endorsements (involving celebrities to promote the brand). It makes sense that when brands are not preferred then extensions would not attract consumers. Similarly bringing a Celebrity to save a dying brand would not work rather it would harm the fame of the celebrity.

*Table 3 Branding Tactics – Descriptive Analysis*

<table>
<thead>
<tr>
<th>Branding Tactics to save Brands from Permanent Failure</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market research (organizing information about brands &amp; customers) of brand failure</td>
<td>4.36</td>
<td>0.83</td>
</tr>
<tr>
<td>Re-positioning (changing the brand’s image in consumer’s mind)</td>
<td>4.00</td>
<td>0.94</td>
</tr>
<tr>
<td>Re-vitalization (changing brand elements or promotion mix)</td>
<td>3.99</td>
<td>0.91</td>
</tr>
<tr>
<td>Brand Audit (measuring health of brand &amp; detecting failure early)</td>
<td>3.98</td>
<td>0.90</td>
</tr>
<tr>
<td>Brand Reinforcement (measuring current attitudes towards a brand)</td>
<td>3.76</td>
<td>0.92</td>
</tr>
<tr>
<td>Brand Activations (engaging customers &amp; extending the PLC)</td>
<td>3.72</td>
<td>0.94</td>
</tr>
<tr>
<td>Brand Tracking (measuring rebranding actions &amp; detecting failure early)</td>
<td>3.57</td>
<td>1.20</td>
</tr>
<tr>
<td>Brand Extensions (launching new products in different category)</td>
<td>3.14</td>
<td>1.01</td>
</tr>
<tr>
<td>Celebrity endorsements (involving celebrities to promote the brand)</td>
<td>3.04</td>
<td>0.95</td>
</tr>
</tbody>
</table>

Factor analysis on Tactics to save the brand was performed and nine variables were reduced to three components. Table 4 shows the value of KMO and Bartlett’s Test is 0.64 and it is significant therefore it is reasonable to perform the factor analysis. The cumulative percentage of variance explained by the first three factors is 56.05%. In other words, 56.05% of the common variance shared by the 9 variables can be accounted for by the 3 factors. This is reflective of the KMO of 0.64, a "mediocre" to "middling % of variance. This initial solution suggests that the final solution should extract not more than three factors.

Table 4 Exploratory Factor Analysis for Branding Tactics [KMO = 0.643]

<table>
<thead>
<tr>
<th>Items</th>
<th>Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Macro Branding</td>
</tr>
<tr>
<td></td>
<td>Tactics</td>
</tr>
<tr>
<td></td>
<td>Eigenvalue</td>
</tr>
<tr>
<td>Re-positioning (changing the brand’s image in consumer’s mind)</td>
<td>0.75</td>
</tr>
<tr>
<td>Brand Audit (measuring health of brand &amp; detecting failure early)</td>
<td>0.72</td>
</tr>
<tr>
<td>Re-vitalization (changing brand elements or promotion mix)</td>
<td>0.67</td>
</tr>
<tr>
<td>Market research (organizing information about brands &amp; customers)</td>
<td>0.59</td>
</tr>
<tr>
<td>Brand Reinforcement (measuring current attitudes towards a brand)</td>
<td>0.76</td>
</tr>
<tr>
<td>Brand Activations (engaging customers &amp; extending the PLC)</td>
<td>0.74</td>
</tr>
<tr>
<td>Brand Tracking (measuring rebranding actions &amp; detecting failure)</td>
<td>0.55</td>
</tr>
<tr>
<td>Celebrity endorsements (involving celebrities to promote the brand)</td>
<td>0.78</td>
</tr>
<tr>
<td>Brand Extensions (launching new products in different category)</td>
<td>0.69</td>
</tr>
</tbody>
</table>

Principal Component Analysis Extraction Method: with Varimax Rotation Method


**Macro Branding:** Re-positioning (changing the brand’s image in consumer’s mind), Brand Audit (measuring health of brand & detecting failure early), Re-vitalization (changing brand elements or promotion mix), Market research (organizing information about brands & customers) of brand failure.

**Micro Branding:** Brand Reinforcement (reassuring current attitudes towards a brand), Brand Activations (engaging customers & extending the PLC), Brand Tracking (measuring rebranding actions and detecting failure early).

**Core Branding Practices:** Celebrity endorsements (involving celebrities to promote the brand), Brand Extensions (launching new products in different category).

### 4. Conclusions

It can be concluded from the above study that Brands can be saved from permanent failure in various phases of PLC and with the help of different marketing tactics. At introduction stage the company cannot do much to save the brand while in growth stage strategies like Brand Activations by engaging customers, Celebrity endorsements to promote the brand can help to extend the PLC. At maturity stage sales growth slows down, no new channels are established and new competitive forces emerge. It is at this stage the companies think implementing the strategies of Market Development, Product Modification and Marketing Program Modification to save the brand from failure. By conducting periodical Brand Audits (measuring health of the brand) and Brand Tracking (measuring rebranding actions) the company can determine the positioning of the brand in the eyes of the customer and plan corrective strategies like Brand Reinforcement and Brand Revitalization (changing brand elements and promotional mix) that can also help to save the brand. At the decline stage sales decreases due to number
of reasons including technological changes, consumer preference changes and new competitive forces. Many companies have not developed policies to deal with aging products and they let the products either die their natural death or withdraw from the market. The saving of brand at this stage depends on the attractiveness/unattractiveness of the industry. The positioning and differentiation strategy of a company needs to change at different stages of the product life cycle if it wants its products to succeed. This study also summarizes tactics that can save a failing brand into three groups. These are: (i) Macro branding tactics related to the image of the brand and the market forces; (ii) Micro Branding related to identifying and micro segmenting customers into more focused targets; and (iii) Core Branding Practices related to brand extensions and celebrity endorsement. At the time of saving a dying brand the Tactics least favored by respondents were brand extensions (launching new products in different category) and celebrity endorsements (involving celebrities to promote the brand). On a closer look this makes sense that it is not wise to extend a failing brand and bringing a celebrity to save it is not useful.

5. Limitations

Several limitations can be observed in this study. Firstly, every industry has some bases for brand development and management like brand naming in fertilizer branding in Pakistan (Siddiqui et al., 2013); value added services or network coverage for telecom branding in Pakistan (Siddiqui et al., 2015); perceptions as major bases for Islamic branding in Pakistan (Jumani & Siddiqui, 2012); Status, Traditions, Quality and Values for women’s branded clothing in Pakistan (Khaqan & Siddiqui, 2015). This research does not illustrate any industry specific bases for branding. Secondly, brand’s rich history gives strength to the brand and brand legacy continued over generations can only be enhanced through intergenerational influences on brand preferences (Siddiqui et al., 2013; Hussain & Siddiqui, 2016), especially among women who are actual users of most of the FMCG brands (Hussain & Siddiqui, 2015). This study lacks an illustration of brand failure due to intergenerational influences on brand preferences. A minor but relevant shortcoming of this research is the lack of visual brand elements of brands which may be significant reasons for brand failure (Ishtiaq & Siddiqui, 2016). Finally, re-positioning strategy may also be presented with the help of more local examples like re-positioning the Dawn News Channel from ‘only English news channel in Pakistan’ to ‘mixed English /Urdu channel for mass market (Siddiqui & Fahim, 2014); re-positioning Virtual University of Pakistan from ‘merely recognized university’ to ‘high quality university’ (Sibghatullah et al., 2016); re-positioning Horlicks in Pakistan as ‘an elderly drink’ to ‘children drink’ (Latif et al., 3026). All these examples set re-positioning as best available tool in local context to save a brand from permanent failure.

6. Managerial Implications

There are many rules of thumb for practicing marketing professionals. Firstly, brands can be saved from permanent failure with the help of different marketing tactics especially in earlier phases of Product Life Cycle (PLC). Secondly, at introduction stage the company cannot do much to save the brand. Thirdly, in growth stage few strategies are used to extend the PLC like (1) by brand activations while engaging customers, and (2) by celebrity endorsements. Fourth, at maturity stage sales growth slows down, new channels are not preferred to be established and new competitive forces emerge. It is at this stage the companies think implementing the strategies of Market Development, Product Development and Marketing Penetrations to save the brand from failure. Brand Audits (measuring health of the brand), Brand Tracking (measuring rebranding actions), Brand Reinforcement and Brand Revitalization (changing brand elements and promotional mix) can also help to save the brand. Fifth, at the decline stage sales decrease due to number of reasons including technological changes, consumer preference changes and new competitive forces. Many companies have not developed policies to deal with aging products and they let the products either die their natural death or withdraw from the market. The saving of brand at this stage depends on the attractiveness/unattractiveness of the industry. Sixth, the positioning and differentiation strategy of a company needs to change at different stages of the product life cycle, if the company wants its brands to succeed. Seventh, this study also summarizes tactics that can save a failing brand into three groups. These are: (a) Macro branding tactics related to the image of
the brand and the market forces; (b) Micro Branding related to identifying and micro segmenting customers into more focused targets; and (c) Core Branding Practices related to brand extensions and celebrity endorsement. Finally, tactics least favored by respondents were brand extensions (launching new products in different category) and celebrity endorsements (involving celebrities to promote the brand). On a closer look this makes sense that it is not wise to extend a failing brand and bringing a celebrity to save it is not useful. The findings and limitations of current research set goals for future research.

References


Brand Switching Behaviour of Muslim Consumers; The Road not Taken
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Abstract: The purpose of this study is to build an argument in order to investigate the Muslim consumers switching behaviour. Moreover, it also intends to examine the previous literature on brand switching behaviour generally and in relation to the Muslim consumers specifically. This study seeks to expand the body of knowledge in consumer behaviour research with the emphasis on the role of Islam. The benefits that will be yielded from this study will not only provide guidelines to business researchers, but will also enhance the current understanding of Muslim consumers. It studies how the Muslim consumer’s brand switching behaviour is influenced by religious beliefs of Muslim consumers and image of a brand. Previous studies have only attempted to understand brand switching without considering the religion specifically Islam.

Keywords: Brand Switching, Islam, Malaysia, Pakistan

1. Introduction

Impact of Islam on Muslim consumer behaviours is immensely strong. It is not limited to only in case of halal and non halal issue. Boycotting participation against companies or countries; for example the boycotting campaign against USA and UK products/service providers in Arab countries due to and after the Iraq war (Abou Aish et al, 2005). There are many examples of certain events that has been indicating the impact of Islam on Muslim consumer behaviour. For example, since the Dutch legislator Greer Wilder produces a fitna film, which is claimed to have insulted Islam and Muslims. The Muslims all over the world were urged to boycott Dutch products in protest (CBS News, 2008). The former prime minister of Malaysia, Dr. Mahathir Mohammad, in his response to the clip, urged the world’s 1.3 billion Muslim consumers to boycott Dutch products following the release of anti-Islam movie (Jakarta post, 2008).

Similarly, it is reported, since the Danish newspaper Jyllends-Posten” published 12 cartoons of Prophet Muhammad SAWW on September 2005 (Harrison and Akeel, 2006). Muslims all over the world conducted demonstrations and were urged to boycott Danish goods in protest. Muslim countries stepped up political and economic pressure on Denmark after the publications of cartoons. During the boycott, Europe’s the second largest dairy company named “Arla Foods” claimed that supermarkets in Muslim countries removed their products because consumer did not want to buy that products. Danish companies bear loss of 1.36 million per day, and these companies also dropped their stock price and values. After the attack by U.S on Iraq and Afghanistan, there is also negative response towards U.S branded products in Arab countries (Palliser, 2003). U.S companies reported a drop of sales upto 40%. This negative response towards U.S products increased in later years. The Malaysian Muslims switch from Star Bucks and MacDonald because of their support for Israel and the wars in Iraq and Afghanistan and in response of this boycott Star Bucks issued a statement that they do not fund Israel (Sivalingam, 2014).
2. Aspects of Muslim Consumers

In recent years, academic and business researchers’ interest on Muslim consumer behaviour has been increased considerably. This interest is led by important reasons (Sandıkcı & Rice, 2011). Firstly, due to growing number of Muslim entrepreneurs who creatively merge religious values and capitalist objectives, the middle class Muslim consumers interested in modern consumption has been increased. Secondly, Muslim scholars are more active on social media as compared to earlier time. Thirdly, Islamic social movements have created political, social and economic pressure on business markets. Finally, the post 9/11 forces have influenced the international economy and relations of Muslims with others. Moreover, a new term “the futurist” is being introduced for Muslim consumers. The futurists are crucial to businesses as they are influential on businesses, have considerable spending power, associated to the Islam and willing to speak loudly and proudly about their Islamic identity. (Shari’ah conscious consumer driving demand by Economist Intelligence Unit commissioned by Kuwait Finance House).

In response to that, business researcher specially marketing researchers have taken an initiative to explore different aspects of Muslim consumer behaviour in relation to the Islam. Resultantly, some domains of Muslim consumer behaviour came forward. Muslim consumer behaviours that are discussed in literature are as follow. Purchase behaviour of individuals, or groups in the context of diverse/homogeneous Muslim societies (Hamdan, Issa, Normala Abu, and Jusoff, 2012; Shah Alam, Mohd and Hisham, 2011). Muslim consumers behaviour in case product is dubious or not halal (Effahn-Bediako, Deh, and Asuamah, 2013). New and existing product adoption behaviour of Muslim consumer (Rehman, and Shabbier, 2010; Baig and Baig, 2012; Lai, 1991). Post purchase behaviour of Muslim consumers (Kishada, Wahab, 2013). Offensiveness/aggressiveness of Muslim consumers on different marketing activities (Hashim and Mizerski, 2010; Fam, Waller and Erdogan, 2002; Al-Hyari, Alnsour, Al-Weshah and Haffar, 2012).

Despite the contribution in Muslim consumers behaviour research, unfortunately Islam is considered as segmentation variable in previous literature, and used to separate consumers of one religion from another and perceive that Muslims are practicing Islam today exactly like it was fourteen centuries ago and will remain so. Although Islam is same and will be practiced as it is. But this approach has ignored the historical development of Islam in the context of socio-cultural. Because cultural variations have impact on consumer behaviour (Shweder 1991; Manstead 1997). It also impacts if the consumers belong to a same religion but have different cultures. Religious beliefs on consumption are not independent or static; they are shaped by the received knowledge, socio cultural environment (Jafari, 2012) and might be considered as a predictor of consumer behaviour (Worthington et al., 2003; Johnson et al., 2001; Sandicki & Ger, 2010). Thus, there is a need to study Muslim consumers in two different cultures.

As being global segment estimated at 1.8 billion Muslim people; Pakistan and Malaysia are the two emerging Islamic markets for multinational organizations. In 2013, 66% consumers switch brands that are against their identity (Carter, 2013). Muslim consumer’s identity is Islam. Consumers assess a brand due to its image in the market.

Negative image of brand or anti Islam image hurt Muslim consumers. The brand switching intention of Muslim consumers is driven by their religion Islam and brand image.

Muslim consumers will not switch brands and show respect and loyalty to the brands that support them in public space. They are not asking for political and media support but they want companies to treat them as mainstream consumers with mainstream needs. “Fully engaged” customers (those with a strong
attachment to the brand, or brand ambassadors) deliver a 23% premium over the average customer in share of wallet, profitability and revenue (Cap Gemini). But companies lose more consumers as compare to ten years ago.

In a survey of loyalty 46% of consumers said they’re more likely to switch brands than they were 10 years ago (Carter, 2013). Switchers are not only financial threats to a brand but also hurt the consumer based brand equity.

The phenomenon of brand switching has long been of interest to marketing researchers (Bass 1974) but it is not studied within the context of Muslim consumers as shown in the table below.

<table>
<thead>
<tr>
<th>Table 1: Brand Switching Behaviour Literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source</td>
</tr>
<tr>
<td>(Keaveney, 1995)</td>
</tr>
<tr>
<td>(Colgate &amp; Hedge, 2001)</td>
</tr>
<tr>
<td>(H. S. Bansal, Irving, &amp; Taylor, 2004)</td>
</tr>
<tr>
<td>(Marshall, Huan, Xu, &amp; Nam, 2011)</td>
</tr>
</tbody>
</table>
According to the above table, which summarizes brand switching literature, previous literature focused on the phenomenon of consumer switching behaviour in specific industry context of developed countries, without considering consumer’s religion; there is a dearth of theoretical models in Muslim consumer brand switching behaviour. Thus, for a phenomenon to be well understood, a variety of theories are needed to provide a variety of frameworks for examining that phenomenon within specific contexts (Nimako, 2012). It becomes critically important to extend our understanding of switching behaviour of Muslims in developing country context because.

The above mentioned Muslim consumers behaviour showed that image of brand and Islam as being their religion have a great importance and also strongly influence their behaviours that can severely hurt the customer equity of business organizations in Muslim countries. Thus, it triggers a new research trend in the switching literature and the current study is an attempt to initiate the research on Muslim consumer behaviour generally and brand switching aspect of Muslim consumers specifically within the context of religion (Islam).

3. Conclusion

This paper builds an argument of an urge of brand switching in Muslims on the bases of boycotting campaigns from the literature. Moreover, comprehensive review of Muslim consumer behaviour has been presented. It is found that different theories has been used to develop and tested that models in order to explore the consumer brand switching behaviour. However, these studies are limited in terms of industry and country context. It justifies the need for more theoretical models in understanding the phenomenon of brand switching behaviour within Muslim consumers. Given that switching is more prevalent in competitive business environment, this paper proposed an assumption that a synthesized model is mandatory for the understanding of Muslim switching behaviour across cultures (Malaysia and Pakistan). It is hoped that this literature review will be followed by an empirical study to develop and test the proposed model of consumer switching behaviour in two different cultures practising Islam (Malaysia and Pakistan).

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and Validation of a Brief Scale for Research and Counselling”. *Journal of Counselling Psychology, 50*(1), 84.


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Ethics of Serving the Bottom of Pyramid Market - A Study in Context of Indian Food Market
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Abstract: Purpose of study: BOP 1.0 proposition considers BOP market as consumer and a market based approach for alleviating poverty. Free market mechanism fails to inculcate the role of state for protecting the interest of vulnerable consumer. This paper reviews the vulnerabilities of BOP consumers and reality of marketing strategies for engaging this segment. This paper presents, the current legislative framework and suggestive guidelines to be considered while forming a marketing mix for subsistence market. It suggests a theoretical framework for ethical interaction and provides recommendation for marketers and policy makers for formulating and implementing policy at BOP.

Findings – Key findings that emerged are that the existing legislative framework fails to recognise complexity of BOP environment and there is an absence of concrete BOP legislative framework.

Practical implications – For managers, this research suggests a set of guidelines for doing business in a responsible manner at the BOP markets.

Social implications – Recommendations for public policymakers are offered that stress on the need for ethical marketing exchanges to address the concern over possible exploitation of this vulnerable population.

Design/methodology/approach – This research paper focuses on the cases highlighting the malpractices adopted for engagement of BOP consumer and defines the role of government in this free market mechanism. To analyse the role of government we consider existing policy and legislative framework to curb such malpractices followed by marketer. It is followed by suggestions and recommendation for designing an efficient policy mix and managerial implications.

Originality Value – This paper makes an original contribution in direction of revival of existing policies and guidelines for making BOP specific policies

Paper type – Theoretical Research paper

Scope – Market for Food items in India

Keywords: BOP 1.0; BOP marketing; Free market mechanism; Ethical interaction at BOP

1. Introduction

BOP proposition argues that there exist a fortune at the BOP market and firms by serving this market can reduce poverty thereby simultaneously increase the welfare of consumer and bring profit or fortune for firm. BOP proposition places two conflicting interest together- Reduction in poverty and increasing
profitability of firm. BOP proposition underemphasised the critical responsibility of state in poverty reduction and insisted on free market mechanism. Attracted by this lucrative proposition, it landed many marketers on BOP ground motivated by an objective of encashment of poverty premium for earning short term profits with lack of orientation towards long term vision. The paradigm initially thought to be a win-win situation ultimately resulted into unethical and exploitative practices by firms on hunt for short term profit at the BOP. The BOP proposition excludes the fact of vulnerability poor consumers due to lack of education, information and other economic, cultural and social deprivation. Thus, BOP consumers have less bargaining power in free market context and were more prone to exploitation by marketers. This research paper focuses on the cases highlighting the malpractices adopted for engagement of BOP consumer and defines the role of government in this free market mechanism. To analyse the role of government we consider existing policy and legislative framework to curb such malpractices followed by marketer. It is followed by suggestions and recommendations for designing an efficient policy mix and managerial implications.

