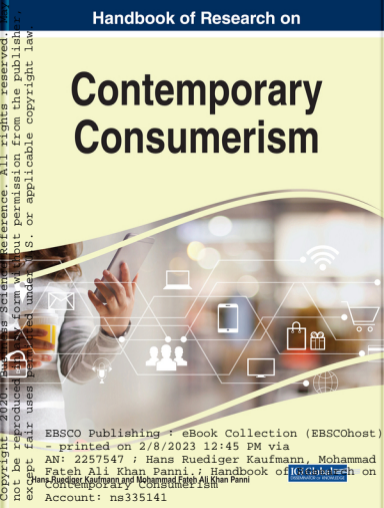


Handbook of Research on

Contemporary Consumerism



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Hans Ruediger Kaufmann and Mohammad Fateh Ali Khan Panni



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Handbook of Research on Contemporary Consumerism

Hans Ruediger Kaufmann

*University of Applied Management Studies, Mannheim, Germany & University
of Nicosia, Cyprus*

Mohammad Fateh Ali Khan Panni

City University, Bangladesh

A volume in the Advances in Marketing, Customer
Relationship Management, and E-Services
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Eldon Y. Li

National Chengchi University, Taiwan & California Poly-
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Handbook of Research on Digital Marketing Innovations in Social Entrepreneurship and Solidarity Economics



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Tel: 717-533-8845 x100 • Fax: 717-533-8661

E-Mail: cust@igi-global.com • www.igi-global.com

List of Contributors

Abdo, Simona / <i>Lebanese International University, Lebanon</i>	285
Al Khoury, Grace / <i>School of Business, University of Nicosia, Cyprus</i>	263
Amatulli, Cesare / <i>University of Bari Aldo Moro, Italy</i>	1
Arraj, Jihan / <i>Lebanese International University, Lebanon</i>	285
Barrios-Manrique, Marta - / <i>Comillas Pontifical University, Spain & Inditex, Spain</i>	203
Bown, Robin / <i>University of Gloucestershire, UK</i>	73
Bucciarelli, Valentina / <i>LUISS University, Italy</i>	1
Comfort, Daphne / <i>University of Gloucestershire, UK</i>	57
De Angelis, Matteo / <i>LUISS University, Italy</i>	1
El Nemar, Sam / <i>AZM University, Lebanon</i>	21, 285
Hirogaki, Mitsunori / <i>Ehime University, Japan</i>	39
Jiménez-Zarco, Ana I. / <i>Open University of Catalonia, Spain & Comillas Pontifical University, Spain</i>	203
Jones, Peter / <i>University of Gloucestershire, UK</i>	57, 73
Kowalska, Magdalena / <i>University of Szczecin, Poland</i>	176
Maarabani, Marwa / <i>Lebanese International University, Lebanon</i>	21
Massi, Marta / <i>Università Cattolica del Sacro Cuore, Italy</i>	92
Mathews, Soney / <i>Department of Commerce and Management, St Joseph's College of Commerce (Autonomous), Bangalore, India</i>	134
Mingotto, Erica / <i>CISET, Ca' Foscari University, Italy</i>	110
Montaguti, Federica / <i>CISET, Ca' Foscari University, Italy</i>	110
Nair, Suja R. / <i>Educe Micro Research, Bangalore, India</i>	134
Ottobrini, Caterina Francesca / <i>Università Cattolica del Sacro Cuore, Italy</i>	92
Papasolomou, Ioanna / <i>School of Business, University of Nicosia, Cyprus</i>	242, 263
Scarpellini, Luca / <i>CISET, Ca' Foscari University, Italy</i>	110
Taşçioğlu, Mertcan / <i>İstanbul Medeniyet University, Turkey</i>	155
Thrassou, Alkis / <i>University of Nicosia, Cyprus</i>	222, 242, 263
Vrontis, Demetris / <i>University of Nicosia, Cyprus</i>	21, 222, 242, 285
Yener, Dursun / <i>İstanbul Medeniyet University, Turkey</i>	155
Yiangou, Foteini / <i>University of Nicosia, Cyprus</i>	242
Yiapanas, George / <i>University of Nicosia, Cyprus</i>	222

Table of Contents

Preface..... xvi

Acknowledgement xxi

Section 1

Consumerism Issues With a Focus on the Consumer Perspective

Chapter 1

Ethical Consumption: The Role of Emotions in the Purchase of Fair Trade Apparel Products 1

Matteo De Angelis, LUISS University, Italy

Cesare Amatulli, University of Bari Aldo Moro, Italy

Valentina Bucciarelli, LUISS University, Italy

Chapter 2

Consumer Behaviour Towards Purchasing Counterfeit Products 21

Demetris Vrontis, University of Nicosia, Cyprus

Marwa Maarabani, Lebanese International University, Lebanon

Sam El Nemar, AZM University, Lebanon

Chapter 3

CSV Activities in the Japanese Retail Sector 39

Mitsunori Hirogaki, Ehime University, Japan

Chapter 4

Customer Engagement: Storytelling and the UK's Leading Retailers..... 57

Peter Jones, University of Gloucestershire, UK

Daphne Comfort, University of Gloucestershire, UK

Section 2

Ethical Consumerism in the Nexus of the Political, Corporate, and Consumer Perspectives

Chapter 5

Approaches to the Circular Economy 73

Peter Jones, University of Gloucestershire, UK

Robin Bown, University of Gloucestershire, UK

Chapter 6

Are Businesses Washing Consumerism With Green Ideology? The Green Marketing Oxymoron 92

Marta Massi, Università Cattolica del Sacro Cuore, Italy

Caterina Francesca Ottobrini, Università Cattolica del Sacro Cuore, Italy

Chapter 7

Ethical Consumerism in Tourism: The Evolution of the Responsible Tourist Attitudes – Between Definitions and Tribal Behaviors 110

Erica Mingotto, Ciset, Ca' Foscari University, Italy

Federica Montaguti, Ciset, Ca' Foscari University, Italy

Luca Scarpellini, Ciset, Ca' Foscari University, Italy

Chapter 8

Ethical Consumerism and Effectiveness From a Cause-Related Marketing (CRM) Perspective..... 134

Soney Mathews, Department of Commerce and Management, St Joseph's College of

Commerce (Autonomous), Bangalore, India

Suja R. Nair, Educe Micro Research, Bangalore, India

Section 3

Consumerism From the Perspective of Innovation Triggered by the Digitalized Environment

Chapter 9

Innovation Resistance: A Rising Tide of Consumerism 155

Dursun Yener, İstanbul Medeniyet University, Turkey

Mertcan Taşcıoğlu, İstanbul Medeniyet University, Turkey

Chapter 10

Creating Relationships Based on Emotional Bonds With Generation Y in Virtual Environment: A Mediating Role of Gender..... 176

Magdalena Kowalska, University of Szczecin, Poland

Chapter 11

Airbnb and Collaborative Housing: From Anti-Consumerism to a New Way to Democratize Vacation Consumption..... 203

Marta - Barrios-Manrique, Comillas Pontifical University, Spain & Inditex, Spain

Ana I. Jiménez-Zarco, Open University of Catalonia, Spain & Comillas Pontifical

University, Spain

Section 4

Consumerism Cases in Selected Industries and Countries

Chapter 12

An Integrated, Multi-Agency, Consumer-focused, Safety Management Approach in the Sports Industry 222

George Yiapanas, University of Nicosia, Cyprus

Alkis Thrassou, University of Nicosia, Cyprus

Demetris Vrontis, University of Nicosia, Cyprus

Chapter 13

Social Media and Consumer Behaviour Towards Luxury Brands: An Exploratory Study in Cyprus 242

Foteini Yiangou, University of Nicosia, Cyprus

Ioanna Papasolomou, School of Business, University of Nicosia, Cyprus

Alkis Thrassou, School of Business, University of Nicosia, Cyprus

Demetris Vrontis, School of Business, University of Nicosia, Cyprus

Chapter 14

Emotional Intelligence Towards Customer Relationship Marketing: The Case of Retail Banking in

Lebanon..... 263

Grace Al Khoury, School of Business, University of Nicosia, Cyprus

Alkis Thrassou, School of Business, University of Nicosia, Cyprus

Ioanna Papasolomou, School of Business, University of Nicosia, Cyprus

Chapter 15

Evaluating the Effectiveness of Loyalty Programs in the Retail Sector: The Lebanese Case 285

Simona Abdo, Lebanese International University, Lebanon

Demetris Vrontis, University of Nicosia, Cyprus

Sam El Nemar, AZM University, Lebanon

Jihan Arraj, Lebanese International University, Lebanon

Compilation of References 304

About the Contributors 355

Index..... 360

Detailed Table of Contents

Preface	xvi
Acknowledgement	xxi

Section 1

Consumerism Issues With a Focus on the Consumer Perspective

Chapter 1

Ethical Consumption: The Role of Emotions in the Purchase of Fair Trade Apparel Products	1
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Matteo De Angelis, LUISS University, Italy

Cesare Amatulli, University of Bari Aldo Moro, Italy

Valentina Bucciarelli, LUISS University, Italy

This chapter focuses on ethical consumption, analyzing the mechanisms behind the purchase preferences for fair trade apparel products through an investigation of the role of emotions. The results of an experimental study show that consumer preference for a fair-trade clothing item is driven by the recall of an unethical action and the emotional state aroused by it. The authors hypothesize that recalling an unethical action would trigger a negative emotional reaction in consumers, which, in turn, would increase their preference for a product carrying the fair-trade certification versus a product carrying a more traditional quality certification. Contrition has emerged as the negative emotion that mediates the effect of recalling an unethical action on product choice. The results shed light on a compensatory mechanism whereby consumers alleviate negative emotions arising from recalling an unethical behavior they had engaged in by making an ethical purchase.

Chapter 2

Consumer Behaviour Towards Purchasing Counterfeit Products	21
--	----

Demetris Vrontis, University of Nicosia, Cyprus

Marwa Maarabani, Lebanese International University, Lebanon

Sam El Nemar, AZM University, Lebanon

This chapter analysed factors affecting the consumer purchase behaviour towards counterfeit products, and attitudes effect on the purchase intention of consumers. The considered variables are brand image, social influence, price-quality inferences, novelty seeking, and intention towards counterfeit products. A survey was conducted on university and college students in Lebanon. This research employed a structured questionnaire to measure the attitude of consumers using a Likert scale. Variables were measured using chi-square testing to identify their relationship. Results found that customer behaviour towards counterfeit products has a positive relationship with brand image, social influence, novelty seeking, intention, and price-quality inferences.

Chapter 3

CSV Activities in the Japanese Retail Sector	39
<i>Mitsunori Hirogaki, Ehime University, Japan</i>	

In Michael Porter’s creating shared value (CSV) framework, the enterprise will solve the social challenges that confront regions or communities through its business activities, thus earning a profit while creating value for both the company and the region. In this chapter, a case study is presented on a retailer’s CSV activities in Japan, wherein the author addresses how the retailer contributes to the community through shopping support services in “food deserts” that supply fresh food to improve consumers’ health and wellness. The empirical results indicate that consumers have a preference for real store shopping experiences among these services, whereas online grocery services do not meet consumers’ needs for shopping. The results suggest that these shopping support activities will bring enough profit for both sides, namely, consumers and retailers. The author also discusses the role of the public sector in assisting these activities.

Chapter 4

Customer Engagement: Storytelling and the UK’s Leading Retailers.....	57
<i>Peter Jones, University of Gloucestershire, UK</i>	
<i>Daphne Comfort, University of Gloucestershire, UK</i>	

Stories are probably as old as the human race, but in recent years, businesses have increasingly come to recognise the importance of storytelling. This chapter offers an exploratory review of how leading UK retailers are using stories as part of their approach to customer engagement on the Internet and to offer some reflections on the role of storytelling in customer engagement by retailers. The chapter provides an outline of the characteristics of storytelling within the corporate world and reviews the ways storytelling is employed by the UK’s top ten retailers to improve customer engagement. This review suggests that while the selected retailers posted stories on the internet to promote and publicise a wide range of topics, customer engagement was the fundamental underlying theme. The authors suggest that the retailers’ use of storytelling in customer engagement raises a number of issues, including the ways stories can be used to enhance customer engagement and brand loyalty and challenges to the positive images of retailers look to portray in the stories they post on the internet.

Section 2

Ethical Consumerism in the Nexus of the Political, Corporate, and Consumer Perspectives

Chapter 5

Approaches to the Circular Economy	73
<i>Peter Jones, University of Gloucestershire, UK</i>	
<i>Robin Bown, University of Gloucestershire, UK</i>	

The concept of the circular economy, which looks to reduce the demand for raw material inputs and natural resources and to recover, reuse, and recycle those inputs and resources as an integral part of the production process, is attracting increasing attention from business corporations. A transition to a more circular economy will bring major changes for consumers, in patterns of consumption and in the consumption process. At the same time, there is growing interest in the concept of the circular economy and in its implications for consumption amongst academic researchers. This chapter outlines the concept

and characteristics of the circular economy, offers a review of the nature and variety of academic research literature on the circular economy, and explores some of the challenges facing researchers who look to examine its operation within the business environment. While the focus of the chapter is firmly on the circular economy, it also raises a number of issues that have wider and deeper significance for consumer consumption.

Chapter 6

Are Businesses Washing Consumerism With Green Ideology? The Green Marketing Oxymoron 92

Marta Massi, Università Cattolica del Sacro Cuore, Italy

Caterina Francesca Ottobri, Università Cattolica del Sacro Cuore, Italy

This chapter reviews the literature on green marketing from the sustainable marketing phase to the latest paradigm of green marketing based on the concept of consumer empowerment and customer-initiated innovation process. In particular, the authors delve into the evolution of green marketing in order to highlight critical contrasts including product-based vs. service-based green marketing approach; physical vs. online distribution of green products/services; positioning and communication vs. branding strategies; passive vs. active/empowered role of consumers; and top-down (business-initiated) vs. bottom-up (customer-initiated) green-based innovation. This chapter illustrates, through a series of cases and consumer insights, the contradictions and controversies of green marketing. The chapter shows how customer participation and value co-creation have changed the way green products are consumed and developed and have forced organizations to adopt completely new business models.

Chapter 7

Ethical Consumerism in Tourism: The Evolution of the Responsible Tourist Attitudes – Between Definitions and Tribal Behaviors 110

Erica Mingotto, Ciset, Ca' Foscari University, Italy

Federica Montaguti, Ciset, Ca' Foscari University, Italy

Luca Scarpellini, Ciset, Ca' Foscari University, Italy

The chapter focuses on responsible tourism as a form of ethical consumption, based on conscious travel choices and behavior. There is a growing demand for responsible tourism, although it seems to be characterized by some inconsistencies, both between tourists' intention and concrete behavior and between these behaviors and the official definitions promoted by the industry and institutions. Starting from the analysis of a recent survey about responsible tourism on the Italian market, the chapter then tries to investigate and explain these gaps, by applying the perspective of social studies and of researches on consumer tribes and new consumers' communities. The findings of the survey discussed in the chapter seem to confirm that consumers have their own perception of responsible tourism and that the meaning is discursively constructed within and outside responsible tourists' communities. Therefore, the intention-behavior gap and the difference between tourists' account of responsible tourism and "institutional" definitions cannot be categorized as true inconsistencies.

Chapter 8

Ethical Consumerism and Effectiveness From a Cause-Related Marketing (CRM) Perspective 134

Soney Mathews, Department of Commerce and Management, St Joseph's College of Commerce (Autonomous), Bangalore, India

Suja R. Nair, Educe Micro Research, Bangalore, India

There is a growing public awareness of ethical issues along with rising disposable income and increase in education and knowledge. This is triggering the ethical conscience of consumers and leading them to ethical consumerism. Ethical consumerism has grown out of the consumer interest and concern on issues and the practical application of marketing ethics to their purchase behaviors. Consumers are gradually accepting this phenomenon of ethical consumption as part of the lifestyle. In order to bring a change in the attitude of consumers towards ethical consumerism, corporates have started taking an initiative by incorporating a new method of marketing activity and tool called cause-related marketing (CRM). Ethical consumerism based on CRM campaign needs to be effective to build a corporate image. This study is an attempt to understand ethical consumerism and its effectiveness from the perspective of CRM and how it benefits the businesses.

Section 3

Consumerism From the Perspective of Innovation Triggered by the Digitalized Environment

Chapter 9

Innovation Resistance: A Rising Tide of Consumerism..... 155

Dursun Yener, İstanbul Medeniyet University, Turkey

Mertcan Taşcıoğlu, İstanbul Medeniyet University, Turkey

Innovation resistance has become a subject of increasing concern to academics and practitioners in recent years. Dealing with innovation resistance appropriately plays a very important role for companies. In this chapter, innovation resistance is examined in the context of consumerism. Innovation resistance concept and innovation resistance models are explored thoroughly and the relationship with innovation resistance and perceived risk is emphasized in the context of consumerism. Then, overcoming innovation resistance and the ways how to deal with barriers are explained and finally this chapter concludes with a summary of the chapter and managerial implications.

Chapter 10

Creating Relationships Based on Emotional Bonds With Generation Y in Virtual Environment: A Mediating Role of Gender..... 176

Magdalena Kowalska, University of Szczecin, Poland

Studies show that in a dynamically changing market saturated with new technologies, enterprises wanting to become competitive, should implement online strategies based on building relationships with the consumer as long-term relationships are more profitable. These companies should strive to build brand loyalty with their consumers. These relationships may be considered at various levels, including the behavioral and affective dimension. Research shows that, out of these two dimensions, the affective level based on the customer emotional involvement creates true loyalty. Therefore, it is important to understand what affects building the strength of relationships in this particular dimension. The purpose of this chapter is to explore the role and contributing factors for creating relationships at the emotional level with Generation Y in a virtual environment. This chapter presents a model of tools that divides relationships built in the affective dimension defined by two groups: ‘belonging and involvement’ and ‘an added value for customers’.

Chapter 11

Airbnb and Collaborative Housing: From Anti-Consumerism to a New Way to Democratize Vacation Consumption	203
<i>Marta - Barrios-Manrique, Comillas Pontifical University, Spain & Inditex, Spain</i>	
<i>Ana I. Jiménez-Zarco, Open University of Catalonia, Spain & Comillas Pontifical University, Spain</i>	

This chapter seeks to identify the variables that influence the demand for a product or service considered as collaborative consumption, particularly, which are the factors that most affect the choice of a hosting or another in AirBnB. The chapter starts with an overview of collaborative consumption and how it is positioned in the sharing economy as a technological phenomenon. Then the authors present the role of digital platforms in this context, and finally, they present the theoretical model with the aim to identify what variables influence the demand of a product or service considered as collaborative. To validate the model, a logistic regression analysis was performed. The results obtained show how some of the predictors have a significant importance in consumer purchase. The chapter ends by presenting some conclusions of interest to those web users, who decide to use it as a platform to advertise their accommodations.

Section 4

Consumerism Cases in Selected Industries and Countries

Chapter 12

An Integrated, Multi-Agency, Consumer-focused, Safety Management Approach in the Sports Industry	222
<i>George Yiapanas, University of Nicosia, Cyprus</i>	
<i>Alkis Thrassou, University of Nicosia, Cyprus</i>	
<i>Demetris Vrontis, University of Nicosia, Cyprus</i>	

Over the past decades, European football went through a large number of tragedies, mainly due to the absence of an integrated framework that could enable every involved agency to operate under specific safety procedures and laws. It is commonly perceived that disorder behaviour has adverse effects on football, minimising potential revenues and obliterating the consumer's experience. Football's unique structures involve a large number of agencies that need to constantly adopt specific safety approaches in order to create a sustainable environment and provide entertainment and pleasure to the consumers. The purpose of this chapter is to theoretically recognise the generic football safety management guidelines introduced by the European institutions over the years in order to minimise the problem and create a safe atmosphere for the consumers. In addition, the research will identify and decode the key actions taken by the authorities in Cyprus as a response to the problem in order to draw critical lessons both for and from the case study.

Chapter 13

Social Media and Consumer Behaviour Towards Luxury Brands: An Exploratory Study in Cyprus	242
<i>Foteini Yiangou, University of Nicosia, Cyprus</i>	
<i>Ioanna Papasolomou, School of Business, University of Nicosia, Cyprus</i>	
<i>Alkis Thrassou, School of Business, University of Nicosia, Cyprus</i>	
<i>Demetris Vrontis, School of Business, University of Nicosia, Cyprus</i>	

In recent years there has been an upsurge of interest in social media (SM). SM has ushered a new era of communication between organizations and key stakeholders and has forced brands to change dramatically the way they interact with their target markets. Luxury brand marketers have recently turned their attention to customer-driven SM devoted to their brands recognizing the role SM plays in their marketing strategies. Key consumer behavior concepts such as motivation, interaction, and SM provide the theoretical foundation. The purpose of this chapter is to explore the relationship between SM and consumer behavior towards luxury brands. Empirical data was collected from 110 Cypriot SM users who look for information on SM about luxury brands. The aim was to explore whether SM influences consumer behavior of both male and female Cypriot consumers and whether there are any distinct behavioral differences between the two genders. This study provides recommendations to luxury brands to understand the nature of consumer behavior and brand-customer relationship in using SM.

Chapter 14

Emotional Intelligence Towards Customer Relationship Marketing: The Case of Retail Banking in Lebanon..... 263

Grace Al Khoury, School of Business, University of Nicosia, Cyprus

Alkis Thrassou, School of Business, University of Nicosia, Cyprus

Ioanna Papasolomou, School of Business, University of Nicosia, Cyprus

The chapter adopts a theoretical approach to exploring the existing literature on emotional intelligence models and customer relationship marketing concept with the aim of proposing a ‘new’ conceptual model interlinking emotional intelligence (EI) and customer relationship marketing (CRM). The proposed conceptual model will then be re-developed on the basis of the findings that will emerge from a qualitative case study research carried out in the Lebanese retail banking sector. The fact that the focus of this study is on the Lebanese market could potentially ‘fuel’ the topic with more controversy due to the impact of the Lebanese culture affecting both the banks’ organisational culture and the front-line employee behaviour. Based on an extensive search of literature, one can conclude that EI significantly affects the retail banking sector. The research study aims at interlinking EI theory with frontline employee behavior in the context of CRM through combining existing models, theoretical research and secondary data.

Chapter 15

Evaluating the Effectiveness of Loyalty Programs in the Retail Sector: The Lebanese Case 285

Simona Abdo, Lebanese International University, Lebanon

Demetris Vrontis, University of Nicosia, Cyprus

Sam El Nemar, AZM University, Lebanon

Jihan Arraj, Lebanese International University, Lebanon

Developing customer loyalty is a significant goal of marketing, and loyalty programs are the means through which practitioners can reach it. Keeping loyal customers is a vital aspect for their success and keeping current customers is cheaper than attracting new ones. Today, loyalty programs are playing an increasingly significant role in organizations’ relationships with their customer base across a variety of industries. Towards this direction, the aim of this study was to examine how Lebanese consumers view rewards from loyalty programs and to what extent this reward is meaningful for them. This study is based on a survey among 225 customers that own a loyalty card, of some major retail stores in Lebanon. Based on the findings, key relevant points were obtained and used for further development of loyalty programs, which can be adapted to the consumption behaviour of the Lebanese consumer. Finally, the outcome of this research will help marketers to plan efficiently their marketing plan based on customer’s perception toward the reward therefore increasing profits in retail markets.

Compilation of References	304
About the Contributors	355
Index.....	360

Preface

The book synthesizes the topic of consumerism from a variety of perspectives: political, corporate and customer related. It aims to contribute to the ongoing debate of truly customer centric marketing strategies and business models pointing the way to a more democratized and collective consumption in an increasingly shared economy. Triggered by the growing concern of ethics, consumerism and corporate social responsibility within the marketing knowledge stream, in both, academia and industry, we edited a comprehensive handbook with IGI Global in 2014 titled *Handbook of Consumerism in Business and Marketing: Concepts and Practices*. Due to the success and demand of the book and the topic, this new edition on contemporary issues has been invited by the publisher. Thus, this edition is a continuation and revisit entailing some new contemporary perspectives of consumerism that affect marketing strategists and day to day business and marketing activities. This book concisely summarizes up to date knowledge on associated concepts and dimensions epitomizing the increasing importance of customer orientation and consumer welfare whilst developing sustainable competitive advantage. The reader gets familiarized with the specific factors of different latest dimensions of consumerism from both academic (based on conceptual and empirical perspectives) and practical standpoints.

Historically, consumerism was gradually evolving from the social welfare bill initiated by the late US President John F. Kennedy which is popularly known as “Consumers’ Bill of Rights”. This social welfare bill has given rise to the consumerist activism/movement and was further enhanced by Ralph Nader in his book “Unsafe at any speed”. In this wave, this movement has gradually refined the academic concept in business and marketing named “Consumerism”. The marketing philosophy embraced the societal marketing concept both, in academic and practical terms. Consequently, the modern era of marketing should reflect customer centricity and consumer welfare. The Societal Marketing and, lately, the Curative Marketing Concept calling to readdress the imbalances created by Marketing, are gaining increasingly widespread recognition in the marketing discipline. Though, there was an increased importance of this topic in academia and industry, it has always been difficult to find a comprehensive research reference book on consumerism covering all the major issues that will serve as an urgently required firsthand knowledge to marketing academics, students and practitioners alike. With this objective in mind, the 2014 version of our consumerism handbook was published. The steady continuous growth of the consumerism concept further urged to add another edition that will reveal some contemporary detail, differentiations and categorizations of this concept. In this context, the new edition contributes to an even better understanding of the consumer in terms of her/his emotions, memories, attitudes, life style, individual and collective involvement and still existing cognitive dissonance, contradictions and controversies in relation to Consumerism.

Preface

The book portrays and synthesizes the contribution of contemporary aspects of consumerism that are impacting not only consumers but as a whole also the broader surroundings of our community and society. The main goal of this book remains the same: based on individual and increasingly collective consumer concerns to contribute to ensuring the long-term societal benefit possibly provided by consumption.

TARGET AUDIENCE

The book can be regarded a nexus between research and practice with an international orientation. As a result, the book is expected to serve as a high level reference to the University library, researchers, research students and practitioners alike. Since the topic of the book covers the most salient consumerism dimensions, it will also help to prepare an upper-level course supplement in the marketing discipline like consumer behavior, marketing management, strategic marketing etc. Finally, the book illuminates consumerism from a managerial/strategic standpoint and, thus, it will be a useful resource and reference to marketing practitioners, especially in the area of Customer Care, Consumer Advisory Cell or Customer Complaint Department etc.

OBJECTIVES/PURPOSE OF THIS BOOK

This book contains innovative contributions on consumerism dimensions from both an academic point of view as well as practical/application perspective. Hence, it will serve as a comprehensive guide and reference to both academics and practitioners since it will broaden their understanding of the role of these different cutting edge dimensions of consumerism as learning tools for the academics, marketing students and marketing practitioners.

The book contains 15 chapters critically engaging the reader with mainstream consumerism concepts under four sections.

The overall structure of the book has been designed to achieve the overall objectives of the book - to provide deeper conceptual understanding on Consumerism in terms of consumer perspective along with its nexus with the broader environment in society in terms of political, corporate, digitalized media and innovation aspects. The chapters under these sections constitute both theoretical and empirical approaches as well as reviews and insights from case analysis. Finally, practical implications in selected industries and countries are illustrated. The first section entitled consumerism issues with a focus on consumer perspectives explains the ethical and consumerist issues from different consumer behavioral perspectives. The chapters in this section are also revealing the consumers' ethical and consumerist perspectives in some specific sectors like apparel and retail. The next section is representing the ethical consumerism issues in the nexus between the political, corporate and consumer perspectives. The chapters under this section are highlighting the ethical consumerism views from an economic, green and environmental as well as today's most attractive foreign exchange earning tourism angle. The third section portrays consumerism issues from an innovation perspective in the digitalized society and economy. Chapters under this section provide some innovative consumerism related ideas in various digitalized environments. The last section that constitutes some selected consumerism case studies in selected industries and countries sheds light on the safety management approach in the vibrant sports industry, social media

marketing for luxury brands in Cyprus, idiosyncrasies in the retail banking sector in Lebanon regarding Customer Relationship Marketing and on the effectiveness of loyalty programs in the Lebanese setting.

RATIONALE OF THE SEQUENCE OF THE CHAPTERS WITHIN THE DIFFERENT SECTIONS

Section 1 begins with an experimental study by De Angelis, Amatulli and Bucciarelli (Chapter 1) analyzing the mechanisms behind the purchase preferences for fair trade apparel products by investigating the role of emotions. The study examines the role of emotions in determining the purchase of ethical products. The next chapter of this section (Chapter 2) by an empirical study of Vrontis, Maarabani and El Nemar analyzed factors affecting the consumer purchase behavior towards counterfeit products, and attitudes' effect on the purchase intention of consumers. Through a survey conducted on 200 university and college students applying qualitative and quantitative methodologies the study reveals that customer behavior towards counterfeit products has a positive relationship with brand image, social influence, novelty seeking, intention and price-quality inferences. The third chapter of this section (Chapter 3) by Hirogaki is a case study based on Michael Porter's creating shared value (CSV) framework. Particularly, this chapter presents retailer's CSV activities in Japan, wherein the author addresses how the retailer contributes to the community through shopping support services in "food deserts" that supply fresh food to improve consumers' health and wellness. The last chapter of the section (Chapter 4) by Jones and Comfort is an exploratory review of how leading UK retailers are using storytelling to engage customers in the Internet. The chapter provides an innovative outline of the characteristics of storytelling within the corporate world and reviews the ways storytelling is employed by the UK's top ten retailers.

Section 2 starts with a chapter (Chapter 5) by Jones and Bown on a broader economic perspective of consumerism. This chapter outlines the characteristics of the circular economy, an economy that involves reducing the demand for raw material inputs and natural resources and to recover, reuse and recycle those inputs and resources as an integral part of the production process. It offers a review of the nature and variety of academic research literature on the circular economy and explores some of the challenges facing researchers who look to examine its operation within the business environment. While the focus of the chapter is firmly on the circular economy it also raises a number of issues which have wider and deeper significance for consumer consumption. The second chapter of this section (Chapter 6) by Massi and Ottobri reviews the literature on green marketing from the sustainable marketing phase to the latest paradigm of green marketing based on the concept of consumer empowerment and customer-initiated innovation process. This chapter illustrates, through a series of cases and consumer insights, categorizations as well as contradictions and controversies of green marketing. The chapter shows how customer participation and value co-creation have changed the way green products are consumed and developed and have forced organizations to adopt innovative business models. The next chapter (Chapter 7) of this section by Mingotto and Montaguti focuses on responsible tourism as a form of ethical consumption, based on conscious travel choices and behavior. The findings of the survey discussed in the chapter seem to confirm that consumers have their own perception of responsible tourism and that the meaning is discursively constructed within and outside responsible tourists' communities. Therefore, there are inconsistencies in terms of an intention-behavior gap and the difference between tourists' account of responsible tourism and "institutional" definitions. The last chapter of the section (Chapter 8) by Soney and Nair is focusing on ethical consumerism from the perspective of cause related marketing. This study

Preface

is an attempt to understand ethical consumerism and its effectiveness from the perspective of CRM and how it benefits the businesses.

Section 3 starts with a chapter on the innovative context of consumerism (Chapter 9) by Yener and Taşçioğlu. In this chapter, innovation resistance is examined in the context of consumerism. The innovation resistance concept and innovation resistance models are explored, and the relationship with innovation resistance and perceived risk is emphasized. The next chapter of the section (Chapter 10) by Kowalska is on emotional bonds with Generation Y in virtual environments. The purpose of this chapter is to explore the role and contributing factors for creating relationships at an emotional level with Generation Y. This chapter presents a model that differentiates relationships built in the affective dimension by two groups: 'Belonging and involvement' and 'An added value for customers'. The last chapter of the section (Chapter 11) by Barrios-Manrique and Jiménez-Zarco seeks to identify the variables that influence the demand for a product or service considered as collaborative consumption, particularly, the factors that most affect the choice of a hosting or another in AirBnB. The chapter presents a model. To validate the model, a logistic regression analysis was performed. The results obtained show how some of the predictors have a significant importance on consumer purchase. The chapter ends by presenting some conclusions of interest to those web users, who decide to use it as a platform to advertise their accommodations.

