

The Driving Trends *of* International Business *in the 21st Century*

Edited by

Jessica Lichy



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INTRODUCTION: FACING CHANGE & CHALLENGE IN 21ST CENTURY INTERNATIONAL BUSINESS

XU GUOLIANG

The chapters of this book are drawn from studies presented at an international conference held in Zhejiang Business College (Hangzhou, China), organised in collaboration with IDRAC Business School (France). Aimed at scholars and practitioners, the book provides illustrations of international best practice for conducting business beyond borders. The intention is to raise awareness of various factors that need to be taken into account before venturing into transnational operations. The authors share insights and advice on a number of challenges for international business, spanning international communications, regional economic development, emerging consumer trends, branding, expatriation, financial models, digitization, managing human resources, and tourism. Achieving sustainable success requires much more than expanding business operations overseas to reach new clients or customers, with a view to increasing profits – as this book will demonstrate.

The book reflects the extent to which today's business world is both global and online, driven by the accelerating pace of technological developments. Advances in information and communication technologies (ICT) have brought individuals closer together via virtual platforms. While ICT continue to transform business (economics, markets, industry structure, consumer segmentation), the impact has been perhaps greater on society (jobs, consumer values, consumer behaviour, labour markets). The chapters provide a brick-on-the-wall snapshot of the changing landscape of international business in a global, online society.

ICT have changed the way we see the world – and ourselves in it. For example, Lichy and Ramphort trace the emerging trends and patterns in language and communication, half a century after the inception of the Internet. Reflecting on rapid developments in information and communication

technologies (ICT), their study contributes to the literature on the broad impact of ICT on language and communication, with the intention of highlighting the transversal dimension and reducing the ‘silo’ approach to research in this field – which often neglects to consider the socio-linguistic and socio-technical dimension. The chapters embeds ongoing research into ICT usage beyond borders in order to further our understanding of the consumption of the Internet in different cultures and linguistic communities.

Turner and Skinner, in their chapter dealing with *Self-Initiated Expatriates* (SIE), explain the individual’s need to consider moving abroad for finding suitable employment, going hand in hand with the intensification of globalization. Perhaps the arrival of digital natives in various economic sectors will significantly alter the labour markets with higher numbers of highly skilled SIEs using their digital services across the world.

In the aftermath of the global financial crisis, the business world continues to face large-scale change and uncertainty. In this setting, Thraya and Al Sharif identify the leading models of financial systems and their respective financial cultures. They observe the link between corporate governance and financing strategies through a comparison between the French Anglo-Saxon financial cultures. Reflecting on the European financial crisis, Thraya and Al Sharif believe that the French capitalistic system is moving from a bank-dominated system to an Anglo-Saxon type stock market oriented system. Legal structures such as the passing of the Sarbanes Oxley Act in the USA has drawn attention to the accountability of managers as an inherent part of doing business – and thus reduces the possibility of a further financial crisis. Nevertheless, following this Act, research by Harvard professor Suraj Srinivasan showed that smaller international companies were more likely to be listed on the stock exchanges in the U.K. rather than U.S. stock exchanges. Therefore, it remains debatable whether the French transitioning towards the so-called ‘Anglo Saxon’ financial culture is a judicious one, especially amidst the current debate surrounding Britain’s exit from the European Union.

Focusing on the impact of digitizing business activities, Aissa weighs the challenges of digital transformation in the context of the restaurant sector. The chapter underscores the notion of interconnectivity and accessibility via digital devices, and draws attention to the risks involved in integrating digital tools to the restaurant sector. Digitalization has irreversibly changed our daily lives, from digitizing POS (Point-of-Sales) units such as digital menus and payments methods to online restaurant reviews such as TripAdvisor. Yet, in the specific example of the restaurant sector, the ‘proof

of the pudding' still lies in the eating. In other words, the quality of food is the overwhelming criterion of choice, far outweighing digital options.

Addressing change in the service sector, Fox and Jiang explore the emerging market of pre-owned luxury goods. In this rapidly growing market, they identify various motivational factors that influence individuals to buy, sell, rent, donate or collect pre-owned luxury goods and fashion accessories. In a world that is moving towards contrasting poles of 'selective consumption' and 'decluttering' – as proposed by Marie Kondo, the Japanese organising specialist – the luxury industry is traditionally based on 'quality' over 'quantity' for a select few. However, the ICT-based sharing economy has made significant impact in the world of pre-owned luxury market despite obvious cultural differences affecting its growth across the world, and is now disrupting conventional business models.

One particular sector that stands out for transcending cultural differences and enhancing the local economy is *Trail* running. Participants and spectators come from across the world to be part of Trail running races; the runners engage wholeheartedly, pushing their own physical and mental capacities to exhaustion. They transform the regions that they run in (or visit) into vivid spaces, increasing the local population for the duration of the race, which can last for several days. Lemoine and Pereira explain how Trail running events have overcome physical boundaries to create a new market. The chapter shows how this sector has integrated ICT-based marketing tools to target a global audience, emphasising the experience by using images of headlight-bearing runners in remote, rugged terrains against the backdrop of a rising sun.

Taken together, the chapters provide a contemporary snapshot of international business. The book draws attention to prevailing challenges, highlighting the transformations brought about by ICT, and suggesting avenues for further research. The intention is to raise awareness and stimulate debate.

MANAGING LINGUISTIC HEGEMONY & COMMUNICATION IN THE DIGITAL ERA

JESSICA LICHY & DOBRINA RAMPHORT

Abstract

This enquiry traces emerging trends and patterns in language and communication, half a century after the inception of the Internet. Reflecting on rapid developments in information and communication technologies (ICT), our contribution adds to the literature on the broad impact of ICT on language and communication, with the intention of highlighting the transversal dimension and reducing the ‘silo’ approach to research in this field – which often neglects to consider the socio-linguistic and socio-technical dimension. The enquiry draws on ongoing research into ICT usage beyond borders in order to show how the pace of technological developments is reshaping language and communication; new patterns of communication are emerging which are challenging linguistic identity.

Introduction

The Internet can be described as the ultimate expression in freethinking and creativity; it is the epitome of post-modernism. As a stand-alone system, it is a technological and cultural embodiment of a century of massive change – a system which not only reflects our individualistic lifestyle and the atomisation of society but also precipitates the fragmentation of civilisations, beliefs and the individual self (Lichy and Stokes, 2018). Across the globe, Internet users have access to a vast amount of data and unbounded communication. As Internet usage reaches saturation for some user groups, it is acknowledged in the public domain that Internet access is now extensive and that most *netizens* are heavy users of modern information and communication technologies (ICT), particularly social media (Perrin and Duggan, 2015). Although younger adults are more likely to use the Internet, seniors are nevertheless showing faster adoption rates.

The context for this query is the widespread use of the World Wide Web for communicating and sharing information. In a relatively short space of time, the Internet has created new forms of communication that cross languages, cultures, national borders and social classes. McLuhan's '*global village*' is epitomised by blogs, chats, instant messaging, pagers, cell phones, i-Pads, Internet telephony, YouTube and other virtual platforms. Technology is breaking down barriers; changing the individual's view of the world and how the individual sees themselves in the digital era (Cupchik, 2011; Wessels, 2014). Identity is extremely fluid on the Internet (Gauntlett, 2002), evoking the sketch "On the internet nobody knows you're a dog" by Steiner (1993). While the medium fosters an increasingly individualistic lifestyle by reducing the need for face-to-face physical communication, netizens engage in extensive online interaction, often beyond borders (Rainie and Wellman, 2014). English is frequently used by non-natives when engaging with a wide audience but there is mounting language diversity as non-English speakers create and consume content (Pimienta, Prado and Blanco, 2010).

Reflecting on recent developments in ICT, this enquiry adds to the literature on the broad impact of the ICT usage in the workplace, from a socio-linguistic and socio-technical perspective. The intention is to highlight a transversal dimension and thus reduce the 'silo' approach to research in this field – often dominated by publications of Anglo-Saxon origin, and thus overlooking the socio-linguistic dimension of how the ICT is consumed in different cultures and linguistic communities. The enquiry draws on ongoing research into the use of ICT for interpersonal communication in the workplace in order to investigate emerging trends, with specific reference to Internet usage in a Francophone setting, increasingly characterised by subtle bilingual wordplay despite the politics of language and legislation (Lamarre, 2014). While linguistic legislation in France stipulates that one must demonstrate a certain level of language proficiency, linguistic competence is often determined by more than just the ability to use a language; it depends on the ability to prove cultural legitimacy, which is directly tied to understandings of race, nationality and language ownership (Smith, 2015).

The metamorphosis of English

Digital technologies have enhanced the reach, richness and range of international business opportunities (Wells and Gobeli, 2003), making it a valuable and lucrative tool (Bell and Loane, 2010). Although the success of

these opportunities is largely dependent upon effective communication strategies and skills, many managers overlook the importance of cultural awareness in business communication (Lillis and Tian, 2010). Effective communication in the international business environment requires not only an understanding of language but also an awareness of the non-verbal aspects of communication that are part of any speech community (Ferraro, 1994). Companies with a multilingual workforce often communicate in *globish* (see Nerrière and Hon, 2009), a minimalist subset of the English language of around 1500 high-frequency words (Stern, 2006). Although *globish* provides a vehicle of communication for non-native speakers of English, it is unlikely that it “will end the dominance of real English, with its cultural and political baggage, and take the pressure off other languages such as French” (Thorne, 2007: 20) since it is a manufactured language, void of nuances. It would be expected that speakers of *globish* would strive for fluency in more complex English, since such a simplified version of English cannot meet the sophisticated needs of today’s global online business world. An alternative vehicle of communication is *offshore English* - a form of English spoken by people whose first language is not English and who have learned the language as adults in a professional context rather than at school (Rees and Porter, 2008). However, neither *globish* nor *offshore English* can prepare the speaker for the pitfalls that can arise from different styles of communication.

In the early years of the Internet, the dominance of English online caused anxiety about a possible threat to minor languages and cultures. Although the volume of web content in English has since decreased, there is still concern about how English and other languages interact online. To Anglophones, this attention to language might seem excessive, but most native English-speakers are not confronted with non-English web content. If and when the situation arises, it can generally be ignored. It is simply not a cause for concern – for the time being. However, it is worth bearing in mind the speed at which Internet user behaviour and web content are evolving, and the changes that this evolution imposes; there is currently a greater volume of non-English web content than English web content (Chung, 2008; Fulgoni and Lella, 2014).

For many businesses, English is the *de facto* language of international communication but this trend is far from widespread in certain countries, particularly France. As language is inextricably linked to identity, French speakers are linguistically anxious about the decline of their language (Tor Faus and Wolff, 2014). The problem partly stems from the fact that French has long been fighting a losing battle against English for the position of

dominant language in global communications and within the institutions of the European Union (Oakes, 2002; Wright, 2009). The admittance of more countries into Europe preferring to communicate in English threatens to render French an increasingly marginal language (Borowiec, 2002). In the French hierarchy of prestige, language is a source of authority and intellectual superiority (Tombs and Fournier, 1992). France prides itself on its individuality and on its continuing refusal to accept English as the world's *lingua franca*. What concerns the government most is that as French becomes less important on the international stage, the language becomes increasingly degraded (Lannes, 2011). Carrère d'Encausse (2013) of the *Académie Française* – the body responsible for regulating the French language – sees the threat as threefold: the encroaching use of English, the improper use of French by the country's own elite and, above all, the lack of French language competence among younger generations due to inadequate teaching. Language purists lament the incorrect use of French, such as the use of the anglicised phrasing "*Vous êtes demandé au téléphone*", instead of the correct sentence structure "*On vous demande au téléphone*" (Bherer and Floc'h, 2013). Technology-infused French is slowly but surely transforming the linguistic landscape of Francophonie (Guikema, 2012).

The preservation of French

Certain 'change agents' are accelerating the natural evolution of the French language, in particular the influence of technology and contemporary vernacular. Technological developments have brought about new lexicon and modes of communication. Equally, the « *langue des cités* » or urban slang spoken by younger generations in the *banlieues* (slums, suburbs) is driving semantic change (Messili and Ben Aziza, 2004). In terms of etymology, the word *banlieue* (ban + lieue), has a historic context (Jourdan-Lombard, 1972): literally 'excluded' from the city proper, yet 'subject to the authoritative dictates of [its] power structure(s)' (Fielder, 2001, p. 271). The evolution of the French language is a topic of discussion in the international business press; *The Economist* (2015:23) illustrates how the language of Molière has adopted an 'Arabesque' lexicon. In this respect, language protection laws have been ineffective in maintaining the purity of French.

The French state has historically imposed the French language within its borders (Article 2 of the Constitution), including parts of the country that have their own language and cultural identity (and somewhat anti-French

spirit) such as Breton and Alsatian (McDonald, 2004). In other words, regional and minority languages are not tolerated within France. While measures are taken to promote linguistic homogenization across France, concerns are increasingly focused on the international position of the English language compared to French. In one comparison, Jack Lang (former French Minister of Culture) accused the USA of “linguistic McDonaldization” (Sonntag, 2003: 39). Given the level of linguistic control in France, this is a classic example of double standards in the French wrath against global English hegemony; the French state is both defender of linguistic pluralism *and* instigator of linguistic homogenization. This hypocrisy is based on the presumed threat to French by English domination and is noticeable in the French government’s efforts to reintroduce French as a major language within the EU (DGLFLF, 2006).

Linguistic legislation sends a clear message: France is a French-speaking society and so the economy and society must function in French. However, when judging the efficacy of language laws, one has to take into account not only the wording but also the logistics of implementation in everyday life. For example, knowledge of the French language is essential in order to be employed in France (RF Social, 2007), but in reality this requirement is not enforced in the workplace or online. Concerning digital content, as the Internet is now the first port of call for businesses and individuals alike, Internet users expect web content to be available in several different languages. To offer multilingual web content is an indication of the extent to which a content provider acknowledges the international dimension of Internet usage. Even the General Directive for French Language and Languages in France (*Délégation Générale à la Langue Française et aux Langues de France*) recommends a ‘pluri-lingual’ Internet.

Language has always been a political issue in France (Hagège, 2007). The 1975 law *Bas-Lauriol* prohibits the use of foreign words where a French equivalent exists. This piece of legislation was modified to emphasize the notion that the language of the Republic is French for every citizen living in France – and was introduced in 1994 as part of the *Loi Toubon* (Bentz, 1997). Certain phrases and words are therefore prohibited in France if a French equivalent can be used. French authorities consider the language as a compulsory condition to ensure the principle of equality. Beyond the considerable dimension of national identity (Debbasch, 1995), the Toubon Law targets social integration through equal access to information *in French* for every citizen in French society (Frangi, 2003). Unique in Europe, *l’exception française* – what others may call French chauvinism – is based

on a specific social model including the linguistic protection of the French-speaking consumer and the defence of the principles of ‘public service’.

In today’s digital era, the Toubon Law is woefully inadequate for maintaining language purity (Conseil Constitutionnel, 1994). This law regulates the use of the French language in official government publications, advertisements, commercial contracts, in the work place and so on, but it does not concern private, non-commercial communications, such as non-commercial web publications by private bodies. In 2004, the Law *LCEN (Loi pour la confiance dans l’économie numérique)* was introduced to instil trust in the online environment; it excludes the enforcement of the Toubon Law for Internet communication. Article 1 of the LCEN law defines and distinguishes audio-visual communication (covered by the Toubon Law) from public communication via digital means. Transposing the EU Directive 2000/31/CE from the 8/6/2000 edict on digital trade, the LCEN obliges any person or company established in France to conduct digital business in French. This condition, however, is not compulsory for non-French customers, intermediaries or trade partners. It could have been considered as a step forward, had it not been for the *Marini* ministerial proposal (draft-law of 10/11/2004). By considering the LCEN Law incomplete, the Member of Parliament Philippe Marini suggested including within the Toubon Law ‘advertising by ICT’, meaning that all advertising via the Internet aimed at French consumers should be in French. This proposal has not (yet) been enforced, on account of the emerging patterns of communication. Thus, the main input of the LCEN Law is the adoption of the principle of country-of-origin for trade and advertising via the Internet and specific regulation concerning information and communication technologies by the French authorities. The Court of Justice of the European Union (CJEU) considers that certain dispositions of EU law contravene the Toubon Law (decision 12/9/2000); the interpretation of the EU regulations could also be considered contradictory (decree n° 84-1147). Despite the controversy, the French State remains reluctant to make modifications to the existing legislation that regulates the French language.

Over the years, various non-legislative measures have been introduced to promote and preserve the purity of the French language. The continued efforts to increase the presence of the French language online seem colossal and yet the results have not been sustainable, as will be demonstrated in the following three examples. Firstly, a large-scale project was launched to develop a French news channel, *Chaîne d’Information Internationale*, to rival the dominance of online English-speaking news, namely CNN and the BBC (El-Najjar, 2003). The project attracted much media attention but was

abandoned in 2003 after it ran into financial difficulty. Most Francophone media increased their presence online following the LCEN legislative changes in 2004. *Radio France Internationale*, the TV news channels *France 24* and *TV5Monde* created the holding «*Audiovisuel extérieur de la France*». The TV5Monde channel launched a massive subtitling programme in French and other languages and created a Smartphone application “*langue française*”. Since 1998, the “*Inforoutes*” digital TV channels have been regularly financed by the *Inforoute Francophone Fund*, part of the International Organisation for Francophonie – which sets out to improve the presence of French online and to promote humanist values. Secondly, in 2008 the national libraries of France, Belgium, Canada, Luxembourg, Quebec and Switzerland (later joined by various documentary institutions of the Southern countries) implemented a Francophone Network of digital national libraries (www.rfbnn.org). The aim was to create «*La Grande bibliothèque numérique francophone*» through the worldwide broadcast of francophone documents. Lastly, when the popularity of online communications became apparent, work began on a state-funded Franco-German search engine, *Quæro*, to challenge Google. The inspiration for *Quæro* www.quæro.org was largely based on the notion that Google is perceived to be too Anglo-centric; it was thought that Google may portray a distorted view of French culture (Croft, 2005). This illustration highlights not only the importance of cultural identity in the online environment, but it also raises the issue of high-context versus low-context communication styles (Hall, 1976). High-context communication style, common in France, tends to generate websites that are cumbersome to navigate and read, less effective in the use of colour and graphics, and less interactive for Internet users (Usunier and Roulin, 2010). It would seem that the habitual high-context communication style so common in France is somewhat mismatched with the philosophy of Internet communication, predominantly low-context.

The *Modus Vivendi* of Internet communication

Today’s society is characterised by the global flow of the cultural economy and the accelerating speed of technological progress. New technologies allow tasks to be carried out faster, better and more cost-effectively; they are literally transforming culture and human consciousness. In addition, since culture is perpetuated through acts of communication, symbols and beliefs, it follows that modern communication technologies are the most powerfully transformative of all (Wright, 2012). In countries where Internet access is regulated, “online discussion is one of the very few outlets

available for citizens to express opinions about government and politics” (Chan *et al.*, 2012:345).

Developments in ICT have irreversibly shaped (and continue to re-shape) how individuals interact both interpersonally and with technology (Kumar, Sachan and Mukherjee, 2017). Today’s hyper-connected digital society interacts “on a 24/7 basis through platforms such as Facebook, LinkedIn, Twitter, Google, Instagram, and YouTube” (Ireland, 2015: 157). The way in which individuals consume (and, in some case, rely upon) ICT reflects the subtle interaction between technology and society. The term ‘sociomateriality’ (Leonardi, Nardi & Kallinikos, 2012) covers the many different approaches to describing the relationship between the ‘social’ and the ‘material’; it seeks to redress what is perceived as the neglect of the material in broader social and organisational theories (Mutch, 2013). Equally, socio-technical theory emphasises that the design and performance of *any organisational system* can only be understood and improved if both ‘social’ and ‘technical’ aspects are brought together and treated as interdependent parts of a complex system (Bostrom & Heinen, 1977; Cartelli, 2007). Social media provide a vector for a diverse variety of collective formations of digital users – including crowds, networks and communities (Dolata & Schrape, 2014) which constitute a socio-technical environment (Cheong, 2009). The way in which individuals engage with ICT can be interpreted through socio-technical theory, focusing on the identification of important social and technical factors that affect user perception, trust and intention to use (Hajli *et al.*, 2017).

Within organisations, the Internet has enabled wider interpersonal communication among employees throughout the hierarchy, both top-down and bottom-up. It can therefore be considered a most democratic form of conducting business (Rodrigues, 2001). Yet, caution is needed since the present-day emphasis on the *speed* of digital communications can increase the potential for linguistic and cultural misunderstanding when, for instance, Internet users share one terminology but with different intended meaning – resulting in ineffective business communication. This notion weakens the assumptions about the ‘global’ nature of Internet communication. ‘Cultural adaptivity’ is often lacking (Reinecke and Bernstein, 2013). Within each country, diverse subcultures co-exist with different languages and social contexts (Recabarren, Nussbaum and Leiva, 2007). Indeed, the Internet has enabled many ‘excluded’ communities to connect and communicate with the rest of society but it has not (yet) contributed to the mutual understanding of people or produced a ‘fairer’ society. In other words, access to

information via the Internet does not automatically produce the correct and effective use of it.

Across Europe, English dominates as the language most used for online communication (Europa, 2012). Within metropolitan France, 97.2 % of citizens speak French at home, compared with 1.4% who speak English (DGLFLF, 2013). In the workplace, some 1.8m employees (26%) use English as a first foreign language in their daily professional activities; languages used at work include English (89%), German (5%), Spanish (2%) and Italian (1%) (DGLFLF, 2006). There are concerns regarding the obligation to communication in English at work; many employees aged over 30 declare feeling uneasy while using documents or working online in English (MFI, 2009). These concerns have provoked strong Trade Union action combined with state controls and sanctions. The French Courts (GE Medical Systems, 2006; Europ Assistance, 2007) repeatedly sentence companies that impose upon their employees any English-language software or working documents available online. Advertising and product/service descriptions must be available in French. Foreign words or expressions can only be used under the compulsory condition of facilitating understanding.

Language is shaped by ongoing technological developments, expanding the range and variety of language styles and forms, providing unprecedented opportunities for businesses and personal creativity (Elis-Williams, 2005). Moreover, the Internet can enable users to overcome inhibitions when communicating online in a foreign language (Stapa and Shaari, 2012). Conversely, the Internet can also be criticised for ‘dumbing down’ language on the basis that ‘techno-speak’ and ‘txt’ language have entered mainstream jargon, causing standards to drop and diminishing creativity as globalisation imposes sameness. To this end, the Internet is held responsible for encouraging “linguistic vandalism” (Gordon, 2002). Irrespective of the impact of the Internet on language, the ability to read and write remains unchanged and is increasingly essential for communicating online in today’s digital society (Wright, Fugett and Caputa, 2013). Digital literacy is now part of the necessary core skills that schoolchildren and students need to master in order to enhance employability and global citizenship.

The modern focus on digital skills entails the dissemination of American ways of speaking and writing which reflect a consumerist culture (Block and Cameron, 2002). Anglo-American in origin, values of this nature are more easily accepted in English-speaking countries like Britain, but less so in France. Besides, given that the transmission of the American lifestyle

goes beyond the arts and media, it promotes the notion that individual freedom has a higher value than government authority (Garten, 1998). This notion is discordant with the French mind-set. The French are particularly hostile to an open global market which encourages diffusion of cross-cultural ideas, new products and services (Doole and Lowe, 2007). This hostility is one of the reasons which led France to support the adoption of UNESCO's Convention on the Protection and Promotion of the Diversity of Cultural Expressions (UNESCO, 2005), enforced in March 2007.

The Internet has the potential to balance the benefits that can be gained from globalisation, enabling individuals to communicate worldwide at low or no cost. However, transnational communication calls into question the issue of a global *lingua franca* in the digital era, even if there is no conceivable way in which any authority could define a single official language for the Internet. The Internet as a whole is not managed by any authority or person, a reality that will never change unless every country were to reach an agreement, or if the entire world fell under the control of one government. In the early years of the 21st century, it was estimated that three-quarters of the world's Internet population was non-English speaking (Marcus, 2003); today the figure has shrunk to approximately 40% as English has become more of a second language in the online environment (Zuckerman, 2013). There is a dearth of information on how much time people spend using the Internet in their native language compared to in a foreign language. The paucity of research in this domain indicates the difficulties associated with gathering data on Internet usage across different languages.

While the diffusion of Anglo-American culture cannot be stopped, there are signs that local cultural industries are emerging, for example the designation 'Made in Europe' (Kassapian, 2009) and 'Made in France' (Vallez, 2015) particularly in the luxury industry (Koromyslov, 2012). In time, there could be a fairer representation of cultural and linguistic diversity in society. The onus is on cultures worldwide to take responsibility for creating web content which reflects non-American cultural values. The website *War'l Leur* <http://www.warleur.org> is a fitting illustration of how the Internet is being used to promote minority communities and languages; in this case, a group of 73 Celtic associations share Breton cultural and linguistic values. This type of initiative demonstrates how the Internet can be used to maintain cultures offline as well as online (Hardouin and de Montesquiou, 2000). In this sense, the *Organisation Internationale de la Francophonie (OIF)* promotes the notion that "the WWW appears to be a medium that will contribute to the preservation and promotion of regional and minority languages" (Wright, 2006: 231) given that certain regional and minority

languages now occupy a greater percentage of Internet space than they ever had in print publication.

The openness of the Internet has been the driving force behind many improvements and developments (Hardmeier, 2005). Wireless and mobile technology allow users to access the Internet while moving from one geographic location to another, thus multiplying the opportunities for user interaction via location-based services which connect users with a range of services and products in their immediate vicinity (Sciandra and Inman, 2013). As the number of Internet users continues to increase worldwide, it can be expected that the online population will fragment into different user groups united by shared values, often cultural in nature. Widespread use of the Internet is leading to the emergence of a global cyber-culture characterised by a heavy reliance on online services (Lichy and Kachour, 2014). Despite this convergence, online consumers are much more likely to explore a web site and make a purchase if the site is in their native language (Cremers, 2006). This dynamic is contributing to a fragmentation of segments based on cultural and linguistic preferences. In some parts of the world, repressive governments will maintain efforts to prevent access to popular social media (for example, Turkey and Vietnam), by installing sophisticated software to filter, block and monitor hundreds of thousands of sites (for example, Tunisia, Iran, Saudi Arabia, Cuba, China, etc.). Yet, many Internet users in the Middle East and North Africa will continue risking long prison sentences for airing views online that are perceived to violate Islamic tradition (Zaid, 2016).

Segmentation in the online environment results from the fact that the Internet is not a culture-free product (Hermeking, 2005) since Internet consumption tends to depend on marketing, and marketing is largely influenced by culture. Thus, Internet users from different cultural backgrounds are likely to use social media, particularly Facebook, in different ways (Huang and Park, 2013). Culture and institutions are obstacles to sharing information; if members of a society do not easily trust each other, they are less likely to form networks and share information (Hidalgo, 2015). In Anglo-Saxon communities, Internet users are more likely to share a point of view on a topic (professional or personal) via social media, than their French counterparts. A study by EMC (2014) found French Internet users to be reticent about sharing private information online and divulging research information online; some 91% of French Internet users would support legislation that prohibits the use of private information by a third party without their consent. From a cultural perspective, the personal image and the perception of feeling constantly 'judged' or watched

seem essential for understanding the French behaviour online (Lancelot, 2011). The importance of how people are seen by others has led to a clear distinction between public and private life in French society, supported by highly protective legislation (art. 8 Code Civ., Art.9 de la CEDH). Being considered as a ‘privilege’ in Common Law, private life has the value of a Human Right in Statute Law, which explains the difference in the way French people tend to use ICT and their primary reluctance to reveal private information in Internet.

Rationale

In the light of the current language legislation governing the use of French (see Lamarre, 2014; Smith, 2015), our enquiry sets out address gaps in the literature by providing insights relating to socio-linguistic and socio-technical aspects. Specifically, our objective is to ascertain the extent to which the language of communication has an impact on the nature of the information shared by an individual. Drawing from existing literature, we put forward the following research question: “*to what extent does the language of communication affect information sharing?*”

Methodology

The focus is therefore to determine the nature of information sharing among adult Internet users in the workplace, in the light of the current language legislation in France. If the literature is applicable then it would be expected that French-speaking Internet users will demonstrate a somewhat restrained information sharing. This notion was tested using a combination of survey and interview approach. While secondary information could have been sourced from online forums such as Yelp or TripAdvisor, or from YouTube, it was decided more insightful and constructive to gather data face-to-face.

Based on the review of literature, we drew up a pilot survey in order to gain insights into the nature of the information shared by Internet users. The survey was administered face-to-face to employees at a language training company (anonymity requested) for a period of three months. Following the survey, the results were shared with the survey participants by email. The participants were invited to (i) reflect on the results and (ii) share their reactions, interpretations and thoughts on the subject. Five participants agreed to share information. Semi-structured interviews were conducted with these participants who accepted to comment on how they share/divulge information online in a personal and professional context.

Key findings

The survey results revealed that French Internet users are sharing/ divulging a wide variety of information relating to different aspects of their life. Seven dominant types of information-sharing can be identified, summarised and ‘labelled’ in the list of typologies below.

- i. **‘stalking’**: These digital users never (or very rarely) post content or comments. They will read everything posted by competitors rather than by colleagues. They spend a lot of free time online looking for gossip and information that can be used for personal gain. They use digital with the aim of observing and following other users.
- ii. **‘bling bling’**: These digital users like to show that they have money and a high-level lifestyle by sharing images and status updates while away on vacation, pictures taken with luxurious cars, expensive watches, and glimpses of bank notes. They invariably ‘like’ their own posts, photos and clips, and regularly update their selfie profile photo.
- iii. **‘over-sharing’**: These digital users post a lot of content daily. Most of the time, they share something that another person has previously posted – a quick look at their timeline reveals the extent to which the posted content is ‘recycled’ from other users’ posts of articles, photos, videos, locations and so on.
- iv. **‘geek’**: These digital users are always online, and claim knows everything. They will not only post content several times a day, but also tag friends on photos and videos, comment on every subject, as well as answer messages within 30 seconds. When they receive a link about a humorous topic, they will respond along the lines of “Yep, nice, I already saw it 2 weeks ago!”
- v. **‘iMessenger junkie’**: These digital users subscribed to Facebook a few years ago and are now tired of using it. However, they maintain a Facebook account for chatting with friends via Messenger. They no longer post or ‘like’ content or comment, or even post birthday wishes in response to the push notifications’.
- vi. **‘clubber’**: When these digital users post content, it generally relates to information about organising or attending an event. Their friends will often post photos of them inebriated, or out socialising ‘glass in hand’ (and sometimes ‘bottle in hand’). They are regularly tagged by their friends while out at a party.
- vii. **‘wannabe influencer’**: These digital users are a popular profile on social media, with 5000+ friends and followers – but unlikely to know a tenth of them in person. S/he likes to post frequent clips on

YouTube and Instagram of her/himself to attract followers, in the hope of attracting sponsorship from advertisers.

The different types of information-sharing reveal the depth and breadth of the various categories of digital users who are present in the online environment. The Internet has irreversibly changed our routine habits, ways of communicating and thought processes. Information and communication technologies have shifted the onus on to the individual user to be available 24/7 and respond swiftly to incoming messages. There is an expectation to maintain contact with colleagues, family and friends, to share information updates and to solicit feedback on content posted. While some digital users seem to be more reliant (dependent) on sharing information about themselves, others are more restrained and careful to avoid divulging too much information.

These initial results were disclosed (anonymously) to the survey participants by email who were then invited to reflect on the results and to indicate willingness to share their thoughts on the subject. Five participants came forward to provide further insights. The verbatim responses (below) reveal different styles and behaviours regarding attention paid to syntax used and content posted.

“I use a lot of *franglais* and text speak when posting comments and content. Nobody uses full sentences any more. People post all sorts of rubbish: the good, the bad and the ugly ... it’s all about the visual, not the written.”

“I post what goes through my mind, mostly in English but also in French; my online conversations are guided by what’s going on around me ... I see lots of ‘bad buzz’ like trolling and flaming. I try and keep my private life offline but if friends tag me in a photo, my life is splashed across the Internet.”

“No-one uses email outside work these days ... instant communication is here to stay, changing the way we speak and think ... look at Donald Trump’s never-ending tweets and fake news, mostly misspelled and factually inaccurate!”

“Sometimes I share information about political views in response to current events, and sometimes I share information about family issues or leisure – I write in a way that makes others want to join my conversation.”

“Before posting content, most of us check what we’ve written and modify anything outlandish, to avoid giving the wrong impression. It’s not good to brag or openly criticise, especially if friends, family and colleagues can see – *and condemn* – what we’re posting!”

These comments point to a certain level of self-censorship among Internet users and recognition of tolerance towards other Internet users. The participants are aware of the limitations and pitfalls of posting random information. They draw attention to the vast diversity of user groups online today, generated by ongoing fragmentation of the online environment. While there is a total absence of reference to language legislation, participants are nevertheless aware of changes in the language used online such as “bad buzz” and “fake news”.

Discussion

The various legislative measures that have been taken over recent decades to protect the French language show how the French authorities have reacted to change; they are linguistically anxious. The popularity of *franglais* suggests that linguistic legislation has had limited impact, and thus calls into question the use of having language protection laws when other concerns (such as rising unemployment and social unrest) need urgent attention. Moreover, it can be argued that controlling the evolution of modern-day French can be considered as excessive state intervention. Legislation in linguistic matters can also be perceived as an improper and repressive attempt to exclude spontaneous expression which, by virtue of the spontaneity, is natural and free.

Echoing the work of McLuhan and Fiore (1967), the results of our study underscore the extent to which ‘the medium is the message’, according to which a technology (i.e. the medium) can directly determine its usage and effects. In the Internet era, it is reasonable to put forward that this notion has been replaced by “the medium matters more than the message” (Schultz, Utz and Göritz, 2011:20). In other words, a medium that can offer collaborative, authentic and credible dialogue among individuals is more effective than traditional media (Soulez and Guillot-Soulez, 2011).

In the modern-day workplace, managing language usage and enforcing linguistic legislation is incredibly complex. The written word is interpreted differently, depending on the medium of communication used. New information and communication technologies are frequently integrated and combined with legacy technology, with the aim of improving performance and cost-effectiveness. Each new medium is thus *superimposed* on existing media (without necessarily replacing them); Kalika, Charki and Isaac (2007) refer to these tiers (or layers) of technologies within an organisation as “Millefeuille theory” – literally, ‘a thousand layers’. Given the perplexity and plurality of information and communication technologies, it is likely

that attention is shifting to ability to use the technology, to the detriment of ability to articulate language correctly.

Concluding comments

Acknowledging the global online nature of the contemporary business world, increasing emphasis is being given to communicating effectively with stakeholders. The written word is still of great importance in formal communication and for grammar aficionados who adhere to ‘*orthographe impeccable*’ (perfect lexicon). However, for many Internet users, the emphasis is shifting towards responding – often in real-time – to incoming messages, increasingly via voicemail, video clip or text messaging. ‘Getting the message across’ seems to be taking priority over ‘using correct grammar and spelling’.

Limitations of the study & future research

One of the main challenges of studying Internet usage is the timeframe for the enquiry. The starting point of our enquiry drew on literature from the beginning of the 21st century when the impact of rapid technological developments attracted heightened interest from the academic community. Future studies would benefit from collecting data over a longer period – combining the opinions and thoughts of Internet users with a numeric measure of Internet usage – in order to provide contextual evidence of evolution in digital usage. Equally, it would be constructive to compare two different language settings to produce a comparative study of language change. Future studies could also look at other user groups, such as adolescents or retirees, rather than focusing on the working population. To enrich the debate, it would be particularly interesting to solicit feedback from the *Académie Française* – the body responsible for regulating the French language – to further our knowledge of language legislation in the digital era.