2. Literature review
   i) BOP proposition
   ii) BOP consumers behavior
   iii) BOP food market
   iv) BOP Consumption Practices
3. Ethical issues in BOP marketing
5. Suggestive theoretical framework policy mix
6. Role of Government and Consumerism in India
7. Multiplicity of legislations in context of BOP consumers
8. Flaws in present legislative framework
9. Suggestions by BOP advocates for public policy formulation
10. Suggestions for revival of existing policy framework

2. Review of BOP Literature

2.1. BOP Proposition-A Conflict between Profits Motive and Consumer Welfare in Free Market Mechanism

Poverty eradication or at least reduction has always remained a prevalent issue in development discourse of an emerging economy. Phases of poverty alleviation can be pronged broadly into two eras - Pre BOP Era and the emergence of BOP prepositions (BOP 1.0 and BOP 2.0). Hitherto, government and the rich at the top of the pyramid have sought to help the people at the bottom of pyramid (BOP) through aid programs and charity donations respectively. Easterly (2006) notes that the aid industry based on donations and grants continues to generate disappointing results despite investments of more than $2.3 billion over the last 60 years.

In contrast to age-long aid programmes of alleviating poverty, recently the BOP perspective approach was introduced. The BOP proposition was propelled by Prahalad and Hart in 2002 and was further expanded by Prahalad in 2005. Prahalad stated that distribution of money in the world looks like a pyramid where people at the BOP represent a significant market opportunity for companies (Prahalad & Hart, 2002). Karnani (2007) summarised the BOP proposition as “Large MNCs can make significant profits and eradicate poverty by selling to the poor as there is an untapped purchasing power at BOP. This embarks a win-win situation.”

This new BOP approach had not-so-easy acceptance because questions many traditional and western economic tenets. Traditionally, BOP markets have been largely ignored because if considered
individually this segment possesses slim economic interest, it is also very difficult to reach. Gordon, Dakshinamoorthy & Wang (2006) stated that when BOP consumer are part of the formal economy, consumers receive better prices, expanded product offerings, and improvements in essential services such as health care and education. When comparison was made between the cost of goods and services in Dharavi (Mumbai, India) with same products and services in Warden Road, an upper-class Mumbai suburb, “poverty premium” of 20% and 5300% was recorded (Prahalad 2005). These excessive poverty premiums clearly indicates that there is indeed a desperate consumer market at BOP needs to be incorporated into a larger, more formal economy where free market principles or market based economy would lead to direct benefits for them (Prahalad, 2005). The major concern was that companies may rush into this ‘new’ market to harvest questioned fortune instead of building a long term vision of sustainable market development (Jaiswal, 2008; Karnani, 2009).

The suspicion of BOP critics was proved right when BOP marketers laid emphasis on short term exploitation and not on sustainable market development; thus, one form of market abuse, in form of poverty premium, got replaced by another.

This BOP proposition is popularly known as, BOP 1.0 strategies, considered consumption based understanding of local needs and aspirations. It aims at simply turning poor into consumer to address the fundamental problem of poverty and sustainable development (Simanis and Hart 2008). In this research work we consider BOP 1.0, thus considering BOP population as consumers.

**Noteworthy Gaps in BOP 1.0 can be summarized as follows**-

No concern with vulnerability and inability of poor to participate in free market enterprises instead considering them as huge profitable market. It may allow firms to charge high prices without knowing the ground realities.

a. Disassociation of BOP proposition from CSR.

b. BOP proposition places two conflicting interest together- Reduction in poverty and increasing profitability without policy guidelines.

c. BOP proposition under emphasis critical role/ responsibility of state in poverty reduction

d. BOP proposition lead many marketers top enter BOP market with no consideration to long term vision.

**2.2 BOP Consumer Behaviour-Vulnerabilities of Subsistence Market and Problem Faced in Market Interaction**

Prahalad & Hart (2002) argued that the real source of market promise was not the wealthy few in the developing world, or the emerging middle-income consumers but it is the billions of aspiring poor who joined the market economy for the very first time. Further, they used the analogy of a 4 tiered pyramid to represent the global distribution of wealth. Bottom of 4 tiered pyramid comprised 4 billion people with annual per capita income (PPP exchange rate) is less than $1, 500. (i.e. almost $2 per day PPP). In 2005, Prahalad argued that the poor, defined as people living on less than $2 per day (PPP exchange rates), with a market size of $13 trillion (PPP). Thereafter, a detailed report “The next 4 billion” collated by World Resource Institute (2007), presented the major issues faced at BOP and suggested BOP segment encompasses all people whose annual incomes are between 0 to $3000 per year (2002 PPP).
2.3. Review of Definitions and Comprehensive Definition

There are different views in empirically defining the BOP segment. The term ‘BOP’ has not been precisely defined. Different authors use distinct definitions of the term “BOP”. In article by Chikweche et al. (2012), explained that among all the researchers and companies working on the BOP, both underestimation and overestimation advocates agree on only one things: “there will never be agreement on actual size and classification of the market but that it is an important market which requires increased research” (Chikweche et al., 2012). The major reasons for these discrepancies and differences of opinion relate to the following factors:

There is very little global data relating to actual income per capita – the World Bank report are generally being accepted as the most reliable authority on this but even their data are only update every few years.

The use of PPP (purchasing power parity) in international dollars rather than United States dollars are being used as a better way of comparing ‘apples with apples’. A loaf of bread should cost the same across the world when bought in international PPP dollars, but the rapid changing inflations and fluctuations in exchange rates makes this seemingly simple model unreliable. This is especially the case when data starts aging as is the current case with values still reflecting 2002 data.

Sometimes the stated dollar values would refer to earnings income per capita (or per person) while other times it would refer to earnings income per household without a regard for the difference in meaning. The non- recognition of this important distinction creates more confusion.
<table>
<thead>
<tr>
<th>Year</th>
<th>Author</th>
<th>Definition of BOP</th>
<th>Market size and Author adapted</th>
<th>Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>The World Bank (World Development Report (WDR,1990)) WDR (2005)</td>
<td>Consumption less than $1 per day per person (PPP 1990)</td>
<td>Four billion of which 1.1 billion people were living on less than $1 a day considered as extreme poverty</td>
<td>Banerjee and Duflo (2006) Rangan, Quelch et al (2007) expanded to $2 per person per day. Karnani, 2007; Karnani, 2007(1) used 1.25$ per person per day(2005 WDR)</td>
</tr>
<tr>
<td>2002</td>
<td>Prahalad &amp; Hart, 2002</td>
<td>BOP segment as consumers earning less than $1500 per annual per capita income (i.e. almost $2 per day PPP,1990 ). Other characters of BOP-</td>
<td>4 billion people at BOP with a market potential lies in the vast size of this market and represent multitrillion-dollar market.</td>
<td>Prahalad &amp; Hammond, (2002)</td>
</tr>
<tr>
<td>2004</td>
<td>Prahalad &amp; Ramaswamy, (2004)</td>
<td>People earning on less than $2000 or $2 per day, PPP rates</td>
<td>Market potential of $13 trillion.</td>
<td>Explained poverty penalty at BOP market India(Dharavi slum)</td>
</tr>
<tr>
<td>2007</td>
<td>Hammond, Kramer, Katz, Tran, and Walker's Classification</td>
<td>People are whose annual incomes are between $0-3 000 per capita per year (2002 PPP). Other Characters - Dependence on informal economy Lives in rural villages, or urban slums and shantytowns, usually do not hold legal title or deed to their assets (e.g., dwellings, farms, businesses). Little or no formal education. Hard to reach via conventional distribution, credit, and communications.</td>
<td>BOP makes up 72% of The 5,575million people Recorded by available National household surveys and total purchasing power estimated to $5 trillion. (Subramanian &amp; Gomez-Arias, 2008)</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>Viswanathan et al</td>
<td>Household in south india earning less than Rs 8000 per month. Other Characters are-Limited or no access to sanitation, potable water, and health care Lack of control over many aspects life (Viswanathan et al., 2007) one-to-one interaction marketplace strong social relationships interdependency among members majority of their income on daily necessities such as food Live in substandard housing (Prahalad, 2005) Have limited or no education</td>
<td>Gupta &amp; Jaiswal 2015(Gujrat)</td>
<td></td>
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Whilst there have been various attempts to classify the BOP, the consensus among scholars and practitioners has been to use the World Bank classification advocated by Banerjee and Duflo (2006).

Emergence of BOP concept brought various critics into the picture insisting on a specific criteria of defining BOP consumers. However, the researchers who looks at BOP market comprising of consumer with latent need (Gupta et al,2015 and Vishwanathan. M et al 2010), insists on using a socio-economic based definition. Thus, keeping the socio-economic realities in mind subsistence marketplace, for the current research, can be defined as-

a. Subsistence market place consists of Household earning less than Rs 8000 per month (Gupta et al.2015 and Vishwanathan. M et al 2010).

b. Live in rural villages, or urban slums and shantytowns

c. Lack of water and sanitation services, electricity, and basic health care, and limited or no access to formal financial services (World Resources Institute, 2007).

d. There exists one- to-one interaction between small neighborhood storeowners and local consumers, strong social relationship.(Viswanathan, 2007).

e. The BOP consumers’ mainly satisfy basic needs such as food, water, shelter. According to the WRI's report (2007), out of $5 trillion market potential of the BOP segment, food accounts $2895 billion of purchases.

f. Limited or no access to formal educations

g. Difficult to reach via conventional distribution, credit, and communications and offered with low quality and quantity of products and services

Individually they represent a very slim economical interest for companies, however, embarks considerable purchasing power of $5 trillion if taken together (Subramanian & Gomez-Arias, 2008). According to the WRI's report (2007), the $5 trillion of the BOP segment is spent majorly on food sectors ($2895 billion). At first sight these people’s need seem to belong to the first stage of the Maslow’s pyramid (Subrahmanyan & Gomez-Arias, 2008). The Maslow’s pyramid, although related in developed nation, has turned out to be useful to understand the needs and motivations of BOP consumer as well.

Subrahmanyan & Gomez-Arias, (2008), analysed consumption behaviour of poor and its relation with the Maslow’s pyramid. They discovered that BOP consumers sometimes spend their money on items that may be considered as luxury or at least non-essential. Poor’s consumption behaviour sometimes strays from Maslow’s explanation. The reason for the same, lies in the fact that Maslow’s framework is a useful way to categorise basic needs such however for higher order needs, such as nostalgic grocery brands, cosmetic purchasing and access to finance, better explanation can be provided through concept of social, capital and family systems, as well as compensatory consumption (Subrahmanyan & Gomez-Arias, 2008).
Social capital theory suggests social networks enable people to act jointly (Woolcock & Narayan, 2000), suggesting that networks such as family, friends, and associates are an important asset and can be called at the time of crisis. Subsistence consumers are prone to satisfy family needs rather than personal needs or wants (Subrahmanyan and Tomas Gomez-Arias, 2008, p. 408). Viswanathan (2007) revealed about the fact that poor buy in local stores even if they know they could get a cheaper one elsewhere.

Compensatory consumption theory can also explain some patterns of this behaviour. This theory supports that people who cannot satisfy physiological needs would repair with alternative means (Gronmo, 1998). Suffering from the lack of social status granted by wealth, it would not be surprising to see a poor consumer resorts to status items which convey a certain symbol, which play the role of a status sign. Some poor women spend significant amount to cosmetic goods or even some adult buy cigarette to be seen as man while they suffered from food deficiency (Viswanathan 2007).

Consumer resistance can be used for understanding BOP consumption behaviour (Jaiswal & Gupta 2015). Consumer resistance can be defined in many ways. It is viewed as a strategy adopted by consumers to function effectively in the face of seductive and coercive power of marketers. Eckhardt and Mahi (2012) define consumer resistance as “consumers’ ability to ignore, resist, and adapt market messages and product offerings in the marketplace”. Denegri-Knott et al. (2006) defined it as “how consumers face the aggressive, attractive and expensive marketing actions and campaigns.” Thus, it can be considered as use different tricks and tactics by consumers creatively to “counteract the strategic manoeuvres of powerful corporate players” in developing countries, especially in the BOP markets, marketers’ actions and tactics flares up consumer desires, on the other hand, their poverty-laden life and economic conditions severely constrains the fulfilment of these desire. These consumers have far less experience of operating in the marketplace and are not educated enough to decide the right model of consumption on their own.((Viswanathan et al. 2010) Therefore, in comparison to their Western counterparts, these consumers are not in a position to effectively resist the aggressive advertising and product introductions (Eckhardt and Mahi, 2012).

Study by Checkwech (2009) provides insights into the influence of the family on purchase decision making through the different roles that various members of the family play in this process. The findings showed that different members of the family played different roles in the purchase decision process and this differed across all the groups although a key common issue was that of changing gender roles. Results from the study showed increasing dual and shared responsibility between husbands and wives across all groups of subsistence consumers although each group’s gender composition in this connection was influenced by different factors. For example, in the diluted and urban groups, both the husbands and wives were equally involved in the purchase decision of products. They demonstrates that budget constraints and product shortages have resulted in the husbands and wives jointly undertaking purchases as part of a joint coping strategy, whereby whoever finds the products at a cheaper price buys the products, instead of leaving the task to the wife alone which has been the traditional situation. The research also suggested that, unlike in western markets where children have a say in the choice of products that are purchased, the situation is different in subsistence markets where the constraints and different dynamics influence their role. At younger ages, the limited disposable income in the family and the importance of each purchase, resulted in children having virtually no involvement or influence on the decision process, even for products that they use. However, this dynamic changed at an older age where children became responsible for buying basic products for their parents – often due to the bread winner being absent. Children were often responsible for the upkeep of their parents and other siblings. They tended to assume multiple roles in the process where they decided, influenced and did the actual buying of the products. Although the users in this case were the parents and siblings, they could only indicate choice of particular products although this would not fully impact on the final purchase decision given the challenges of getting access to and buying these products. This left the persons doing the actual buying of the products, in this case the children, determining what was to be purchased.
Karnani (2007, 2009) argues that the assumption that poor are value conscious consumer is empirically false and morally problematic. The reality is that poor are vulnerable consumer due to lack of education, information and other economic, cultural and social deprivation. Findings from micro level studies on purchase behaviour of poor consumer suggests that poor lacks self-control and yield to temptation because poor usually don’t have bank account and keep cash at home and spends to keep up with their neighbours (Banerjee & Duflo, 2007) Thus, problem is that poor often make choices which ain’t in their self-interest making it imperative to impose some restrictions on free market mechanism as suggested in BOP proposition.

Viswanathan, et al., (2008, 2010), explained subsistence marketplace is one to one interactional marketplace. The underscore characteristics of this marketplace are limited financial resources, limited information and education and lack of basic infrastructure. These characteristics restrain their ability to work, market access, and income potential and they end up paying higher price for same goods. They find difficulty with abstraction and reduce purchase decision to single criterion of price. At social level, these characteristics, lead to lack of confidence or skills and make them unaware of rights as consumer. This concludes the vulnerable position of BOP consumer in market place interactions and lower negotiating power.

2.4. Food Market in India at BOP
According to WRI report (2007), major categories on which bottom of the pyramid consumers spend their income is spend are- food, energy, housing, transportation, health ICT and water. Food sector represents the biggest market (about 58% of the whole BOP market). The WRI’s estimations (2007) give an overview of this point.

Figure 1. Distribution of BOP consumer’s income (WRI report (2007))

In India, National Sample Survey Office (NSSO) conducts nationwide quinquennial surveys on Household Consumer Expenditure with a large sample of households. It conducted 68th round survey,
in July 2011 to June 2012. It generates estimates of Consumer expenditure survey (CES) in terms of average household monthly per capita consumer expenditure (MPCE)\(^5\).

Table 2- List of Food and Non-Food Items Included in NSSO 68th Round.

<table>
<thead>
<tr>
<th>FOOD ITEMS</th>
<th>NON FOOD ITEMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cereals</td>
<td>Intoxicants *</td>
</tr>
<tr>
<td>Edible oil</td>
<td>Pan *</td>
</tr>
<tr>
<td>Gram</td>
<td>Tobacco *</td>
</tr>
<tr>
<td>Egg, fish and meat</td>
<td>Fuel &amp; light</td>
</tr>
<tr>
<td>Cereal substitutes</td>
<td>Clothing</td>
</tr>
<tr>
<td>Vegetables</td>
<td>Footwear</td>
</tr>
<tr>
<td>Pulses &amp; pulse products</td>
<td>Education</td>
</tr>
<tr>
<td>Milk &amp; milk products</td>
<td>Other household consumables</td>
</tr>
<tr>
<td>Fruits (dry)</td>
<td>Medical (institutional)</td>
</tr>
<tr>
<td>Fruits (fresh)</td>
<td>Medical (non-institutional)</td>
</tr>
<tr>
<td>Sugar</td>
<td>Conveyance</td>
</tr>
<tr>
<td>Salt</td>
<td>Rent</td>
</tr>
<tr>
<td>Spices</td>
<td>Minor durable-type goods</td>
</tr>
<tr>
<td>Beverages &amp; processed food</td>
<td>Toilet articles</td>
</tr>
<tr>
<td></td>
<td>Durable goods</td>
</tr>
<tr>
<td></td>
<td>Other consumer services</td>
</tr>
<tr>
<td></td>
<td>Entertainment</td>
</tr>
<tr>
<td></td>
<td>Taxes and cesses</td>
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</tbody>
</table>

Changes in percentage composition of MPCEURP (or in aggregate consumer expenditure) as shown by the 5 quinquennial surveys beginning with 1993-94. The share of food is seen to have shrunk over the 18-year period since 1993-94 from 63.2% to 48.6% (a decline of about 23%) in the rural sector and from 54.7% to 38.5% (a decline of nearly 30%) in the urban sector. Over the 7-year period since 2004-05, the share of food has fallen by about 12% in rural India and about 9% in urban India. Most food groups have suffered a decline in share over the 18-year period. The important exception to this is “beverages, etc.” for the rural sector. The decline is steepest for cereals, the share of which has halved for rural India and shrunk by 48% in urban India. Over the 7-year period since 2004-05, the share of cereals has fallen by about 33% in rural India and about 28% in urban India.

Table 3- Percentage share of sub-items in average MPCE (URP) since 1993 (NSS, 68th round)

\(^5\) MPCE is defined as household monthly consumer expenditure ÷ household size (NSS, 2010-2011); 2009-10 as the base year for the price indices and revision of the national income estimates.
3. Ethical Issues in BOP Marketing

BOP preposition initially placed two contrasting forces—welfare of poor and profits for organization to go hand in hand and thereby failed to justify both together. Companies got stuck in tug of war either to give profit motive precedence over welfare of consumer or other way round. The conflicting interest can be illustrated by following well cited case studies under specific component of marketing mix-

3.1. Ethical Issues in Appropriate Products

Products offerings are not always created with parity in ethical terms, especially when these are marketed to the BOP (Davidson, 2009). Marketing of diverse product categories like eye-liner, or lipstick, or blush to Low income women; raises significant ethical issues. Because amounts spent by poor on these products reduce the funds available for essential goods (Davidson, 2009).

The vulnerabilities of poor consumers (Karnani, 2009) raises a question which is an apt product to be offered to BOP market. This question severed as an apple of discord between the economist and the ethicist. The economist will argue that each consumer must determine how much utility is derived from each purchase given the limited funds. (Davidson, 2009).

Micro level studies on purchase behaviour of poor consumer found that they spend a large chunk of their meagre income on alcohol, tobacco and entertainment (television, wedding and festivals). Further, 55% of adult poor in Udaipur (India) were found to be anaemic and 65% of adult male and 40% of adult female were under weight (Banerjee, et al., 2004). A typical poor household could spend 30% more on food than it actually does. (Banerjee & Duflo, 2007). Spending on festivals also account a large part of the budget of extreme poor (Banerjee, et al., 2004). Under these circumstances the ethicist will argue that while we must grant poor consumer, free choice, it would be wrong for producers and marketers to encourage and promote such sales which decreases the welfare of BOP consumers and on no grounds alleviate the poverty.

Amul, a dairy cooperative in India, introduced ice cream at $.05 per serving (Prahlad, 2005) although a good quality product but have no trace of essentiality. Amul is also responsible for popularisation of pizza. Similarly, Coca-cola, launched soft drinks in smaller pack of 200ml pricing at Rs 5 for BOP consumers (Jaiswal, 2008).

3.2. Ethical Issues in Fair price

The issue of determining fair price would again places economist and the ethicist in contrasting position. The economist would argue for setting the highest price to capture maximum consumer’s surplus possible. But ethicist would compel eradicating poverty motive of BOP proposition. (Davidson, 2009).

Hindustan Uniliver limited (HUL) a prominently cited as success story in BOP literature, offered Max candy, a high quality and low priced candy offered in two sizes, one at 25paisa another at 50 paisa. In 2004, because of persistent low margin, price of both sizes were pegged to 50 paisa and Rs. 2 respectively. Even after price rise its sales were Rs 500 million against estimated organized confectionary industry worth Rs 12 billion (Jaiswal, 2008). So in 2005, Max candy was pulled out from market due to non-satisfactory results. In this case profit motive got precedence over BOP consumer’s welfare.