The last section (section 4) commences with a study (Chapter 12) by Yiapanas, Thrassou and Vrontis in the vibrant sport sector, i.e. European football. Basically, the purpose of this book chapter is to theorize the generic football safety management guidelines introduced by the European institutions over the years in order to minimize the problem and to create a safe atmosphere for the visitors. In addition, the research identifies and decodes the key actions taken by the authorities in Cyprus as a response to the problem, in order to draw critical lessons both for and from the case study. The next chapter of this section (Chapter 13) by Yiangou, Papasolomou, Thrassou and Vrontis is an exploratory study about the influence of social media communication on consumer behavior in the luxury segment from the perspective of Cypriot consumers. Empirical data was collected from 110 Cypriot Social Media users who look for information about luxury brands. The aim is to explore whether Social Media influence consumer behavior of both, male and female Cypriot consumers and whether there are any distinct behavioral differences between the two genders. This study provides recommendations to luxury brands to understand the nature of consumer behavior and the brand-customer relationship in using Social Media. The next chapter of the section (Chapter 14) by Al Houry, Thrassou and Papasolomou adopts a theoretical approach to exploring the existing literature on emotional intelligence models and the customer relationship marketing concept with the aim of proposing a 'new' conceptualization interlinking Emotional Intelligence (EI) and Customer Relationship Marketing (CRM). Based on an extensive search of the literature, one can conclude that EI significantly affects the retail banking sector. The research study aims at interlinking EI theory with frontline employee behavior in the context of CRM through combining existing models, theoretical research and secondary data. The last chapter of the book (Chapter 15) by Abdo, Vrontis, El Namar and Arraj is about the effectiveness of loyalty programs in the Lebanese retail sector. The chapter is based on a survey among 225 customers that own a loyalty card of some major retail stores in Lebanon. Based on the study loyalty programs can be further developed and adapted to the consumption behavior of the Lebanese consumer. Finally, the outcome of this research will help marketers to effectively design a marketing plan based on customer's perception toward the rewards, hence, increasing profits in retail markets.

THE VALUE OF THE BOOK

In this modern marketing era, customer centricity and customer welfare have become center stage of every marketing activity. In this wave, within the last few years various societal, Curative marketing and consumerist concepts/dimensions are achieving widespread recognition in both the scientific and executive community. Against this backdrop, we edited a handbook on consumerism with the publisher in 2014 which delivered some innovative concepts and a synthesis on the consumerism concepts entailing some new emerging perspectives. This edition is a continuation of the journey that highlights some innovative dimensions and contexts related to fair trade apparel, counterfeit products, Creating Shared Value (CSV), or storytelling from the consumerism perspectives in retail sectors. This book also reveals the broader context of the consumerism phenomenon like issues regarding the the circular economy, the green marketing oxymoron along with blended practices on cause related marketing. An emerging canvas of the innovative and digitalized environment in the context of consumerism has also been addressed urgently necessitating changes in marketing strategies. Finally, the growing importance of this holistic concept of Consumerism has been brought forward through illustrating some cases in some selected industries like sports, banking, luxury brands and the retailing sector.

Acknowledgement

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Section 1

Consumerism Issues With a Focus on the Consumer Perspective

Chapter 1

Ethical Consumption: The Role of Emotions in the Purchase of Fair Trade Apparel Products

Matteo De Angelis

LUISS University, Italy

Cesare Amatulli

University of Bari Aldo Moro, Italy

Valentina Bucciarelli

LUISS University, Italy

ABSTRACT

This chapter focuses on ethical consumption, analyzing the mechanisms behind the purchase preferences for fair trade apparel products through an investigation of the role of emotions. The results of an experimental study show that consumer preference for a fair-trade clothing item is driven by the recall of an unethical action and the emotional state aroused by it. The authors hypothesize that recalling an unethical action would trigger a negative emotional reaction in consumers, which, in turn, would increase their preference for a product carrying the fair-trade certification versus a product carrying a more traditional quality certification. Contrition has emerged as the negative emotion that mediates the effect of recalling an unethical action on product choice. The results shed light on a compensatory mechanism whereby consumers alleviate negative emotions arising from recalling an unethical behavior they had engaged in by making an ethical purchase.

INTRODUCTION

In the last decades, public opinion's attention toward the issue of ethical consumption, often referred to as "responsible" or "conscious" consumption, has significantly increased on a worldwide basis, influencing consumer purchasing choices, companies' policies and supply chain management. Indeed, ethical consumption is nowadays commonly associated with the need and the opportunity to preserve social and

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environmental wellbeing. However, ethical consumption encompasses a wider range of concerns, ranging from animal welfare to working condition standards, from human rights to health issues, from human wellbeing to environmental and community sustainability. Ethical consumption may also be associated with non-consumption actions, such as boycotts aimed at punishing companies for their unethical behavior (Pellandini-Simányi, 2014). Indeed, according to Starr (2009, p. 916), ethical consumption can be defined as “purchasing and using products and resources according not only to the personal pleasures and values they provide but also to ideas of what is right and good, versus wrong and bad, in a moral sense”. Interestingly, academic literature has been investigating the ethical consumption phenomenon for quite long time. To illustrate, Mintel (1994) found that consumers’ purchasing decisions are influenced by a wide range of ethical issues, such as oppressive regimes, human rights, labor conditions, environmental issues, irresponsible marketing, animal testing and industrial agriculture. Indeed, consumers nowadays purchase and recommend products also on the basis of brands’ ethical reputation, which has become a determining factor for brand loyalty (Alwi et al., 2017; Forte & Lamont, 1998).

However, given the centrality of ethical consumption in today’s consumers’ life, greenwashing, defined as “the disinformation disseminated by an organization so as to present an environmentally responsible public image” (Oxford Dictionary, 2016) and, in general, all marketing campaigns aimed at protecting Corporate Social Responsibility (CSR), thus the achievement of commercial success respecting ethical values, people, communities, and the natural environment (Bhattacharya & Sen, 2004), may no longer be so influential as in the past. Therefore, in today’s increasingly digitalized world, where transparency often drives choices, companies must keep up with the growing demands for ethical behavior, from employee rights and gender discrimination to the care of the environment. Indeed, worldwide, hundreds of organizations and institutions aimed at researching and promoting ethical business behavior are born. Ethical and social marketing has become a central topic in marketing conferences as well as in academic research. Importantly, the higher the connection between marketing and ethics the higher the need for companies to embrace more ethical processes (Laczniak, 1993).

The Internet, moreover, has paved the way for international consumer groups and organizations to coordinate activities aimed at raising awareness at a global level. For instance, websites such as www.saigon.com/nike or www.mcspotlight.org, platforms of Nike and McDonalds boycott campaigns, are the result of some of these activities. Indeed, if on the one hand consumers are certainly willing to reward, choose and recommend a product or a company for its ethical behavior, on the other hand consumers are ready and able to boycott products or companies, if they are aware about questionable production methods or processes. Importantly, nowadays consumers have also the opportunity to express their concerns through established organization such as Greenpeace, Friends of the Earth or Amnesty International, which stimulate the growth of boycotts and activist attacks. As a consequence, scholars have started investigating such trends and have recently introduced the concept of consumer “brand sabotage” (Kähr et al., 2016) to indicate consumers who, being empowered by new technologies and driven by negative experiences with a brand, become hostile and determined to cause damage to that brand. Such consumers, known as “saboteurs”, may have a dramatic negative impact on the reputation of a brand.

In response to such growth interest of consumers toward more ethical business practices, most of the companies that had been traditionally considered almost immune to such issues, have been taking serious actions aimed at making a positive societal contribution. For instance, one the first actions that multinational companies have taken to embrace ethics has been the development and the publication of their “codes of conduct” in order to demonstrate to the markets their commitment to social engagement.

Ethical Consumption

The issue of ethical consumption is quite well captured by the *fair trade* phenomenon. Fair trade refers to commercial partnerships, based on dialogue, transparency and respect, aimed at reaching greater equity in the context of international trade. In particular, Hira and Ferrie (2006, p. 108) defined fair trade as “a part of the wider new conscience in development towards empowerment, trade, and self-definitions of development, and away from reductionist and paternalistic practices of foreign aid”. Thus, for instance, fair trade contributes to sustainable development by offering better trading conditions and guaranteeing minimum prices to producers. Moreover, by satisfying certain labor and production standards, companies obtain specific certifications for their products. From a global point of view, fair trade represents a movement that seeks to reduce the negative effects of globalization, happening in developing countries, which typically play the role of suppliers of raw materials and production facilities. Importantly, the fair trade phenomenon and its success strongly depend on the perception of consumers and on their willingness to buy products that result from fair trade processes. Therefore, this study takes a consumer behavior perspective to the study of fair trade and, in order to shed light on the mechanisms that may influence consumers’ preference for fair trade products, investigates the role of emotions in driving consumers’ decision to buy products carrying the fair trade certification. More specifically, we hypothesize that recalling an unethical action might trigger a negative emotional reaction, which, in turn, might increase the preference for fair trade products. Indeed, the purchase of fair trade products may be thought to be driven by a compensatory behavior, through which consumers try to redeem themselves and react to some negative emotions activated by something negative they have done. We tested this hypothesis in an experiment in which consumers were asked to remember an episode in which they engaged in an unethical action and, subsequently, to indicate whether they would purchase a product with fair trade certification or a product with quality certification. Results of this experiment revealed that negative emotions play a fundamental role as they mediate the positive relationship between recalling unethical actions undertaken by consumers and their tendency to purchase a fair trade product. This finding contributes to the literature on ethical consumption and increase knowledge in the marketing stream of consumerism, as well as it offers managerial implications for both organizations and private companies that are interested in the development of the fair trade products and processes on a global scale.

THEORETICAL BACKGROUND

Purchase Behavior and Fair Trade Products

The magnitude of the ethical consumption phenomenon is highlighted by data related to the Fair Trade networks that nowadays incorporates over 35,000 products distributed into 140 countries worldwide. Indeed, in 2016, according to the annual report “Creating Innovations, Scaling Up Impact” (2017), worldwide sales of FairTrade International certified products reached € 7.88 billion, with a particularly relevant growth for certified products such as coffee (3%), cocoa (34%), sugar (7%), bananas, tea, flowers and plants (5%).

Building on the relevance of the phenomenon, some scholars have started focusing their studies on issues related to the fair trade development. Results of most of the consumer behavior studies converge in showing that, along with other elements such as the brand and the price, the presence of fair trade certification is the product attribute consumers seems to derive most utility from. Indeed, the presence of fair trade certification significantly affects both consumers’ purchase intention and willingness to pay.

In particular, the study conducted by Nandonde (2012), aimed at understanding the factors influencing the purchase intention of Fair trade coffee in the United Kingdom, demonstrates that ethical production techniques and fair trade product are the main elements influencing consumers' intention to buy coffee. Findings reveal that the issue of "ethical food" is central in the UK and consumers are interested in understanding and controlling how products they buy have been produced. In addition to the fair trade characteristics, other elements that resulted influencing the purchase process were "quality" and "taste", while price was not among the main influential attributes. Also, another study conducted in UK by Konopka et al. (2016) showed that the brand has the highest importance in the choice of coffee consumption, followed by price and fair trade logo. Overall, therefore, it is possible to conclude that the presence of the fair trade logo is among the main factors influencing consumers' purchase intention.

Similar insights emerged from a study conducted in Italy by Rotaris and Danielis (2011), demonstrating that the brand is the primary attribute influencing purchase decisions regarding coffee, followed by price, consumption habits and fair trade certification. However, this study revealed that the relevance of such attributes varies according to consumers' characteristics such as gender, age, employment and consumer shopping habits. More specifically, younger consumers with a relatively low level of education usually want to pay a low price and, therefore, are more sensitive to this product attribute. Differently, mature consumers, housewives or retired consumers are mainly driven by habits. However, also this study emphasizes the role of ethical consumption, showing that the fair trade label plays an important role in the decision-making process and influences the willingness to pay, especially in younger consumers with high levels of education, who are more sensitive to ethical issues. Those findings are consistent with the study developed by Devitiis et al. (2008) that showed that younger age, female sex and a higher level of education are positively correlated with greater willingness to pay for fair trade coffee. Partly discordant outcomes emerge from the research of Gallenti et al (2016), aimed at investigating purchase attitudes towards coffee. Results of this study show considerable heterogeneity among respondents, whereby only slightly more than half of the participants showed a positive willingness to pay for fair trade coffee.

In general, results of academic studies conducted in Europe, where the fair trade and conscious consumerism originated, show that the attention to fair trade products is greater compared to other places such as U.S. For instance, analyses conducted in the United States by Wolf and Romberger (2010) indicated that the purchase of fair trade coffee was attractive only for a small percentage of consumers. Indeed, this research showed that fair trade coffee was perceived as of lower quality and taste compared with conventional coffee marketed by the same brand; taste, flavor, price and value for money were more important attributes. According to Basu and Hicks (2008), a possible explanation for these results could be represented by the lack of knowledge about the scope of fair trade certification, which might cover such diverse issues as the production process, the impact on the environment, the improvement of livelihoods and the wellbeing of both consumers and producers. Indeed, Carrigan and Attalla (2001) suggested that "the ethics era" can strengthen only with aware, educated and informed consumers. However, as highlighted by previous literature, the typical consumer is on average not well informed about the meaning of fair trade and its related network (e.g., Wolf & Romberger, 2010, Rotaris & Danielis, 2011). Specifically, one out of three consumers seems to ignore the meaning of fair trade, about 20% believe that it is the result of the World Trade Agreement and 10% think that fair trade and free trade are the same thing (Wolf & Rosemberg, 2010). Similarly, according to the research by Shang-Ho Yang et al (2012), only 34% of consumers know relevant information on fair trade coffee. Indeed, Shang-Ho Yang et al. (2012) emphasize the importance of future training on fair trade products. Consistently, Paetz and Guhl (2017) investigated consumer behavior with fair trade products; more specifically, they observed

Ethical Consumption

the willingness to pay for fair trade juice. Interestingly, differences in willingness to pay were showed across respondents on the basis of gender, frequency of consumption and CFC (“Consciousness for Fair Consumption”), which refers to the level of knowledge of fair trade and of the propensity towards more conscious consumption choices. In sum, Paetz and Guhl’s (2017) results emphasize that if consumers understand the nature of fair trade, then they are more likely to feel involved in the cause and are more willing to pay higher prices for those products.

Interestingly, Konopka et al. (2014) have investigated the role of altruism within the dynamics of the purchasing decision-making processes related to fair trade products. In particular, they investigated the incremental utility of the fair trade label and its relationship with the level of altruism of respondents, hypothesizing that altruism could moderate the effect of fair trade on consumers’ willingness to pay a premium price. Results showed that price is the most relevant attribute, followed by the brand, and that the fair trade label increases consumers’ preferences by positively influencing the purchase intention and the willingness to pay. However, findings did not show any role of altruism; there was no relationship between altruistic attitudes and preferences for fair trade products. Therefore, although fair trade products are preferred to conventional products, this preference is not related to consumers’ level of altruism; the fair trade label simply helps distinguish a product on the shelf, differentiating it from competitors.

However, other studies with similar hypotheses showed different, almost opposite, results. To illustrate, Brecard et al. (2012) found psychographic and socio-demographic differences among consumers who prefer healthy, eco-friendly and fair trade seafood products. According to their results, consumers preference for “fair trade, healthy and ecofriendly” products importantly depends on their ethical and social values. Furthermore, consumers who prefer products with a fair trade label are more altruistic than those who prefer healthy products. Also the study conducted by De Pelsmacker et al. (2005) shows different results compared to Konopka et al. (2014); the brand results being the most important attribute followed by the label and the flavor. Respondents were segmented according to their willingness to pay for each attribute (including fair-trade), socio-demographic characteristics and personal values. Ideals and values turned out to be a discriminating factor for the willingness to pay. Indeed, the correlation between idealism and willingness to pay a surcharge for fair trade coffee was significant; the more an individual has strong ideals the more he/she is willing to spend money for fair trade products.

An analysis of previous studies, therefore, seems to show that most of the past literature has focused on ethical consumption and fair trade products applied to the food context. However, ethical issues, such as child labor and workers’ rights, are becoming central also in many other sectors. For instance, in the fashion industry, consumers’ ethical concern is growing as well as commitment of fashion companies to sustainability (Lundblad & Davies, 2016; Niinimäki, 2010). For instance, sweatshop, that indicates all those factories where the employees are exposed to significant safety risks and receive unfair wages (Ferguson & Ostmann, 2018), has been identified as one of the most relevant ethical concerns in the decision-making process regarding clothing purchases (Cooney, 2010; Shaw & Tomolillo, 2004). Indeed, a study conducted by Shaw et al. (2006) revealed that 90% of UK consumers declared to be willing to avoid retailers selling apparel produced in sweatshops. The same authors also found that one out of three consumers buy clothing items mainly driven by ethical concerns. Consumer expectations regarding social responsibility of apparel brands have increased considerably worldwide, as well as organized movements aimed at stopping human rights violations, child labor and polluting production processes (Adams, 2002). As in the food sector, even in the fashion industry, brand and price are not the only factors taken into consideration by consumers in the decision-making process. Indeed, nowadays consumers are also interested in knowing under which conditions products have been made. As a consequence,

several fashion companies, like for instance H&M or Timberland, have started including more “ethical” fashion lines in their offerings.

In both food and fashion, however, ethical consumerism is typically associated to moral consumption, which suggests that values play an important role in fair trade consumption. For this reason, some studies have specifically investigated how values influence consumers’ decision-making process related to the purchase of fair trade fashion products. Jägel et al. (2012), for instance, found that ethical values such as social justice, sustainability and respect for the environment have a relatively high incidence in consumption behaviors. Self-identity, product quality and style, even if with lower incidences, constitute other central factors in the decision-making process. Importantly, however, also in the fashion sector education and consumers’ knowledge regarding the production process and the fair trade activities is a decisive aspect, paired with products’ aesthetics and functionality (Dickson 2000). Indeed, also in fashion, knowledge of production practices makes consumers more responsible: the higher consumers’ understanding of ethical consumption the higher their propensity to spend money for fair trade products (Paulins & Hillery, 2009).

Moreover, the lack of knowledge about ethical issues and production processes in the fashion industry is one of the barriers to the expansion of sustainable fashion, as well as one of the explanations of the so-called attitude-behavior gap (see Claudy et al., 2013). From this point of view, the lack of consumers’ knowledge regarding not only the general ethical issues in the apparel industry but also the policies and activities of each specific company, represents a relevant research topic investigated by some scholars. For instance, Shaw et al. (2006) showed that even when consumers declare to be totally against the exploitation of workers, only about 30% of consumers declare that the latest purchase they had made was a fashion item produced in an ethical manner. Indeed, most of the participants of this study declared to have bought clothes knowing that they were unlikely to be sweatshop-free. Therefore, despite the clear intention to buy fair trade clothing, most of consumers admit they do not know whether their purchases are fair trade or not. Importantly, consumers are not always able or willing to verify the authenticity of the statements of “ethical production” made by the brands. Indeed, their knowledge is typically limited to information provided by companies that advertise their CSR on the Internet. Joergens (2006) pointed out that, beyond the limits of information, other causes behind the attitude-behavior gap are the limited choice of sustainable clothing available in the market and the high prices of more sustainable versions. Moreover Joergens (2006) argued that product characteristics such as price, quality and appearance have greater importance than ethics; clothing should not only be sustainable, as it must also abide by the consumers’ stylistic needs. Consistently with such insights, Dickson (2001) found out that only a small percentage of a consumer sample considers the fair trade label as the most important feature, from which they derive the greatest utility; such consumers can be identified with the segment of “label users”, typically women, particularly favorable to socially responsible companies and concerned about the violation of workers’ rights.

Compensatory Behavior

Fair trade products are certainly characterized by a psychological dimension that may complement their functional value. Therefore, the present study is aimed at demonstrating that the purchase of products characterized by the fair trade label may convey psychological benefits, which in turn can reduce various forms of distress. This mechanism is typically associated to the so-called “compensatory behavior”, which indicates any purchase, use or consumption of products or services motivated by the desire to

Ethical Consumption

compensate or reduce a psychological discrepancy (Gronmo, 1997; Rucker & Galinsky, 2008; Lisjak et al., 2016). Such a behavior becomes a means of regulating the discrepancies of oneself, or the inconsistencies between the way one perceives the self and the way he/she wishes to be (Mandel et al., 2016). Indeed, human psyche tries to keep a series of intrinsic emotional aspects such as self-esteem, sense of belonging, and self-control in balance (Crocker & Park, 2004) and the compensatory behavior can occur when an imbalance occurs, when a person perceives a discrepancy or an incongruity between his own ideal self and the real one. For example, a person who fails an important test may consider himself/herself unintelligent, and therefore experience firsthand a discrepancy between the way he currently perceives himself/herself (i.e., not intelligent) and the way he/she wants to see himself (i.e., intelligent). Indeed, receiving negative feedback on a dimension related to the self or perceiving the self as inadequate is a source of discrepancy. Such discrepancies related to the self produce affective, physiological and cognitive consequences that can drive consumers to engage in behaviors that may reduce that discrepancy. More specifically, this kind of inconsistencies may trigger negative emotions such as disappointment, dissatisfaction, anxiety or dejection. Indeed, according to Heine et al. (2006), the experience of discrepancy is psychologically painful, resulting in anguish and nervousness. Then, some studies demonstrate that experiencing negative emotions trigger behaviors intended for mood repair (Gardner et al., 2014; Garg & Lerner, 2013).

Such a mechanism may also produce specific emotional reactions such as shame, guilt or embarrassment (Tangney, 1999), which in turn could lead to compensatory behaviors. Such psychological discrepancies may also derive from social comparisons, in which an individual compares his/her abilities with those of someone else (Mussweiler, 2003). For example, as documented in the work of Rucker and Galinsky (2008), feeling less powerful than others can induce consumers to have a greater willingness to pay for high-quality products in order to restore their feelings of power. Moreover, due to the need to establish and maintain social relationships, discrepancies can occur even when people feel socially excluded. Some studies suggest that after experiencing social exclusion, consumers feel a strong need for belonging; this need dampens when consumers purchase a nostalgic product, which allows to reaffirm their sense of belonging with significant others (Loveland et al., 2010). Other studies show that when self-discrepancies occur in terms of one's affiliation with others, consumers are more likely to buy products that are meant to stand out and signal status or membership in the social group (Dommer & Swaminathan, 2013; Duclos et al., 2013; Lee & Shrum, 2012). For example, Lee and Shrum (2012) demonstrate that consumers who felt ignored increased their levels of conspicuous consumption to get noticed, whereas consumers who felt socially rejected increased their donation behavior to improve their relational status.

A compensatory behavior may also be associated with a specific human tension represented by the conflict between the desire to be moral and the desire to benefit from the advantages of acting selfishly or immorally. Indeed, on the one hand, people often strive to be moral, because immoral behavior leads to a compromised self-image, to the judgment of others and, in some cases, to negative repercussions, while on the other hand, immoral behavior, such as cheating, stealing and behaving selfishly, can lead to immediate rewards. The tension between these competing incentives can lead to moral incoherence; for this reason, people often try to benefit from immoral behavior while maintaining a moral image of themselves (Mazar et al., 2008). Interestingly, Zhong and Liljenquist (2006) observed that compensatory behavior could also regulate the experience of negative emotions such as guilt and shame. Their findings have shown that, after recalling or reading an immoral act, commitment to cleanliness and personal hygiene (a form of moral purification) reduced sense of guilt and shame. Furthermore, while the

compensatory act of hand washing reduced moral emotions, it did not affect other emotions, suggesting a unique relationship between compensatory behavior and the specific moral emotions. In particular, the reduction of the sense of guilt through physical cleansing, after the recall of an immoral act, suggests that compensatory behavior can reduce such negative emotions. These findings shed light on the central role that emotions may play in the decision making process. Indeed, moral emotions act as a bridge between personal “standards”, moral intentions and subsequent behaviors; neuroimaging studies show that emotions are the main drivers of moral judgment (Greene & Haidt, 2002). In particular, emotions like guilt and shame have been recognized as emotions of self-consciousness, which increase awareness of one’s own transgressions (Tangney et al. 2007). However, according to Tangney et al. (2007), there is slight difference between shame and guilt. While shame refers to the self (for example in thinking, “I am a bad person”), guilt usually refers to a specific behavior (for example in thinking, “I did a bad thing”). Such theories, therefore, suggest that guilt, in particular, can play a central role in compensatory behavior, which is driven by the desire to compensate for transgressions made in the past. For instance, Ketaleer and Au (2003) found that feelings of guilt can trigger cooperation in terms of social bargaining. In their study, participants who reported feeling guilty after making selfish offerings in an ultimatum game were more likely to act cooperatively and make generous offers when the game was repeated at a later date. On the contrary, those who initially did not report feeling guilty continued to pursue selfish strategies even in subsequent games. This difference in acting, which is based on feelings of guilt, seems to show that when guilt arises, it drives positive behavior. These conclusions suggest the existence of a relationship between guilt and compensatory behavior, whereby guilt provides the motivation to compensate for incorrect or selfish past actions.

To illustrate, a study conducted by Sachdeva et al. (2009) investigated the relationship between compensatory behavior and interpersonal relationships. Participants were asked to write a short story about themselves or someone they knew using positive or negative words. After completing this written task, participants had the opportunity to donate part of their remuneration to a charity. Among participants who wrote a story about someone else, the amount of donations did not differ depending on the words (negative vs. positive) used in the descriptive text. However, participants who wrote a story about themselves using negative words donated five times more than those who wrote a story about themselves with positive words. Therefore, donation behavior has been specifically influenced by reflection on one’s own traits; negative references create a greater need to compensate. Moreover, in the work of Renetzky (2015), the relationship between compensatory behavior and sense of guilt was explored using a manipulation of memory and a compensatory task. Participants were asked to recall a moral transgression or a neutral memory; they then completed a compensatory monetary donation task. Participants reported their level of guilt before completing this compensatory task (pre-compensatory) and subsequently (post-compensatory). The results show that people have decided to donate more when they recalled a transgression rather than a neutral action. Furthermore, the pre-compensatory guilt was lower than the post-compensatory guilt, indicating that the compensatory behavior effectively reduced the sense of guilt.

ANALYSIS OF PURCHASING PREFERENCES FOR FAIR TRADE APPAREL PRODUCTS

Conceptual Model

As mentioned above, marketing literature has mainly investigated consumer behavior related to the fair trade perception in the food sector. Therefore, the present chapter is aimed at exploring the ethical consumption process applied to a different, though equally sensitive and relevant, context such as the fashion industry. Indeed, the fashion industry is, unfortunately, one of the most polluting ones and, although ethical fashion might sound like a paradox to many people, the growing demand for sustainability is heavily characterizing fashion consumption. As a consequence, most of the fashion companies feel the social pressure to increase their efforts, and thus the concept of fair trade is becoming a priority in this industry.

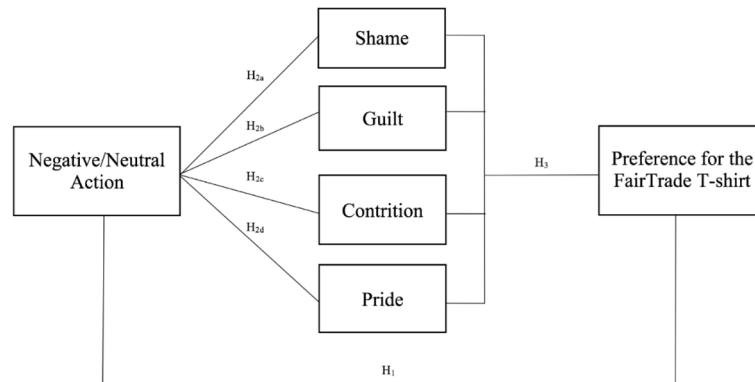
Through a consumer behavior perspective to the study of fair trade, this chapter explores the role of emotions in driving consumers' decision to buy apparel products carrying the fair trade certification. Indeed, against violations of human rights and imbalance of wealth across countries, fair trade inherently leverages on personal values and feelings. More specifically, consumers' awareness about issues such as violations of human rights in working places and the imbalance of well-being across countries might potentially trigger negative emotional reactions, in the form of regret, guilt, shame, embarrassment, and the like, which, in turn, may potentially affect subsequent purchasing behavior. Thus, we hypothesize that consumers' preference to buy products carrying the fair trade certification (vs. products not carrying that certification) is more likely to occur for consumers who have previously experienced negative emotions. In other words, we hypothesize and demonstrate that fair trade consumption might act as a compensatory mechanism for consumers who need to re-establish a lost sense of self-worth.

As previously pointed out, compensatory behavior occurs with the aim of bridging the gap between how we feel and how we would like to feel, thus improving our state of psychological well-being. In order to reduce such a psychological gap, consumers may adopt purchasing behaviors that allows them to feel better. Building on such reasoning, we have the conceptual model represented Figure 1 through an experiment.

Here as follows, we describe the experiment and the different variables considered. The construct "negative/neutral action" represents an action accomplished by the consumer that can have a negative (in the case of an ethically incorrect action) or neutral (in the case of an ordinary action) valence. Specifically, we manipulated whether the action was negative or ordinary via a recall task supposed to directly affect emotional states, such as the sense of shame, guilt, contrition and pride. In particular, recalling a negative action would have been more likely compared to recalling an ordinary action to trigger negative emotions, which, through a compensatory mechanism, should boost consumers' preference for the fair trade product. In sum, the experiment was designed to test a mediation model where emotions could explain the effect of negative actions on consumers' preference for fair trade products.

The sense of guilt, shame and contrition are made up of a mix of emotional and cognitive elements and are defined as unpleasant feelings deriving from the conviction of having damaged someone or done something wrong (Tangney et al, 2007). They are also related to altruism and empathy for the suffering of others, but also, at a deeper level, to the fear of an internalized punishment (Tangney, 1995). Importantly, the sense of guilt may sometime lead to socially useful actions, such as charity (Tangney, 1995). Turning the sense of guilt, shame and contrition into opportunity to trigger "generosity" means

Figure 1. Conceptual model



activating consumers' moral conscience, which is essential to satisfy the need to establish social relations. In this sense, these negative feelings become key to increase tendency to engage in ethical behaviors. In contrast to the negative emotions listed above, there is pride, which refers to a strong sense of self-esteem and trust in one's own abilities, combined with gratification due to the affirmation of one's own result.

As shown in Figure, all the emotions mentioned above, triggered by a specific negative or neutral action, may affect the purchase preference for fair trade apparel items. Indeed, those emotions may represent the mediating variables that explain the effect of "negative action" (the independent variable) on the preference for a "fair trade t-shirt" (the dependent variable). More specifically, the dependent variable used in the experiment was represented by a choice between a t-shirt carrying a quality certification versus the same t-shirt carrying a fair trade certification. Formally, the experiment was designed to test the following hypotheses:

Hypothesis 1: Recalling a negative (vs. neutral) action directly influences the likelihood of preferring the fair trade t-shirt.

Hypothesis 2: Recalling a negative (vs. neutral) action activates the sense of shame, guilt, contrition and pride.

Hypothesis 3: The sense of shame, guilt, contrition and pride mediate the relationship between recalling an unethical action and the preference for a fair trade t-shirt.

The goal of the experiment was, therefore, to demonstrate that recalling a specific negative (vs. neutral) action may activate specific emotional feelings that in turn may lead consumers to prefer products that carry a fair trade (vs. quality) certification. In sum, the type of action was manipulated through a recall task while the dependent variable was operationalized through a choice between the two version of the t-shirt. Emotions were measured through scales already tested in previous academic research. Thus, the study, conducted in the fashion context, was aimed at demonstrating that consumers' choice for fair trade products can be triggered by emotional feelings activated by the recall of unethical past actions.

Methodology and Experimental Procedure

The experiment was conducted online, in 2018, on a sample of participants recruited among the social media contacts of one of the authors. About half of participants were randomly asked to recall and write about an episode in their life in which they believe they have engaged in an unethical behavior, while the rest of the sample was asked to recall and write about a more neutral episode, namely about their last purchase. Afterwards, respondents were asked to indicate how they felt thinking about that action; such a feeling was measured through four different scales drawn from the relevant on shame, guilt, pride and contrition. Specifically, the scales for the constructs of shame, guilt and contrition were from the work of Izard et al. (1993), while the scale for pride was adapted from Tracy et al. (2007). Before conducting the analysis, the reliability of each of the mentioned scales was checked through the Cronbach's alpha: all the scales were reliable, with Cronbach alpha values above 0.97.

After completing the measure regarding emotions participants were asked to express their preference for a t-shirt and more specifically their preference between two versions of a t-shirt: a version with the Fairtrade International logo (fair trade certification) and a version with the TUV SUD certification logo (quality certification). Therefore, the only difference between the two t-shirt was the type of certification. The two versions of the t-shirt were shown in two pictures (see Figure 2). The t-shirt was selected as the object of the choice because of its simplicity and neutrality to gender, spending power and style.