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TRAIL RUNNING AS A CONTRIBUTOR TO REGIONAL ECONOMIC DEVELOPMENT: THE CASE OF *FESTIVAL DES TEMPLIERS*

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Abstract

Trail running comprises largely of various races run in natural surroundings with each event having its unique terrain and challenges involved. Each race run has an impact on its surrounding area, be it economic, socio-cultural or otherwise and therefore has to be studied in the context of a ‘sporting and event destination’. Our research uses a Case Study Method to understand the growth of a Trail Race that started from a French sports photographer (Gilles Bertrand)’s imagination and its impact on the ‘site’. The race has, by virtue of its growing popularity, made a significant impact on the territory in which it takes place. The Trail race we refer to is the *Festival des Templiers*, which – since its modest beginning in 1995 – has grown to be one of the largest trail runs in Europe. There is very limited research and publication available on trail running and its economic, social or environmental impact. Our research aims to fill this gap through on site interviews of various stakeholders by understanding their contributions and the motivational factors.

Introduction

Since the 1980s, across Europe and the United States the practice of running as a sport has become popular across cities and in the countryside. This sport, hitherto largely practiced in the normalized world of stadia, has been transformed into a new format of roads and trails. Over time, paces have slowed down and distances increased, as running across diverse landscapes has become more commonplace. So-called “off-stage” races are proliferating – and athletics is finding a new lease of life, less dependent on performance and more on participation.

This is the context in which *trail running* started making its presence felt. Described as a ‘walking competition open to all, set in a natural environment, with as few cemented or paved roads as possible on paved routes’, the practice has gradually spread to cities. Organisers and hosts of marathons and semi-marathons then began introducing races hosted in natural settings and surroundings. The acceptance and subsequent success of this discipline has been remarkably rapid (Bessy, 2011). In most countries, small towns and villages have their own competitions according to their geographic assets (or limitations); most weekends, runners ‘from elsewhere’ – ranging from neighbouring districts to foreign counties will gather to participate in the local trails. These sporting events, most often small-scale, prompt a movement of people including runners, their families and friends, as well as passionate spectators. They often travel hundreds of miles to towns and villages that host trail running events, often contributing directly and indirectly to local business, for example in the hospitality services.

This chapter analyses the impact of a trail running race on the territory that it covers. In an exploratory study, we take the case of the *Festival des Templiers*¹ from the perspective of the concept of regional resources that, according to Mao & al. (2009), is a relevant prism for the analysis of outdoor sports. The choice of this particular race is based on three motives: first and foremost, this race, launched in 1995, is considered to be the founding event of this nature in France, and a benchmark for all other trail events. Secondly, *Festival des Templiers* is held on a territory that was not considered of high tourism or investment importance, when the race was created, despite the region’s historic importance. Finally, the *Festival des Templiers* is now a considerable success, making it the largest race in the region, with some 13 thousand participants. These aspects make this case particularly interestingly. Using exploratory methodology, we explain a largely overlooked field of research: ‘trail running’ as a contributor to local economic development. The chapter focuses on the organisation of the event, by relating, mixing and analysing data from different sources as suggested by Yin (2013).

The discipline of trail running, despite an ever increasing practitioner base, has been poorly or little studied in Management Sciences. This is largely due to the fact that it is a recent phenomenon. Our approach is therefore intended towards expanding and contributing to the scientific literature on this subject. With a Managerial perspective, this article analyses a method

¹ The Order of the Knight Templars was a Christian military religious order from the Middle Ages (12th century). Members were called the Templars. The name ‘Festival des Templiers’ is taken from the geographic region of the race.

for contributing towards understanding the contributions of trail running towards 'economic value creation' in a given region. It speaks about the significant potential that exists for territories that could be exploited for sport tourism purposes. The chapter continues with tracing relevant literature then discusses the methodology used, before presenting the results of our case. The intention is to draw conclusions regarding the extent to which the phenomenon can be explained by the existing literature.

Literature Review. Trail running as a territorial resource

As a sporting discipline, trail running is experiencing an unprecedented increase in popularity (Kantar, 2013). However, it is not yet a well-documented and well-researched topic, hence the genesis of this chapter to draw attention to the economic and social contribution of the event from the perspective of territorial development. This implies taking into consideration certain notions specific to geography, as will be demonstrated in the following sections.

Territory and regional resources

For the past couple of decades, the concept of "territory" has been widely used not only in public spatial planning policies but also by private companies to promote their products or services. For some authors (Gumuchian & Pecqueur, 2007; Moine, 2006), the different uses of this term tends to blur its meaning to the point that "definitions eventually overlap" (Moine, 2006: 117). Although term 'territory' undoubtedly refers to a geographically located space (Maigrot, 1999), it cannot be summarized as being restricted only to geography (Di Méo, 1998; Moine, 2006). 'Territory' is also based on social space and lived space (Moine, 2006) that includes various stakeholders and their practices beyond the geographic reality. According to Brunet et al (1992), the territory is a geographic approach to an economic reality that presents a dual nature that is both material and ideal – and includes symbolic, cultural and historical aspects of the said space.

While a region is steeped and fashioned by history, it is also anchored in the present and can be lived as a project (Poulle & Gorgeu, 1997, in Moine; 2006). Public and private stakeholders that are active in the region have an essential role to play in a region's transformation over a period of time. Each region grows in a specific manner owing to the various networks that geographic proximity helps to develop through interaction between various the stakeholders, and thus contributes to their specific nature. In return, the

territory reinforces the sense of ‘belonging’ among the various stakeholders (Brunet, 1997). Thus, Gumuchian and Pecqueur (2007:15) affirm that territory is revealed by the stakeholders and that “its life span depends directly on the will or commitment of these same interest groups”.

Highlighting the various interlinked components of a territory, Moine (2006: 120) defines it as “a complex, evolving system that associates a set of stakeholders on the one hand, and the geographical space that these actors use, develop and manage on the other hand”. The territory, which we conceptualise as a localized space and place of deployment of stakeholder strategies, includes several resources that can be understood as *territorial resources*. While the notion of territorial resources underwent several changes at the turn of the 20th century, with theories relating to the industrial district (Marshall, 1919); studies evidence new approaches in terms of the productive system (Courlet, 2000; Pommier, 2002) which underscore the idea that both social and productive organisations are territory-based.

Gumuchian & Pecqueur (2007:5) see territorial resources as “a constructed characteristic of a specific territory, and this, from a development perspective”, offering inherent, fundamental characteristics (that are unexploited). The onus is on the stakeholders to transform an ‘inherent potential’ into a resource that can be exploited. Thus, the historical heritage of a region will only be transformed into a resource if it is maintained and enhanced by those who are aware of its existence. Otherwise, it follows that the resource will not contribute to the sustainable development of the territory. Kebir (2006) takes a more restrictive view of stakeholder importance in resource access. He considers it to be a relationship between an object and a production system. This relationship is built, perpetuated, coordinated and developed in the territory. In this view, a resource only exists if it is ‘activated’. Therefore, a distinction can be made between ‘natural endowments’ from ‘resources’ which are ‘endowments that are activated by territorial stakeholders’. Gumuchian & Pecquer (2007; Bessy, 2011) associate five different characters to territorial resources, as follows:

- geographic dimension (i.e., linked to a specific region)
- sociological dimension (i.e., involves actions by various stakeholders at the socio cultural level)
- economic factors (i.e., resources should allow the diversification of local resources and impact the economy either direct or indirectly)
- political aspect (i.e., the territorial resource should involve political will that supports regional projects)

Nature sports and regional resources

The increase in leisure time over the past decades has led to an increase in popularity of outdoor sports. A phenomenon that started in the developed world is now spreading worldwide. The French government regulates the practice of ‘nature sports’, and defines the practice as ‘physical and sporting activities carried out in a natural, agricultural and forest environment’ (c.f., instruction n° 04-131, August 12th, 2004). Here, ‘nature sports’ are interpreted through the prism of the ‘space in which they are practiced’, without listing any category. The diversity of ‘nature sports’ and the new practices that have emerged make it difficult to define and categorize them exhaustively.

Falaix (2012) states that the practice of ‘nature sports’ is a challenge to quantify because of the diversity of practices, as well as variations in frequency and terrain. In other words, these sports are not confined to a sports area, and not all practitioners subscribe to an official sports federation. Mao et al. (2009) consider that the terrain where the sport is practiced provides a relevant prism for understanding ‘nature sports’. The authors note, following Bourdeau et al. (2004), that these activities do not develop in a disconnected way. Thus, the “support and setting of these activities can be considered as a generic and latent resource for any territory” (François, Hirczak, Senil, 2006 in Mao et al, 2011:303). Accordingly, mountain territories benefit from the basic conditions to create winter sports resorts, coastal cities can take advantage of their geographical location to develop seaside tourism, and so on. The natural, cultural, historic and social context of each territory guides the development of outdoor activities and makes it possible to transform an initial endowment into a territorial resource, for example, for winter sports or water sports. According to Falaix (2012), the development of these activities could even give rise to a local identity and make it possible to differentiate and enhance a territory. Numerous public and private stakeholders are involved in the transformation of an inert location into real resource. The authors put forward, however, that the non-profit stakeholders are often the main driving force in this type of transformation.

Bessy (2011 & 2012) is one of the few researchers who has analysed the impact of trail running on regional development, in the specific context of North-Face® Mont-Blanc Ultra-Trail® – abbreviated to UTMB® – a long, steep race spanning three countries in Europe’s highest mountains. His findings show that, firstly, the success of the race depends on the reputation of the site and its qualities. The tourism tradition that has been integrated

into the Mont-Blanc region over the years has enhanced the race with the image of nearby Chamonix: ‘the world’s capital of alpinism’. Moreover, the author highlights the driving role of the government project, ‘Espace Mont-Blanc’. Supported by local authorities, this project aims not only to develop the cross-border territory but also to ensure the preservation of the environment. The event is innovative in many ways because it is “thought and conceived in relation to a territorial project” (Bessy, 2011:24). It highlights the extremely varied natural spaces of the trail routes, integrates multiple stakeholders and involves public-private-voluntary partnerships as well as NGO participation. The UTMB® respects the five principles defined by Gumuchian and Pécqueur (2007), namely geographic, sociological, political, economic and environmental principles.

Methodology

Focusing on the specific case of the *Festival des Templiers* trail race, our case draws from different primary and secondary data sources and triangulation of the collected data, in line with the recommendations of Yin (2013) for producing a case study. We use concomitantly, qualitative study and Netnography (Kozinets, 2009) as a technique for online data collection. More specifically, we adopted a methodology that combines documentary sources, participating observations and long, qualitative interviews. The aim was to obtain as many different points of view as possible, about this event. We set out to ascertain not only the intentions and observations of the race organisers but also the translation of these intentions into the reality of the *Festival des Templiers*. In addition, we integrated these observations into a particular context that joins territorial identity and a sporting event, as summarised in the following table.

Table 1. Summary of methodological approaches

Primary data	Points of view of the organisers concerning the region and territory where the race is held	Non-directive interviews of the founders and current Managers of the Festival des Templiers race (6 hours)
	Observations of the logistics over the entire route of the <i>Festival des Templiers</i> race	Participant observation as technical assistance to the runners (October 2016)
	Observation of the organisation of the race from a volunteer's point of view	Participant observation as a Volunteer at the first aid point 'La Cade', a major intersection of most races during the event. (October 2017 and October 2018)
	Study of the positioning of the race in relation to the territory	Study of promotional paraphernalia, Web site and Social Networks of the <i>Festival des Templiers</i> event.
Secondary data	Study of the positioning, organization and 'feeling' of the race	Local and specialised press (October 2016 to August 2018). Specialized sites and forums (October 2016 to October 2018).
	Study of the territory of the city of Millau and its surroundings.	Reports and analyses produced by the Tourist Offices and the <i>Parc Régional des Grands Causses</i> .
	Study of the impact of the race on the territory of the city of Millau.	Analysis of the economic impact studies of the <i>Festival des Templiers</i> produced by the Chamber of Commerce & Industry for the years 2008, 2012, 2014, 2016 and 2017.

Analysis and Discussion

In the first part, we explain the *Festival des Templiers* in the context of the geographic environment i.e., the city of Millau. An understanding of the terrain is essential for recognising the particularities of the race and its territory. In the second part, we discuss the results of our exploratory research in relation to the aforementioned theoretical points.

Presentation of the *Festival des Templiers*, Millau

The territory of the *Grands Causses* is located in the south of France, in the northeast of the Occitania Region. The term "causses" refers to the set of limestone plateaus, valleys and gorges that correspond to a medium mountain range. Historically, this mainly rural territory has been entirely devoted to agro-pastoralism and has experienced mass exodus of residents. With the development of the cheese industry, some farms have found new markets, but that has not translated into sustainable regional economic growth. Thus, the region remains largely inaccessible because of its geographic remoteness – albeit a blessing in disguise. The territory benefits from outstanding, well-preserved natural landscapes that have earned the label of ‘national park’ (c.f., The Natural Park des Cévennes) and ‘regional natural park’ (Regional Parc of des Grands Causses), as well as a World Heritage Site, recognised by UNESCO. The climate of the *Grands Causses* is fairly mild in the summer but can be harsh in winter, which limits the tourist season to a few months.

The city of Millau, situated in the Aveyron region, was the centre of the glove manufacturing industry in France. Like most industries that grew economically in post-war years, it has experienced steady decline since the 1980s. Today, the borough of 20,000 inhabitants faces high unemployment and an aging population. Millau has a rich historical and cultural heritage with prestigious monuments of medieval history. The region is steeped in an agricultural tradition, yielding rich gastronomy and products of exceptional quality. Besides, Millau is the only city in Europe with more than 20,000 inhabitants to be located in a regional nature park, some 300,000 hectares of parkland with diverse flora and fauna. The area is popular in summertime for hiking and other outdoor sports, strongly encouraged and supported by local government.

However, despite these natural assets Millau is not a major tourism destination. Although infrastructure is well developed, it cannot compete with other territories that are better connected by transport and communication

networks. ‘Nature tourism’ (an emerging sector in France) has not been associated with this region, despite its obvious natural assets. The primary reason for the lack of popularity among tourists is the image of Millau and its surroundings, perceived as ‘not quite in the mountains yet far from the sea’ – which are the destinations of choice for mass tourism.

Millau appeared on the tourist map in 1972 when a local athlete, Serge Cottereau, organised the first 100 km race there, based on the road races held in Switzerland. This race format, which was already popular in other European countries and the USA, had never been tried in France before. While Cottereau had the support of the local athletics association, he was ousted from the national federation of athletics, FFA, for organising a ‘non-standardised’ race. Regardless, this first 100km race was followed by many others and is now a popular annual event, generating economic growth in the surrounding villages. The natural terrain of the mountain passes has become a mecca for trail races.

While the endurance events in Millau take place run on the road, the *Festival des Templiers* race is run on country paths and trails. The first *Festival des Templiers* race took place in 1995 at the initiative of Gilles Bertrand, a renowned sports photographer, and Odile Baudrier his partner. Inspired by covering extreme trail running events in the American wilderness, they decided to introduce the sport in the backwoods of Aveyron. The combination of the surrounding nature and the difficult terrain made the event an overwhelming success. The *Festival des Templiers* race is now the biggest trail event in France in terms of number of runners (Bessy, 2012); it has evolved from a single race to more than ten races of various formats and from 65 to 12,800 runners from over 40 countries. Crossing four ‘*causses*’, three valleys and 10 municipal boroughs, the race is organised in the following manner (see Table 2):

Table 2: *Festival des Templiers* races

Endurance Trail	100 km (1999)
Grand Trail des Templiers.	76 km – <i>Course d'origine</i> (1995) The original course
Intégrale des Causses	63 km
Boffi Fifty	50 km
Marathon des Causses	38 km
Marathon du Larzac	36 km
Rock Shot	33.5 km – Race organised in memory of a volunteer.
Monna Lisa	28.5 km
VO2 Trail	17 km
Trail des Troubadours.	11.5 km
La Templière.	7 km
KD Trail	7 km.
Kinder Trail	1.5 km – Children's race
Course sport adapté	500 à 2100 m
La Belle de Millau	4.2 km – Race organised with for humanitarian cause

Source: Author participation

In addition to the ultra-endurance events (i.e., longer than a standard marathon), other more accessible formats have now been added. The *Festival des Templiers* race has transformed into a 'Festival' lasting 3 days at the end of October when weather conditions are unpredictable. A 'trail show' with 120 exhibitors attracts a vast array of professionals, sports brands, other race organisers and regional stakeholders who promote/sell running or hiking equipment.

Discussion of results

Our exploratory study of the *Festival des Templiers* reveals four key elements that have contributed to its sustainable success:

- (i) A strong commitment to promote the territory of the *Grands Causses* and to be part of the local tradition and history.
- (ii) The Festival des Templiers as a territorial race
- (iii) An active approach to preserving the natural environment
- (iv) A largely positive economic impact

In a relatively short period of time, the event has evolved into an inclusive community-oriented phenomena that has attracted international interest, as will be demonstrated in the following sections.

(i) *A strong commitment to promote the territory of the Grands Causses and to be part of the local tradition and history*

The *Festival des Templiers* is positioned in a 'didactic' perspective with regard to registered runners. For the race founder, Gilles Bertrand, the participants must compete in a sporting event but also 'be part of history as much as part of a landscape'. The intention is to make the area better known, nationally and beyond borders. This desire is reflected in the communication strategy of the *Festival des Templiers*, which draws attention to the landscapes of the race and the specific features of this territory. The very name *Festival des Templiers* echoes the deep historic significance of the place. The race logo incorporates an endemic species of the territory: the European vulture.

The organisation of the race and ancillary activities are specifically designed to highlight the natural beauty of the region. The courses are chosen not only for sporting reasons but also for their endurance appeal and originality. Some of these routes allow the runners to discover the local sights and/or rediscover forgotten paths that the village elders have indicated to the organisers. This inclusive approach enables the participants, spectators and volunteers to enjoy the event. People attending the event are given maps and GPS-access tools that allow them to follow a runner and easily reach them at certain first aid points. The attendees also have the opportunity to discover the region and the typical villages through which the race runs. Our interviews with the participants revealed that the individuals accompanying the runners had taken full advantage of the opportunity to visit the region while meeting the requirements of the athlete(s) that they were supporting.

The event has a positive impact on local suppliers of food and beverage; the typical high carbohydrate meal offered the day before a race is a classic regional dish. The organisation has shunned the stereotypical cheap alternative of a pre-race 'pasta party' in favour of the traditional local dish: *l'Aligot* (potatoes and local cheese), served with regional products. Instead of a winner's trophy, the athletes are awarded local craftsmanship such as sculptures and pottery made by regional artisans.

While the partners and sponsors of the race are all local or regional entities, in line with the ethos of the *Festival des Templiers*, the main sponsor

'Kalenji' is part of France's largest sporting chain, Decathlon. The brand has had strong ties with the race, as the director of the local Decathlon store was a *Festival des Templiers* runner himself, who set up a partnership with the Festival: "*When a partnership is signed, it is often a story of people*" (Gilles Bertrand, interview).

(ii) *The Festival des Templiers as a territorial race*

The *Festival des Templiers* Festival embraces and encompasses the entire territory. The close links between the various stakeholders are reflected in the philosophy of the event and its marketing communication strategy. The race brings together the various institutional bodies of the territory, including regional government, the city council of Millau, municipal authorities, national parks and the National Forest Organisation.

The scale of the organisation necessitates wider stakeholders from the surrounding region. Meetings are held with local landowners to negotiate access for the race – and with hunting organisations to ensure the safety of the race, given that the race takes place during the hunting season. Our investigation revealed [LJ1] the excitement of the thousands of volunteers from all over the world who eagerly participate in the event. The retirees, who make up the bulk of the volunteers, have a tradition of meeting up a few days prior to the race, akin to a family celebration! They proudly partake and feel ownership of the event: "It's still our race!" (A volunteer at the *La Cade* supply station, Oct. 2017). Above all, the interviews revealed the extent to which the inhabitants of the local villages through which the trail routes passed would willingly join in with the spectators to encourage the athletes – even at dawn. The trail creates enduring bonhomie throughout the small villages located along the route.

(iii) *An active approach to preserving the natural environment*

Human activity undeniably has a damaging impact on the natural landscape; trail running is no exception. Gilles Bertrand and his team are working on minimising the environmental impact during the *Festival des Templiers* by developing the first "Trail Charter" which stipulates that all runners must respect the fauna and flora, or face the sanctions of non-compliance. Evidence suggests that the charter is largely respected by the participants, thus the environmental impact is minimal. For example, our observation confirm that volunteers are diligent in leaving behind no traces and carefully sort their waste into the containers provided for this purpose. As the trail takes place in the wilderness, necessitating the trails to be marked, the race

markings are removed the same day by the runners who ‘close’ the race in order to leave no traces behind.

From a more strategic perspective, the roads sometimes modified according to the needs of local wildlife. Thus, the trail route of a race in 2018 was rerouted to avoid disturbing the nesting of a species of bird that is being reintroduced to the region. Not every effort aimed at reducing the environmental impact has been successful. For example, interviewees revealed that they had experimented with minimising vehicle access to the region. With this in mind, they provided buses that could ferry athletes and others from the railway station of Montpellier, some 111km away. This initiative was only partially successful, since participants prefer to drive in order to visit the region after the race.

(iv) *A largely positive economic impact*

The *Festival des Templiers* has undoubtedly contributed to the popularity and image of the territory, not only at a national level, but also on an international scale, as evidenced by the nationalities of the 420 foreign runners in 2018. Impact studies show that over 40% of the runners were unfamiliar with the territory of Millau *Grands Causses* prior to participating in the race (Impact Study, 2017). For 35% of those interviewed, it was the race itself that enabled them to discover the city of Millau.

Most of the runners are not from the region (80%). They typically attend the festival accompanied by family or friends – which can create a certain number of logistic challenges in terms of hospitality services. The average length of stay is more than two days. Some runners have to book accommodation up to 100km away from Millau, owing to lack of accommodation *in situ* (Impact study 2017). The race benefits not only hotel professionals who sell out but also individuals who rent out private property during the event.

The *Festival des Templiers* also has a significant impact on local trade; most of the runners purchase their supplies upon arrival from local suppliers. The estimated average expenditure per person is 50 to 100 € (Impact Study 2008), with more than 1 in 6 visitors spending over 250€ (excluding money spent at the exhibition centre or/and other organisational expenses). Other spending to take into account includes costs incurred by the logistics, timing professionals, the trail show and the recruitment of volunteers from non-profit associations (partially subsidized by fundraising activities organised by members of the *Festival des Templiers*).

Finally, far from being limited to period of the Festival, the discovery of the region also has an impact on the holiday motivations of the runners. Our interview data showed that many take advantage of the location to visit nearby tourist sites, in particular the Templar Sites, Millau Viaduct and Roquefort Cellars. Similarly, many runners declared that they had trained in the region before the event, *reconnoitring* the courses – this activity is organised between runners of the same club but may transform into a professional activity in coming years, thus contributing to the economy of the territory.

Concluding comments

The findings of our case confirms two key elements discussed in the literature: the notion of a territorial resource based on existing endowments, and the fundamental role of the stakeholders.

The *Festival des Templiers* has strong ties with the territory of the *Grands Causses*. The very nature of trail running, which involves a journey through nature, undoubtedly contributes to making it known, but we noted that this evidence was reinforced by the organisation's willingness and active approach. The latter focuses on natural aspects, as noted by Bessy (2011) in the case of the UTMB®, but it also emphasizes the historical aspects of the territory which remains at the forefront of the event, in an attempt to raise awareness of the region's tourism assets.

The various races organised year after year allow the runners and their companions to have an insight into the diversity of the landscapes and their sporting virtues. The *Festival des Templiers* has been instrumental in establishing and maintaining enthusiasm for ‘nature’ tourism, bringing the region out of its isolation, and shifting the image of “nature” from objective to subjective, as echoed by Moine (2006).

Our case shows how the founders of the *Festival des Templiers* have activated the natural, historic and sporting endowments of the territory, then transformed them into territorial resources in their own right (Kebir, 2006). The specific characteristics of the region – outstanding natural beauty and established providers of endurance sports – have been the driving force behind trail running innovation and its remarkable success, underscoring the notion of minimalistic tourism, in line with the work of Mao et al. (2009).

In terms of the central role played by the stakeholders (c.f., Moine, 2006; Gumuchian & Pecqueur, 2007; Mao & al., 2009), the success of the *Festival*

des Templiers can be ascribed to the enthusiasts who integrated an American practice into the heart of the *Grand Causses*. Although the commitment of local government bodies is unquestionable, the *Festival des Templiers* race (unlike the UTMB®) is a private associative event, confirming the remark of Mao et al. (2009) regarding the non-commercial aspect. Consistent with Bessy (2011), we use the prism put forward by Gumuchian & Pecqueur (2007) to validate whether the *Festival des Templiers* race can be assimilated as a territorial resource.

The *Festival des Templiers* is a geographically-specific event, unique to the territory owing to the ‘personality’ of the race and its historical context. The event has strengthened social ties, through the inclusion of diverse public and legal entities involved in the race. Local communities, traders and municipal offices are called upon at various times of the year to participate in the organisation of the race. Although the size of the event can sometimes trigger fear (and even opposition) from rural supporters, the growing trust between stakeholders enables any difference of opinion to be quickly resolved through dialogue.

Participants and organisers adhere closely to the Trail Charter in order to minimise environmental damage. Economically, the event yields tangible benefits for the territory in terms of tourism spend. The income is particularly welcome as it occurs after the end of the tourist season, c.f., the race is held in October. Through the remuneration of local stakeholders, the event redistributes profits across the territory.

To recap, the impact of the *Festival des Templiers* extends well beyond the event; participants articulate their intentions to return to the region in the summer period. The political impact is apparent in the opportunities for dialogue that the race creates with multiple stakeholders. As the development of the territory is a key objective of local administrators, the discussions that take place regarding the race will undoubtedly create and consolidate a synergy that will benefit the wider stakeholders. Trail running, in the case of the *Festival des Templiers*, stands out as an established territorial resource, bringing together public and private actors. The ‘objective’ aspect (the *Grands Causses*) meets with the ‘subjective’ aspect (established provider of endurance sports) to produce tangible economic impact that attracts international stakeholders. Through this case, we show how diverse stakeholders can enhance the value of a territory. It follows that other territories, which currently do not benefit from significant tourist flows, deserve to be further explored, particularly from the perspective of the territory's institutions. It would be equally constructive to

explore similar races elsewhere in order to compare the events and to develop a framework for comparing the cost-effectiveness of such events.

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PRACTITIONER INSIGHTS INTO CONSUMPTION OF PRE-OWNED LUXURY: A CROSS-CULTURAL COMPARISON OF CHINA & EUROPE

CARLY FOX & XUN JIANG

Abstract

The purpose of this chapter is to stimulate debate based on practitioner experience and insights regarding the *pre-owned luxury* industry, rather than to confirm or refute theoretical constructs. Presented as a case study, the chapter explains emerging trends in the consumption of pre-owned luxury in Europe and China – which, at the time of writing, remain an under-researched area in academic publications. Although the concept of pre-owned luxury has been discussed from many different approaches including anthropology, consumer behaviour, cross-cultural comparisons, counterfeit trade, investment and return on investment ... there remain certain aspects that have been overlooked by scholars, in particular the underlying motivations for procuring and collecting pre-owned luxury.

Introduction

Written from the perspective of observation and participation in the luxury fashion industry over the past two decades and comparison with the Chinese market, this chapter opens with an *aperçu* to explain the context (background and overview). It then presents a vignette to outline pertinent examples of Chinese e-commerce platforms, and after which describes the driving forces of consuming pre-owned luxury. Various notions are put forward in the discussion on the rationale for purchasing and collecting pre-owned luxury, followed by insights into aspects of co-creation that are taking place in the industry at the interface of offline and online communities. The following vignette is drawn from practitioner experience and anecdotes, putting forward a contemporary snapshot to illustrate

emerging trends in pre-owned luxury. Taking into account the evolving nature of the industry, a selection of managerial implications are drawn up, based on the authors' professional networks – special thanks to Carolina Tinoco, Conchita Perez Decan, Stelios Hawa, Patrick Fagan, Andreas Acala, Andrea Baraldi, Saturn Dhaliwal etc). Limitations and suggestions for further developments of this chapter are then presented.

Background & overview

Prior research into the consumer luxury market is predominantly centred on brand-new luxury products (also referred to as '*untampered*' luxury) purchased from an authorised retailer. The emerging trend for pre-owned (also known as 'pre-loved') luxury consumption is therefore disrupting the industry. Little is known about the motives for consuming pre-owned luxury – and, as such, the trend has been largely ignored by scholars. Over recent years, the market of pre-owned luxury fashion and accessories has seen substantial and continual growth, becoming the seventh largest global economy (Turunen and Leipämaa-Leskinen, 2015). This market represents today an ever-expanding and very lucrative industry that has evolved significantly from the days of thrift stores and pawnshops to upmarket boutiques and online pre-owned luxury empires. Businesses specialising in pre-owned luxury are now commonplace and much 'sought after' on the high street.

In an attempt to understand this rapid growth, it is reasonable to question the genesis of the industry in order to understand the disruption that it is causing today. This *volte-face* in consumer behaviour draws attention to the rationale, motivations and desires of modern consumers. Retailers, investors and scholars now strive to understand where the trend began and what attracted and/or motivated so many individuals to buy, sell, rent, donate, invest in, and collect pre-owned luxury fashion and accessories. The phenomenal popularity of pre-owned luxury goods (particularly in Western developed countries) naturally raises the issue of disposable income and purchasing power. Owing to the novelty of this trend, it is not (yet) clear which business models are most successful. Neither is it apparent how information and communication technologies (ICT) have shaped the industry, in particular social technologies and online influencers. Without question, the industry of pre-owned luxury has been fairly affected by counterfeit goods. However, in such a dynamic context, it is difficult to see where the industry is now heading – and how consumers will respond.

From a business perspective, it is fundamental to raise awareness of such changes taking place. By examining consumer motivations and evolving shifts, it furthers our understanding of how to fulfil the needs and wants of consumers and increase consumer satisfaction, which in turn increases brand loyalty and future consumption. It is worth noting that, while far from being ‘fast fashion’ as such, the market of pre-owned luxury fashion and accessories is ever changing. In order to stay competitive and to react to market turbulence, retailers and e-tailers need to optimise and adapt to constant evolutions in the marketplace, taking into consideration the changing needs and wants of the modern world. An example of this: the partaking in general selling/marketing ploys of the untampered luxury market by including them in such activities as offering discounts and bonus gifts, Black Friday sales (the equivalent in China is “*Double 11*” and “*Double 12*” sales), China’s *Singles Day* sales (14th February *anti-Valentine’s Day* sales) Christmas sales, celebrity and charity events etc.

Since the end of the 1990S, ‘fast and cheap’ fashion has flooded the marketplace (in the developed world) and gathered pace, as brands looked for new ways to make quick returns on investments and generate profit by increasing the number of clothing ranges in between seasons. Globalisation grew rapidly during this decade as brands shifted the bulk of production to the low-cost areas of the developing world. China’s traditionally collective society played a major role, where labour costs and overheads represented a fraction of those in Europe. This approach was not the first time in fashion history that change on this scale had occurred. In the 1860s, we saw the Luton (UK) straw-hat industry greatly impacted by the importation of cheaper Chinese plaited straw pieces (BBC Two, 2018).

These more recent changes were accompanied by an overall marked decline in quality (artisanal skills differ from one culture to another) and the emergence of the ‘disposable society’. No longer did we see seasonal change in clothing collections; from then on, new styles and trends were appearing at an ever-increasing pace. Society began buying the cheaper version, merely to keep up appearances. We consumed rapidly and threw away at the same pace. As a culture, we soon became obsessed with image and celebrity; our desire to fit in and be ‘part of the crowd’ – see Maslow (1943) and the notion of the ‘need to belong’. We all aspire to belong to a tribe, group and community – and to express it: ‘Always have and probably always will’ states Patrick Fagan, a consumer behaviour expert. The era of *reality TV* appeared and we were voyeuristically consumed by the (pseudo) real lives of others.

Consequently, the procurement of pre-owned luxury became a means of individual expression while achieving a fashion paradox. We are just beginning to see this trend emerging in China with the expansion of exposure to contemporary Western culture. By definition, luxury is exclusive, scarce and unique. Owning luxury which has been pre-owned is an expression of post-modern living, as a way to ‘fit in while standing out’. Celebrities such as Chloe Sevigny, Kate Moss and Alexa Chung have made it socially acceptable and chic to mix *vintage* and luxury pre-owned pieces with modern and current collections. As explained in the leading studies on vintage, for example Ryding et al. (2017) and Fox (2018), pre-owned luxury will secure a distinct look that generates an image of greater quality and uniqueness. A similar interpretation of vintage can be found in China, although it is crucial that the item be authentic and in mint condition.

Early perceptions of purchasing from the second-hand market (thrift stores and pawnbrokers) were attached to a negative image. This is still felt today in China. With increasing wealth generation coupled with an awareness of the need to recycle, reuse and recondition, pre-owned luxury stores have more kudos and little trace of stigma – see for example Shop-Hers.com, Fashionphile, Covetique, LuxuryExchange, SnobSwap.com, Vestiaire collective.com, and Threadflip.com (See China Vignette for comparison). The general population in China has a new found sense of recycling, reusing and reconditioning, with environmental and moral issues being of increasing concern although this is somewhat delayed compared to the developed Western world. In the post-modern Western world, it is now *chic* to recycle luxury. Until relatively recently, it was socially embarrassing to be seen buying or wearing pre-owned goods. People who wore ‘*hand-me-down*’ clothes or had purchased from a second hand shop, were considered ‘too poor’ to be able to afford new clothing. The perception of second hand has changed radically, and even the language we now use to describe this market has changed. Consider how ‘charity’, ‘thrift’ and ‘used’ have morphed into ‘pre-owned’, ‘pre-loved’, ‘retro’, ‘vintage’, ‘shabby chic’, ‘designer resale’ – see Brown (2001) for further marketing insights into the revival of retro and vintage.

Vignette: Chinese e-commerce platforms

The growth of online luxury goods purchases (new and pre-owned) has gradually increased in mainland China, as a result of enhanced accessibility to e-commerce platforms (although this sector continues to be heavily restricted), subtle cultural shifts, technology advancements, and greater

financial means. To illustrate the magnitude of this sector in China, we will now identify the market leaders.

XINSHANG, founded in 2014, is a professional service platform centring on authentic excess stock (including but not limited to luxury products). The platform integrates transactions, community exchanges, identification, pre-owned and new luxury maintenance services. Transactional value has been quoted as increasing 30% month on month and accounts for 50% of pre-owned luxury good transactions in China (for more information, see <http://91xinshang.com>).

PONHU Luxury, started in 2015, is the first C2B2C model of a mobile trading network platform specialising in pre-owned high-end luxury goods. It provides authentication and valuation, maintenance, pre-owned, consignment, auction and offline luxury stores (for more information, see <https://www.ponhu.cn>).

REAL is a platform combining pre-owned luxury sales, consignment, luxury product maintenance, authentication and a customization service (for more information, see <http://www.zhen-de.com>). It works closely with the China Certification & Inspection Group Luxury Identification Centre, to guarantee the authenticity of pre-owned luxury goods.