3.3 Ethical Concerns in Advertising and Promotion

Misrepresentation products and services concern takes on special importance when advertising to the BOP (Davidson, 2009). As the BOP population are not only poor in income but also in terms of education and experience in evaluating advertising claims. Thus, the puffery acceptable in developed
markets may be unethical if used in advertising to BOP (Davidson, 2009). Advertisers create material aspirations for individuals and in India mostly rely on celebrity’s endorsements to innate aspirational appeal. For BOP consumers it serve as images of status and prestige to the poor consumers who suffer from low self-esteem levels. There exists susceptibility of BOP market to advertising and celebrity endorsements. (Jaiswal & Gupta, 2015). For instance, HUL has traditionally used most popular movie actress to endorse its LUX brand.

Studies further indicates a high level susceptibility of BOP consumers toward sales promotion (Jaiswal & Gupta, 2015). Purchased products offered under such promotional schemes lead to overspending amongst this market. The use of contests, coupons, rebates, sweepstakes, prizes, and other sales promotional tactics leads to extra costs borne by consumer. Generally, the rightness or wrongness of these additional costs is overlooked in marketing to the upper levels of the income pyramid, but the question cannot be ignored with the BOP.

3.4. Ethical issues in Distribution
Sometimes marketer to reach BOP market may create new channels of distribution. It leads to benefit to one segment buts may harm another (Davidson, 2009). For example,

Project Shakti, of Hindustan Lever’s innovative channel of distribution allowed villagers to have access to needed products that would otherwise be totally unavailable. But at the same time this new innovative distribution channel displaces the previously existing small retail outlets, the street vendors, and the multiple intermediary levels so common in developing countries (Byron, 2007).

3.5. Packaging
Many of the success stories cited comes from Procter & Gamble or Unilever are based on packaging the goods in single-serve quantities. A single-serve revolution involving companies to sell small packet or Sachets of product (Shampoo, Ketchup, Tea, Coffee, biscuits and skin cream) considered to be breakthrough in BOP marketing. But single-serve revolution just proved to be a modus of befooling poor consumers as they believe that lower price for small packages make it cheaper (Karnani (2006). However in reality the only way to increase affordability is through lowering price per use in comparison to large packets. Annapurna salt’s introduced in small package to target the BOP market, priced per kilogram exactly same as larger packages. (Jaiswal, 2008)


BOP advocates justified profit motive pursued by MNCs or firms as when firms enter a new market it creates jobs and income. The advocacy of profit motive was sharply criticised by NGOs, civic authorities and BOP critics on the ground that marketing to BOP segment will divert their constant nominal income on low priority products. Many critics proclaimed BOP marketing is flawed or nothing more than a mirage (Karnani, 2007, Jaiswal, 2008). Karnani (2007) argued that firms targeting BOP market incurs high cost of market penetration making product beyond the reach of this segment. Jaiswal (2008) suggested that BOP marketing artificially raises demand of non-essential product (shampoo, fairness cream, deodorant, sunscreen lotion and other cosmetics, tobacco products and alcohol and nostalgic brand) that may divert funds from essential products (nutritional).

BOP sceptics went a step ahead in stating that romanticized view harmed poor more than helping them as it wane the importance of legal and regulatory mechanism to safeguard the interest of vulnerable BOP segment. (Karnani 2009). It stressed on compelling need to impose few restraint on free market mechanism to prevent exploitation of BOP segment. (Karnani, 2007).

This argument laid by BOP skeptics was negated by BOP advocates on the assumption that BOP consumer are value conscious and rational consumes therefore know how to maximise utility . Although
expenditure pattern is observable but utility pattern is not thus free market perspective encourages exploitation of poor who already bears the burden of lack of education, lack of information and other socio, economic and cultural deprivation (Karnani, 2007).

Karnani (2009) cautioned against severe and harmful results of bad choices made by BOP segment. The consumers have lack of self control, yield temptations and aspirational purchase behaviour often responsible for poor ending with bad choices. The bad choices made by BOP consumers may deflate welfare of these consumers therefore necessitates imposing constraint on free market perspective.

The constant arguments made by BOP sceptics on welfare of BOP consumer and raised ethical concern on sustainability of profit motives pursued by firms. It is further questioned that is it ethical for companies to serve to the market where they know that spending on non-essential and luxury product is not in the self-interest (Karnani 2007).

Thus BOP initiative encourages poor consumer to divert income from high priority products to non-essential items.

5. Suggestive Theoretical Policy Mix Framework

5.1. Gap Analysis
No Consideration of Government in BOP Marketing: Although BOP proposition insist on free market mechanism to reduces poverty or development through enterprise. This preposition is based on the assumption that BOP are fully capable and willing to participate in market. This preposition placed little emphasis on legal, regulatory and social mechanism to protect vulnerable consumer (Karnani, 2009). There is an under emphasis on critical role of state in poverty reduction (Karnani, 2009). Rajan and Zingales (2003) argues “That market cannot flourish without the visible hands of government”. To avoid exploitation there is need to impose some restrictions on free market mechanism (Gupta & Jaiswal, 2013).

5.2. Research Methodology
This research paper is based on secondary data and archived case study analysis. Case studies are grouped on the basis of specific nature of marketing mix component.

5.3. Objectives
The objective of this legislative review is confined to political goals associated with safe guarding the interest of subsistence market place. This paper reviews present legislative framework and suggestive guidelines to be considered while redefining the marketing mix based on consumption behaviour of subsistence market.

5.4. Theoretical Framework
BOP proposition insists upon free market mechanism but as suggested it may lead exploitation of BOP consumers ((Bonsu & Polsa, 2011, Karnani, 2007, Gupta & Jaiswal, 2013). Thus, even though, BOP proposition emphasis on free market we suggest role of government to protect the interest of consumers. Such that Government not only protect consumer’s interest but provides guiding principles to marketer in conflicting objectives of-profit maximisation and poverty reduction. Further the regulatory mechanisms should be in place to protect the interests of the poor given their vulnerability(Jaiswal & Gupta, (2015)). Based on the review of every component of marketing mix offered at BOP following theoretical model of ethical interaction in free market can be established(Figure 1). Marketing mix for avoiding exploitation of BOP consumers must comprise of product with essentiality element which is affordable (Jaiswal & Gupta, (2015)). BOP market may create new channels of distribution which benefits one segment and not harm another. Promotional mix, for ethical engagement should ensure
honesty in advertisement and should not encourage the poor for consumption of products outside of core bundle of consumption. Marketing messages are educational and helpful in nature.

Figure 2: Proposed Model of Ethical Interaction At Bop Under Free Market Mechanism

6. Role of Government and Consumerism in India

The assertion that “Consumers are king” practically fails in context of BOP market and it becomes imperative to ensure consumer protection. Consumer protection is still at an infancy state at BOP market. Effective consumer protection involves active participation of Consumer, Business person and Government. (Fernando, 2009)

6.1. Role of Consumer
Consumers are required to take care of their own interest and protect themselves from malpractices. But the poor are vulnerable consumer and yield to temptation because poor usually don’t have bank account and keep cash at home and spends to keep up with their neighbours (Banerjee & Duflo, 2007). The fact that BOP market depends heavily on informal economy, marketing through free market mechanism, vulnerability of consumers makes BOP consumers prone to unscrupulous and exploitative practices.

6.2. Role of Business Person
The producers, distributors, dealers, wholesalers as well as retailers are required to ensure supply of quality goods and services at reasonable prices. To prevent unfair trade practices even chambers of commerce and industry, manufacturer association should entertain the complaints from consumers. In BOP market business should ensure ethical conduct as BOP insist on market based economy. (Fernando, 2009).
6.3. Role of Government
Karnani (2007,2008) (Jaiswal 2008, Jaiswal and Gupta 2015) markets cannot flourish without the very visible hand of the governments. Government has primary responsibility to protect consumer’s right through apt policy measure, legal structures and administration framework (Viswanathan, et al., 2012). Government is required to enforce appropriate law and amend existing law in this context. Consumer protection is socio economic programme requires initiative from Government and business. UN guidelines for Consumer protection suggest “The governmental role in consumer protection is vital and finds expression through policy-making, legislation and development of institutional capacity for its enforcement. Every country needs to have an irreducible minimum of consumer protection legislation”.

7. Multiplicity of Legislative framework to protect the interests of vulnerable BOP consumers

Consumerism is defined by Prof. Philip Kotler as ‘a social movement seeking to augment the rights and powers of the buyers in relation to sellers’.

In India, various Acts are in place to protect the consumers against exploitation in food market (as depicted in figure 3). Myriads of legislation enacted to protect the interest of consumer and regulation of trade has left consumer confused in synthesising which law is applicable in particular situation. Ironically, legislatives intended to protect the interest of consumers have let offenders to slip out the maze of legislation and thereby weak implementation of the laws. Other factors leading to erosion of consumer rights by firms are lack of competition in a number of product areas, consumer’s illiteracy, consumer indifference towards products, weak consumer organisations and lack of consumerism in the country. Given the vulnerabilities of BOP market this situation is adverse in case of poor consumer. (Fernando, 2009)

In the absence of specific legislatives enforced by government to guide BOP marketer and protect the interest of BOP consumer, we extracted relevant policies and laws from existing legitimate policy framework. This review of legislations, broadly considers two dimensions of business transaction- BOP consumer and marketer and role of regulatory authorities such as Government and other allied Departments and authorities. Role of government in free market mechanism is to ensure protecting consumer’s interest, availability of essential food items and efficient competition in BOP market. Policies implemented by Government includes-

a. consumer specific polices to safeguard the interest of consumer and

b. Seller- directed policies to ensure ethical conduct of marketer in subsistence marketplace.
Further, as the area of study relates to food items, analysis is extended to include legislation regarding availability of essential food items and ensuring minimum quality.

### 7.1 Protection of Consumer's Rights

For protection of consumer’s interest and fuelling consumerism, Government of India introduced Consumer protection Act, 1986. This Act safeguards the interest of consumers irrespective of their economic status. Thus, this act is not specific in addressing the problems faced by BOP consumers.

#### 7.1.1. Consumer Protection Act, 1986

The Consumer Protection Act (CPA) of 1986 was enacted with an objective to protect the interests of Consumers, to make provision for the establishment of Consumer Councils and other authorities for the settlement of consumer disputes. This is indeed a progressive piece of Social Welfare Legislation but it negates any specific provision related to BOP consumer. Unlike other laws, which are basically punitive or preventive in nature, the provisions of the Act are compensatory.

Important features of CPA are as follows:

a. The Act applies to all goods and services

b. It covers all the sectors – private, public and cooperative. The provisions are compensatory in nature.

c. It provides adjudicatory authorities

d. It further provides for Consumer Protection Councils at the National, State and District levels.

CPA further entitles unique set of rights to protect consumer such as, right to be protected, right to be informed, right to be assured, right to be heard, right to seek redressal and right to consumer education.

### 7.2. Availability of Essential Food Items and Ensuring its Minimum Quality

This research paper is restricted to food items such as Fruit, Vegetables, Eggs, Dairy Produce, salt, spices, staples-wheat, rice, Vegetable Oil etc. It is the responsibility of government to implement policies which may ensure availability of essential food items to this deprived segment. While providing these essential food items to BOP consumers, government is required to ensure minimum quality is kept intact. For achieving this objective Government implemented the following legislatives-

#### 7.2.1. Agricultural Produce (Grading and Marking Act), 1937

This Act concerned with grading and certifying the quality standard of agriculture commodities. This allows standard agricultural product to be stamped with AGMARK, a seal of Agriculture marking Department of the Government. It extends to entire country and defines “agricultural produce” as all produce of agriculture or horticulture.
**7.2.2. Prevention of Food Adulteration Act, 1954**
This Act came into force on 1st June 1955 with an objective of prevention of adulteration and extends to entire India. Further objectives of this act can be concised as follows-

a. To protect the public from poisonous and harmful foods

b. To prevent the sale of substandard foods

c. To protect the interests of the consumers by curbing fraudulent practices.

**7.2.3. Essential Commodities Act, 1955**
This Act was enacted to ensure easy availability of essential commodities to consumers and protect them from unscrupulous traders. This Act provides entitles the Central Government and the State Governments the power of regulation and control of production, distribution and pricing of commodities which are declared as essential, at fair prices.

The list of essential commodities are reviewed from time to time keeping in view the production and supply condition of these commodities. As a result, the number of essential commodities which stood at 70 in the year 1989 cut down to 7 at present through such periodic reviews. Only those commodities are retained which are essential to protect the interest of the farmers and the large section of the people at "bottom of the pyramid".

**7.2.4. Standards of Weights and Measurement Act 1956**
Indian consumers are often faced with quantity reductions practised by marketers. To prevent these malpractices the Standards of Weights and Measurement Act was passed in 1956, which was later repealed by a more comprehensive Act in 1976 in alignment with international Bureau of Weights and Standards. The act is supplemented by the Standards of Weights and Measures (Enforcement) Act, 1985 with a set of rules to enforce the act effectively.

**7.2.5. Prevention of Black-Marketing and Maintenance of Supplies of Essential Commodities Act, 1980.**
This Act provide for detention in certain cases with purpose of prevention of black-marketing and maintenance of supplies of commodities essential to the community. The Act empowers the Central and State Governments to detain accused persons. The maximum period for detention shall be six months.

**7.2.6. Bureau of Indian Standard Act, 1986**
One of the main impediment faced by Indian consumers is the poor quality of products they buy. Even after independence, the quality of products has been extremely poor because of imperfect competitive market situations under the mixed economy regime. What exaggerates the problem, is monopolistic position enjoyed by public sector organization which are not bothered to produce quality goods. As a result, the Indian consumer has to manage with shabby and shoddy goods and equally poor and inefficient services. The situation seems to be improving since 1991 because of intense competition, in India but BOP market still remained untouched in this context.

**7.2.7. National Food Security Bill, 2013**
The National Food Security Act, 2013 (NFSA 2013), also known as Right to Food Act, aims to provide subsidized food grains and non-food items to poor consumers through a network of public distribution shops (also known as ration shops). As of date there are about 4.99 lakh fair price shops across India which sells price to ration card holders at a price lower than the market (Ministry of Consumer Affairs, 2013). Under this bill, beneficiaries of the Public Distribution System (PDS) are entitled to 5 kilograms per person per month of cereals at the following prices:
Rice at ₹3 per kg

Wheat at ₹2 per kg

Coarse grains (millet) at ₹1 per kg

**Food Corporation of India (FCI)**, a Government-owned corporation, procures and maintains the PDS. However, the food grains supplied by the ration shops are not enough to meet the consumption needs of the poor or are of inferior quality. The average level of consumption of PDS grains in India is only 1 kg per person/month.

### 7.3. Ensure Efficient Market Competition

Consumer welfare is the fulcrum of consumer protection and competition policy. Both consumer protection and competition policy recognize unequal relationship between consumers and producers. Protection of consumers is accomplished by setting minimum quality specifications and safety standards for goods and services and thereby establishing mechanisms to redress their grievances. The objective of competition policy is to ensure that there are sufficient numbers of producers therefore no single producer can attain a position of dominance. Competition policy also seeks to forestall other forms of market failure. (Eleventh Five Year Plan, Planning commission, n.d.). For ensuring efficient market competition, the Competition Act, 2002 was enacted. This Competition Act, repealed of Monopolies and Restrictive trade Practices Act (MRTP), 1969 and lead to establishment of a regulatory authority Competition Commission for implementation of Competition Act. The purpose of the Act is to provide for the establishment of the Commission which ensures:

- Prevention of the practices having adverse effect on competition;
- Promotion of competition in markets;
- Protection of interests of consumers; and
- Freedom of trade carried

### 8. Gaps in present legislative framework

Based on existing legislative framework implemented by government following gaps can be highlighted while applying these laws in context of BOP market:

#### 8.1. Myriads of Legislatives to Guide a Particular Situation

Myriads of legislation enacted to protect the interest of consumer and regulation of trade has left consumer confused in synthesizing which law is applicable in particular situation. Ironically, legislatives intended to protect the interest of consumers have let offenders to slip out the maze of legislation and thereby weak implementation of the laws. Other factors leading to erosion of intent of these legislatives are lack of competition in a number of product areas, consumer’s illiteracy, consumer indifference towards products, weak consumer organizations and lack of consumerism in the country. Given the vulnerabilities of BOP market, this situation is adverse in case of poor consumer. (Fernando, 2009).

#### 8.2. Absence of Specific Policies to Address Poor Consumer’s Problem

Although few policies such as essential commodities act 1955, national food security bill 2013, ensures availability of essential food items to BOP segment at reasonable prices still the specific policy to safeguard the interest of this segment is far out of reach. BOP market segment comes with different set needs and issues requiring different policy framework to address their needs.
8.3. Exclusion of Poor in Existing Policy Framework
Existing legislative framework fails to inculcate the specific modes of exploitation of BOP consumers. What may not constitute exploitation for “above poverty line” consumer, can be considered exploitative for this sensitive consumer segment. Thus, it makes imperative to broaden the definition of term “Exploitation” in context of BOP market and thereby making policies to ensure marketing of essential commodities to this segment. Even the Consumer protection Act, safeguards the interest of consumers irrespective of their economic status. Thus, this act is not specific in addressing the problem of BOP consumers.

9. Suggestions by BOP Advocates for Public Policy Formulation

In formal economy transactions are highly predictable, as governed by institutional guidelines, however, informal economy, prevalent in BOP segment, rules are tacit and more flexible (Viswanathan, et al., 2012). The literature on social exchange describes that informal economy have weak legal protections, fluid transactions and prominent negotiations (Viswanathan, et al., 2012). The recommendation to safeguard the interest of BOP consumers ranges from suggestion to policy maker and to marketer. Following recommendation can be made for constructing a grounded policy at BOP-

9.1. Suggestions for Policy Makers: Bottom-up Approach of Policy Formulation and Implementation

Government, as a servant of people, has primary responsibility for developing public policy. However while forming policy framework authors (Viswanathan, et al., 2012) suggested bottom up approach which involves understanding the lives of poor. Although government plays a crucial role in developing policy but efforts should be strengthen with the presence of business seeking to develop economically and socially profitably way to engage BOP markets. Further NGO working with poor segment must support the efforts of Government by helping to implement policy. Following are recommendation made in order to establish “inform policy making” and specific direction to Government and managers (Viswanathan, et al., 2012)-

9.1.1. Empowering People in Subsistence Marketplace
Public policy if insist on “marketplace literacy education” can help poor people overcome shortcoming and increase their own capacity for economic welfare and independence. (Viswanathan, 2009). Jaiswal & Gupta, 2015 suggested that the market exchange will be beneficial to the poor consumers if marketing messages are educational and helpful in nature, not the one which the poor cannot easily resist. Policy makers are required to adapt policies to marketplace literacy programs.

9.1.2. Embracing Emergent Solution
Centrally designed policies based on standardization and replication will not suffice. (Viswanathan, et al., 2012) Large number of micro enterprise which collectively meets the needs of subsistence market represents an emergent solution to local problem. From public policy point of view it is important to encourage site specific and non-standardized solution to problem.

9.1.3. Bottom up Approach
BOP theorist suggested bottom-up orientation for developing public policy. If policy makers were to begin from micro level of marketing interaction and then move up, the policies would be more grounded in terms of reality subsistence populations face. Theorist suggests marketing-oriented public policy which is more democratic, contextually oriented and more interpretive. (Viswanathan, et al., 2012).

9.2 Suggestions for Marketer for Ethical Conduct Responsible Marketing
Prahalad (2002) argued that the BOP represents an important marketing opportunity for MNCs and should not be overlooked as represents the long-term opportunity for profit and global improvements. The research suggests that “MNCs should adopt a “Glocalised approach” and overcome mistrust and
suspicion” (Prahalad and Hart, 2002). Well informed and executed efforts aimed at the BOP can grow a poor market into a middle-class. MNCs well equipped with understanding about nature, scope and potential of BOP markets, will not only attain long-term success in such markets, but will see their own global umbrella brand continue to thrive and prosper in the ever evolving global market arena. (Wood, et al., 2008).

9.2.1. Alternative Approach to BOP Marketing
The marketing tactics adopted for exploitation of BOP consumers calls for an urgent need of introducing ethics in marketing. These exploitative tactics further raises a question “Are marketer taking advantage of vulnerable BOP consumer by adopting tactics that brings benefit to company at the cost of vulnerable BOP consumers”. While designing the apt policy mix social policy makers should consider such exploitative marketing programmes. An alternative view to BOP marketing requires sub dividing the BOP segment into – extreme poor and poor. BOP market size is 4 billion with widespread income inequality. The extreme poor segment consists of people living in LDCs or earning less than 1 dollar per day. Extreme poor live under the conditions of acute poverty and struggles to meet basics of life. Therefore before extracting profits from this market segment their basic need must be fulfilled. Effective way of serving this segment is through corporate social responsibility (CSR) initiatives. (Vachani & Smith, 2004).

Another, approach of serving BOP consumers is based on the philosophy of selective consumption (Jaiswal, 2008). Selective consumption means choosing to enable or restrict consumption, based on the characteristics of the goods to be consumed. When marketers make choices between which target market to include and exclude, they can have significant effects for the individuals involved (Sirgy and Lee, 1996).