In order to have equal level of information regarding the two versions of the t-shirt, the following specifications concerning the certifications have been added to the visual content:

The first t-shirt features the FairTrade logo. The FairTrade certification attests that the garment was produced in full respect of environmental and above all human rights, granting fair wages, decent working conditions and social project prizes for the communities of the developing countries. (For the t-shirt characterized by the fair trade certification)

The second t-shirt has the TUV SUD certification label. TUV SUD certification guarantees that the garment meets regulatory standards in terms of quality and performance. The garment has passed

Figure 2. Pictures used for the choice between the two versions of the t-shirt (the t-shirt with the fair trade certification is the one on the left)



qualitative and performance tests which include: tensile strength, seams tearing, dimensional stability and more. (For the t-shirt characterized by quality certification)

The questionnaire ended with questions regarding knowledge of fair trade and with a question regarding previous purchases of fair trade products. Statistical analyses were developed through a series of regressions aimed at testing the conceptual model and the research hypotheses described above. Following the method of Baron and Kenny (1986), in order to verify the presence of hypothesized mediation, the following regression equations were estimated.

*Specifically, for the hypothesis 1, thus to investigate if the type of action (negative vs. neutral) influenced the probability of preferring the t-shirt with fair trade certification versus the t-shirt with quality certification, a logistic regression in which the dependent variable (*pref_FT*) was a dichotomous variable has been performed. For testing hypothesis 2, thus to verify the relationship between the independent variable and the potential mediating variables (“shame”, “blame”, “contrition” and “pride”) a series of regressions with the measures of the emotions operationalized as dependent variable were performed. To demonstrate the mediation (hypothesis 3) and, therefore, the existence of an indirect effect, other regressions were performed to investigate the direct effects of the emotions on the product preference.*

RESULTS AND DISCUSSION

The sample was made up of 168 respondents (89 women and 79 men). In terms of age ranges, 41% of the sample was represented by people belonging to the 19-25 age group, 28% to the 26-35 age group, 11% to the 36-45 age group, 8% to the 46-55 age group, 7% were older than 56 and only 5% of the sample was represented by 18-year-old participants. About 56% of the sample declared to be student or student-worker, while 41% of participants were workers and only 3% unemployed. Within the sample, about 75% were aware of fair trade but to the question “Have you ever bought fair trade products?” 35% answered yes, 27% no and the remaining 38% of respondents, the highest percentage, stated they were unsure. Thus, although fair trade is a widely known concept, more than one third of the sample resulted to have a quite unclear idea of their purchases, of the origin and the production methods of the fair trade products. Results confirm the widespread disinformation already emerged from previous studies (e.g., Shaw et al., 2006). Moreover, when respondents were asked what the type of fair trade products they purchased, the most frequently cited product categories belonged to the food sector (e.g., coffee, chocolate, and fruit), followed by other categories such as cosmetics and clothes.

As for the statistical analysis, the first relationship tested was that between the dependent variable (preference for the fair trade t-shirt) and the independent variable (negative action). The logistic regression model resulted to be statistically significant, given the *p* value equal to 0. Indeed, according to the output, the independent variable (negative action) is statistically significant (*p* - value = 0.0000) and has a positive coefficient (3.67). Thus, hypothesis 1 is accepted, as we observed a direct effect of “negative action” on “preference for the fair trade t-shirt”: recalling of a negative action affects the probability of preferring the fair trade certification t-shirt over the t-shirt with the quality certification (see Table 1).

Moreover, results revealed that recalling a negative action affects all the four emotions examined (shame, guilt, contrition and pride); hypothesis 2, therefore, is accepted. All four linear regression models performed proved to be significant, thus suggesting that recalling an unethical action positively

Ethical Consumption

Table 1. Logistic regression outcomes (hypothesis 1)

<i>Pref_FT</i>	<i>Odds Ratio</i>	<i>Std.Err</i>	<i>z</i>	<i>p value</i>	<i>95% Conf. Interval</i>
Negative_action	39.28572	19.35676	7.45	0.000	14.9566 103.1898
cons	0.3181818	0.0797174	-4.57	0.000	0.194721 0.5199192

influences negative emotions; in other words, the recall of a negative action tends to increase levels of shame, guilt and contrition. Regarding the relationship between negative action and pride, the coefficient turned out to be significant, given the pvalue equal to 0, and negative (-3.4702), indicating an inversely proportioned relationship; recalling an unethical action tends to decrease the level of pride. The analysis highlighted direct and significant effects of the emotions guilt, shame, contrition and pride on the purchase preference. Through logistic regression models, we verified the influence of each emotion on the likelihood of preferring the fair trade t-shirt. Regression models and coefficients were significant and results revealed that feeling negative emotions such as guilt, shame and contrition increases the likelihood of preferring a certified fair trade fashion product compared to a fashion product with quality certification. Specifically, the variable with a greater direct effect on the dependent variable was sense of contrition (odds ratio = 2.99), as shown in Table 2.

Unlike the other variables, pride had direct but negative influence on the product choice. Therefore, it turned out to negatively affect the preference for the fair trade t-shirt: the higher the sense of pride the lower the willingness to prefer the fair trade product (vs. the quality one). Following the methodology of Baron and Kenny (1986), the presence of an indirect effect of the “negative action” variable on the preference for the fair-trade t-shirt, mediated by shame, guilt, contrition and pride, was assessed.

The model resulted to be statistically significant (P-value = 0.0000). However, unlike the other performed models, in this case the variables guilt, shame, and pride were not statistically significant since they had a *p* value greater than 0.05, respectively of 0.361, 0.781 and 0.463 (Table 3). The only

Table 2. Logistic regression outcomes (contrition)

<i>Pref_FT</i>	<i>Odds Ratio</i>	<i>Std.Err</i>	<i>z</i>	<i>Pvalue</i>	<i>95% Conf. Interval</i>
contrition	2.99665	0.5362071	6.13	0.000	2.110211 4.255457
cons	0.1279671	0.046141	-5.70	0.000	0.0631221 0.259427

Table 3. Logistic regression outcomes (hypothesis 3)

<i>Pref_FT</i>	<i>Odds Ratio</i>	<i>Std.Err</i>	<i>Z</i>	<i>Pvalue</i>	<i>95% Conf. Interval</i>
contrition	1.941295	0.7753367	1.66	0.097	0.8874191 4.246725
guilt	0.6850393	0.2836864	-0.91	0.361	0.3042416 1.542455
shame	1.108631	0.4112385	0.28	0.781	0.8874191 4.246725
pride	1.185997	0.2755792	0.73	0.463	0.752138 1.87012
Negative_action	47.48	65.57971	2.79	0.005	3.168291 711.5351
cons	0.0894861	0.1045904	-2.07	0.039	0.0090548 .8843633

significant independent variable with a 95% confidence interval was “negative action”, whose p value was equal to 0.005. Since the coefficients of the other variables are higher than 0.05, the hypothesis 3 is rejected. Jointly, the sense of shame, guilt, and pride did act as mediators in the relationship between “negative action” and “preference for the fair trade t-shirt”, since it has not been possible to demonstrate the existence of an indirect effect. The variable contrition, on the contrary, resulted to be significant with a confidence interval of 90%. To further investigate the role of contrition as mediator, a further logistic regression was developed, in which the preference for the fair trade t-shirt acted as dependent variable, while “negative action” and “contrition” acted as independent variables.

According to this output (Table 4), both the coefficient of “negative action” and that of “contrition” resulted to be positive and significant with p values of 0.0000 and 0.042 respectively. This result demonstrates an indirect effect of recalling an unethical action on the preference for a fair trade product. Since the coefficient of “negative action” is also significant, it must be specified that it is a partial, and not a full, mediation.

Among the emotions taken into consideration and hypothesized to be mediators in the relationship between negative action and purchase preference, contrition is definitely the most influential one. Contrition represents regret and affliction for having performed unjust actions; although it is similar to the sense of guilt, it has a more introspective dimension. More than the other emotions, contrition, triggered by recalling an unfair action, affects the purchase preference.

Although contrition was the only mediating variable, the results of the studied relationships and, consequently, the direct and indirect effects observed, support the theory of compensatory behavior. By accepting hypothesis 1, it has been demonstrated that the mere recalling of a negative action influences consumers’ choice by increasing preferences for fair trade products over products with quality certification. The opportunity to choose a fair trade product may, therefore, represent a way to compensate negative feelings related to previous “transgressions”. Those who have been asked to recount their unethical action have indicated high levels of guilt, shame and contrition, demonstrating an inner malaise that affects purchase behavior. Therefore, at the moment of choice, consumers are influenced by their own past actions and their emotional state. The utility of the product is no longer linked only to tangible characteristics but also to intangible ones and, specifically, to the “ability” to repair something negative previously done by consumers. Between two product options, a fair trade product that reflects ethical and altruistic values and a product whose strength lies in their material characteristics, consumers who are reminded of their own wrong actions, could be more likely to choose the fair trade option. Thus, the value of fair trade clothing items may go much beyond their physical characteristics, representing something that transcends their tangible properties and that allows consumers to feel better about themselves and others.

Table 4. Logistic regression outcomes to test “contrition” as mediator variable

<i>Pref_FT</i>	<i>Odds Ratio</i>	<i>Std.Err</i>	<i>Z</i>	<i>Pvalue</i>	<i>95% Conf. Interval</i>
contrition	1.497378	0.2966989	2.04	0.042	1.015475 2.20797
Negative_action	15.41533	9.79994	4.30	0.000	4.434259 53.5901
cons	0.187946	0.0676633	-4.64	0.000	0.0928086 0.380608

CONCLUSION

The previous literature, focused on fair trade, has dealt with analyzing a wide range of aspects and relationships related to purchasing behavior, such as which product attributes give greater utility and preference or which socio-demographic characteristics are linked to a greater propensity towards the purchase of fair trade products and to the willingness to pay a premium price to get them.

Nevertheless, no previous work, to the best of our knowledge, has included the emotional sphere of the consumer in the study of fair trade purchasing behavior, thus neglecting a potentially highly relevant factor. Therefore, this chapter referred to a neglected commodity sector (clothing sector), and introduced the concept of compensatory behavior, to analyze, from an unprecedented point of view, the behavior and the purchase choices taken by consumers regarding fair trade products.

Through a choice experiment, consumers were asked to place their preference on a product between, a t-shirt with fair trade certification and a t-shirt with quality certification. Although shown as apparently identical, the two items of clothing represented opposite options, as the fair trade t-shirt embodies ethical principles and values, while the certified quality t-shirt focuses on its own physical characteristics and recalls a more selfish choice. Recalling a past action proved to be a relevant factor as it influenced the odds relative to the preference. The memory of having committed an unfair action had a direct and significant effect on the choice of the product, greatly increasing the chances of choosing the fair trade t-shirt. In addition, it influenced and increased the levels of guilt, shame and contrition. These emotions positively influenced the likelihood of preferring the fair trade product, through a direct effect.

Within the study, the emotions of guilt, shame and contrition, together with pride, were hypothesized to be mediating variables in the relationship between unfair action and preference for the fair trade t-shirt. The analyses carried out have shown that guilt, shame and pride do not mediate the relationship between those variables. The only mediation found is that represented by the contrition, which partially mediates the effect of the independent variable on the dependent one.

Although most of the hypothesized mediations have been rejected, the direct effects of the “unethical action” variable and the emotions on the dependent variable (preference for the fair trade product) demonstrate a mechanism of compensation occurring in consumer mind. Committing unethical actions and recalling such action leads the consumer to make decisions that he/she would not otherwise make. This behavior is adopted with the specific purpose of compensating for what has been done and how the consumer feels. After committing an unethical action, the consumer feels defective and guilty; the tendency will be to favor more conscious and ethical consumption choices, preferring fair trade products rather than those of certified quality. Such a compensatory mechanism ensures that the functional value of the product increases and exceeds the economic value. Therefore, the consumer will also be willing to take charge of the premium price, which fair trade products generally entail, by virtue of the benefits in terms of satisfaction of personal needs. The premium price will be justified by the consumer by the fact that it is not determined solely by the economic value but also by the value attributed to the function performed; in the specific case, to compensate for specific actions committed and alleviate the sense of guilt.

The behavior and the purchase preferences due to the compensation mechanism can be an important driver of the development of fair trade marketing. A communication aimed at making consumers think not only about today’s trade situation but also about their personal choices and unethical actions could trigger a process of introspective analysis that would lead them to make purchasing decisions in favor of fair trade products. Therefore, the focus should be to bring to memory ethically incorrect actions, which

are commonly performed, and to raise negative feelings such as shame and contrition so to incentivize the purchase of ethical and sustainable products. Fair trade could further expand not only in the food sector, where it already has a good penetration, but also in many other sectors. The experiment we presented in this chapter showed that even in a product sector that has its roots in aesthetics and apparently selfish principles, consumers, promptly stimulated, can be fostered to engage in more conscious and ethical consumption choices.

To date, conscious consumption is constantly growing and, as a result, companies tend to adopt more appropriate attitudes and policies. There are many initiatives undertaken by individuals, not-for-profit organizations and sometimes by the same companies aimed at reducing injustice and the discrepancy of wealth between developed and developing countries. At a time when a wave of conscience and awareness is rising in Western countries, there are excellent opportunities for growth of a type of trade that has been gaining ground for years.

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Chapter 2

Consumer Behaviour Towards Purchasing Counterfeit Products

Demetris Vrontis

University of Nicosia, Cyprus

Marwa Maarabani

Lebanese International University, Lebanon

Sam El Nemar

AZM University, Lebanon

ABSTRACT

This chapter analysed factors affecting the consumer purchase behaviour towards counterfeit products, and attitudes effect on the purchase intention of consumers. The considered variables are brand image, social influence, price-quality inferences, novelty seeking, and intention towards counterfeit products. A survey was conducted on university and college students in Lebanon. This research employed a structured questionnaire to measure the attitude of consumers using a Likert scale. Variables were measured using chi-square testing to identify their relationship. Results found that customer behaviour towards counterfeit products has a positive relationship with brand image, social influence, novelty seeking, intention, and price-quality inferences.

INTRODUCTION

Branding of products can be as important as the product itself. Buyers follow brands and favour some brands over others in a way that makes firms begin to invest a lot on the brand of their products. Being memorable and a trusted promise are the characteristics of a brand; it is how certain companies identify themselves in the marketplace to enhance their image and make their goods more desirable to consumers. It is essential for corporations to make their brands notable in the mind of the customers through special logos, words, type font, design, colours, personality, price, and service. In addition, there needs to be continuous work on branding products, not only to keep them marketplace up-to-date but also to global-

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ize their brand names and have positive reputation across different regions. As it has become difficult for organizations to create commitment, involvement, and motivation, which produce brand consistent behaviours (Quarantino and Mazzei, 2018). Brand is the second attribute considered by consumers when choosing a particular product (Ahmed et al., 2012). A major issue faced by companies when it comes to globalization, is the problem of the invasion of imitation product over original and genuine products, these fake imitation come across to consumer as look-alikes with a low price. Commuri (2009) states that the more a firm invests in building a prestigious brand, the more likely the brand is to be copied and then known as counterfeited.

Counterfeit products are widespread nowadays creating a graver economic problem than before. Previously counterfeit products would have different names and styles in a way that they could be easily differentiated from authentic products. The problem has become more serious in the 21st century with illegal manufacturers completely imitating original products using similar packaging, design and brand logo but providing lower quality and price than genuine ones (Kumar, 2015). The problem has even got worse with smart manufacturers copying the product and giving it the same name, providing good quality and a considerably high price naming it as original copy; *“The problem is the fake products today are of better quality and better price than the real names”* Dou (2016).

Counterfeits products can be found anywhere in the marketplace. Though many consumers tend to buy such products, many complain later of their low quality. Nonetheless, demand for counterfeits has dramatically increased.

Counterfeit products have been an organizational problem for more than a decade. Many consumers look for the financial benefit these pirated products can give and ignore the essential importance of the quality. Consumers should be aware that counterfeiting is a federal and state crime towards the brand owners, as it involves manufacturing and distributing goods under another name without the name owner’s permission. As a researcher, it is interesting to investigate the reasons behind the excessive demand for these counterfeits.

The purpose of this study is to explore the influence of consumer behaviour on purchasing counterfeits and investigate why consumers tend to buy these pirated goods. More specifically, the aim is to know if the price is the sole reason that draws people to deviate from buying original products and purchasing fake ones. Moreover, it is crucial to understand the effect of social group or social anxiety and its importance on the behaviour of the customer in purchasing original or counterfeit products and to explore how consumers desire luxury branded products to feel more honoured, get the impression of others and conform to wealthy people’s expectations. The research also investigates whether the best look can determine a good social rank or is tailored to the need for a sense of accomplishment and appreciation from the surrounding. This is in addition to exploring if brand image can help customers feel more self-confident and honoured in their surroundings.

Methodological contribution: This study surveyed people by collecting data using a structured questionnaire that reflects the reality of the problem mentioned. The questionnaire measured the factors that influence customers to purchase counterfeits. Throughout this research, the independent variables (intention to purchase counterfeits) will be controlled and manipulated to know the factors of this purchase behaviour and results will help explain the cause and effect of this relationship.

LITERATURE REVIEW

Counterfeit goods have been on the rise worldwide and have become so similar that many are now hard to differentiate between an original product and its imitation, causing sales losses for brand owners and the market, this has created a significant challenge for established brands (Kaufmann et al., 2016). Brand owners allocate considerable time and invest large amounts of money with a big team of designers in an excessive effort to build their products and reputation (Haddad, 2014). In contrast, the market of luxury brand is losing an estimated \$12 billion every year because of the counterfeit products (Wilcox et al., 2009). In addition to harming the market, counterfeit products can produce health problems and safety risk to people who purchase those (Walthers et al., 2008). In other words, the production of copies with trademarks and/or labelling are causing a serious economic and social problems that threaten not only the economy and customers but also the brand owners as it weakens the trust and confidence of their manufacturing goods (Anurag, 2017).

People buy counterfeit products for many reasons that depend upon the different types of non-deceptive consumers purchasing these kinds of pirated goods (Ali, 2008; Eisend & Schuchert-Guler, 2006; Nia & Zaichkowsky, 2000; UDaily, 2015). Many studies have been conducted to identify the relationship between the consumers and the counterfeits products. Results of these studies revealed that the price is not the sole reason behind this purchasing, in fact there are other reasons that differ upon the customer themselves (Di Lazzi et. al., 2016; Gistri et. al., 2009; Kaufmann et. al., 2012; Papisolomou et. al., 2014; Wiedmann et. al., 2012; Wilcox et. al., 2009). For instance, some customers prefer counterfeits as they are less expensive, while others favour them because they seek novelty. In the majority of studies, price was one of the key factors to influence consumers to purchase counterfeits (Bian & Moutinho, 2011; Wiedmann et al., 2007). The expansion of these counterfeit products is aligned with the customer's demand. This demand has arisen because of the low price those fake products are characterized with (Harvey & Walls, 2003). People desire to buy branded products, but the unfair prices genuine brands charge and people's inability to afford such high prices prevent them from satisfying their needs (Ali, 2008). On the other hand, counterfeits are characterized by their low price as compared to those of genuine brands, which gives consumers the opportunity to satisfy their needs (Chaudhry et al., 2009; Chuchinprakarn, 2003), especially that the fake products today are of good quality (Wilcox et al., 2009).

In addition, studies have shown that purchasing counterfeit products differ upon cultural and psychological variables which incorporate stated values, perception and ideologies of a particular community (Eisend & Schuchert-Guler, 2006; Fernandes, 2013). Each culture is further divided into subcultures based on age, geographical location, religion, and gender, which leads to different buying decisions, Lebanon is no exception whereby people finds their cultural identity within the community to which they belong to (Nakhle and Davoine, 2016). Many factors related to the cultural value of the products influence perception (Pantano, 2011). Indeed, multiple bodies of research agreed that demographics such as age and gender have a direct influence on counterfeit products consumption (Bian & Moutinho, 2011; De Matos et al., 2007). They showed that males are more likely to purchase counterfeit products than females and that younger customers tend to have a positive attitude towards counterfeits as they depend more on the price (Chuchinprakarn, 2003; Eisend & Schuchert-Guler, 2006). In addition, Cheung and Prendergast (2006) consider that people with medium and high income levels have more tendencies to purchase counterfeit products. Moreover, Moores and Dhaliwal (2004) believe that the place of origin has a big influence on purchasing counterfeit goods, where for some consumers country of origin plays a vital in decision-making (Ahmed et al., 2010). A study conducted in the University of Delaware

on students from different backgrounds revealed that people from different backgrounds have different perceptions. For instance, German people search for the quality of items and fear not finding it in counterfeit products. In contrast, Korean people search for products that bring social perception and could impress others. The same applies for French and American consumers. Hennigs et al., (2015) found that Americans buy counterfeit products to fulfil their self-satisfaction whereas French people always search for items that are less expensive.

The brand perception has also a big influence on pirated goods, as social standards, risk, value, and morals among other elements all affect the customer's perception when considering purchasing counterfeits or not. The expansion of counterfeits and the ability of the customers make it easier for them to purchase more on one hand, and encourages producers to duplicate those pirated goods on the other hand (Ajzen, 1991). A brand's image in society had indeed an impact on the customer's perceptions towards a product (Cretu & Brodie, 2007) as consumers tend to favour the brand than the product itself. A consumer's perception towards a brand logo or name is an influencing factor on the purchase of a new brand, and since branded products are not always affordable, consumers seek to purchase counterfeits.

Branded products may present monetary and material utility for a person especially when compared with other products. According to Sheth et al. (1991), consumption value explains why consumers choose a particular product and not another; a person might buy counterfeit products as they are receiving the value of money compared to original products. When two products look alike, with one counterfeit and the other genuine, they are often perceived as being similar (Shocker et al., 2004). However, even if both products have the same appearance, the customer cannot receive the same benefit from both in regards to price and quality; thus, the two products cannot be evaluated the same way.

Furthermore, social norms and the role of emotional states, impact consumers' decision-making (Gear et al., 2017). Social motivation refers to how people feel towards a consumer behaviour. Human beings love to be admired, get the attention of others and have good social rank; they like to have an influence on others' behaviour and impress people of the same social class (Haque et al., 2009). When a person seeks to have social significance and reputation but does not have enough money to buy genuine products, he is more likely to purchase counterfeit products (Phau & Teah, 2009). In addition, social group and the pressure to follow some norms and try to look the same as the reference group can stimulate the customer to purchase original or counterfeit products. Nevertheless, some people prefer to create their own identity and impress others to reach their self-satisfaction; thus, purchasing counterfeit products becomes more likely to fill this gap (Penz & Stöttinger, 2005). In other words, if status is what concerns customers the most, they seek to purchase products with lower price to create more value than the other customers by buying imitated products (Eastman and Eastman, 2011). Another reason that encourages people to purchase counterfeit products is the reference group's approval (Lee & Yoo, 2009). For example, a consumer will purchase counterfeit products if his/her friends, siblings or target audience act as contributors for this purchase and accept such behaviour. Because beliefs carry the personality of a person, people try to form impressions that are compatible with their beliefs and try their best to convey the image that conforms to their beliefs; they think that purchasing a product will lead others to do the same to become a part of the same group (Haque et al., 2009). Nordin (2009) also supports this idea claiming that, if counterfeits can meet their needs and expectations, consumers will not hesitate to buy them.

One of the social motivations rapidly invading this century is "social media" with all its forms and ways. Deloitte report noted that consumers who use social media during their shopping process are four times more likely to spend more on purchases than those who do not (Roesler, 2015). Moreover, social media has evolved so rapidly over time that marketers have constructed and developed new platforms

Consumer Behaviour Towards Purchasing Counterfeit Products

to address their target customers all around the world (Gupta, 2016). Social media can help motivate consumers to purchase counterfeit products through two different ways:

- The first way is through opinions and reviews. Sharma (2012) finds that positive or negative information about a product or a brand available on the social media has a significant overall influence on consumers' purchase behaviour. It can slightly change the mind of customers who usually purchase authentic products and stimulate them to purchase counterfeit products as they read good recommendation about a fake product with a satisfying quality and low price. In addition, opinions and reviews can encourage people who already have the tendency to buy pirated products to purchase more and inspire others to do the same.
- The second way is through the love of fashion to increase pleasure and enjoyment and stay trendy (Ahmed, 2015). Social media is a real time platform that reaches out to millions of people across the globe and enables them to stay up-to-date with fashion trends, following fashion designers and checking their products on daily basis (Retail & Commerce, 2016). As not all customers can afford the money to purchase products of brand designers they follow on social media, they search for an alternative that meets their needs and satisfies their interests. Counterfeit products become then the alternative. Indeed, many marketers have started to develop new platforms to sell counterfeits of luxury brands online due to customers' big demand for fashion products in an attempt to appeal to others without paying much.

Lebanese consumers normally make their selection of products in-store. Lebanese consumers are quite brand aware and this can build their perception of products (Ghazzawi, et al., 2016). Packaging is the final point of communication between a product and a consumer. Therefore, packaging is one of the most vital points of interaction with the consumer. Normally, Lebanese consumers relate packaging with the quality of the product which impacts the purchasing behaviour (Hamdar et al., 2018). A dire example of Counterfeit products is in the Lebanon's pharmaceutical sector, this sector is facing many challenges; the high cost of pharmaceuticals along with fake medicines represent major issues (El Nemar and Mallat, 2017)

Based on the literature review the following hypotheses are presented for testing with a conceptual framework.

H1: Price and Quality have positive influence over attitude when consumers form their purchase intention.

H2: Social Factors have positive influence over attitude when consumers form their purchase intention.

H3: Novelty Seeking has positive influence over attitude when consumers form their purchase intention.

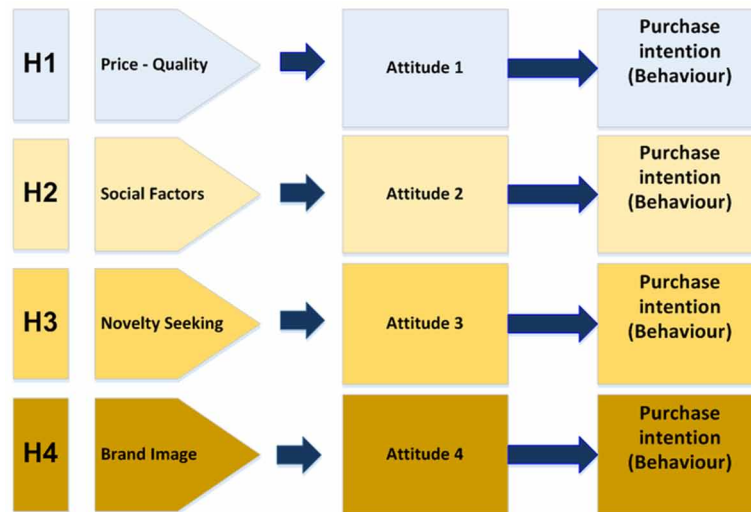
H4: Brand Image has positive influence over attitude when consumers form their purchase intention.

THE METHODOLOGY

Exploratory Research

The literature review explored previous studies on the role of consumer behaviour and counterfeit product consumption. The topic of counterfeit products and purchase behaviour is broad and can be challenging to pin point the exact reasons behind this behaviour. More insight is needed to explore the relationships

Figure 1. Conceptual framework of factors influencing the purchasing behaviour of the customers



between four factors identified and the intention to purchase counterfeit products. Therefore, the exploratory research is employed in this study to help better understand this topic and investigate this problem further. Furthermore, the study will try to better understand the reasons behind purchasing pirated goods although consumers are aware of their poor quality. The information from the literature review will be confirmed by the case study and experiment. Social exploratory research “seeks to find out how people feel towards counterfeits products, what meanings they give to their actions, and what issues concern them. The goal is to learn ‘what are the main reasons behind purchasing counterfeits?’ Moreover, using experiment and case study, it will be helpful to work on exploratory research in order to collect information needed. This type of research will help explain the nature of the relationships between the factors that encourage people to buy counterfeits and their purchase behaviour. In addition, using complementary quantitative methods in the same research will enhance and support “the validity and generalizability of results and the potential theoretical contribution” (Easterby-Smith, et al., 2012, p. 95).

This design is an ideal way to study the increase in purchasing counterfeits by investigating more real case studies and an experiment. The research will go deeper to understand that price is not the sole reason behind purchasing counterfeit products. It will help confirm if the brand image will affect the purchasing behaviour of the consumers and increase their intention to purchase pirated goods. It will help see how novelty and self-presentation can be a reason to transmit impressions and messages to ourselves and to others. Furthermore, it will help explain that social factors can act as a trigger for this consumption behaviour to attract others and improve their social status. Reliable sources information will be used for the study for the experiment and case study. It will be helpful to understand better the topic and discover new ideas in less time.

Type of Data: Quantitative

Using quantitative data in the study will be ideal as the aim is to discuss human attitudes and actions in purchasing behaviour. Putting attitude towards counterfeits as the independent variable, and price-

Consumer Behaviour Towards Purchasing Counterfeit Products

quality, social factors, novelty seeking and brand image as dependent ones, the researcher conducted a quantitative approach.

Source of Data

In the research, two methods will be used. The first method of data collection is an experiment in which the information will be collected by the researcher using primary source of data. The second method of data collection incorporates multiple case studies in which secondary sources of data will be used, such as company reports, articles and archival data. The advantage of using secondary data is that the data sources appear to be of high quality especially when published by firms that critically evaluate them. Moreover, it provides historical data that might not be feasible or available with primary data collection, especially when writing about companies that are not accessible by the researcher.

INDUCTIVE AND DEDUCTIVE APPROACH

Deductive Approach

A deductive approach is defined as “developing a hypothesis (or hypotheses) based on existing theory, and then designing a research strategy to test the hypothesis” (Wilson, 2010). In other words, it means reasoning from the particular to the general. If a causal relationship exists a likely link seems to be implied by a specific theory, it may be the case in certain situations. A deductive design may examine the correlation or identify the connection that occurs in broader circumstances (Gulati, 2009). The deductive approach follows the track of logic most thoroughly. The reasoning starts with a theory and leads to a new hypothesis. This hypothesis is put to the test by confronting it with observations that either lead to a confirmation or a rejection of the hypothesis (Babbie, 2010).

Inductive Approach

Induction approach involves the search for pattern from observations and the development of explanations – theories – for those patterns through series of hypotheses (Bernard, 2011). In the inductive approach, no hypothesis will be stated at the beginning of the study. It works when the researcher collects data to have patterns and correlations in order to build theories (Saunders, Lewis and Thornhill, 2012).

In order to achieve the purpose of this study, a deductive approach was followed to test the hypotheses that were developed based on existing theory.

This study surveyed 200 respondents from different areas in Lebanon. No incentives were given to answer the questions. This study includes people from different age groups; most of them were adults between 18 and 30 with consumption ability and behaviour. The procedure of distribution and gathering of the questionnaires was completed over a period of 20 days. This study also took into consideration that respondents were from different ethnic groups, hometown locations, and educational levels with different areas of study, which is described under the sample characteristics of the respondents. Out of 200 responses that were collected, 163 were found to be of use.

With regard to the survey questions, this study has established the survey questions consisting of one part. It includes the factors that influence people to purchase or not to purchase counterfeit products,

the degree of their social influence and if the brand image of the product is an influencing factor for their purchasing behaviour. Attitudes were measured using a five-point Likert-type scale, ranging from ‘Strongly Agree’, ‘Neutral’ to ‘Strongly Disagree’. Statistical software, SPSS, has been adopted to test the correlation and frequencies among these factors. The figure below will show the link between those factors and how they are grouped together.

RESULTS AND DATA ANALYSIS

In this section, the results will first be presented, discussed and linked to the literature to confirm the analysis. Then the factors will be linked and correlated and the hypothesis will be tested.

From the descriptive results obtained from Table 1, 81% of the population feels that physical appearance is important as people like to look the best as this affects their personality and the way they feel about themselves. 87% feels that famous brands give confidence to their life as it increases their self-esteem and only 13% rejects this behaviour. 86% feels that fashion increases their value. Also a remarkable number of people, 71%, think that fashion items will bring prestige and grab the attention of the surroundings who seek to build a relationship with them as prestige people are attractive. To emphasize that fashion brings prestige, 81% of the total sample feels that fashion products can attract the attention of other people and increase their social status within their community. However, a very high number of people (94%) are sensitive to rejections as customers love receiving praise for their looks, and hate to be rejected from the society.

According to Table 2, a large number of people continuously follow fashion products and love to try the newest in the market (91%). In addition, 90% of the total population is excited when purchasing

Table 1. Brand image – descriptive results

	SA	A	N	D	SD
Physical appearance is important	35%	46%	16%	3%	0%
Sensitive to rejections	58%	36%	6%	0%	0%
More confidence with famous brands	27%	60%	12%	0%	0%
Fashion increase value	24%	62%	13%	1%	0%
Fashion bring prestige	0%	71%	26%	3%	0%
People’s attention is attracted with fashion products	29%	52%	14%	5%	0%

Table 2. Novelty seeking – descriptive results

	SA	A	N	D	SD
First to try new products	29%	62%	4%	5%	0%
Excited when purchasing new products	29%	61%	6%	5%	0%
Own fashion products	0%	21%	24%	55%	0%
Follow up on the fashion	14%	65%	10%	10%	1%
Always like the newest of my fashion	19%	76%	6%	0%	0%

Consumer Behaviour Towards Purchasing Counterfeit Products

new products as it fulfils their needs and represents their self-image among their surroundings. Giving the fact that the market settings are in a continuous change, people always tend to follow up on fashion products especially their most preferable products. According to table 2, 79% of the population keeps up following on their fashion items. Moreover, 95% like the newest of their fashion apparel as they are mostly affected by their surroundings and environments in addition to their own attitudes and values. In fact, enterprises manage their brands in order to fulfil the needs and demands of their clients especially that fashion products symbolize the image of people in the society. However, only 21% of the population sample owns the fashion products that they desire to have, which indicates that the high price companies charge on their products makes it hard for consumers to afford such products.