MILAN STATION (also trading under “France Station”), was the first retail shop opened in 2001 in Hong Kong, later expanding the operation to Macau and Mainland China. It was listed on the Hong Kong stock exchange in 2011 and now focuses on retail sales of pre-owned luxury handbags and accessories (for more information, see <http://www.milanstation.com.hk>).

LUXARITY, founded by Cristina Venture Serra, is a social venture of the Lane Crawford Joyce Group. Its mission is based on building a community that promotes and shares the values of *responsibility, awareness and wonder (R.A.W)* by selling pre-owned luxury goods and giving benefits back to the community through grants which target quality education, responsible consumption, as well as health and well-being. Luxarity combines both luxury and charity, a platform where you can shop and be altruistic at the same time. It has sold over 6000 pre-owned luxury products, has almost 1000 loyal VIP customers (however, the total customer base is much greater) – and has offered over 1000 social and educational grants. Further details available at: <http://luxarity.com>.

In 2016, Sarah Fung founded “THE HULA” an online marketplace for pre-owned designer wear, including clothing, shoes, bags, and accessories.

Some 5% of the net profits are donated to charity and regular updates are posted on the Hula website. All goods are guaranteed ‘authentic’ by either having come directly from fashion industry insiders *or* by using Entrupy’s AI authentication app (for more information, see <https://www.entrupy.com>) which was launched in 2012 (currently 99.1% accurate). Fung confirms that it continues to be difficult to sell pre-owned luxury items online in Hong Kong mainly owing to the small size of the city. This trend can be explained by the customers’ physical proximity to street shopping, and a desire to see goods in person to have a better understanding of the quality and thus avoid purchasing fake or goods in poor condition (see also Campfire Collaborative Spaces panel discussion titled “Green Is The New Black” September 14th 2017). Further details about Hula are available at: [https:// thehula.com/who-is-hula](https://thehula.com/who-is-hula).

The driving forces of consuming pre-owned luxury

There are many reasons why people buy, sell, rent, donate, invest in and collect pre-owned luxury fashion and accessories. Individuals are motivated by innumerable factors – that can be broadly described as social, emotional and financial. Some people may sell or donate their luxury clothing and accessories to de-clutter and make room for new season collections or new styles. Others sell their unwanted luxury belongings purely to make extra money. Others still (who do not need the extra money) find it exciting to sell luxury accoutrements, on a par with a sport or hobby, or to join the current trend of selling. Individuals may also sell as a result of ‘life changes’; they may have children and no longer need (or have the occasion to wear) luxury items. Alternatively, they maybe no longer fit into their luxury clothes, or feel that the clothes no longer suit their current lifestyle.

When comparing China with the European market there are other reasons that account for pre-owned luxury consumption. It can be associated with a shift in consumer attitudes. With the popularity of a sharing economy and growing awareness of pre-owned luxury (in part due to a very slight relaxing of access to Western social media platforms and also movies, books, and international travel), the acceptance of pre-owned luxury consumption has expanded. Increasingly, consumers have a more rational view of consumption and a greater acceptance of pre-owned luxury goods. Hard work is still highly valued throughout society although we see younger generations insisting on greater leisure time with ensuing leisurewear needs and enhanced opportunities to display their fashion style. In an interview with the New York Times China, Matthew Rubinger, director of the

handbags and accessories department in Christie's Hong Kong discussed the challenges facing the Chinese pre-owned luxury market. The two predominant challenges include: culture and the impact from imitation. The majority of the population are not comfortable with the concept of pre-owned or vintage goods, and believe it to be *from the past* or a *sign of poverty*. However, the condition and the collectability (whether for investment or to have a rare and desirable item) of the pre-owned product itself are deemed more crucial. The Chinese population are coming round to the idea that the only way to acquire a certain item may be via a platform. In this view, the pre-owned luxury market is still in its infancy in China – but is likely to see rapid growth in the very near future (Luo, 2014).

Consumers in China are beginning to interpret pre-owned luxury circulation and consumption as an environmentally friendly activity as well as a way of owning quality products at a lower price. Both online and offline platforms are increasingly being provided to consumers and China's Certification & Inspection Group (CCIG) offers a service of luxury appraisal. CCIG are a reliable third party that can reassure consumers which is particularly important considering the imposing culture and production of counterfeit goods.

The authenticity of luxury goods is often examined, owing to the high volume of fake luxury products in Hong Kong and mainland China (see the panel discussion on sustainable fashion with Fanny Moizant see Tiffany AP, 2018). Well-liked luxury brands are copied and produced globally – although China seems to play a prominent role within the counterfeit goods industry (Bian and Veloutsou, 2007). Furthermore, 'high-quality' counterfeits may be seen as a substitute for authentic luxury by some who regard its social meaning, status, personal feeling and brand experience they achieve as important (Jiang and Cova, 2012).

Within Europe, and to a large extent the world over, some luxury items may be unwanted gifts that end up being sold off to increase personal finances. The sale may take place as routine behaviour to clear clutter or it may be motivated by cultural factors such as in cultures where women do not have financial independence, so they will sell off designer items to gain a little financial freedom. Buying pre-owned luxury can be for entertainment or fun, like a special interest or hobby. Many people are attracted by the thrill of the hunt, motivated by the excitement of tracking down pre-owned luxury. The quest for collecting pre-owned luxury lies on a continuum between a life-long pursuit that is never complete and a form of escapism.

Some transactions may be triggered by the need to dispose of family heirlooms and goods from deceased friends or family members. In addition, people who work in fashion often receive many free items (e.g. corporate hospitality merchandise such as multiple umbrellas and make-up cases that cannot be sold in the store) – they therefore often sell off these items for income. Traditionally, fashion houses have never sold off goods at reduced rates but nowadays they occasionally organise very discreet ‘retail’. In order to sell off unsold merchandise, fashion houses will invite a select cohort of customers, influential journalists and key opinion leaders to a private event hosted at a location away from the stores. This event also satisfies the curiosity of journalists and invariably encourages them to produce a favourable write-up.

Whatever the motivation to trade in ‘used’ luxury, this trend is continually attracting individuals who seek a pre-owned luxury bargain. In comparison with purchasing untampered luxury items in-store from an authorised retailer, bargain-hunters attach less guilt to buying pre-owned beautifully-made luxury items. The process of purchasing these items can be seen as fulfilling basic needs, namely self-esteem and worth. It is interesting to note that the online, preloved purchasing experience is entirely different to that of purchasing untampered luxury in the fashion house emporiums. This idiosyncrasy may be one of the reasons why extremely wealthy Chinese people prefer to travel to Europe and purchase untampered luxury items from the fashion houses themselves. Based on a survey by Fortune China in 2018, 38.39% (largest share) of Chinese people who purchase luxury products prefer to do so overseas. For those consumers who choose to buy luxury goods outside of mainland China, ‘more favourable prices’ (48.5%) and ‘authentic goods guarantee’ (30.2%) are the two main deciding factors (Du, 2018).

Only a small proportion of society will exclusively wear the current season’s designer collections or not feel comfortable being seen wearing anything twice (such as celebrities and royalty). These people will often donate items to local charity luxury boutiques, for example, the Red Cross in The Royal Borough of Kensington and Chelsea in London. They may donate items to boost their own self-esteem, to feel good about helping the ‘less fortunate’, or to compensate for their conspicuous consumption, lifestyle of spending, narcissism and materialism. People who frequently purchase ‘untampered’ luxury items tend to have little attachment to these items and therefore disown them quickly: ‘easy come, easy go’. They appear to place less value on the items (and/or appreciate them less) even

though they abhor the idea of not being seen ('dead') in anything but the latest and the best.

Over recent decades, the customer base in the UK for the luxury industry has shifted from British aristocrats to a more international clientele; customers are increasingly overseas tourists including the Chinese, expats or immigrants. There has also been a marked increase in '*nouveau riche*' customers (seen in Europe, the Middle East and later in China); their intention is to flaunt their newly gained wealth by adopting items that they have hitherto been unable to afford. Hence, they tend to opt for loud labels. The price premium of luxury brands can be linked to the rise of these social climbers who have a strong need to show their purchasing power. For example, customers from economies-in-transition such as Russia and China. *Nouveau riche* seek to possess pre-owned luxury brands in order to compensate for not being previously able to access this market. It can be understood as their way of re-claiming history or enjoying it.

Nouveau riche are largely motivated by aspirational shopping, as a means of joining the elite and adopting a lifestyle that very few could afford. Aristocrats have no need to or desire to proclaim their wealth, at their core they are merely 'wealthy and secure'. *Nouveau riche* are often driven to prove they are worthy through external displays of wealth. Much of the attraction or excitement can be attached to hunting down an unknown bargain; the thrill of buying a precious item, pre-owned by a celebrity, such as the Audrey Hepburn auctioned dress from *Breakfast at Tiffany's*. The pre-owned luxury market has enabled a wider customer base to access a pseudo luxury lifestyle. The average person can now buy one or two luxury items and then mix them with many off-the-peg outfits. While pre-owned luxury is accessible to people who have average disposable income, it is worth noting that the upkeep of garments and accessories (specialist dry cleaning and *maroquinerie* servicing, for example) are an extra cost that is often overlooked (see for example www.handbagclinic.co.uk). Luxury garments require professional cleaning services and cannot be treated in the same way as lower value items. Improper care and maintenance will result in a luxury item losing its value through being damaged or partially destroyed.

As tastes in fashion evolve, novel trends may seem comparatively unappealing, pushing customers to seek older designs. Nostalgia often triggers this purchase; people may associate a design with an earlier memory (see later: the vignette on the *Annalena* fashion boutique). There are many reasons why people will seek to purchase a pre-owned luxury

item. For example, when a designer handbag sells out quickly in-store, the consumer is left with no alternative but to purchase pre-owned. When a brand reinvents itself (as in the case of a new designer being appointed), older styles can swiftly become very sought-after by certain consumers who seek to collect pre-owned, as will be discussed in the next section.

Idiosyncrasies of collecting pre-owned luxury

Collecting is connected to the pursuit of instant happiness; the anticipation of buying special pieces fuels the primitive pleasure centre in the brain (*nucleus accumbens*) - see Mueller (2009). When a collector finds what s/he is looking for, they repeat the exercise over and over again, akin to addiction) – see Muensterberger (1994). When the primitive fear centre (*amygdala*) is stimulated – for example a buyer feels s/he is being deceived – its activity counteracts that of the nucleus accumbens and this can result in a purchase not being made (the Chinese population are highly influenced by this psychological factor when considering pre-owned, online luxury purchases due to counterfeit goods flooding the market). Many different psychological reinforcers feed into the pleasure centre (*nucleus accumbens*) and spark a desire for collectibles. A selection of the most common reinforcers are covered in this study.

Some people collect pre-owned luxury items, either for personal satisfaction (comfort), investment or for resale; see Belk (1995) for further information on the extent to which collecting can be addictive and dysfunctional for an individual and their household. Collectors get great enjoyment from applying their thoughts and energies into tracking down items and then, when they discover a bargain, it gives them a thrill. For the collector's entourage or household, however, these collections are perceived as non-human rivals for the affection of collectors.

The desire to collect only became possible a few millennia ago, once our ancestors gave up their nomadic lifestyle and settled down in one location (see Belk, 2015). A leading psychoanalytical explanation for collecting is that unloved children learn to seek comfort in accumulating physical belongings. Our fascination with collecting objects starts in early childhood; a favourite toy, teddy or blanket can teach us that it is possible to have an emotional bond with a lifeless object. Children who experience insecurity and trauma during childhood will seek refuge and escapism in collecting objects later in life. These objects represent artificial companions in the modern-day lonely society (see Muensterberger, 1994). Over time, we develop a belief that holding on to and amassing material objects can form

a positive relationship. Some individuals can be described as being ‘possessed by possessions’.

While people may collect items in the knowledge that the value will increase, for most of us, being a collector has nothing to do with financial gain – it is an emotionally driven action, often with people collecting objects they connect positively and emotionally with, at particular times in their lives. In other words, collecting can bring an emotion from the past into the present. A collection is also a representation of ourselves that we can leave behind; a legacy that will feel precious not because of its material value, but because these objects become an extension of who we are, motivated by existential anxieties. Luxury items may be collected out of passion, to continue the family tradition, or as an investment strategy. Collectors are often seduced by the notion of leaving behind material artefacts that over-represent powerful social classes. The many and varied psychological motivations for collecting are uniquely human. Jarrett draws an analogy of collecting and eating: The motives are not mutually exclusive, as certainly many motives can combine to create a collector – one does not eat just because of hunger.

Other secondary motivators include pride, ‘bragging rights’ (or talking with pride about something you have done), a sense of history and creating a legacy, as well as intellectual stimulation, social rewards, and crafting a sense of order. Aside from the rareness of a piece, some collectors seek to acquire pre-owned luxury for a modest price. Their joy and ensuing self-importance can be attributed to being sufficiently astute to find an affordable item. Collectors are titillated by the discovery and acquisition of the object for comparatively little money, which in turn incites ‘bragging rights’.

Different from bragging rights is the thrill of the chase where the goal is to find the most desirable object, not the most favourable price. Hirschland and Ramage (2008) discuss the sibling rivalry in trying to outwit each other to find the best Rembrandt or Raphael (see also Mueller, 2009). Many collectors treat their collection not like objects but like a living being or a friend (Muensterberger, 1994). This behaviour can often disrupt their social obligations, work and family. Collections can be a symbolic display of the collector’s power and wealth. It was these collectors who established the first museums in Europe, and to a lesser extent in America, to preserve a sense of the past, in order to understand the present.

A key contributing factor for collecting is the pride that is felt in acquiring exquisitely beautiful objects. This beauty can be further heightened by the pleasure of gathering them together as a group for the first time. During the search, excitement increases when a rare piece is found, setting the collector apart from peers. This uniqueness may provide recognition and admiration by associates – for further information, see Turunen and Leipämaa-Leskinen (2015). Despite global appeal, ‘local’ disparities exist as a result of cultural factors which can lead to different interpretations and perceptions of fashion. For example, in some cultures men are more interested in fashion, thus Italian men are more fashion-conscious than Australian men although cultural shifts are changing – as can be seen in China with Chinese males who were traditionally less fashion aware becoming extremely fashion conscious (Shijia, 2018).

Co-creation at the interface of online and offline collaboration

Many ‘*fashionistas*’ (in other words, people in the fashion industry or fashion lovers) will collect pieces from established luxury fashion houses when the house is headed-up by one of their favourite designers, for example when Tom Ford took control of Gucci. Andreas Acala (formerly of Dior, and Tom Ford and currently at Louis Vuitton) would hunt down rare pieces to add to his collection. This activity is a common practice in the fashion field to accumulate pieces of collections where interesting collaborations have transpired, for example, when the artist Pharrell Williams collaborated with Chanel (for more information, see http://www.chanel.com/en_GB/fashion/collection/pharrell-campaign-gabrielle-bag.htm).

For collectors, the ‘JustCollecting’ website provides a platform to build and exhibit collections. It enables collectors to connect and co-create new collections with other users globally. Members can also track auctions around the world, share pictures and stories, obtain expert advice, earn special discounts and enter exclusive competitions. Similarly, H&M have been very successful with their collaborations with major players in the fashion world (for examples Karl Lagerfeld, Kenzo, Roberto Cavalli, Versace) by enticing people from all walks of life to clamour for a limited edition piece. It is not uncommon to see queues of people along the street on the opening day and then articles with heavily inflated price tags appearing on pre-owned fashion sites. For example, in 2007, handbag designer Anya Hindmarch decided to jump on the environmental

bandwagon by releasing a limited-edition canvas shopping bag emblazoned with the words “I’m not a plastic bag”. When the author tried to buy a copy of the bag, retailing at £5, it had already sold out in minutes at the local Sainsbury’s supermarket. The only way to obtain one was to convince a girl in a theatre beer garden to sell it to her for £200.

While various reasons explain why collectors, affluent or otherwise, pursue pre-owned luxury, one common underlying motivation is hedonistic pleasure and instant gratification. The advent of digital technologies has enabled instant gratification and accelerated trade in pre-owned luxury goods via websites, blogs, e-WOM (electronic word-of-mouth) and customer forums. Push notifications encourage Internet users to engage with sites and services specialising in pre-owned luxury. Online opinion influencers post content to suggest/promote items linked to an individual’s social media ‘likes’. As a result of the wealth of digital resources available today, collectors are becoming better informed and more connected with other like-minded collectors.

Social media has enabled pre-owned luxury consumers to build communities and share user-generated content (i.e., digital information) among peers. While community members contribute and draw from user-generated content, consumers have little interest in commercially-created content, associating it with clutter or brand spam. Drowning in information and data, consumers are numbed by companies that generate generic trends. People are turning away from branding, in favour of individuality and discretion. Holt (2016) advocates targeting novel ideologies flowing out of crowd-cultures; brands can assert a dimension that stands out in the crowded media environment. Precise targeting offers a cost-effective approach. In 2016, one of China’s most successful key opinion leaders (i.e., online influencers), Zhang Dayi, brought in \$46 million in annual earnings – while Kim Kardashian generated a mere \$45.5 million in comparison (Hallanan, 2018). Companies are increasingly supplying key opinion leaders (especially young fashionistas) with specific items to endorse, in the hope that they attract enough followers to create a ‘tipping point’ (Gladwell, 2013) for certain items. As a result, it is commonplace to see vintage clothing being worn by top models and global celebrities, including Julia Roberts, Renée Zellweger, Chloë Sevigny, Tatiana Sorokko, Kate Moss, and Dita von Teese. Celebrity endorsement has been immensely successful for promoting pre-owned luxury. Many celebrities endorse and/or participate in not-for-profit events. They may be uncomfortable *per se* to sell their own luxury goods for profit but they will participate in a pre-owned luxury event if it is for a good cause, in other words for a charity (not for profit) that they wish

to support. Others buy and sell (and increasingly rent out) items as an income-generator, often with the intention of reselling, as a commodity similar to investing in property or stocks and shares.

With the development of real-time social media platforms such as Instagram, Pinterest and Snapchat, ‘influencer marketing’ has flourished, using word-of-mouth to strengthen pre-owned luxury brands (Weiss, 2014). One reason for the comparatively slow adoption and growth of the pre-owned luxury sector in China could be the government restrictions on accessing Western social media. Furthermore, consumers are more likely to trust, admire, and, above all, listen to endorsers who are often perceived as an authentic individual such as a friend or relative (Zheng, Chiu and Choi, 2012), despite the fact that there is little or no face-to-face interaction. Likewise, social media influencers (also known as ‘micro-influencers’) play a crucial role in public relations and publicity (Freberg et al., 2011). Via digital platforms, these relatively unknown individuals will monetise opinions and create reactions when talking about a specific topic to their large group of followers, generating debate and attracting further attention. Given the emotional bond and authenticity, influencers offer a viable solution to the problem of ad-blockers which have resulted in costly damages for unseen advertisements. Influencers are very sought-after to promote brands, as social media continue to transform the luxury industry, both ‘untampered’ and pre-owned – for more information see <https://hyprbrands.com/blog/benefits-influencer-marketing> for details on influencer marketing and the shift away from traditional advertising.

There is no doubt that in China, as witnessed in most countries around the world, celebrity endorsement and key opinion leaders play a significant role in linking the brand and targeted consumers. Lauren Hallanan – a Chinese social media marketing expert focusing on influencer marketing, live streaming and social commerce in China – identifies Chinese influencers to be light years ahead of those in the West but have up until recently shown little interest in the pre-owned luxury market (Hallanan, 2018). Combined with digital marketing, platforms such as WeChat: versatile chat app, Weibo: Chinese Twitter, Tik Tok: China’s Snapchat, and so on are able to transfer online users to offline consumers (Du, 2018).

WeChat is a particularly influential platform that targets and connects consumers in China. First released in 2011 under the name “Weixin”, it reached 1 billion users by 2017 then in 2018 it became the world’s largest standalone mobile app – in terms of active monthly users (for more information, see Guo et al., 2018). Major brands invest heavily in digital

marketing and extensively utilise WeChat. Additionally, approximately 30%-60% of Chinese companies' digital marketing budgets are directed to WeChat. Millennials, who are younger, buy more frequently, and are adept at using digital technology, rely on WeChat to obtain luxury product information (Bain & Company, 2017). Most luxury brands have a WeChat public account to interact with customers and provide further customer services.

Social media organisations have been instrumental in bringing together online interest and offline consumption to generate a loyal community of pre-owned luxury aficionados. Some people are passionate about certain luxury brands and are part of the online brand community to stay connected with other like-minded people. They love to acquire pieces from previous seasons or from historical collections to enjoy and wear. They may acquire a personal collection of luxury items that they wish to keep in pristine condition; sometimes, posting content on social media to share their discovery. Luxury is by definition scarce and unobtainable, prompting people to search far and wide for rare, special, desirable items.

Given the growing awareness of the colossal volume of clothing that is thrown away each year, the popularity of pursuing pre-owned luxury goods can be linked to growing concerns for the environment and sustainability. Purchasing pre-owned luxury tends to mean better quality which lasts longer and may be passed onto the next generation, which in turn can contribute to protecting the environment (see *Luxarity* in vignette: Chinese e-commerce platforms). Generally speaking, environmental issues and sustainability are not issues that many luxury houses have addressed directly, with many still choosing to destroy (i.e. burn) defected or surplus goods. For example, Versace was renowned for burning leftover stock. Hermès is one luxury fashion house that actively encourages minimal waste (see following vignette).

Vignette: practitioner interpretations

Annalena Fashion Boutique (based in central London) was created by Signore Andrea Baraldi, specialising in Italian designs mixed with pre-owned. Baraldi grew up in Italy; his mother has always been an avid collector of luxury fashion and accessories since he can remember. She has amassed rooms full of items; sufficiently extensive to be housed in a museum. This private collection was driven out of a passion for luxury, fashion, beautiful things and also the Italian culture. His mother has recently flirted with the idea of selling off various pieces from her private collection

on eBay (eBay can be credited with bringing the buying and selling lifestyle to the masses in 1995) – however, Baraldi advised against it on the grounds of sentimentality. His mother’s enthusiasm is driven by curiosity and wanting to be involved in the modern sport of hunting, buying, selling and the excitement it can bring. Baraldi feels that the collection will be handed down to himself and a future female grandchild so as to preserve the memories and stories of his mother and her life. He wants to keep it in the family and is not interested in the financial rewards it could generate if he were to sell on the pieces.

The Baraldi collection epitomises how people feel a sense of history when they assemble objects. By owning antiques, they may feel closer to cherished bygone days or perhaps even dead ancestors or important people or circumstances of long ago. The reverse of feeling a sense of history is looking into the future. A collector may hope to build a larger legacy for him/herself by passing on special objects to future generations.

Baraldi provides the example of quite a few of his male friends collecting luxury timepieces from around the world as a hobby and a passion. Some are bought and kept in a vault, admired or used on rotation; others are purchased purely for investment purposes. The word ‘luxury’ can be perceived as a tainted, hollow term associated with conspicuous wealth but not necessarily with genuine quality and worth (Roberts, 2009). In line with the thinking of Baraldi, the desire for obvious emblems of wealth, so evident a decade ago, has started declining.

‘*Petit h*’ was set up by Hermès in 2010 to upcycle scrap materials. This unorthodox initiative represents a cost-effective way of alleviating the amount of waste materials that Hermès produces. More importantly, it continues the Hermès tradition of upholding values of supreme craftsmanship, unquestionable quality and longevity.

People understand the logic of investing in quality pieces that will last, moving away from ubiquitous ‘fast fashion’ but remaining within a reasonable budget. Acquiring pieces from yesteryear can help people reclaim uniqueness. Acknowledging the controversy surrounding production methods, luxury products can nevertheless be considered ‘sustainable’ since the quality of the components will usually stand the test of time.

With heightened interest in sustainability, however, it is likely that fashion houses will be obliged to rethink their existing business models and communicate more information to consumers on their stance vis-à-vis pre-

owned luxury. Consumers expect greater transparency. There is growing acceptance of “play with fashion but don’t own it” (in an interview with Fanny Moizant, co-founder of *Vestiaire Collective*) which describes how a wardrobe is no longer static but a ‘living, moving thing’. The post-modern society is becoming gradually less materialistic and more detached. Paradoxically, we are still consuming vast quantities of goods but simultaneously disposing of belongings.

Growth in China

According to ‘China Pre-Owned Luxury Report’, the total value of luxury goods that could be re-circulated among Chinese consumers is about 300 billion RMB (Yuan), with a 20% annual growth rate. However, pre-owned luxury counts for about 1% (3 billion RMB) of luxury sales. Although the circulation market of pre-owned luxury is minimal, the growth rate is rapid (ZGSCP, 2016). By the end of 2016, Yan Linbing (Director of China’s second-hand luxury goods association working committee) confirmed there were more than 2500 pre-owned luxury stores nationwide. Based on Berenberg Bank’s estimation, the global pre-owned luxury market is worth over 20 billion euros (18.06 billion pounds sterling), which is close to 10% of the world’s total luxury consumption. The Chinese pre-owned luxury market is slowly emerging, accounting for 3% of overall luxury consumption (Qi, 2018). Chinese consumers account for 32% of the global market share in untampered luxury consumption, which is the highest global proportion (Bain & Company, 2017). The increase of untampered luxury goods being purchased in China leads to an increase of pre-owned luxury goods stock available for circulation, and further promotes its development. We could therefore infer that there is room for massive potential within the pre-owned luxury market in China. It can satisfy the desires of those wanting to own authentic luxury brands but who are not motivated to purchase counterfeit copies. To this demographic, pre-owned luxury is the alternative.

There are several reasons why the pre-owned luxury market is not (yet) very developed in China (Liu, 2017). It correlates to the general attitude towards pre-owned goods; as long as items are labelled as pre-owned, they will be associated with “old” or “poverty stricken” with the result that consumers will not perceive the value or appreciate the authenticity of collectors’ items. This new consumption concept will take time to diffuse and be accepted in Chinese culture. There are a mere handful of platforms where collectors can buy and sell pre-owned luxury articles. Progress is hindered by having a

workforce that is not traditionally skilled at maintaining and repairing artisanal pieces. The authenticity of products and the source of pre-owned luxury are of great concern to consumers and although attempting to, there are limited strategies and technology in place in China to accurately identify genuine goods from counterfeit goods.

Managerial Implications

In light of the existing literature and reflecting on the observations of evolving trends in the pre-owned luxury sector, it is difficult to predict future developments, either in Europe or China, with any certainty. However, some trends seem to be emerging. For example, there is growing interest in collecting luxury handbags, as they are 'safe' in sizing and therefore appeal to a global audience. By contrast, designer luxury fashion is often very small in sizing which limits the buying pool. People are more likely to buy a pre-owned handbag or accessory than pre-owned clothes and shoes owing to size differences. In most instances, pre-owned purchases cannot be exchanged or refunded, even if damaged: caveat emptor (buyer beware).

As trade in pre-owned luxury develops, it is reasonable to question how luxury fashion houses such as Chanel would react to their products being sold pre-owned and the extent to which this market could dilute the uniqueness or damage the brand image. It may have a detrimental effect on the exclusivity experienced by customers who prefer to buy 'untampered' luxury, given that almost anyone can now afford to buy a luxury item. Conversely, it may encourage people to buy the lower-value items such as perfume and beauty products, thus generating further income for the fashion houses.

Top designer fashion houses have always been extremely secretive about how unsold stock is managed. To maintain brand exclusivity, reductions are rarely made (even staff struggle to obtain a discount). Pricing is purposefully not on display, since part of the value lies in the personalised service and the explanation of the product conception. Luxury is shrouded from the masses and remains thus inaccessible to the average consumer.

As previously stated, there seems to be much room for market expansion in China if marketed correctly. For the pre-owned market, in particular, to flourish within China it would concurrently need to see fewer restrictions regarding access to the social media platforms prevalent in the developed market.

Faced with constantly changing trends, the onus is on managers to keep abreast of evolving tastes in order to revive brands/collaboration, and then highlight and focus on that brand in their boutiques (both online and offline). Various approaches ('do' and 'don't') can be integrated into the business activity, as discussed below (for further information see <https://hyprbrands.com/blog/benefits-influencer-marketing>).

DO

- Align your brand or campaign with an influencer whose core audience is in line with your target demographic.
- Have a strategy: assess how you can leverage the influencer's following to create a partnership that is beneficial for both parties.
- Choose your platform wisely: a clothing brand, for instance, necessitates a strong visual presence via photography and video to show how the apparel fits and moves. A social gaming app geared for teens may have its biggest impact with the youth-oriented Snapchat; and a nonfiction book launch may be best targeted with a leading journalist or fellow writer on the more text-centric, news-minded Twitter.

DON'T

- Infringe on the influencer's creativity. They have built a loyal following based on what they do best: creating organic, unique content.
- Lose sight of your identity. Set guidelines and work collaboratively with the influencer to maintain brand consistency across posts.
- Approach influencers with a selfish mind-set. Influencers receive endorsement opportunities often; it is within your interests to deliver value in return.

As in any marketing activity, it is difficult to attract the attention of distracted/disconnected consumers, in particular, younger generations of blasé consumers: millennials and Generation Z. These consumers are, generally speaking, more thoughtful than previous generations; they seek to buy from brands that reflect and share their values, for example on environmental concerns and gender equality (Baran and Popescu, 2016). The value of influencer marketing is undeniable and no matter the size, resources or sophistication of marketing efforts, it is worthwhile integrating

an influencer marketing strategy – see Okonkwo et al. (2007) for further information on marketing elements.

Limitations and further investigation

As the chapter is based on observation and participation from personal (yet objective) experience, there are several weaknesses. Firstly, empirical data is needed to crosscheck the anecdotal data discussed. Secondly, given that the dynamic evolution in the pre-owned luxury industry, any data collected will rapidly become obsolete. Lastly, the context is restricted to urban/suburban areas; other socio-spatial neighbourhoods (sub-rural and rural) merit closer investigation.

Despite these weaknesses, the study of pre-owned luxury provides much scope for scholars to undertake further research. Of particular interest would be a longitudinal, cross-cultural study to trace ongoing evolution in this market from different perspectives, including: the role of key opinion leaders using social media, social media platforms, responses to counterfeiting, customer experience comparison between pre-owned and untampered, Artificial Intelligence in luxury fashion, and consumption as an investment. Another pertinent area to explore would be the business models of auction houses (such as Christie's and Sotheby's); focusing on how they can respond to the ongoing increase in demand for pre-owned luxury goods.

As a concluding comment, it is reasonable to imagine that pre-owned luxury will play an even larger role in future society, and that untampered luxury will be increasingly perceived as '*de trop*' (frivolous). This notion is the *fil conducteur* of my forthcoming blog on fashion and lifestyle; if you wish to contribute to the blog, please contact the authors.

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ISSUES IN CONSUMER-BASED BRAND EQUITY AND AGENDA FOR FUTURE RESEARCH

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Abstract

Consumer-based brand equity has warranted substantive research effort. Yet, many marketing issues relating to this research field remain to be examined. Highlighting the importance of this topical area, this chapter seeks to identify contemporary research gaps by providing an overview of a range of issues related to consumer-based brand equity, including definitional and conceptualization challenges, identification of direct and indirect antecedents, and measurement issues. One area given particular coverage in this chapter refers to the importance and synergistic effects of social media brand communication and distribution intensity on consumer-based brand equity across high and low involvement products. Based on the identified research gaps, an agenda for future research is provided.

Introduction

Marketers are continually urged to justify the effectiveness of marketing activities recommended for deployment in enhancing the brand building process. One area warranting research attention refers to the relative importance of various marketing activities involved in the creation of consumer-based brand equity, considered as the most valuable outcome of brand-building activities (He and Li, 2010; Sasmita and Mohd Suki, 2015; Kumar, Dash and Malhotra, 2018; Sijoria, Mukherjee and Datta, 2018).

Brand building is widely acknowledged as an important topical area for marketing research (Frank and Watchravesringkan, 2016; Keller, 2012; Westberg and Pope, 2014; Hariharan, Desai, Talukdar and Inman, 2018). Brands can help consumers in interpreting and processing information,

adding meaning and feelings to the product and providing confidence in their purchase decision making process (Aaker, 2001). For firms, brands provide a means to ensure long term benefits from unique features in their products that increases the economic and symbolic value of products. Ultimately, brands help in differentiating products offered by different firms, lowering consumers' perceived risk, facilitating consumers' decision-making process and building competitive advantage (Grace and O'Casey, 2002, Thomson, 2006).

Business aims at building strong brands by growing brand equity because these brands have the potential to contribute additional consumers' perceived value to the branded products, enhancing business competitiveness (Davicik, da Silva and Hair, 2015). In light of this importance, research has investigated the antecedents of brand equity, including the use of traditional marketing mix elements (e.g. advertising, price promotion, price premium and distribution coverage), web advertising and social media marketing (Yoo and Donthu, 2002; Tong and Hawley, 2009; Bruhn, Schoenmueller and Schäfer, 2012). Yet, despite the work being done in this area, the literature on consumer-based brand equity is fragmented, inconclusive and incomplete, as reflected in the number of issues justifying further enquiry.

This chapter seeks to identify contemporary research gaps by providing an overview of a range of issues related to consumer-based brand equity. The concept of brand equity is discussed first, accounting for definitional and conceptualization challenges, including an explanation of its association with brand awareness, brand association, perceived brand quality and brand loyalty. Attention then shifts to the discussion of the antecedents of brand equity, both direct and indirect, are identified, highlighting the pressing need for full understanding of the effects of social media marketing communication, both firm created and user generated, on consumer-based brand equity. Also taking into account considerations about distribution intensity and product involvement, this focus is justified by the emerging centrality of social marketing communication on consumer behaviour and, therefore, on brand equity. The chapter finishes by detailing a research agenda.

Brand Equity

The concept of brand equity can be traced back to the late 1980s (Johnson, 1984; Farquhar, 1989; Barwise, 1993; Simon and Sullivan, 1993), and notably to Aaker (1991). The expression 'brand equity' remains central to marketing research today, although agreement on a universally definition is

lacking (Winters, 1991; Park and Srinivasan, 1994; Wood, 2000; Pappu, Quester and Cooksey, 2006; Keller, 2013).

There is, however, some consensus that brand equity refers to the additional value and incremental utility that is built into a branded product by its brand name, such as Nike, Levi's, Apple and Sony (Park and Srinivasan, 1994; De Oliveira, Silveira and Luce, 2015). Brand equity is considered as an important measure of intellectual capital (Davicik et al., 2015; Nguyen, Dadzie, Davari and Guzman, 2015; Keller, 2016), capable to create value for firms and for consumers (Datta, Ailawadi and Van Heerde, 2017).

The concept of brand equity is complex, justifying the conceptual ambiguity and difficulty in articulating a clear definition. Brand equity is deemed to come into action when consumers have a greater confidence, higher preference and purchase intention for a particular brand, compared with competing brands (Cobb-Walgren, Ruble and Donthu, 1995). Greater confidence, preference and purchase intention imply higher consumer satisfaction and may lead to an increased willingness to pay a premium price for that brand (Sasmita and Suki, 2015); the premium price charged is regarded as the additional value generated from brand equity (Lassar, Mittal and Sharma, 1995). Hence, brand equity might be expressed as the value perceived by consumers and firms that is derived from the brand itself, hence the added value of a product relative to the value that would be perceived if the product was unbranded. An alternative way of expressing brand equity is advanced by Keller (1993) as the "differential effect of brand knowledge on consumer response to the marketing of the brand" (Keller, 1993).