Marketing to poor based on selective consumption philosophy can be pronged into:

a. **Inclusive Marketing** involves inclusion of poor in an undesirable way thereby encouraging them to consumes products that have negative effect on their wellbeing. For example, marketing of tobacco and drug to vulnerable consumers.

b. **Exclusionary Marketing** involves wrongfully exclusion of poor by shrinking the consumption of product that enhances the well-being of consumers.

Therefore, in order to analyse whether it is appropriate to market to the poor segment company need to evaluate marketing efforts on following grounds:

i. Whether the products respond to basic needs such as health, nutrition, education, housing;
ii. Whether the marketing communication creates and strengthen people’s aspirations to consume goods not needed;
iii. Whether the products consider the special needs of BOP consumers; and
iv. Do the products enhance customers’ well-being.

10. Suggestions for Revival of Existing Policy Framework

Based on the extant literature available, public policy maker should consider the complex environment present at BOP marketplace. Other than suggestions made by authors few additional changes can be made:
10.1. Provision in Existing Legislatives for Vulnerable Consumers by Availability
Existing legislatives should recognise the market based realities of BOP consumers and make specific amendments in law. Extensive BOP consumer research is required by Policy makers to ensure a grounded theory.

10.2. Government Should Ensure Availability of Core Bundle
Availability of essentials should be ensured by Govt. and provision for black marketing requires stringent implementation.

10.3. Discussion Forums Motivated by Social Networks (Experiences can be Pooled)
Government for proper implementation of legislative open a local public forum comprising of representatives from prominent social groups (SHGs, Shakti Ammas). This group being a part of BOP market will understand the problem of these consumers and ensure redressal of problems.

10.4. Involvement of NGOs for protecting the interest
NGO working at local level can be involved in order to ensure awareness about consumerism. The NGOs can conduct regular interactive consumer educational programs.

11. Summary
BOP proposition suggests that private marketers can earn by selling to poor and can simultaneously alleviate poverty. The BOP approach had not so easy acceptance as questions the traditional tenant. It insists on free market mechanism to ensure engaging BOP consumers. The poor are vulnerable consumer due to lack of education, information and other economic, cultural and social deprivation. Thus in free market mechanism the BOP consumer enjoys less negotiating power and rendered to exploitation. Basic modes of exploitation of poor involve charging exuberant price and subject to excessive poverty penalty. Marketers often offers inapt product to exploit BOP consumer. BOP consumers are served with products of defective quality, fake, adulterated and even hazardous product. The definition to inappropriateness is broad in case of BOP market. As even the nonessential products are inapt in BOP market context. Marketers often create scarcity of essential products in distribution channel to extract premium prices from BOP consumers. The vulnerable consumers are also victimized by false and misleading advertisements which serves aspirational model to poor consumers who already suffers from low self-esteem. Given numerous incidences of BOP consumer exploitation requires government to restrain free market propagated by BOP advocates through policies formulation and implementation. Government has primary responsibility to protect consumer’s right through apt policy measure, legal structures and administration framework. Government is required enforce appropriate law and amend existing law in this context. The policies for protecting BOP market ranges from Consumer right protection, availability of essential food items and ensuring efficient market competition. Although there are myriads of legislatives implemented by Government but still there is absence of specific law targeted at BOP consumers. More or less these laws are overlapping and may leave BOP consumers quizzical. The recommendation to safeguard the interest of BOP consumers ranges from suggestion to policy maker and to marketer. For designing apt policy mix policy makers requires bottom up approach where thrust is placed on micro level interactions and the moving up. Public policy if insist on “marketplace literacy education” can help poor people overcome shortcoming and increase their own capacity for economic welfare and independence. Suggestions for marketer to ensure ethical conduct includes-Responsible marketing and alternative approach to BOP marketing. Responsible marketing to BOP requires if MNF efforts result in positive social action outcomes, the accompanying goodwill will be so valuable that it outweighs any slim profits that may be expected over the short term. Well informed and executed efforts aimed at the BOP can grow a poor market into a middle-class, market that has enormous long-term potential. The alternative approach of serving BOP consumers is based on the philosophy of selective consumption. Selective consumption means choosing to enable or restrict consumption, based on the characteristics of the goods to be consumed. Marketing
to poor based on selective consumption philosophy can be pronged into Inclusive Marketing and Exclusionary Marketing.

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Comparative Study: Effect of Color on Major Chocolate Brands in Pakistan (Branding and Packaging)
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Abstract: From the moment we open our eyes there is one thing that surrounds us and that is color. Thus color is one of the most important part of human life. Similarly when we talk about marketing we can’t go any further unless we take into account how this major variable “Color” will impact us. This research aims to study how color effects people in Pakistan. Are there any differences in color choices among people based on their age, gender and religion. Does occasion play any part in impacting our color choice. Furthermore this research will also provide evidence about how change in color effects brand image, brand love, band recall and brand loyalty by taking into account major chocolate brand namely DairyMilk, Mars, Novella and Kitkat. This research was carried out in the twin cities Rawalpindi and Islamabad in Pakistan. The data was collected through online questionaires with a total sample size of 151 respondents. Correlations, Cross tabulations and Kruskal – Wallis H test was used to interpret the data.

The results of this study indicate that all the independent variables i.e. Brand Image, Brand Love, Brand Recall and Brand Loyalty have a highly significant positive relationship with color. Age and gender did not have any significance in the choice of color. Black was seen to be the most preferred colored for chocolate among almost all age groups and genders. Kitkat turned out be the most preferred chocolate brand among both the age groups and genders. A significant relationship was also seen between the chocolate brand and the choice of color.

This study will help marketers understand the importance of color in branding and the consumer preference of color in Pakistan. This study will add on the current limited literature on color and its relation with the choice of chocolate.

This Study was limited to the twin cities. Due to budget and time constraints a printed survey could not be used and an online survey was conducted thus decreasing the one of one interaction with respondents. Due to time limitations the emotional effect of color could not be studied.

Keywords: Branding, Color Psychology, Chocolate

1.0 Introduction

Everything around us emits certain form of color. From the point we open our eyes our life’s get filled with color. It is just absurd to say that something that is so involved in our life’s will not affect us. Consciously or unconsciously color effects each and every one of us. In fact, color is one of the most potent features in the design of product packaging. That is why from FMCG to electronics, colors are being used innovatively by the companies. Despite this, little academic research has investigated the role that color plays in marketing. Willing or unwilling there is a deep association of a brand with color in the mind of the end consumers for example, Olpers milk is associated with red, Cadbury chocolate with purple, and Lipton tea bag with yellow color. All these apparent attributes of a brand like colors, letters and design target the brand recognition, enabling a brand to stand out on the supermarket shelf. It also helps to communicate a brand’s desired image. So one of the most important components of
design that can help objects get noticed, blend in, convey the right message, or get lost in translation, is color. Understanding the way color works and using it to our advantage can help keep you above the competition and reach the right audience.

Now the question is what makes a color appropriate for a product or conveying a brand properly. There have been a lot of researches with explain how the color psychology, that is how a color is perceived by humans. Furthermore it explains what emotions come into play when people are exposed to different colors. The result of these studies reveal that the result are deeply affected by Culture, gender and age. Currently these is no literature present which links the effect of color in the Pakistani culture. Thus this study will help understand the differences in color perception in a Pakistani context. And will also enabling marketers to adjust their intended effects of using color to the Pakistani audience.

This study aims understand the effect of color on the major chocolate brands in Pakistan, how color can affect the level of Brand recall, Brand image and Brand love and the differences in the choice of color based on gender and age.

2. Literature Review

2.1 Color
The oxford dictionary defines color as

“The property possessed by an object of producing different sensations on the eye as a result of the way the object reflects or emits light.”

The theory of color wheel started with Sir Isaac Newton’s discovery of the color wheel. He used a prism to convert white light into a ray of colors and used another prism to convert them back into white light. To develop a basic understanding of color and all its variances we will firstly be discussing the basic idea of the color theory as described by Neidlinger (2016).

2.2. Color Theory
The comprehension of basic color theory is not only for people who love to paint. It is for everyone who is using color in any form, especially in marketing as according to a research (Singh 2006) consumers make the purchase decision in the first 90 seconds. And 62-90% of the people make this decision based on color alone. Thus understanding of the basic principle behind color will help us utilize it in a more convenient way. First of all, we will be understanding the primary colors.

2.2.1. Primary Color
Red, blue, and yellow are considered to be primary colors this is due to the fact all other color are made from some combination of these three colors. In the print technology any picture that is made of these three colors is termed as RGB file. This technology has been used in TV screens and home printers. These three colors combine to form the next combination of colors called the secondary colors.

2.2.2. Secondary Color
Purple, green, and orange are termed as secondary colors Red and blue color combine to form purple, blue and yellow combine to form green and lastly combination of yellow and red form orange. Secondary colors are present in between two primary colors in the color wheel.

2.2.3. Tertiary Color
Combination of the primary colors in different ratios form the tertiary colors. These colors don’t have their separate identity but give a shade near to that of secondary color’s hence are known as “two-name” colors, such as red-purple, red-orange, yellow-green, etc. These are formed by different combination of primary where more of one color is mixed with another primary color to give a slight change in tone.
2.2.4. Pure Color
Without the addition of black or white, primary, secondary, and tertiary colors form pure colors. These colors have a really high intensity or brightness to them.

2.2.5. Tints
Tints or pastel colors are formed by adding white to the pure colors. The addition of the color white decreases the intensity and brightness of the primary colors. The color of the Tints range from slightly whiter to almost-white.

2.2.6. Shades
Shades are formed by addition of black to pure colors. This addition of black darkens the pure colors and makes them dull. The color of the darkness range’s from slightly darker to almost black.

2.2.7. Tones
Tones are created by adding grey color to pure colors. Grey color is itself made by adding black with white color. The term “toned down” is often used by people when they believe the intensity of a color needs to be decreased. And the fastest way to do that is by adding a mix of white and black. The tones varies with the ratio in which black and white are mixed to create grey color.

2.2.8. Color Wheel
All of these pure colors, tints, tones and shades combine in a circle to which is known as the color wheel. The color on the right side of this wheel are termed as warm colors and the colors on its left are termed as cool colors. In Marketing the best way to use color is to use colors on the opposite side in the color wheel these colors tend to complement each other. Now that we developed a basic knowledge of color we will be moving on to color psychology or how these colors affect us.

2.3. Color Psychology
Color psychology is the study of hues as a determinant of human behavior. Plutchik (1980) is developed the psycho-evolutionary theory of emotion. The “Wheel of Emotions” is his famous creation which uses colors and shades to show how different emotions are related to different colors.

The basic idea that he has given is that different emotion can be triggered by different combination of color. Thus giving a basic guide lines to marketers on how to extract the desired results from the end consumers by using colors.

Figure 1: Wheel of Emotions
Below mentioned are the different Hues of color and how they affect the human behavior as described by precision intermedia (2016).

2.3.1. Psychology of Color: Black
Black color depicts the feeling of power strength and authority. Black color is also linked with intelligence. Black color is also referred for darkness or evil. Therefore black is considered as a serious color and too much of black is also considered unpleasant.

2.3.2. Psychology of Color: White
White color in general is referred towards purity and cleanliness. It is also used in absence of any color so is considered to be neutral. In some countries white color represents transcendence or death. It consists of all the colors in the color spectrum.

2.3.3. Psychology of Color: Red
Red color is used to draw attention. It has an intense nature of drawing the eye toward it. Red is also linked to energy and excitement. Red is the symbol of human life as it’s the color of blood. Red is also linked with the feeling of loved and belong.

2.3.4. Psychology of Color: Blue
Blue is assumed to be the favorite color for the majority of people. The reason being almost all of the world is blue the sky the sea. Blue color actually causes the human body to release a chemical that induces calmness. But some lighter colors of blue can send a cold and scary message. Though out history blue has become associated with steadfastness, dependability, wisdom and loyalty. People tend to be more productive in a blue room because they are calm and focused on the task at hand.

2.3.5. Psychology of Color: Green
Green is the color of growth, nature, and money. Green color tend to please the human senses. Dark forest green is more of a masculine color associated with wealth. In different cultures green color is associated with things like envy, good luck, generosity and fertility. It is the ultimate of peace, harmony and well-paced energy.

2.3.6. Psychology of Color: Yellow
Yellow color is assumed to be cheerful. It represents the color of the sun it is also linked with laughter, happiness and good times. Yellow color instills a feeling of optimism because the human brain releases more serotonin (feel good chemical in the brain) when around this color. Yellow can be quickly overpowering if over-used, but used sparingly in the just the right place it can be an effective tool in marketing to greater sales. Some shades of yellow are associated with cowardice; but the more golden shades with the promise of better times.

2.3.7. Psychology of Color: Orange
Orange is the flashiest color on earth. Orange color represents fun times, happy and energetic days, warmth and organic products. It is also associated with ambition. This color in no way induces calmness but more toward excitement and energy. Orange is also seen a color of change.

2.3.8. Psychology of Color: Purple
Purple color historically represents the robes of kings and queens. It is the most royal color that is associated with wealth, prosperity, rich sophistication. Purple color induces an attitude of problem solving. However a increased use of purple gives an effect of being artificial. Purple has also been selected as a favorite color by young teenage girls.

The following figure shows the effect of different color and companies that use these colors in their logos (The logo company, 2016).
Internationally a lot of researches have been carried out to see the effects of color on humans. Elliot and Maier (2014) studied how color psychology effects the perception of color on psychological functioning in humans. Their research was based purely on empirical research i.e. study of the past literature. Their research concludes that color can carry important meaning and can have an important impact on people’s affect, cognition, and behavior. They also identified how by changing the methodology or the light source the researches could have been effected.

2.4. Colors and Branding
Bottomley (2014) studied the effect of colors on brand logo appropriateness. This research divided colors and brand into two groups mainly functional and sensory-social. The functional colors included black, grey, green and blue whereas Sensory social colors included red, yellow, bright pink and purple. The results of the study indicated that blue logos will be more appropriate then red logo for brands promoting functional image, and vice versa.

In 2012 Labrecque and Milne conducted a research on the importance of colors in marketing specifically studying role of red and blue color. The study demonstrated how marketers can strategically use color to alter brand personality and purchase intent. It also related how color influences the likability and familiarity of a brand. This study was conducted on two hundred and seventy nine undergraduate students who were shown different brand logos on carefully calibrated computer screens and a 24 items brand personality scale was used to get their responses. The methodology used was questionnaires, which were filled by 100 participants keeping equal amounts of men and women. The study concluded that there was a direct relation between color and product success. The study also saw that this success is moderated by gender as perception of color varied with gender. In another research Page, Thorsteinsson and Ha (2012) studied how color can change consumer behavior and achieve product success. Piqueras-Fiszman and Spence (2011) conducted a research on the association between color and the flavored packaging of chips and was this relationship same for similar brands of chips. They conducted an experimental study using 25 participants who had perfect or near to perfect eye sight. The results of the study indicated that brand associations have a deep impact on the perception of color and its relevance to the flavor i.e. that due to branding there had been an effect on the perception of color and flavor. Singh (2006) studied part literature on how color is related to marketing. In his research he...
found out that there were many controversies in the present literature. The theories could not be
generalized and most of researches differed with country, age, gender and culture. It concluded that
colors can be used to increase or decrease appetite, enhance mood, calm down customers, and, reduce
customer’s perception of waiting time.

Tutssel (2000) states that Colors help us remember brands. Whether it is Pesi blue label, Coca-Cola’s
red, Shell’s yellow, or Cadbury’s purple, all have different color values to different consumers. The
high importance placed on color is an acknowledgment of manufacturers’ understanding that color has
strong emotional effect, helps to prompt a quick response to packaging than either the written work or
pictures. Thus reaching the following hypothesis:

H1: Colors can be used to alter brand image, brand recall, brand loyalty and brand love

2.5. Colors and Gender

Guilford (1934) was one of the earliest researchers to study the differences in color preference based
on gender. The finding of his research were that there are extreme views. Mostly the color preferences
were same but in certain cases especially in women there were seen large variances in color hues chosen
as compared to men.

Eysenck (1940) did an exploratory study to see the past literature on color and gender differences the
result his studies are as follows. Dorcus (1926) research concluded that yellow was more preferred by
men than women. Whereas George (1938) research claimed that blue is more preferred by men than
women. Jastrow (1897) also saw a similar trend towards blue color by men instead of red whereas
women were more prone to select red over blue. Yellow was select over orange by women where as
men selected vise versa in the study carried out by Eysenck (1960). Birren (1952) also came to the same
conclusion while studying effects of yellow and orange color.

A study conducted by Guilford and Smith (1959) concluded that men preferred dull colors or monotones
(colorless) then women. And proposed that women were more color sensitive. McInnis and Shearer
(1964) research revealed that women preferred blue green whereas men preferred shades. Furthermore
there research stated 56% of men and 76% of women favored cool colors, and 51% men and 45%
women favored warm colors. Plater (1967) research concluded that men had a tendency to select pure
colors than women.

Thomas, Curtis, and Bolton (1978) research studied color differences in Nepalese. The results of their
research showed a significant difference between men and women. Greene (1995) studied a similar
study and indicated that gender differences in men and women regarding color were due to their level
of socialization.

Khouw (2002) found that men were more tolerant of gray, white or black than women, and that women
reacted to the combinations of red and blue more frequently, and got confused and distracted more than
men. It was also found that the combination of red and blue was the most preferred color by adults.
Thus suggesting that the effect of color varies with age and gender.

Hence we can reach the following hypothesis:

H2: Preference of color differs with gender

2.6. Color and Age

A lot of studies have been conducted to see the color preference with respect to age and most of these
studies conclude that age is positively linked with color preference as the age of the participants
increases the variations in their color preference also increases (Suchman et al 1966). One of the most
prominent work on the effect of color with respect to age group was done by Faber (1961). He examined preference of colors on an array of different age groups. The results of his study indicated that blue and red are consistently preferable throughout life. Whereas children prefer yellow color. These preferences of color have an inverse relation age that is as age increases the preference of color decreases. Most of the respondents in Faber’s (1961) survey choose blue, green, and violet as favorable colors in all age groups. The graph below shows the result of the survey conducted by Fabers.

![Graph1: Favorite Color by Age Groups (Fabers 1961)](image)

Thus we can reach the following hypothesis:

**H3:** Color preference decreases with age.

### 2.7. Color and Chocolate brands

Beneke et.al (2015) conducted an exploratory study to see how change in color of chocolate brands effects the brands loyalty and impulse buying in terms of consumers purchase behavior. His sample size consisted of 161 respondents. The research used Friedman and Mann Whitney U tests to check the differences between groups. The results indicated that purple color was far more influential than orange in terms of chocolate brand loyalty and impulse buying.

### 3. Sample Size and Data Collection Procedures

The data was collected through online questionnaires. Personal and professional contacts of the author provided access to the site. The questionnaire included a note that indicated that participation was voluntary and it was duly communicated to the respondents that their individual responses would remain confidential. As the respondents were fluent in English, the questionnaires were not translated in any local language. Each participant completed a survey that contained items related to Brand Love, Brand Recall, Brand Loyalty, Brand Image and Color preference. In addition, each participant also provided their demographic details such as Gender and age. The questionnaires were send to around 300 people,
out of which 151 responses were returned. As a result, 151 complete surveys were included for analysis, yielding a response rate of about 50%. Approximately 86% of the respondents were between the age group 20-29, 8% were of the age group between 10 -19, 5% between the age group 30-39 and 1% in the age group 40 and above. 74% of the respondents were females and 26% of the respondents were males. About 46% selected red to be there favorite color, 15% selected black, 11% selected purple, 8% selected white and 7% selected yellow. For desired color of chocolate 56% selected black. 13% selected red and 11% selected purple.

4. Measures

Almost all the variables were measured using self-reports. The responses were tapped using a 5-point Likert-scale with anchors ranging from 1—strongly disagree to 5—strongly agree. Brand Image was gagged on scale of 1-5 1 being Worst and 5 being Best for items design and quality. Value for money and well known were measured on a scale of 1-5 1 being Strongly Disagree and 5 being Strongly Agree. Innovation was measured on a scale of 1-5 1 being Very Low and 5 being Very High

4.1. Brand Image

Brand Image was measured on a 4 items scale developed by Aaker in 1996. Sample question Include “Quality”, “Design” and “Value For money”. The reliability for this measure was 0.6375

4.2. Brand Love

Brand Love was measured on a 4 items scale developed by Carroll and Ahuvia’s in 2006. Sample questions include “This is a wonderful brand”, “This brand makes me feel good.” And “I love this brand”. The reliability for this measure was .836.

4.3. Brand Recall

Brand Recall on a 5 items scale developed by Rossiter and Percy in 1987. Sample questions include “I know what this brand looks like”, “I can recognize this brand among other competing brands” and “I can quickly recall the symbol or logo of this brand”. The reliability for this measure was 0.901.