Counterfeit products are widespread nowadays that they have become a trend; everyone is purchasing and owning these products. Table 3 shows that the surroundings of the majority of the target population purchase counterfeits (81%) while only 1% of the population's environment does not purchase those pirated goods. Because fake products are today of better quality and better price, people started to recommend them and encourage others to purchase counterfeits: 89% of people are receiving advice for buying those pirated items whereas only 1% do not receive encouragement to buy those pirated goods. Nevertheless, more than half of the sample finds it hard to distinguish between an authentic and fake item (62%). This is due to the fact that manufacturers have become so smart that they are copying the same product and giving it the same name, colour, and packaging with a good quality.

Consumers build beliefs when they correlate between the price of a product and its quality, 75% of the population feels that there is a relationship between the price and quality of a product, the higher the price of a product, the better the quality will be. Only 6% do not see any relationship between price and quality. Because they correlate between those two indicators, a lot of people feel that price can indicate the quality of any brand. For example, a product with a low price will be seen as a product with low quality and 77% of the population agrees on that. Moreover, 75% has the willingness to pay more for the best; they feel that the more they pay, the more they will get a trusted product with a very good quality.

The intention to purchase counterfeit products was very remarkable in table 5. 97% of the sample population has the will to purchase those pirated goods. None of the whole sample (0%) disagrees to

Table 3. Social influence – descriptive results

	SA	A	N	D	SD
Friends and relative purchase counterfeits	19%	62%	18%	1%	0%
People encourage me for counterfeits products	21%	68%	10%	1%	0%
Hard to distinguish between genuine and counterfeit products	1%	61%	7%	31%	0%

Table 4. Price-quality interference – descriptive results

	SA	A	N	D	SD
Higher price equals high quality	31%	46%	17%	6%	0%
Price is an indicator of quality	28%	49%	17%	1%	0%
Pay more for the best	29%	46%	20%	5%	0%

Consumer Behaviour Towards Purchasing Counterfeit Products

Table 5. Intention to purchase luxury counterfeit products – descriptive results

	SA	A	N	D	SD
Intend to buy fake products	17%	80%	3%	0%	0%
Think about counterfeits as a choice when purchasing	20%	55%	8%	17%	0%
Purchase counterfeits when original products are expensive	69%	17%	13%	0%	0%
Recommend people to buy counterfeits	29%	62%	4%	5%	0%
Continue to purchase counterfeits	17%	79%	18%	0%	0%

buying fake products. This might be due to the high price original products charge on their items as 86% thinks of purchasing counterfeits when genuine products are expensive. Counterfeit products are common in the market in a way that can be found to the extent of having a broader market than the genuine products. As people see products surrounding them with less price and good quality, 75% of the population considers counterfeits as a choice. They tend also to recommend buying them as consumers can get more products, save money and gain the prestige of the genuine items. In addition, 86% of the total population will continue to purchase counterfeits; this takes us back to the fact that these pirated goods are improving their quality and keeping their low prices.

According to Table 6, 60% of people prefer buying counterfeits, but 83% feels that fake products are the best choice when purchasing items. This contradiction proves that people are not satisfied with the quality of the counterfeits. Because of high, unaffordable prices of genuine products prices, people prefer to purchase items with less price, good quality and give the self-esteem and self-satisfaction towards themselves and their surroundings. Counterfeits are perhaps the world's fastest growing and most profitable products, as the customer feels that he is benefiting when purchasing fake items with low price and gaining the social status the person wants to achieve in his society (90%). However, people are aware that those fake products, though they resemble the genuine in everything from packaging to name, they do not provide the same high quality; only 32% of the sample finds that counterfeits cannot have a quality that matches the original products. In addition, customers know that counterfeit products could not be trusted (68%) as those pirated goods will not function the same as the original products. Brand owners dedicate their work and invest in launching a product that will not only satisfy the needs of the customers and give them the self-esteem they are aiming to have but also give them a product that will have a long life span and produce no health problems or safety risk to their lives.

Table 6. Attitude and intention towards counterfeit – descriptive results

	SA	A	N	D	SD
Prefer counterfeits products	0%	60%	18%	20%	2%
Counterfeits products is the best choice	23%	60%	11%	14%	1%
Counterfeits products benefit the consumer	29%	61%	6%	5%	6%
Genuine products and counterfeits have the same quality	0%	32%	4%	52%	11%
Counterfeits are reliable like genuine items	0%	29%	4%	52%	16%

Consumer Behaviour Towards Purchasing Counterfeit Products

Table 7. Hypothesis results: Chi-Square Tests

Variables	Value	Df	Significance
H1: Price-Quality Interference	31.522 ^a	12	.002
H2: Social Influence	54.692 ^a	9	.000
H3: Novelty Seeking	38.224 ^a	9	.000
H4: Brand Image	56.432 ^a	12	.000
Attitude to purchase counterfeits	40.557 ^a	8	.000

CORRELATION BETWEEN FACTORS OF INFLUENCE

This sections explores the relationship between variables and intention towards consuming counterfeit products.

Price-Quality Inference: A positive correlation between price-quality inference and intention to purchase counterfeits (p-value = 0.02 which is less than 0.05, therefore H1 is). Price-quality inference refers to the notion that consumers recognize that high price equals high quality and, thus, the product will be trusted. It also indicates that the consumers know that low price equals low quality, which means that the product will last for a long time and can be used for a short-term duration not to forget that such products might produce health problems and safety risks with their use of cheap raw materials. But sometimes consumers especially those with low income find that genuine products charge unfair prices to their goods making them hard to be affordable which end up making consumers purchasing counterfeit products. In contrast, consumers know exactly that original items acquire a very good quality as compared to their counterfeits. However, money constraints prevent them from buying products with good quality. In other words, consumers wish to buy products with good quality and are aware that along with good quality comes a high price. Nonetheless, the prices of the genuine items exceed their income level hence they end up purchasing counterfeits.

Social Influence: A positive correlation between social influence and intention to purchase counterfeits (p-value = 0.00 which is less than 0.05, therefore H2 is accepted). Social influence includes society, relatives, and families of the consumer. This study proves the positive effects of social impact to support attitudes toward counterfeits. Purchasers can discover different counterfeits from different brands with comparable logos and plans with the honest to goodness items. Consumers are intensely impacted by families, companions, and associates. Consumers are highly motivated when seeing their friends and relatives not just buying counterfeit products but also advising them to do the same. In addition, consumers might support others in purchasing fake products especially when getting the prestige of the genuine one with fewer prices. Many people really care about how others look at them and always try to reach the best look that determines a good social status. It is tailored to the need for a sense of accomplishment and appreciation from the surrounding. Because consumers are very concerned about social recognition, how people are looking at them and how they would perceive them in performing any action, they work hard to gain their social acceptance. As branded products give the consumers a societal position, purchasing counterfeits will be no more surprising. People admire to have luxury branded products to feel more honoured, get the impression of others and conform to the expectations of wealthy people. That is why people tend to purchase counterfeit products. In other words, a person's self-expression is very important to reach a social status and, if a product could reach the medium of his self-expression, he is

highly tempted to purchase a fake product. To get the respect, honour and prestige from others, status consumption must be reached. Status consumption refers to people who seek self-satisfaction in order to show their status through tangible evidence; therefore, counterfeits can easily fill this gap. Consumers feel that when purchasing counterfeits they are getting the reputation, respect and status of branded products without paying the same high prices charged by the genuine products.

Novelty Seeking: A positive correlation between novelty seeking and intention to purchase counterfeits (p -value = 0.00 which is less than 0.05, therefore H3 is accepted). Customers dependably take after fashion pattern and search for the newest items. Table 4.1 confirms the positive relationship between novelty seeking and intention to purchase counterfeits. Today, brands are more important in the marketplace and firms are working hard to maintain the brand in a good position in the marketing mix. In the fashion business, there are different styles whose patterns are continually evolving. In this way, consumers have always things new to see and buy every day especially those who are eager to the newest items and are interested and excited to purchase the newest of their fashion. Popular brands always make changes in their products as they have to follow up with the updates that will occur in the marketplace. In other words, companies will create products that the customers will love and want. Moreover the prestigious brands always search to satisfy the needs of the customers through the products they are dependably the initial ones driving in form patterns; therefore their items are generally refreshed, thus do the counterfeits. This specific sort of purchasers, whose salary is not extensively high, will attempt to have items with comparable plan in popular brand logo, and have an inspirational state of mind toward duplicating luxurious products. Furthermore, customers express their characteristics through maternal possession to both themselves and others. Product could help them to achieve self-concept (how the person view him or herself, self-esteem), self-perception (“perceptions people have of what they are like”) which lead the customer to be either actual-self or ideal-self. And this is balance for the self-concept when people purchase products that fit and match their own image and the image they would like others to see. Since Consumers seek novelty that grab the attention of the surrounding people especially targeted audience, they tend to purchase counterfeit goods to be if not on the top of social orders but on a level that could satisfy their needs and self-esteem. In other words, people tend to purchase luxury brands for two reasons either functional or symbolic and because many people who tend to be in the symbolic phase but does not have the fund to afford it, will significantly purchase counterfeit products.

Brand Image: A positive correlation between brand image and intention to purchase counterfeits (p -value = 0.00 which is less than 0.05, therefore H4 is accepted). Brand image is a purchaser’s view of the product; it is the means by which a brand can exist in customers’ mind. The results of this exploration demonstrate the positive correlation between brand image and consumers supporting the purchasing of counterfeit products. Brands have become more important in the marketing and firms are investing a lot of money to build a brand reputation that will exist and remain in the consumer’s mind. Customers care about the brand name as it expresses their own-self. When consumers build a relationship between the brand image and their self-image, they more likely to purchase counterfeits; they cannot afford buying the genuine products, but still want to express their image especially that they feel that designer brands improve their self-esteem and make them more confident and honoured among their surroundings. In other words, the higher the desirability of the target audience, the harder it gets to impress them. This sentence is highly applicable to those people who fear negative evaluations and try hard to build a first good impression that satisfy their inner feelings and needs. They seek to purchase counterfeits as people’s opinions are very important for them to reach self-satisfaction. Indeed, consumers’ average income is not sufficiently high to allow them to spend on luxurious design items. As indicated by the examina-

Consumer Behaviour Towards Purchasing Counterfeit Products

tion, the more the brand image is high and luxurious, the more clients want to possess them. Consumers purchase counterfeits not only to have the product itself but also to give them self-expression and reach the ideal satisfaction of self. That tendency and craving for buying luxury brand items- while income is not enough -influence and support the willingness to purchase those pirated goods.

Attitude to Purchase Counterfeits: A positive correlation between attitude to purchase counterfeits and intention to purchase counterfeits (p -value = 0.00). The attitudes of the consumer emerge from his purchase intention, which in turn emerges from his purchased behaviour. Companies study the attitude of the consumers to know their behaviour towards their products. These attitudes are the inner decision, reviews and comments the consumer puts in mind to evaluate any item as favourable or unfavourable. The more the comments are positive, the more he will favour the item and purchase it. The same process is applicable to genuine and counterfeit products; the more the consumer favours those pirated goods, the more he will purchase them. Similarly, the more he finds that genuine products satisfy his needs and self-expression, the more he will purchase original products. Thus, when consumers see counterfeits as products that give them the prestige and the social class of the genuine items without paying a lot, they start purchasing counterfeits.

CONCLUSION

After analysing the data and discussing the findings, we can conclude that the factors affecting the purchase of counterfeit products are:

First, consumers sometimes depend on external opinions in making decisions of their purchasing behaviour as they are concerned about social impression and how people look at them. It is tailored to the need for a sense of accomplishment and appreciation from the surrounding. When people purchase a counterfeit product, they engage in self-presentation by purchasing goods that maintain the attraction and interaction with others with the expressions of some hints and gestures to feel satisfied (we will be extremely satisfied if someone was impressed about the shoes or clothes we wear especially when saying or expressing his/her marvel feelings in front of our friends) without taking into consideration the quality of the product, consumers only care about the social class a product can add to their self-satisfaction. Thus, the less available the authentic, the more appearances are needed.

Second, social influences also have a positive impact on the consumer behaviour to purchase imitated brands. As a matter of fact, the surroundings of the consumer have a large influence on the consumer's beliefs and behaviour including the act of purchasing goods. Family is considered the major social influence on the consumer buying behaviour. Consumers are influenced by the comments and reviews their family has towards purchasing counterfeit products. In addition, consumers get influenced by their friends, relatives, and social group as they will be affected by their positive and negative information.

Third, the reason behind purchasing counterfeits is that the consumer always seeks to build his own character, have a social status that is respected in his society and impress others. The more is the correspondence between the brand's image and consumer's self-image, the more it can induce consumers to purchase counterfeit products especially when they cannot afford the money to buy the genuine products. Thus, the brand image is one of the indicators that the consumer relies on when purchasing counterfeit products. Customers believe that the brand image can improve their self-satisfaction and make them more confident and honoured among their surroundings. In other words, it increases their self-esteem.

Fourth, price is considered one of the fundamental causes for people to purchase counterfeits with studies proving this theory. Although consumers are aware that every expensive product will definitely have a good quality and that the price is an indicator of having a better quality, they choose to purchase counterfeits and think of it as an option when purchasing products. People feel that genuine products charge unfair prices that exceed their level of income. Finding imitated products with fair quality and low price make consumers change their opinion and deviate towards counterfeits especially when they feel that they are getting the reliability, prestige and status of the genuine products.

Theoretical Contributions

This study successfully confirmed that price is directly linked to quality and that price is a clear indicator associated to the quality of the product reflecting its value, especially when considering a counterfeit product. In addition, other variables were also found to be positively correlated with intention to buy counterfeit products, these included, social influence, novelty seeking, brand image, and attitude towards buying counterfeit products.

Managerial Implications

Firms need to make sure that their brand, since results showed that brands affect peoples' confidence level and helps people feel better about themselves, especially when people wear famous brands their confidence level increases.

While at the same time, firms need to monitor the quality of their product, because many pirated and counterfeit products are producing better quality products, so that they can compete with the original brand. Firms need to differentiate their products and make it harder for counterfeiters to copy their production.

When addressing pricing, firms need to be wary on what value the buyer is receiving from their products, if companies are charging a very high price and the product can be easily counterfeited, then there is a higher chance people will opt to saving money if the quality is almost the same. For firms to charge a very high price for a product, they need to justify these high price through differentiation and uniqueness.

Finally firms need to address the social views of buying counterfeit products, there needs to be a change of peoples' attitudes towards pirated products, not enough has been done.

LIMITATIONS

For this study, the limitation was in terms of time and participants. This research would have preferred a larger sample size, 163 respondents in all Lebanon is a small number. Moreover, as the research is highly influenced by the income, the sample did not examine the various income levels.

SUGGESTION FOR FUTURE RESEARCHERS

Future researchers should study other factors that may influence the purchase behaviour of the consumers. For this research, brand image, social influence, price-quality and novelty seeking were the main factors that influence the purchase behaviour in buying counterfeit products.

Future research can explore other factors and find how they correlate with the intention behaviour; those factors can include age, gender and income. For future researchers who want to conduct a similar study, they are advised to include all the independent variables in different cases. Moreover, researchers can take other case studies that have not been discussed in this research.

Finally, future researchers should focus on how to reduce the positive attitude towards buying counterfeit products, and how can firms work towards differentiating themselves more effectively over counterfeit products. Future researchers need to investigate ways to help support original brands by probing how social influence can be reduced so that buying counterfeit products is no longer fashionable.

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Chapter 3

CSV Activities in the Japanese Retail Sector

Mitsunori Hirogaki

Ehime University, Japan

ABSTRACT

In Michael Porter's creating shared value (CSV) framework, the enterprise will solve the social challenges that confront regions or communities through its business activities, thus earning a profit while creating value for both the company and the region. In this chapter, a case study is presented on a retailer's CSV activities in Japan, wherein the author addresses how the retailer contributes to the community through shopping support services in "food deserts" that supply fresh food to improve consumers' health and wellness. The empirical results indicate that consumers have a preference for real store shopping experiences among these services, whereas online grocery services do not meet consumers' needs for shopping. The results suggest that these shopping support activities will bring enough profit for both sides, namely, consumers and retailers. The author also discusses the role of the public sector in assisting these activities.

INTRODUCTION

CSV (creating shared value) is a management philosophy that aims to solve social problems through corporate business activities by balancing social values (values beneficial to the society) with corporate value. This activities in retail sector companies have attracted the attention of companies, media, and the public sector due to the possibility that some of these activities might solve the problem of "food deserts," where people have limited dietary options close by (Iwama, 2011, 2013; Arthur D. Little Japan, 2014). In the context of CSV activities, these ventures could provide great possibilities, since such activities boost the social image of supermarkets in these areas despite sometimes being regarded negatively and can also contribute to firm profitability (Shaw, 2006). In these efforts, retail corporations have developed several new retail models to improve distribution. In their activities, they try to complete the "last one mile" from their store to people who have limited access (Ministry of Economy, Trade and Industry, 2010a).

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The historically high growth rate among Japan's elderly, economic disparities among the different regions, and a series of huge natural disasters that occurred during the late 1990s through the 2010s, have led retailers—including major chains and SMEs—to fulfill their social responsibilities by contributing to the community through safety station activities and CSV endeavors toward the consumers and communities that they serve (Tokushima Prefecture, 2017).

However, there are many discussions about whether these CSV activities are sustainable and effective, and these business models are sometimes questioned regarding profitability and consumer needs (Kurokawa, 2015; Hirogaki, 2014, 2015, 2017).

This article aims to address how retailers contribute to the community by providing shopping support services that supply fresh food to improve consumers' health and wellness in regions identified as "food deserts", hence, we used the Japanese case study. Retailers in Japan have been creating social value and at the same time making a profit, thus practicing CSV. The author used an empirical method to measure consumer need and acceptance of these new retail services. A multiple case study design was used to discuss how retailers gain profit from helping society through shared values, thus, enhancing profitability and competitiveness.

LITERATURE REVIEW

Porter & Kramer (2006, 2011) developed the concept of CSV that was adapted and improved from CSR (Corporate Social Responsibility). In CSR, the corporation engages in a mantra of "Cope with the negative effects to the social and community made by corporate activities," such as environmental improvements and compliance. However, sometimes there are large differences between the profit-oriented activities and CSR activities via acts of charity or philanthropic acts, or social action programs to solve social and community problems. CSV should achieve both aims: solving social and community problems and improving corporate competitiveness (Porter & Kramer, 2011). In this manner, CSV is consistent with business strategy (Jin, 2018; Fraser, 2019). Moreover, CSV achieves both economic and social value.

Nestlé S.A. brought this idea to Japan for the first time in 2007 (Ministry of Economy, Trade and Industry, 2014). In the company's 2011 report, its CSV activities focused on three categories: nutrition, water, and rural development. The company introduced an educational program entitled "Nestlé healthy kids program" that provides knowledge about nutrition, health, and wellness to parents, teachers, and children. Since 2012, Japanese Nestlé has distributed education kits to over 1.6 million children. Many Japanese companies have followed, by introducing other kinds of CSV activities such as developing regional resources for small-scale entrepreneurs, giving charity to the local community from the sales, and giving financial support to restore their farm and fisheries businesses. A prime example of such a Japanese company is Kirin Holdings (Mitsubishi Group) that did foundation "CSV headquarters" in 2013 (METI, 2014). Several SME companies have joined these activities also, such as a real estate agency, public transportation, and community development companies whose activities mainly focus on supporting regional communities to provide transportation services to aging people and help develop regional resources that promote revenue by introducing livelihood projects and other local tourism programs. Nishioka et. al (2018) focused on the regional SME's such activities are kept in the middle part of Japan.

Many reports and surveys suggest that Japan has one of the world's fastest aging populations (Cabinet Office, 2014; Goldstone, 2010; Sakai et al., 2000). At the same time, as Yakushiji & Takahashi (2013) pointed out, the number of grocery retailers and their actual stores have continued to decline. There were

CSV Activities in the Japanese Retail Sector

about 526,000 stores in 1997; however, by 2007, this number had decreased to 390,000. Moreover, the Large-Scale Retail Store Law, which mainly protected SME retailers, was abolished in 2000. This event has accelerated this trend (Takahashi & Yakushiji, 2013). Retailers must not only cater to this new important segment (New Supermarket Association of Japan, 2014), but also develop new retail services to cover this particular generation as the food desert problems connected with an aging society are becoming larger. METI (2010a) pointed out that there are two locations that might become food deserts: rural districts with advanced depopulation and the suburbs where there are antiquated new towns, in these areas nearly 6 million people are currently facing difficulty in shopping (Ministry of Economy, Trade and Industry, 2010a; Ministry of Agriculture, Forestry and Fisheries, 2011). Other estimations predict that 8.56 million people have difficulty shopping for fresh food every day because they live far from a conventional grocery store and do not have a car (Takahashi & Yakushiji, 2013).

Retailers are trying to develop and expand several new retail services in food deserts for people who have limited access to ordinary retail stores (Kitahara et al., 2012; Ministry of Economy, Trade and Industry, 2010a). In view of this, reports from public sectors proposed the following and classified three new retail services based on the different shopping methods for consumers (Ministry of Economy, Trade and Industry, 2010a):

1. Building a store close to the consumer, i.e., small grocery store or mobile grocery store by a small vehicle.
2. Delivering goods to consumers, i. e., home-delivery service, home-shopping service, and meal delivery service
3. Providing means of transportation method to consumers, i. e., shuttle bus service close to the supermarket or grocery store

One shopping method is home-delivery services through the Internet, telephone, and fax, or door-to-door sales staff. Consumers order groceries and receive them at their home (Ministry of Economy, Trade and Industry, 2010a). The second is a shuttle bus service that provides access to the nearest store (Chiba Prefecture, 2010; Ministry of Economy, Trade and Industry, 2010a). The third is a mobile grocery store (Chiba Prefecture, 2010; Ministry of Economy, Trade and Industry, 2010a; Policy Research Institute, Ministry of Agriculture, Forestry and Fisheries, 2012).

A previous study revealed that 60% of the mega retailers or large retail companies are thinking about introducing a home-delivery service within 10 years. Large “mega” retail companies are those whose revenue exceeds 100 billion yen per year. On the other hand, 27% are considering a mobile grocery store and 15% of retailers plan to have a shuttle bus service to their nearest grocery and supermarket (Kijima, 2012).

RETAILERS IN FOOD DESERTS

The sections below discuss case studies of new retail services by mega and SME retailers.

Mega Retailers in Food Deserts: Seven-Eleven Japan

Seven-Eleven Japan offers three services for people who have limited access to a retail store: mobile grocery stores, a home-delivery service, and a shuttle bus service.

Mobile Grocery Store: This chain operates a mobile grocery store service entitled “Seven Anshin Otodoke-bin” (in English, “Seven Eleven’s delivery services providing safety of food supplement”) in 29 prefectures (about 62% of all prefectures in Japan) as of February, 2018 (Seven-i holdings, 2018). They use a light truck with a built-in refrigerator with temperature regulator, wherein they can store different kinds of food such as fresh vegetables, fish and meat, lunch boxes, and a delicatessen. This customized truck then patrols mainly around food desert areas. The group retailer, Ito-Yokado also provides “Ito-Yokado Anshin Delivery Service,” which patrols a proprietary track with a sales facility near five stores in Nagano Prefecture, Sapporo City, Tama City, Hanamaki City, and Iwaki City as of February 2018.

Home-Delivery Service: The Seven-Eleven meal service was founded in August 2000. The service offers catering and personal shopper services. In 2012, the amount of sales was approximately 20 million yen (USD 176,380). As at October 2013, registered members numbered about 450,000: about 60% of members were above the age of 60 and about 40% were above 70-years-old (Nomura Research Institute,2014).

Shuttle Bus Service: Since 2011, they have provided shuttle bus services to the nearest of their grocery stores. That service was spawned during the CSV activities in the areas stricken by the Great East Japan Earthquake in 2011. Older people were mostly affected because most of the grocery stores were destroyed in the disaster-affected areas. In this service, the buses make a round trip from the town to the grocery store several times a day.

SME Retailers in Food Deserts: Tokushimaru, a Specialized Retailer of Mobile Grocery Stores

Tokushimaru Inc. is a specialized “mobile grocery store.” It is a chain founded in 2012 in Tokushima city, Tokushima prefecture, western Japan. The name “Tokushimaru” derives from two words: the name of the founding place (Tokushima) and the word “Tokushi,” which means an inclination to serve the society for public welfare. In 2017, the company became a consolidated subsidiary company of Oisix Daichi Inc., Tokushimaru Inc.

The headquarters provides mobile supermarket sales “know-how” and a brand name to both owner-occupants (mainly individual business owners, called “sales partners”) and local supermarkets. The sales partner sells the commodities by traveling around designated areas in a light refrigerated vehicle with 1,200 units of about 400 items from the merchandise of the affiliated supermarket. Sales partners sometimes also make agreements with local municipalities and police stations regarding monitoring the activities of customers.

Because many of their customers are elderly and a big percentage of these are living alone, their sudden illness and the discovery of untimely death are major problems in communities with many elderly people. The mobile grocery truck moves around the designated area twice a week over a seven-hour period from 10 am to 5 pm. Unsold items are returned to the supermarkets who then sell the perishable foods by discounting 20% or 30% on average. Because a return policy is guaranteed, the sales partner loads many kinds of goods without having to worry about unsold products; therefore, this service enriches the variety of goods available(Gekiryu, 2015).

CSV Activities in the Japanese Retail Sector

Many of these areas are localities where aging and depopulation have progressed; therefore, they add a fee of 10 yen per item (approximately \$0.10) to all the goods they sell to cover the sales amount and the low profitability under this condition. Currently, this business operates a 30% gross margin, which is distributed to headquarters at the ratio of 3%, 10% to the supermarket, and 17% to the sales partner. In addition, regarding the added fee, the head office and the sales partner get a share of this.

As of April 24, 2018, the number of active mobile grocery stores exceeded 300 cars and the total amount of monthly distribution sales exceeds 500 million yen (about 4.52 million dollars). They have agreements with 89 local supermarket chains and operate in more than 90% of prefectures (Ryutsu News, 2017; Jigyokoso, 2018).

Tokushimaru Co. Ltd. started a training program for people who want to become a sales agent for local supermarket through a mobile grocery store in food deserts. In this program, applicants receive training and know-how regarding mobile grocery sales, how to deal with customers, and other financial knowledge. After finishing the training programs, they start a “mobile grocery” business with the local supermarket in partnership with “Tokushimaru.” They work in food deserts as sales agents of the local supermarket by means of a mobile grocery store.

This program helps the local supermarket by improving accessibility to the “food deserts” market through mobile grocery store.

Most local supermarkets have little financial or human resources to build an online grocery store system.

This shortage of resources makes it difficult for them to access food desert markets. This particular system will help build useful marketing channels.

The program will also help supermarkets obtain accurate sales and demand information from the food desert market.

Gaining access to those areas means that the local supermarket will be able to increase sales and gather information or monitor the demands of these customers. These improvements will not only help increase competitiveness but also increase their bargaining power with large-scale manufacturers and wholesalers when the local supermarket purchases groceries from them.

For most local supermarket chains, building sales channels to customers who live in food deserts is challenging because they do not have enough financial and human resource assets and know-how to construct online grocery systems. On the other hand, most of these targeted consumers do not have sufficient knowledge and income to access retail stores online.

This means that local supermarket chains will be able to have good agent to sell their products to these customers; in addition, they will get appropriate information regarding demands in these areas and customers, which will help their business regarding purchases.

Empirical Study of Consumer Preferences for New Retail Business Models

In this section, the author investigates the needs of shopping support services in food deserts currently under development by mega and SME retailers, based on Hirogaki (in press). Although retailers have developed these new retail models for food deserts, few empirical studies consider what factors consumers consider important in choosing these retail services in food deserts. Research on consumers with limited shopping access and ways to provide access for those living in food deserts have been conducted in North America, the UK, and some European countries; however, few studies have explored this issue in Japan and other Asian countries.

This study identifies the key attributes that determine Japanese consumers' preferences when choosing new retail business models and their services. In addition, it aims to distinguish and resolve the key factors that create a competitive advantage in retailers' marketing activities and predicts the future of this new market in Japan.

Empirical Hypotheses

Many Japanese consumers prefer the traditional way of shopping, i.e., in a real store, which introduces a hindrance to the popularity and spread of online grocery stores. Kitahara et al. (2012) suggested that the retail format significantly affects consumer satisfaction.

Kitahara et al. (2012) conducted a questionnaire survey with 2,387 older citizens regarding shopping formats and found that they favor "bricks-and-mortar" retail stores. In addition, the respondents replied that they will go to a real store instead of an online or similar virtual store even if the real store is far from their house (Kitahara et al., 2012). This implies that consumers choose to give higher evaluation to a store format that mimics a real grocery store in lieu of online grocery or other similar services. Therefore, we propose the following hypotheses:

Hypothesis 1: Consumer utility is affected by the type of retail service offered.

Hypothesis 2: The mobile grocery format positively affects consumer utility more than other grocery services.

Frequent opportunities to purchase groceries provide positive satisfaction to consumers because grocery shopping is done at regular intervals (Park et al., 1989). Japanese and other Asian consumers, in particular, consider the possibility of frequent small purchases to be an important factor and it directly affects consumer satisfaction due to their relatively higher food storage vis-a-vis the necessity of having fresh food but not having enough storage (Goldman et al., 1999; Maruyama, 1992). Additionally, Japanese consumers are familiar with the "convenience" retail store model that has long business hours (Nagayama & Weill, 2004). Therefore, we propose the following:

Hypothesis 3: A higher service frequency is positively related to consumer utility.

Previous surveys regarding consumer behavior about online shopping and internet auctions revealed that additional fees, such as shipping or membership fees, greatly influence customer satisfaction (Gümüş et al., 2013; Liu et al., 2013). Some research reports revealed that reasonable additional fees for online and home-delivery services provide high satisfaction to Japanese consumers (Gotou, 2010; Hirogaki, 2015, 2016a, 2016b). Regarding shopping support services in Japanese food deserts, several retailers set membership fees. There are some plausible answers about the adaptation of membership fees by retailers. We gathered opinions from the point of view of retailers and the hypotheses of academicians. Some of the reasons narrated by retailers are: (1) "value marketing through cost advantage," that is, a means to cover part of their operating costs, and (2) it promotes a sense of ownership and store loyalty. Economic and IO academicians consider methods of nonlinear pricing and price discrimination, and a competition strategy in an oligopolistic market (Kim & Choi, 2007). Based on these perspectives, we propose the following hypotheses:

Hypothesis 4: The membership fee is negatively related to customer utility.

Hypothesis 5: In the choice of grocery retail service, the membership fee is the most important attribute for customers.

Whether consumers are experienced in online grocery shopping might affect their preference and importance for each attribute for online grocery shopping, such as the frequency of service, shipping

fees, and the number of business hours (My Voice, 2013; Hirogaki, 2015). Based on these findings, we propose the following hypothesis:

Hypothesis 6: The importance of the grocery retail service type is affected by home-delivery service experience .

Consumers who consider shopping as a fun activity tend to not use online grocery shopping and prefer to shop at a real supermarket (Shimizu & Sakata, 2012). The author can expect that these consumers might have different preferences for choosing grocery retail services and, thus, proposes the following:

Hypothesis 7: The importance of the grocery retail service type affects differences in shopping attitudes .

METHODOLOGY AND DATA

Methodology

With regard to new grocery shopping formats and services, we used a full-profile-rating conjoint analysis to estimate the relative importance of each service attribute for consumer shopping preferences. Conjoint analysis is a decompositional method that estimates the structure of a consumer's preferences. It estimates preference parameters, such as part-worths, importance weights or ideal points, providing overall evaluations of a set of alternatives pre-specified for levels of different attributes (Green & Srinivasan, 1978; Green & Srinivasan, 1990). This method requests customers to assess products or services that are presented with many attributes and at different levels. Based on their evaluation, estimates on influence of utility of the attributes and levels are made. This theory has been applied by Luce and Tukey (1964), and developed by Green and Rao (1971) and Green and Wind (1973).

For conjoint analysis, it is imperative to identify components (or attributes) of products or services to be analyzed, such as brand, service, prices, and specific levels of these attributes (such as design proposals and price).