Brand equity is examined in the literature under two distinct perspectives: the financial perspective (Simon and Sullivan, 1993; Ailawadi, Lehmann and Neslin, 2003; Ambler, Bhattacharya, Edell, Keller, Lemon and Mittal, 2002) and the consumer-based perspective (Aaker, 1991; Keller, 1993; Pappu, Quester and Cooksey, 2005; Stocchi and Fuller, 2017; Colicev, Malshe and Pauwels, 2018). Each of these perspectives is discussed below.

Financial Based Brand Equity

Using the financial value of the brand to measure firm's performance (Ailawadi et al., 2003), financial-based brand equity refers to the value of incremental cash flow that is attached to a branded product over and above the cash flows which would result from the sale of a similar product with no brand name (Simon and Sullivan, 1993; Kapferer, 1997). Regarded as a

macro, financial-oriented views of brand equity (Keller, 2016), it is also viewed as a financial asset based on the net present value (NPV) of future cash flows of a branded product over and above unbranded products (Ailawadi et al., 2003), creating additional financial value to firms, including the increase in brand asset value (Wang, Chen, Yu and Hsiao, 2015), goodwill value in the face of uncertainty (Broniarczyk and Gershoff, 2003) and purchase price premium in acquisitions (Sinclair and Keller, 2017).

Although financial-based brand equity is often treated as one of the most important indicators of a firm's performance (De Oliveira et al., 2015), it is qualified as misleading by some analysts because the word "equity" should refer to a subjective view and indicates intangible cues that are valued by consumers (Davicik et al., 2015), omitting strategic insight in brand management and is generally short-term oriented (Ambler, 2000). Keller (2016) is also somewhat critical of this perspective, positing that financial-based brand equity is the outcome of firms' marketing activities, such that consumers and marketing should be the "heart" of brands, hence highlighting the limitation of financial-based brand equity.

The recommendation is that brand equity should not be mistaken for a financial expression as it denotes consumers' perception of a brand; together with imperfect market information, uncertainty in the minds of consumers creates difficulties in determining the financial value of brands (Ambler et al., 2002; Raggio and Leone, 2007; Kirk, Ray and Wilson, 2013), ultimately questioning the usefulness of the financial-based brand equity conceptualisation.

Consumer-based brand equity

Contrasting with the financial-based brand equity perspective, consumer-based brand equity is a micro, consumer-focused view of brand equity (Keller, 2016), hinging on consumers' cognitive and affective assessment of a brand (Nguyen, et al., 2015). It refers to the added value of the brand to consumers (Mackay, Romaniuk and Sharp, 1997; Keller and Lehmann, 2006) and it is, therefore, strongly rooted in the theories in consumer behavior theories (Keller, 2016).

Arguably derived from cognitive psychology and information economics, consumer-based brand equity is defined as the set of perceptions, attitudes, knowledge and behaviors on the part of consumers that results in increased utility and allows a brand to earn a higher volume or margin than it would

without the brand name (Christodoulides and Chernatony, 2010) and it is focusing on consumers' perception, memory structure and perceived value of a brand, as well as the interaction between consumers and the brand (Keller, 2001; Keller and Lehmann, 2006), consumer-based brand equity reflects the reputation and image of the brands in consumers' mind (Pappu et al., 2005), deemed as critical in boosting firms' sales revenue (Datta et al., 2017) as well as financial values (Raggio and Leone, 2009).

Measuring consumers' perception of brands (i.e. the thoughts, experiences, images and attitudes etc.), which create benefits and financial value for firms (Christodoulides and Chernatony, 2010), consumer-based brand equity is the dominant stream of research on the brand equity topical area (Srinivasan, Pauwels, Silva-Risso and Hanssens, 2009). Notwithstanding its somewhat subjective nature, consumer-based brand equity is deemed influential in determining brand value and a reliable measure of brand success (Ngyuen et al., 2015), including the enhancement of market performance, such as market share, profitability, price elasticity and price premiums and shareholders' value, such as share price, price-earnings ratio and market capitalization (Shuv-Ami, 2016), and thereby justifying its discussion in seminal marketing literature (e.g. Aaker, 1991; Keller, 1993) as well as current marketing literature (Pappu and Quester, 2017; Kotsi, Pike and Gottlieb, 2018; Chatzipanagiotou, Christodoulides and Veloutsou, 2018; Dwivedi, Johnson, Wilkie and De Araujo-Gil, 2018). The theoretical and practical importance of consumer-based brand equity in academic and marketing industry justify our further review in this chapter.

Aaker (1991) identified consumer-based brand equity as a set of assets (or liabilities) of a brand associated by consumers, which provides favorable or unfavorable effects on the value of products and services provided by the firm. It is viewed as a multidimensional concept that comprises brand awareness, brand associations, perceived quality and brand loyalty, representing consumers' perceptions of the brand (Christodoulides and De Chernatony, 2010). Based on Aaker's (1991) notion of brand equity, a conceptual model of consumer-based brand equity was developed by Keller (1993), which focused on consumer psychology perspective, categorizing the concepts of brand awareness and brand image as brand knowledge. Keller (1993) referred to consumer-based brand equity as

“the differential effect of brand knowledge on consumer response to the marketing of the brand. . . . consumer-based brand equity occurs when the consumer is familiar with the brand and holds some favorable, strong and unique brand associations in memory” (p.2).

There are some differences between Aaker (1991)'s and Keller (1993)'s conceptualisations. While Aaker (1991) treated perceived quality as a separate dimension, Keller (1993) considered all types of brand associations, including benefits, attitudes and perceived quality of a brand as a brand image (Spry, Pappu and Cornwell, 2011). As a result, despite the differences, brand awareness, brand associations, perceived brand quality and brand loyalty are regarded as crucial consumer-based brand equity dimensions (Christodoulides and De Chernatony, 2010; Christodoulides, Cadogan and Veloutsou, 2015; Davcik et al., 2015; Torres, Augusto and Lisboa, 2015), arguably being highly correlated with consumer-based brand equity (Yoo and Donthu, 2001; Atilgan, Aksoy and Akinci, 2005; Chang and Liu, 2009), and with purchase intention (Cobb-Walgren et al., 1995; Atilgan et al., 2005; Beneke et al., 2015), hence bring additional financial value to firms (De Olivia et al., 2015; Nguyen et al., 2015). Each of these dimensions is addressed in the sub-sections that follow.

Brand awareness

Regarded as the foundation of consumer-based brand equity and brand building (Keller, 2001). Brand awareness is defined as the potential consumers' ability to recognize or recall a brand in their minds, helping consumers in linking products with brands (Aaker, 1991). According to Aaker (1991) and Brand awareness has two dimensions: brand recognition and brand recall, regarded as earlier steps in the brand building process. Following Keller (2001):

- brand recognition refers to consumers' ability to confirm prior exposure and to discriminate the brand;
- brand recall refers to consumers' ability to retrieve the brand of a specific category residing in their memory.

Helping consumers to become familiar with a brand, brand recognition and brand recall make it more likely for a brand to be considered as the recognized brand at the point of purchase (Keller, 1993). Arguably, brand recognition and brand recall can be used to measure the broadness and deepness of brand awareness, providing an understanding of the effectiveness of a company's effort in building brand awareness (Kish, Risky and Kerin, 2001). Overall, brand awareness is an essential cue for consumers' perception of brands, as well for their choice decision (Lin and Chang, 2003), bearing a significant positive relationship with consumer-

based brand equity (Yoo and Dorthu, 2001; Pappu et al., 2005; Valette-Florence, Guizani and Merunka, 2011; Sheng and Teo; 2012).

Brand association

Referring to anything linked to consumers' memory of a brand (Aaker, 1991), brand associations express characteristics or features of the branded products in consumers' mind, expressed in a variety of forms to reflect the image of a brand in consumers' mind, helping differentiate the brand relative to other brands. Following Keller (1993) brand associations involve three aspects, namely attributes association, benefits association, and attitudes toward the brand:

- Attributes associations refer to the detailed specifications, whether expressed as product-related features (such as price) or non-product related features (such as user and usage imagery);
- Benefits associations refer to the consumers' personal feelings or perceived value that are attached to the attributes of a particular branded physical product or service, including the functional, experiential, and symbolic benefits that differentiate the branded products from those of competitors.
- Attitudinal associations refer to consumers' overall evaluation of the brand.

Consumers' brand associations are said to be stronger when they result from supportive experiences and communications by a brand (Aaker, 1991), creating value for firms by implanting positive attitudes and feelings in consumers' minds, which influence consumers' purchase decision-making process (Keller, 2003). When consumers hold strong and convenient associations toward a brand, such associations can be a signal of quality and commitment that help a buyer consider the brand at the point of purchase, implying a positive association with consumer-based brand equity (Yoo and Dorthu, 2002; Gil, Andrés and Salinas, 2007; Moradi and Zarei, 2012).

Perceived brand quality

Perceived brand quality is a key dimension in distinguishing consumer-based brand equity from the actual quality of the product (Zeithaml, 1988). It refers to consumers' perception and subjective evaluation of the overall quality of tangible products and services, which varies among consumers

because different consumers use different criteria to make judgements about product quality (Aaker, 1991).

Keller (1993) argues that consumers differentiate between brands and make brand choices based on perceived quality. Accordingly, Siu and Chan (1997) found that consumers evaluate clothing products mainly based on quality cues, justifying the arguments that product quality is influential in affecting consumers' perception of brands (Melewar et al., 2004; DeLong et al., 2004). Arguably, perceived quality strengthens the value of brands, hence of consumer-based brand equity, by helping consumers differentiate between brands, assisting with brand selection in their purchase decision process (Aaker, 1991; Keller, 2013). Perceived brand quality is positively related to consumer-based brand equity, such that high perceived quality might drive a consumer to choose one brand rather than other competing brands (Tong and Hawley, 2009b). When perceived brand quality is high, the brand is valuable to consumers, and this influences their brand decision, and this grounds overall agreement that perceived quality is closely related to consumer-based brand equity (Chang and Liu, 2009; Valette-Florence et al., 2011; Sheng and Teo, 2012).

Brand loyalty

Regarded as the 'heart' of consumer-based brand equity (Radder and Huang, 2008; Tong and Hawley, 2009b; Wang and Li, 2012; Wang and Finn, 2013; Torres et al., 2015), brand loyalty is defined as "the attachment that a consumer has to a brand" (Aaker, 1991, p. 39). Encompassing behavioural and attitudinal perspectives (Chaudhuri and Holbrook, 2001):

- behavioural loyalty refers to consumers' loyal actions toward the brand, evaluated by consumers' commitment to rebuy and repeated purchases behaviour (Oliver, 1999);
- attitudinal loyalty refers to consumers' intentional loyalty toward the brand, evaluated by consumers' preference for the brand (Yoo and Donthu, 2001).

Consumer-based brand equity studies evaluate consumers' brand loyalty based on their preferences and perceptions, rather than based on their purchase behavior (Pappu, Quester and Cooksey, 2007). In most studies, brand loyalty refers to the constructive mindset toward a brand that encourages consumers to buy the same brand routinely and refuse to switch to a different brand. Hence, brand loyalty is conceptualized as an attitudinal

perspective to evaluate consumers' perception (Yoo et al., 2000; Pappu et al., 2005; Wang and Li, 2012).

Brand loyalty is linked to consumers' prior experiences and demonstrated by consumers' ongoing purchase of specific products as their primary choice (Oliver, 1999). It adds value to a brand by providing the brand with some loyal consumers for an extended period, consumers who are less likely to switch brands due to price changes (Aaker, 1991). Since brand loyalty increases with increases in consumer-based brand equity (Pappu et al., 2005; Gil et al., 2007; Wang and Li, 2012), it is generally agreed that brand loyalty is the most critical dimension amongst the consumer-based brand equity dimensions (Aaker, 2001; Atilgan et al., 2005; Keller, 2013). Extant literature posits the hierarchy amongst consumer-based brand equity dimensions in the brand building process, arguing that brand loyalty is the "top-level" in consumer-based brand equity model, being affected by the level of brand awareness, brand association and perceived quality (Atilgan et al., 2005; Gil et al., 2007; Keller, 2016). This justifies why the recent branding literature uses the extent of brand loyalty to evaluate the level of consumer-based brand equity (Ngyuen, Barret and Miller, 2011; Pappu and Quester, 2016; Moriuchi and Takahashi, 2016).

To recap, scholars generally agree that consumer-based brand equity is rooted in four dimensions mentioned above - brand awareness, brand associations, perceived brand quality and brand loyalty - justifying a call for further research in identifying antecedents of consumer-based brand equity in various contexts (Davicik et al., 2015). This aspect is explored in the next section.

Consumer-based brand equity antecedents

Consumer-based brand equity can be driven by direct marketing elements that are controlled by firms, as well as by indirect marketing elements that are not controlled by firms (Gil et al., 2007; Tong and Hawley, 2009a; Bruhn et al., 2012; Zarantonello and Schmitt, 2013). Direct marketing mix elements, such as advertising in various forms, event marketing, intensive distribution, store image and price premium, are regarded as firm-level factors (Yoo et al., 2000; Tong and Hawley, 2009a, Keller, 2013). Indirect marketing elements, such as word-of-mouth (WOM), Electronic WOM (eWOM), user-generated contents available on social media, or any other sources that are not controlled by firms are regarded as informal sources (Kiang, Raghu and Shang, 2000; Yasin and Zahari, 2011; Schivinski and

Dabrowski, 2015) and that can influence consumer-based brand equity positively or negatively.

The direction and magnitude of the impact of direct marketing mix elements on consumer-based brand equity varies with context, including differences in product categories and culture. Table 1 presents a comprehensive review of empirical studies concerning the antecedents of consumer-based brand equity. The table shows that the usefulness of direct marketing and indirect marketing elements in building consumer-based brand equity depends on the different product stimuli and samples used in the studies). The comments that follow refer to observations from the table.

Table 1: Antecedents of consumer-based brand equity, summary of literature

Source	Focal Product	Sample	Antecedents	Impact on consumer-based brand equity
Yoo et al. (2000)	Athletic shoes, camera film, color TV	569 students (USA)	<ul style="list-style-type: none"> Perceived advertising price promotion price premium store image distribution intensity 	Price promotion: negative effect. All other antecedents: positive effect
Villarejo-Ramos & Sánchez-Franco (2005)	Washing machines	268 adults (Spain)	<ul style="list-style-type: none"> Perceived advertising price promotion 	Perceived advertising spending: no effect. Frequent price deals: negative effect
Tong and Hawley (2009a)	Imported clothing products	623 youth (Beijing and Shanghai)	<ul style="list-style-type: none"> Store image celebrity endorsement event sponsorship web advertising non-price promotion Print advertising TV advertising 	Traditional TV advertising: no effect due to cultural differences; not effective in China due to collectivist culture. All other activities: positive effect
Chattopadhyay et al. (2010a)	Cars	1032 (India)	<ul style="list-style-type: none"> TV advertising Press advertising Online/mobile advertising Event sponsorship 	Online/mobile advertising: positive effect for 1 st time and repeat buyers.

Spry et al. (2011)	Plasma TV and USB drives	244 >= 18 years old (Australia)	<ul style="list-style-type: none"> • Celebrity endorsement 	Celebrity with credibility, expertise, attractiveness, and trustworthiness: positive effect
Dolbec and Chebat (2013)	Mid-tier fashion brand	131 female (North America)	<ul style="list-style-type: none"> • Store image, store type 	Store image and in-store brand: positive effect
Nguyen et al. (2011)	Popular brands of shampoo	Females 304 Thailand 299 Vietnam	<ul style="list-style-type: none"> • Distribution intensity • Attitude toward advertising 	Both have a positive effect. Advertising attitude has stronger effect in Vietnam.

Table 1: Antecedents of consumer-based brand equity, summary (continued)

Source	Focal Product	Sample	Antecedents	Impact on consumer-based brand equity
Buil et al. (2013)	Sports- wear consumer electronics and Cars	302 (UK)	<ul style="list-style-type: none"> • Advertising • Attitude towards advertising • Monetary promotion • Non-monetary promotion 	Attitudes toward advertising: positive effect. Advertising spending: not effective.
Nikabadi et al. (2015)	Electronic products	392 (Iran)	<ul style="list-style-type: none"> • Advertising • Attitude towards advertising • Monetary and non-monetary promotion 	Attitudes toward advertising: positive effect. Advertising spending not effective.
Zarantonello and Schmitt (2013)	Drinks and electronic products	354 (Major cities in Europe)	<ul style="list-style-type: none"> • Event marketing 	Event marketing, (e.g. trade shows, street events, pop-up shops, sponsored events: positive effect
Moore et al. (2002)	9 types of groceries	204 (USA)	<ul style="list-style-type: none"> • WOM (family recommendation - indirect marketing element) 	WOM has a positive effect but strength is product-specific.
Gil et al. (2007)	6 brands of milk, toothpaste and olive oil	360 young adults, 18-35 (Spain)	<ul style="list-style-type: none"> • Advertising • Sales promotion • Price premium • Word of mouth (WOM) 	WOM from family members have stronger effect but other antecedents have positive effects.

Yasin and Zahari (2011)	mobile phones, personal computer	300 adults 18 to 32 (Malaysia)	<ul style="list-style-type: none"> • WOM from family members • viral marketing 	Viral marketing and WOM: positive effects. Viral marketing has a stronger effect.
Murtiasih et al. (2014)	Cars	389 consumers Jabodetabek region, India)	<ul style="list-style-type: none"> • Country of Origin (COO) • WOM 	COO and WOM: positive effect, stronger for WOM.

Table 1: Antecedents of consumer-based brand equity, summary (continued)

Source	Focal Product	Sample	Antecedents	Impact on consumer-based brand equity
Cai et al. (2015)	Apparel & accessories, appliances, cleaning supplies, electronics, food & dining, kitchenware, personal care, sauces & condiments	450 young consumers (China)	<ul style="list-style-type: none"> WOM from family members 	Positive effect
Bruhn et al. (2012)	Tourism, telecommunications, and pharmaceuticals	393 consumers in German speaking countries	<ul style="list-style-type: none"> Firm-initiated social media communication User-generated contents Traditional advertising 	Both traditional advertising and firm-initiated social media communication have a significant impact
Schivinski and Dabrowski (2015)	non-alcoholic beverages, clothing, and mobile network	302 consumers in Poland	<ul style="list-style-type: none"> Firm-initiated social media communication User-generated contents 	Firm-initiated social media communication strengthens brand awareness; User generated content: significant impact on brand awareness, brand association, perceived quality and brand loyalty.

Morra et al., (2017)	Beer	183 consumers in Italy	<ul style="list-style-type: none"> • Firm-initiated social media communication • User-generated contents • Traditional advertising 	Traditional advertising: not effective. Firm-initiated social media communication strengthens brand awareness; user generated content impacts perceived quality and brand loyalty.
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Table 1: Antecedents of consumer-based brand equity, summary (continued)

Source	Focal Product	Sample	Antecedents	Impact on consumer-based brand equity
Kumar et al. (2018)	Health care services	839 Indian patients of hospital services	<ul style="list-style-type: none"> • Atmosphere • Tangibles • Infrastructure facility • Interaction activity • Relationship activity • Physician's care • Process expertise • Safety measures • Timeliness of activity • Operational activity • Core service • Service communication • Service charge • Access convenience • Social responsibility 	Tangibles, interaction activity, relationship activity, process expertise, operational activity, service communication and social responsibility have significant impact.

Yoo et al. (2000) is recognized as one of the most influential studies of the antecedents of consumer-based brand equity (Christodoulides and De Chernatony, 2010), extending Aaker (1991)'s conceptual framework and introducing a consumer-based brand equity formulation to examine the impact of selected direct marketing mix elements (namely advertising, price premiums, store image and distribution intensity as a representative set of marketing programs for consumer-based brand equity) on the US product market (involving selected brands of camera film, athletic shoes and color televisions). The study found that high-perceived advertising spending, price premium, high distribution intensity and good store image have a positive effect on consumer-based brand equity, whereas price promotions have a negative impact. However, the model's explanatory power is limited by the context of the study. Since it focused only on selected direct marketing mix elements and few product categories in one country, its findings are not generalizable across different industries and cultures.

The limitation prompted subsequent research, applying the model to different contexts, although the findings were mixed and inconclusive. For example, Villarejo-Ramos and Sánchez-Franco (2005) found that, in Spain, perceived high advertising spending does not provide positive effects, while the effect of usual price deals is negative for goods with low buying frequency, such as washing machines. Given that this finding is not consistent with Yoo et al.'s (2000)' findings, none can be rightly generalizable to different contexts.

Tong and Hawley (2009a) sought to control for cultural differences by conducting empirical research in the Chinese clothing market to validate and extend Yoo et al.'s (2000) model (Tong and Hawley, 2009a). The study found that direct marketing elements (print advertising, web advertising, store image, celebrity endorsement and event sponsorship) have a significant positive impact on the four consumer-based brand equity dimensions. However, the effect of traditional TV advertising on consumer-based brand equity is non-significant due to cultural differences. Since consumers are less likely to be affected by traditional media advertising, within a collectivist culture, the recommendation was brand managers in China should pay more attention to marketing activities other than traditional advertising, to build consumer-based brand equity in the Chinese clothing market. The findings and recommendation also show the relative strengths of marketing activities in different contexts.

Table 1 also shows that perceived high advertising spending is not effective in building consumer-based brand equity for sportswear, consumer electronics

and cars in the UK (Buil, de Chernatony and Martínez, 2013). Similar findings were reported for the electronic product market in Iran (Nikabadi, Safui and Agheshlouei, 2015), and both these findings also indicate that the Yoo et al. (2000)'s results are not generalizable to different contexts. However, these selected studies support Aaker (1991)'s and Keller (1993)'s argument that direct marketing elements are influential in building consumer-based brand equity. The implication is that consumer-based brand equity can be derived from multiple sources, including direct and indirect marketing elements.

Studies such as those by Gil et al. (2007) and Cai, Zhao and He (2015) also examined the effects of indirect marketing elements on consumer-based brand equity empirically. Consulting the relevant findings reported in Table 1, indirect marketing elements, such as various forms of WOM that are not controllable by firms, are influential in creating consumer-based brand equity because they are perceived as more interactive, credible and trustworthy, hence more influential in changing consumers' attitude on brands. Qualitative research reported in Moore, Wilkie and Lutz (2002) found that young consumers are willing to follow their family members' recommendations when choosing brands of grocery products because recommendations from family members are trustworthy. This strengthens the argument by Moore et al. (2002) that WOM from family members is a vital source of consumer-based brand equity, still subject to empirical confirmation.

Empirical confirmation was sought by Gil et al. (2007), in the form of quantitative research examining the relative importance of advertising, price premiums, monetary promotions and WOM on consumer-based brand equity, in Spanish grocery market context. Their findings, confirmed by Cai et al., (2015), were that WOM is more important than traditional advertising and price premiums in building consumer-based brand equity because young adults seek to obtain information with higher perceived credibility and trustworthiness. The conclusion is that family members' WOM (an indirect marketing element) is influential in building consumer-based brand equity in the Chinese fast-moving consumer goods market, strengthening consumers' effective brand association and trust.

Table 1 also includes studies reporting the importance of eWOM in building consumer-based brand equity in the electronic products market in Malaysia because it is trustworthy and young consumers are more willing to obtain information online. Referring to WOM, Murtiasih, Sucherly and Siringoringo (2014) found it to have a positive effect in building consumer-based brand

equity in the Indian automobile industry, because Indian is collectivist and consumers obtain product information from product users, given their higher trustworthiness and credibility. When consumers want to get more information about the products with higher perceived risk, the importance of WOM is more critical than other extrinsic cues, such as Country of Origin (COO) (Murtiasih et al., 2014).

Finally, Table 1 identifies recent studies dealing with social media, reporting the importance of social media marketing in building consumer-based brand equity in various contexts. Bruhn et al. (2012) is one of the first studies to examine the impact of social media brand communication on consumer-based equity, positing that both traditional advertising and firm-initiated social media communication, such as contents and photos shared by firms on Facebook, have a significant positive impact on consumer-based brand equity in German-speaking countries. Following the research direction of Bruhn et al. (2012), Schivinski and Dabrowski (2015) examined the impact of firm-initiated social media communication and user-generated contents on consumer-based brand equity dimensions across multiple industries in Poland, revealing that user-generated content is useful in building brand awareness, brand associations, perceived quality and brand loyalty, whereas firm-initiated social media communication is only useful in creating brand awareness, hence justifying the importance of indirect marketing elements in social media contexts in brand building process.

More recently, Morra, Ceruti, Chierici and Di Gregorio (2017) examined the impact of firm-initiated social media communication and user-generated contents, along with traditional advertising on consumer-based brand equity dimensions. It found that traditional advertising is not effective in building consumer-based brand equity dimensions. However, firm-initiated social media communication is effective in promoting brand awareness only, while user-generated content is not useful in building brand awareness and brand associations, but has a significant impact on perceived quality and brand loyalty.

Most recently, Kumar et al. (2018) examined the impact of marketing activities of healthcare services on consumer-based brand equity. It found that tangibles, interaction activity, relationship activity, process expertise, operation activity, service communication and social responsibility have significant impact on consumer-based brand equity.

Summing up, direct and indirect marketing elements may be useful in creating positive experiences and attitude in consumers' minds, influencing

the consumer-based brand equity building process (Mishra, Dash and Cyr, 2014; Ding and Tseng, 2015, Lin, 2015). Direct marketing elements provide positive information and experience to consumers through media and distribution channels (Yoo et al., 2000; Keller, 2013). Positive messages from indirect marketing elements are increasingly influential because their trustworthiness reduces perceived risk (Ennew, Banerjee and Li, 2000), enhancing consumers' trust and satisfaction toward brands (Wu and Wang, 2011) and thereby building consumers' loyalty intention. With technological advances, recent studies confirm the importance of indirect marketing elements, revealing that eWOM and user-generated contents on social media are useful in building consumer-based brand equity.

Criticism of the findings in the literature asks for more attention to the relative importance of the effects of direct and indirect marketing elements. It is recommended that research might consider integrating both direct and indirect marketing elements to build positive brand experience, brand trust and brand knowledge (Keller, 2009, 2010), as well as strengthening brand sales (Kumar, Choi and Greene, 2017). The next section identifies relevant research gaps.

Identifying research gaps

As noted earlier, there is an abundance of research that seeks to understand the effect of various forms of direct and indirect marketing elements on consumer-based brand equity (Christodoulides and de Chernatony, 2010; Davcik et al., 2015; Keller, 2016), including traditional marketing mix elements, along with firm-initiated advertising messages and indirect marketing elements, such as eWOM, available on social media platforms (Yoo and Donthu, 2002; Bruhn et al., 2012; Zarantonello and Schmitt, 2013; Weiger, Wetzel and Hammerschmidt, 2017; Sijoria et al., 2018). How to integrate both direct and indirect marketing elements via online and offline channels to build positive brand knowledge remains a gap in the literature, warranting further research of comparing the effectiveness between online and offline marketing activities among multiple products (Zhu and Zhang, 2010; Goh, Heng and Lin, 2013).

Recent studies argue that the integration of online and offline marketing activities can significantly improve consumers' brand knowledge through their interaction with consumers (Kumar et al., 2017; Wang and Goldfarb, 2017), particularly when integrating social-media brand communication and intensive distribution strategy (Pauwels and Neslin, 2015; Liao, Ye, Tayi and Zhao, 2015; Bell, Gallino and Moreno, 2017). The identified gaps

highlight justify calls for research seeking to understand the effects of digital marketing communication and synergistic effects of social media communication and distribution coverage in branding (Keller, 2016; Kumar et al., 2017). More precisely, the next sections respectively address the following questions:

- What are forms of social media brand communication effective in building consumer-based brand equity?
- What is the role of social media brand communication and distribution channels in brand building process?
- What are the influences of marketing activities on consumer-based brand equity across product involvement level?

Articulating social media brand communication with brand equity

The importance of social media communications

After the internet boom of the late 1990s, marketers sought to understand the use of online marketing in brand building process (Keller, 2016), especially for the integration of social media in their marketing strategies (Valos, Maplestone, Polonsky and Ewing, 2017). It is important to understand why.

Social media refers to a web tool or technological systems that facilitate collaboration between community members (Solis, 2010; Joosten, 2012), including consumer review sites, content community sites, wikis, internet forums (Zeng and Gerritsen, 2014) and social networking sites, such as MySpace, LinkedIn, Blog, Facebook and Twitter (Tess, 2013). Social media is acknowledged as one of the most important platforms for deploying direct and indirect marketing strategies to communicate brand information due to its' interactive features and trustworthiness, which enable firms to build favourable consumer experiences and brand knowledge (Winer, 2009; Keller, 2010; Kumar et al., 2017). It is the interactive capability of social media platforms that helps firms in sharing information using both direct and indirect marketing elements (Goh et al., 2013; Knoll, 2016). Ultimately, social media has a greater capacity for reaching the community than traditional media, such as print, TV and radio advertisement (Bowen, 2015). Hence it is a powerful tool for building consumers' brand knowledge (Keller, 2013; Gürhan-Canli, Hayran and Sarial-Abi, 2016).

There are two types of social media brand communication, namely firm-created and user-generated social media brand communication. Firm-created social media brand communication is controlled by firms whereas user-generated social media brand communication is independent of firms' control (Schivinski and Dabrowski, 2016). The possible links between the two forms of social media brand communication and consumer-based brand equity is discussed below.

Firm-created social media brand communication and brand equity

Using platforms such as blogs, Facebook and YouTube firms adopt firm-created social-media brand communications to provide regular information to consumers about their product attributes, with the objective of creating positive attitudes. Firm-created social-media brand communication is similar to web advertising (Knoll, 2016) because firm fully controls it, hence constituting a direct marketing mix element (Mangold and Faulds, 2009; Bruhn et al., 2012). It is used to share knowledge about everyday-life issues and how-to-use their products with consumers (Tsimonis and Dimitriadis, 2014). More generally, firm-created social-media brand communications are used to provide information about many aspects of a business, such as product-related information (Parsons, 2013) and products pricing (Bowen, 2015), as well as to communicate organizational values to target groups (Waters and Jones, 2011).

For example, global brands such as Apple, Procter and Gamble and Mattel, use firm-created social media communication to provide detailed and tailored information about their brands to selected subsets of consumers (Mangold and Faulds, 2009). This is because, arguably, consumers are more willing to accept and appreciate brands when the relevant firm-created social media brand communication is informative and entertaining (Saxena and Khanna, 2013). Hence, when brands use firm-created social media communication to provide vivid content with entertaining messages, consumers are more likely to accept those attractive messages with a positive brand attitude (De Vries, Gensler and LeeFlang, 2012), by favourably expressing their evaluation of the brand, as manifested in their preferences (Kotler and Armstrong, 1996).

The literature supports the view that firm-created social media brand communications have a positive effect on consumers' attitude toward brands, and improves the brand image (Park, Rogers and Stemmler, 2011), leading to stronger purchase intentions (Van-Tien Dao, et al., 2014).

Arguably, these brand communication can be expected to reflect consumers' preference and usage for those communications, implying that consumers may be less likely to rely on traditional advertising to obtain information about products and brands (Mangold and Faulds, 2009). Hence, brand managers increasingly communicate brand-related information to consumers by firm-created social media brand communication with vivid and interactive content because it is effective in strengthening positive perceptions towards the brand (De Vires et al., 2012; Bowen, 2015) and its perceived effectiveness is higher than that of traditional advertising (Schlosser, Shavitt and Kanfer, 1999).

Recent marketing literature also posits that firm-created social media brand communication is effective in building brand awareness because it creates opportunities for consumers to be exposed to the brand-related communications, resulting in brand recall and recognition (Morra et al., 2017). Similarly, firm-created social media brand communications introduce benefits and attributes of the brand on social media platforms, thereby creating, modifying and reinforcing brand association in consumers' minds (Dehghani and Yumer, 2015; Cheung, Pires and Rosenberger, 2018).

The literature also suggests that consumers generally perceive brands subject to more intensive marketing communications - one of the most essential elements in building consumer-brand relationship (Yoganathan, Jebarajakirthy and Thaichon, 2015), as higher quality brands (Yoo et al., 2000; Gil et al., 2007; Chattopadhyay et al., 2010). Accordingly, it is suggested that consumers evaluate the quality of branded products by their perception relative to the firm-created social media brand communications (Schivinski and Dabrowski, 2015), such that these communications are expected to have a positive effect on consumers' perceptions and attitude toward the brands, resulting in stronger brand loyalty (Weiger et al., 2017).

Despite its influential power in building consumers' knowledge and attitude towards brands, firm-created social media brand communications may not be trusted by all. Indeed, firm-created social media brand communication is criticized by its insufficient effectiveness in engaging consumers, who may not be very interested in reading and sharing information about the business and created by the business that may be regarded as advertisements (Kelly, Kerr and Drennan, 2010; Sashittal, Sriramachandramurthy and Hodis, 2012). The following recommendation is that businesses should engage consumers and increase the conversations among those consumers (Knoll, 2016). This might involve user-generated social media brand communications, which are widely acknowledged as an influential source in building

consumers' positive brand attitude because of its perceived trustworthiness and interactivity.

User-generated social media brand communication and brand equity

User-generated social media brand communications are not controllable by marketers. It is similar to electronic word of mouth (EWOM), which consists of positive or negative informal and independent communications made by myriad consumers about a company's goods and services, which are available to a large number of consumers via the internet (Hennig-Thurau, Walsh and Walsh, 2003). Arguably, user-generated social media brand communications are perceived as more trustworthy because they are always written by expert communicators and most active users aimed at social interaction, entertainment and empowerment (Knoll, 2016). The challenge for brand managers is that they can promote their products and brands through firm-created social media channels, but it is difficult for them to improve through user-generated social media brand communication given the lack of control (Schivinski and Dabrowski, 2016).

Although it is challenging to promote brands and products by user-generated social media brand communication, it helps brands to create powerful brand communities that support interactions of consumers with common interests (Winer, 2009). Brand managers can gather consumers' ideas in a low communication cost environment by encouraging interactions between consumers in an online brand community (Krishnamurthy and Dou, 2008). If, on the one hand, managers cannot control user-generated social media brand communication, on the other is the fact that brand advocates are likely to trust and share experiences and opinions with other consumers in social media platforms (Daugherty, Eastin and Bright, 2008; Laroche, Habibi and Richard, 2013). Such interactions are effective in strengthening positive brand attitudes through gathering engaged consumers' and brand advocates' ideas to improve the product design, services level and communication to enhance competitive power at a lower cost compared to traditional channels (Schivinski and Dabrowski, 2016). In contrast with traditional WOM involving oral person-to-person communication, as long as social media communications are written on the internet to be read by a multitude of people, marketers can monitor and analyze word of mouth and adjust their strategies accordingly.

The review of the empirical literature suggests that user-generated social-media brand communications have a positive effect on consumers' brand

awareness, brand association, the perception of product quality and brand loyalty. For example, Hutter, Hautz, Dennhardt and Füller (2013) found that user-generated social-media brand communications create social interactions and engagement among consumers about the brand, causing consumers to recall the brand and strengthening consumers' brand awareness. Schivinski and Dabrowski (2015) argued that the multiple experiences, facts, episodes, exposures to brand information caused by these communications increase the probability that a brand will be included in consumers' memory and consideration set, strengthening consumers' brand association.

The literature also suggests that user-generated social-media brand communications provide credible product quality information to consumers, resulting in a positive effect impact consumers' perceived brand quality (Riegner, 2007). Furthermore, these brand communications have a positive impact on functional, experimental and symbolic brand benefits, thus leveraging brand loyalty (Bruhn et al., 2012). The implication is that consumers' exposure to user-generated social-media brand communication authored by online users with shared common interest about brands, yields communications that are considered reliable, building brand knowledge as well as positive brand attitude (Schivinski and Dabrowski, 2016; Morra et al., 2017; Langaro, Rita and Salgueiro, 2018).