4.4. Brand Loyalty

Brand loyalty was measured on a 2 items scale developed by Beatty and Kahle's 1988. Sample Questions include “I consider myself to be loyal to this brand” and “I will not buy other brands if X is available at the store”. The reliability for this measure was 0.875.

4.5. Color

For Chocolate color choice eight options were provided to the respondents these included purple, blue, orange, green, red, yellow, white and black colors.

4.6. Chocolate Brand

Four brand of chocolate were provided. These included Mars, Dairy Milk, KitKat and Novella.
Table 1: Means, Standard Deviations, Correlations, and Reliabilities

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<td>.62</td>
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<tr>
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<td>Brand Recall</td>
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<td>.53</td>
<td>(.90)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Gender</td>
<td>1.74</td>
<td>.43</td>
<td>.30</td>
<td>.35</td>
<td>.25</td>
<td>.33</td>
<td>.11</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Color</td>
<td>6.20</td>
<td>2.48</td>
<td>.21</td>
<td>.21</td>
<td>.17</td>
<td>.34</td>
<td>-.078</td>
<td>.14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Chocolate Brand</td>
<td>2.50</td>
<td>.83</td>
<td>.20</td>
<td>.11</td>
<td>.26</td>
<td>.15</td>
<td>-.05</td>
<td>.06</td>
<td>.36</td>
<td></td>
</tr>
</tbody>
</table>

N = 151; Cronbach’s α presented in parentheses; Age was coded as “1” for 10-19 and “2” for 20-29, “3” for 30-39 and “4” for 40 and above. *p < 0.05; **p < 0.01

Table 2: Cross tabulation between Favorite Color for Chocolate and Chocolate Brands

<table>
<thead>
<tr>
<th>Chocolate Brand</th>
<th>Purple</th>
<th>Blue</th>
<th>Orange</th>
<th>Green</th>
<th>Red</th>
<th>Yellow</th>
<th>White</th>
<th>Black</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy Milk</td>
<td>9</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>5</td>
<td>5</td>
<td>29</td>
</tr>
<tr>
<td>Mars</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>12</td>
<td>21</td>
</tr>
<tr>
<td>Kitkat</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>0</td>
<td>15</td>
<td>2</td>
<td>5</td>
<td>66</td>
<td>97</td>
</tr>
<tr>
<td>Novella</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>7</td>
<td>5</td>
<td>2</td>
<td>21</td>
<td>5</td>
<td>11</td>
<td>84</td>
<td>151</td>
</tr>
</tbody>
</table>

Table 3: Cross tabulation between Favorite Color for Chocolate and Age

<table>
<thead>
<tr>
<th>Favorite Color Chocolate</th>
<th>Age</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10-19</td>
<td>20-29</td>
</tr>
<tr>
<td>Purple</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Blue</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Orange</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Green</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Red</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>Yellow</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>White</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Black</td>
<td>7</td>
<td>74</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>131</td>
</tr>
</tbody>
</table>

Table 4: Cross tabulation between Favorite Color for Chocolate and Gender

<table>
<thead>
<tr>
<th>Favorite Color Chocolate</th>
<th>Color</th>
<th>Gender</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td></td>
</tr>
<tr>
<td>Purple</td>
<td>6</td>
<td>10</td>
<td>16</td>
</tr>
<tr>
<td>Blue</td>
<td>2</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Orange</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Green</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Red</td>
<td>6</td>
<td>15</td>
<td>21</td>
</tr>
<tr>
<td>Yellow</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>White</td>
<td>2</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Black</td>
<td>18</td>
<td>66</td>
<td>84</td>
</tr>
<tr>
<td>Total</td>
<td>39</td>
<td>112</td>
<td>151</td>
</tr>
</tbody>
</table>
Table 5: Means Ranks of Favorite Color for Chocolate with Brand Image, Brand Love, Brand Recall and brand Loyalty

<table>
<thead>
<tr>
<th>Favorite Color Chocolate</th>
<th>Purple</th>
<th>Blue</th>
<th>Orange</th>
<th>Green</th>
<th>Red</th>
<th>Yellow</th>
<th>White</th>
<th>Black</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Image Mean Rank</td>
<td>67.81</td>
<td>49.50</td>
<td>65.10</td>
<td>22.50</td>
<td>67.67</td>
<td>62.80</td>
<td>46.09</td>
<td>88.48</td>
</tr>
<tr>
<td>Brand Love Mean Rank</td>
<td>68.53</td>
<td>44.21</td>
<td>62.50</td>
<td>53.00</td>
<td>65.02</td>
<td>42.90</td>
<td>55.73</td>
<td>88.79</td>
</tr>
<tr>
<td>Brand Recall Mean Rank</td>
<td>62.63</td>
<td>71.43</td>
<td>61.00</td>
<td>72.00</td>
<td>65.95</td>
<td>46.20</td>
<td>49.59</td>
<td>87.66</td>
</tr>
<tr>
<td>Brand Loyalty Mean Rank</td>
<td>62.03</td>
<td>45.21</td>
<td>62.20</td>
<td>47.75</td>
<td>44.71</td>
<td>55.40</td>
<td>55.41</td>
<td>94.46</td>
</tr>
</tbody>
</table>

Table 6: Kruskal – Wallis H test scores for Brand Image, Brand Love, Brand Recall and Brand loyalty

<table>
<thead>
<tr>
<th></th>
<th>Brand Image</th>
<th>Brand Love</th>
<th>Brand Recall</th>
<th>Brand Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>20.74</td>
<td>19.88</td>
<td>16.72</td>
<td>38.08</td>
</tr>
<tr>
<td>df</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
<td>.004</td>
<td>.006</td>
<td>.019</td>
<td>.000</td>
</tr>
</tbody>
</table>

5. Results

5.1. Correlation, Cross tabulation and Kruskal – Wallis H test

The zero-order Pearson correlations, and reliability scores for all the study variables are presented in Table 1. In general, the zero-order correlation results show that Brand Image and Brand Love were highly significant and a positive relation exists between them (r = .62 p<.01). Brand Image and Brand Recall have a positive relation and are highly significant (r =.52 p<.01). Brand Image and Brand Loyalty have a positive relation, there relation is also highly significant (r = .57, p<.01). Brand Image does not have any significance with Age. Brand Image and Gender are highly significant and a positive relation exist between them (r=.30, p<.01). Brand Image has a highly significant positive relationship with Color (r=.21, p<.01). Brand Image and Chocolate Brands also have a significant positive relationship (r=.20, p<.01). Brand Love does not have any significance with Age or the Chocolate Brand. Brand love is highly significant positive with Brand Recall (r=.53, p<.01), Brand Loyalty(r=.66, p<.01), Gender(r=.35, p<.01), and Color (r=.21, p<.01). Brand Recall has a significant positive relationship with Brand Loyalty (r=.63, p<.01). Brand Recall has a highly significant positive relationship with Gender (r=.25, p<.01). Brand Recall has a significant positive relationship with Color (r=.17, p<.01). Brand recall has a highly significant positive relationship with Chocolate brand (r=.26, p<.01). Whereas the relationship between Brand Recall and Age was not significant. Brand loyalty had a highly significant positive relation with Gender (r=.33, p<.01) and Color (r=.34, p<.01). Whereas the neither Age nor Gender had any significance with color. Color had a significant relationship with Chocolate Brand. Table two represents cross tabulation between consumers color choice for different chocolate brands. For the Dairy Milk the most suggested color was Purple. For Mars Black was the most chosen color. For KitKat Black was the most selected color. And for Novella Yellow was the most selected color. Table 3 represents the cross tabulations between Favorite Color for Chocolate and Age. The results indicate that for almost all age groups i.e. 10-19, 20-29, 30-39 and 40 and above black is the most selected color for chocolate. Table 4 represents the cross tabulations between gender and Favorite Color for chocolate. The results indicated that for both males and females Black is the most selected color. Table 5 and Table 6 Show the results of Kruskal-Wallis H test where Table 5 represents the mean ranks and Table 6 represents the score for Chi square. The grouping variable for this test was favorite color for chocolate. The results indicate that all the dependent variable i.e. Brand Image (χ²=20.74 p=0.004), Brand Love (χ²=19.88, p=0.006), Brand Recall (χ²=16.72, p=0.019) and Brand Loyalty
have a highly significant relationship with the independent grouping variable Color.

6. Discussion

The results of this research indicate that customer color preference for chocolate is not affected by either age or gender means that our hypothesis H2 and H3 were not supported. Brand Image, Brand love, Brand Recall and Brand loyalty have a significant relationship with color thus supporting our H1 Hypothesis that Colors can be used to alter brand image, brand recall, brand loyalty and brand love. Another variable i.e. Chocolate Brand (Kitkat, DairyMilk, Mars and Novella) that was not initially considered as a part of the study had a significant relationship with color. Black color was seen to be the most selected color among all age groups and among both genders. Kitkat was seen to be most preferred chocolate brand and black color was suggested for it.

7. Conclusion

This study contributes toward the existing body of knowledge on several factors. Firstly it examines the Impact of color on brand loyalty brand image, brand recall and brand love thus increasing the current literature on color. Secondly this study provides evidence on the effect of color on end consumer choices in Pakistan. This study also lists the differences in color choices by age and gender.

This study has several limitations. The first limitation is the cross-sectional nature of the study which may not be appropriate to make conclusions. Secondly, the data collected can be biased also we did see that individual had a bit of problem understanding the questionnaire which might be reflected in the result. The study was conducted through online questionnaire due to availability of limited resources, it would be preferred if printed color sample of each chocolate brand with the color choice would be provided so that a clear picture is formed in mind of the respondent about the appearance of the color.

This study was limited to Pakistan. Future studies can focus on a larger geographic profile. Future researches can also see the impact of occasion and religion on the choice of color. The emotional effect of each color i.e. which emotion is attached to each color can also be studied.

References


What Constitutes the Bottom of the Pyramid (BOP) Market?
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Abstract: The BOP is a concept of dividing the world into an economic pyramid by keeping the privileged on the top and unprivileged poor at the bottom. Businesses need to adopt innovative ways of doing businesses in a market consisting of billions of underprivileged poor consumers. However, the main question is, does this huge segment have the capability of becoming profitable for companies? This research analyzes the viewpoints of various theorists and organizations about the agreed income level of a typical BOP and in doing so attempts to arrive at an ideal definition of the BOP market for businesses. Further, the research is critical of including only income as a major determinant of the BOP and incorporates broader (social and educational) dimensions while establishing the boundaries of an ideal BOP market assuming that income cannot solely measure poverty.

Keywords: Bottom of Pyramid (BOP), Income, Definition of BOP, Macro characteristics of BOP

1. Introduction

The phrase Bottom of the Pyramid (BOP) was used first by the president of United States (US), Franklin D. Roosevelt, on seven April 1932 in his radio address, ‘The Forgotten Man’. He said that “These unhappy times call for the building of plans that rest upon the forgotten, the unorganized but the indispensable units of economic power, for plans like those of 1917 that build from the bottom up and not from the top down, that put their faith once more in the forgotten man at the bottom of the economic pyramid” (Roosevelt, 1932).

‘Base of Pyramid’ and ‘Bottom of Pyramid’ are used interchangeably in academic literature to represent people at the bottom of the economic pyramid. The most significant and early work done in an academic field related to BOP is by C. K. Prahalad. According to Prahalad, BOP is a population of more than 4 billion people living on less than $2 per day (Prahalad, 2005; 2006; 2012).

The BOP is an unexploited emerging market worth trillions of dollars to be taken advantage of by companies that are striving hard to tap into an already maturing market. To tap a huge segment of the BOP, companies need to reconfigure their business assumptions, models, and practices (Nicole, 2003). Any company, irrespective of size, seeking profitable business in the emerging market of the BOP requires new products or services or a new way of doing business and hence needs to innovate. However, the main question is, does this huge segment, with $2 earnings per day, have the capability to become consumers and a profitable segment for the companies? Alternatively, does the huge population warrant considerable profits? Many companies have failed, and many have not decided to enter the BOP due to the complexities associated with the market (Ramdorai & Herstatt, 2017). The concept of poverty line and income is crucial in this sense to determine an ideal definition and boundaries of BOP. However, this research is critical about including only income as a major determinant of BOP. Hence this research is an attempt to analyze viewpoints of various theorists and organizations about the agreed income level of a typical and ideal BOP. Moreover, this research includes broader (social and educational) dimensions whilst establishing the boundaries of an ideal BOP market assuming that poverty cannot be measured alone with the income. This research tries to arrive at
a definition of BOP which constitutes the most profitable and sustainable market for companies interested in doing businesses in the BOP market.

2. Economic Indicators and Factors

Defining the BOP is dependent on the definition of absolute poverty, which is determined based on a person’s daily income. Many researchers have considered $1 and $2 per day as approximate measures of poverty (Chien & Ravallion, 2001; Ravallion, Datt, & Walle, 1991). Moreover, the purchasing power parity (PPP) level is considered a useful measure of poverty. PPP is used to equate the price of a basket of identically traded goods and services across countries providing a standardized comparison of real prices (Prahalad, 2005). However, it is a matter of common observation that poverty cannot be measured solely by income. In fact, it will be irrational to define poverty in economic terms as it is also about a broader set of needs (Kernani, 2007a). Kernani (2007a) further argues that many approaches to reduce poverty focus solely on economic ends and view social, cultural, and political benefits as by-products.

To further elaborate the term of BOP, it is important to identify the boundaries of this market. Therefore, the question arises as to what constitutes the BOP? To answer this question, Prahalad explained the concept of PPP threshold (Prahalad & Lieberthal, 1998) to identify the size of the BOP population. However, the $2 per day range defined by Prahalad is inconsistent with many other definitions including his own where he mentioned 4 billion people with per capita income less than $1500 per year (Prahalad & Hart, 2002). Again, in Prahalad & Hammond (2002) the figure is 4 billion people with per capita income below $2000 per annum. Later in his book, Prahalad (2002) explained that there are more than 4 billion people with per capita income below $2 per day. In the same book, he states the population as 5 billion.

Prahalad also claims that the BOP potential market is $13 trillion at PPP. According to Kernani (2007b) this is an obvious over-estimate of the BOP market size. He further justifies his point by saying that if we assume that there are 2.7 billion poor people, keeping the World Bank’s statistical data in consideration, this evolves into a BOP market size of $1.2 trillion at PPP in 2002. This inconsistency in defining the range of the BOP market continues, and various researchers have disagreed with the Prahalad PPP threshold level and have given different figures. The statistical survey by the World Bank in 2001 estimated the population of poor people (living on less than $2) as 2.7 billion (Kernani, 2007b). Even at that time, many researchers claimed that the number of poor people estimated by World Bank is over estimated (Martin, 2006; Virmani, 2006). While arguing the position of the poverty line, The Millennium Development Goals adopted by the United Nations uses the $1 per day measure (Sachs, 2005). However, the survey result of the World Bank (2008) estimated the average consumption of poor people as $1.25 per day. Other researchers took the middle approach of $1.5 per day (Bhalla, 2008). A collective look at the literature signifies that the most probable range of PPP lies somewhere in a range of $1500 to $2000 per annum or in the case of per day income between the range of $1 to $2 (Kernani, 2007a; Mendoza & Thelen, 2007; Prahalad & Hammond, 2002). Similarly, the BOP is considered as $8 per day or less according to the World Economic Forum (2009).

Many studies have been conducted by the World Resource Institute, World Bank, United Nations Population Division in different years. They define the income rate of the population at the base of the pyramid based on the collected data. However, the reports are insufficient as a few things are not fully explained (Ted, 2007). Nevertheless, such research has provided a lot of interesting facts about the BOP. Below is the data collected by the World Resource Forum from the above resources:
Figure 1: BOP Population from diverse sources, Source: World Economic Forum (2009)

According to Prahalad (2002), more than 4 billion people live at the BOP on less than $2 per day. However, this statement has been criticized considering the fact that it is almost impossible for a big company to engage in profitable business with people earning less than $2 per day. Also, most of the examples of companies given by Prahalad support that the BOP is profitable because they are selling to the people with more than $2 income per day (Karnani, 2007b). All the criticisms are based on the confusion regarding the meaning of BOP. The International Business Times (2010) suggested breaking the pyramid into three segments. The top segment comprises higher income people with maximum affordability to buy goods. The middle segment of highest population consists of people earning $2 to $8 per day and possesses the capability of affording essential goods. While the lower segment is the real poor with less than $2 earning and are thus considered as the real BOP by many researchers.

Keeping the BOP consumer market as a profitable opportunity in mind, it seems near to impossible to expect profit from a market where consumers are struggling to meet basic needs. This research suggests the four segments of an economic pyramid based on the World Bank statistical data of 2008 (World Bank, 2008). The first segment comprises the upper class (UC) with the highest income of US$108.73 per day with PPP of US $37,193 per annum. The population of this tier is 1.069 billion. The second segment consists of the upper middle class (UMC) with a comparatively low income of US$22 per day and with PPP of US$12,214 per annum but has the potential to become UC. The total population of this tier is 0.949 Billion. The third segment is the lower middle class (LMC) earning US$5.68 per day with annual PPP of US $4593 and the potential to become UMC. This is the largest chunk of the world’s population comprising 3.7 billion people. This segment is also the BOP market and has the capability to afford innovative products and services and can be an untapped market. In this segment, most people have basic education and working skills. They are even able to produce and supply goods and services. Thus, the companies and organizations offering micro-financing can avail better profits from this BOP market (International Business Times, 2010).
Figure 2: The Economic Pyramid 2010
Source: Authors self-construction based on World Bank data (2008).

The fourth segment is of the poorest of the poor, which is the lower class (LC) with an income of US$1.45 per day and annual PPP of US $1355. This segment has the population of 0.976 that is around 1 billion. Although, theoretically they come under BOP, however, this segment possesses less likeliness of being a potentially profitable market for most of the companies. A non-governmental organization (NGO) Bangladesh Rural Advancement Committee (BRAC) in Bangladesh and Aravind Eye Care System in India experienced the same affordability issues of poorest of the poor BOP with less than $2 earning per day (International Business Times, 2010). Nevertheless, combining the LMCs with the LCs, the total population becomes 4.67 billion. This is around 4.5 billion people who are not the poorest as the World Bank data calculated that they earn US$4.79 per day on average. Many companies can do profitable business with this BOP with earnings of $4.79 per day.

3 Macro-environmental Indicators or Factors

3.1 Difference in Characteristics Due to Geographical Location and Development Conditions of Countries

Needs and preferences of the BOP not only differ significantly from the developed world but also within the BOP market due to geographic, cultural, and religious variations (Praceus & Herstatt, 2017). Many researchers have found that the BOP population is non-homogeneous in nature both within the same country and across different countries due to large multi-cultural differences (Dawar & Chattopadhyay, 2002). Earnings of $2 or less per day meet different needs for the person living in a Western developed country as compared to those living in developing countries. The basic needs of poor people in Western or the developed world are provided for by the government which is unlikely in most developing countries. The poorer developing countries are struggling to provide the basic needs of shelter and food with this income. Moreover, the Western markets have a vast number of international companies making less space for new competitors and lower profit margins (Fletcher, 2005). Therefore, the profitable BOP market is in developing countries more so than developed.

3.2 Media Dark Areas and Access to BOP

It is a widespread fact that in developing countries with a huge BOP market, the rural population has comparatively fewer facilities than the urban population. Out of the 4 billion population of the BOP, 1.6 billion lack access to electricity (Ladd, 2017). Prahalad (2005) tagged such areas as ‘media dark’ as they cannot access audio and television and, therefore, are unaware of most of the information and knowledge communicated through these resources about the products or services. There are also difficulties of distribution channels making it highly inconvenient to make the products or services.
easily available to rural BOP market. The weak distribution infrastructure coupled with the lack of storage, telecommunications and transport facilities (Chikweche & Fletcher, 2012) makes the distribution of products and services to the BOP market a challenging task.

3.3 Little or No Formal Education
The BOP population mainly lives in rural villages, urban slums, and shantytowns (Prahalad, 2002). Those who are in rural villages do not have access to education. On the other hand, those who live in urban areas have very basic levels of education. The LMC-BOP are far better than LC-BOP. They are sometimes able to acquire education until high school, or even bachelors, unlike LC, where even the kids indulge in acquiring basic needs from a very young age instead of education.

3.4 Brand Driven and Acceptance of Technology
Surprisingly, BOP consumers are brand oriented (Prahalad, 2005), especially in the adoption of innovative products and services (Osakwe, 2016). Although it is commonly held that they only spend money on basic needs. Prahalad (2002) mentioned that in the Mumbai shantytown of Dharavi — 85% of households own a television set, 75% own a pressure cooker and a mixer, 56% own a gas stove, and 21% have telephones. Moreover, most researchers believe that technological innovation is readily acceptable by BOP consumers as they are flexible, adaptive and fast learner. The acceptance of technology among BOP markets is dependent on other factors including social influence, value, facilitation, ease of use and perceived usefulness (Hossain & Jamil, 2015).