The data for this study was collected from a survey about new shopping services for food deserts (Ministry of Economy, Trade and Industry, 2010b; 2010c), interviews with customers and managers of Japanese retailers, and NPOs that operate these new retail shopping services. Table 1 presents the characteristics of the grocery stores that were analyzed. .

1. **Retail Service Attribute:** This attribute represents the retail formats that retailers can use to attract customers and help introduce products and increase sales, e.g., mobile grocery store, shuttle bus service to the nearest grocery store, and home-delivery service.
2. **Service frequency attribute:** This attribute reflects three specifications: one day per week, three days per week, and seven days per week. This attribute represents the rate at which consumers utilize the services that the stores offer.
3. **Membership Fee Attribute:** There are three levels to categorize the monthly shopping service fees: ¥500, ¥800, and ¥1000. These prices are based on several retail services offered to consumers who have limited access to grocery stores (Oita Prefecture, 2012) and interviews with retailers.
4. **Membership Fee Attribute:** The last attribute is the monthly membership fees that customer have to pay if they use the service. The author set three levels of membership fees (¥500, ¥800,

Table 1. Attributes and levels of mock shopping retail services

Attribute	Level
Shopping service attribute	Home-delivery grocery service/Shuttle bus to nearest grocery store/Mobile grocery store
Frequency	1/3/7 days per week
Membership fee	¥500/¥ 800/¥1,000 per month

and ¥1000), which are derived from previous case studies (Oita Prefecture, 2012) and interviews conducted by the author with retailers that offer shopping services for food desert areas.

Plan Card Combinations: multiple commodity profiles - choice alternatives can be described as profiles on multiple attributes and that individuals consider various attributes while making a choice (Rao,2010), or plan cards - smaller set of stimuli/combinations are called as plan cards or design cards(Rao,2008), were created based on the attributes and their associated levels. Respondents were asked to evaluate the products in these profiles. Based on the above factors, there were 27 (3 × 3 × 3) possible combinations, which is a significantly large selection. IBM SPSS Conjoint (version 19) was used to create a profile based on Fisher’s factorial design in order to avoid bias in the combination of levels displayed in the commodity profile and to reduce the number of combinations from 27 to 11 plan cards. Table 2 indicates the final 11 plan cards. On the basis of these 11 plan cards, the author conducted the survey by asking the respondent situational questions such as: Putting themselves in a situation wherein they have limited access to shopping facilities because of age and shopping conditions are changing. Then, the respondents were asked to ideate alternative grocery services that comprise three features. Next, they were requested to indicate how likely it would be that they would use the grocery service based on the three features presented.

Finally, the respondents were asked to rate each shopping service design on the basis of a five-point Likert scale ranging from “Would want to use this service” to “Would not want to use this service.”

Equation (1) provides the consumer behavior model used for this analysis:

Estimated consumer utility

$$= \beta_0 + \beta_s \times \text{Retail Format} + \beta_f \times \text{Frequency of Service} + \beta_M \times \text{Membership Fee} \tag{1}$$

When a consumer chooses a grocery service, the respondent presumably aims to maximize his or her utility through the feature options chosen. Utility, in this model, is the dependent variable that represents the customer’s utility function, which is divided into goods offering “attributes” where the utility of each attribute is assumed definable, thereby allowing us to calculate the total utility as the sum.

In this model, the type of retail service (Type 1 = mobile grocery, Type 2 = shuttle bus service to the nearest grocery store, and Type 3 = home-delivery service); the frequency of service (Level 1 = once a week, Level 2 = 3 days/week, and Level 3 = 7 days/week); and monthly membership fee (Level 1 = ¥500, Level 2 = ¥800, and Level 3 = ¥1000), serve as attributes affecting customer utility. β_s , β_f , and β_M denote the coefficient estimates for each attribute.

Equation (2) provides the model to calculate each attribute’s averaged importance:

i attribute’s Importance

$$= R_i / (R_s + R_f + R_m) \times 100 \quad (2)$$

Importance_i in this model, is the averaged importance of attribute *i* and *R_i* is the value range of utility of *i*'s factors. The subscripts of *i* (S, F, and M) respectively denote type of shopping service, frequency of service, and membership fees attributes. This indicates each attribute's degree of influence and is expressed as a percentage (total 100%). This calculation is conducted for each respondent and the averages are taken.

Descriptive Data

The author conducted a consumer questionnaire survey from March 29 to 31, 2014. The survey explored the retail model preferences in food desert areas that are currently in the process of development. The data were collected by means of web-based survey from the following districts: the Northern district (Hokkaido and Touhoku), Capital region (the Greater Tokyo Area), Central region, Western region (Kansai, Chugoku, and Shikoku), and the Southwestern region (Kyushu and Okinawa Islands). The author gathered a total of 616 responses: 51.8% males (*N* = 319) and 48.2% females (*N* = 297). Table 2 summarizes the descriptive data.

Empirical Results

The author conducted a complete profile conjoint analysis to estimate each consumer's preferences for the new retail services and its levels and attributes. The procedure of this analysis is as follows.

First, we set the level of attributes and prices that make up retail services. Next, to prevent statistical bias, we combined those attributes based on Fisher's experimental design method to create simulated retail services (these mock services are called "profiles"). Finally, we asked the respondents to rate each profile according to a five-point Likert scale. Subsequently, we estimate the utility function based on these results and measure the influence of each attribute on utility. Furthermore, we calculate each attribute's importance rate on each respondent's utility. Table 3 summarizes these estimation results. SPSS v19 was used to calculate these results.

Pearson's *R* values and Kendall's *tau* in our model are high, i.e., 0.999 and 0.944, respectively.

The former value represents the correlation coefficient between the value predicted by this model and the evaluation scores of the respondents. Values closer to 1 demonstrate a high correlation coefficient. The latter results indicate the reliability of the calculation results of the partial utility values. Therefore, the conjoint analysis model is consistent with the respondents' response tendencies. Both Pearson's *R* and Kendall's *tau* relate to the significance level of the test for a lack of correlation. Both appear to be significant (sig. < 0.000), indicating that the model is sufficiently fit.

General Attitudes and Preferences

The author examined the impact of each retail service attribute on the total satisfaction received from consuming a good or service, otherwise known as "consumer utility." The results revealed that mobile grocery shopping has the highest consumer utility values (+0.038) followed by the shuttle bus service (+0.08). The survey revealed that the home-delivery service negatively affects consumer utility (−0.046). With an averaged importance of 36.149%, we conclude, therefore, that this attribute has the greatest

Table 2. Survey respondents demographic profile (N = 616)

Characteristics	Frequency (Percentage)
Gender:	
Male	319(51.8%)
Female	297(48.2%)
Age group:	
20-29	61(9.9%)
30-39	153 (24.8%)
40-49	156 (25.3%)
50-59	143 (23.2%)
60-69	81 (13.1%)
70-79	22 (3.6%)
Household Income:	
> 300	97 (15.7%)
300-500	169 (27.4%)
500-700	152 (24.7%)
<700	193 (31.3%)
Attitude toward Shopping:	
Online grocery service and other home-delivery user	Yes:388 (63.0%)
	No:228 (37.0%)
I think daily shopping for foods and other daily necessities is a fun activity.	Agree:70 (11.3%)
	Disagree:25 (4.0%)
Area	
Northernmost	49 (8%)
Metropolitan	271 (44%)
Central	72 (11.7%)
Western	182 (29.5%)
South western	42 (6.8%)

degree of importance among all the attributes. These results support Hypotheses 1 and 2. The effect of service frequency on consumer utility was examined next. The result of the study supports Hypothesis 3 and this can be proven from the results gathered, namely: the high frequency level (consumers can use the service daily) positively affects customer utility (+0.137) in the same way as the mid-level of frequency of 3 days per week (+0.028). The low service level, only 1 day per week, has a negative effect (-0.165). This attribute had the lowest degree of importance, with an averaged importance of 29.267%.

Finally, we examined the membership fee and its effect on consumer utility. The outcome on utility tends to be positive (+0.225) when the membership fee is reasonably priced (¥500). Both the mid-level (¥800) and high fee (¥1,000) have a negative impact (-0.019 and -0.206, respectively). These results support Hypothesis 4. Overall, the averaged importance of this factor is 32.848%, making it the second most important factor. This result rejects Hypothesis 5.

Users of the Home-Delivery Services

Table 5 presents the empirical results for users of online grocery services and other home-delivery services. Pearson's *R* and Kendall's *tau* are high (0.998 and 1.000, respectively), and each appears significant. Based on the results, mobile grocery store has the most positive effects on consumer utility (+0.026) while the shuttle bus service has the second highest (+0.00), and the home-delivery service negatively affects consumer utility (−0.025). This attribute has the greatest importance, with an average of 35.675%.

Regarding frequency for these customers, both the high frequency level (daily) and the mid-level frequency (3 days per week) positively affect customer utility (+0.110 and +0.026, respectively). The low service level (once a week) has a negative effect (−0.136). The averaged importance of this attribute is the lowest among all factors (27.058%).

In addition, we examined the membership fee effect on consumer utility. When the membership fee is low (¥500), the effect on utility is positive (+0.203). Both the mid- (¥800) and high level fees (¥1,000) have negative effects (−0.006 and −0.197, respectively). These results support Hypothesis 4. Overall, the averaged importance of this factor is 32.385%, making this the second most important of all attributes.

Although the results revealed that online and other home-delivery service users were more likely to prefer home-delivery service, the order of the importance is the same for all respondents. Therefore, differences in experience with home-delivery services do not significantly affect consumer preferences. This finding rejects Hypothesis 6.

Consumer Attitudes Toward Shopping

Finally, the results for consumers who viewed shopping as a fun activity were examined. Table 6 presents the empirical results of this analysis.

This model's Pearson's *R* and Kendall's *tau* are high (0.992 and 0.817, respectively), and each appears significant, thereby making the model is sufficiently significant.

Subsequently, the impact of the shopping service attribute on consumer utility was examined. The results revealed that the mobile grocery store has the most positive effect on consumer utility (+0.076) followed by the shuttle bus service (+0.071), and the home-delivery service negatively affects consumer utility (−0.147). This attribute has the greatest importance of all, with an average of 35.989%.

Further, the effect of frequency on consumer utility was examined. The high frequency (daily) service positively affects customer utility (+0.187) followed by the mid-level of frequency (3 days per week), which also has a positive effect (+0.037). The low service level, once a week, has a negative effect (−0.224). The average importance of this attribute makes it the second most important factor at 31.822%.

Finally, we examined the effect of the membership fee on consumer utility. When the level of membership fee is high (¥500), the effect on utility is positive (+0.254). The mid-level (¥800) fee has a negative value (−0.055) as does the low fee (¥1,000) (−0.200). Overall, the average importance of this factor is 30.740%, making it the least important factor.

The results for this segment differ from those for the previous two. Consumers in this segment attach higher importance to the service frequency as compared to the membership fee. Therefore, Hypothesis 7 is supported.

Table 3. Empirical results

Attribute	All Respondents			Online grocery and home-delivery users		Respondents who rate shopping as a fun activity	
	Level	Utility(SD)	Importance (%)	Utility(SD)	Importance (%)	Utility(SD)	Importance (%)
Shopping Service	Mobile grocery	0.038(0.011)	36.149	0.026(0.13)	35.675	0.076(0.036)	35.989
	Shuttle bus	0.008 (0.011)		0.000(0.13)		0.071(0.036)	
	Home-delivery	-0.046 (0.011)		-0.025(0.13)		-0.147(0.036)	
Frequency	7 days	0.137 (0.011)	29.267	0.110(0.13)	27.058	0.187(0.036)	31.822
	3 days	0.028 (0.011)		0.026(0.13)		0.037(0.036)	
	1 days	-0.165 (0.011)		-0.136(0.13)		-0.224(0.036)	
Membership Fee	¥500	0.225 (0.011)	32.848	0.203(0.13)	32.385	0.254(0.036)	30.740
	¥800	-0.019 (0.011)		-0.006(0.13)		-0.055(0.036)	
	¥1,000	-0.206 (0.011)		-0.197(0.13)		-0.200(0.036)	
Constants		2.704(0.008)		2.818(0.09)		2.692(0.025)	
Pearson's R	0.999***			0.998***		0.992***	
Kendall's tau	0.944***			1.000***		0.817***	

*** significant at the 1% level

DISCUSSION

Consumers confer a high priority toward the type of retail store. The second priority is fees and the last is the frequency of the service they can use. (Second is fees and followed by the frequency of the service they can use.) The findings of our study is that as compared to virtual stores in grocery shopping, Real stores may also present some negative experiences for customers. Aylott and Mitchell (1999) concluded that there are many stressors for customers of grocery shopping in real stores, such as time pressure, crowd density, staff attitude and training, store layout and store relocation, impulse buying pressure, etc. In particular, crowding has a negative experience and leads to dissatisfaction for customers in real stores (Eroglu et al., 2005). However, this study implies that consumer's value real store shopping experiences and that this preference would lead to new store models that resemble a bricks-and-mortar experience in food desert areas. This means that if other factors are the same, then, the mobile grocery store model might gain more revenue than other virtual stores because satisfied consumers have a higher willingness to pay in the store (Huber et al., 2001). Some interviews with consumers showed that an entertainment experience of “unplanned purchases” and “verifiability of product freshness by their own eyes” are in high demand (My Voice, 2013).

Home-delivery services, such as online groceries, cannot offer these experiences (Kitahara, 2012; My Voice, 2013; Warschun et al., 2012) even though these services can go a long way toward solving the problem of food deserts (Morganosky & Cude, 2000; Shimizu & Sakata, 2012).

Our survey results suggest that both online grocery users and other consumers have nearly the same preferences toward fresh food purchasing, meaning that consumers regard home-delivery services as an

optional shopping method for non-perishable necessities, in which case online grocery shopping tends to get higher market share.

Respondents regard the service fee as the second most important element for consumers. This turns out to be an obstacle even when configured as a membership fee that enables a higher purchase frequency because users typically do not pay a usage fee to shop at a traditional grocery store. A fee per use may be less expensive because perishables are frequently purchased in small quantities. Gotou (2010) found that Japanese consumers have a negative attitude toward additional service charges when purchasing groceries. Hirogaki (2015) confirmed this tendency in choosing online groceries by empirical survey. In addition, according to IPSOS (2013), consumers in Asia are more sensitive to additional service fees than North American consumers are. However, the fact that the fee was not the most important factor suggests that, to a greater extent, consumers value the shopping assistance service.

Service frequency was the third most important factor; although there is an approximate 30 percent share, it represents a significant factor for consumers in selecting a service. As usage frequency significantly affects retailers' cost structure (Boyer et al., 2009), the service must be developed by considering both the costs and consumers' service demands. Consumers who place a high value on shopping for daily necessities prioritize the available usage frequency over the service fee. From previous studies on online grocery shopping, most consumers tend to emphasize usage fees, such as shipping fees (Gotou, 2010; IPSOS, 2013). However, our results suggest the existence of a market segment that values convenience over price and regard shopping as a fun activity. The results demonstrate that retailers should offer various services and pricing levels according to the needs of each segment (i.e., convenience-oriented segments and reasonable price-oriented segments).

Providing diverse retailing to local residents may require a lot of investment for these retailers. Central government and several municipalities in Japan regard new retail formats as one of the important means for enhancing regional sustainability. Various subsidies and other support systems for carrying out these activities have been adopted in many local governments and this type of public support activity is also important for CSV activities in the retail field. There are many kinds of support activities for retailing.

Elderly people and those residing in food deserts tend to lack the means to obtain information in comparison with people who live in food oasis areas, which may be an obstacle to the development of new retail models. Public relations activities to local residents by local governments will help solve this problem. In addition, the development of new retail activities often creates new employment in the area. Because these retail models have a high economic ripple effect, depending on the region, the support of local government will be a worthy investment for the community, retailers, and the government itself.

CONCLUSION

Corporations sometimes have the tendency to focus on short-term economic value due to the pressures of shareholders and other stakeholders. However, as Porter mentioned, conjoining with both economic value and social value is vital to a corporation's healthy development. Additionally, this procedure will bring collateral contributions through the sound development of both businesses and society.

Based on the author's previous research, this chapter presents a case study analysis and empirical evaluation to investigate current CSV activities conducted by Japanese retailers, especially focusing on new retail services to consumers that have limited access to real grocery stores. These new retail services have great potential to influence regional economies, consumer perceptions, and corporate reputations.

Aging societies, such as Japan, create a situation where large numbers of consumers have limited access to conventional retail stores; hence, the food desert problem grows rapidly. To achieve that one last mile to these consumers would bring potentially large benefits for businesses and the society, thus, building sustainable communities. Recently, Japanese retailers have developed several new retail formats to experiment with ways to meet these needs and meet their social responsibilities as food safe station activities. However, only a few studies have been conducted to evaluate consumers' preferences associated with these new retail formats.

To clarify the preferences of Japanese consumers toward store formats and their attributes, this study used conjoint analysis of a questionnaire survey of consumers in Japan to identify their preferences. The results revealed that consumers evaluate retail formats with respect to actual stores and underestimate retail formats differing significantly from this format. Despite the popularity of online shopping, consumers value shopping in a real store. The next most important factor was the size of the service fee followed by the frequency of access to the service. Frequency of access is especially important to consumers who consider shopping as an effective means of distraction.

Previous studies in Japan have suggested that online grocery or other home-delivery services attract people who otherwise have limited access. However, there was a disparity with the current results in that many respondents have a negative attitude toward virtual stores and home-delivery service. This polarity could be explained by the kind of research done by both studies. Previous papers were anecdotal studies, whereas the empirical methods in the current study provide more credibility and, hence, a contribution to the field. Therefore, online grocery shopping and home-delivery grocery services have been considered as effective solutions, especially for aging members of the society and those individuals with limited access to bricks-and-mortar stores.

However, the analysis of this study also suggests that online grocery and similar services are insufficient to satisfy Japanese consumers' shopping needs. If these demands are met in the real store experience, it will provide adequate benefits to both communities and retailers. In addition, our results imply that public institutional support is needed to support this CSV activity. It is challenging for companies to create value through cooperation with the local community. Therefore, to create such an environment, the role of public authorities is also suggested. These findings will give useful implications not only to academics but also in the retail management field and the public sector.

The study sample was limited to Japanese consumers and the findings might be applicable to other East Asian countries. However, future research could extend these hypotheses to other countries.

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Chapter 4

Customer Engagement: Storytelling and the UK's Leading Retailers

Peter Jones

University of Gloucestershire, UK

Daphne Comfort

University of Gloucestershire, UK

ABSTRACT

Stories are probably as old as the human race, but in recent years, businesses have increasingly come to recognise the importance of storytelling. This chapter offers an exploratory review of how leading UK retailers are using stories as part of their approach to customer engagement on the Internet and to offer some reflections on the role of storytelling in customer engagement by retailers. The chapter provides an outline of the characteristics of storytelling within the corporate world and reviews the ways storytelling is employed by the UK's top ten retailers to improve customer engagement. This review suggests that while the selected retailers posted stories on the internet to promote and publicise a wide range of topics, customer engagement was the fundamental underlying theme. The authors suggest that the retailers' use of storytelling in customer engagement raises a number of issues, including the ways stories can be used to enhance customer engagement and brand loyalty and challenges to the positive images of retailers look to portray in the stories they post on the internet.

INTRODUCTION

Storytelling – simply defined as conveying and interpreting events and experiences through the use of words and images - is as old as the human race and is certainly much older than recorded history. Stories can be told in a variety of ways including pictures and photographs, messages, conversations, presentations, letters, audio and visual recordings and increasingly social media, and their power is widely recognised. Storytelling is embedded in people's everyday lives, and in recent years, there has been increasing recognition of the role of storytelling in the business world. Gill (2015, p. 663) defined 'corporate storytelling' as "the process of developing and delivering an organisation's message by using

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narration about people, the organisation, the past, visions for the future, social bonding and work itself, in order to create new point-of-view or reinforce an opinion or behaviour” (p. 663). In making the case for “storytelling in business” Cumbie (2015) argued “if a business wants to expand its brand’s reach, it has to do so through relationship-building, organizational leadership and strategic thinking. Being good at defining who you are, and why what you do matters to current and prospective customers, enhances all three of these company objectives”. At the same time stories and storytelling offer a novel approach to customer engagement in that while many large businesses know a great deal about their customers via quantitative market research and the collection of data at the point of sale, the voice of customers can be lost in such large scale data collection processes (Gorry and Westbrook 2011)

Within the retail sector of the economy Insider Trends (2018), “the trend based consultancy that helps global brands create world leading and profitable retail ecosystems” and whose clients include Tesco, Marks and Spencer, Carrefour, Walmart and Ikea, argued that “storytelling is a great way of conveying what your brand is all about’ and ‘for retailers to focus on forging strong bonds with their customers”. At the same time, Bulbeck (2017) suggested that “in this increasingly customer-driven era, storytelling has become an integral part of connecting with customers” while Wheeler (2017) argued that “it is no exaggeration to say that customer engagement, the vital pull factor that keeps customers coming back for more, is what can make or break a retailer”. That said, how large retailers employ storytelling to build and enhance customer engagement has received only limited attention in the academic literature. With these thoughts in mind this chapter offers an exploratory review of how leading UK retailers are using stories as part of their approach to customer engagement on the Internet and offers some reflections on the role of storytelling in customer engagement by retailers.

Storytelling and Retailing

Storytelling has its roots in the origins of human civilisation and has traditionally been used to share, and pass on, knowledge, values, myths, legends, fables and religious beliefs, from one generation to another and across geographical space. Initially, storytelling was conducted through drawings and word of mouth communication, though over time the written, and then the printed, word became an increasingly important storytelling medium. More recently, developments in information and communication technologies, particularly social media, have seen storytelling become an increasingly all pervasive and all-embracing experience. Osman (2014), for example, argued “transcending barriers of language and culture, storytelling is one of the oldest art forms in history, utilised to transmit cultural, moral and complex information in a simple, engaging and meaningful manner”. PricewaterhouseCoopers (2017) suggested that “storytelling is one of the most powerful tools available to effective communicators” and Gupta (2015) argued that “stories are an effective tool in the strategy process and for communicating and achieving strategic objectives”.

Within the retail industry, storytelling has traditionally been used to enable retailers to initiate and develop relationships with their customers. As such, storytelling is seen to be important in that it enables retailers to forge strong bonds with their customers and for customers to feel connected to the retail brand. As such, storytelling is seen to be vitally important in conveying what the retail brand stands for, and the provenance of that brand and its goods and services. While storytelling is a traditional method of communication it has found new and evolving expression with the dynamic retail marketplace. Jones et al. (2010) outlined “the emergence and development of experience stores” (p.241) and almost a decade later VisualRetailing (2018) suggested “we’re living – and shopping – in the new customer experience”

Customer Engagement

and “the very idea of what a store is has changed. It’s morphed from a place where people come to buy, to a place where people come to discover”. Pamela Danzinger (2017), the founder of Unity Marketing, argued “retailers are discovering the way to move from a product-centric to a consumer-centric retail model is through storytelling” and that “today retailers must focus on customers and the stories they want to hear”. Further VisualRetailing (2018) argued “today’s consumer no longer simply wants to buy – they’re looking for a rewarding shopping experience, made of emotions – of stories. Stories make you feel things. They help convey information and help people retain information better”. Lisa Mukhedkar (2017), the co-founder of Restore, a retail design firm based in Bangalore, claimed “retail storytelling is one of the most critical factors in creating a great experience for the customer. Stories that form an emotional connect with the customer are remembered for a long time”.

While the role of storytelling in marketing has attracted some attention from the academic researchers (e.g. Pulizzi 2012, Hamond 2017) research into the role of storytelling in retailing has been more limited. That said, Gilliam and Zablah (2013) suggested that product stories told from a business point of view were likely to be most effective in influencing customers’ purchasing intentions in one-time sales encounters, while Gilliam and Flaherty (2015) explored the role that storytelling plays in the exchange between salesperson and buyer. Erickson and Carlsson (2014) revealed that slow fashion retailers were using storytelling to communicate their ideology to customers. More generally, Gilliam et al. (2014) identified a number of dimensions of retail storytelling, including story relevance, story humour and storytelling ability, and explored how they influenced consumer behaviour.

Within the retail industry itself, in November 2017 Marketing Week (2017) announced that “a study of UK brands finds Marks and Spencer is the best retailer for storytelling”. In examining the power of storytelling for Lush, the UK based handmade cosmetics retailer, Matheny (2015) described how the company’s “Oxford Street store pulls back the curtain to reveal the brand’s mission and unveils its story through an immersive sensorial experience”. In looking to highlight the increasing importance of storytelling Danzinger (2017) suggested “Timberland is doing it with its concept where every 6-to-8 weeks the TreeLab store is made over to tell a new story with a curated selection of Timberland product elements in that story” and that “perhaps the most story-intensive retailer is NYC’s, on 10th Avenue in the Chelsea district” (of New York) where “every 4-to-8 weeks the store reboots to bring in a whole new range of merchandise to tell a new story”.

Frame of Reference and Method of Enquiry

The retail industry is a vital element in the UK economy and in 2017 it generated some £406 billion of sales (House of Commons Library 2018) and it is the country’s largest private sector employer. There are some 290,000 retail outlets within the UK but there is marked concentration within the market with estimates suggesting that “large firms account for around 40 per cent of employment and 53 per cent of turnover” (House of Commons Committee on Exiting the European Union 2017, p.3) and that the ten leading retailers account for almost 40% of all retail sales (Mesic 2015). In an attempt to undertake an exploratory review of the ways in which stories and storytelling are employed by the UK’s leading retailers, the top ten UK retailers, as measured by sales (Retail Economics 2018), namely Tesco, Sainsbury’s, Asda, Morrisons, John Lewis Partnership, Marks and Spencer, Kingfisher, Dixons Carphone, The Co-operative and Aldi were selected for study. As the largest, and arguably amongst the dominant players, within the retail industry within the UK, the selected companies might be seen to reflect cutting edge and innovative approaches to storytelling.

The four largest retailers in the UK, namely Tesco, Asda, Sainsbury's and Morrisons, are often referred to as food retailers, though in part this is a misnomer in that while they were all initially established as grocery retailers, they now all sell a wider range of consumer goods. Tesco is the UK's largest retailer, with some 3,400 stores and over 310,000 employees and it trades from hypermarket, superstore, and convenience store formats and increasingly online. Tesco was founded in 1919 as a group of market stalls and the first Tesco shop was opened in North London in 1931. Asda was founded in Yorkshire in 1965 and though originally based in the north of England, the company began to expand its retail operations into the South of England during the 1970s and 1980s and it currently trades from over 600 locations within the UK. Sainsbury's, initially founded in 1869, trades from over some 600 supermarkets, some 800 convenience stores and the 800 stores operating under the banner of Argos (a catalogue retailer acquired by Sainsbury's in 2016), throughout the UK. Morrisons, founded in 1899 in Bradford, Yorkshire, trades from some 500 stores. The company's operations were concentrated in the Midlands and North of England up to 2004 but since then it has developed a growing presence in the South of England.

The John Lewis Partnership operates a chain of over 30 John Lewis department stores and some 600 Waitrose food supermarkets. Marks and Spencer, arguably the UK's most iconic retailer, specialises in the sale of clothing, household goods and food and trades from almost 1,000 stores throughout the UK, including over 600 that sell only food products. Kingfisher, is a UK based home improvement retailer, with over 1,200 stores in 10 countries across Europe, Russia and Turkey and it trades as B&Q, Brico Depot, Screw Fix, Castorama and Praktiker. Dixons Carphone is a multinational electrical and telecommunications retailer, which operates in 8 European countries under a number of brands including, Currys, PC World, Carphone Warehouse and Elkjop. The Cooperative is a consumer cooperative with a diverse range of retail operations, principally food retailing, but which also includes electrical retailing, travel agencies and funeral services. Aldi is a German discount supermarket chain with over 750 stores throughout the UK.

The authors believe that within retailing storytelling offers valuable insights into customer engagement in two ways. Firstly, it allows a retailer to tell stories about specific aspects of its goods and services, as experienced by individual customers or groups of customers, to a wider audience in the hope that such stories will strike a much wider chord. Secondly, it enables customers' voices to be heard within retail organisations and more generally by a retailers' customers. As such storytelling can be seen as a novel approach to customer engagement. In an attempt to discover the ways the selected retailers employed storytelling the authors conducted an Internet search for information, using the key phrase 'stories and storytelling' and the name of each of the selected UK retailers. This search was conducted in August 2018 using Google as the search engine, and the information obtained from the search process provided the empirical information for this paper. In reviewing the stories posted by the selected retailers, the authors were essentially guided by loose grounded theory. The specific examples and selected quotations drawn from the stories posted by the selected retailers are used for illustrative purposes and unless specifically cited all quotations are drawn from these stories. More specifically, the authors have made extensive use of direct quotations from the retailers' websites in an attempt to capture the both the spirit and authenticity of the stories used to illustrate both direct and indirect commitments to customer engagement. As the paper is based on information that is in the public domain, the authors took the considered view that they did not need to contact the selected companies to obtain formal permission prior to conducting their research. At the same time the authors recognise that their study has its limitations not least in that it is based on just ten UK retailers and on the authors' designation and interpretation of the stories posted by

Customer Engagement

these selected retailers. That said the authors believe that their approach offers is appropriate in what is an essentially an exploratory study.

Findings

All the top ten UK retailers posted stories on the internet to promote and publicise a wide range of topics, including company history, corporate policy, product ranges and prices, supplier relationships, environmental commitments, corporate social responsibility and sustainability and local community links. However, consumer engagement was arguably the fundamental underlying theme and messages, photographs, images, and video clips were widely used, often in combination, to address and illustrate the themes listed above. The aim here is offer a number of specific examples of the retailers' stories to illustrate the nature and range of storytelling, and to highlight both direct and indirect consumer engagement within the selected stories, rather than to provide a comprehensive or comparative catalogue of the stories posted on the Internet.

Some of the selected retailers explicitly used the term 'story' to outline their history and its connection to their current trading operations. Asda, for example, reported "the story of Asda is full of amazing, surprising facts and it starts in Yorkshire with the Asquith and Stockdale families almost 100 years ago. This is the story of how these two families created one incredible retail revolution." Further Asda claimed "from our beginnings as the first UK discounter, offering our customers the very best value has been our driving force. We built our business upon listening to our diverse range of customers and offering what they need. We're at our best when we keep things simple." Under the banner "Our Story" Morrisons reported "proud of our roots, we've got a great story to tell and a fantastic future to look forward to. Here you can read more about how we work, what makes us tick, where we've come from and where we're going" and "we've over 111,000 colleagues in a variety of teams across the UK who work hard through teamwork each day to provide our customers with good quality, fresh food and great value."

Marks and Spencer invited readers "to follow the remarkable story of M&S", while the messages provided under "Share Your Memories" look to "tell a unique story of M&S through the eyes of our customers and employees." One former Marks and Spencer employee, named June, contributed the following memory: "I started working at M&S in 1960 age 18 at the new store in Manchester. I worked on the section with ladies' blouses and trousers, I even modelled them on a Saturday for the customers. I have very fond memories of the store, and the people." The John Lewis Partnership posted a 12-minute video clip which outlines the history of the John Lewis Partnership, from the early thoughts of the company's founder, John Spedan Lewis, up to the company's current multichannel retail business. In this video clip the John Lewis Partnership was described as being a name "synonymous with excellent value, customer service, integrity and vision" and that the company continually looked "to ensure we're best placed to meet the expectations of our customers." On its webpage entitled "Make Your Mark on Our Amazing Story" Dixons Carphone claimed that its "Currys PC World Brand" was "focused on helping customers to navigate the connected world."

Tesco (2017) launched its "Food Love Stories" campaign early in 2017 which "aims to set out the retailer's food quality credentials and celebrate the passion and care that goes into the meals we love." More specifically, Tesco claimed "the campaign will introduce food love stories each month to demonstrate Tesco understands the special role food plays in its customers' lives. The stories will aim to capture the mind-set of its customers throughout the year, from wholesome, hearty meals in January, to fresh, vibrant meals perfect for a summer evening" (Tesco 2017, website). The Tesco "Food Love

Stories” website highlighted a range of customers’ favourite meals, including “Dee’s Fingers Crossed Paprika Burgers”, “Claire’s Treat Time Fruit Cones” and “Henry’s Being Good Tonight Falafel”, as well as a series of “Quick”, “Healthy”, “Budget Friendly” and “Midweek” meals. The first of these stories invited the readers to “make your own burgers with our finest Aberdeen Angus beef” and tells of how “paprika burgers are Dee’s son’s favourites, so that’s what she making him on A level results day. She keeping her fingers crossed but she’s proud of him, no matter what. So, whether he’s celebrating or in need of a bit of comfort, his favourite burgers seem fitting for the occasion.” In a similar vein “Claire’s Treat Time Fruit Scones” were described as “the ultimate summer treat” with the storyline that “Claire has given her ice cream cones a healthy makeover with delicious fresh fruit and cool natural yogurt. Perfect for the whole family to enjoy, as part of an outdoor feast or after a day at the seaside” Each of the “Food Love Stories” includes the recipe and the ingredients.