Summing up, to answer the first research question, we have identified two forms of social media brand communication, namely firm-created social media brand communication and user-generated social media brand communication, both of them are deemed to be important in brand building process. Although researchers have examined the impact of both firm-created and user-generated social media brand communication on consumer-based brand equity, generalized findings of their relative importance on consumer-based brand equity dimensions have not been found yet. Additionally, to the best of our knowledge, minimal studies have examined the interaction effects between the two forms of social media brand communication on consumer-based brand equity. Since social marketing strategies are synergistic in nature, it is conceivable that firm-created social media brand communications may interact with user-generated social media brand communications. For example, marketers can coordinate advertising messages with consumers' EWOM in their Facebook brand page, which is deemed to be effective in enhancing the brand image as well as purchase intentions (Dehghani and Tumer, 2015). It is, therefore, justified for future research to examine the relative importance of the two forms of social media brand communication in brand building, along with the discussion of the implications of the referred interaction effects.

Articulating distribution intensity with brand equity

Although social-media brand communications affect consumers' brand perceptions, consumers may feel higher perceived risk if they do not trial the physical products. Thus, Keller (2013) recommends that brand managers integrate their communications strategies with their distribution-channels strategies to derive synergistic effects while providing comprehensive brand information and brand experience to consumers. Distribution intensity refers to the width and depth of the distribution of the products offered by a firm, such that more intensive distribution allows consumers to acquire the products easily because of the greater availability (Kotler and Keller, 2006). Arguably, distribution intensity is positively related to market share and regarded as an essential contributor to brand success (Bucklin, Siddarth and Siva-Risso, 2008). By increasing consumers' accessibility to products, it generates trial (Smith and Park, 1992) and personal experience (Huang, and Sarigöllü, 2012). Trial and positive experiences strengthen consumers' satisfaction and favorable brand perceptions (Dolbec and Chebat, 2013). Thus, brands with intensive distribution and greater availability can gain improved popularity, image and consumer satisfaction (Keller, 2010).

The literature recognizes a positive relationship between distribution intensity and consumer-based brand equity (Yoo et al., 2000; Yoo and Donthu, 2002). When products are distributed more intensively, consumers can find the products with ease, which facilitates higher brand awareness with strong and potentially favorable brand associations toward the relevant brands (Lin and Chang, 2003). Also, when products of a brand are available in a larger number of stores, consumers will be more satisfied with the brand. This is because the brand provides convenience in purchasing, attracting consumers' higher perceived value, as well as higher perceived brand quality (Ferris, Oliver and de Kluyver, 1989; Ha, 2011). Lastly, distribution intensity builds up consumers' habitual behavior towards the brand, because consumers always have a habit of using products offered by the most convenient brand, such habitual behavior strengthened consumers' brand loyalty and purchase intention (Lin and Chang, 2003).

With the rapid technological and digital progress in today's marketing environment, adoption of social media in communications, along with broader distribution channels, is useful in strengthening connectivity between brands and consumers (Gürhan-Canli et al., 2016). Particularly, with the extensive usage of smartphones and related technologies, such as the QR code and sharing of users' updates, this creates opportunities for

marketers to integrate social media marketing communication with channel efforts (Shin, Jung and Chang, 2012; Watson, McCarthy and Rowley, 2013). For example, marketers could initiate campaigns to invite consumers to scan a Quick Response (QR) code at an offline store to receive firm-initiated social media communication, such as product updates and promotions (Watson et al., 2013). Similarly, marketers may also promote their products via social media platforms to attract consumers to purchase at retail stores (Keller, 2013; Kumar et al., 2017). Despite distribution coverage being regarded as one of the most effective means in building consumer-based brand equity, its synergistic effects with social media brand communication, and its relative importance in brand building, is yet to be known, warranting further empirical research in this area.

The moderation effect of product involvement level

Widely acknowledged as one of the most important factors affecting consumer behaviour (O’Cass, 2000), the level of product involvement refers to a consumers’ perceived relevance of a product based on their inherent needs, values and interests (Griffith, Krampf and Palmer, 2001). The suggestion is that products can be categorized as high-involvement products and low-involvement products (Zaichkowsky, 1985). High-involvement products are firmly evaluated by quality whereas low involvement products are less assessed by quality and can be more easily influenced by affection (Zaichkowsky, 1986).

Despite the challenge in assigning a particular involvement level to various product classes, there is some consensus in the literature that product characteristics are relevant in classifying the product involvement level. As the product involvement level is linked to consumers’ perceived purchase risk and purchase frequency, products that are complex and relatively expensive are classified as high involvement and vice versa (Hoyer and MacInnis, 2008; Beneke et al., 2015). Arguably, consumers are more willing to search and trust information about high-involvement products obtained from social media brand communities (Xue, 2008), but they often build attitudes towards low involvement products based on affection (Hutter et al., 2013), as they lack the motivation to search and evaluate brand information and are more likely to build brand perceptions based on the emotional experience obtained in stores (Dolbec and Chebat, 2013). Hence, product involvement affects consumers’ attitudes and brand preference (Quester and Smart, 1998; Bennett, Hartel and McColl-Kennedy; 2005), such that the level of product involvement determines consumers’ effort in

searching for information about products because consumers are more willing to seek information about high involvement products, paying greater attention, and exerting more significant effort to processing personally relevant information (Mittal and Lee, 1989).

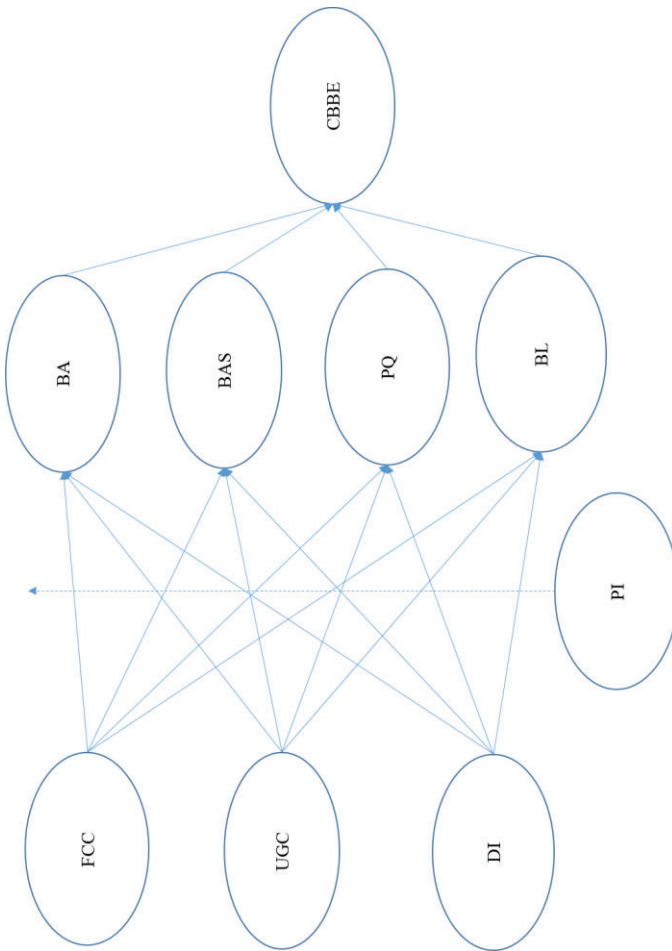
Product involvement level has been used as a moderator in a variety of marketing contexts (Olsen, 2007), including the consumer-based brand equity building process (Moradi and Zarei, 2012). Based on the importance of the level of product involvement in consumers' decision-making process, positive moderation effects have been supported in the literature. Accordingly, consumers are more willing to search for information via the internet and social media when considering high-involvement products (Balabanis and Reynolds, 2001; Kim and Ko, 2012), being less willing when considering low-involvement products, and making decisions based on convenience (Lin and Chang, 2003). The review also found that the impact of user-generated social-media brand communication on consumers' perception of brands is stronger for high involvement products (Xue and Zhou, 2010; Beneke et al., 2015). It can, therefore, be argued that consumers are more willing to accept the information for a high-involvement product available on social media platforms, and that their perception on brands are more influenced by user-generated than by firm-created social-media brand communications.

Distribution intensity is more important in building consumer-based brand equity for low-involvement products than high-involvement products (Lin and Chang, 2003) because consumers have greater access and gaining in brand familiarity (Ghodeswar, 2008). Intensive distribution is less relevant for a high-involvement product, such as cars, as consumers are willing to expend more effort in searching for the information needed. Based on the identified literature, we call for empirical research to examine the moderation effect of product involvement level on the impact of social media brand communication and distribution intensity on consumer-based brand equity.

A Theoretical Framework to Guide Future Research

Based on the discussion carried out in previous sections, a theoretical framework is developed to examine the impact of the two forms of social media brand communication and distribution intensity, along with the possible moderation effect of product involvement level. Figure 1 depicts the theoretical framework.

Figure 1: Theoretical framework to guide future research



Note: FCC = Firm-created social media brand communication, UGC = User-generated social media brand communication, DI = Distribution intensity, BA = Brand awareness, BAS = Brand associations, PQ = Perceived quality, BL = Brand = Brand loyalty, PI = Product Involvement level, CBBE = Consumer-based brand equity

Reflected in the theoretical framework, consideration of the importance of the two forms of social media brand communication and distribution intensity for brand building is presented to guide future research. In particular, firm-created social media brand communication, user-generated social media brand communication and distribution intensity are conceptualized as predictors of consumer-based brand equity dimensions, including brand awareness, brand associations, perceived quality and brand loyalty. Possible moderation effects of product involvement level, namely high and low involvement products, are also proposed as a research agenda in the theoretical model. In other words, researchers are recommended to examine the impacts of the predictive constructs on consumer-based brand equity across products with high (e.g. smartphones) and low involvement (e.g. non-alcoholic beverages) level.

Finally, researchers are also recommended to account for the cultural differences in the theoretical model. Since the antecedents of consumer-based brand equity varies amongst countries with different cultures (Tong and Hawley, 2009a; Keller, 2016; Jiao, Ertz and Sarigollu, 2018), hence, we recommend researchers to test the theoretical model empirically in countries with different cultures, along with comparison of results between countries with Eastern cultures (e.g. China) and Western cultures (e.g. U.S. and Brazil).

Conclusion

This paper reviewed the literature and identified key research findings in the areas of social-media brand communications, distribution intensity, product involvement and consumer-based brand equity. The review suggests that the role of social media brand communication and distribution intensity, along with their synergetic effects on consumer-based brand equity across product involvement level is under-researched, warranting further research in this area. Therefore, based on the review of the literature, some research questions were formulated that lead to the development of a theoretical framework to guide future research. Notwithstanding, this paper yields sufficient evidence that the synergetic effects of social media brand communication and distribution intensity merit further attention in theory and practice.

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MIND THE GAP: SELF-INITIATED EXPATRIATES (SIE) AND THE ROLE OF TRAINING & SUPPORT TO EASE WORKPLACE ADJUSTMENT

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Abstract

The aims of this chapter are to understand the issues facing self-initiated expatriates (SIEs) when transitioning to a ‘foreign’ workplace environment and to explore gaps in the market vis-à-vis the support and training provided by companies and the potential need for a dedicated service provider to facilitate a more effective adjustment period. Using a convenience sample to survey 50 SIEs, and semi-structured interviews with a further 5 SIEs the research revealed three main themes. Firstly, the need for organisations to do more to assist SIEs adapt to the challenges of living and working abroad. Secondly the presence of an ‘adjustment gap’, with a lack of training and support provided to SIEs in their host country, and finally, the need for a more personalised approach to the expatriation transition, to facilitate an appropriate move to a new professional and cultural context. The practical and social implications of these initial results shed light on the nature of the work being undertaken by the SIE, the expatriate transition journey and the barriers to successful adjustment. By offering a contemporary insight into expatriation, the study is pertinent for managers, policy-makers and individuals involved in SIE. It contributes to the existing literature on SIE by furthering our understanding on an individual’s adjustment to a new country, company culture and values.

Introduction

This chapter explores the issues facing *self-initiated expatriates* (SIEs) when transitioning to a ‘foreign’ workplace environment, and explores gaps in the market vis-à-vis the support and training provided by companies – and the

potential need for a dedicated service provider to facilitate a more effective adjustment period. The insights offered here are based on data gathered from semi-structured interviews with 5 SIEs, and 50 responses to an online survey that explored some of these issues in more detail.

This chapter will outline some of the practical and social implications including the nature of the work being undertaken by the SIE, the expatriate transition journey and the barriers to successful adjustment. By offering a contemporary insight into expatriation, the study is pertinent for managers, policy-makers and individuals involved in SIE. It contributes to the existing literature on SIE by furthering our understanding on an individual's adjustment to a new country, company culture and values.

Mobility and Self-Initiated Expatriation (SIE)

According to the World Bank (2016) 3.4% of the total world's population, a figure amounting to more than 247 million people, have migrated to live outside their countries of birth. The majority of these migrants have moved to the United States, with the next top destination countries in absolute terms being Saudi Arabia, Germany, the Russian Federation, the United Arab Emirates, the United Kingdom, France, Canada, Spain, and Australia. However, some countries have much higher rates of immigration relative to the total population, topped by Qatar (91 percent), United Arab Emirates (88 percent), Kuwait (72 percent), Jordan (56 percent), and Bahrain (54 percent). While it is recognised that some migration is caused by border changes when people have not actually moved yet find themselves living in a different country (particularly for example with the break up for the former Soviet Union creating new or re-creating former nations), and by refugees fleeing troubled countries, the migration that concerns us is that of skilled emigration. The World Bank has also identified that it is smaller countries that tend to have higher rates of skilled migration than larger countries, citing the examples of Guyana, where almost 93% of highly skilled people have emigrated, followed by Haiti (over 75%), Trinidad and Tobago (over 68%) and Barbados (over 66%) (World Bank, 2016, p. xii).

Globalisation has therefore transformed patterns of work (Altman and Baruch, 2012; Dickmann and Baruch, 2011) by reducing the uniformity of an individual's career path (Scurry, Rodriguez and Bailouni, 2013). In other words, there is much greater variety in the employment paths taken by individuals *and* the extent to which these paths may be company-initiated or self-initiated (Inkson and Thorn, 2010; Peltokorpi and Froese, 2009; Thorn, 2009; Collings, Scullion and Morley, 2007). As globalisation has intensified,

the individual's need to consider moving abroad, to be more 'mobile' for finding suitable employment and/or career progression has also steadily increased (Berry, 2008; Urry, 2007; Carr, Inkson and Thorn, 2005; Conway, 2004). Mobility is not without its challenges; however, expatriates experience a number of issues relating to their journey and successful transition to employment overseas, which we will discuss in this chapter through the qualitative interviews and survey evidence.

Focusing on SIEs, this work builds on the research of, *inter alia*, Scurry, Rodriguez and Bailouni (2013); Crowley-Henry (2012); Froese (2012); Doherty, Dickmann and Mills (2011); Selmer and Lauring (2010); Al Ariss (2010); Richardson (2006); Suutari and Brewster (2000). Acknowledging that the boundaries between self-initiated and company-initiated are somewhat blurred, Doherty, Richardson and Thorn (2013) argue that an individual could be considered an SIE if they seek a foreign posting within an organisation, that is, the individual can stay in his/her current position while seeking new employment prior to or when he/she arrives at the destination abroad. Al Ariss (2010, p.339-340) discusses some of these complexities, and takes the view that 'unlike international assignees, SIEs are not sent by their companies but rather travel on their own initiative', yet also recognises that some studies use the term, 'migrant' regardless of the purpose of the individual's move to another country to undertake an 'international career experience'. Indeed, the terms 'migrant' and 'SIE' are used often interchangeably and for the most part inconsistently across the extant literature. This ambiguity draws attention to the need for a more appropriate definition of SIE. For the purpose of this study, SIEs are defined as "individuals who were not going to pre-arranged jobs but who [are] engaged in work during their international overseas experience" (Doherty, Richardson and Thorn, 2013, p.98), i.e. the move is self-initiated and totally unrelated to any previous organisation.

The journey of an SIE

Existing literature reflects commonality among academics regarding the issues faced by SIEs when adjusting to global assignments (Naithani and Jha, 2010; Thorn, 2009; Andreason, 2003; Shaffer, Harrisson and Gilley, 1999). These issues centre around the adaptability of the expatriate, their personality and emotional maturity; the individual's pre-departure preparation; adapting to the new environment; and the organisational training and support provided for the expatriate (Binti Wan Ibrahim *et al*, 2015; Hassan and Diallo, 2013; Tahir and Ismail, 2007; Lopes *et al*, 2006; Chew, 2004;

Musten, Raud and Titarenko, 2003). The literature highlights that the journey to successful integration is a two-way process: the commitment, 'social baggage' and ability of the individual to adapt to the new organisational environment and the commitment, mechanisms and ability of the company to appropriately enable that individual to adapt. Consequently, the success or failure of SIE cannot be attributed solely to the individual (Naumann, 1993), underscoring the need for the organisation to offer appropriate training and support to facilitate the transition and adaptation.

Prior research has revealed the positive correlation between personality and adjustment (Hassan and Diallo, 2013; Ramalu *et al*, 2010), and a positive relationship between emotional intelligence and being able to handle the pressures of expatriation without damaging performance (Hassan and Diallo, 2013; Musten, Raud and Titarenko, 2003). Arguably, if an individual is suitably motivated to relocate they will be more successful (Richardson and Malon, 2005). Studies confirm the importance of pre-departure preparation (Binti Wan Ibrahim *et al*, 2015; Dickmann and Baruch, 2011) and the influence of family, society and culture (Farh *et al*, 2010; Chew, 2004; Downes *et al*, 2002; Caligiuri *et al*, 2001) on the successful adaptation of an SIE to his/her new working environment. Regarding training and organisational support, current literature infers their positive impact in assisting expatriate adjustment to a new workplace. Unfortunately, pre-departure support is often too generic and lacking scope; deficient in much-needed personalisation to realise its full potential (Hassan and Diallo, 2013; Far *et al*, 2010; Lee and Croker, 2006). This context provides a rich environment to explore gaps in assisting SIE adjustment to the workplace - and a potential need for a dedicated service provider to facilitate a more effective adjustment period.

Background information on respondents

Using a mixture of interviews and an online survey, the research attempts to provide some insight into the journey of SIEs and the role training and support played in their transition to their respective workplaces.

Prior to examining respondents motivations to work abroad, a series of demographic questions were asked in an attempt to ascertain whether personal characteristics influenced responses. With respect to age, gender, nationality, ability to speak languages, family circumstances and qualifications, there were no discernible variation between the respondents in their responses to questions. Of the 50 online respondents and 5 interviewees working in South East Asia and Europe, 69% were female and

31% were male. The majority of respondents were aged 31 and over, with 13% aged under 30, 24% aged 31-40, 35% aged between 41 and 50 and 29% aged 51 and over. The majority of respondents were British with a minority American, Australian, Chinese, German, New Zealanders and Swiss. Because of the diverse nationalities the languages respondents spoke was also diverse, with the majority speaking English as their first language and a minority speaking Chinese, Dutch, German, Kannada (An Indian dialect), Portuguese and Swedish. Only a minority of native English speakers considered themselves fluent in a second language with many indicating knowledge of “a bit of French”. Non-native speakers were more proficient in a second language, which was predominantly English. Although the sample population is relatively small, it could be argued that a lack of a second language influenced the choice of destination of British expatriates. This issue will be touched on later in the chapter when we examine what respondents thought the challenges of living and working abroad were.

As one would expect with families so diverse in today’s society, the domestic circumstances of respondents were varied, with only 3 conditions reaching double figures, 12 were in a relationship with children, 10 were in a relationship without children and 9 were single without children. With regards qualifications, all respondents were College educated or above, with 7% respondents having a College qualification, 13% having professional qualifications, 27% possessing a doctoral degree, 22% having a Masters and 25% in possession of an undergraduate degree. As the qualifications would imply, those SIEs were coming from predominantly professional positions.

Motivation to work abroad

In terms of previous experience, working abroad the majority had been an expatriate before, with this expatriation being both company-initiated and self-initiated expatriation. There was no commonality in responses, ranging from moving abroad because of location to a “renowned rehab centre”, to experience a different culture with emphasis “to gain a better work/life balance”, and for career progression, “this was a promoted post, I needed to take this for my career, the fact that it is abroad didn’t really come into it”.

Prior to SIE, the majority (98%) of respondents had previously been in employed positions, holding that position for over 6 years (52%), between 4 and 6 years (14%), between 2 and 4 years (10%), between 1 and 2 years (16%) and less than 1 year (8%). These positions were predominantly (88%) professional or managerial posts working for an organisation. However, the majority (60%) indicated that they were moving to a self-employed position

with the remaining 40% moving to an employed position. This is an interesting finding, as one would have expected professional individuals, who all held at least a College qualification to be moving to another similar position abroad, so perhaps they were seeking a change or a challenge? To further support this observation, the research revealed that 58% of these respondents identified that they felt suitably rewarded in their previous jobs (whether employed or self-employed), 50% felt satisfied in their previous jobs, and 45% felt they received appropriate job recognition. Motivation to move abroad was therefore more about what they were moving to – rather moving away from. From a series of questions related to factors ‘pulling’ respondents away from their home countries it becomes apparent that it was not for career advancement, nor family reasons or even financial gain (see Table 1). Rather, as we eluded to earlier, respondents decision to expatriate themselves was to change their lives and for a sense of adventure/travel.

Table 1. Motivational pull to expatriate

	Strongly Agree and Agree	Neither Agree or Disagree	Disagree and Strongly Disagree
I moved abroad for employment because of my career, whether that was to pursue self-employment or advancement in employment	44%	16%	40%
I moved abroad for employment or self-employment because of family reasons	30%	18%	52%
I moved abroad for employment or self-employment because of financial incentives	22%	28%	50%
I moved abroad for employment or self-employment because of a sense of adventure/travel	78%	12%	10%
I moved abroad for employment or self-employment because of a need to change my life	78%	10%	12%

Concerns relating to moving abroad

Given the importance respondents placed on the sense of adventure/travel it is perhaps not a surprise that only a minority of the respondents in our study were concerned by language and not having a job to go to. The majority of respondents had no major concerns about moving abroad beyond the general culture assimilation and being away from family and friends with a typical and representative response being “I was aware there would be differences but I wasn’t overly concerned because of my previous experience working abroad”. The reasons those respondents gave for the lack of concern was partly based on previous experience of working abroad (short or long-term contract) and partly because English was the predominant or frequently spoken language of the country they were expatriating to. As we can see, SIE is motivated by a sense of adventure/travel and the need to change their life. If you seek a challenge you are more likely to embrace a new culture and not be overly concerned by language or having a job to go to, however let’s remember that all the respondents were moving to a job, whether that was employed or self-employed, and not unemployment and were moving to countries where English was the dominant language. Perhaps respondents were not the risk takers we thought during a first superficial glance of the findings, it is perhaps more likely respondents sought a change but within specified boundaries.

Preparation before moving

To further add weight to the assertion that respondents were seeking a change or a sense of adventure/travel but within reason, the research revealed that all respondents conducted appropriate ‘due diligence’ on the country, specific location and the organisation they intended to expatriate to. Now, of course, everyone has their own definition of ‘appropriate due diligence’ but 74% felt appropriately prepared for the move abroad. 54% believed they had conducted appropriate research on their destination organisation before joining, and 76% believed they had conducted appropriate research on their destination country before making their move. Such results reflect the importance of career-orientated motivation and thorough preparation regarding an expatriate’s successful transition beyond borders and the adaptation to local environment (Binti Wan Ibrahim *et al*, 2015; Dickmann and Baruch, 2011; Richardson and Malon, 2005). However, we must recall that the majority of respondents indicated that their motivation to expatriate themselves was not career-orientated, rather because of a change or sense of adventure/travel. Nevertheless, regardless of

the motivation, prior preparation to SEI was considered necessary if not essential.

Company support

Having assessed the respondents journey prior to taking up the post abroad the research then investigated the support they received in employment transition and what they felt were the challenges in working and living abroad. The majority of respondents who were expatriating to employment and not self-employment tended to make suitable adjustments to the workplace however, this preparation was not necessarily met with organisational training and support. Almost all respondents argued that the training and support was sometimes not timely, too generic, lacked personalisation, and was not what they expected. A typical and representative response was “the processes and procedures were different from what I was used to which is to be expected but the training was not necessarily specific enough to address these issues, it was pretty generic”. Although those respondents acknowledged that the organisation had appointed a mentor to support the efforts of the training and add a degree of personalisation, those mentors’ efforts were diluted through their own workload and the expatriate’s feelings that they “didn’t want to trouble them”. A typical and representative response was “to support my adjustment, a mentor was appointed which was helpful I guess but the onus was on me to ask questions and given the nature of situations, they come up and you need a quick response [pause] you don’t want to bother people and expect instant responses so you learn by doing”.

The pre-departure preparation organised by the company for those respondents who were moving to an employed position was also considered inadequate with only 14% strongly agreed or agreeing that they had received appropriate training. A minority of respondents (41.5%) strongly agreed or agreed that their organisation had supported their adjustment to their new position abroad, with only 31.7% strongly agreeing or agreeing that their organisation had supported their adjustment to their new country. In terms of receiving appropriate cross-cultural training from their organisation, only 22% of respondents strongly agreed and agreed. The lack of appropriate support and training is particularly important given respondents a number of challenges working and living abroad. In terms of the challenges respondents faced working abroad the common themes to emerge from the research were predominantly cultural differences, specifically bureaucracy, the taxation system and the organisational culture. Typical and representative responses were “insanely complicated paperwork. Bureaucrats who have no

idea what the rules are and are unwilling to help”; “understanding the tax system”; “different organisational culture, approaches to time and work”. A minority mentioned the language, specifically the difficulties learning French and a further minority indicated that they did not have any challenges working abroad with a typical, representative response being “not really any major challenges. It is relatively straight forward to work here”. Perhaps unsurprisingly a relatively similar picture is presented when we examine what respondents thought the challenges to living abroad were. The main themes to emerge from the research were also bureaucracy, the culture but with the notable difference, finding a group of likeminded friends. Typical and representative responses were “dealing with the bureaucracy”; “understanding the local culture”; “finding a group of likeminded people”. A minority highlighted “being away from family and friends” which is related to the previous point, adapting to life without a previous social network and attempting to create a new one. None of the respondents indicated that they did not face a challenge living abroad.

What this research informs us is that there is clearly a need for organisations to support their SIEs as they encounter challenges both at work and living levels, but that this support and training is inadequate with the majority of respondents feeling that they had to tackle issues themselves some 3 months into their employment.

Discussion

As observed in the literature, the needs of SIEs require to be considered on a case-by-case basis; each career path is different (Scurry, Rodriguez and Bailouni, 2013) thus affecting the first part of the SIE equation (the individual and their motivation and preparation prior to the relocating). With regards the second part of the SIE equation (the organisation and the individual facilitating adjustment to the workplace), the majority of respondents felt their respective organisation could do more to assist them in adapting to the challenges of living and working abroad. For those respondents who had difficulties finding suitable employment it was revealed that the consequences of unemployment were not only financial, the lack of engagement with the community beyond expatriates and a lack of a sense of purpose affected the individual’s personality and emotional state, in turn affecting their ability to successfully adapt.

Our findings reveal the importance of each stage of the SIEs journey abroad. Each stage potentially influences the next. In order to improve the chances of successful adaption, an individual has to be appropriately motivated,

prepared, trained and supported (Binti Wan Ibrahim, *et al*, 2015; Hassan and Diallo, 2013; Tahir and Ismail, 2007; Lopes *et al*, 2006; Chew, 2004; Musten, Raud and Titarenko, 2003). With regards the latter stage, there appears to be a potential gap in the current training and support provision given to SIEs, which could be addressed by a more personalised approach, perhaps provided by a specified firm outside the organisation – similar to the ‘personal shopper’ experience provided in retail.

Conclusion

The literature provides a basis for understanding SIE but fails to explain contemporary movement beyond borders. The factors, which contribute to the overall success/failure of SIEs, tend to be over-generalised in the literature, and are perhaps outdated in today’s era of turbulence. More research is required to develop the initial results and deepen the scope of research into SIE. In the meantime, however, it is too early to ascertain the extent to which Britain’s lead in leaving the EU will damage freedom of movement, and migration in general, perhaps a SIEs motivation for a change or sense of adventure/travel will prove too risky in the face of such market uncertainty.

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FINANCIAL CULTURE, GOVERNANCE & FINANCIAL CRISIS

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& NIZAR AL-SHARIF

Abstract

This chapter aims to examine the link between corporate governance and financing strategies through a comparison between two financial cultures: French financial culture and Anglo-Saxon financial culture. First, we distinguish between the different models of financial systems and their respective financial cultures, then; we assess the impact of the financial crisis on financial systems. Second, we analyse corporate governance through monitoring and legal aspects of each financial culture. It seems that the “stock-market” approach is more efficient; however, the crisis has had a differential effect on financial strategies.

Introduction

Corporate governance depends on various elements related to the business environments (culture, laws, society and economics). This research examines the impact of corporate governance on a firm’s financing strategy by comparing the Anglo-Saxon financial culture and French financial culture. Many studies have been undertaken on corporate governance, but very few have evaluated the impact on financing strategy, and the impact of the crisis on these corporate governance frameworks. Effective corporate governance involves mechanisms that ensure that executives respect the rights and interests of company stakeholders, as well as making those stakeholders accountable for acting responsibly with regard to the protection, generation, and distribution of wealth invested in the firm (Aguilera et al., 2008). However, the bulk of corporate governance studies have attempted to link various governance factors, such as board structure and composition, shareholder engagement, and executive incentives, directly to the firm’s

financial performance rather than with managerial strategic decisions (Filatotchev and Wright, 2005).

The first part of this paper describes two pivot concepts to distinguish between the “outsider control system” and the “insider control system” (Schmidt et al., 2002). In the “outsider control system”, the activities of a company are essentially guided by external market mechanisms while, in the “insider system control”, influence and control are exercised by actors who have privileged access to a firm’s internal information. These two concepts define the Anglo-Saxon and German frameworks. Assuming the French model of corporate governance does not exist (Shleifer and Vishny, 1997), this paper aims to identify a French concept that could be interpreted as a hyphen between the German and Anglo-Saxon patterns. The second part examines the links between governance, financing strategy and performance concepts. We describe the monitoring and legal aspects that impact upon governance. It is interesting to notice that, while the Anglo-Saxon culture is questioned, the French corporate monitoring is using more and more Anglo-Saxons methods through both external and internal procedures. In this context, we analyse the effects of managers’ remuneration on firm performance.

Different Financial Cultures & Corporate Governance Models

In France and Italy, the capital provided by banks is significant. By contrast, in the USA and UK, there are large numbers of companies that rely on millions of private shareholders for finance. Thus, according to Schmidt et al. (2002), there are two basic types of financial cultures: the “bank dominated model” and “capital market dominated model”. The most relevant example of the first model is the German model. The most relevant example of the second model is the Anglo-Saxon model. According to the main theory, the French financial model is shifting from a “bank dominated” model to a “capital market dominated” model, although the transition is not yet fully achieved. The transition reflects the evolution of some aspects of the French economy and society, such as the State withdrawal and deregulation. Against this background, the authors transpose the notion to corporate governance: that is, the principle of “insider control system” and “outsider control system”. In an “insider control system”, the system is monitored by insider people as they have a privileged access to the information in the firm. In an “outsider control system”, the activities of a company are guided by external market mechanisms. This assumes that the

persons who act in the markets influence companies and monitor their management, maintain arms-length relationships with companies; they do not even have access to privileged information or any direct personal influence on the activities of companies – and, in this sense, may be regarded as outsiders.

A further point of comparison is that, in 'credit' countries, even the relatively few listed companies may be dominated by shareholders who are bankers, governments or founding families. In countries like Germany, France or Italy, the banks or the state will, in many cases, nominate directors and thus be able to obtain information and affect decisions. As listed companies in continental European countries are dominated by banks, governments or families, the need for published information is less clear. In countries such as the USA and UK, with widespread ownership of companies by shareholders who do not have access to internal information, there is pressure for disclosure, audit and 'fair' information. Nevertheless, even in countries like Germany, France or Italy, where there are comparatively fewer listed companies, governments recognise the responsibility to require public or listed companies to publish detailed, audited financial statements.

The Anglo-Saxon culture and the “outsider control system”

The Anglo-Saxon culture is based on the idea that the most important stakeholders are the shareholders. It considers that the interest of the other stakeholders is already sufficiently protected by law. The outside control is carried out by the market itself. Capital cost and stock market valuation are closely interdependent. When a firm is not profitable enough, it is penalised on the stock market, as it becomes difficult to find new sources of financing. That is why top management have to take into account shareholders' claims in order to avoid this situation. The worst threat can come from a hostile takeover. The outsider control system is also based on agencies specialised in analysing the financing health of listed firms. For example, credit rating agencies or financial analysts are perpetually analysing the risk of investing in a firm and communicating the financial information to the investors.

The German culture and the “insider control system”

The German culture provides an excellent example of the “insider control system”. The concept of *Aktiengesellschaft* in Germany considers that the firm is a large coalition composed of top management, labour (trade unions), shareholders, banks and politicians. The interests of the coalition

prevail over the shareholders' interests. Within this system, the most efficient aspect of the "insider control system" is the share of power inside German firms: there are two different boards, both in charge of controlling and monitoring the activity: the Supervisory Board and the Management Board. The legally-mandated task of the Management Board is to manage the *Aktiengesellschaft* in the best interests of the company, while the Supervisory Board's main function is to oversee the actions of the Management Board (Schmidt et al., 2002). The Management Board is the organism "inside" and which has the best access to the information, while the Supervisory Board has to control decisions made by the Management Board. However, Shareholders, who are represented on the Supervisory Board, are usually not in a position to build the strategy of the firm.

The French culture: the hyphen between the Anglo-Saxon and the German systems

The French culture is a 'mix' between the Anglo-Saxon and German systems. The French corporate governance system has evolved tremendously since the 80s when the State was dominant. Subsequently, the French State has privatised many firms, creating more of a market economy, and has made many reforms concerning the financial system (1984) and the stock market (1985, 1986) with creation of the COB in order to deregulate the financial system. This 'hybrid approach' has turned out to become both an "insider and outsider control system". In addition, the conclusion in the report made by Friderichs et al. (2006) echoes this view: "the French model of corporate finance has developed in the past from a heavily bank-intermediated system towards a more Anglo-Saxon like capital market-based model". Nevertheless, the contribution of capital markets to corporate finance is still of minor importance compared to alternative financing instruments. Schmidt et al. (2002) argue that the new structure that has emerged from the recent changes is still far from consistent, as certain elements of the system often do not fit together yet. The observed instability is a sign of functionality problems and thus indirectly of inconsistencies.

The impact of financial crisis on financial systems

Financial systems have faced a huge crisis, initially with subprimes and later with a liquidity crisis. This crisis caused a distrust of investors towards financial institutions, especially bankers or credit institutions. The lack of confidence explains the huge decrease of share prices of banking and financial firms such as Lehman Brother, Goldman Sachs or Bears and

Stearns. Most listed firms have lost their main financing resources and, consequently, their financial capacities have weakened.