3.5 Informal Business, Economic and Legal Issues
In Western economic markets, every transaction is done in light of enforceable contracts and property right protections (London & Hart, 2004). Unlike the developed world, one of the most important characteristics of the BOP mentioned by Hammond et al., 2007 is that they are not completely integrated into the formal global economy. Most developing countries run their businesses and transactions in an informal way as they hardly have knowledge, time and expenses to afford legal formalities. A high proportion of businesses is not registered in the BOP markets. The primary reason of informal activities in BOP is the general failure of ‘weak’ institutions to provide sufficient resources to warrant formalization (Kistruck et al., 2015).

4. Conclusion: What Constitutes BOP?
Based on the evidence presented in this research, this study categorizes the BOP market into LMC and LC. The major market where companies can play their role and profit can be generated is LMC. LC alone cannot become a profitable market, however, the combination of both LMC and LC can also contribute to a profitable BOP consumer market. Moreover, the BOP cannot be measured solely by income, but there are other socio-cultural and political factors which, when incorporated with income, can provide boundaries of any typical BOP. Thus, BOP consumer markets with profitable return constitutes the following:

1. The population of a little less than 4 billion that is 3.7 billion
2. Market with per day income between $2 to $6 per day on average
3. Can be of any geographical region
4. Access to basic knowledge and skills
5. Ready to buy innovative products and services to raise living standard
6. They communicate and transact in both formal and informal market economy
7. Ready to use innovative technology and possess adoptability
References


Moving Towards Sustainable Consumption: A Study of Reduce, Reuse and Recycle (3Rs) Adoption among Malaysians
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Abstract: Over the last decade, rapid globalization, industrial development, economic growth and technological advancement has resulted in population growth and unprecedented changes to the social and cultural lifestyle in Malaysia. One of the dramatic increase was witnessed in the consumption of goods and services due to the rising household income and progressive consumption-oriented lifestyles. On one hand, it helps to stimulate economic activities, but on the other hand, it poses threat to the diversity and stability of the natural environment in various ways. Hence, the key purpose of this study is to identify the factors that affects Reduce, Reuse and Recycle (3Rs) adoption among Malaysians by proposing a model for the prediction of 3Rs adoption, deriving upon Value-Belief-Norm Model with the inclusion of perceived behavioral control from Theory of Planned Behavior. The study includes a total of 407 qualified respondents from all over Malaysia who are the actual adopters of 3Rs. The results demonstrate a profile, behavior and experience of consumers towards 3Rs adoption. The regression analysis was utilized to test the hypothesized relationships among the constructs. All the six-hypothesized relationships were supported. The new ecological paradigm acts as a mediating variable to altruistic value, biospheric value and egoistic value and directly affects the adoption. The findings also indicates several key theoretical and managerial contributions. It was proven that new ecological paradigm is the key determinant of 3Rs adoption decisions, and then followed by perceived behavioral control. Also, biospheric value is the key influence on new ecological paradigm, followed by altruistic value and egoistic value. The study also reveals that recycling behavior is different from waste reduction and reusing behavior. Overall, there are more Malaysians performing recycling behavior as compared to reducing and reusing waste.

Keywords: Green Marketing, Sustainable Consumption, Consumer Adoption of Reduce, Reuse and Recycle

1. Introduction

Over the last decade, rapid globalization, industrial development, economic growth and technological advancement has resulted in population growth and unprecedented changes to the social and cultural lifestyle in Malaysia. The growing local and global concerns about significant environment issues, such as pollution, climate change, global warming and sustainability of natural resources has posed a great challenge to mankind (Steg & Vlek, 2009). These problems are at least partly rooted in human behavior and actions which have caused research to flourish in environmental values and concern with a multitude of publications on the determinants of pro-environmental behavior and on the adoption of waste management (Best & Mayerl, 2013; Trudel & Argo, 2013). One of the dramatic increase was witnessed in the consumption of goods and services due to the rising household income and progressive consumption-oriented lifestyles. On one hand, helps to stimulate economic activities, but on the other hand, poses threat to the diversity and stability of the natural environment in various ways (Haron et al., 2005; Mukherji & Mukherji, 2012; Moh & Manaf, 2014). Thus, environmental issues are becoming...
a crucial concern in today’s world and is detrimental to human health when there is a lack of access to clean water and air (Nameghi & Shadi, 2013; Pakpour et al., 2014).

Recent studies also found that consumers’ adoption of sustainable consumption is very much affected by the individual’s values, beliefs, principles and orientations (Aguilar-Luzón et al., 2012; Best & Mayerl, 2013; Izagirre-Olaizola, Fernández-Sainz & Vicente-Molina, 2015). Therefore, this study sets out to close the gaps by examining the factors that influence Malaysian on their sustainable consumption behavior towards Reduce, Reuse and Recycle (3Rs) adoption.

1.1. Sustainable Consumption
Generally, ‘sustainable consumption’ can be expressed as the intentional behavior or actual behavior to use products and services to satisfy certain basic needs; enhancing the quality of life while minimizing irreplaceable natural resources usage and detrimental consequences that has resulted from production and development activities, such as toxic materials, emission of waste and environmental pollution as derived within an individual’s consideration set of values, beliefs, norms and related actions so that the actual behavior or outcome of the present generation needs does not jeopardize the capability of future generation consumption needs (Dolan, 2002; Jones et al., 2009; Mukherji & Mukherji, 2012; Park & Ha, 2014).

Nevertheless, Demarque et al. (2015) and Van Dam and Fischer (2015) viewed sustainable consumption as a social dilemma, indicating a trade-off between immediate personal benefits and delayed collective gains, where individual rational choices may lead to collective undesirable outcomes. Nonetheless, the concept of sustainable development and consumption were initially presented by the Brundtland Report approximately 25 years ago, entitled “Our Common Future” as pointed out by Peattie and Peattie (2009) and Lee (2014). The Brundtland report clearly showed the existing patterns of development, consumption and production were unsustainable in nature, leading to the debate and criticism by the environmental activists and campaigners prior to the report publication. These environmentalists argued that the marketing discipline’s role of promoting global consumption growth by offering solutions to consumers to target more sales and consumption levels does not contribute to the macro marketing context of sustainable consumption (Dolan, 2002; Peattie & Peattie, 2009; Gifford & Nilsson, 2014; Lee, 2014; Pakpour et al., 2014). Additionally, sustainable consumption can be regarded as a strategic move of focusing on new ways to meet consumer needs by emphasizing on society and environmental well-being, as well as economic benefits (Haron et al., 2005).

Berger and Corbin (1992) pointed out that it is critical for institutions, marketers, policymakers and the government to implement sustainable remedial ways to overcome these environmental issues in order to mitigate ecological harms on animals, plants and non-renewable natural resources that might result in global warming, air and water pollution, ozone layer depletion, increase of species loss and farmland degradation (Tanner & Kast, 2003; Haron et al., 2005; Mukherji & Mukherji, 2012; Cecere, Mancinelli & Mazzanti, 2014). Paco, Alves and Shiel (2013) added that the satisfaction of human needs should be met with minimal damages to the ecology and natural environment. Thus, effective measures and approaches should be undertaken to resolve this problem for the long run. Urgent remedy is also required to encourage consumers to believe that their behavior to purchase, consume and dispose sustainably can significantly affect the environment and ecological well-being, while emphasizing on developing cleaner and efficient technologies to accommodate the consumption scale growth (Tanner & Kast, 2003).

1.2. Reduce, Reuse and Recycle (3Rs) Adoption
Caring for the environment is no longer promoted by environmental activists or campaigners as a marginal theme, but it has now become a mainstream issue which has captured the attention of the public (Culiberg, 2014), which results in the surge in adoption of ‘Reduce, Reuse and Recycle’, or also known as ‘3Rs’. By far, 3Rs adoption is an effective means for reducing landfills, saving on raw materials and preserving the environment against solid waste disposals (Moh & Manaf, 2014; Park &
Ha, 2014). Reducing, reusing and recycling glass, paper, plastic, oils, metals, energy and other waste materials can be a cost-effective way to ultimately converse natural resources, protect the biosphere and diminish landfill problems (Hopper & Nielsen, 1991; Zen, Noor & Yusuf, 2014).

Numerous studies on pro-environmental behaviors, green consumption and ethical beliefs discusses about the increasing importance of 3Rs adoption, indicating that individuals who engage in these practices would usually act for the long term societal benefit instead of temporal advantage (Zhu et al., 2013; Culiberg, 2014; Lorek & Spangenberg, 2014). It is assumed that 3Rs adoption is closely linked to the values orientation, beliefs, norms, culture, economic and socio-demographic factors (Thomas & Sharp, 2013; Izagirre-Olaizola, Fernández-Sainz & Vicente-Molina, 2015) that has encouraged more involvement and willingness from consumers to adopt 3Rs.

1.3. Research Gaps
Although numerous literatures have investigated on recycling behavior (Hopper & Nielsen, 1991; Derksen & Gartrell, 1993; Biswas, 2000; Best & Mayerl, 2013; Thomas & Sharp, 2013; Trudel & Argo, 2013; Bernstad, 2014; Moh & Manaf, 2014; Park & Ha, 2014), however, to-date, limited investigation has been conducted in terms of examining the adoption of Reduce, Reuse and Recycle (3Rs) whereby it is crucial to investigate these three behaviors together to understand how the country’s holistic waste problem can be resolved sustainably (Barr, Gilg & Ford, 2001). Further, Stern et al. (1999) and Stern (2000) derived the Value-Belief-Norm (VBN) Model and Ajzen (1991) developed the Theory of Planned Behavior (TPB) to describe the extent of these constructs affecting the pro-environmental consumption behavior, and to examine the distinction between each behavior of Reduce, Reuse and Recycle (3Rs).

From the quantitative research drawn from previous studies (e.g. De Groot & Steg, 2007; Aguilar-Luzón et al., 2012; Best & Mayerl, 2013; Izagirre-Olaizola, Fernández-Sainz & Vicente-Molina, 2015), the constructs of altruistic value, biospheric value and egoistic value have significantly affected the adoption of 3Rs. Altruistic value (AV) orientation involves the beliefs and principles that guide individuals’ ethical concern and consideration towards the social welfare, including the environment and animals. Meanwhile, individuals with biospheric value (BV) orientation are guided by principles that causes them to show concern for non-human species and the biosphere (Stern, 2000; Aguilar-Luzón et al., 2012). On the other hand, egoistic value (EV) orientation is defined as those guiding principles in an individual’s life that represents their concern for oneself (Stern, 2000; Aguilar-Luzón et al., 2012). Besides, the new ecological paradigm (NEP) was also tested in this research as a mediating variable that directly affects adoption and indirectly affected by altruistic value, biospheric value and egoistic value. Furthermore, perceived behavioral control (PBC) has been added into the conceptual model to assess the direct relationship towards adoption.

Therefore, to close the gaps, this study aims to expand existing knowledge by investigating the factors of 3Rs adoption which are drawn from the VBN and TPB model while examining the proposed antecedents of this model (e.g. new ecological paradigm and perceived behavioral control) with its value orientations (e.g. altruistic value, biospheric value, egoistic value) that determines the overall adoption of 3Rs among Malaysians.

1.4. Research Questions
Therefore, this study attempts to identify and examine the factors that affect the adoption of Reduce, Reuse and Recycle (3Rs) among Malaysians. As such, the following are the research questions that will be investigated in this study:

a. Does altruistic value of reduce, reuse and recycle (3Rs) adoption affect new ecological paradigm?
b. Does biospheric value of reduce, reuse and recycle (3Rs) adoption affect new ecological paradigm?
c. Does egoistic value of reduce, reuse and recycle (3Rs) adoption affect new ecological paradigm?
d. Is there a relationship between new ecological paradigm and the adoption of reduce, reuse and recycle (3Rs)?
e. Is there a relationship between perceived behavioral control and the adoption of reduce, reuse and recycle (3Rs)?

1.5. Research Objectives
The main objective of this study is to investigate the factors of Reduce, Reuse and Recycle (3Rs) adoption among Malaysians, based on the two theories of Value-Belief-Norm (VBN) Model and Theory of Planned Behavior (TPB). The research model proposed in this study aims to enhance the existing understanding of 3Rs adoption factors, and predict the possibility and extent of the adoption among Malaysians based on the value orientations, beliefs and perceived control. The following objectives are intended to be achieved from this research:

a. To investigate the factors of altruistic, biospheric and egoistic values affecting the new ecological paradigm.
b. To investigate the factors of perceived behavioral control and new ecological paradigm affecting the adoption of reduce, reuse and recycle (3Rs) consumption behavior among Malaysians.
c. To propose a research model of reduce, reuse and recycle (3Rs) consumption behavior among Malaysians.

1.6. Research Significance
Considering that the rise in ecological footprint would affect the depletion of natural resources, at the same time, impose harm towards the biosphere and environment, hence this research intends to contribute to marketers by making distinctive contributions towards advancing sustainable consumption with a consumer focus. Although Malaysians are increasingly becoming more aware and concern about environmental issues, however their willingness to act on those concerns might not translate into actual behavior or sustainable patterns of consumption. It is vital to understand pro-environmental behavior among Malaysians to identify ways that could promote higher adoption of 3Rs behavior.

As waste generation problem is also recognized as a community-wide public policy and institutional issue (Biswas et al., 2000; Bernstad, 2014; Culiberg, 2014), it is hoped that the findings of this study would further enlighten the understanding of 3Rs behavior among Malaysians, and provide meaningful implications to social marketers and public policymakers who strive to develop effective strategies to promote, motivate and encourage sustainable consumption through increasing 3Rs holistic behavior. Hence, the findings from this study would benefit both consumers and marketers to better apprehend the key factors that leads to 3Rs adoption among Malaysians.

2. Literature Review
Numerous studies on pro-environmental behaviors, green consumption and ethical beliefs discusses about the increasing importance of 3Rs adoption, indicating that individuals who engage in these practices would usually act for the long term societal benefit instead of temporal advantage (Culiberg, 2014; Lorek & Spangenberg, 2014). Thus, expressing concern for the natural environment would translate into pro-environment behaviors (Derksen & Gartrell, 1993; Gifford & Nilsson, 2014), such as in the context of Reduce, Reuse and Recycle (3Rs) adoption.

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2.1. Sustainable Consumption

Every consumers’ consumption intention and behavior can become powerful signals to the direction of marketers, manufacturers and retailers. It has the potential to contribute to a greater or lesser sustainable consumption practices, bringing certain effects to the society and environment at large, such as to the resources, energy and wastes, while altering the dynamic structures of the ecosystem and biosphere (Stern, 2000; Corbett, 2003; Spaargaren, 2003; Young et al., 2010; Tanner & Kast, 2013). Indeed, the significance of sustainable consumption has flourished over the years, attracting scholars’ attention from various disciplines worldwide to research extensively on this area, contributing to the rapid expansion of research volume and diversity (Schrader & Thogersen, 2011; Best & Mayerl, 2013).

Leary et al. (2013) and Sahakian and Wilhite (2014) added that since the early 1990s, previous literatures had acknowledged that the current global consumption patterns are unsustainable. As a result of the explosion of human desire, modern culture and social complexities, consumers themselves are partly responsible for the environmental consequences from their private consumption choices and decisions (Dolan, 2002; Schrader & Thogersen, 2011; Greaves, Zibarras & Stride, 2013) This statement is relatively relevant, as De Groot and Steg (2007) further emphasizes that majority of the issues relating to the environment and ecosystem are founded in human values. Culiberg (2014) further emphasizes that sustainable consumption involves the environmental behavior of consumers to consider beyond their individual desire, but also towards long term social goals, ideas and ideologies. Hence, several researchers (Stern, 2000; Spaargaren, 2003; Prothero et al., 2011; Greaves, Zibarras & Stride, 2013) stresses that it is critical to adopt an intention-behavior-oriented study on consumer’s attitudes, beliefs, values and motives that can help develop and enhance sustainable consumption in this rapid moving and globalized world. As proposed by Dolan (2002), marketers should view and understand consumption behavior within a changing social context instead of looking at it as a static fact.

2.2. Environmental Values and Concerns

In this relatively new area of research in sustainable consumerism, there are lacking in some findings and discussions pertaining to the values and concerns towards the environment (Gilg, Barr & Ford, 2005). Steel (1996) reported that higher levels of environmental activism tends to contribute to stronger linkages of environmental values and concerns. As such, Aoyagi-Usui, Vinken and Kuribayashi (2003) pointed out that environmental values vary between countries and culture. This is particularly true as pro-environmental values, behavior and practices differ among households geographically due to the diverse emphasis, acceptance, and engagement activities.

Furthermore, from Schwartz’s (1992) study on the social values structure in various nations, he highlighted two essential social value dimensions: ‘altruistic – egoistic’ and ‘conservative – openness to change’. In fact, several researchers have argued that environmentalists and people who engage in pro-environmental activities generally demonstrates ‘altruistic’ and ‘openness to change’ values (Schwartz, 1992; Stern, Dietz and Guagnano, 1995; Dietz, Stern & Guagnano, 1998; Stern et al., 1999; Corraliza & Berenguer, 2000). Subsequently, Gifford and Nilsson (2014) emphasizes that people must perceive to be in control of their own actions or personal characteristics for values to be expressed in pro-environmental behavior. Chan (2001) noted that consumers who are heavily engaged in sustainable consumption are more likely to hold altruistic and biospheric values. Moreover, individuals who are concerned about the environment demonstrates higher likelihood to engage in non-material values and set priorities beyond their immediate social circle (Karp, 1996; Stern, 2000; Gifford and Nilsson, 2014). Nevertheless, Barr, Gilg and Ford (2001) pointed out that the underlying attitudes, values and beliefs towards environmental values are closely linked to 3Rs behavior.

2.3. Consumer Socio-demography and Psychology

The impact of socio-demographic variables provides a general support to the view of an environmentalist, such as age, gender, race, income and education level (Stern, 2000). These variables may become vital indicators for explaining the pro-environmental or sustainable consumption behaviors (Dietz, Stern & Guagnano, 1998; Chen et al., 2011; Zen, Noor & Yusuf, 2014). Gilg, Barr and Ford
(2005) highlighted that consumers who adopt sustainable consumption are largely female, well-educated and have high income. Chen et al. (2011) also emphasized that females and highly educated consumers are more likely to engage in sustainable behavior as they are aware of the causal effect of environmental harm due to greater exposure of information related to this matter. In addition, numerous studies (Sidique, Joshi & Lupi, 2010; Thomas & Sharp, 2013; Bernstad, 2014; Zen, Noor & Yusuf, 2014) further pointed out that socio-demographic factors have a significant influence on recycling behavior.

However, Stern et al. (1999) discovered that socio-demographic variables were held constant and had no significant relationship with consumer behavior towards sustainable consumption. Similarly, Derksen and Gartrell (1993) also argued that there was little association between socio-demographic factors and recycling behavior. Despite the ongoing debates that surrounds the socio-demographic variable, this variable still does provide a good starting point to understanding the environmentally significant behaviors among consumers (Stern, 2000). Nonetheless, understanding socio-demographic factors may enlighten us in certain sections of our analysis.

Other than values and beliefs, the various psychological factors held by consumers, such as attitudes and habits, perceived consumer effectiveness, self-efficacy or perceived behavioral control, social responsibility, price, quality and brand loyalty could influence and affect their behavior towards sustainable consumption (Gilg, Barr & Ford, 2005). Sidique, Joshi and Lupi (2010) indicates that other psychological variables, for instance social norms and moral obligations also plays an important in influencing recycling practices among households.

Nordlund and Garvill (2002) and Thomas and Sharp (2013) further states that it is vital to understand the psychological factors that influences consumers’ willingness to carry out pro-environmental behavior. Additionally, moral norms and beliefs about consumer responsibility and environmental conditions are also central elements in predicting sustainable consumption behavior (Turaga, Howarth & Borsuk, 2010; Gifford & Nilsson, 2014). As recommended by Aguilar-Luzón et al. (2012), it is evident that specific psychographic factors are necessary when assessing certain environmental behavior which may explain the characteristics of 3Rs adoption from a cognitive and behavioral level.

3. Conceptual Framework

Although several theories such as the Theory of Reasoned Action (TRA), Theory of Planned Behavior (TPB), Norm Activation Model (NAM) and Value-Belief-Norm (VBN) Model focuses on different factors to explain consumers’ behavior towards 3Rs adoption, however these theories do share some commonalities. The TRA and TPB demonstrates the attitude-intention-behavior relationship, where the beliefs form an attitude and influences behavioral intention and actual behavior. The NAM and VBN model, on the other hand, links the different value orientations that usually co-exist in the same individual and may influence the behavior. Thus, the individual’s action may be dependent on his or her belief or value set that associates to personal norms, behaviors or actions.