Many of the top ten retailers posted stories about their product ranges and some of these stories had a clear price message. Asda, for example, reported “adding loads more products to our popular Free From range” and “we’re also making a significant investment to reduce the price of some essential products on a Free From diet buy week in, week out.” This story revealed that “we’ve added 100 new items to our popular and fast-growing Free From range this summer” and that “customers have been quick to take to social media to say how much they love them.” In concluding this story, Lizzy Massey, Vice President of Asda Own Brand, commented “Free From foods are an essential part of the weekly shop for an increasing number of families, so we’re working hard to offer the same everyday low prices that Asda is famous for, while still maintaining great quality products” and “as well as making sure Free From products are well-priced for customers, we also understand it’s really important to offer choice when it comes to a Free From diet, to make sure customers never have to feel like they’re missing out on the food they love.”

One of “Our Stories” posted by Sainsbury’s is focused on “reformulating our products.” Here the company reported that “our ongoing reformulation programme is just one of the ways we are ensuring our customers can live healthier lives when shopping at Sainsbury’s” and that “with around 26 million customer transactions per week, we have a pivotal role to play in providing healthy food options which meet our customers’ lifestyles and budgets. We are committed to ensuring our customers can trust that they can always choose nutritious and healthy foods when they shop with us as outlined in our Sustainability Plan. As part of our plan we have been investing in product reformulation for a number of years. This ensures that we remove salt, sugar and saturated fat from areas that will have the biggest impact for our customers.” The John Lewis Partnership posted a small number of “Home Design Stories”, which were used to “bring you new style trends curated by our in-house design team, together with refreshed looks and updated products from our Home brands and interior design styles.” These stories included “Fusion” which was described as “a globally influenced style that inspires the senses with its rich tapestry of colour, pattern and texture” and the “Croft Collection”, which offered “a relaxed feel you’ll love to come home to forever.” Almost by way of a novelty theme, under the headline “What if walls could tell stories”, Kingfisher employed a 63 second video clip to present the story of “The Magic Wallpaper”, which is available in the company’s Castorama stores in France. In the video clip this product is billed as “the first wallpaper that tells stories.” The wallpaper includes a number of characters, each of which is a digital marker, and when scanned with a dedicated app the characters come to life in “stories to share as a family before going to sleep.”

A number of the stories feature the leading retailers’ commitments to the environment. Under the banner “Looking After Our Natural Capital”, Asda’s Chief Community Officer, Andy Murray, for example,

Customer Engagement

reports on how the company “is working with farmers to protect the environment for future generations.” More specifically, Andy Murray reported the company’s “work on natural capital - the term that’s used to refer to the world’s natural assets, such as water, soil and biodiversity – is well underway.” Further the Chief Community Officer reported that Asda had “installed a number of measures to improve and protect local water quality, encourage biodiversity and bring about improvements in soil structure at the Elveden Estate in East Anglia, which supplies potatoes to Asda.” In addressing “measuring natural capital” Andy Murray outlined how “we manage our energy use” and reported that “energy is monitored daily through Asda’s dedicated Energy Bureau”, that this “has allowed us to bring our employees along with us” and that “efficient use of energy translates into cost saving, which for us, means passing that saving on to our customers in the form of lower prices.” More generally, Andy Murray claimed that “providing the ability to measure natural capital performance..... will help companies to advance their understanding of the connections between natural resources, their supply chain, consumer demand and the future value of their business, which, by anyone’s reckoning is an important and valuable task.”

A number of the leading UK retailers employed stories to illustrate their sustainability and corporate social responsibility commitments and achievements. Under the headline “Corporate Social Responsibility” Aldi, for example, offers “Our Everyday Amazing Stories”, which includes 15 stories embracing a range of community, environment, supply chain, employee and customer themes. One of the community stories is entitled ‘Bringing Children Closer to Nature’ and concerns the company’s educational partnership, which supports the RSPB’s Connecting Children with Nature programme across schools, green spaces and RSPB reserves. The “Our Customers” story, which is entitled “Healthier Checkouts” looks to encourage “healthier balanced lifestyles” and to help “customers to make healthier shopping choices.” The supply chain story entitled “Championing British Quality” emphasised Aldi’s commitment “to supporting British farmers and growers” and reported “our entire core range of fresh meat and milk is from British, Red Tractor approved farms. We are the market leader in the amount of fresh produce we sell which is British.” Further, Aldi offered stories of 12 of its British food suppliers to illustrate this commitment. The Joseph Heler Story, for example, featured three generations of the Heler family and some of workers involved in cheese making and emphasised the importance of the company’s working relationship with Aldi.

Sourcing and supplier relationships featured in “Our Stories” posted by Sainsbury’s and the company emphasised “we are proud of our track record of working closely and collaboratively with our suppliers.” More specifically, Sainsbury’s reported “we work with around 1,600 food and grocery suppliers ranging in size from large, multi-nationals supplying us with household name brands to individual farmers and growers and smaller, newer brands. Our heritage of building long-term, mutually beneficial relationships with our suppliers enables us to offer our customers innovation, variety and great products at fair prices.” In a three-minute video clip accessed from the Sainsbury’s update, Paul Mills-Hicks, the company’s Food Commercial Director, described the importance and relevance of sourcing with integrity. Within this clip Paul Hicks-Mills claimed that “sourcing with integrity is at the heart of what differentiates us as a business.” Within this video clip he outlined the company’s commitment to sourcing British products where possible and he encouraged all the company’s employees to familiarise themselves with the “stories” of sourcing with integrity and “to promote these stories not only with customers but also with their family and friends.”

Sainsbury’s also reported on its growing relationship with small suppliers and claimed “we have a track record of nurturing and developing outstanding small suppliers whose high quality, innovative food adds choice and excitement to our ranges and helps to differentiate our customer offer from our

competitors. We were early supporters of brands including Ella's Kitchen, Reggae, Reggae Sauce, Tyrells Crisps, Mallow & Marsh, Pip & Nut and many others, giving them access to millions of customers across the UK and offering them sustainable growth for the future." By way of a supplier endorsement, Harriot Pleydell-Bouverie, Chief Whisk at Mallow & Marsh reported "going from 20 stores to over 1,000 in just four years, the advice and guidance of the Sainsbury's team has been invaluable along the way. Sainsbury's has been a true partner, not only demonstrating their confidence in the brand and helping us grow, but also open to learning from us and to adapt their ways of working to small businesses."

A number of the top ten retailers posted stories from their employees. Under the banner "Colleague Stories", employees of the Co-operative, posted a number of messages. Andy Baird, for example, an operations manager at the company's Newhouse depot in Motherwell, Scotland, which has 1,200 employees, including, drivers, pickers, cleaners, administrators and managers, suggested that "investing in health and safety at Newhouse will save millions and its boosting morale too" and "now that colleagues see us investing and making changes and involving them, they really believe how much we care." Daniel Hooper, a team leader in the Cooperative's store at Bovey Tracey, in Devon, who recently completed his Food Level 2 Retail Apprenticeship, posted the following message that the course "was fun and I'm now so much more knowledgeable about how we manage our stores. If I'm honest, I didn't really know what to expect when I started my apprenticeship, so it's good to talk about it and share my learnings. Hopefully I can encourage some of our budding future Team Leaders out there to seriously think about what it could do for them." Jayne Brown, Marketing Manager on the Cooperative's Customer Planning Team, reported "it's been a great summer for award-winning food at Co-op" and "our own-brand products have won a host of fantastic awards; from wine to cheese and then onto summer party food, it's great to see our commitment to creating quality products really paying off" and this message was accompanied by a picture of a picnic display. During the co-operative won the Convenience Store of the Year and the Artisan Retailer of the Year, awards.

DISCUSSION

Within the business world storytelling is increasingly seen to be a powerful business tool, in that it allows companies to create and tell their own stories, it conveys a clear sense of purpose, enables businesses to build and enhance their brands, and plays can play a powerful role in connecting brands and customers and in enhancing customer engagement. As such, stories can connect to a range of human emotions and can strike potentially powerful emotive chords. This chapter offers an initial commentary on how the UK's top ten retailers are employing storytelling to enhance customer engagement. The findings reveal that while the selected retailers posted a range of stories on the Internet to promote and publicise a wide range of topics, customer engagement was the fundamental underlying theme. That said, in looking to evaluate the role of storytelling a number of issues merit reflection and discussion.

Firstly, there are issues about the role of stories in customer engagement. Research undertaken on retail services brands by So et al. (2016, p. 170), for example, suggested that "marketers should actively embrace strategies to foster CE to enhance brand relationship quality, and ultimately, forming a loyal customer-brand relationship" (p. 170). Lundqvist et al. (2013, p. 291) argued that "storytelling is an effective way of communicating brand values to consumers" and that "a story can embrace the core values of a brand in ways that traditional marketing cannot" (p. 291). Gray (2015), suggested that in an increasingly competitive market place it is "important for marketers to start thinking less as big companies and

Customer Engagement

more as friends of their customers” and that arguably more colloquially that “to relate to customers it’s a wise idea to familiarize yourself with what the kids are saying and how they are saying it”. Further Gray (2016) argued that “marketers realize that in order to appeal to customers, those customers have to imagine themselves using your brand’ which ‘sounds simple but the execution can be difficult”.

Stories have an important role to play here in enabling retailers to make everyday connections with customers, and potential customers, in a form of expression and the style customers understand and with which they feel relaxed, in enabling customers to imagine themselves using the brand, and more generally in building and enhancing relationships and connections with customers. Bacon (2013) suggested that “stories need content and emotion” and that “successful brands differentiate themselves through storytelling”, while I-Scoop (2016), for example, argued that “storytelling is one of the most powerful ways to breathe life into your brand”. More specifically, Sheenan (2017) claimed “there’s science behind the power of storytelling, too. Our brains process not only stories, but the human emotions behind them. By understanding others’ thoughts and feelings, we’re able to empathize. This creates real emotional connections — connections that can turn into trust, and eventually, revenue. That’s why it’s crucial to learn how to build a brand story — one that’s unique to you and your company”.

More specifically Creative Brief (2018), the London based marketing consultancy, reported working with Tesco on the development of its Food Love Stories campaign. Here the focus was on promoting an understanding of “the true value of food and its power to foster relationships and make memories”, and finding “a distinctive way of communicating food quality in a crowded space, starting with Tesco colleagues and customers” (Creative Brief, 2018). This led to the concept of “Food Love Stories”, which according to Creative Brief “celebrates the food people love to make, for the people they love”. Creative Brief (2018) argued that “as a campaign, Food Love Stories has made a fundamental shift to be different by starting with the customer and being in the customer’s world”, that it connected “with the nation through emotive storytelling”, it inspired “people with discoverable, immediate and personable food love stories”, and it “creates human and helpful shopping experiences that demonstrates Tesco’s passion and care for food”

Secondly, there are issues about employing employees and supplier stories. Some of the selected retailers are looking to promote employment opportunities and to build a better employer brand. Laniado (2018), for example, reported on investigations of the recruitment process, which suggested that “by telling more detailed meaningful stories that come straight from your employees, your employee brand is built in an authentic way that persuades the right candidates to take action and apply for a role”. Schmidt (2018) reported that “storytelling is increasingly being adopted by corporate recruiting teams to help them hire more efficiently” and that “the trend toward storytelling will likely continue as more companies focus their recruiting efforts on building their talent brands”. In a similar vein, Shaw (2018) claimed that “many companies have discovered the benefits of investing in their employer branding story”. More specifically, Shaw (2018) provided a number of examples from a range of companies to “demonstrate how storytelling can be used to inspire and engage job candidates as part of your employer branding” and suggested that “by featuring real employees with real life messages, these companies enable job seekers to imagine themselves in the role”. Further Shaw (2018) argued that storytelling “can help you formulate an employer brand strategy that will resonate with job seekers, employees and consumers”.

However, ethical concerns might be seen to arise when employees are approached to outline the opportunities and benefits of employment and the career opportunities within their organisations. Such approaches could put potential respondents in a difficult position in that employees might feel that a refusal to participate in such storytelling exercises, and more particularly to provide a positive

endorsement, could prejudice her/his own current employment position or future career progression. While many retailers might be reluctant to countenance such concerns, at a time when many large UK retailers are undergoing major restructuring exercises, employees might be unlikely to take any courses of action that might call their commitment and loyalty into question. Where stories are from suppliers who endorse their relationship with specific retailers, similar concerns, linked in this case to loss of a supply contract, may emerge. While many retailers might be reluctant to countenance such concerns, media reports have suggested that attempts to encourage suppliers to publicly disclose details of concerns about their relationships with the large food retailers are generally met with a wall of silence (e.g. The Guardian 2015). More generally, Maagard (2014, p. 12) explored the role of messages from BP and Walmart employees as a strategy in corporate image management. In addressing the authenticity of such messages, Maagard (2014) argued that *“employees must be seen to mean what they say, and not merely be a mouthpiece for the management”* and concluded that employees’ messages *“put into relief not only the difficult balance between authenticity and promotional force in corporate communication, but also the entanglement of participant roles, in organizations’ co-construction of employee stories to serve strategic purposes”* (p.32).

Thirdly, and more generally, the tone of the range of stories posted by the leading UK retailers is very positive and can be seen to be designed to promote and enhance their corporate image. Stories featuring employees, for example, paint a picture of a committed and caring employer, of the provision of a wide range of exciting development opportunities within the workplace and of a happy and loyal workforce. In a similar vein, stories about the selected retailers’ commitments to their suppliers and to the communities in which they operate are very much within the spirit of both economic and social community development. A common thread running through stories with an environmental theme is a commitment to stewardship and to the conservation of natural resources. As such, the stories might be seen to reflect Leinaweaver’s (2015, p. 4) claim, that *“many corporate sustainability reports have perfectly scripted stories – stories told to create a party line”* (p. 4) However, the underlying message from many of the stories posted by the leading UK retailers stands in marked contrast to a number of rather different stories about some of these retailers, as outlined, for example, by Jones et al.(2006).

The Tescopoly Alliance (2018a), for example, which claims to be *“campaigning to curb supermarket power”*, was founded in 2005 *“to highlight and challenge the negative impacts of Tesco’s behaviour along its supply chains both in the UK and internationally, on small businesses, on workers, on communities and the environment”*. The Alliance claims to represent a diverse range of organisations and its founding members included Friends of the Earth, War on Want, the New Economics Foundation, Banana Link, Labour Behind the Label and the GMB trade union. The Tescopoly Alliance campaigns on a number of issues including national and local planning policies, the supermarket code of practice introduced in 2002, workers’ rights and blocking the takeover of existing retail chains by the four leading UK food retailers. More specifically, the Tescopoly Alliance (undated) has explored the impact of the supermarkets on *“farmers, workers, the environment, food poverty, unhealthy food and animal welfare”*.

Greenpeace (2018a), which looks *“to defend the natural worldby investigating, exposing and confronting environmental abuse”* reported that *“in the UK, supermarkets produce almost 1 million tonnes of plastic each year”* and argued that supermarkets *“use loads of excess plastic packaging – so even if you want to reduce your own personal plastic footprint, the moment you do your daily food shop you are inundated with fruit and veg wrapped in plastic”*. Further Greenpeace (2018b) reported that on Earth Day (April 22) 2018 *“volunteers took action to highlight supermarkets’ plastic packaging problem”* by visiting a number of stores and replacing the plastic fruit and vegetable bags with paper

Customer Engagement

ones and relabelling “the shelves of overly-packaged fruit and veg to highlight the problem”. Many of the concerns cited above are fiercely contested by the retail industry, but they present a very different image of the corporate retail world to that portrayed in the stories posted by the leading UK retailers.

Fourthly, there are issues surrounding the relationship between the ‘particular’ and the ‘general’, in that the stories employed by the top ten retailers focus on specific individuals, events and initiatives, and as such can be seen to be specially chosen and choreographed by these retailers. Such stories may well have a strong human interest, and some of them certainly have a powerful emotive appeal, which may well resonate with audiences on corporate websites and social media. However, they cannot necessarily be seen to be more generally representative of the topics, employees’ commitments to work and supplier relationships, for example, they seek to portray. More cynically, the UK’s leading food retailers might be seen to be taking the view that such stories can play a valuable role in directing attention away from concerns often expressed in both the mainstream media, in pressure group publications and websites, and on social media, about the environmental, social and economic impact of their business activities. That is not, of course, to call into question the voracity and/or the integrity of the stories themselves, but rather to suggest that the UK’s leading retailers need to more fully address the extent to which the stories they employ are indeed a true representation of their commitments to customer engagement.

Finally, and more generally, in many ways the stories posted by the leading UK retailers and reviewed above, are, largely, traditional and conservative in style in that there is, at best, only limited attempts to harness rapidly evolving developments in information and communication technologies in this process. Amesheva (2017), for example, suggested that technological innovations that “enable real-time data collection and reporting, new methods of communication and number-crunching” can transform storytelling. In a similar vein, Morin and Muruganathan (2017) argued that new developments in information and communication technologies can create “real human stories for a wide audience”. More specifically, Morin and Muruganathan (2017) suggested that companies can now bring their stories to life, by improved accessibility, the development of engaging content, digital videos and documentaries and data visualisation tools. However, how far leading retailers will choose to go in embracing such innovations and in effectively providing wholesale and transparent public access to their stories remains to be seen. That said, such innovations will surely provide exciting new vehicles for storytelling, and as such, innovatively presented stories may find a receptive audience amongst many stakeholders who are increasingly conscious of, and open to, sophisticated methods of communication and reporting. At the same time, such an approach may allow companies to illustrate their corporate image and achievements and their commitment to customer engagement with seemingly compelling stories that can seem so seductive and vivid that they effectively mask the bigger, and possibly less appealing reality of the retail world.

CONCLUSION AND FUTURE RESEARCH DIRECTIONS

Storytelling has grown in importance within the world of business, and stories are being used by a growing number of retailers to retailers are using stories as part of their customer communication strategies. More specifically this chapter offers an initial commentary on how the UK’s top ten retailers are employing storytelling to enhance customer engagement. The findings reveal that while the selected retailers posted stories on the Internet to promote and publicise a wide range of topics including company history, corporate policy, product ranges and prices, supplier relationships, environmental commitments, corporate social responsibility and sustainability and local community links, customer engagement was

the fundamental underlying theme. That said, the authors suggest that the retailers' use of storytelling in customer engagement raises a number of issues, namely the ways in which stories can be used to enhance customer engagement and brand loyalty, concerns about employing stories from employees and suppliers, challenges to the positive images of retailers look to portray in the stories they post on the Internet, the relationship between the 'particular' and the 'general' in retailers' storytelling and the largely traditional ways in which the majority are currently posting stories.

The authors recognise that their study has a number of limitations, as outlined earlier, but they believe it offers a valuable initial commentary on how the UK's leading retailers are employing storytelling to enhance customer engagement. As such it provides a platform for future academic research and three broad research agendas can be identified. Firstly, such research might profitably include studies of how other retailers, and those in different parts of the world, employ storytelling as part of their customer engagement strategies. Secondly, researchers might look to investigate how retailers identify and develop the stories within their organisations. Thirdly, future research might also be profitably undertaken into customers' perceptions of retailers' stories, and of if, and how, such stories influence store patronage and buying behaviour. More specifically, the impact of different types of stories, on consumers' perceptions and buying behaviours, certainly merits investigation. Here research might be undertaken, for example, to compare the impact of stories that directly involve customers, such as the Tesco Love Food stories, with stories that are designed to promote product ranges and prices, to build better employer brands, to promote and enhance corporate image or to illustrate a retailer's sustainability or corporate social responsibility commitments and achievements.

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Customer Engagement

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Section 2

Ethical Consumerism in the Nexus of the Political, Corporate, and Consumer Perspectives

Chapter 5

Approaches to the Circular Economy

Peter Jones

University of Gloucestershire, UK

Robin Bown

 <https://orcid.org/0000-0001-7793-108X>

University of Gloucestershire, UK

ABSTRACT

The concept of the circular economy, which looks to reduce the demand for raw material inputs and natural resources and to recover, reuse, and recycle those inputs and resources as an integral part of the production process, is attracting increasing attention from business corporations. A transition to a more circular economy will bring major changes for consumers, in patterns of consumption and in the consumption process. At the same time, there is growing interest in the concept of the circular economy and in its implications for consumption amongst academic researchers. This chapter outlines the concept and characteristics of the circular economy, offers a review of the nature and variety of academic research literature on the circular economy, and explores some of the challenges facing researchers who look to examine its operation within the business environment. While the focus of the chapter is firmly on the circular economy, it also raises a number of issues that have wider and deeper significance for consumer consumption.

INTRODUCTION

The concept of the circular economy which looks to reduce the demand for raw material inputs and natural resources and to recover, reuse and recycle those inputs and resources as an integral part of the production process, is gaining increasing momentum in political and business thinking about the transition to a more sustainable future (Jones and Comfort 2017). The European Commission (2015), for example, argued that “the transition to a more circular economy, where the value of products, materials and resources is maintained in the economy for as long as possible, and the generation of waste

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is minimised, is an essential contribution to the European Union's efforts to develop a sustainable, low carbon, resource efficient and competitive economy". The circular economy embraces all stages of the product life cycle from both the product design and the production process, through marketing and consumption to waste management, recycling and re-use. Accenture Strategy (2015), for example, suggested "transitioning to the circular economy may be the biggest revolution and opportunity for how we organize production and consumption in our global economy" and that "at its essence, the circular economy represents a new way of looking at the relationships between markets, customers and natural resources". PricewaterhouseCoopers (2017) argued "ultimately the circular economy is about rethinking everything, including business models themselves, so we can reduce consumption". In short, a transition to the circular economy will bring major changes for consumers, in patterns of consumption and in the consumption process.

While research work on incorporating pollution and waste in economics (e.g. Leontief 1970; Nakamura 1999; Duchin 1990) can be traced back over fifty years, more recently academic researchers have taken an increasing interest in the circular economy across a wide range of business sectors. Jones and Comfort (2018a), for example, explored how Europe's leading retailers have publicly addressed circular economy approaches and offered some general reflections on the application of the concept within the retail sector of the economy. Girard and Norca (2017) proposed a circular economy model to make tourism more sustainable but recognised that circular tourism requires the development of appropriate tools and indicator data, to test the efficiency of this model. Leider et al. (2017) examined the possibilities of circular economy implementation in manufacturing systems using a multi-method simulation system approach to link design and business strategy. Lebre et al. (2017, p. 662) explored the role of the mining industry and suggested, "mines can make significant progress if they apply the circular economy principles at the mine site level" (p. 662). The transition to a circular economy has major implications for the consumption process and for consumers and it seems likely to attract growing research interest within the academy. With this in mind, this chapter outlines the concept and characteristics of the circular economy, offers a review of the nature and variety of academic research literature on the circular economy and, explores some of the challenges facing researchers who look to examine its operation within the business environment.

The Concept of the Circular Economy

While Murray et al. (2015, p. 10) suggested that the term circular economy has "been linked with a range of meanings and associations by different authors" (p. 10) they argued that in its most basic form "a circular economy can be loosely defined as one which balances economic development with environmental and resource protection" (p. 10). The Ellen McArthur Foundation (2017a) which was established in 2010 with the aim of accelerating the transition to a circular economy, argued that "a circular economy is restorative and regenerative by design, and aims to keep products, components, and materials at their highest utility and value at all times" and that "the circular economy is a continuous, positive development cycle. It preserves and enhances natural capital, optimises resource yields, and minimises system risks by managing finite stocks and renewable flows" (webpage). In practice, circular economies are popularly seen to be built around a range of activities, which look to reduce the demand for raw material inputs and natural resources and to recover, recycle and re-use inputs and resources as an integral part of the production process. As such the concept of the circular economy is contrasted, by its proponents,

Approaches to the Circular Economy

with the traditional linear economy which turns raw materials into waste in the production process and which is seen to lead to environmental pollution and the removal of natural capital from the environment.

Essentially the concept of the circular economy embraces all stages of the product life cycle from both the product design and the production process, through marketing and consumption to waste management, recycling and re-use. Within such an economy an initial focus on designing products that are more resource efficient throughout their life cycles can make products more durable, easier to repair and to recover constituent, and potentially still useful, materials from the products when their initial lifespan is over. As long as the majority of environmental costs are borne not by producers but more generally by a potentially wide range of stakeholders then there is limited incentive to introduce more innovative design thinking. The circular economy also demands greater efficiency in production processes and here the focus is on looking to reduce the environmental and social impact of production, for example, through more sustainable sourcing and the development and promotion of innovative industrial processes.

Consumers have a vital role to play if there is to be a transition to a more circular economy. In theory much will be expected of consumers, not least in that they need to be prepared to embrace what they may see as radical new buying behaviours and consumption practices. Some commentators have certainly suggested that the transition to a circular economy would demand dramatic changes in the ways in which consumers approach consumption. Korhonen et al. (2018a, p. 41), for example, foresaw the emergence of a “new consumption culture” with “user groups and communities sharing the use of the function, service and value of physical products” (p. 41). Here, a transition from the sale of products to a product service system, where companies offer a mix of products and services combined via leasing, hiring and sharing arrangements to fulfill consumers’ needs, is seen to have an important role to play in the transition to a circular economy. While not all product service systems necessarily lead to a reduction in material consumption, they are widely seen to offer the potential to reduce usage of natural resources. Within a circular economy, waste management is no longer seen as a problem, but rather as an opportunity to return as much waste as possible back into productive use. The focus is on the prevention, reuse and recycling of waste materials rather than their disposal by landfill. Where waste cannot be prevented, reused or recycled then recovering its energy content is seen preferable to landfill and so-called waste to energy solutions are also seen to be integral to the circular economy. More generally, the circular economic model also looks to investigate and promote new markets for waste materials.

In some ways the circular economy is linked to the sharing economy and to what Hamari et al. (2015, p. 2041) described as “collaborative consumption” (p. 2047). While the European Commission (2016) suggested that there is no general consensus as to what comprises the sharing economy, and Martin (2016, p. 151) argued “it is extremely challenging to offer a definition of the “sharing economy which retains clarity whilst encompassing the variety of ways in which the term is used in practice” (p.151), a number of definitions can be identified. For PricewaterhouseCoopers (2014), for example, the sharing economy uses “the sharing economy uses digital platforms to allow customers to have access to, rather than ownership of, tangible goods and intangible assets” (webpage). This economises on scarce resources and often involves deeper social interactions than traditional market transactions (webpage). The Organisation for Economic and Cultural Co-operation (2016) described the sharing economy as “new marketplaces that allow services to be provided on a peer-to-peer or shared usage basis” (webpage). Kathan et al. (2016, p. 663) suggested the “so called sharing economy phenomenon is characterised by nonownership, temporary access, and redistribution of material goods or less tangible assets, such as money, space or time” (p.663). At the same time PricewaterhouseCoopers (2016) suggested that the “sharing economy reflects a shift in consumer patterns and in particular a demand for more accessible

goods and services” and “the sharing economy relates to innovation in creating new platforms that provide similar services to conventional business sectors but are more consumer friendly” (p. 2).

Hamari et al. (2015, p. 2047) defined collaborative consumption as “the peer-to-peer-based activity of obtaining, giving, or sharing the access to goods and services, coordinated through community-based online services” (p. 2047). The Altimeter Group (2013) suggested that “the collaborative economy is an economic model where ownership and access are shared between corporations, startups, and people and this results in market efficiencies that bear new products, services, and business growth” (webpage). Tussyadiah (2014), for example, reported on an exploratory study into the drivers and deterrents of collaborative consumption in travel in the US. The findings revealed that the drivers included the social aspects of sustainability and community while lack of trust and lack of efficacy in relation to technology were amongst the deterrents. More generally the concept of collaborative consumption certainly challenges traditional ways of thinking, in that the value chain works differently, technology is mobilised differently, property rights in general and the concepts of ownership in particular are challenged, and the fundamental principles of monetisation are unclear. However, Hartl et al. (2016, p. 2756) cautioned that “new business models based on the concept of collaborative consumption comprise new challenges for the market place. In contrast to conventional businesses, collaborative consumption businesses are accused of not offering a standardized level of service and price and of lacking safeguards for customers” (p. 2756).

A number of factors help to explain the pressure for the transition to a more circular economy. On the one hand there are a number of resource and environmental factors, though some of these, specifically climate change, may come to assume greater relative importance. These factors include the continuing depletion of scarce natural resources, the supply problems associated with the increasingly volatile international political situation and the unpredictable events associated with climate change, and the potential price volatility associated with both these factors and the continuing environmental degradation and natural resource depletion associated with the current dominant traditional (capitalist) business model. On the other hand, a number of legislative, policy, corporate and consumer drivers have also assumed increasing importance in promoting the circular economy. These drivers include the increasing introduction of national and international statutory legislative regulation designed to reduce environmental problems, and investment in technological innovations which promote the more efficient use of natural resources. More generally, there are indications of the emergence of new strategic corporate thinking that recognises that the imperatives of business continuity will encourage the adoption of new and more resilient business models. Politically, both national and international governments and a range of international organisations such as the United Nations have also increased emphasised the importance of a transition to a more circular economic model. At the same time, a growing number of consumers are engaging with circular economic thinking and practices.

A number of barriers have been identified as hampering the transition to a more circular economy. Kirchherr et al. (2017a, p. 3) have identified a two sets of barriers to the circular economy firstly “the cultural barriers of lacking consumer interest and awareness as well as a hesitant company culture” (p. 3) and secondly “market barriers.....particularly low virgin material prices and high upfront investment costs for circular business models” (p.3). In looking to address the first of these issues, for example, Borello et al. (2017, p. 1) suggested “little is known about consumers’ willingness to participate in circular economy” and employed a structured questionnaire survey to assess the willingness of a sample of some 1, 200 Italian consumers to be actively involved in closed loops designed to reduce food waste. The findings revealed that consumers were willing to participate in closed loop initiatives but that consumers

Approaches to the Circular Economy

reacted negatively to having to deliver their food waste regularly back to the retail outlets, preferring instead to have food waste collected from their homes.

More generally, the World Resources Institute (2018) suggested the creation of a truly circular economy must overcome five barriers namely, consumers' expectations for convenience; government regulations that can create waste; the lack of an efficient waste infrastructure; limited recycling technology; and the wrong business models. Ritzen and Sandstrom (2017) have identified a number of attitudinal, financial, structural, and technological barriers to a transition to a more circular economy in a study of large manufacturing companies. In attitudinal terms, for example, the findings revealed that risk aversion was a prohibitive factor in making what were seen as disruptive changes to adopt a circular business model. A shift towards a circular model was also perceived to require far reaching changes within companies and to influence all departments and activities. Such changes take both time and investment and where corporate financial systems are focused on rapid returns on investment and cost savings this currently was not seen to encourage long-term strategic change.

Nevertheless, a variety of potential environmental gains, energy generating opportunities and business benefits are claimed for a transition to a circular economy. These benefits include substantially reduced carbon dioxide emissions, greater use of renewable sources of energy, reduced pollution levels, the production of energy from waste materials and increased growth and profitability. The World Economic Forum (2014, p. 13) estimated that globally the circular economy is a "trillion dollar opportunity with huge potential for innovation, job creation and economic growth". Further McKinsey and Company (2015) argued that a circular economy "would allow Europe to grow resource productivity by up to 3% annually" (webpage) and that it could generate a net economic benefit of 1.8 trillion Euros by 2030. More specifically EY (2015, p.10) suggested that "the circular economy helps to contain risks" (p. 10) for example, in managing raw material supply in competitive markets, and in providing opportunities to "extend and strengthen customer relationships", "tap into new markets", "become more efficient" and "yield extra income" (p. 10). The European Environment Agency (2016) claimed "the benefits of a transition towards a circular economy in Europe could be considerable, reducing environmental pressures in Europe and beyond and minimising the continent's high and increasing dependence on imports" and that "circular economy strategies could also result in considerable cost savings, increasing the competitiveness of Europe's industry while delivering net benefits in terms of job opportunities" (webpage).

Academic Literature and Institutional Research Programmes

A growing volume of individual research work and organisational research initiatives and programmes on the circular economy can be identified. While it is not the aim of this chapter to provide a comprehensive review of the emerging literature a few illustrative examples offer a flavour of the nature, variety and direction of this work. Much of the initial published research on the circular economy has been undertaken in China, "where the perspective on the circular economy is broad, incorporating pollution and other issues alongside waste and resource concerns, and it is framed as a response to the environmental challenges created by rapid growth and industrialization" (McDowall et al. 2017, p. 651). Wang et al. (2018, p. 885), for example, devised "a new comprehensive indicator system" (p. 885) to examine China's urban circular economy development based. The indicator was calculated for 40 cities, which are part of China's pilot circular economy cities programme over the five year period 2012-2016. The authors concluded that China's urban circular economy development had been significantly supported by national policies and that the annual growth rate in the 40 cities was higher than historic rates and that circular

economy development was becoming more and more prevalent in society and especially in urban areas. Yang et al. (2011) analysed the circular economy in a number of provinces in West China. The authors concluded that the development of the circular economy was geographically uneven and recommended the introduction of a series of measures to strengthen the construction of a circular economy system.