The consequences of the crisis on the two basic financial cultures are unmistakable. For the ‘bank dominated culture’, the bank liquidity was very restricted. It was extremely difficult for a firm to finance new projects and activities, especially for SMEs using bank loans. For the ‘capital market dominated culture’, the problem is the following: the objective of investment banking services is to help a company to issue new debt and equity securities. There are two methods to issue stock and bonds: underwriting and best efforts. When a bank underwrites an issue, it means that the bank guarantees that the customer (the firm) will receive the amount of capital corresponding to the number of shares at a given price. If shares are not sufficiently sold on the stock market, the bank will buy the rest of shares, as in an IPO (initial public offering) and SEO (seasoned equity offering). In this case, the bank takes the risk (albeit a very costly risk for the customer). The bank does not guarantee that the customers will receive the required amount of capital, but nevertheless does its best to sell as much of the new security as possible. The direct consequences of the crisis are based on an aversion to risky investment. Banks will only underwrite a very safe company, whereas the other ones will face the risk of not receiving enough capital.

Corporate Governance and Financing Strategy

In this section, we analyse corporate governance through monitoring the management and the legal aspects of each financial culture. We then examine the manager’s remuneration and its influence on the company performance.

Monitoring the management

As discussed earlier, insiders monitor the system as they have a privileged access to information in the firm within the “insider control pattern”. In the “outsider control pattern”, the activities of a company are essentially guided by external market mechanisms. Differences in legal and regulatory aspects can explain some differences between levels of control that shareholders want to have concerning managers, especially at the level of investor protection. Pioneering studies show that shareholders are poorly protected under French civil law compared to common law (La porta et al., 1997; 2000; 2006; Djankov et al., 2008). Differences between common law

countries and French legal origin are extremely pronounced (Djankov et al., 2008). Compared to French civil law countries, common law countries have more valuable stock markets relative to their GDPs (85.5% vs. 42.0%), a lower value of control (4% vs. 16%), more listed firms per million people (32.6 vs. 19.6, although statistically insignificant), more IPOs relative to their GDPs (3.7% vs. 1.7%), and less concentrated ownership (44% vs. 55%). Besides, common law countries are more likely than their French legal origin counterparts to provide voting by mail (76% vs. 22%); to avoid the requirement that shares be deposited (100% vs. 50%); and to provide an oppression remedy (90% vs. 28%). Moreover, common law countries require less capital to call a shareholders meeting than French legal origin countries (9% vs. 11%). In contrast, French legal origin countries are more likely than common law countries to require cumulative voting (34% vs. 10%) and to offer shareholders pre-emptive rights (91% vs. 52%).

Monitoring in France

In France, control is undertaken by different mechanisms. There is both an inside control and an outside control. The inside control is exercised by the structure of the firm itself. There are mainly three types of control organism: 1. Shareholders have to approve the annual financial report and to elect or revoke members of the “Conseil d’administration”, “Conseil de Surveillance”, or “Directoire”. 2. The “Conseil d’administration” or “Conseil de Surveillance” can nominate or revoke the top management and have to be consulted in case of strategic decision. 3. Finally, the “Commissaire aux comptes” is compulsory for every SA (Société Anonyme) and SAS (Société par Actions simplifiées).

The ‘outside control’ is carried out in different ways; through national law “Droit du Commerce” as well as EU business law “le Droit des Capitaux” and “le Droit des Sociétés”; through AMF (Autorité des Marché Financiers) for firms which are listed on the French stock market. Over the past ten years, the AMF monitoring powers have been reinforced in order to balance the increase of finance linked to stock-market; and through Rating Agencies like Standard and Poor’s, Moody’s, Fitch. Their role is to analyse the activity of every listed company and to provide an estimation of the financial health and prospects in order to inform other shareholders and investors.

Monitoring in the United Kingdom

In UK, limited companies must also respect monitoring rules. Similar to France, there is an inside control and outside control. The inside control is exercised as a result of the structure of the firm itself. The public limited company is the dominant legal form among corporations. Shareholders have a stronger influence than in France. They also have to approve the annual financial report – and elect or revoke members of the board of director. The board of directors can nominate or revoke the top management – and have to be consulted in the case of a strategic decision/ strategic investment. Finally, the audit committees have to audit the accounts of the company and certify it.

The outside control is carried out through the different organisms, for example, as Common Law through the Company law, stipulating that ‘every company must appoint auditors except companies which are exempt from the audit requirement’. The Financial Services Authority (whose board is appointed by the Treasury) guarantees the strongest investor protection in Europe by defining mandatory rules that must be respected if a firm wishes to integrate the London Stock Exchange. Following the fraud scandals of Enron and WorldCom, the USA government voted the Sarbanes-Oxley Act (SOA) in 2002, which gives more transparency to corporate governance and more protection to investors’ interests. The SOA is applicable to all firms that are listed on the American stock market but also to all firms circulating shares in ‘interstate commerce’, which is the case of many international firms. Among other things, the SOA promotes the business split (audit works and non-audit works), and the rotation of auditors. Therefore, the SOA influences a lot of national legislation, and particularly in Europe. In addition, corporate control in Anglo-Saxon culture is generally exercised via the market mechanisms (takeover market) and is oriented towards shareholder value (outsider system). The British culture can also be interpreted as a consistent system of complementary elements: the relationships between firms and financial intermediaries tend to be at arm’s length, short-term and largely transparent. Neither corporate finance nor corporate governance is dominated by banks; instead, market mechanisms, and thus the externalization of information, play a major role in shaping the relationships between the stakeholders.

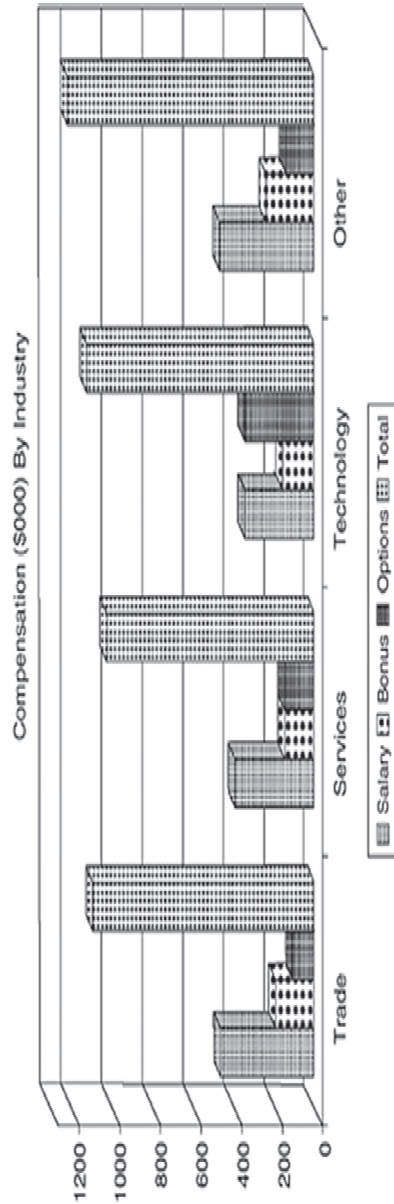
Managers' remuneration and its influence on company performance

Over the last 30 years, managers' remuneration patterns have been disrupted. New mechanisms, linking managers' remuneration to firm performance, have been implemented. These changes have had many consequences. Stock options are increasingly questioned by the firms themselves and by public opinion – drawing attention to the effectiveness of remuneration packages. Therefore, Microsoft in USA, SAP and Daimler Chrysler in Germany, and the bank BBVA in Spain have recently abandoned this system. This evolution calls in to question the issue of the remuneration of top managers and the influence on the company's performance.

Stock Options and Performance

Stock-option remuneration has been increasingly used since the '80s in Anglo-Saxon countries, '90s in France and since recommendations in the Cadbury & Vienot Report. From then on, it emerged as a solution to solve agency problems while achieving human resources objectives (incentives). Stock options create a link between management remuneration and shareholder wealth and thereby align the interests of a firm's managers with those of its shareholders. Figure 1 explains remuneration differences between different sectors. Thereby, the technology sector will use stock options to link managers' objectives to shareholders wealth (stock options are the equivalent of a salary), whereas the trade sector will use bonuses for a manager's performance (salary is still the reference).

Figure 1: Management remunerations by activity sector



Performance related to stock-option plans is controversial. Many authors claim that, for the reasons developed above, stock-option plans have a positive impact on a firm's performance. Defusco et al. (1990) demonstrate the positive impact of executive stock options on the company stock market valuation (on short term/long term basis), on the share price volatility, on debts reduction, on dividends yield, and on global results. Other scholars like Martin and Thomas (2003) consider that the general opinion about stock options is changing, arguing that more and more shareholders are against this type of remuneration. Defusco et al. (1991) also notice a negative impact on R&D and investments. Regarding the social performance of this type of remuneration, Copeman (1986), analysing responses of 192 British firms, demonstrate that even if stock option plans have a general positive impact upon financial understanding by employees – as well as loyalty – it does not follow that improvements will be seen in terms of productivity, recruitment issues and rates of turnover. In France, Poulain-Rehm (2000), analysing 178 firms, underline the positive influence of stock options on the loyalty of executives.

Is the turnover of top management a performance criterion?

Over the last 30 years, studies have been undertaken to evaluate the impact of management turnover on a firm's performance. One of the most comprehensive studies (Hanson & Song, 1996) shows that most of the forced management turnovers are followed by a significant improvement of a firm's performance within the following two years. However, the evaluation of performance has to be questioned. Most of these studies use stock price to follow the evolution of a management turnover. However, it is not clear whether the stock price evolution is due to the firing decision of the current manager or to the strong reputation of the new manager. Thus, the impact of a new manager's decisions on performance is difficult to evaluate.

Baster Weel (2006) proposed an original idea to solve this problem. Comparing the Dutch soccer league (from 1986 to 2004) with the classic business world, Weel analyses the issue of management turnover and the impact on performance. Sports analysis provides weekly data since the impact on the team is visible on weekly basis, whereas company performance can only be measured annually. Moreover, it is easier to determine the real impact of the manager (solution to the problem of shareholders' influence). By analysing the remuneration system, we can observe the evolution of both the business world attitude and public opinion attitude regarding this point. The Anglo-Saxon culture is becoming

increasingly reluctant to use stock options, even though very few firms have decided to drop them. Additionally, we also have to note the attempts of governments and state institutions to regulate this issue. The new French law regarding stock options and the G20 summit are pertinent examples of this tendency.

We note that the monitoring systems in the UK and France have become more similar over time. In recent years, through legislation (national, EU and international), French corporate monitoring is using more and more Anglo-Saxons methods – despite the difficulties that this system has faced e.g., scandals like Enron and WorldCom frauds. Some tangible aspects of this influence are the IFRS (International Financial Reporting Standards), the transfer of the Sarbanes-Oxley Act and Cadbury recommendations into European legislation, the modification of the French bankruptcy law into a French adaption of the American Chapter 11, and the reinforcement of the AMF akin to its British equivalent, FSA. The changes taking place, however, are driven by legislation. Market monitoring has relatively little influence in the French system. Even if rating agencies have a strong influence on the market valuation of any French firm, ‘management failure merger’ in France is still extremely rare. The French system is still much guided and influenced by the State and by the legislation that regulates the system – even more so since the financial crisis and the G20 recommendations.

Conclusion

Corporate governance is a broad topic that requires greater attention from scholars and practitioners. This chapter set out to compare two different types of corporate governance – French and Anglo-Saxon – and their impact on the corporate financial systems. We notice that the French corporate governance model is still maturing. Managers and policy makers acknowledge the healthy debate surrounding remuneration, stock options and benefits – with a view to integrating new ways of working into the French system, which can lead to greater economic and social efficiency. However, this approach does not prevent ruthless or forced evolution. When French capitalism is unable to move forward, the State is still there to make it move forward. The French system is in the throes of moving from a “bank dominated” system to a “stock-market oriented” system through various steps including: monitoring (through the Vienot recommendation), legal aspects (through the French adaptation of the US Chapter 11 on bankruptcy), remuneration tendencies (stock options), stock market influence (restructuring due to performance decline, hedge funds

influence). Therefore, it can be concluded that French firms are increasingly influenced by a stock-market environment and confronted with new monitoring elements such as market pressure, and the competition associated with this environment. However, even if the French system is strongly dependent on banks and remains highly regulated by the State, it is relatively less affected by global financial crises than the Anglo-Saxon model.

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DIGITALIZATION IN THE RESTAURANT SECTOR – THE FRENCH EXCEPTION?

SHERAZADE AISSA

Abstract

The aim of this chapter is to investigate the extent to which ongoing digitalization is being integrated to improve the customer experience in the restaurant sector. An increasing number of restaurant chains are now using digital technologies to analyze customer needs and customer behaviour. Focusing on technologies *at* the ‘point-of-sale’ and *away* from the ‘point-of-sale’, the chapter explores different aspects of digital implementation in France. To explore the digitization process taking place, data have been collected using a quantitative survey (n=676) and two focus groups. The chapter reveals that customer expectations and motivations towards the implementation of digital tools and technology in their dining experience depend on three main factors: the age of the target, the type of restaurant and the type of digitalization. The chapter also highlights the importance of the restaurant’s online reputation and visibility.

Introduction

Since 2014, the restaurant sector in France has been in a deepening crisis. Studies show that in Paris two restaurants close their doors every day (Challenges, 2014). Although the overall turnover of the sector rose from 6.43 billion euros in 2006 to 11.62 billion euros in 2014 (Robin and Picard, 2015), the French restaurant sector is in decline. The problem stems partly from rising food prices and the growing popularity of frozen food; as well as increases in taxes, rent, employment costs, raw material, inflation – and decrease of household buying power (Xerfi, 2018). Thus, the average household spend on restaurants has dropped to 1.3% of their budget against 4.6% in 2015 with the result that many restaurants shut down after two or three years trading. Some 77% of restaurant owners blame the high decrease in recent years on lack of demand (Statista, 2016). A staggering 89% of French people claim they go to a restaurant only on rare occasions, and only

6% claim to go at least once a week. The increase of taxes, inflation and the increase of unemployment over recent years explain this trend.

At the same time, customers are overwhelmed with choice; nearly four new restaurants open each day in Paris (Pourcel, 2014). The rivalry among restaurants is high especially because of the low level of entry barriers. Therefore, there is a huge influx of new competitors as there are not many restrictions or obstacles to opening a new restaurant. Moreover, digitalization is playing a major role in boosting demand in the different types of offer available, including traditional/casual restaurants, fast-food outlets, and luxury dining restaurants. The rise of digitalization in everyday life has generated widespread societal changes; people now live in a connected world. According to the UMTS forum report, mobile traffic will multiply by 33 % between 2010 and 2020. The daily time spent on smartphones is around 0.6 hours, 1.8 hours on tablet computers and 2.5 hours on a desktop (Lapierre and Cabezon, 2015). According to ‘Blog du Modérateur’, 1h20m is the average daily time that French people spend on social media (Chantrel, 2018). This ‘connected’ behaviour is generating new customers as well as new needs and expectations regarding the dining experience (Kotler et al., 2017).

Consumer behaviour is constantly evolving – and restaurants have to adapt in order to attract customers and meet new customer needs and expectations. The customer purchase path has advanced and now includes more and more digital aspects at each stage of the customer journey and experience. It is impossible to deny that technology has become part of the dining experience. Restaurants must provide their customers with much more than just good food. Digitalization has to be included in a restaurant’s business strategy and has to be a part of their core business. Customers expect restaurants to have a website, be active on social media, provide online booking and delivery, and other technologies at the point-of-sales.

The digitalization of the restaurant sector has been instrumental in market growth. The market leaders are those who are able to integrate digital transformation. In order to survive, the challenge for restaurants is to accommodate a large number of connected customers, embracing their new needs, wants and expectations. Digitalization provides a solution for sustainable success in the restaurant trade; it explains the success of some restaurants that have been able to keep their activity stable and even grow. Restaurants that have integrated digital tools have shifted their position to adapt their offer to the changing consumer behaviour and emerging trends, by using digital tools to improve customer experience.

For these reasons, restaurant chains and independent outlets are allowing digital strategies to guide their business strategies, supporting the shift from traditional marketing to digital marketing. In conjunction with this shift, businesses are engaging with other tools such as Big Data, Artificial Intelligence, and the IoT (*Internet of Things*) to enhance the customer dining experience. For instance, Marr (2018) explains that one of McDonald's goals is to enhance digital capabilities and use technology to boost customer experience. During the past few years, the McDonald's chain has implemented additional digital services to meet their customers' new purchase behaviour and needs by making a transition to digital.

The purpose of this chapter is to analyse and understand the extent to which the digitalization of the restaurant industry can be used to improve the customer dining experience. The past few years have shown how important and crucial digitalization has been for businesses, whether that is for restaurants or any other companies. The chapter sets out to highlight ways in which digitalization is improving the overall customer experience at restaurants. To this end, a range of sources has been used, combined with customer data, to put forward a conclusion concerning the impact of digitalization on customers in the restaurant industry.

The intention is to present a non-exhaustive list of digital resources that are commonly implemented by restaurant owners. The chapter will only focus on the digital aspects used by the customer – not by the restaurant staff. The second half of the chapter will describe the research and data collection method. This will be followed by a presentation of the results and end by a conclusion.

A Review of Literature on Shifts in Consumer Behaviour

Consumer behaviour in the digital era

As society slowly shifts from individualism to conformism (Kotler, 2017), consumers are less motivated by their own tastes and choices, and gradually becoming more conformist. Consumers ascribe greater importance to other people's opinions, as evidenced in the popularity of online review platforms, where users share advice, reviews, opinions, pictures and critics regarding several topics. Therefore, most of the purchase decisions are made based on the advice of the general online community, rather than on personal conviction and judgement. Furthermore, with rapid developments in digital technologies, information circulates almost instantly. Communication between individuals is more dynamic; digital technologies have created a

new kind of word-of-mouth trend. Electronic word-of-mouth (or e-WOM) will continue to grow owing to widespread use of mobile technologies (Litvin, Goldsmith and Pan, 2017). The digitalization of society has dramatically influenced the lifestyle of individuals and has irreversibly changed our daily lives (Baynast, Lendrevie and Lévy, 2017). As this chapter will demonstrate, major changes are taking place in the restaurant sector, as a result of technology usage (Lichy et al., 2017).

New consumers: the connected ‘millennials’

A new generation of consumers is emerging. This cohort is already here and is becoming a major market for the restaurant sector. These customers cannot be neglected by restaurants. The new generation of customers are connected, ‘always on’ and have high expectations of what digital should provide (Deloitte, 2016). This segment, commonly referred to as “Millennials” or “Generation Y”, represents 16 million individuals in France – but will make up half of the active population by 2020 in France. Currently representing 24% of the population, they are between 15 and 34 years old (Baynast, Lendrevie and Lévy, 2017). However, age is not the only factor that defines this generation of *digital natives* (Wagner and Acier, 2017). Indeed, this generation can be understood through their digital user behaviour and engagement with technologies like smartphones, computers, tablets and the Internet in general. Digital natives are comfortable trying out new digital devices and find it relatively straightforward to work out how these technologies work; furthermore, they are able to multitask with several devices at the same time. Residing mainly in urban areas, they are mostly from the middle classes and have a high ability to adapt and expect ‘real time’ services (Kotler et al., 2017). This generation is not in the habit of saving money (Excousseau, 2000); they usually spend their money on clothes and entertainment. Characterised as a hyper-connected generation, they have access to numerous friends via social media. They have a marked preference for luxury brands, often possess the latest iPhones and are perceived as digitally dependent. They are the consumers of today *and* tomorrow: more unpredictable and less loyal than previous generations (Baynast, Lendrevie and Lévy, 2017).

Meeting customers’ new needs by integrating digital technology and traditional marketing

According to Chaffey and Ellis-Chadwick (2015), digital marketing involves achieving marketing objectives through applying digital

technologies and traditional media – thus using a customer-centric approach. Digital marketing can be used to reduce costs, improve communication and customer user experience. Digital marketing has created new channels of distribution. It therefore enables firms to enhance their relationship with their customers. Acknowledging that digital marketing and traditional marketing have the same objectives and key strategic decisions, digital marketing implies managing a company's online visibility through a website and social media. Specifically, digital marketing is a part of the overall marketing strategy, thus can be used to support the general marketing strategy. To offer optimum customer experience, digital marketing and traditional marketing need to coexist (Kotler et al., 2017). The purpose of digital marketing is not to replace traditional marketing efforts, but to provide tools that enhance and improve customer experience.

Customer relationship management in the digital age

Restaurant strategies need to have multiple relevant customer touchpoints to improve the customer experience. Customer touchpoints refers to all the communication channels used by firms in order to foster direct interaction with their customers. In the restaurant sector, customer touchpoints include websites, newsletters, mobile apps and social media (Chaffey and Ellis-Chadwick, 2015). Thus, the management of these customer touchpoints are crucial for developing customer relationships. Drawing from quantitative and qualitative information, restaurants can identify customer profiles, from which customer behaviour and expectations can be inferred. This information enables restaurants to develop and implement digital services that have a real value for customers and therefore can be used to increase the customer experience. Moreover, some technologies implemented at point-of-sales can improve the customer relationship with the restaurant, fundamentally improving the customer experience. The Mexican restaurant chain *Abuelo's* has implemented table-top tablets that allow clients to order, access games, join online loyalty programs, pay and provide feedback (Westbrooks, 2015). For the restaurant, the goal of introducing this technology is to enhance customer relationship and loyalty. Indeed, the technology assists the waiters, by allowing them to spend more time on the client and provide higher quality service; in other words, the technology is a time-saver – time being a vital resource in the restaurant trade. Waiters are therefore able to pay greater attention to customer needs. Furthermore, by giving real-time feedback about the employees, restaurant managers are able to improve customer satisfaction by acting swiftly on the customer

feedback (Hardy, 2018). The collection and analysis of the data can be seen as an invaluable management tool.

Digital consumer behaviour in the restaurant sector

Digital technologies have brought about greater complexity for the customer in terms of purchasing. The digital path of purchase refers to “the different sites, channels and devices and information sources that consumers use to inform their purchase decision for a product or a service. Also known as conversion pathway on a site” (Chaffey and Ellis-Chadwick, 2015:668). The traditional path to purchase has shifted into a new format that includes a wider variety of information, notably online sources such as social media, blogs, websites and review platforms.

The customer journey starts before the dining experience. To make a decision, customers are influenced by three main sources: brand marketing, peer advice and their own knowledge (Kotler et al., 2017). In today’s connected society, the opinion and advice of other individuals play a major role in customer decision-making (Barreda, Bilgihan and Kageyama, 2015). Research reveals that people are more likely to trust other customers rather than the company’s content (Šerić, M. and Praničević, 2017). Traditional brand marketing no longer has the same impact that it used to have. People tend to trust their family and friends more and use them to protect themselves against traditional marketing advertisement (Kotler et al., 2017). Over two-thirds of customers take heed of online reviews when choosing a restaurant (Nielsen, 2015).

Most searches for information regarding a local business are made through a smartphone. According to “*Le Journal du Net*” (2017), over half of online searches are carried out via a mobile phone compared to 30% from desktop and 13% from tablet computer. This phenomenon is mainly the result of two factors: firstly, an evolution in consumer behaviour. The number of people using mobile devices such as smartphones and tablets is constantly growing. Between 2011 and 2016, smartphone users increased by 65% (Statista, 2017). The second reason is the development of mobile apps dedicated to local business research (e.g., Yelp) and social media networks. In 2016, the average time spent on Internet search on a mobile phone was 58 minutes per day in France (CREDOC Chapter, 2017). This new way of searching has had a tremendous impact upon building and management online reputation and visibility. Restaurants must now pay greater attention to the way in which they appear in online reviews and make sure that any information posted is constantly up-to-date, and in line with their corporate image.

Chadwick (2013) shows that compared to other sectors, restaurants are the most searched by consumers on mobile apps and browsers; 81% of customers search restaurant information on mobile apps, 92% on mobile apps, and 62% of customers prefer to check the menu online before booking. Some 75% of customers declare that they choose a restaurant according to those search results.

Information search takes place almost exclusively through online platforms, nowadays. It is the new word-of-mouth (Ismagilova et al., 2012). For customers, the three main sources of online information are: online websites (e.g Trip advisor, Yelp...), then the restaurant website and finally social media (Izipass, 2017). Top search items include menu, price, reviews and photos. Customers feel frustrated if they cannot access relevant online information about a restaurant, potentially damaging the customers experience from the first step on the path to purchase. Over two-thirds of customers will post a review online via a review website or social network after visiting a restaurant (GECO Foodservice and Decryptis, 2017). Since the launch of Yelp in 2004, the platform has recorded over 24 million restaurant reviews (Kneizsel, 2018). The habit of checking reviews is now part of the customer experience, since it affects the customer's decision to go to the restaurant or not, which is why managing e-reputation needs to be integrated into a restaurant's digital strategy. Most customers rely on the reviews from other clients, seeing the reviews as more trustworthy than information posed by the restaurant. Indeed, people who post restaurant reviews are generally not remunerated by the restaurant (unless they are key opinion leaders/ influencers). They share their experiences, positive and negative, to help consumers choose a restaurant. The impact of online reviews is immense; 94% of customers would avoid a restaurant if it received a negative review (Kneizsel, 2018).

Booking the dining place

Once the desired restaurant has been chosen, the next step for the customer is to book the place. At this point of the customer journey, digital tools can be implemented by restaurant to facilitate the booking process, thus improving the customer experience. Roughly, half of all customers reserved a table online in 2018 either via online order platforms (e.g Tripadvisor, laFourchette, etc.) or through other major booking channels such as restaurants, websites and social media. However, it is worth noting that many people would rather call to make a reservation rather than make online reservations (Izipass, 2017), owing to the perceived risk (Schaarschmidt and Höber, 2017). Although this service is still emerging, customers clearly

enjoy being able to choose their own table and pre-order their meal online in advance (Izipass, 2017). Nevertheless, for the time being the service is not optimised; there is a lack of customization and flexibility in the online reservation offer, thus only 10% of consumers would reserve through a restaurant website (Izipass, 2017).

Growth in online delivery services

While some customers are still reticent about using online booking – maintaining a preference for calling a restaurant to book a table – online delivery is becoming more widespread. An increasing number of restaurants have invested in introducing a delivery service, either through direct delivery service or through online platforms (e.g UberEats, Deliveroo, Foodora and so on). These online platforms offer a cost-effective solution for restaurant owners to handle online ordering, delivery and tracking orders (Francis, 2017). Online delivery services have had a huge impact on improving customer experience. Online platforms allow restaurants to extend the location of where customers can access their services. In addition, customers now have access to restaurant services even if their address is not within the vicinity of the restaurant.

Online orders have dramatically changed customer habits in the restaurant industry. Over the past few years, whole businesses have developed around this trend, with the result that there is now a boom of online order platforms. While the traditional distribution channel remains the physical location of the restaurant, digitalization has enabled restaurants to widen their customer base by integrating and/or subcontracting delivery services to distribute everywhere. Around two-thirds of the population have already made a food online order and about a third order food online at least twice a month; repeat custom comes mainly from the 18-25 year old age group. The most popular online orders are from sushi and pizza restaurants. In France, sushi restaurants are the market leader in terms of online order, followed by Domino's pizza and then independent restaurants (Izipass, 2017). Online orders enhance the customer experience in two main ways: time saving and product choice (Yeo, Goh and Rezaei, 2016).

Online loyalty programs

Online loyalty programs can enable restaurants to build a relationship with their clients and thus contribute to the ongoing improvement of the customer experience. About 70% of the population use online loyalty programs

(Xerfi, 2018). Observing how customers like to feel recognised by a restaurant, *HuHot* introduced its own loyalty program, promoted through Facebook with a series of quizzes. People were required to sign up for the reward program at some point of the game. In this case, social media can be seen as one of the most efficient ways to promote loyalty programs, owing to the convenience and ease-of-use for customers (Raab et al., 2015). As a result, *HuHot* registered an increase in membership of over 80 000 customers. Loyalty programs promotes a better understanding of clients and, thus, can improve in-store experience for customers and staff (Smilansky, 2017). Equally, discount programs provide an alternative for restaurants to build and enhance their relationship with their customers (Kulasooriya, 2017). When customers feel that their loyalty is rewarded, it reinforces a positive impression of the restaurant and consequently improves overall customer experience.

Collecting customer data

Restaurants need to be acquainted with their clients in order to deliver optimum customer experience. To better understand the clients, restaurants must collect data on their behaviour. Customer data can be collected both at the point-of-sales and away from the point-of-sales. For example, loyalty programs provide a way for businesses to collect data (Tho ChangSheng, 2017). Mobile Apps are one of the most efficient tools, and are therefore increasingly being introduced by restaurants, particularly restaurant chains. With an app, the customer can check the menu, order food and drinks, and receive push notifications on upcoming promotions. When customers engage with the app, they leave a digital footprint that the restaurant can consult, collect and analyse to ascertain ‘types’ or profiles of consumer behaviour – concerning for example, how often they order, when they order (time of day), what they order, average spend, birthdays and so on. This information enables the restaurant to segment their clients, personalize their offers, make recommendations, and send discounts to their customers.

Personalized offers

Personalization refers to when a company provides customers with individual content via digital tools such as websites and e-mails (Chaffey and Ellis-Chadwick, 2015). This approach is made possible by the data collected from customers. Personalized digital offers can therefore be implemented faster than offline marketing efforts, and are more efficient since they are better targeted. When customers receive personalized offers

they are more likely to take note, since it directly concerns their habits of purchase. Customers are less interested in mass marketed offers that do not concern them directly or make them feel unique. For example, if a client habitually goes to the same place for dinner each weekend, it is very simple for the restaurant to collect customer data and analyze their behaviour. This information can then be used by the restaurant to send the customer regular targeted offers that are more likely to interest them based on what they usually order and when they visit the restaurant. In addition, qualitative information is needed. Together, statistical and lexical data will offer insights into the ‘what’ and the ‘why’ of consumer behaviour. These insights will enable the restaurants to target their clients more precisely and respond to their different needs. Personalized offers of this nature will contribute to higher customer satisfaction. An estimated 28% of people would like a restaurant to save their data concerning tastes and previous orders – in order to receive relevant personalized suggestions (GECO Foodservices and Decryptis, 2017).

An alternative to one-to-one marketing is ‘mass customization’ – i.e., when the offer is tailored for a group of individuals that have a similar profile. The offer is not unique but will be proposed to several people who share similar needs and interests (Chaffey and Ellis-Chadwick, 2015). Thus, 82% of people prefer personalized loyalty programs that are targeted specifically for their customer profile (Carlin, 2018). By means of an example, the Duff Group (i.e., *la Brioche Doré, Del Arte...*) have invested in a 5 million euro digital strategy, digitizing their CRM in order to collect data about their customers. It allows them to understand their clients and learn more about their consumers’ buying process. The director affirms that “By collecting data about our customers, we are able to segment them more precisely, we know when they visit, what they order and by which channel. The goal is to build a relationship with the customer before they even enter our store. We want to be able to propose a personalized offer to each one of our customers” (Snacking.fr, 2016).

Social media

When food is brought to the table at a restaurant, it is common to hear: “Don’t start eating yet, let me post a picture on Instagram”. Over three-quarters of social network users post pictures of restaurant food when they eat out (Digonnet, 2016). The aesthetics of the food is now an integral part of the customer experience. It is estimated that 30% of the 18-35 year olds would not go to a restaurant if the restaurant did not have an active Instagram account (Hosie, 2017). The ‘foodie’ picture phenomenon can be

interpreted as an ‘Instagram-worthy experience’ or ‘*Instagramable*’, meaning that the pictures of the food have to be good enough to be posted on Instagram. In this way, customers satisfy their need for an ‘*Instagramable*’ moment. Customer engagement via social media platforms can be used to drive loyalty and community (Breuklander, 2017) – and can also enhance the customer experience.

Restaurants create a digital presence in a number of different ways. In addition to the company web site, restaurants use social media platforms to communicate basic information such as opening hours, address and phone number, directions, menu, facilities for disabled customers, photos and reviews, plus table booking options. An increasing number of restaurants have integrated *chatbots* via social media. Facebook has launched an ‘order food’ button that enables customers to directly order from the social network (Francis, 2017). TGI Friday’s was the first restaurant to accept orders via Twitter orders (Francis, 2017).

Powered by Artificial Intelligence, chatbots can be used to deliver better customer service and maximize productivity – and profitability. For example, the *Allset* Bot will make reservations, order ahead, process payment and tip in advance of the guest(s) arriving at their chosen restaurant. Some chatbots can process both text and voice data. Chatbots help restaurants to be more reactive by responding instantly to their customers 24 hours a day, seven days a week – which is ideal for the millennials who expect instant gratification at the click of a button. Far from loyal, if millennials do not find the information they need within 3 seconds, they will switch to another offer. Perhaps the main drawback of integrating chatbots is that any mistakes caused by or inferred from the technology can quickly go viral and end up damaging the customer experience (Kotler et al., 2017).

Digitizing the Point-of-sales (POS)

(i) Digital menus

The emergence of digital menus via tablet computer, such as an iPad, is now a recognized means of improving the customer dining experience. Studies show that customers generally give positive feedback after using a tablet computer for consulting the menu (c.f., Wang and Wu, 2013). This technology is used not only for consulting menus, but also for display pictures of the food, allowing customers to place an order and, in some restaurants, to pay the bill. Customers will see ‘pop ups’ that suggest wines

to match their food, side dishes and extra options. The use of this technology provides a more versatile service to the customers and improves their user experience. The main advantages of a tablet computer is perhaps the usability (an intuitive customer interface) and convenience (the customer remains seated to place an order). Tablet computers therefore enhance the customer enjoyment by allowing the customer to personalize their dishes, access entertainment while waiting for the food, and add points to their digital loyalty program every time they check in to the restaurant. This new way of ordering is a novel dining experience that is in phase with what customers are looking for nowadays in their digital lifestyle (Forbes, 2017). The McDonald's restaurant chain is going further by using Artificial Intelligence. Given that McDonald's operates in over 188 countries, serving more than 70 million people each day, AI enables McDonalds to collect an enormous amount of data about customers across the world. They are using this data to implement digital transition, for example, new smart menus that change based on 'real time' analysis of the data. The algorithm changes the menu according to the geographical location, weather, time of the day and environmental factors. For instance, on a cold day the interactive menu will promote comfort food; on the contrary, on a warm day the menu will promote refreshing beverages. In Canada, sales have increased by 3.5% owing to these smart menus (Marr, 2017).

(ii) Means of payment

Restaurants can choose between several means of payment technology for their business – and therefore simplify the payment bill process for their customers. With the rise of mobile usage, some restaurant chains have decided to launch their own branded mobile app for customers to make payment. For instance, at the American restaurant chain Cheesecake Factory, clients can pay through 'CakePay', which is a mobile app enabling customers to order, pay and split the bill (Forbes, 2017). With this technology, customers can tip the waiter without having to look for coins, adding convenience to the customer experience. Elsewhere, instead of having their own mobile app, some restaurants use external payment mobile apps such as *Okri*, *Split*, *Cake* and *Splitwise* that enable customers to split their bill directly from their mobile (Francis, 2017). Mobile apps provide a useful solution for groups of diners who want to split the bill and pay with more than one card – such as *PatT* (Bryan, 2018). They also reduce customer stress in terms of checking that the waiter has split the bill correctly or not. The advantage of an external payment mobile app is that customers are able to pay their bill at different restaurants, unlike with a branded app that only functions at one restaurant. Nevertheless, whether

using a branded mobile app or an external payment mobile app, both facilitate the payment process at a restaurant, and therefore respond to customer expectations during their dining experience.