This study focuses on TPB and VBN as both places extensive importance on the values, attitudes and beliefs in making decisions to adopt 3Rs practices. The TPB indicates a causal relationship between intended behaviors, such as attitudes, subjective norms and perceived behavioral control. On the other hand, the VBN takes into consideration of environmental values such as altruism, biospheric and egoistic which directly influences the new ecological paradigm, and in turn affecting the actual behavior of consumers. Although, it appears that the Malaysians show signs of undergoing a transition, resulting in pro-environmental intentions, there are very limited published work undertaken in Malaysia to elaborate the ecological paradigm and behavior.
Based on Stern et al.’s (1999) research, the VBN theory seems to be the best predictor for environmental movement public support. Public support is known as one of the most important resources for social movements to overcome cultural inertia by understanding the changes in attitudes and behavior through social psychological theory towards environmentalism. The criticism offered by Heberlein (1981) argued that most theories on environmental attitudes and behavior does not build into a cumulative understanding as too little attention has been given to systematic theoretical models. Thus, the VBN theory is most suitable to use in this study as it links three elements of norm activation theory, the theory of personal values and the new ecological paradigm hypothesis to test the actual explanatory value of environmental behavior instead of other theories which only measures the specific problem or consequences (Stern et al., 1999).

Therefore, this study intends to close the gap by integrating the TPB with the VBN into a research model to fit the research on 3Rs adoption among Malaysians as there was no prior research conducted using this conceptual model in the Malaysian context. The research model includes Altruistic Value, Biospheric Value, Egoistic Value and New Ecological Paradigm from VBN and Perceived Behavioral Control from TPB to explain the 3Rs adoption, which have received validation from numerous studies on this behavior (Taylor & Todd, 1995; Corraliza & Berenguer, 2000; Nigbur, Lyons & Uzzell, 2000; Nordlund & Garvill, 2002; Aoyagi-Usui, Vinken & Kuribayashi, 2003; Schultz et al., 2005; Oreg & Katz-Gerro, 2006; De Groot & Steg, 2007; Turaga, Howarth & Borsuk, 2010; Davies, Foxall & Pallister, 2012; Largo-Wight, Hui & Lange, 2012; Park & Ha, 2014).

From a practical point of view, this research also enables the investigation of the relative influence of each construct and to develop effective strategies for marketers to increase the adoption of 3Rs among Malaysians. Thus, the research model presented in this subsequent section would be able to assist the development of an integral model to describe 3Rs adoption behavior.

Altruistic value orientation is adopted from the original VBN model. AV is defined as the beliefs and principles that guide individuals’ ethical concern and consideration towards the social welfare, including the environment and animals (Stern, 2000; Aguilar-Luzón et al., 2012). Individuals with altruistic value will base their decision on the perceived costs and benefits for society to behave pro-environmentally or the opposite (De Groot & Steg, 2007). According to Oreg and Katz-Gerro (2006), environmental beliefs are antecedent by individuals’ personal values, such as altruistic value. Prior studies have also confirmed that altruistic value significantly influence pro-environmental behaviors. Individuals with more altruistic value are expected to have higher new ecological paradigm belief by engaging in pro-environmental behaviors, and vice versa (Park & Ha, 2014; Izagirre-Olaizola, Fernández Sainz & Vicente-Molina, 2015). Thus, the hypothesis is:

**H1:** Altruistic value has a significant effect on Malaysians’ new ecological paradigm

Biospheric value orientation is defined as individuals with guiding principles that causes them to show concern for non-human species and the biosphere (Stern, 2000; Aguilar-Luzón et al., 2012). Numerous researchers (Stern et al., 1999; Stern, 2000; De Groot & Steg, 2007) have pointed out that individuals with a biospheric value orientation will mostly base their decision to act pro-environmentally or not depending on the perceived costs and benefits for the ecosystem and biosphere. Biospheric values, as noted by Izagirre-Olaizola, Fernández-Sainz and Vicente-Molina (2015) illustrates the concern of individuals for the planet. In addition, Best and Mayerl (2013) clearly relates biospheric values to the environment, emphasizing that biospheric values correlates closely and positively with the new ecological paradigm. Thus, the hypothesis is:

**H2:** Biospheric value has a significant effect on Malaysians’ new ecological paradigm

Egoistic value orientation is defined as those guiding principles in an individual’s life that represents their concern for oneself (Stern, 2000; Aguilar-Luzón et al., 2012). De Groot and Steg (2007) explains
that individuals with an egoistic value orientation will weigh the costs and benefits of performing environmental behavior for them personally; when the perceived benefits is exceeding the perceived costs, these individuals will demonstrate an environmentally friendly behavior, and vice versa. Egoistic value is one of the important factors for predicting and determining pro-environmental behavior among individuals, whereby if individuals bases their decision process highly on egoistic motivations, they will be less likely to engage in pro-environmental behavior, resulting in an inverse relationship with new ecological paradigm (Izagirre-Olaizola, Fernández-Sainz & Vicente-Molina, 2015). Thus, the hypothesis is:

**H3:** Egoistic value has a significant effect on Malaysians’ new ecological paradigm

Due to the rise in environmental movement, Stern et al. (1999) and Stern (2000) incorporated the new ecological paradigm (NEP) into the VBN model, measuring the broad values and beliefs that the fragile biosphere can significantly experience adverse effect from the actions of human. The NEP has gained considerable popularity and acceptance among the academic and intellectual circles, however Dunlap and Van Liere (1978) highlighted that there is relatively little awareness relating to the degree of NEP acceptance among the public and the validity of the NEP measurement scale. According to Stern, Dietz and Guagnano (1995), the NEP describes the primitive beliefs about the nature of the earth and humanity’s relationship with it. The term ‘paradigm’ represents a revolutionary new perspective towards a coherent worldview, whereby environmentalism itself is a new paradigm (Stern, Dietz & Guagnano, 1995). These new perspectives and worldviews as argued by Stern, Dietz and Guagnano (1995) aims to incorporate attitudes towards material growth, technology, governance, and other related matters, including the biosphere, environment and animals. Thus, individuals with greater beliefs towards the NEP would engage in more responsible ecological behavior (Corraliza & Berenguer, 2000). Thus, the hypothesis is:

**H4:** New ecological paradigm has a significant effect on Malaysians’ adoption of reduce, reuse and recycle (3Rs) behavior.

Perceived Behavioral Control (PBC) is the third original construct in the TPB as extended by the TRA, measuring the perception of individuals’ ability and capability to perform certain behavior (Ajzen, 1991; Tonglet, Phillips & Read, 2004; Largo-Wight, Hui & Lange, 2012; Park & Ha, 2014). It is appropriate to apply this construct in the research model to investigate consumers’ 3Rs adoption by their perceived ability to engage in the behavior. The previous findings on TPB validates the positive relationship between PBC and behavior in which PBC is found to have direct influence on behavioral intention and actual behavior (Derksen & Gartrell, 1993; Oreg & Katz-Gerro, 2006; Culiberg, 2014). According to Mahmud and Osman’s (2010) study, PBC was discovered as the strongest predictor of behavior, thus when PBC increases, behavioral intention and actual behavior towards 3Rs would increase. In contrary, if consumers have the perception that performing 3Rs related practices are too difficult for them or out of their control, they will less likely to engage in the behavior and adopt 3Rs practices. Thus, the hypothesis is:

**H5:** Perceived behavioral control has a significant effect on Malaysians’ adoption of reduce, reuse and recycle (3Rs) behavior.
3.1. Research Model and Hypotheses

![Research Model and Hypotheses](image)

**FIGURE 1: 3Rs Adoption Model and Hypotheses (Source: This study)**

4. Research Methodology

The initial stage of this research carried out exploratory research by gathering secondary data from the Internet and University Malaya Library journal publications. Subsequently, primary data collection is initiated with quantitative data collection through questionnaires, which were conducted in a structured manner. In this study, the web-based surveys are designed to have similar features and format layout as the paper-based questionnaires.

4.1. Data Collection and Sampling Techniques

Since this research is using both data collection methods of printed questionnaires and web-based surveys, non-probability sampling is more practical to deploy. Thus, the most appropriate sampling technique adopted in this research is snowball sampling using simple random sampling frame to identify initial cases, and these cases further identify members of the population and who then identify further members (Saunders, Lewis & Thornhill, 2015). Meanwhile, the main objective of this research is to investigate the factors of Reuse, Reduce and Recycle (3Rs) adoption amongst Malaysians, therefore the population for this study should be individuals, households and the public who are residing in Malaysia. To be precise, the target population for this research includes all Malaysians who conduct and adopt Reuse, Reduce and Recycle (3Rs) related practice or behavior.

The paper-based questionnaire was personally distributed amongst Malaysians, including students, housewives and working adults in Malaysia. Likewise, the web-based surveys were also distributed to the similar group of respondents through email database, Facebook database and mobile application (WhatsApp) which includes the survey link using Google Docs embedded in the survey invitation. Respondents are not required or forced to answer all the questions before submitting the survey. In this case, they are able to skip questions which are irrelevant or sensitive to them. In addition, respondents who voluntarily assisted to snowball the web-based survey invitation link to their peers are pre-
instructed to inform the researcher on the number of samples that have been sent in order to keep track of the online response rate of the study.

All the questions are presented in a clear and user friendly format for both the multiple choice and Likert scale questions. One of the main differentiator is the hardcopy version instructs respondents to ‘tick’ the multiple choice or Likert scale column, whereas for the electronic version, respondents are requested to ‘click’ on the respective buttons to select their appropriate answers.

The web-based surveys were developed in Google Forms to support multiple web browsers and mobile platforms, prevent multiple submissions, and appreciating respondents by including a “thank you” sentence upon completion of the survey. Google Forms provide standard web buttons such as ‘Back’, ‘Next’ and ‘Submit’ for respondents to review and change, proceed to the next page and finally submit the survey form.

4.2. Sample Size
According to Hair et al. (1998), it is more appropriate to obtain a sample size with the ratio of 10 respondents per factor. Therefore, it is recognized that larger samples are always preferable over smaller ones. It also serves an important factor in determining the extent of reliability of the research model. Since there are 38 factors (items) in this study, the target sample size for this study is 380. Thus, 518 surveys were distributed, received 443 replies and only 417 are usable. In this study, we intend to focus on respondents who have adopted 3Rs to investigate whether environmental values, beliefs and controls are predictors of their actual behavior. From the 417 usable cases, 10 respondents stated that they have never engaged in 3Rs behavior at all.

4.3. Measurement and Scaling
The printed questionnaire and web-based survey requires respondent to express and rate their level of importance, agreement and frequency respectively using a five-point Likert scale, ranging from (1) Not Important to (5) Very Important, (1) Strongly Disagree to (5) Strongly Agree and (1) Never to (5) Always. In addition, the measures used for this research are adapted from well-established scales, theories and previous studies to ensure the validity and reliability for each construct measurement. Table 1 provides a summary of the constructs, measurement, items and references.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Measures</th>
<th>Abbr.</th>
<th>Items</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Altruistic Value</td>
<td>Five – point Likert Scale: (1) Not Important to (5) Very Important</td>
<td>AV1</td>
<td>Helpful, working for the welfare of others.</td>
<td>Stern et al. (1999)</td>
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<td></td>
<td></td>
<td>AV2</td>
<td>Equal opportunity for all.</td>
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<td></td>
<td></td>
<td>AV3</td>
<td>A world of peace, free of war and conflict.</td>
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<td></td>
<td></td>
<td>AV4</td>
<td>Social justice, correcting injustice, care for the weak.</td>
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<tr>
<td>Biospheric Value</td>
<td>Five – point Likert Scale: (1) Not Important to (5) Very Important</td>
<td>BV1</td>
<td>Preventing pollution, conserving natural resources.</td>
<td>Stern et al. (1999)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BV2</td>
<td>Respecting the earth, harmony with other species.</td>
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<td></td>
<td></td>
<td>BV3</td>
<td>Unity with nature, fitting into nature</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>BV4</td>
<td>Protecting the environment, preserving nature.</td>
<td></td>
</tr>
<tr>
<td>Egoistic Value</td>
<td>Five – point Likert Scale: (1) Not Important to (5) Very Important</td>
<td>EV1</td>
<td>Social power, control over others, dominance.</td>
<td>Stern et al. (1999)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EV2</td>
<td>Influential, having an impact on people and events.</td>
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<td></td>
<td></td>
<td>EV3</td>
<td>Wealth, material possessions, money.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>EV4</td>
<td>Authority, the right to lead or command.</td>
<td></td>
</tr>
<tr>
<td>Perceived Behavioral Control</td>
<td>Five – point Likert Scale: (1) Strongly Disagree to (5)</td>
<td>PBC1</td>
<td>It is habitual for me to help protect the environment by performing reduce, reuse and recycle (3Rs) activities.</td>
<td>Oreg &amp; Katz-Gerro (2006)</td>
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<td></td>
<td></td>
<td>PBC2</td>
<td>I believe I have the ability to perform reduce, reuse and</td>
<td></td>
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</tbody>
</table>
5. Results

5.1. Respondents’ Profile
From the 407 surveys collected from Malaysians who are 3Rs adopters, majority of the respondents were aged from 25 to 34 years old (43.2%), and followed by 35 to 44 years old (25.8%). This demonstrates that more than half (69%) of 3Rs adopters are amongst the young and middle age group (between 25 and 44 years old). Most the sample was Chinese (46.4%), followed by Malay (34.2%) and Indian (16.2%). Based on the non-probability sampling methodology employed, it has resulted in ethnic group biases whereby snowball sampling represents respondent driven sampling or chain referral that
is not fully controllable by the researcher. From the survey, most of the respondents are single (44.7%) and married with children (36.9%). Besides, almost half of the respondents have obtained Bachelor Degree (45.7%) in terms of education level. With regards to the type of employment, respondents are mostly employed (63.1%), followed by unemployed (25.6%) and then self-employed (9.8%). This shows the about 73% of the respondents are actively working. This result is aligned with the well-educated respondents as they would have higher awareness towards pro-environmental behavior due to more exposure of information and knowledge relating to the environment and nature.

In terms of the job roles, majority of the respondents fall into the Sales or Marketing role (24.1%). As for the position held, the result was distributed normally with most of the respondents holding Team Leader/ Senior Executive (13.8%) position, followed by Senior Manager (11.5%) and Assistant Manager (11.3%), and then home maker/ housewife (13.0%), and finally student (10.1%). This indicates that there are three main categories of respondents that are those who hold high positions in an organization, home makers and students (Table 2).

Table 2: Respondent Demographics

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency (n=407)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>166</td>
<td>40.8</td>
</tr>
<tr>
<td>Female</td>
<td>241</td>
<td>59.2</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>≤ 18 years old</td>
<td>6</td>
<td>1.5</td>
</tr>
<tr>
<td>18 to 24 years old</td>
<td>32</td>
<td>7.9</td>
</tr>
<tr>
<td>25 to 34 years old</td>
<td>176</td>
<td>43.2</td>
</tr>
<tr>
<td>35 to 44 years old</td>
<td>105</td>
<td>25.8</td>
</tr>
<tr>
<td>45 to 54 years old</td>
<td>40</td>
<td>9.6</td>
</tr>
<tr>
<td>55 to 64 years old</td>
<td>45</td>
<td>11.1</td>
</tr>
<tr>
<td>&gt; 64 years old</td>
<td>3</td>
<td>0.7</td>
</tr>
<tr>
<td>Ethnic Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malay</td>
<td>139</td>
<td>34.2</td>
</tr>
<tr>
<td>Chinese</td>
<td>189</td>
<td>46.4</td>
</tr>
<tr>
<td>Indian</td>
<td>66</td>
<td>16.2</td>
</tr>
<tr>
<td>Others</td>
<td>13</td>
<td>3.2</td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>182</td>
<td>44.7</td>
</tr>
<tr>
<td>Married without children</td>
<td>73</td>
<td>17.9</td>
</tr>
<tr>
<td>Married with children</td>
<td>150</td>
<td>36.9</td>
</tr>
<tr>
<td>Separated/Widowed/Divorced</td>
<td>2</td>
<td>0.5</td>
</tr>
<tr>
<td>Education Level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary Education</td>
<td>10</td>
<td>2.5</td>
</tr>
<tr>
<td>Secondary Education</td>
<td>25</td>
<td>6.1</td>
</tr>
<tr>
<td>Certificate</td>
<td>19</td>
<td>4.7</td>
</tr>
<tr>
<td>Diploma Qualification</td>
<td>57</td>
<td>14</td>
</tr>
<tr>
<td>Bachelor Degree</td>
<td>186</td>
<td>45.7</td>
</tr>
<tr>
<td>Master Degree</td>
<td>98</td>
<td>24.1</td>
</tr>
<tr>
<td>Doctorate/PhD</td>
<td>12</td>
<td>2.9</td>
</tr>
<tr>
<td>Employment Type</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employed</td>
<td>257</td>
<td>63.1</td>
</tr>
<tr>
<td>Self-employed</td>
<td>40</td>
<td>9.8</td>
</tr>
<tr>
<td>Unemployed</td>
<td>104</td>
<td>25.6</td>
</tr>
<tr>
<td>Others</td>
<td>6</td>
<td>1.5</td>
</tr>
<tr>
<td>Job Role</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top Management</td>
<td>15</td>
<td>3.7</td>
</tr>
</tbody>
</table>
The first portion of the survey asked participants to describe their behavior and experience according to their length of 3Rs engagement, their perceived importance towards performing 3Rs activities, and their influence to engage in 3Rs. The results show that about half (56%) of the respondents claimed that they have been engaged in 3Rs practices between 1 and 3 years (29%) and 4 to 6 years (27%). In total, the study found that a relatively large number of respondents (>80%) are apparently regular adopters of 3Rs with at least one-year engagement of 3Rs practices. Next, when asked about the importance for adopting 3Rs, majority of the respondents expressed their willingness to adopt 3Rs to help reduce pollution and able to protect the environment (54%), followed by the respondents adopting 3Rs to save
the natural resources (31%). Besides, respondents reported that the top three selection of influence towards adopting 3Rs were due to parents or family influence (22%), followed by a similar percentage for self-awareness (20%) and media/ advertisements (17%). However, a relatively small number of them indicated that they had adopted 3Rs due to the influence from teachers, lecturers or professors (10%).

5.2. Data Quality and Normality Testing
Before assessing the measurement model, data were screened and cleaned to avoid any violation of the assumptions. Normality test was conducted to ensure that the assumptions are not violated and could be used for further validation of statistical hypothesis testing. All the variables tested in the normality test have achieved non-significant results, p>0.05 on Shapiro-Wilk statistics, indicating that the distribution of data and scores are normal. Thus, the null hypothesis is rejected and we conclude that the data and scores in this study are normally distributed.

Before moving on to measure the validity and reliability of the data, outlier analysis is performed to identify and detect any possible outliers within the data distribution. After conducting the outlier analysis on the mean of each construct, it is discovered that two constructs have outliers identified. From the boxplot analysis performed, 5 samples from new ecological paradigm and perceived behavioral control are omitted from the subsequent validity and reliability analysis. Hence, this reduces the sample size from 407 to 402 cases.

5.3. Independent Samples T-Test
It is vital to conduct a two-tailed test to examine whether the responses for the two groups are significantly different or the same to limit or reduce nonresponse bias among offline and online data collection (Armstrong and Overton, 1977). Based on the results, all the variables showed a Sig. value above p>0.05 for the Levene's Test for Equality of Variances, indicating that the data does not violate the assumption of equal variance. To assess whether there are differences between the groups, the Sig. (2-tailed) values for the t-test for Equality of Means fall between 0.32 and 0.922, which is larger than p>0.05, demonstrating that the variance of scores for the two groups (offline and online respondents) are the significantly the same. Therefore, there is not a statistically significant difference in the mean scores for online and offline respondents.

5.4. Reliability and Validity of Measurement
Upon confirming that the offline and online respondents are statistically the same, we proceed to assess the validity and reliability of the data. The reliability analysis shows that the Cronbach alphas of each construct are above 0.70, showing a high degree of internal consistency as recommended by Nunnally (1978). The recycle adoption scale demonstrates the highest alpha value at 0.843, while reduce adoption scale indicates the lowest alpha at 0.729. Since all the Cronbach alpha values were above 0.7, item deletion process was not required to be performed in this study. Therefore, the results generally denote a Cronbach alpha between 0.729 and 0.843, indicating that all the items used for each measurement scale has achieved the recommended reliability and good internal consistency (Table 3).