Research has also been undertaken on the circular economy within the tourism and hospitality sector within China. Ming and Shu (2007), for example, argued that developing the circular economy of tourism can help to achieve the more sustainable use of natural resources, to enhance the efficiency of the tourism industry and to enable tourism to contribute more effectively to sustainable development. At the same time, Ming and Shu (2007) also recognised that developing a circular economy approach within the tourist industry is complex and requires the implementation of appropriate legislative and policy and greater advocacy of green consumption. Zhang and Dong (2015) identified a number of problems in seeking to develop a circular economy model for the Mount Emei Scenic Area in Sichuan Province in China. These problems included a lack of understanding of the concept of the circular economy in tourism, excessive tourist pressure on specific sites within the scenic area, and low resource recycling rates and the poor quality of employees. In looking to address these problems Zhang and Dong (2015) drew up a tourism circular economy model built around greater government involvement in the tourist economy, encouraging both accommodation and catering companies to develop green procurement of raw materials, waste management and energy saving initiatives and designing tour routes using environmentally friendly vehicles.

More generally, Ghisellini et al. (2016, p. 12) summarised and evaluated the literature on Chinese circular economy implementation experiences and compared them experiences in other parts of the world, principally Europe and Japan in an attempt “to understand to what extent circular economy could be a solution to the need for reducing the environmental impacts of business-as-usual economic systems” (p. 12). Ghisellini et al. 2016, p. 27) concluded that although the implementation worldwide was still at an early stage, “the circular economy provides a reliable framework towards radically improving the present business model towards preventative and regenerative eco-industrial development as well as increased wellbeing based on recovered environmental integrity” (p.27). At the same time the authors recognised that “only a limited number of countries have taken preliminary actions towards circular economy and stronger commitment is still required” and that the circular economy is not “an appropriate tool for growth oriented economic systems” and that it “cannot be claimed to support further economic growth” (Ghisellini et al. 2016, p. 27).

In taking a much wider perspective Haas et al. (2015) looked to make “a rough assessment of the degree of circularity of the global economy at the turn of the century” (webpage). At that time the authors estimated that “roughly one third of global waste flows were recycled or downcycled, and the remainder was disposed to the environment directly or after treatment in waste plants and left the socioeconomic system as gaseous, liquid or solid outputs” (webpage). Further Haas et al. (2015) estimated that “the degree of circularity measured as the share of recycled material in total processed materials was very low at only 6%” and concluded “the circular economy is not in sight at present” (webpage). While the data underpinning this conclusion is now slightly dated, more recently, Circle Economy (2018) estimated “our world economy is only 9.1% circular, leaving a massive circularity gap” and argued that bridging this gap “requires intervention across the full breath of society and action in sectors, supply chains and cities” (webpage).

For the majority of consumers living in advanced capitalist economies, retail outlets are currently the major sites of consumption, and large retailers, who currently account for the majority share of consumer

Approaches to the Circular Economy

spending, might be seen to be in the front line in a transition to a more circular economy. Jones and Comfort (2018a) provided some illustrations of how Europe's leading retailers are publicly addressing circular economy approaches and offered some general reflections on the application of the concept within the retail sector of the economy. At the macro level EuroCommerce and the European Retail Round Table (2015, p. 1) claimed that "retailers are a large contributor to the European Union economy" and as "responsible economic operators", they "are keen to take a front seat in shaping a circular economy in Europe" (p. 1). Further, Adela Torres Calatayud, Environment Committee Chair of EuroCommerce suggested "retailers have a key role to play in sharing the benefits of the circular economy as millions of European consumers buy their products in our stores every single day" (European Retail Round Table 2017, p.1). Jones and Comfort (2018) revealed that Europe's leading retailers articulated their commitment to the concept of the circular economy in a variety of ways and that a number of interlinked themes could be identified.

Some of the selected European retailers emphasised their strategic corporate commitment to promoting the principles of the circular economy. H&M (2017, p. 9), for example, reported its commitment to "lead the change to 100% circular and renewable fashion", which will involve "building circularity into every stage of our value chain, including the products we make and the materials we use in our operations" (H&M, 2017, p. 40). There was a focus on looking to eliminate waste and recycling, and reuse were the most common element in the selected retailers' approach to the circular economy. Kingfisher (2017, p. 21) reported "we want to play our part in the transition to a circular economy – enabling resources to be continually reused and recycled. We integrate circular economy principles into our products– designing them to use recycled materials, to be durable and long-lasting and recyclable at the end of their useful life. This is good for customers because products last longer and are easier to recycle, good for our business because it helps us reduce costs and creates opportunities for innovation, and good for the environment". Further Kingfisher (2017, p. 180), reported on how it was "exploring new services which can be an alternative to product sales, and drawing on the benefits of the circular and sharing economies" (p. 180). Kingfisher cited a number of specific examples to illustrate its approach. The retailer's Castorama chain in France have worked in partnership with Le Relais, a recycling social enterprise, in a scheme which enables customers to dispose of old clothes and linens in containers outside some of the companies' stores. In a similar vein, Kingfisher reported that Screwfix UK was extracting valuable parts, as well as plastics and metals from used and damaged power tools collected in store. These tools are broken down into ten different streams and each stream is sold to specific companies who repurpose the parts or materials.

Some of the selected retailers stressed the importance of moving towards a life cycle approach as part of their commitment to the circular economy. Ikea (2016) for example, in reporting on "transitioning to a circular economy" outlined its focus on both "products and services" and "buildings and transport" (p. 23). In addressing products and services, the company argued "that it all starts here" and more specifically that "products must be designed to last as long as they are needed..... make the most efficient use of resources....use materials that are recyclable, recycled or renewable" and "be easy to care for, repair, adapt, disassemble and reassemble and recycle" (p. 23). A number of the selected retailers looked to explicitly include a customer focus within their commitment to the circular economy. Ikea (2016), for example, reported "we will support our customers to prolong the life of their products and find new uses for the things they no longer need" (p. 23). More generally, Metro (2017) reported "developing a customer guidance system for products which can be recommended in terms of sustainability in order to support conscious purchase decisions" (p. 48). That said, Jones and Comfort (2018a) suggested that

If Europe's leading retailers' public commitments to a more circular economy are to become a reality then they will not only need to effect a radical change in their current business models but that this will need to be accompanied by radical changes in consumers consumption behaviour.

Lieder and Rashid (2016) looked to explore circular economy implementation in the context of manufacturing industry and concluded circular economy research had focused principally on waste generation, resource use and environmental impact, to the neglect of business and economic perspectives. Looking to the future, the authors also concluded that attempts to implement a successful circular economy strategy must embrace the interests of a range of stakeholders, including policy makers, government bodies and manufacturing industries and the prioritising either environmental or economic benefits at the expense of the other should be avoided. Genovese et al. (2017) employed case studies from the chemical and food processing industries to explore the integration of circular economy principles within sustainable supply chain management. The authors concluded that "integrating the core principles of the circular economy within green supply chain management can provide clear advantages from an environmental point of view" but that "the implementation of circular supply chains may be challenging from an economic point of view" (Genovese et al., 2017, p. 355). Further Genovese et al. (2017) suggested that government support might be one way of addressing such challenges.

Tukker (2015) suggested that product service systems have been increasingly seen "as one of the most important instruments for moving society towards a resource-efficient circular economy" (p. 76) and reviewed the literature on such systems. However, he concluded that product service systems are not a "sustainability panacea" (p. 88) and that "it will never be easy for a product service system provider to overcome the perception that he is putting his consumer in a relatively dependent position or influencing, or even prescribing, how his consumer should behave" (p. 88). More specifically, Bridgens et al. (2017) explored the development of a product service system that "facilitates the recovery of valuable functional components and metals from mobile phone circuit boards" (webpage). While Bridgens et al. (2017) discussed some of the technological challenges associated with development of product service system mobile phone they also emphasised the importance of understanding the interaction between consumer and the circular economy to ensure the willing participation in the introduction of product service systems. As such, the authors proposed a product service system "which facilitates e-waste recovery by engaging the consumer with the product they own and interact with, rather than by financial coercion" (Bridgens et al. 2017, webpage).

At an organisational level, the Pioneer Universities initiative, for example, is an international network of higher education institutions, established under the auspices of the Ellen Macarthur Foundation, which are developing "pioneering and innovative circular economy-orientated research or teaching programmes" (Ellen Macarthur Foundation 2017b, webpage). University College London, for example, through its Institute for Sustainable Resources, Institute of Making and its Centre for Resource Efficiency and the Environment looks to embed circular economy principles into its taught courses and its research activities across a range of disciplines. The University's Circular Economy Lab, founded in 2015, looks "to develop the scientific and socio-economic understanding and technological basis for design and implementation of systems, processes and policy that will support the transition to a Circular Economy" (University of Central London 2018, webpage). The Circular Economy Lab's founding prospectus statement emphasised the need for circular economy research and technology development to be "driven by the needs of the industrial/business community. We envision support of, and guidance by, an industrial ecosystem composed of one or two compatible large companies and several well-matched

Approaches to the Circular Economy

small/medium-sized enterprises (SMEs), each with its own symbiotic ecological niche” (University of Central London 2018, webpage).

Teresa Domenech, a member of the Circular Economy Lab’s core team co-authored work on the “*Transition to a Resource Efficient Circular Economy in Europe*” (Domenech and Bahn-Walkowiak in press, webpage). Here the authors drew on a range of policy documents and empirical surveys from the European Union and Member States to provide an review of current policy frameworks and to provide some insights into the elements shaping the policy making process. In the conclusions to this review the authors argued that the European Union’s circular economy package is limited in scope and weak in terms of instrumentation in that it has no binding objectives and in that it relies on existing instruments rather introducing new economic instruments. At the same time the authors recognised current progress in recycling and reusing raw materials should increase circularity, but argued that such measures will be insufficient if they simply supplement rather than substitute the consumption of primary materials.

Cranfield University (Ellen MacArthur Foundation 2017c) has stressed its commitment to “developing a truly integrated industry-driven approach circular economy research and teaching agenda” (webpage). Within the “Circuit” research programme, for example, the University is focusing on “reverse logistics in the circular economy” and on “maximising the retained value of servitised products” (Ellen MacArthur Foundation 2017c, webpage). In addition the “Digital Intelligence to Enable a Circular Economy” research programme is looking to provide “digital intelligence to shape decisions about the manufacture and utilisation of automotive components for accelerating the implementation of more circular approaches in UK manufacturing” (Ellen MacArthur Foundation 2017c, webpage). “Sustainability and the Circular Economy” is one of four research clusters within the Business School at Exeter University. Here the focus is on an interdisciplinary approach which brings together political economists, supply chain experts, biologists, business administrators, mathematical modelers and social scientists “to explore, interrogate and challenge a wide variety of ideas relating to how we can make life on this planet more sustainable, circular and resilient” (University of Exeter Business School 2018, webpage).

Challenges for Researchers

As the focus on the concept of the circular economy continues to gain momentum within political and policymaking arenas, so researchers may wish to explore its workings in a variety of business settings. At the same time Urbinati et al. (2017) suggested that “within the strategic management field politicians, practitioners and scholars particularly, are still struggling with a lack of a framework explaining how companies willing to become circular adapt their existing business model or create new one” (p. 487). Researchers may thus also wish to develop theoretical frameworks of the circular economy in order to help to conceptualise its operation, to guide future work on the concept and to integrate it within wider conceptual and theoretical thinking on sustainability. Early work on the workings of the circular economy is already underway as exemplified in the introduction but research on the circular economy faces a number of challenges and issues, which merit reflective discussion.

Defintions and Meanings

There are issues about definition and the term circular economy can hold different meanings for different audiences. In looking to provide a rationale for their investigation of the “current understandings of the circular economy concept among scholars and practitioners” Kirchherr et al. (2017b) argued “a

concept with various understandings way ultimately collapse or remain in a deadlock due to permanent conceptual contention” (p.221). Arguably more critically, Gregson et al. (2015) suggested the idea of the circular economy is “more often celebrated than critically interrogated” and that “its actual enactment is limited and fragile” (p. 218). Korhonen et al. (2018b) argued that the circular economy was “an essentially contested concept” (p. 544) which is “loosely based on a fragmented collection of ideas derived from a variety of scientific disciplines and semi-scientific concepts” (p. 545). At the same time Korhonen et al. (2018a) claimed “the concept of circular economy and its practice have almost exclusively been developed and led by practitioners, i.e. policy-makers, businesses, business consultants, business associations, business foundations etc.” while “the scientific research content of circular economy remains largely unexplored” (p. 37). Kirchherr et al. (2017b) argued that “most authors see circular economy as an avenue for economic prosperity, whereas previous scholars conducting narrative reviews of the circular economy literature had argued that circular economy would be mostly concerned with environmental aims” (p. 229).

An extensive literature review undertaken by Prieto-Sandoval et al. (2018) showed “few explicit definitions of circular economy” (p. 608) and remarkably, when Kirchherr et al. (2017b) gathered definitions published in peer reviewed journals and policy papers and reports, their sample of 114 definitions featured “95 different definitions” (p. 226). In a similar vein, Korhonen’s (2018a) literature review of papers on the circular economy identified 11 definitions of the term circular economy and, arguably more worryingly, this review revealed that 13 papers “had neither a definition nor a description of what circular economy was supposed to mean in their studies” (p. 546). In recognising that the concept of the circular economy “has a multitude of different definitions” Korhonen et al. (2018a) suggested that “a single universal definition of borders the impossible and should not be attempted because it will always exclude some interests and because it is dynamic and evolving” (p. 548). More positively, Korhonen et al. (2018a) concluded, “however this should not be used as an excuse to not develop the concept, its methodologies and practices, its policies and strategies” (p. 548).

Nevertheless, Korhonen et al. (2018b) proposed “a working definition of the concept of circular economy” (p. 547) as “viewed from the production and consumption system perspective” (p.547). As such the “circular economy is a sustainable development initiative with the objective of reducing the societal production-consumption systems’ linear material and energy throughput flows by applying materials cycles, renewable and cascade-type energy flows to the linear system. Circular economy promoted high value material cycles alongside more traditional recycling and develops systems approaches to the cooperation of producers, consumers and other social actors in sustainable development work” (Korhonen 2018b, p. 547). In concluding their search for “a consensus on the circular economy” Prieto-Sandoval et al. (2018) argued that four main components should be included in the definition of the circular economy. Namely “the recirculation of resources and energy, the minimization of resources demand and the recovery of value from waste”; “a multilevel approach”; “its importance as a path to achieve sustainable development”; and “its close relationship with the way society innovates” (Prieto-Sandoval 2018, p. 610).

MEASUREMENT

Measuring circularity also presents a major challenge, but in looking to move towards a more circular economy, a number of approaches to measurement have been developed. The Ellen McArthur Founda-

Approaches to the Circular Economy

tion, Granta Material Intelligence and Life (2015a), for example, has developed a Circularity Indicators Project which looks to measure “the circularity of products” (p.4). Here the “Material Circularity Indicator for a product measures the extent to which linear flow has been minimised and restorative flow maximised for its component materials, and how long and intensively it is used compared to a similar industry-average product” (Ellen McArthur Foundation, Granta Material Intelligence and Life (2015b, p.19). Essentially, the Material Circularity Indicator which looks to measure not only “how restorative the material flows of a product or company are” but also “complementary indicators that additional impacts and risks to be taken into account” (p. 30.). The index is presented as a value between 0 and 1, with circularity increasing as the value approaches 1.

While recognising that “measuring the circularity of a product or service can be a challenge due to the complexity and variety of actions, activities and projects that could be called circular”, the US Chamber of Commerce Foundation (2018a, webpage) has developed a Circular Economy Toolbox, which includes a number of metrics to measure impact. The proposed circular economy metrics include the carbon footprint, estimated cost savings when leasing rather than buying, estimated resource and emission offsets and the percentage of a product that can be recycled or repaired at the end of its useful life. At the same time the US Chamber of Commerce Foundation (2018b) asserted, “there is currently no single accepted framework to enable organizations to assess and report on their progress in moving towards circularity” and argued that the lack of such a “framework represents one of the greatest needs, and greatest opportunities, in the circular economy” (webpage). In a similar vein, Saidani et al. (2017) suggested, “current tools neither consider the whole complexity of the circular economy paradigm, nor provide operational guidance for engineers, designers or managers to improve their products in the context of circular economy” (webpage).

Empirical Research

There are issues in undertaking empirical research into the workings of the circular economy. The majority of the academic literature on the circular economy to date falls into one of two groups. On the one hand, the focus has been on reviewing the concept of the circular economy or providing prescriptions for its implementation. On the other hand, empirical work has focused on the analysis of published sources of data and/or policy documentation with little or no attempt to collect primary information and data. This might be seen to highlight the challenges involved in framing research projects designed to explore how companies approach the circular economy, on how they go about framing and implementing strategies designed to achieve a more circular business approach and on how they identify and look to overcome perceived barriers to the adoption of circular business models. At the same time, there are also challenges in undertaking research designed to explore consumers’ attitudes to the circular economy and to product service systems and to examine if and how such attitudes influence consumer buying behaviour.

At the corporate level, each proposed research project will have its own specific set of aims and an appropriate methodological approach designed to achieve those aims. That said, research projects may have the challenge of getting access to organisations, to their strategy documentation and to company decision makers, at a variety of levels, who are responsible for designing, driving and implementing circular approaches to the company’s business operations and its relations with other companies in its supply chain. Karjalainen et al. (2015) argued, “the question of research access is fundamental to much empirical research. Yet it is still often neglected in the analysis and reporting of research” (p. 274). Researchers may face a number of difficulties in looking to gain/negotiate access to companies, which are

introducing circular economy approaches and producer service systems. Companies may be reluctant or unwilling to allow access to corporate data and/or decision makers for a number of reasons, including the protection of intellectual property, concerns that data may be misinterpreted, a reluctance to discuss emerging and unproven technologies with people outside the company and commercial confidentiality. This last issue may be a particularly sensitive issue where companies believe they are developing cutting edge innovations to develop more circular approaches that may give them a vital competitive advantage in what is a dynamic marketplace.

While access to consumers designed to explore their attitudes to the circular economy and into attendant consumer buying behaviour may initially seem more straightforward, here too there are challenges. The traditional approach to consumption is based on the individual consumer as the basic unit of analysis. Here consumers are seen to be empowered individuals making decisions for themselves, or their households, and voluntarily exercising their freedom of choice, in their buying behaviour. As such conventional survey research methods might be seen to be appropriate in revealing consumers' attitudes and buying behaviour but this ignores what Welch and Wardle (2015) described as "the attitude behaviour gap", namely "the phenomenon of the discrepancy between reported pro-environmental values and obdurately unsustainable behaviour" (p. 88). On the one hand this suggests the need for a more ethnographic research approach as a way of understanding consumers' attitudes and behaviours. On the other hand, Hobson (2016) has suggested that emerging work in the social sciences on 'theories of practice' (p. 15) where "practices, instead of individuals, become the units of analysis that matter most" (Spaargaren 2011, p. 815) may prove fruitful. As such Hobson (2016) argued that "making practices more sustainable requires questioning how and why current needs are met, and about thinking creatively about other ways to meet needs" (p.15). Here qualitative studies, based for example, around semi-structured interviews, designed to gain greater understanding of consumers' thoughts and feeling about the circular economy might offer an appropriate research approach.

Socio-Economic Issues

There are a set of more fundamental socio-economic issues which can be seen to have implications for the nature and direction of research into the circular economy. While the circular economy has a strong environmental focus much less attention has been paid to the social dimension. Murray et al. (2015), for example, argued that the circular economy "is virtually silent on the social dimension, concentrating on the redesign of manufacturing and service systems to benefit the biosphere" (p. 22). A number of issues may be important here. While the transition to a circular economy will bring socio-economic benefits, for example in terms of the creation of new employment opportunities associated with the establishment of new waste management and recycling facilities, issues may arise in terms of the quality of such opportunities, the reward levels associated with them and the geographical distribution of such benefits at regional, national and international levels. As such, any attempt to evaluate the impact of the introduction of circular economy approaches at company or national levels will need to be alert to the wider potential social implications in other geographical realms.

Arguably more contentiously, there are concerns rooted in political economy which merit attention in a comprehensive approach to research on the circular economy. Hobson (2016), for example, suggested that current "academic, policy and business-led analyses frame transformations towards the circular economy as predominantly issues of innovation, technical systems, fiscal and business incentives and reformulated business models" while "little has been said about the socio-political implications and

Approaches to the Circular Economy

possibilities for shifting current production-consumption-use- waste practices” (p. 3). Further Hobson (2016) poses the question “is the circular economy yet another iteration of capitalist crisis, reproduction and survival or does it productively merge disparate discourses and actors to garner much-needed action around the manifold issues of global sustainability” (p. 3).

At the same time there are related issues about how the concept of the circular economy might be being captured by corporate interests, and more specifically by corporate capitalism, to justify continuing economic growth despite concerns about the overconsumption of natural resources and the damaging environmental effects of such growth. Valenzuela and Bohm (2017), for example, argued that the terms circular economy and sustainability were effectively being “captured by politic-economic elites claiming that rapid economic growth can be achieved in a way that manages to remain responsible to environment and society” (p. 27). In their conclusions, Valenzuela and Bohm (2017) pessimistically suggested that “the closer we get to the ideal of a fully circular economy, the more we are allowed to consume without taking an ethico-political stance” (p. 50). It is important that researchers look to recognise the embedded values in the current mainstream approaches to the circular economy, which can be seen to enhance some economic and social values, for, while at the same time minimizing threats to other values, such as continuing economic growth.

CONCLUSION AND FUTURE RESEARCH DIRECTIONS

Interest in the concept of the circular economy is gathering momentum amongst policy makers and within the business world. That said, at the present time it remains to be seen whether or not the circular economy can become a workable and realistic business model. More specifically, if the circular economy is to become a reality then winning the hearts and minds of consumers may prove to be its most testing challenge. At the same time, the concept and the workings of the circular economy have attracted increasing attention from researchers and within the academic literature. While some of the initial published research on the circular economy was undertaken at a broad level within regional and urban economies in China, work now covers a range of specific economic sectors and geographical areas. Looking to the future, research into the workings of the circular economy seems likely to grow, but researchers seem to face a number of challenges including problems of definition, measurement, pursuing empirical avenues of enquiry and wider socio-economic issues, which reflect underlying values.

That said, a number of future research directions can be identified. Firstly, consumers’ perceptions of, and enthusiasms for, the changes a transition to a more circular economy will demand, will provide valuable insights into what may be a radically changing consumption process. In exploring such consumer perceptions, questionnaire surveys, semi structured interviews and focus groups might provide valuable methods of empirical enquiry. Secondly, given that for the majority of consumers living in advanced capitalist economies, retail outlets are currently the major sites of consumption, potentially fruitful research may be conducted into how a variety of retailers are engaging with the circular economy. More specifically, such work might profitably explore how such circular economy strategies and business models are being driven, and/or being resisted, by retailers, not only within their own organisations, but also within their supply chains. At the same time, researchers might investigate the challenges and barriers that retailers are facing in looking to pursue a circular economy strategy and explore the ways in which both retailers and suppliers are looking to address and overcome such challenges and barriers. Here, researchers will need to negotiate executive level access within retail companies and within their suppliers in order to

explore strategic decision making. Thirdly, researchers might explore how technological developments are underpinning, and driving, circular economy initiatives. Fourthly, research is required to devise, and test, indicators that can provide a measure of the extent to which companies are moving towards a more circular economy model. Finally, research enquiries might focus on the extent to which global recycling networks are contributing to the emergence and development of circular economies.

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Chapter 6

Are Businesses Washing Consumerism With Green Ideology?

The Green Marketing Oxymoron

Marta Massi

Università Cattolica del Sacro Cuore, Italy

Caterina Francesca Ottobrini

Università Cattolica del Sacro Cuore, Italy

ABSTRACT

This chapter reviews the literature on green marketing from the sustainable marketing phase to the latest paradigm of green marketing based on the concept of consumer empowerment and customer-initiated innovation process. In particular, the authors delve into the evolution of green marketing in order to highlight critical contrasts including product-based vs. service-based green marketing approach; top-down (business-initiated) vs. bottom-up (customer-initiated) green-based innovation; physical vs. online distribution of green products/services; positioning and advertising vs. brand co-creation; passive vs. active/empowered role of consumers and focus on customers vs. focus on multiple stakeholders. This chapter illustrates, through a series of cases and consumer insights, the contradictions, and controversies of green marketing. The chapter shows how customer participation and value co-creation, have changed the way green products are consumed and developed, and have forced organizations to adopt completely new business models.

INTRODUCTION

Defined as the “the efforts by organizations to produce, promote, package, and reclaim products in a manner that is sensitive or responsive to ecological concerns” (American Marketing Association, 2018), the phenomenon of green marketing is relatively young and quite controversial. In fact, for many scholars

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Are Businesses Washing Consumerism With Green Ideology?

and environmentalists, green marketing is still an oxymoron because it “promotes consumption, albeit so-called responsible consumption” (Verma, 2015, p. 428).

Over the years, the approach to green marketing has proved to be very business-oriented and functionalist. Very often has green marketing been described as a business-driven approach that does not leave much room for consumers, e.g., as marketing practice that “must redirect customer needs toward ecologically safe products (Sheth & Parvatiyar, 1995, p. 19). Furthermore, green marketing has been conceptualized as an orientation of the firm towards meeting its comprehensive ethical and moral responsibilities, while adhering to the marketing concept’s basic tenets (Polonsky & Mintu-Wimsatt, 1995; McDonagh & Prothero, 2014).

Based on the green marketing paradigm proposed by most scholars, it can be argued that consumers - whose needs and wants must be redirected towards ecologically beneficial products and services - play a passive and secondary role, as mere recipients of marketing guidelines and directions. Indicative of such a consideration is, for instance, the type of segmentation proposed by most businesses, which does not take into account consumer preferences and choices. Indeed, mainly demographic and socioeconomic variables are employed to segment green consumers. Such an approach to green marketing could be defined “paternalistic”, i.e., green marketing as business education towards customers, or customer needs redirection. Thus, for some scholars, businesses employ green marketing strategies mainly because it is profitable and can allow firms to develop a competitive advantage by being greener and more sustainable than their competitors (Luo & Bhattacharya, 2006; Wymer & Polonsky, 2015).

Recently, scholars have looked at the empowered role of consumers in the green marketing process: “Empowerment lies at the heart of green marketing” (Ottman, 2017, p. 110). Now more than ever consumers feel that they can make the difference by using products and services, thus getting actively and voluntarily engaged in the green marketing process.

As a result of this empowerment process, the introduction of innovations is no longer a prerogative of businesses, but is shared by the consumer in a mutually beneficial and bidirectional innovation generation process. Thus, consumer-introduced practices can lead to the development of new ideas for sustainable products or services, such as e-books. In this way, the focus shifts from technology-based to eco-innovation which involves the introduction of innovative business models reducing the environmental impact of products/services as well as costs (e.g., car-sharing services, textbook rentals, etc) (Ottman, 2017).

This chapter is organized as follows. First, we review the literature on green marketing from the sustainable marketing phase (Peattie, 2001) to the latest paradigm of green marketing based on the concept of consumer empowerment, service-dominant perspective (Vargo & Lusch, 2004), and customer-initiated innovation process. Second, we identify critical antinomies in the evolution of green marketing including:

- Product-based vs. service-based green marketing approach.
- Top-down (business-initiated) vs. bottom-up (customer-initiated) green-based innovation.
- Physical vs. online distribution of green products/services (Web and social networks).
- Positioning and advertising vs. brand co-creation.
- Passive vs. active/empowered role of consumers.
- Focus on customer vs. focus on multiple stakeholders.

Third, we provide a series of examples and consumer interviews to illustrate the contradictions and controversies of green marketing. In particular, we aim to show how, by enhancing customer participation and value co-creation, green marketing has changed the way green products are consumed and

developed, and has forced organizations to adopt completely new business models. Finally, we identify managerial implications and future directions for research in green marketing.

GREEN MARKETING: IS IT REALLY A NEW PARADIGM?

The latest spread of green and ethical consumerism (Fraj & Martinez 2007; *The Ethical Consumer*, 2018) has led to the introduction of green marketing strategies. Henion and Kinnear (1976, p. 1) were the first to define the concept of ecological marketing as “concerned with all marketing activities that have served to help cause environmental problems and that may serve to provide a remedy for environmental problems”. Definitions of green marketing have been evolving over time so that the concept has become increasingly more nuanced to incorporate dimensions such as sustainability and customer empowerment.

Consumers purchase green or socially responsible goods in order to pursue private benefits from the products (e.g., health benefits from organic foods) or an altruistic ‘warm glow’ derived from contributing to public well-being (Andreoni, 1988). Many studies have indicated that an increasing number of consumers care about ecological consumption (e.g., Jansson et al., 2010; Leonidou et al., 2010; Prothero et al. 2011). In particular, research has shown that consumers are willing to pay more for eco-labeled products, e.g., ‘greener’ vehicles, (Teisl et al., 2008), ‘green’ electricity (Ek & Söderholm 2008; Salmela & Varho 2006), washing machines and light bulbs (Sammer & Wüstenhagen 2006) and refrigerators (Revelt & Train 1998). Consumer motives to purchase environmentally friendly products include altruism, social norms and reciprocal fairness (Frey & Stutzer 2006), a “warm glow” deriving from the contribution to the welfare of others (Andreoni 1988), ethical values and beliefs (Berglund & Matti 2006), and political interest and awareness (Torgler & García-Vilañas 2007).

At the same time, both governments and businesses have started promoting measures to establish market preference for environmentally friendly goods and have introduced numerous certification programs for different product categories (e.g., forest products, seafood, chemicals, buildings, electronics, jewellery, and other materials and services).

According to Peattie (2001, p. 129), the development of green marketing has gone through three main phases, switching from a narrow focus on specific environmental issues such as pollution (i.e., ecological marketing for the 1970s to the mid 1980s), to more broadly based initiatives aimed at reducing environmental damage by tapping into green consumer demand and opportunities for competitive advantage in the 1990’s (i.e., environmental marketing) (Miles & Munilla, 1995); and very recently to a more radical approach to create a sustainable economy (i.e., sustainable marketing). In the latter phase, green marketing is defined as “the process of planning, implementing and controlling the development, pricing, promotion, and distribution of products in a manner that satisfies the following three criteria: (1) customer needs are met, (2) organizational goals are attained, and (3) the process is compatible with eco-systems” (Fuller, 1999, p. 4).

Some scholars have introduced the expression ‘enviropreneurial marketing’ to define marketing initiatives that are aligned with the expectations of the stakeholders (Menon & Menon, 1997).

The literature is replete with definitions and conceptualizations of green marketing. For instance, Kumar (2016) identified four main domains, including 1) Eco-orientation; 2) Green marketing strategy; 3) Green marketing functions and 4) Green marketing consequences.

Are Businesses Washing Consumerism With Green Ideology?

Papadas et al. (2017) introduced the notion of green marketing orientation, including three sub-domains, i.e., strategic marketing orientation, tactical green marketing orientation and internal green marketing orientation.

Dangelico and Vocalelli (2017, p. 1273) reviewed extant definitions of green marketing, highlighting its evolution over time. From being a mere “tool of traditional marketing”, green marketing has increasingly become “a strategy affecting the whole company”.

According to Zhu and Sarkis (2016, p. 290), “there is no universal definition of green marketing”, however three main definitional orientations can be identified: 1) development of environmentally friendly products and services; 2) use of marketing mix (product, price, place, promotion) for not harming the environment; 3) introduction of marketing and managerial to be sustainable (Peattie, 2001).

More recently, the definition of green marketing has evolved towards the concept of societal marketing and has been defined as “holistic marketing concept wherein the production, marketing consumption and disposal of products and services happen in a manner that is less detrimental to the environment with growing awareness about the implications of global warming, non biodegradable solid waste, harmful impact of pollutants etc.” (Mishra & Sharma, 2010, p. 35). Under this perspective, green marketing is conceptualized as ‘eco-marketing’, i.e., a part of the “new marketing approaches which refocus, amend and improve existing marketing philosophy and practice, offering a considerably dissimilar perspective” aimed at fixing “the lack of fit between marketing as it is presently practiced and the ecological and social realities.” (Gheorghiu et al. 2013, p. 373)

Thus, scholars have looked at green marketing in the broader context of societal marketing and de-marketing (Varadarajan, 2014), and social marketing (Rettie et al., 2014), which introduces a paradigm that also looks at customer satisfaction in addition to improved environmental quality (Ottman, 2006, 2017; Jain & Kaur, 2004).