Apple and Google, two of the four most powerful American technology companies, also known as GAFAs (i.e., Google, Apple, Facebook and Amazon) have developed their own mobile payment technologies. While *Apple Pay* is available for iOS, *Google Pay* is offered for Android devices. Mobile payment is nowadays expected, as customers seek greater convenience. Contactless payment provides a fast, easy and secure way to pay; the customer no longer needs to look for a credit card and enter a PIN number. Over a third of restaurants have integrated mobile payment into their business. These payment technologies are in accord with the increasingly connected population looking for restaurants that meet their digital expectations (Forbes, 2017). Amazon also provides an order and payment solution. *Alexa* is Amazon's voice-activated platform that allows customers to place an order with their voice, and then pay with *Amazon Pay* by logging onto their Amazon account. With *Alexa*, customers of *Denny's* can now place their order from their home. This digital initiative is generating new trade for both *Denny's* and other restaurant chains such as *TGI Fridays* (Klein, 2017). The National Restaurant Association (2015) reveals that 79% of customers declare that technology is one of the main factors that influence their choice of where to eat.

(iii) New customer experiences: the virtual chef and the automated restaurant concept

Chef Watson is a cognitive computing app; a virtual sous-chef created by Florian Pinel for IBM. The aim of the app is to enhance human skills by helping 'physical' chefs to create new recipes. *Chef Watson* uses knowledge that professional chefs do not usually have such as chemistry and nutritional science. It also has a database of thousands of recipes. Using artificial intelligence, it can combine different sources of information to create new recipes, exploring new tastes and new ingredients. *Chef Watson* helps restaurants improve the customer dining experience by offering original and unique dishes. For example, the celebrity chef Ming Tsai, attempted to make 'Salmon tabbouleh' and was surprised that the AI recommended dish actually tasted very good (Harvard Business Review, 2017). *Eatsa* is a San Francisco restaurant chain that provides a novel digital dining experience for customers; the restaurant has a computerized ordering system. Nine iPads replace the cashiers and waiting-on staff. After registering via a mobile app, customers start by swiping their credit card before ordering, so

the restaurant can update their records. Their top priority is to deliver ‘fast healthy food’. The iPad station already knows the identity of the customer and can make personalized suggestions to speed up the ordering process. When a meal is ready, the customer’s name appears on one of the many screens on the wall. The customer merely needs to tap twice on the screen and then pick up their meal from behind a plastic screen (CNBC, 2015). The process is entirely connected; during the whole dining experience from ordering to eating and paying, customers do not have any contact with humans (CNET, 2015).

Based on information available in the public domain, the following research question can be drawn up: *to what extent does digitalization improve customer experience in the restaurant sector?* From the literature discussed so far, three hypotheses are put forward:

Hypothesis 1: Digital marketing tools improve customers experience in the restaurant sector

Hypothesis 2: Technologies implemented in point-of-sales improve customer dining experience

Hypothesis 3: Digital services offered out of the point-of-sales improves customer experience

The validation (or rejection) of these hypotheses will further our understanding of the role of digitalization in the restaurant sector and indicate which elements of digitalization improve customers experience in the restaurant sector. The next section presents the methodology chosen for answering the research question.

Methodology

Quantitative and qualitative methods were used to collect data on customer behaviour. In the first instance, a survey was administered via LinkedIn, consisting of 12 questions including 3 demographic questions (n=676). The survey yielded 676 completed responses. The sample was composed of 80% female respondents and 20% male, of whom 32% were aged 20-25 years old, 21.8% aged 26-30, 39.9% were aged 31-49 years old, and 4.6% were aged over 50 years old. In this sample, 58.2% of respondents were employed, 9.3% were business owners, 12.5% were out of work and 19% were students.

Subsequently, focus group discussions were carried out to explore further motivations and expectations of restaurant customers. Focus group discussions were chosen to create interaction between the participants and facilitate brainstorming, and thus generate more detailed information regarding customer feelings, perception, opinion and motivations concerning the digitalization of the restaurant sector. Two focus groups were organized, each with 5 participants aged between 18 and 49 years old. The groups were segmented by age to explore the impact of age; in one group, the participants were aged 23-30 and in the other, 35-48 years old. The participants were invited by email to the sessions. Each session lasted around 45 minutes to an hour. The focus groups were conducted in French. The aim of the focus groups was explained to the participants; they were asked to share with the rest of the group their personal thoughts and perceptions on the digital experience at the restaurant. In order to stimulate discussion, two videos were shown: video 1 - Automated restaurant experience (CNBC, 2015) and video 2 - Hologram experience (HoloLamp, 2018).

Discussion of the Results

(i) Survey data

Kotler (2017) affirms that one of the sources of influence on deciding on a restaurant is peer advice. The survey results support this statement as it shows that the first source of influence on the choice of restaurant is generally from recommendations made by friends (81%), family recommendation (62%), online reviews (47%), bloggers and influencers (16%). The results also confirm that customers have a high level of trust for online reviews and use them to check restaurants. This is confirmed by the rapid development of the online platform review.

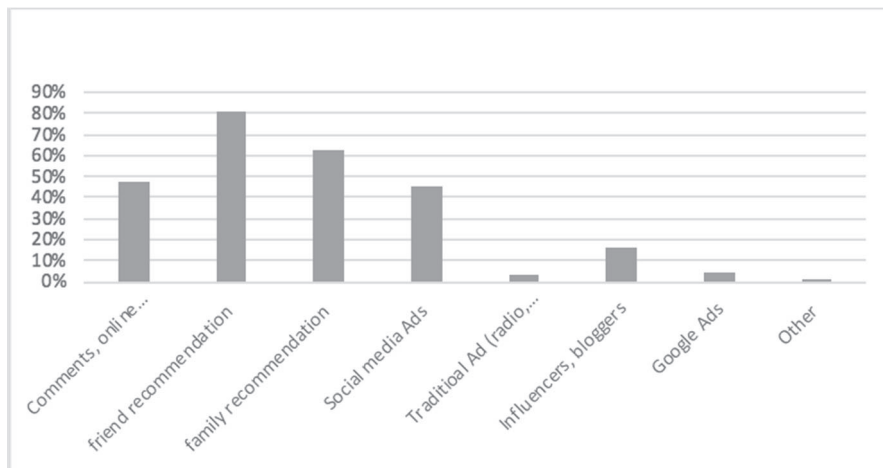


Table 1: Factors that influences restaurant choice

Due to the high percentage of people relying on online reviews, online reputation is very important and matters greatly. To prove this statement, 82% of the respondents declared not going to a restaurant if they discovered negative comments/ poor reputation online. Once again showing the importance of the online word-of mouth influence.

The investigation reveals that, for most of the respondents, the quality of the food is still the most important factor linked to their satisfaction (98.4%). Followed by quality of the service (73.6%), the atmosphere (35%), the originality of the concept (30.70%) and finally the implementation of digital tools (3.6%). These findings confirm other research that identifies elements that lead to a positive dining experience: quality of food, quality of service, friendliness of staff, atmosphere of restaurant, and speed of service (Harrington et al., 2011).

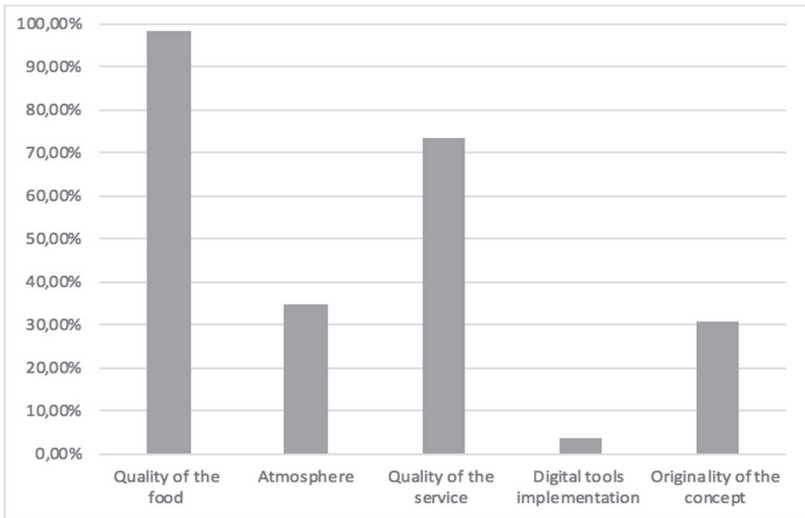


Table 2: Factors contributing to the customer experience satisfaction

The digitalization of the restaurant sector is not the primary factor that attracts consumers. In addition, it is not the main factor that influences the improvement of their customer experience. During the dining experience, 56.1% of the participants declare that they take a photo of the meal, which underscores the importance of the food. These figures show that even if society is more and more connected, and using more digital tools, the digital experience is not the customer’s priority. Yet, 63% of the respondents are interested in online loyalty programs.

Furthermore, 78% of the respondents would not go to a restaurant where they do not have human contact. This statement emphasizes the fact that the quality of the service is ranked in the second position of most important factors that impact upon the customer experience. Only 22% stated that they were willing to try the experience and the chapter cannot forecast if they will like the experience or not. When asked which digital implementation would potentially improve customer experience, the top first four answers are digital tools that are outside the point-of-sales.

The table below shows technologies at the point-of-sales in orange and outside the point-of-sales in blue:

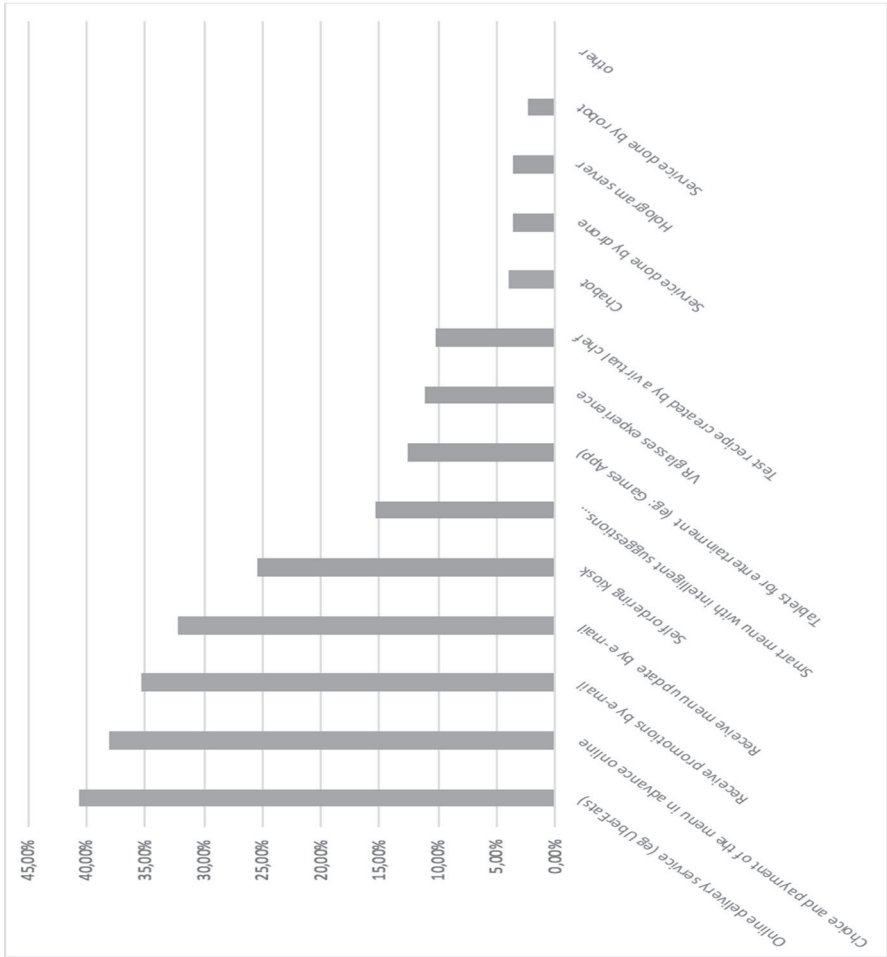


Table 3: Level of interest in digital implementation

Regarding the type of menu support, the survey reveals that 72% of the participants prefer paper menus rather than tablet computer menus. Contrary to studies that claim iPads used as menus improve the customer experience, this survey shows the opposite; only 26.7% of participants declare that they prefer to use tablet computers as menus and 14.4% declare that they prefer tablet computer menus with suggestions. Some restaurants such as *Touch 'in* claim that customers return as a result of the positive customer experience with using a tablet computer. Crossing the data with age segmentation, ‘age’

is a factor that has an impact on the results of this question, as millennials are digital natives unlike the rest of the population.

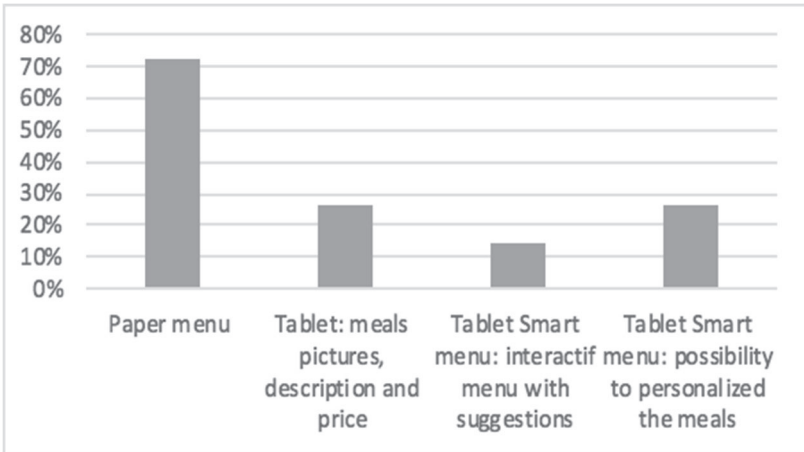


Table 4: Customer preference for menu type

In terms of social media, 80.9% of the respondents declared that restaurant’s online presence is essential, with a preference for Facebook (89.2%), website (59.1%) and Instagram. Facebook is the most used social network in France with 2072 billion active monthly users, then YouTube with 1.5 billion active users and in third place Instagram with 800 million active users – therefore explaining Facebook being first place in the ranking. Instagram and Snapchat are ranked second and fourth place, which is understandable since the age of the users is between 15 to 25 years old (Coëffé, 2017).

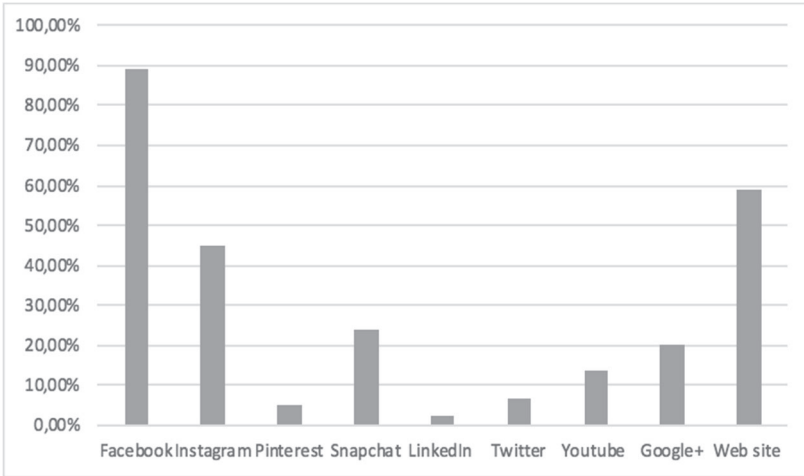


Table 5: Customer expectations for online platform presence

Customer expectation for digital content include menu (82.8%), corporate information (79.8%), photos of the meals (69.3%) and reviews (60.5%). Once again, reviews are important for the customers.

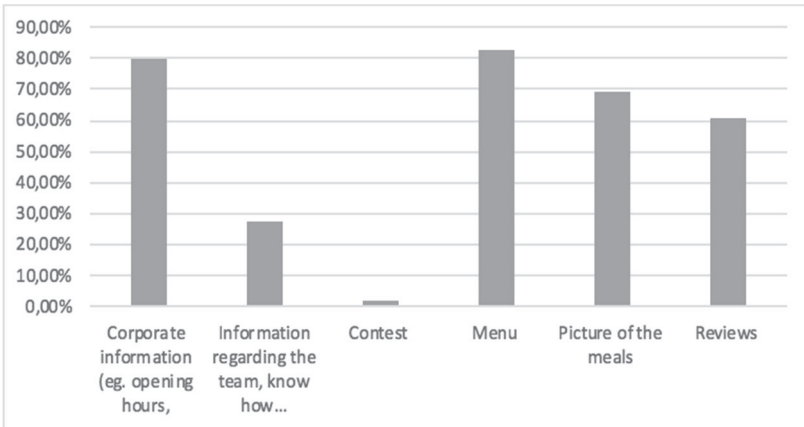


Table 6: Customer expectations for social media content

Mobile apps have proven to be popular, with 65.9% of the respondents suggesting that restaurants should own their mobile app. The respondents showed interest for the following features on mobile apps: table booking (86.2%), delivery service (73.3%), menu display (70%) and take away order (66.9%). This data is important to take into account as the forecast of mobile use is showing significant growth in the coming years (Statista, 2018).

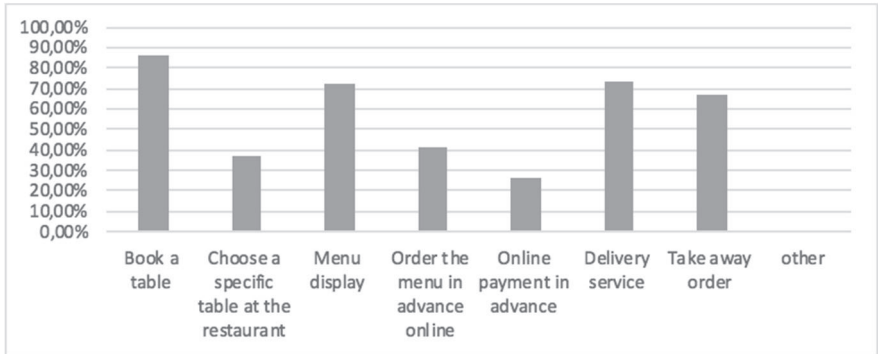


Table 7: Customer expectations for mobile app content

As technology is reshaping the industry, 52.9% of the respondents showed interest in wireless payment. This technology is widely adopted by small businesses (Chantrel, 2018). Approximately a third (30%) of respondents claimed that ‘none of the above’ would improve their experience, which shows that the respondents prefer ‘traditional’ means of payment such as: credit card, cash and cheque.

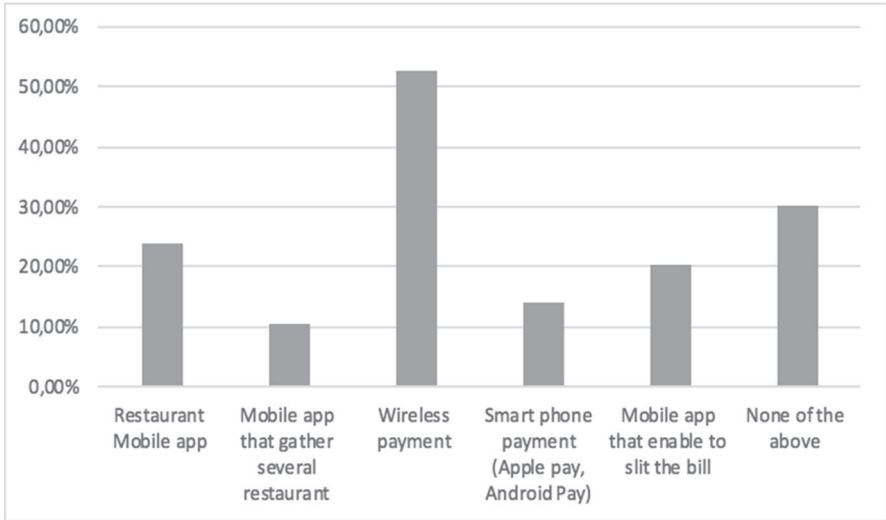


Table 8: Customer payment preference

(ii) Focus group discussions

The overall finding is that the digital tools implemented in the restaurant sector do not necessarily enhance the customer dining experience. The participants agreed that the type of restaurant will impact upon their expectations in terms of level of digitalisation provided by restaurants. Casual and dining restaurants show little interest in experimenting with digital tools at the point-of-sales (such as tablet computers, robots or drones); the interpretation is that digital tools will have a negative impact on the customer experience. For every participant, human contact is highly valued and should not be removed from the dining experience. The participants enjoy the interaction with and advice given by (human) staff.

However, in the first group (composed of younger participants), the participants were willing to try restaurants such as Eatsa at least once just for the experience even though they expressed negative bias regarding the concept. For all participants, the restaurant dining experience is about enjoying time with peers – and thus the digital aspects interfere with that. These findings echo the Statista figures, which state that 45% of the respondents consider restaurants to be a moment to be shared with peers. This belief is held by all the participants, irrespective of their age and generation.

For the participants who work in an office, most of whom work in front of a computer, going to the restaurant provides an entertaining break and should be free from technology. The underlying feeling is that services provided by Artificial Intelligence cannot equal human intelligence. However, some participants show an interest in using self-ordering kiosks and tablet computers for ordering fast food – attracted by the timesaving aspect for the customer and decreasing the level of mistakes made by waiters. They agreed that certain digital tools could improve their customer experience, namely: delivery service and online loyal/ reward programs.

All the participants agreed that restaurants must be present on social media; while the participants under 26 years old wanted restaurants to be active on Instagram and Snapchat, participants over 26 years old were more likely to visit restaurants via a Facebook page. The most important digital content for customers are: opening hours, directions, menu and photos of the food. The participants liked the idea of restaurant-branded mobile apps, acknowledging that it is limited to a single establishment. Only three in ten participants would actually download the mobile app of a restaurant, if they went frequently to this restaurant. Thus, mobile apps are relevant for fast-food restaurant chains or casual restaurants that have a loyal customer base.

Regarding the payment means, the participants still want to pay by credit card, cheque or cash. There is some interest however in contactless payment, as it is convenient to use a credit card without typing in the pin code when paying a small bill. Conversely, participants had little interest in mobile app payment. They claim it is inconvenient to have to download an app just to pay a restaurant bill, especially if they do not frequent the restaurant regularly. However, they recognise its usefulness if they are eating out in a big group and therefore able to take full advantage of the split-the-bill technology. A further factor that dissuades them from paying by mobile app is that mobile payments are perceived as less secure and more prone to being hacked than the more traditional means of payment. For the moment, the lack of security of paying through mobile apps prevents people from adopting and using mobile payment tools.

Limitations

As the sampling is not representative of the French population (in terms of age distribution and gender split), the results cannot be generalized. Furthermore, the survey was distributed via LinkedIn, and therefore the responses are restricted to people who use LinkedIn, which means that a part of the population is excluded. Likewise, the questions do not cover

every digital aspect of the customer experience in the restaurant sector. Further research is needed to investigate other digital devices and other types of food outlets.

Concluding comments

The chapter presents an overview of digitalization in the restaurant sector in France. The investigation provides an understanding of the motivations and expectations of customers regarding their dining experience. It reveals that digitalization is not the main concern of French customers. The factors that play the most important role in the satisfaction and improvement of the customer experience are the quality of food and service. Even though we live in a connected world, the study confirms that the restaurant experience is, for most people, a social experience and certain aspects of digitalization are not yet accepted. People are somewhat afraid that too much digitalization will kill the social experience that they enjoy when they go to a restaurant. Thus, to improve their customer experience, restaurants should integrate digital tools cautiously. Restaurant owners have to be careful that the implementation of technology is made without sacrificing the social and human aspects of the restaurant. Nevertheless, online restaurant visibility and reviews are factors that impact customer choice, thus restaurants must pay attention to their online reputation, as it is their first touchpoint with their customers.

The investigation reveals that the customer expectation towards the digitalization of the dining experience takes into account three aspects. Firstly, the target customer influences the level of digitization that should be implemented by restaurants. Millennials are more likely to appreciate digital tools – as they are more connected than the rest of the population. Therefore, digitalizing the customer experience is more convenient for them. Secondly, the type of restaurant plays a role; the investigation shows that people are more likely to appreciate digital tools in fast food restaurants than in either casual or luxury restaurants. In casual and luxury restaurants, customers expect a high level of personal service and social interactivity. In the fast-food industry, digital tools enable the restaurants to save time and deliver food quickly, so digitization can improve the customer experience in this type of restaurant. Lastly, the third point is the type of digital tools implemented. The findings highlight the digital tools that can be used to improve the customer experience in the restaurant sector, namely: online delivery platforms, online loyalty programs, social media, choice of menu and online payment and personalized offers – all of which are outside the

point-of-sales. The digital tools at the point-of-sales that seem to improve customer experience are: contactless payment and self-ordering kiosk.

At the time of writing, the French cultural context is holding back widespread digital transformation of the restaurant sector. The problem is found in other sectors too, exacerbated by the ossification of digital infrastructure in France. Restaurant diners continue to enjoy technology-free mealtimes, shared convivially with friends. The digitization of the restaurant experience is not perceived as an improvement. The quality of food and service are still dominant priorities. Amid ongoing fears of data breach, any grandiose rhetoric on how to modernize France's restaurant sector have not yet been translated into a clear strategy on the ground.

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SUSTAINABILITY IN THE SECOND HALF OF CAREER: AN EXPLORATORY STUDY

JEAN-YVES HAMIOT

Abstract

The field of career study was structured throughout the twentieth century from different perspectives. While numerous researchers agree that a career is the sequence of work experiences that evolves over the course of an individual's life, new issues have emerged such as individual responsibility and, more recently, sustainability.

The cognitive dimension of career sustainability appears insufficiently explored. The aim of this research is therefore to take advantage of a survey, conducted in 2013 among 26 managers aged 45 and over in the media agency sector, to analyse how they anticipate the second half of their careers. The methodology of the cognitive map method makes it possible to identify three pitfalls to anticipation: the inability to identify a job opportunity, the decoy of job security due to management by objectives, and job attachment thanks to the development of expertise. The discussion focuses on the theoretical and managerial conditions of the transition from an anticipatory mode based on traditional career scripts (predicting and planning the move from one position to another) to a more representative mode of knowledge-based careers (trial and error approach). This implies the implementation of a human resources management strategy inspired by learning organizations.

The Media Agency Sector in France

In France, the problem of funding the pension system has generated numerous reforms since the early 1990s. The objective is now to keep older

workers in employment in order to extend their working life. In 2005, a national cross-industry agreement introduced the obligation to organise a second half of career interview for employees aged 45 and over. This obligation was replaced in 2014 by a law for all employees with more than two years' seniority. However, since the survey presented was conducted in 2013, this paper deals more specifically with the second half of the career interview.

The media agency sector was selected for this research insofar as it is exposed to a profound transformation of the professions. These organizations that buy space on behalf of advertisers must deal with the digital transformation of the advertising ecosystem. This redistributes the need for skills within agencies, which must now combine traditional and digital media. They first hired young people with digital skills but now need managers to develop their multi-skilling. The latter must move from an expertise by media to a transversal advisory capacity. The first interviews already organised by these media agencies appeared well received, but had little impact. Once done, managers' daily lives seemed to take over and there was no action plan. This confirmed an approach focused on the way managers anticipate (Hamiot, 2015) as it confronts them to the sustainability of their careers.

The Concept of Sustainable Careers

The concept of sustainable careers is very recent and tries to address new issues such as the work-home balance, the impact of new ways of working, and the problem of later career and retirement (van der Heijden and De Vos, 2015). Despite its relative novelty, there is already several definitions of sustainability. For example, emphasis can be placed on the psychological dimension with variables such as good health, productivity, happiness throughout the career and in the broader context of life (Greenhaus and Kossek, 2014, De Hauw and Greenhaus, 2015). It can also accentuate the interactionist dimension, insofar as employees must be sure to remain attractive to their employers (Newman, 2011, Valcour, 2015). Van der Heijden and De Vos (2015) propose to define it in an integrative way as: *'The sequence of an individual's different career experiences, reflected through a variety of patterns of continuity over time, crossing several social spaces, and characterized by individual agency, herewith providing meaning to the individual.'* (op. cit.:7)

The temporal dimension suggests the idea of a life dynamic where the individual must make choices and manage their consequences as well as

other events. From this perspective, the concept of sustainability is close to that of proactivity (Seibert *et al.*, 1999). Additionally, De Hauw and Greenhaus (2015) remark that values play a key role in this decision process.

The dimension of social space refers to different career contexts and changes, particularly in organizations (Arthur, 1994). Employees are not alone; they interact with different stakeholders in increasingly unpredictable environments. This introduces the third dimension of agency, which has become critical. The primary responsibility for the career lies with the individual and it brings the concept of sustainability close to the literature on self-awareness (Valcour, 2015) or Employability (van der Heijden, 2005).

Finally, the last dimension refers to the ability to give meaning, particularly to the professional experience. It is close to Defillippi and Arthur's work on the concept of career competencies (Defillippi and Arthur, 1994). Those specific competencies can be sum up as an employee's ability to step back and make sense of experience. This induce a form of mastery of professional competencies from a sustainability perspective.

Sustainability in the Second Half of Career

The first works on the second half of the career are quite old. One can cite in particular the studies of Ference *et al.* (1977) on common plateau phenomenon at this stage of life and its challenge for maintaining motivation. Work pleasure, self-actualization, social recognition and ability to use creative sources seem to be more important for late career employees (Freese and Schalk, 1996). As health is another challenge, successful aging at work is another area of research (Schalk *et al.*, 2008).

However, to the extent that this article focuses on sustainability, some research considers the factors that contribute to the transition from traditional career scripts (Barley, 1989) to a knowledge-based career. Hall and Mirvis (1995) suggest to explore alternative ways to transform career routines into learning cycles. Weick (2001) recommends moving from positions of hierarchy or expertise to learning and knowledge acquisition. Indeed, careers are increasingly impacted by the changing needs for competencies at work and Kanfer and Ackerman (2004) remark that the relative reluctance of older workers to engage in new skill learning is problematic. Research on agile organizations has documented how learning practices improve companies' competitive performance and their ability to adapt to dynamic markets (Valcour, 2015). In this regard, Lepak and Snell

(1999) recognize that not all employees possess knowledge and skills that are of equal strategic importance. Strategic awareness, willingness to learn and openness to change therefore appear to be criteria for a sustainable career. This cognitive dimension of sustainability appears insufficiently explored. It motivated the following research question: *'How do French managers in media agencies anticipate the second half of their career?'*

Study Design and Methodology

Five media agencies participated in the survey in 2013. The sample selected for this research could not be established randomly. However, it remains representative of the diversity of the population concerned. It consists of 26 managers whose average age was 50.5 years and seniority 12.7 years. There are 19 women and 7 men, which is in line with the strong feminisation of the sector. The members of the sample were split according to criteria of seniority, status, career path, function, supervision and degree. In the end, the sample appears to be representative of the manager population, which has enabled agencies to cope with the growth of advertising on traditional media (outdoor display, press, radio and TV). Semi-directive interviews were conducted with the main question: *'How do you see your professional situation in ten years, if you are still in this company?'*

The interviews were entirely transcribed, and then a selection of verbatim, marking the complexity of the remarks, allowed the construction of individual causal maps. Once validated by the interviewees, these schemata were analysed using Decision Explorer© 3.3, designed by Eden and his collaborators (Eden *et al.*, 1992).

The functions selected for this analysis are based on the calculation of distances between nodes, using the Jaccard coefficient. First, the calculation results in the creation of a simplified schema for each map by visualizing only the nodes with the most immediate links (centrality calculation) and those with the longest branches (domain calculation). This synthesis of the map representing only the main nodes makes it possible to identify the main verbatim in order to compare it with that of the other maps.

In a second step, the software allows to analyse the links around a particular node. The use of a hierarchical clustering algorithm then makes it possible to enter into the complexity of individual reasoning.

Findings and Discussion

To the question: *‘How do you see your professional situation in 10 years if you remain in the same company?’* Nearly two-thirds of the managers interviewed express discomfort, ignorance or do not anticipate any move, as shown in Table 1.

Nb. of managers	Response Type	Verbatim Example
11	Cannot respond and express discomfort	<i>‘I often think about it’ (Map #15)</i>
2	Cannot answer but don't care	<i>‘I have no idea, but it doesn't make me scared’ (Map #3)</i>
6	Plan to stay in the same position	<i>‘For the time being, I can't see myself moving’ (Map #23)</i>
3	Plan to change position	<i>‘I asked the HRD for a second half career interview and an assessment centre’ (Map #6)</i>
4	Consider different scenarios	<i>‘I try to brainstorm back-up plans’ (Map #25)</i>

Table 1: Comparison of Cognitive Maps

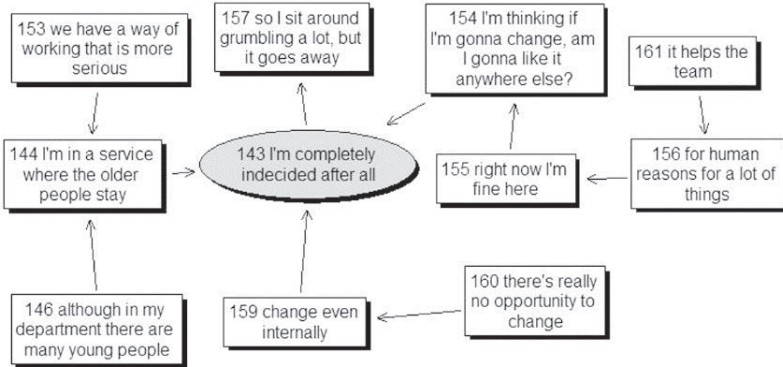
Out of twenty-six managers interviewed, only seven anticipate their second half of career. Three of them are planning to change their position (e.g. map #6). The other four consider different scenarios (e.g. Map #25). The remaining nineteen appear to be in some form of passivity. The cognitive approach of the anticipation process thus makes it possible to highlight the saturation of this phenomenon.

In addition, the hierarchical clustering function based on the main node of each diagram allows in-depth analysis to constitute a taxonomy of the different reasons for this passivity. This hierarchical grouping analysis identifies four potential explanations.

Inability to identify a job opportunity

First, it seems that the situation of passivity of managers is linked to their mode of anticipation. Indeed, many of them express discomfort because of their inability to plan. The impossibility of defining a specific job objective

seems to be the source of their discomfort or indifference. They express a feeling of deadlock. Here is the example of map #24.

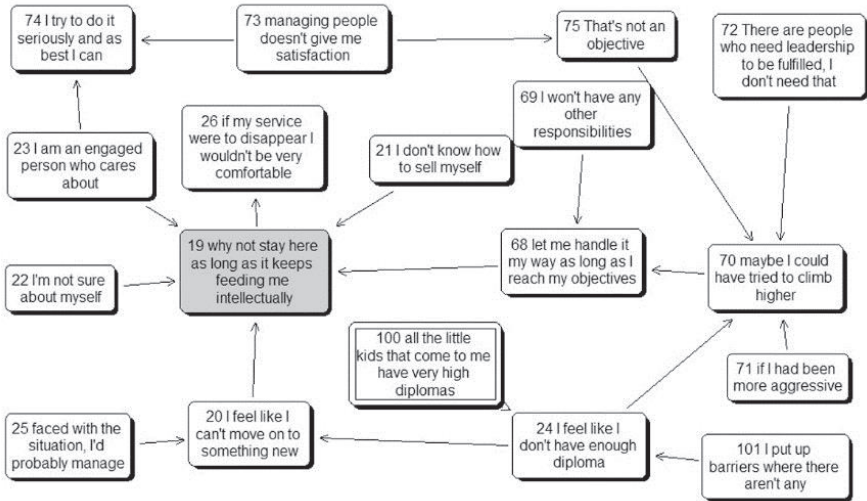


Graph 1: Hierarchical clustering on node #143 of map #24

The likely professional habit of using a forecasting method seems to limit proactivity. In the case of Map #24, the lack of internal opportunity (nodes related to #159), the stability of the current position (nodes related to #144), the risk inherent in initiating change (nodes related to #154) appear to be strong motives for inaction. Past career choices might have led to a dead end and the inability to set a goal prior to action appears to be the source of passivity.