Table 3: Reliability Analysis of Scaled Variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Altruistic Value</td>
<td>0.757</td>
</tr>
<tr>
<td>Biospheric Value</td>
<td>0.764</td>
</tr>
<tr>
<td>Egoistic Value</td>
<td>0.835</td>
</tr>
<tr>
<td>Perceived Behavioral Control Scale</td>
<td>0.789</td>
</tr>
<tr>
<td>New Ecological Paradigm</td>
<td>0.821</td>
</tr>
<tr>
<td>Reduce Adoption</td>
<td>0.729</td>
</tr>
<tr>
<td>Reuse Adoption</td>
<td>0.785</td>
</tr>
<tr>
<td>Recycle Adoption</td>
<td>0.843</td>
</tr>
</tbody>
</table>
The assessment of construct validity can be derived from conducting Exploratory Factor Analysis (EFA). The EFA will be conducted for two loading groups. The first group consists of Altruistic Value, Biospheric Value, Egoistic Value, New Ecological Paradigm and Perceived Behavioral Control; and following by the second group of Reduce Adoption, Reuse Adoption and Recycle Adoption. For the first group, a total of 26 items was factor analyzed by performing Principal Component Analysis utilizing Varimax with Kaiser Normalization. The EFA results indicate that the pool of items captured five distinct factors, excluding the dependent variable. The result indicates that all constructs exceeded the minimum requirement for convergent validity, except for two items, which were deleted (e.g. NEP2 and NEP4) and no longer considered for subsequent analyses as these items either had high cross loadings (above 0.40) or indicated low factor loadings (below 0.40). Although the VBN model constructs of Altruistic Value, Biospheric Value, Egoistic Value and New Ecological Paradigm are based on values, however, the result shows that each construct in the VBN model differs from the other constructs and are not overlapping with each other. In other words, each construct is unique from one to another, demonstrating discriminant validity among the constructs assessed.

For the second group, a total of 12 items was factor analyzed by performing Principal Component Analysis utilizing Varimax with Kaiser Normalization. The EFA results show that the pool of items captured three distinct factors. The MSA test results of 0.711, it demonstrates a middling level of prediction. The BTS is significant at p < 0.05, supporting the appropriate factorability of the correlation matrix. Subsequently, the three factors extracted from this study can be explained by a percentage of variance criterion approach to validity the analysis. It is shown that only the first three factors recorded eigenvalues above 1 (3.115, 1.770, and 1.091). The results for the first factor accounts for a moderate percentage of 25.962 percent of the total variance, and the three factors extracted account for 60.857 percent of the total variance, which is estimated as satisfactory. To conclude, the test results for the three factors could be used for subsequent investigation of the research questions. A total of 1 item is deleted (e.g. RD2) and no longer considered for subsequent analyses as this item indicated low factor loading below 0.40. Hence, the 3-factor solution accounted for 60.86% of the total variance.

5.5. Regression Analysis
The regression analysis is performed after fulfilling the preliminary regression assumptions. All four models have achieved statistical significance (p = 0.000) in the regression analysis. The variances explained (R Square) by each model are, following an ascending order of, 10.4 percent (Model B, Reduce Adoption), 17.5 percent (Model C, Reuse Adoption), 39.9 percent (Model D, Recycle Adoption) and 57.4 percent (Model A, 3Rs Adoption). It is shown in Figure 2 that 57.4 percent of the variance in dependent variable “3Rs Adoption” is explained by the independent variables (AV, BV, EV, NEP and PBC) and the significance value is for the entire model is 0.000 (p < 0.001). Besides, AV, BV, EV, NEP and PBC are significant contributors to the dependent variable with each of the variables having significance value of p < 0.05. NEP makes the largest contribution (Beta = 0.461), followed by PBC (Beta = 0.314), BV (Beta = 0.305), AV (Beta = 0.283) and finally EV (Beta = -0.151) with the least significant contribution.

From these results, all the hypotheses are supported by the data collected. It seems that as ecological paradigm has demonstrated the greatest effect on 3Rs adoption (Beta = 0.461), whereas egoistic value has exhibited the least effect on new ecological paradigm of 3Rs adoption (Beta = -0.151). Generally, we can consider all the variables as factors of the adoption of 3Rs (Table 4).
Table 4: Regressions Analysis Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Dependent Variable</th>
<th>Independent &amp; Mediating Variables</th>
<th>Beta</th>
<th>t-value</th>
<th>Sig.</th>
<th>Model Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>3Rs Adoption</td>
<td>Altruistic Value</td>
<td>0.283</td>
<td>3.854</td>
<td>0.000</td>
<td>F = 16.967</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Biospheric Value</td>
<td>0.305</td>
<td>8.632</td>
<td>0.000</td>
<td>p = 0.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Egoistic Value</td>
<td>-0.151</td>
<td>2.443</td>
<td>0.017</td>
<td>R = 0.788</td>
</tr>
<tr>
<td></td>
<td></td>
<td>New Ecological Paradigm</td>
<td>0.461</td>
<td>2.364</td>
<td>0.010</td>
<td>R² = 0.574</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Perceived Behavioral Control</td>
<td>0.314</td>
<td>5.733</td>
<td>0.000</td>
<td>Adj. R² = 0.569</td>
</tr>
<tr>
<td></td>
<td>Reduce Adoption</td>
<td>Altruistic Value</td>
<td>0.196</td>
<td>4.025</td>
<td>0.000</td>
<td>F = 11.529</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Biospheric Value</td>
<td>0.334</td>
<td>5.938</td>
<td>0.000</td>
<td>p = 0.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Egoistic Value</td>
<td>-0.136</td>
<td>2.175</td>
<td>0.011</td>
<td>R = 0.323</td>
</tr>
<tr>
<td></td>
<td></td>
<td>New Ecological Paradigm</td>
<td>0.478</td>
<td>7.992</td>
<td>0.000</td>
<td>R² = 0.104</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Perceived Behavioral Control</td>
<td>0.378</td>
<td>3.153</td>
<td>0.002</td>
<td>Adj. R² = 0.093</td>
</tr>
<tr>
<td></td>
<td>Reuse Adoption</td>
<td>Altruistic Value</td>
<td>0.174</td>
<td>1.902</td>
<td>0.013</td>
<td>F = 6.442</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Biospheric Value</td>
<td>0.229</td>
<td>5.503</td>
<td>0.000</td>
<td>p = 0.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Egoistic Value</td>
<td>-0.164</td>
<td>3.409</td>
<td>0.001</td>
<td>R = 0.373</td>
</tr>
<tr>
<td></td>
<td></td>
<td>New Ecological Paradigm</td>
<td>0.342</td>
<td>4.765</td>
<td>0.000</td>
<td>R² = 0.175</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Perceived Behavioral Control</td>
<td>0.280</td>
<td>3.128</td>
<td>0.002</td>
<td>Adj. R² = 0.163</td>
</tr>
<tr>
<td></td>
<td>Recycle Adoption</td>
<td>Altruistic Value</td>
<td>0.124</td>
<td>2.693</td>
<td>0.007</td>
<td>F = 19.118</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Biospheric Value</td>
<td>0.150</td>
<td>2.829</td>
<td>0.005</td>
<td>p = 0.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Egoistic Value</td>
<td>-0.093</td>
<td>2.081</td>
<td>0.038</td>
<td>R = 0.546</td>
</tr>
<tr>
<td></td>
<td></td>
<td>New Ecological Paradigm</td>
<td>0.320</td>
<td>6.397</td>
<td>0.000</td>
<td>R² = 0.399</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Perceived Behavioral Control</td>
<td>0.302</td>
<td>5.654</td>
<td>0.000</td>
<td>Adj. R² = 0.389</td>
</tr>
</tbody>
</table>

Based on the regression results presented in Table 5, all three variables (AV, BV and EV) had significant effect towards NEP. Therefore, the relationship between AV, BV and EV, with NEP as a mediator is tested using the Sobel test. Based on the Sobel test results, all three independent variables (AV, BV and EV) has yielded p-value of less than 0.05, showing that the mediating effect is statistically significant. Thus, the new ecological paradigm is a significant mediating variable between altruistic value, biospheric value and egoistic value, and with 3Rs adoption.

Table 5: Regression and Hypotheses Test Results

<table>
<thead>
<tr>
<th>Hypotheses and Hypothesized Paths</th>
<th>Beta</th>
<th>Sig.</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 Altruistic Value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H2 Biospheric Value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H3 Egoistic Value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H4 New Ecological Paradigm</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H5 Perceived Behavioral Control</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. Discussion and Implications

This study provides some practical implications and suggestions for marketers, policymakers and public sectors to understand the factors affecting 3Rs adoption among Malaysians. It is vital to examine these
factors to build effective communications and strategies for encouraging greater 3Rs adoption among Malaysians. Additionally, it is important to establish pro-environmental values and beliefs towards 3Rs adoption by emphasizing on the causal effect between consumers’ action and the consequences of their actions.

Fundamentally, by understanding the profile of 3Rs adopters, who consist of young to middle-aged females with well-educated background and middle class income group, marketers would be able to design effective marketing and communication strategies that influence households to change their behavior of consuming sustainably. Since parents and family plays the highest role in influencing 3Rs adoption, strategies implemented should continuously inspire pro-environmental household behavior by shifting habits and routines towards waste reduction, reusing waste materials and recycling behavior. When children witness their parents adopting 3Rs behavior, they would learn to build pro-environmental self-awareness and carry on this culture in their lives. It is encouraging to note that 97.6% of the respondents who participated in this study are 3Rs adopters.

In addition, this study also emphasizes on the influencing factors of three value orientation, new ecological paradigm and perceived behavioral control on 3Rs adoption. Consumers who gave higher priority to altruistic value and biospheric value were perceived to hold stronger moral obligations to protect the environment as compared to individuals who gave priority to egoistic values. Purely self-interested consumers would be less likely to adopt 3Rs if the perceived costs is greater than the benefits (Turaga, Howarth & Borsuk, 2010). These findings are in accordance with Nordlund and Garvill’s (2002) research in relation to the social dilemmas on value orientations. Nonetheless, these social dilemmas could be resolved by imposing structural solutions (e.g. laws, fines, incentive-based policies or subsidies) or changing behavior through education (e.g. community projects and awareness campaign). As a result, it may pose a challenge to social marketers that aims to develop promotional strategies to increase waste reduction, reusing waste materials and recycling behavior among consumers. This can be argued as such behavior does not usually provide immediate personal benefits to individuals, but rather promotes long term benefits to the society as a whole (Biswas et al., 2000).

According to Turaga, Howarth and Borsuk (2010), corporations should carefully create pro-environmental value structures that promotes sustainable consumption and achieve appropriate relationships between sustainable consumption and economic systems.

Communication messages should also be aimed at motivating consumers’ willingness to adoption of 3Rs practices by enhancing their altruistic value and biospheric value, and lowering their egoistic value to achieve greater new ecological paradigm, which are the beliefs leading to bridge the gap between human, nature and the environment. Campaign messages should also consider of how the behavior of one can significantly affect the well-being of others (Culiberg, 2014). As such, Oreg and Katz-Gerro (2006) further stressed that environmental education and programs should involve the basis of nurturing sustainable values, knowledge and problem-solving orientations towards pro-environmental behavior.

Generally, the study’s findings are consistent with Barr, Gilg and Ford’s (2001) study, indicating that recycling behavior is not the same as reduce and reuse behavior. This implies that when consumers have responsibility, good knowledge and access to recycling facility, it tends to increase the recycling behavior. However, waste reduction is only enhanced when consumers have knowledge about policy instruments, while reuse of waste is increased by the feeling that it is easy and convenient to reuse, and believing that reusing waste materials will make a difference. Thus, if consumers can understand their role and responsibility towards preserving the environment, their behavior to reduce, reuse and recycle will be higher (Culiberg, 2014).

It is argued here that although the respondents in this study demonstrated pro-environmental values and beliefs towards the environment, the holistic framework illustrates that each behavior is diverse from
another, as seen from the exploratory factor analysis, reliability test, Pearson correlation and hierarchical multiple regression analysis. Therefore, as proposed by Barr,

Gilg and Ford’s (2001), policies and strategies aimed at encouraging waste reduction, reuse of waste materials and recycling should be tailored specifically towards addressing different characteristics, behaviors and predictors among consumers to achieve effectiveness in promoting 3Rs adoption.

7. Research Contributions

The research contributions are divided into two parts, which addresses the contributions to both theoretical and managerial.

7.1. Theoretical Contributions

First and foremost, the conceptual model developed in this study makes an important contribution to the past literatures on pro-environmental behavior among consumers by integrating the well-known Theory of Planned Behavior (TPB) into a widely accepted Value-Belief-Norm (VBN) model and subsequently applying them to the context of 3Rs. This study incorporates perceived behavioral control, which was drawn from the Theory of Planned Behavior into the VBN model that was never tested before by past literatures as majority of the research have examined both the models separately. Consequently, the proposed conceptual model highlights the influence of altruistic value, biospheric value, egoistic value, new ecological paradigm and perceived behavioral control on the adoption of 3Rs behavior. In this study, ‘3Rs adoption’ refers to the actual behavior and not merely intentional behavior.

A second contribution is that the research objectives examines the actual objectives of 3Rs adoption and its relationship without speculating its relationship with the actual behavior, whereas previous literatures on 3Rs has either indicated acceptance from respondents’ intentions or relating their positive intentions to self-reported behaviors. This is an important implication to demonstrate and measure the actual relationship strength of the behavior so that the various social or marketing campaigns can be properly targeted to address environmental advantages and intensify pro-environmental values and beliefs that are closely linked to behavior. Thus, the present study supports the proposition that 3Rs behavioral intentions do not actually represent the actual adoption behavior (Best & Mayerl, 2013; Park & Ha, 2014).

As a final point, there are several new findings of 3Rs adoption that contributes to theories. Firstly, the positive relationship between altruistic value and biospheric value suggests a positive belief towards new ecological paradigm which positively affects adoption. This finding deserves attention for the development of pro-environmental values and beliefs to increase the adoption of 3Rs. Secondly, lower egoistic value will increase the new ecological paradigm and influences positive behavior, indicating that marketing campaigns should increase the perceived benefits of adopting 3Rs so that this can encourage more involvement for consumers with high egoistic value. As recommended for further research by De Groot and Steg (2007), the three value orientations in this study were able to significantly provide a distinct basis for explaining pro-environmental beliefs and behavior. Thirdly, the positive relationship of perceived behavioral control has directly affected the actual behavior of consumers towards 3Rs adoption. This relationship suggests that behavior depends on the individuals’ control towards taking pro-environmental action. Lastly, new ecological paradigm acts as an indirect antecedent to adoption through altruistic value, biospheric value and egoistic value. This finding points out the significant role of new ecological paradigm in 3Rs adoption decisions.

7.2. Managerial Contributions

Firstly, the adoption findings contribute and extends the understanding of 3Rs behavior by investigating and examining the diverse type of waste materials that can consumers can reduce, reuse and recycle, which was recommended by Largo-Wight, Hui and Lange (2012) and Park and Ha (2014). Generally,
the findings in this study showed that most of the Malaysians have the greatest 3Rs behavior of turning off the lights to reduce energy wastage, and reusing and recycling papers instead of throwing them away. Therefore, marketing campaigns can be tailored specifically on increasing varied 3Rs behaviors individually.

Secondly, this contribution is related to the overall consumer behavior. This study confirmed that all the constructs were found to have significant impact on the adoption of 3Rs. One of the prominent reasons that caused individuals to adopt 3Rs is due to the belief that these pro-environmental behaviors can help to reduce pollution and protects the overall environment. This study also validates that marketers and policymakers are beginning to engage into pro-environmental consumption among consumers that goes beyond “green” or “ethical” language, and towards “sustainable” as this incorporates activities or actions that do not necessarily have green or ethical credentials, but they do leave behind long term benefit towards sustaining the biosphere and nature (Gilg, Barr & Ford, 2005).

Further, this study also contributes by providing recommendations that are readily to be applied by institutions that are seeking to encourage greater levels of 3Rs adoption to focus their attention on influencing consumers on psychological issues, such as promoting altruistic and biospheric motivations, and trying to increase perceived behavioral control through continuous education and knowledge. This contribution is vital as it relates directly to 3Rs behavior and adoption decisions.

8. Limitations and Future Research

There are several shortcomings or limitations in this study that are necessary to be highlighted and reflected here. Nevertheless, possible remedial actions have been taken to minimize or reduce the limitation effect on the results.

8.1 Generalization of Research Data Set
First, as there are always the issues relating to the generalizability in consumer behavior studies, the present study is no exception as well. As this study was conducted on Malaysians whose pro-environmental behavior and experience might be influenced by their family culture, lifestyle, education and socio-economic status, the generalizability of the research findings to other countries may have some restrictions. Perhaps if the study had been conducted in developed or less developed countries, the adoption behavior and acceptance of 3Rs findings may differ from this study. Thus, future research should address these generalizability issues by using different samples and conducting cross-cultural studies on 3Rs adoption.

8.2. Lack of Sample Representation
Second, due to the sampling technique employed, which was snowball technique, the respondent profile shows that majority of the participants are Chinese (46.4%). Compared to the overall population in Malaysia, the Malay and Indian population was under represented in the sample. Although all three major ethnic group (Malay, Chinese and Indian) are noted as “Malaysians”, their culture, background and social class might differ from one another with regards to 3Rs adoption. Besides, this study did not take into account of the geographic locations of the respondents as different states might have different policies towards reducing, reusing and recycling waste materials.

The study also concentrated on a single country population. Additionally, the sample in this study tended to have a higher level of education. This calls for future research to include equal participants from all three races with mixed backgrounds and from various locations in order to examine a holistic data that can represent Malaysians. It is also vital to validate the study for Malaysians with a lower educational level and less affluent population. Future studies should try to include more countries as this would allow for cross-cultural comparison of 3Rs adoption.
8.3. Utilizing only Quantitative Data Collection Method
Third, in this research, only quantitative data collection method was carried out which caused some lacking in the richness and in-depth exploration that could be gathered from mixed-mode data comprising of quantitative and qualitative. Consequently, the findings and conclusions were only made based on quantitative data. In contrast, previous studies conducted on 3Rs adoption (e.g. Hopper & Nielsen, 1991; Derksen & Gartrell, 1993) that employed both quantitative and qualitative analysis were able to report additional in-depth insights and new explorations towards the drivers of 3Rs adoption, acceptance and behavior. Therefore, qualitative analysis, such as interviews, focus groups and experimental studies are strongly proposed for future research.

8.4. Limited Constructs Considered
Fourth, since only a limited number of constructs were included in the model, it may have caused the study to suffer from a narrow focus and slightly under-represented as compared to other studies. Other constructs (e.g. motivations, degree of willingness, moral obligations, environmental knowledge, perceived consumer effectiveness, situational characteristics, education and gender) which are unrelated to psychological factors (values and beliefs) have been left out of this study. However, past studies have claimed that universalism values are more strongly related to social and environmental behaviors and provides the best social-psychological account of environmentalism support (Stern et al., 1999; Aoyagi-Usui, Vinken & Kuribayashi, 2003; De Groot & Steg, 2007; Aguilar-Luzón et al., 2012; Izagirre-Olaizola, Fernández-Sainz & Vicente-Molina, 2015). Nevertheless, future studies should adopt a more inductive approach by including new factors that could emerge from other theories and examine their effects. A more comprehensive model could be developed from the extended VBN model used in this research. Additionally, the role of ascription of responsibility, awareness of consequences and personal norm, which are factors of VBN was explored in this study. Future studies should include an in-depth investigation into how these factors works in union with this model.

8.5. Cross-Sectional Restrictions
Due to the cross-sectional research design used, hence it does not allow for a continuous measure of 3Rs behavior to be obtained. Therefore, future research, using a longitudinal approach, may be able to assess and trace the model in association with 3Rs behavior to complement the findings of this study. Although conducting a longitudinal research design may result in higher cost and more time consuming, nonetheless it could provide stronger causality results and enhance the understanding of sustainable consumption process. Therefore, it is suggested that future research should adopt the longitudinal research design.

8.6. Emotional Dimension of the Theories
Finally, the research also lacked the adoption measurement of emotional dimension to the TRA, TPB and VBN theories. Since the measurement of ‘behavior’ or ‘adoption’ construct are related to feelings or emotions, it would be potentially worthwhile for future research to extend the current findings by including the emotional elements in the study.

9. Conclusion
The results of this study highlighted that the VBN and TPB model can serve as a fundamental conceptual model to predict 3Rs adoption among Malaysians. Despite several past research have adopted both theories to study on the antecedents of 3Rs adoption, however, this research integrated the key constructs from both theories to explain the actual behavior of consumers towards adopting 3Rs. Moreover, the research model is one of the first studies to incorporate TPB construct of perceived behavioral control with VBN model. Apart from that, the study has also built on current knowledge about consumers’ adoption patterns, behavior and experience, which provides a more comprehensive and holistic understanding of 3Rs adoption.
The research model also helped to explain the values and beliefs factors that determine and drive the pro-environmental behavior. In addition, this study suggests that various related constructs may be integrated into one research model, so that the understanding and prediction of 3Rs adoption is far more comprehensively grounded rather than by using only one theory. Furthermore, the individual components of reduce, reuse and recycle which has been outlined in this present study can also greatly assist marketers, institutions, policymakers and public sectors to tailor effective strategies and promotions towards increasing 3Rs adoption. To conclude, the research model presented in this study provides an integrated foundation based on existing research and demonstrates a holistic view of waste reduction, reusing waste material and recycling behavior. It also acts as an integral groundwork for future systematic research in the area of sustainable consumption and pro-environmental behavior.

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