The Decoy of Management by Objectives

This need for forecasting seems reinforced by the management by objectives method in use in these organizations. Indeed, the daily pressure to achieve objectives, together with its recognition system, may constitute a decoy in the anticipation process. Achievement of annual objectives appears to be associated with job retention. This schema appears in the hierarchical grouping calculation of map #8.

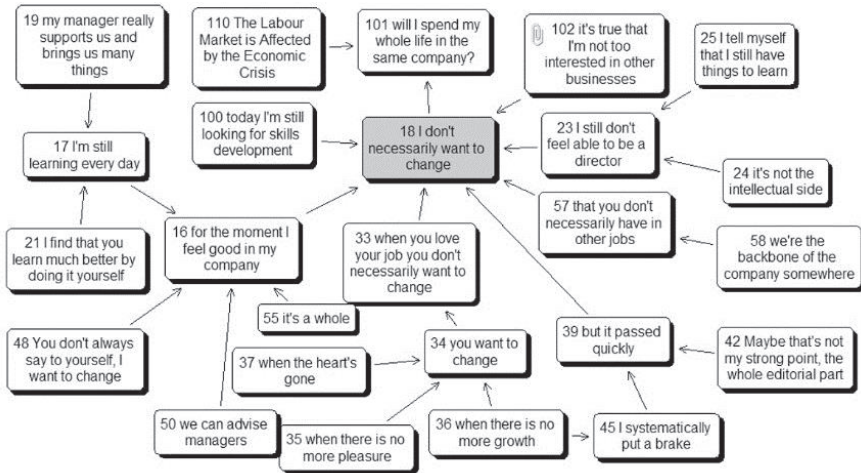


Graph 2: Hierarchical clustering on node #19 of map #8

In this map, the achievement of objectives: *'let me handle it my way as long as I reach my objectives'* (node #68) appears as one of the direct arguments for the lack of anticipation. The manager interviewed seems to favour a mode of reasoning limited to the immediate environment of the job (nodes #70, #20, #21) although the conclusion considers the risk at the department level (node #26).

Job attachment

The third cause of passivity suggested by the analysis of hierarchical clustering relates to the importance of affective phenomena. It appears that job expertise, and therefore the associated level of success, promotes emotional attachment. The latter removes any desire to anticipate a change of position.



Graph 3: Hierarchical clustering on node #18 of map #2

In the case of map #2, the lack of anticipation seems to come mainly from job satisfaction: 'I don't necessarily want to change' (node #18). The expertise in the position illustrated by the search for skills development (nodes #100, #16 and linked), the emotional feeling (nodes #33 and linked) and the sense of impact (nodes #57 and linked) reinforce the lack of motivation to foresee any kind of job mobility.

An exhaustive study of the results also requires an interest in those who anticipate potential moves. With seven proactive managers, this group is relatively small. Three plan a change of position and four develop different scenarios. However, it should be noted that all have recently experienced or will soon experience career mobility. The experience of actual or potential mobility seems to facilitate anticipation. Finally, all these results make it possible to initiate a theoretical and managerial discussion presented below.

From a traditional to a knowledge-based career

First of all, it is necessary to underline certain limits of the results obtained, taking into account certain specificities related to the sector of activity, the non-random sample and the protocol of the cognitive maps. However, the saturation of results in the sample suggests that many managers in the second half of their careers have difficulty anticipating. Table 2 summarizes the main causal relationships identified in the cognitive maps.

Cause	Effect
Lack of job opportunity	Inability to plan
Positive annual assessments	Job security decoy
Strengthening expertise	Job attachment, no will to change
Job mobility	Proactivity, scenarios thinking

Table 2: Main causal relationships

The results of the table 2 seem to be consistent with traditional career scripts. Indeed, for the majority, the lack of anticipation comes from an impossibility to identify a job opportunity. Anticipation seems synonymous with planning a move from one position to another. It is a way of thinking that is far removed from the trial and error approach common to learning organizations. In the same vein, the achievement of annual objectives may be a decoy that hides the necessary reassessment in the light of strategic changes in the media agencies. Finally, those in expert positions tend to develop an affective relationship with their work that prevents any idea of mobility. Even the minority that seems to anticipate proves itself in a logic of mobility from one position to another.

The second part of the career often confronts managers with the plateau phenomenon and the media agency sector profoundly changes its business model. Therefore, appropriate anticipation modes would probably be based on continuous learning and strategic awareness. However, researches show that organizations that obtain such behaviours from their employees implement a knowledge-based career management system. Their strategic human resource management approach is close to the ones observed in high-performance work systems or agile organizations (Valcour, 2015). They often get loosely defined jobs, skill-based compensation systems, developmental appraisal systems, and so on (Lepak and Snell, 1999).

Conclusions

The objective of this research was to analyse how some media agency managers anticipate the second half of their careers and how this could constitute a risk for the sustainability of the latter. The use of the cognitive map method makes it possible to identify three potential pitfalls consistent with traditional career scripts. As anticipation seems to mean only forecasting and planning moves from one position to another, without job opportunities the majority remain passive. For others, the achievement of annual objectives seems to constitute a decoy for their job security. Finally,

the experts are so attached to their work that they cannot even imagine mobility. The transition from anticipation modes that rely on forecasting and planning to trial and error approaches would secure career sustainability. However, this implies the implementation of a human resources management strategy inspired by learning organizations.

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UNDERSTANDING THE REPEAT GREY VISITOR PACKAGE HOLIDAY EXPERIENCE: *'LET'S GO BACK AGAIN NEXT YEAR!'*

BRIDGET MAJOR & FRASER MCLEAY

Abstract

Repeat visitors represent a very important, attractive and loyal market segment of the travel industry. This chapter focuses upon understanding the repeat 'grey' visitor package holiday experience and the factors that are important to these customers. The result of our study confirms re-visitation to a destination and hotel, and consumers who show very high levels of loyalty to a tour operator. The results thus add knowledge and understanding to the grey holiday-maker experience and have implications for both practitioners and marketers. Familiarity and risk reduction is particularly important for grey travellers, who display behaviour relating to attachment, involvement; specialisation theory and brand romance provide a strong conceptual background for this study.

Introduction

In this chapter, we explore the *'repeat visitor experience'* for package holidays. Repeat visitors are an important and attractive market segment (Shani, Reichel and Croes, 2012) as they form the majority of tourists at many destinations (Wang, 2004; Niininen, Szivas and Riley, 2004). They provide a dependable revenue stream and, also, positive word-of-mouth promotions (Petrick, 2004; Morais and Lin, 2010). Although similar to other types of 'repeat visit' tourism such as skiers who return to the same ski resort each year (see McLeay, Lichy and Major, 2019), the 'grey' market is typically more loyal than other visitors (Opperman, 2000; Bai et.al. 2006). Repeat visitors often form a significant number of visitors in a destination (Darnell and Johnson, 2011; Niininen et al., 2004; Wang, 2004; Shani et al., 2012). They are also more likely to develop long-term relationships with tour operators (Morais, Kerstetter and Yarnal, 2006). It is much more

effective to attract repeat visitors than gain new ones, as it costs between six and nine less to retain a customer – compared to finding a new customer (Fakeye and Crompton, 1991; Petrick, 2004; Fayll, Callod and Edwards, 2003). Clearly, attracting repeat custom is not at the expense of attracting first time visitors. Despite an extensive volume of studies on repeat visitors, inadequate attention has been paid to understanding the repeat visitor experience (Chen and Xiao, 2013).

This chapter adds insights that assist our understanding of the experience factors that lead to grey travellers' repeat visit to a destination or a particular accommodation provider – and therefore drive loyalty to a tour operator. As such, it provides useful information for industry practitioners and marketers, since there is a lack of research into whether visitors are 'repeaters' and, if so, how many times they have previously visited, and the factors which drive repeat visits (Lehto *et al.*, 2004; Opperman, 1998; Um, Chon and Ro, 2006). Understanding consumer experiences that contribute to a positive repeat visitor experience will help destination managers plan effectively for designing and implementing marketing strategies that maintain and cultivate loyalty in tourists who have already visited a destination (Campo-Martinez *et al.*, 2010).

This chapter focuses specifically on the grey segment of consumers, defined as those aged over 50 – in line with Shoemaker (2000). Some of the theories underpinning this research, such as place attachment must be segmented, as they are not applicable to a broad range of tourists (Tsai, 2012). This segment has long been recognised as extremely important to the travel industry (Lehto, SooCheong, Achana and O'Leary, 2008; Pearce, 2013; Ryan, 1995) not least because they place travel as a high priority in retirement years, have increased longevity and disposable income due to fewer financial commitments and have a large amount of discretionary time. Consumers over the age of 65 are the most prolific holiday-makers (in the age group over 45) with 28% taking at least two foreign holidays a year compared to 19% of all British holiday-makers (McNeill, 2012). 'Greys' have been identified as extremely loyal to holiday providers and destinations (Siebert, 2011) and are regularly identified as those who holiday the most often and are the most affluent. The categorisation of 'grey' for the purposes of this chapter is diametrically opposed to Hudson's (2009, p.445) 'Zoomers' who are "Boomers (who) want to squeeze every last drop of their time here on Earth rather than settling for an indolent retirement." The 'grey' segmentation here is more akin to Plog's (1973) original psychocentric typology of those travellers concerned with themselves and

often anxious and seeking security, or Cohen's (1972) typology of the mass tourist.

Despite the benefits of grey travellers and their propensity to repeat visit, there has been a lack of studies focusing on the repeat grey holiday-maker experience. Therefore, the objectives of our chapter are to identify the key themes that are important to the grey package holiday-maker experience and contribute to them making repeat visits, and secondly, to evaluate the meaning of these consumers' experiences and their relationship with a place and the significance of this for destinations, hotels and tour operators. As such, we attempt to answer the question: *'What is the 'grey' package holiday experience which leads to repeat visitation?'*

Review of Literature

In the paragraphs that follow, we review extant literature on repeat visitation experience including familiarity and risk reduction, which are particularly important for 'grey' travellers. Loyalty theories are evaluated in the context of developing an attachment to destinations that result in visitors' readiness to purchase again.

Familiarity, Risk Reduction and Repeat visits

A review of existing literature suggests that revisiting a tourism destination is largely attributed to factors such as quality, geographical proximity and satisfaction influences; much academic literature exists on this topic (Bowen, 2001; Campo-Martinez, Garau-Vadell and Martinez-Ruiz, 2010; Kozak, 2001). Repeat visits should also be viewed in the context of a past experiences which influences future behaviour intention (Campo-Martinez *et al.*, 2010). In order to optimise the chances of a secure and safe holiday experience, tourists (particularly older tourists) try to reduce uncertainties and the consequences of unsatisfactory decisions (Fuchs and Reichel, 2010). This risk reduction process is regarded as particularly hard to achieve for experiential products such as holidays (Mitchell, Davies, Moutinho and Vassos 1999). Package holidays are not immune to risk; research however indicates that consumers found that one of the most effective risk-reducing strategies was to "take a holiday from a tour operator you have dealt with previously" (Mitchell *et al.*, 1999, p.175). Quintal, Lee and Soutar (2010) and Kazeminia, Del Chiappa and Jafari (2013) also re-enforce the risk offsetting features of travelling in a package and booking through a travel agent. Package holidays are generally viewed as easy, convenient, safe,

secure, and free from worry as well as good value (Sheldon and Mak, 1987; Ryan, 1995, Wang, Hsieh and Chen, 2002; Davidson, 2010). The representative services are central to the package experience and the “Rep” (i.e., commercial representative) is often seen as the ‘face of the company’ (Guerrier and Adib, 2003). These factors, and the perception of consumer protection, have led to the revival in popularity of the package holiday in recent years.

Familiarity with a destination (and therefore repeat purchase behaviour) can be linked to risk reduction – as Gittelson and Crompton (1984) pointed out in their seminal research paper and many researchers have endorsed since (Li, Cheung, Kim and Petrick, 2008; Shani et al., 2012; Tideswell and Faulkner, 1999). Familiarity can be measured in differing ways: actual experience or awareness or perception. Regardless of how it is measured, familiarity shows a generally favourable image or positive affect towards a destination (Kerstetter and Cho, 2004). Lepp and Gibson (2003) suggest that international tourism risk perception depends upon a tourist’s preferences for familiarity or novelty. The organised ‘mass tourist’ will prefer familiarity and often travel in an ‘environmental bubble’, which is part of the package holiday experience (Cohen, 1972; Wang, Jao, Chan & Chung, 2010).

Research has also shown that more conservative travellers have a tendency to return to the same destination each year: “Familiarity gives confidence and results in a greater willingness to purchase the product again” (Lehto *et al.*, 2004, p.803). Holloway and Robinson (1995) found that seniors particularly evaluated past holiday experiences when selecting destinations – more than other age groups. Lehto *et al.* (2004) also link familiarity (of a destination) with a willingness of a repeat purchase. Senior travellers in particular prefer to return to familiar destinations (Horneman, Carter, Wei and Ruys, 2002; Shoemaker, 2000). Wickens (2002) in her research conducted in Chalkidiki, defined the characteristic of the ‘*Lord Byron*’ tourist (stemming from Byron’s love of Greece) as an annual ritual of re-visiting the same place and the same accommodation. This has clear connotations with loyalty theory, discussed later.

Ananth, Demicco, Moreo and Howey (1992) found that mature travellers place a high reliance on past experience as an information source for making a choice of hotel. Ryan (1995) also argued that older travellers used their past experiences as a basis for what provides a satisfactory holiday and vice versa, and also where risks can and cannot be taken. He found a high number of repeat visits to the island and loyalty to Majorca; holiday-makers form a

strong identity with the island and what it had to offer, without considering alternative winter sun destinations. He points out that his study was quantitative and based on a small sample, therefore it is hard to generalise, although he did also undertake a qualitative study, which was subjective in approach and based on observations and conversations. It appears that a familiar experience is one that is actively sought by ‘grey’ travellers.

Satisfaction, Quality and Repeat Visits

Previous knowledge can therefore work to offset risk perception (Lehto *et al.*, 2004; Ryan, 1995; Um, Chon and Ro, 2006; Woodside and Lysonski, 1989). Repeat visit motivation to destinations is related to satisfaction on previous trips and also a perception of lower perceived risks. Research has consistently shown that overall satisfaction was the biggest influence on whether to revisit a destination (Bowen, 2001; Oh, 1999; Bowen and Schouten, 2008; Campo-Martinez, Garau-Vadell and Martinez-Ruiz, 2010). Much academic literature has shown that consumers’ overall perceptions of the service provided and assessment of the purchase experience have a direct influence on the repurchase decision (Baker and Crompton, 2000). Perceived quality, as an antecedent to satisfaction was found to be a significant predictor of revisit intention (Oh, 1999). Oh (1999) also found perceived value for money to be a significant predictor of intention to revisit and satisfaction; value for money can be defined as consumers’ perceived value of what they receive in return for monetary and non-monetary exchange (Zeithaml, 1988).

Therefore, repeat visits based on past experience can be seen to be linked to offsetting risk; familiarity with a destination provides confidence and security. This is particularly important for the older traveller i.e., ‘grey’ consumers. As satisfaction and loyalty are inextricably linked to the return experience, a discussion on the relationship between loyalty and repeat visits follows.

Loyalty, Attachment Theory, Repeat Visits

Research into repeat visitors often focuses on the benefits of familiarity with accommodation and destinations, displayed loyalty and transferred loyalty (a psychological attachment to a hotel or setting which results in behavioural loyalty (Pearce and Kang, 2009). Place attachment has received much attention from tourism researchers (Matzler, Fuller, and Faullant, 2007; Yuksel, Yuksel and Bilim *et al.*, 2010; Tsai, 2012). Attachment theory

helps explain consumer's needs for comfort and security and can be extended to incorporate relationships with trust, consistency and brand loyalty (Patwardhan and Balasubramanian (2011) as well as the development of an emotional bond with a destination, staff and experiences (Tsai, 2012). It posits three features of strong attachment: proximity maintenance, safe haven and secure base, and these are actively sought to meet needs for comfort, support, security and consistency. Patwardhan and Balasubramanian (2011) explains that when attachment theory is extended to consumers' brand relationships, the attachments that arise are primarily based on trust, dependability and consistency of response:

"...consumers become attached to some brands because they are dependable, consistent and "always there" when you need them. Consumers take comfort in the familiar; the primary motive for the attachment being security and safety."

(Patwardhan and Balasubramanian, 2011, p.297).

These attributes are fundamental to the package holiday experience; Tung and Ritchie (2011) also argue that branding policies deliver the promise of memorable experiences that tourists can expect at their destination and provide realistic and achievable pre-trip intentions in the minds of tourists and confirms brand promise by tour operators. Consumers will in turn show high levels of loyalty to tour operators (Kazeminia *et al.*, 2013). Emotional branding is an extension of the paradigm of experiential marketing designed to create desirable and memorable experiences, which then lead to a strengthening of brand and consumer relationships. (Schmitt, 1999; Schmitt, 2003; Tsai, 2012).

Patwardhan and Balasubramanian (2011) developed a theory of 'brand romance' as a construct to explain consumer brand attraction and suggest that it complements attachment theory perspectives. Brand romance captures high dimensions of arousal and dominance behaviour in consumers towards a brand. This reflects a strong motivation to consume and stay loyal to a brand; in this case, either the tour operator or hotel or destination or all three as a result of a previous holiday experience.

Involvement theory is based on the notion that enhanced familiarity with a destination achieved by positive experiences will reduce future risks and build personal affiliations with places (Pearce and Kang, 2009; Ryan, 1995) and may contribute to habitual behaviour. It also suggests that with increased experience, provided that satisfaction, as discussed earlier, is achieved, comes traveller loyalty i.e. a continued interest and readiness to purchase again the experiences that they have previously enjoyed (Fakeye

and Crompton, 1991; Pearce and Kang, 2009). “This level of involvement may be seen as analogous to starting (a) career of contact with a type of tourism setting with this contact underpinned by a specific pattern of travel motives” (Pearce and Kang, 2009, p.186). The authors stipulate that their research is not limited to academic interest and has management and marketing interests, which they suggest lie in tourism partnerships interested in the concept of transferred loyalty. Tourism marketing managers must prioritise the creation of holistic tourist experiences (Tsai, 2012) and should use the marketing tools and theories discussed here to achieve this. Specialisation theory is often related to identity formation and the perspective of serious leisure (Stebbins, 1982). It emphasises the value of direct experience in re-forming tourists’ activities and participation patterns and relates these to more intense and involved tourists. This theory is applicable to ‘grey’ consumers (and linked to the travel career concept), whereby tourists experience a setting and building familiarity and a positive rapport with it (Pearce and Kang, 2009; Yuksel et al., 2010). Interpersonal relationships (valued by ‘grey’ travellers) developed in a particular place also add to the sense of place attachment (Kyle, Graefe, Manning and Bacon, 2004; Levy and Hassay, 2005; Kim and Jamal, 2007) and have links with brand romance.

Familiarity and risk reduction, as well as loyalty theories such as attachment theory, brand romance, involvement theory and specialisation theory provide a strong theoretical underpinning for this study.

Method

The research adopted a qualitative inductive approach. Jackson, White and Schmierer (1996, pp. 798-799) endorse the collection of qualitative data “where researchers have directly asked tourists what they perceive about their tourism research experience and the industry that services it”. There is an excessive reliance on quantitative methods, which have failed to offer a deep understanding of the factors influencing older adults’ perceptions. Thus many researchers endorse the application of qualitative techniques used in this study as they provide a more meaningful insight into seniors lives (Patterson, 2006; Morgan and Xu, 2009; Sedgley, Pritchard and Morgan, 2011; Kazemina, Del Chiappa and Jafari, 2013). The research objectives were to collect rich, descriptive data on repeat, ‘grey’, holiday-maker’s package holiday experiences.

A pilot study was initially conducted in Majorca with the main study and interviews taking place in *Hotel Los Gigantes*, Tenerife where consumers

were on a *Thomson Gold*, half board package holiday. Thomson Holidays' Gold is part of TUI Travel PLC and the profile of their *Gold* consumer fits with the definition of the 'grey' traveller provided previously. There were several advantages associated with the data being collected in the holiday resort. The respondents have time on their hands and are not pressurised by everyday activities such as work, shopping, cooking and cleaning. Moreover, holiday-makers generally enjoy recounting their holiday experiences and it is relatively easy to elicit rich data from them. This leads to "the insights and understanding of both the nitty-gritty moments that occur during the trip, as well as the gestalt of the visiting and travel experience" (Woodside and MacDonald, 1994, p.590).

Non-probability convenience sampling was used on account of time limitations, financial and geographical constraints and ease of access to consumers. Twelve interviews lasting an average of forty-five minutes were undertaken where participants were asked to answer 30 questions that had been developed from the literature reviewed above and from industry experience of the authors. After 12 interviews, it became evident that a saturation point had been reached and respondents were providing very similar answers. The majority of interviewed respondents were couples and resulted in the rich, descriptive data that was sought. It transpired that the area around the swimming pool was the most popular place for collecting data from consumers who accepted to be interviewed. After an initial period of observation, consumers who were sitting around the pool in the morning appeared to become restless and more than happy to talk about their holiday experiences.

After recording and transcription, the interviews were analysed using template analysis (King, 2004, King and Horrocks, 2010) and key themes identified. The researchers compiled a list of codes, which represented the key themes that were identified in the transcripts. Some of these were *a priori* codes, which had been identified in the literature in advance. These *a priori* codes were developed using Leiper's framework (1979). The codes are hierarchical, showing the broad topic/theme that represented some of the interview questions and the *a priori* codes; the sub themes then cover some of the finer details identified. This approach is a recommended practice in template analysis (King, 2004). The template was drafted after several readings of six of 12 transcripts (King and Horrocks, 2010). Revisions were made several times as further detail emerged with each transcript and hierarchical codes developed. The process is an iterative one with the transcripts being constantly referred back to as new evidence for the findings emerged in the form of quotations.

Results and Discussion

The identified experience themes are presented in Figure 1. Central to the themes is the Repeat Experience, which is influenced by the other cogs surrounding it and indeed a result of the other cogs. The security experience and the offsetting of risk with familiarity – repeat visits and the services of a representative were fundamental to the return experience. The importance of the Rep in the holiday experience is surprisingly under-researched. The benefits of the package holiday by its inclusive nature, the meet and greet and the provision of a transfer were important to ‘grey’ consumers. The holiday booking experience showed that this market were digitally-literate but preferred the booking to be made face-to-face with a retail travel agent, often at a price matched to the online offer; reflecting the need for human interaction when booking while being price sensitive. The airport and flight experience showed the importance of regional airports to ‘grey’ travellers and explored the transit experience. The travel career experience is also important (Pearce and Lee, 2005). The self-made experience cog relates to what consumers like to experience of their own making (Frochot and Batat, 2013) including socialising with other guests. Finally, the provided experience was the provision of service and interaction with hotel staff that were often familiar from previous visits. The repeat experience is represented by the central cog in the model and consists of two subthemes: (i) repeat visits to the hotel and destination, and (ii) the benefits of repeat visits to the destination and hotel.

The results relating to each of these sub-themes are presented in Figure 1 and Table 1 (below) – drawing from data gathered in the form of quotations, which provide evidence for each sub-theme.

Figure 1: The Repeat Visitor Experience



Table 1: Sub theme: Repeat visits to the hotel and destination

Findings – quotations
<p><i>“We go home and we say that’s it, we won’t be back and then within two or three weeks we’re looking on the internet booking again because we book a year ahead...to get the rooms we want.”</i></p>
<p><i>“We have been at another Gold hotel and some people have been here 50 times! Consider the effort that it would take to come out here and people are in sort of wheelchairs, disabilities you know....and zimmers, yes and they are all willing to put themselves through...the flight, the transfers, the stairs, the lifts you know. We were wishing happy birthday to who was he? Alan, David or whatever, he was 86. There was a couple been in there dancing, he was up there, jigging away.”</i></p>
<p><i>“Most people seem to have been here many times, we’ve been advised by many friends to come here because we tend to go Thomson’s Gold...we have been on a number of Thomson’s Gold.”</i></p>
<p><i>“I have to say we always travel with Thomsons....because we always have a good experience. Of course they run their own airline which helps.”</i></p>
<p><i>“We always book through Thomson now don’t we?” “Yes, we’ve found Thomson, as far as we’re concerned we get value....and we’ve also had good dealings with them, you know, if there’s anything been wrong or whatever, they’ll sort it.” “Yes and you know what you are getting....I think that is important.”</i></p>

Repeat Visitation, Satisfaction, Attachment and Involvement

Evidence of repeat visits in the interviews is extensive; Respondents B who have stayed at the same hotel 16 times previously comment: *“We go home and we say that’s it, we won’t be back and then within two or three weeks we’re looking on the internet booking again because we book a year ahead...to get the rooms we want”*. Customer satisfaction is also palpable in the findings and this is clearly an important antecedent to loyalty, as satisfied customers are usually loyal customers; unsurprisingly repeat visits are related to satisfaction from previous trips (Bowen, 2001; Campo-Martinez *et al.*, 2012; Oh, 1999).

The interviewed *Gold* consumers therefore show high behavioural consistency and strong psychological attachment. This concurs with Siebert (2011) and Evans *et al.*, (2009) who found that older people and those in higher socio-economic groups are more likely to feel loyal to the tourism sector; and that this may be a cohort effect. Ryan (1995) also found that older travellers rated past experience as very important in future destination selection. Consumer involvement with services and the relationship experience with hotel staff contribute to the motivation to return to the same hotel as posited by involvement theory whereby familiarity and positive experiences reduce potential future risks (Kyle *et al.*, 2004; Li *et al.*, 2008; Pearce and Kang, 2009; Shani *et al.*, 2012. Tideswell and Faulkner, 1999).

The most recent (i.e., previous) holiday experience of the Gold product users is a key motivator to return. A couple of respondents stated “*We have been at another Gold hotel and some people have been here 50 times!*”. Other respondents were younger ‘greys’ or baby boomers and observed the need for security felt by older generations in the holiday experience which can be found in returning to a destination or hotel: “*Some people like the security of coming back to the same place, we notice; the waiters seem to recognise quite a lot of people. A lot of guests come back here and if people like the security then that’s for them... but it’s not really for us*”.

The findings support the research on attachment theory and the need for comfort, security and consistency (Patwardhan *et al.*, 2011) in addition to the consequential ‘brand romance’ reflecting the very strong motivation to return with Thomson Holidays to the same hotel and destination. Another couple of respondents had not previously visited this particular hotel or destination where the researchers were undertaking interviews; however, they were regular Gold consumers at another resort. When asked if returning to a destination had its advantages, they remarked: “*Familiarity is important I think, sometimes, the other advantage is you settle down quickly when you know where you’re going; you sort of settle into the holiday a lot quicker*”. This notion is strongly endorsed in the literature that shows that senior or ‘grey’ travellers, in this instance, Thomson Gold travellers, prefer to return to familiar destinations (Gittelson and Crompton, 1984; Tideswell and Faulkner, 1999; Shoemaker, 2000; Hornerman *et al.*, 2002; Li *et al.*, 2008; Shani *et al.*, 2012).

The benefits of loyalty are extensively evaluated in academic literature, in this context by Oliver (1999) as well as Pearce and Kang (2009) – however, any efforts to understand the detailed reasoning behind the experience that leads to loyalty of ‘grey’ based package holiday consumers appears to have

been overlooked by researchers. These findings illuminate actual features and holiday experiences that are important to ‘grey’ consumers. An understanding of the complexities of tourist loyalty is fundamental to business practitioners who need to recognise how to encourage loyal behaviour in consumers. It appears that specific research on destination loyalty and its relationships to other constructs is still lacking (Yuksel *et al.*, 2010). This chapter attempts to fill this gap by detailing the preferred experience of ‘grey’ holiday-makers. The benefits of loyal consumers have been highlighted in various studies (see, for example, Bowen and Shoemaker, 1998; Oppermann, 1998; Fakeye and Crompton, 1991; Fayll *et al.*, 2003; Petrick, 2004; Brunner *et al.*, 2008).

Table 2: Sub themes – the benefits of repeat visits to the destination and hotel

<p><i>“Some people seem to like the security of coming back to the same place, we notice, the waiters seem to recognise quite a lot of people.”</i></p> <p><i>“A lot of guests come back here and if people like the security then that’s for them... em, it’s not really for us but it wouldn’t preclude us from coming back because we wanted to do something specific in this area.”</i></p>
<p><i>“See we are only at the moment visiting places where we have been before.”</i></p>
<p><i>“When you go the second or third time then you know where to go for whatever you need.”</i></p>
<p><i>“Familiarity is important I think sometimes, the other advantage is you settle down quickly when you know where you’re going; you sort of settle into the holiday a lot quicker.”</i></p> <p><i>“Well I think if you don’t mind me saying, I think this business of coming back to the same place is an age thing...my son aged 47, they wouldn’t like that.” “But when you get to our age, it’s a good point, you need to do this because you want to know where you are and you never know if something’s going to go wrong, you haven’t got the capacity you might have if it went wrong, you panic more I think.”</i></p>
<p><i>“If you want the familiar and you want a certain thing and you know that if you come here you’ll get it...”</i></p>

“Sometimes I like meeting the same people, same staff you know, the fact that you’re recognised. To me this is important, I like that, the other Thomson Gold’s, (I’ve been four times) and each time I have not had red carpet treatment but it is not far off and it is nice, you feel like royalty, you feel special.”

“But as I said before, I make friends quite easily so for me it’s not difficult but I should imagine people who don’t, yes they like to come back because they’ve got friends here and the staff know them so they’re familiar.”

“I mean with Thomson’s I think you would feel more secure about it than with some outlandish company you’d never heard of...I mean well there is Thomas Cook and Thomson’s...I mean nothing is safe these days but you feel safer with them than most.”

“The security of knowing where we are going, you know how long it is going to take you to get there, what’s around that is of interest to you. It’s quite a part and then personal security, that there is a support mechanism in place on holiday.”

“I think you just do not want to take the chance of having a bad experience so if you’ve had a good experience with them, it is just so easy to say, let’s stay with them.”

Security, the Package Holiday and Offsetting Risk

The decision to re-visit the hotel and destination displayed by these consumers also demonstrates, very effectively, attachment theory. It transpired that the decision to return was based on the benefits of visiting a destination and hotel that was familiar to them as purported by Lehto *et al.*, (2004). During the interviews, a couple categorically stated: *“See, we are only at the moment visiting places where we have been before.”* Implicit in this statement are concerns stemming from the respondents’ advanced age, and their desire for security – which the package holiday provides (Major and McLeay, 2013). Knowledge of the destination is imperative, and leads to security; however, there are other types of advantages, including comfort with the travel arrangements to the destination, and geographical familiarity with the resort facilities. Recognition of the staff in the resort/hotel can also be extremely important in making travellers feel secure. When these respondents were asked if they always take package holidays, they

responded: *“It is always packages, yes... well, we feel that there’s always the security of having somebody there on site, whom you can relate to really and deal with any problems you might have and all the rest of it.”* Another neighbouring respondent added: *“I like meeting the same people, same staff you know, the fact that you’re recognised. To me this is important, I like the ‘Thomson Golds’ – I’ve been four times – I have not had red carpet treatment yet but it is not far off and it is nice, you feel like royalty, you feel special.”* Package holidays to the same destination or using the same tour operator appears to provide peace of mind and security through the knowledge gained by knowing a location or brand. This observation concurs with the studies of Cohen (1972), Lepp and Gibson (2003), Wang et al., (2010) and Wickens (2002).

The interviewees demonstrated a certain level of lower perceived risk and previous knowledge working together to offset risk (Laing, 1987; Lehto *et al.*, 2004; Ryan, 1995; Um, *et al.*, 2006). Familiarity and previous knowledge is clearly linked to risk reduction (Tideswell and Faulkner, 1999; Lehto *et al.*, 2004; Um *et al.*, 2006; Li *et al.*, 2008; Shani *et al.*, 2012). This aspect is extremely evident in our study of ‘grey’ package holiday-makers’ experience. Moreover, the presence of these factors can lead to favourable images towards a destination (Kerstetter and Cho, 2004). To this end, the findings of our research fully concur with the literature on repeat visit benefits and risk reduction.

Conclusion and Implications

This chapter has presented an exploratory overview of the repeat visit experience for ‘grey’ tourists, together with an explanation of the benefits of repeat visits for a destination and accommodation provider. An awareness and understanding of the ‘grey’ package holiday-maker experience is fundamental to comprehend why ‘greys’ return to destinations and specific hotels – this research has contributed and enhanced existing knowledge on these aspects. The findings are pertinent examples of attachment theory, involvement theory and brand romance in practice, as demonstrated towards Thomson Holidays Gold product and the Hotel Los Gigantes. The results of this study show that a clear understanding of risk reduction and loyalty theories can have real benefits for industry practitioners, as they enable an understanding of their consumers’ behaviour, specifically, pre-holiday purchase determined by past experience and are a crucial part of ‘grey’s’ holiday experience.

There is security in visiting a place that is known by the tourist. There are also benefits from being familiar with the infrastructure and resort itself. Clear acknowledgement of the relationship between repeat visitation and age exists; there is a sense that younger tourists generally wish to explore more, whereas the 'grey' consumers are contented with the re-discovery of a resort and the sense of security that this knowledge provides. Our research has explored various factors behind the propensity of 'greys' to revisit destinations including reducing risk, experiencing the familiarity of the destination and reacquainting oneself with staff and friends from previous holidays. This familiarity results in consumers settling more quickly into their holiday and maximising the positive holiday experiences. The meanings of consumers' experiences were explored, showing that 'grey' market consumers tend to value highly place re-visitation and its associated benefits. The significance of repeat visitors for destinations, hotels and tour operators is thus high. Benefits of such loyalty are evident in terms of profit and cost savings and it is suggested that industry stakeholders focus on their repeat 'grey' visitors and in particular on providing the kind of experience that they desire as detailed in this research.

In terms of developing the study further, detailed research is needed across all market segments that examine previous visit experiences. This data will show the motivation that lies behind consumers being loyal to tour operator brands and the relationship between brands, destination involvement, risk and satisfaction. Tourism partners such as destinations and hoteliers need to consider the implications of consumer involvement theory, attachment theory and specialisation theory whereby tourists experience a setting and build familiarity with it. Tour operators should consider the importance of security to returners and use this to produce effective marketing promotional material. Relationship marketing tools and techniques may help managers focus more on retaining existing consumers and encouraging repeat visits. Particular attention should be paid to lifestyle and attitudes of the key target 'grey' market – those who holiday the most often and are the most affluent (Pearce, 2013).

A limitation of this research is that it was carried out in one destination (i.e., place). Unless a much larger study is carried out across several countries and resorts, the results cannot be generalised. Despite this limitation, our insights contribute to the academic literature on tourism experience. While the repeat visit experience is explored, the main contribution lies in the identification of specific features of the holiday experience that motivate repeat visitors in the 'grey' market. These include: the security in visiting a place that is known and familiar in terms of infrastructure and resort and,

meeting up with friends and staff which adds familiarity, enhances their experience, increases satisfaction and reduces risk. In addition, the holiday booking experience, airport and flight experience, travel career experience, self-made experience, provided experience, general security experience and package holiday benefits experience all contribute to 'grey' holiday-makers rediscovering place by revisiting a destination.

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