For many businesses, adopting green marketing strategies means to adopt a product focused orientation, by greening the elements of the marketing mix. However, this approach could easily lead to ‘green marketing myopia’ (Ottman, 2006) and, at times, such companies are blamed of greenwashing their products and promotional messages.

In fact, social and environmental activists have raised concerns on the risk of greenwashing (Laufer, 2003). Research conducted by TerraChoice (2009) on 24 stores in the U.S. and Canada, for instance, found that more than 95% of the 5,296 products analyzed employed some form of green-washing, defined as “the act of misleading consumers about the environmental practices of a company or the environmental benefits of a product or service” (TerraChoice, 2009). The proliferation of offerings claiming to be ‘green’, ‘organic’, or ‘sustainable’ has led to the necessity to clearly establish which firms comply with predefined standards, i.e., which ones are certified, and which firms misleadingly use such a terminology with the only purpose to deceive consumers by creatively managing “their reputations with the public, financial community, and regulators” (Laufer, 2003: p. 255).

This criticism lies on the assumption that green marketing could just be an oxymoron, a contradiction between the profit orientation (which is implicit in the concept of marketing) and the green orientation which can lead to increasing costs for the firm. In fact, the traditional marketing concept cannot be simply reassessed or reformulated in order to meet the standards of sustainability, but the roles of people, society and technologies must dramatically and radically change. In sum, green marketing cannot simply be considered a mere “green extension” to the basic concept of marketing (Saren, 2000, p.

747), otherwise when consumers “get to the cash register, their Earth-minded sentiments die on the vine” (Bonini & Oppenheim, 2008).

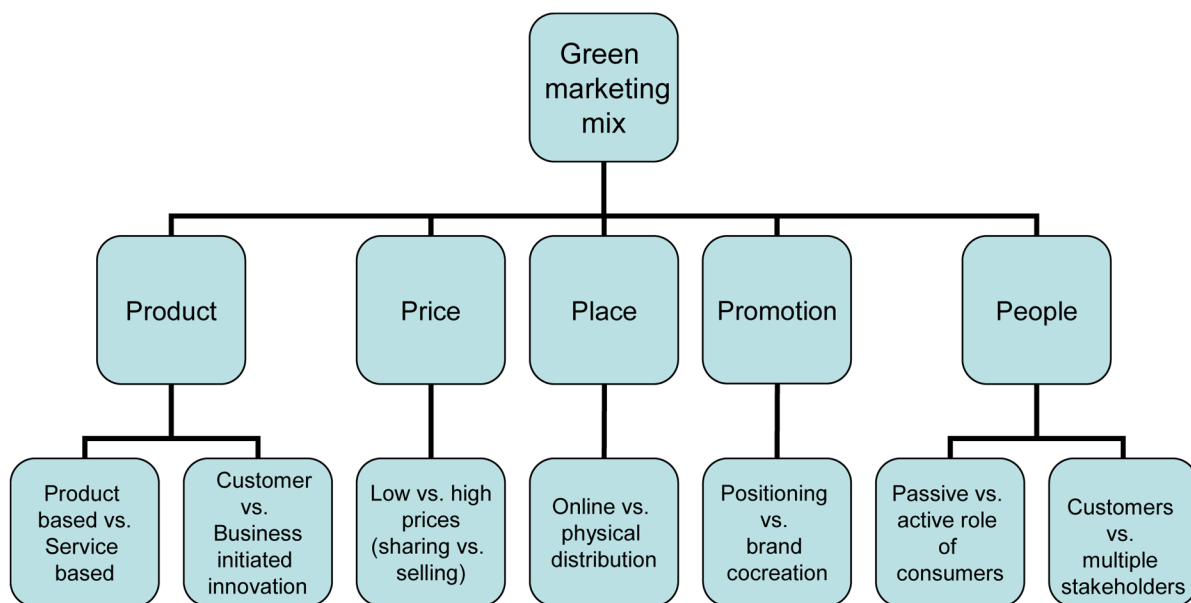
The traditional approach to green marketing is structured around the traditional “4Ps” of marketing (Brownlie & Saren, 1992), and focuses on how marketing mix decisions can influence environmental outcomes, without taking into account the more active role that consumers have been playing in recent years in the marketing process, as active co-producers of value (e.g., Wikstrom, 1996; Vargo & Lusch, 2004). However, as it has been observed by some scholars, green principles can hardly be successfully operationalized by using “the normative marketing management toolkit” (Saren, 2000, p. 747). In fact, green marketing cannot be applied *tout court* to the marketing mix. Companies cannot merely integrate green marketing into their marketing plans, without making adjustments based on the specificity of the offerings. Properly reviewing the marketing mix becomes key to developing a sustainable marketing plan.

Far from being a mere final user of product or services, the consumer increasingly plays a new role as “brand co-creator” (Ottman, 2017, p. 123). Similar to recent developments in marketing theory (Prahalad & Ramaswamy, 2004; Vargo & Lusch, 2004), a new logic has been introduced in the renewed green marketing paradigm: brand value is co-created through stakeholder-based negotiations (e.g., Brodie, 2009; Brodie et al., 2009).

To take into account the empowered consumers’ preferences and attitudes toward green marketing, alternative segmentation criteria (beyond demographic and socioeconomic) have been proposed (e.g., resource conservers, animal lovers, health fanatics, vegans, etc.).

In the next section the authors illustrate how a new paradigm of green marketing is emerging, that shows the downsides of a unidirectional business-initiated green marketing model. Building on Kumar (2016), Figure 1 illustrates the domains and sub-domains of green marketing, focusing on the antinomies emerging as to product, price, place, promotion and people.

Figure 1.



Product-Based vs. Service-Based Green Marketing Approach

Green products have been defined as credence goods (Nuttavuthisit & Thøgersen, 2017) for which there exists an information asymmetry between the sellers and the consumers since the latter are not able to identify “the environmental friendliness of the production method by the look, taste, or smell of the product”. In contrast businesses and producers own the information about their credence products and are able to “assure consumers of an environmentally friendly production method” (Van Amstel *et al.*, 2008, p. 2). For some scholars, green goods are based on Potemkin attributes, i.e., process-related attributes for which consumers are not able to verify the truthfulness of the claims made by producers at the end-product level (Tietzel & Weber, 1991).

Potemkin attributes are process related, therefore it would be practically impossible for consumers or external organizations to verify the presence of the attribute through “laboratory analyses at the end-product level” (Jahn *et al.* 2005, p. 55). Potemkin attributes are often present in the area of values-driven consumption (e.g., fair trade, environmentally friendly, animal welfare, etc.), which encompasses a broader range of issues and a more complex decision making process for consumers (Shaw & Shiu 2002). In the case of these attributes, traditional signals such as advertising, branding, and guarantees are not able to overcome the information asymmetry (Jahn *et al.* 2005).

Companies aiming to be perceived as sustainable have been focusing on the product. For instance, Illycaffè is a company which employs sustainable marketing strategies to promote its products and, in doing so, makes sure that the materials, the ingredients, the manufacturing process be sustainable. Indeed, the company makes its best to use natural and local materials, trying to minimize transport costs or making the latter sustainable. As the businessman Andrea Illy suggests, quality decreases if sustainability is lacking (Illy & Antonioli, 2018). Moreover, for Illy if a company works to respect the environment, then personal responsibility increases, and the consumer feels more involved and motivated to act in this direction and to purchase green products. As a consequence, consumers are willing to pay more for the same product.

Therefore, green marketing is not only a business orientation but also a marketing philosophy (Jain & Kaur, 2004, p. 170) that is concerned with safeguarding natural and social systems. In fact, green companies should make sure that the natural environment is protected and restored, respecting local regulations and treating employees with fairness.

Even if green marketing was originally oriented towards the product, recent developments have pointed to a new direction which emphasizes the importance of services. The product is gradually losing its centrality in the sustainable marketing system and, in fact, it requires the reorientation of the marketing mix to “consider options regarding repackaging, relabeling, reformulating, and/or repositioning” (Sheth & Parvatiyar, 1995, p. 12). The traditional green marketing mix often includes tangible and resource-intensive products; physical distribution; mainly material, but also social costs and traditional promotion and communication strategies (i.e., advertising, brochures, broadcast and print media, etc.).

Based on this prospective, many companies have changed packaging by introducing biodegradable and recycled materials and removing harmful ingredients. In this way, companies that repositioned the product making it eco-friendly, gained recognition on the market and were able to attract conscious consumers.

Especially in the case of credence goods and Potemkin attributes, traditional green marketing does no longer suffice as consumers are becoming more and more demanding when it comes to attributes such as green, environmentally friendly and organic. As a consequence, it is not enough for businesses to provide excellent materials and ingredients.

As Ottman (2017) noticed, green marketing has been evolving from a product-focused to a service-focused orientation. In particular, the author emphasized that services can meet consumers' needs even better than products, in fact, the concept of credibility, performance, experience and transparency have become more important for a consumer's choice.

The advent of the service economy has led to a progressive customer empowerment since customers can actively participate in the production of a service (Vargo & Lusch, 2004) and are always co-creators of value (Vargo & Lusch, 2008, p. 7). Ottman offers many examples of successful green service businesses (e.g. Zipcar, e-books, bike-sharing, etc.). These services, which are based on recycling and reuse, without wasting unnecessarily, attract consumers who are interested in sharing and saving money to pollute less.

The idea of sharing and saving derives from the consumer, who becomes an integral part of the process of greening the service (Lan et al., 2017). In this way consumers become an active part in the green service delivery, thus making it easy for the company to raise awareness and convince them to be "green" (Lan et al., 2017). As a consequence, sharing leads to value co-creation. For instance, Lan et al. (2017) found that customers of Mobike, a Chinese bike sharing service, cocreated value by reporting of violations of the rules from other customers, including broken bikes and inappropriate parking. In this way, the bike sharing service was employed by users to provide "a better quality of life, such as more convenient, efficient and green daily transport for urban dwellers" (Lan et al., 2017, p. 3). In addition, switching from a product to a service-based approach in green marketing affects pricing. Green products are usually more expensive than conventional products due to production and distribution processes. Adopting a service-based approach allows companies to reduce the so-called green pricing gap () at least for some product categories. As observed by Grundey and Zaharia (2008), a firm can rent its products (e.g., bikes, cars, etc.) instead of selling them.

Top-Down (Business-Initiated) vs. Bottom-Up (Customer-Initiated) Green-Based Innovation

The green marketing process is often described as business-initiated: "The manufacturers must be willing to initiate and the consumer must be willing to accept ecological packaging changes for the betterment of society" (Cornwell & Schwepker, 1995, p. 125).

Similarly, the literature on green branding emphasizes a product-based and business-initiated model of green innovation, in which marketers have a proactive role in redirecting customer needs towards technological innovations. Green-based innovation examples include the introduction of new product features (e.g., P&G's Cheer laundry detergent), packaging and technology. However, there is no mention of innovations that are initiated by consumers or of new business models and practices.

Some scholars observe that business-initiated innovation could lead to consumer resistance "because the innovation conflicts with consumers' ingrained belief structures, requires acceptance of unfamiliar routines or necessitates abandoning deep-rooted traditions." (Garcia et al, 2007, p. 82). In general, obstacles to innovation can be both functional and psychological (Ram & Sheth, 1989), including factors that are in contrast with "established behavioral patterns, norms habits and traditions" and that can "cause a psychological conflict or problem for consumers" such as 'complexity', 'information overload' and 'perceived risk' (Kleijnen et al., 2009, p. 3). In addition, often consumer tend to postpone innovation adoption (Kleijnen et al (2009)).

Engaging customers in the development of new product ideas is crucial and often innovations can come from customers. Some companies (e.g., Starbuck, Nike and Lego) have capitalized on value co-

Are Businesses Washing Consumerism With Green Ideology?

creation processes that engage customers in mutually beneficial interactions with the company. Social media offer many opportunities to stimulate customer input into products and services (Lee, 2018). Customer-driven innovation can provide firms with “a valuable new means to develop fresh ideas for products, services and ways of doing business” (Lee, 2018). The advantage of using customer input to develop new products is that customers prefer products that are co-created. For instance, research showed that the Japanese company Muji sold up to 20% more when they were labelled as created with customers (Solomon, 2018).

Physical vs. Online Distribution of Green Products/ Services (Web and Social Networks)

Place is also crucial when it comes to green marketing. Whether it be a brick-and-mortar location or a virtual platform the place of distribution has a powerful communicative function, since it is closely linked to the values and the identity of the company’s brand. Indeed, consumers are more inclined to purchase a green product when they know its origin, how it is produced and, further, the way through which it has been delivered. Distribution is key as often consumers cannot easily find the green products.

As Bonini and Oppenheim (2008) point out: “Biofuel enthusiasts, for example, must often drive out of their way to fill up on their chosen fuel. Many energy-conscious homeowners have no other choice than to buy dirty power because their local utilities simply do not offer clean energy. And many contractors do not know where to purchase green building materials. The reason consumers cannot find these products is that businesses are not stocking them.”

On the one hand, physical distribution allows to create unique and direct experiences with the product. However, it can be expensive and less eco-sustainable to distribute products only through physical distribution. Thus, in the context of green marketing, firms should consider investing in energy efficient stores and using paper less billing, and using energy saving electronics and lighting and reusable or biodegradable shopping bags in order to reduce their carbon footprint (RMS, 2016). Companies can take one step further than simply making their products available and develop a number of strategies, including “window dressing, decorating, and trail making, to promote a set of outdoor practices for which these products are indispensable” (Fuentes, 2015, p. 199)

On the other hand, virtual stores do not produce waste on electrical services, plastic bags or paper, should also be based on green practices, including use of “alternative fuels; planning fuel efficient delivery loads and distribution routes; and reducing packaging for delivery trucks” (RMS, 2016).

Furthermore, we can notice an increasing consumer demand to ‘buy local’ and it can be argued that business commitment to this practice will allow companies to support local businesses while also decreasing the company’s carbon emissions.

The trend to use local products and the kilometre-zero philosophy have become extreme in Biella, Italy, where the “urban gardens” were created in 2015. They are private lands provided by the Municipality to private individuals to grow fruit and vegetables, for personal use and to sell it to the city market (Zorio, 2017).

Another example of efficient green distribution is Cortilia, an online platform where customers can buy seasonal products from trusted farmers, through home delivery service and free of charge (www.cortilia.it).

The last case to mention concerns all those apps developed in recent years (e.g. Glovo, Deliveroo, Uber Eats, etc.) that allow to deliver mainly food products through direct payment by using eco-sustainable means of transport, such as bikes.

This dematerialization of green offerings that has been taking over in the last decade will increasingly push businesses to make the best use of technological innovations.

Positioning and Advertising vs. Brand Cocreation

In traditional green marketing, unidirectional marketing practices, such as positioning and advertising (Hartman et al., 2005) are emphasized as strategies to “educate” consumers in redirecting their needs.

There is no agreed-upon definition of positioning (Hartmann *et al.* 2005). Ries and Trout (1986), who introduced and made the term popular, defined positioning as the place that a brand occupies in consumers’ mind.

Thus, positioning is obtained through a number of business initiated activities put in place by businesses to create an image of the brand in consumer’s mind. For Aaker and Joachimsthaler (2000) brand positioning is an essential component of the brand identity which is consistently communicated to the target market. Similarly, Kalafatis *et al.* (2000) define positioning as an iterative and proactive marketing process aimed at monitoring customers’ perceptions of a marketable product. Thus, brand positioning is a business initiated process obtained through the employment of different marketing communications. Positioning is very critical in the case of green products. In a high uncertainty context consumers will look for signals such as brands to infer qualities about products. As Hartmann *et al.* (2005, p.10) observed, “positioning a brand as a ‘green brand’ entails an active communication and differentiation of the brand from its competitors through its environmentally sound attributes.”

Research has shown that environmentally friendly products would not be commercially successful without an effective communication of the green attributes of the products (Pickett-Baker & Ozaki, 2008). Positioning plays, therefore, a critical role in the development of green branding strategies (Coddington, 1993; Hartmann et al., 2005).

In a series of experiments, Hartmann *et al.* (2005) exposed respondents to a number of advertising stimuli designed to implement different brand positioning and found that green branding had an effect on consumer attitudes. Further, Chen (2010: 309) demonstrated that a green brand image – defined as “a set of perceptions of a brand in a consumer’s mind that is linked to environmental commitments and environmental concerns” – is positively associated with green trust.

However, there is a lack of research on how the design of green marketing messages affect consumer attitudes, such as trust and product attitude (Atkinson and Rosenthal 2014: 33). In fact consumers often seem to be skeptical towards green marketing communications.

To gain understanding of these issues, we conducted a total of 10 interviews with Italian consumers of green products - both face to face and online through Skype - from September to December 2019. The average duration of the interview was 20 minutes. Collected data were analyzed based on an open coding approach (Creswell & Creswell, 2017), to develop categories and themes. Interviews were transcribed and examined recursively and separately by two researchers, who identified recurrent themes.

Based on the data collected, a substantial skepticism emerged towards business initiated green marketing practices including advertising and positioning: *I feel that when companies advertise their products and what they are saying may be only giving the customer half the truth, omitting some crucial information. For example they may be saying it is environmentally friendly but they may be adding other ingredients*

Are Businesses Washing Consumerism With Green Ideology?

that could be artificial but are only advertising the green viewpoint. I feel that a lot of companies do this when they advertise their product. A lot of the time, I don't necessarily look at green attributes as I feel that that isn't always the full the truth, although it may be better than buying the original. Honestly the green check mark causes me to roll my eyes on the inside a little bit. It seems more like an attempt to boost sales by taking advantage of a current socio-cultural trend, rather than an honest attempt to encourage the general health of society. I guess it's also the attempt to convince me this is a product that would be healthy for me to eat that causes me to raise my eyebrows.

At times, consumers do not buy the green positioning of some products as they think it could be greenwashing: *The company philosophy should be one of taken-for-granted sustainability, as if everyone in the world naturally did the right 'green' thing. This makes for an atmosphere of civilised grace that will shine through implicitly in everything the firm undertakes. The green theme should be revealed in advertising, but in the background, like the under-painting on a canvas. This subtle marketing applies to existing big companies that decide to 'green' themselves as well as to small start-ups. Green marketing should be holistic, expanding on the basic transaction concept by minimising a transaction's negative impact on the natural environment.*

Often, consumers think that advertising communications are not reliable as it is not in the interest of businesses to report the truth: *I am skeptical about how true advertising statements may be, I feel big commercial companies will always do the minimum to be able to advertise themselves. I feel like even though they say they're organic they're will be various other negative health features (but probably better than the original). For instance, Coke Zero is being advertised as a healthy alternative, but I don't believe it is actually healthier.*

In contrast to business-initiated communications such as positioning and advertising, brand cocreation can be more suitable to engage consumers to become active co-creators of value. In fact, green brands can engage consumers in meaningful conversation through a variety of media, especially online, so that a brand is viewed as a continuous social process (e.g., Muniz et al. 2001). Through the Web and the social media (such as Facebook, Instagram, Youtube and Twitter), new opportunities are created for customers to play a significant role in the green brand value creation process. Platforms such as Goodguide that offers a database with more than 50,000 products and their environmental and social credentials, are able to scan product barcodes and advice consumers on whether to buy or not the products (Vaughan, 2010). Another example is Certilogo, a crowdsourced "authentication platform that allows everyone to verify that the products they buy are authentic, everywhere they shop".

Further, brands such as Patagonia have capitalized on managing their brand online by engaging consumers. Recently, Patagonia has launched Patagonia Action Works, a new digital platform that connects their customers with local environmental organizations "to encourage Patagonia customers to learn more about local environmental issues and get involved with events, petitions, fundraising and volunteering in their area" (Sustainable Brands, 2018).

Passive vs. Active/Empowered Role of Consumers

Very often are consumers forgotten in the green marketing process. As observed by Prentis (1999, p. 52), this is paradoxical as "without 'Customers', the findings of stakeholder dialogues, no matter how interesting, are of minimal strategic focus to the rest of the organisation". Green consumers are evolving to become ethical consumers. These individuals are informed and know where to retrieve information. Ethical consumerism is defined as "buying things that are made ethically by companies that act ethically"

(The Ethical Consumer magazine, 2014). In this sense, ethical consumerism includes and expands on the concept of green consumerism, since it encompasses a broader range of issues and a more complex decision making process for consumers (Shaw & Shiu, 2002). In addition to environmental issues, ethical consumerism concerns ethical issues associated with consumer purchase behaviour, including “matters of conscience such as animal welfare and fair trade, social aspects such as labour standards, as well as more self-interested health concerns behind the growth of organic food sales” (Cowe & Williams 2000, p. 4).

While in traditional marketing, businesses mainly employ demographics segmentation, including variables such as age and gender, to determine consumer intention to purchase a product, in green marketing, other variables come into the game. Especially, “feelings of being able to act on these issues, or empowerment” emerges as the major determinant of the “willingness to purchase environmentally conscious products” (Roberts, 1996, p. 228) that can be even more important than the degree of importance attributed to the environmental issue or altruistic reasons for buying. In fact, research still cannot explain the attitude-behavior gap, so that often consumer intentions do not correspond to the purchase of green products (Groening et al., 2018). As Ottman (1998) puts it: After all, consumers may be concerned about a specific issue like fumes emanating from the local power plant or protecting a local wildlife sanctuary and have the time or money to act - but if they do not believe they can make a difference, they will likely not act?

Consumer motivations for purchasing green products could be more nuanced than what businesses think and include a desire for safety, exclusivity, affiliation, sophistication, authenticity, novelty, and opinion leadership. Anecdotal evidence suggests that practitioners are beginning to see the merits of such appeals, particularly in the domain of hybrid automobiles (e.g., Toyota Prius, Chevrolet Volt) but, to date, there is little systematic understanding of what types of appeals are most effective and what makes them so.

Focus on Customer vs. Focus on Multiple Stakeholders

The traditional green marketing paradigm looks at a limited and generic number of stakeholders, namely governments, businesses and society at large. Applying a holistic approach to green marketing, Ottman (2017) recommended that marketers start with the customer, but then broaden their perspective looking at the needs of the other stakeholders and of the future generations of customers. The concept of stakeholders, traditionally referred to governments, businesses and society at large is broadened to include also social stakeholders such as “citizen journalists and bloggers, educators, environmental and social activists, government bodies, community groups, church, leaders and other religious groups, and even children and future generations who will feel the effects of today’s corporate activities in decades to come” (Ottman, 2017, p. 158). This emphasis on the concept of stakeholder is consistent with marketing studies describing green brand value in terms of the “stakeholders’ collectively perceived value-in-use” (Merz et al. 2009, p. 340).

Paradoxically, customers are often neglected as stakeholders by firms. According to Prentis and Bird (1999, p. 53), there are a number of reasons why customers are not engaged when it comes to new product ideas and innovations, which include 1) early environmental pressure on manufacturing organisations from NGOs and not directly from customers; 2) long distribution channels that create distance between businesses and the end user; 3) business fear of customer complaints or queries; 4) business fear of customer misunderstandings or expectations which cannot be fulfilled; 5) technical orientation vs.,

Are Businesses Washing Consumerism With Green Ideology?

marketing focus of green teams; 6) separation between sales and marketing people and environmental department; 7) 'green' products' failure in the market place.

IMPLICATIONS FOR MANAGERS

Environmental issues have emerged as a major concern for both firms and consumers. Public discourse on issues such as sustainable development, global warming and climate change has led to heightened consumer interest in environmentally friendly products and product features. As a result, many companies are increasingly using green marketing strategies to promote their products as less harmful to the environment (Polonsky & Rosenberger 2001; Leonidou 2011). However, there has been surprisingly weak correlation between consumers' environmental concern and their choice of green products (Ohtomo & Hirose 2007; Pickett-Baker & Ozaki, 2008), suggesting that much of the potential for such products remains untapped.

This chapter made the case for a greater engagement of customers into the green marketing process and reviewed some strategies for bringing consumer purchasing behavior into line with the widespread consumer interest in green products. To avoid that consumers perceive green marketing initiatives as a mere business exercise, businesses should actively encourage and empower customers to join the green marketing process, and should try to remove the barriers that prevent customers from purchasing green products, including: lack of awareness, negative perceptions, distrust, high prices, and low availability (Bonini & Oppenheim, 2008).

In particular, managers should identify additional motivators for incentivizing the purchase of green products. Marketers have become adept at tapping into a wide variety of motivations when seeking to influence behavior, yet promotion of environmentally-friendly products has focused almost exclusively on altruistic reasons for buying. This suggests that managers have seriously underestimated the potential of environmental appeals.

Indeed, environmentally sound offerings are unlikely to fully enjoy the benefits of scale in production, distribution and brand awareness unless they become mainstream, mass market products. This will require that green brands evolve beyond their usual, current positioning as socially beneficial.

In addition, companies should understand that consumers are integral part of the process of greening products, and especially services. Consumers should play a central role in the green service delivery. Firms should favor this process, by offering exchange and co-creation platforms where consumers can report their experiences and interact with other consumers. In sum, green marketing should be more inclusive and consider a wide number of stakeholders, including customers.

These considerations lead to new research avenues, especially given that research on green marketing is scant. While the literature on green marketing has mainly focused on products and promotion (Goldsby et al., 2015), other areas of the marketing mix (i.e., distribution and pricing) need to be further investigated, especially in the context of the sharing economy.

Future research should look at the role of consumers and their engagement in the described domains of green marketing. In particular, researchers should investigate what product categories are more subject to customer input in terms of innovation and look at the relationship between customer-initiated innovation and customer satisfaction and brand image. Similarly, research is needed to identify product attributes or services that lead to increased customer purchase intention of green products and premium price.

Researchers should also investigate cognitive processes consumers go through when purchasing green products. This information would help marketers and policy makers shape their communications and make them more trustworthy to persuade consumers to purchase products more often and more regularly.

Studies should investigate factors affecting consumers' perception of and response to green products and green marketing initiatives. This research will help inform both business and public policy practice regarding a socially-important issue: motivating consumer adoption of green products.

CONCLUSION

This chapter has reviewed the literature on green marketing showing how the concept has been evolving from a sustainable marketing phase to the latest more inclusive paradigm of green marketing, which is based on consumer empowerment and customer-initiated innovation process. The chapter has emphasized how green marketing has evolved towards new orientations, i.e., service-based green marketing approach; bottom-up (customer-initiated) green-based innovation; online distribution of green products/services; branding of green products; active role of consumers; multiple stakeholder focus. The chapter has showed how customer participation and value co-creation practiced are crucial for promoting a green marketing process that is not perceived as self-serving by consumers. Companies need to develop and adopt new and more inclusive business models if they want to avoid green marketing be perceived as an oxymoron by consumers.

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Chapter 7

Ethical Consumerism in Tourism: The Evolution of the Responsible Tourist Attitudes – Between Definitions and Tribal Behaviors

Erica Mingotto

 <https://orcid.org/0000-0002-4932-5450>

CISET, Ca' Foscari University, Italy

Federica Montaguti

CISET, Ca' Foscari University, Italy

Luca Scarpellini

CISET, Ca' Foscari University, Italy

ABSTRACT

The chapter focuses on responsible tourism as a form of ethical consumption, based on conscious travel choices and behavior. There is a growing demand for responsible tourism, although it seems to be characterized by some inconsistencies, both between tourists' intention and concrete behavior and between these behaviors and the official definitions promoted by the industry and institutions. Starting from the analysis of a recent survey about responsible tourism on the Italian market, the chapter then tries to investigate and explain these gaps, by applying the perspective of social studies and of researches on consumer tribes and new consumers' communities. The findings of the survey discussed in the chapter seem to confirm that consumers have their own perception of responsible tourism and that the meaning is discursively constructed within and outside responsible tourists' communities. Therefore, the intention-behavior gap and the difference between tourists' account of responsible tourism and "institutional" definitions cannot be categorized as true inconsistencies.

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INTRODUCTION

The evolution of consumption beyond minimal and basic needs and the resulting consumers' request of a large amount of products and resources have led to the development of a new ethics of production and consumption. Greater attention is currently being paid to quality, safety of consumers, environmental and social concerns: how are the products actually produced and what are the impacts of this production and consumption on the environment and the society (Shah, 2008)?

In the last few decades, several contributions in the literature about ethics in consumerism have been much discussed in order to study this phenomenon and to encourage responsible consumption behaviour and change in business practice (as Corporate Social Responsibility - CSR) (Tallontire, Rentsendorj, & Blowfield, 2001).

According to empirical findings, nowadays an increasing number of consumers seem to align their consumption decisions to ethical motivations, paying attention to eco-friendly products, respect for labour standards and human rights. Evidence suggests that the ethical approach can take different forms and "consumption styles", resulting in a complex phenomenon to explore. In addition, there seems to be a gap between consumers' opinions on green and ethical values and consumption of ethical products: even though consumers follow certain principles when they are shopping, there is a significant disparity between what people state to do and their actual purchase (Tallontire et al., 2001).

Tourism, as a form of consumption, is directly involved in the debate about ethical consumerism, even more if one considers the negative effects produced by mass tourism in several destinations. Impacts that have led, at the beginning of the '80s, to the development of a widespread concern among the international community and to a growing attention paid to the topic of sustainability for promoting and supporting alternative and ethical forms of tourism.

According to Sharpley, Hall, & Henderson (2012), the main issue is how to encourage ethical consumption and the spread of the so-called responsible tourism.

However, also in tourism, even though the demand for responsible products is growing in Europe, we seem to observe a significant inconsistency between consumer attitude and real consumption, together with some contradictions in the consumer behaviour of those people who define themselves as responsible tourists. Even the so-called responsible tourists seem to conceive responsible tourism on the basis of a superficial perception or of some preconceptions that differ from the most known and widespread definitions; such as the limited view that responsible tourism involves only destinations in underdeveloped countries or that it has to do merely with environmental protection. Tourism demand seems to be made up, on the one hand, of a small but non negligible segment of "believers", i.e. truly responsible tourists who seriously adopt conscious and respectful choices and behaviours before and during their holiday; and, on the other hand, of the large majority represented by "unaware" or "not willing" "tourists who do not follow a responsible path or "moderately sympathizer" tourists who act responsibly according to the moment, the destination, and other travel choices (Chafe, 2005; Gössling, Scott, Hall, Ceron, & Dubois, 2011; Sharpley, 2010).

Most sources in the literature agree in attributing these phenomena to a combination of factors: the difference of cultures (Lyne & Andrachuk, 2008); the lack of exhaustive information about responsible tourism; the still small offer of responsible firms (hotels, tour operators, etc.) and responsible products, that very often focus on some destinations only (for example many responsible tour operators propose only locations in poor and less developed countries, such as South America, Africa, etc. where tourism based on fair-trade values can be an important source of income for local communities).

The definition of the “ethical consumption gap” (Carrington, Zwick, & Neville, 2016) is the result and at the heart of several empirical and quantitative marketing studies on tourism demand that focused on measuring responsible tourists and their level of alignment with the attitudes and behaviours entailed in what is officially defined as responsible tourism.

Other recent studies, based on an ethnographic and qualitative research approach, have tried to explore how responsible tourists themselves define responsible tourism, linking with a wider research line that investigates ethical consumption and consumers from the perspective of sociological and consumer tribes studies (Szmigin, Maddock, & Carrigan, 2007). Seen from this perspective, what appears as a somehow inconsistent behaviour to the majority of responsible tourism literature, seems to be ascribable to the fact that the so-called responsible tourists behave as a consumer tribe, and that what is (or is not) responsible tourism is defined within a discourse, despite the official top-down definitions provided by the supply and the institutions.

This seems to recall some authors’ remarks about the fact that studies on responsible consumers rely on models too general to explain the complexities of situations and variables that affect their behaviour (Miller, Rathouse, Scarles, Holmes, & Tribe, 2010).

The present chapter aims to provide a new contribution in the debate about responsible consumption in tourism, by discussing how the responsible tourism demand is evolving and by offering a key to the interpretation of the inconsistencies that are documented in the last decade, also in the light of new consumption behaviour and in comparison to ethical purchasing in general.

How do consumers nowadays perceive responsible tourism? According to what elements is a holiday considered responsible? What destinations are mainly associated to responsible tourism? How do responsible tourists behave as consumers? Has that behaviour changed through time?

The chapter tries to answer these questions, starting from an initial exploratory analysis on the Italian market carried out as part of a live projects within the Masters’ program in the Economics and Management of Tourism (Atzori, Bernardi, Mirtillo, Scarpellini, & Zampieri, 2018). The analysis is based on 3 different exploratory surveys, for a total of more than 700 respondents: the first one among a sample of general consumers/tourists, the second one among a sample of tourists who embrace the values of responsible tourism – found among the followers of two very popular blogs specialized in responsible tourism - and the third one among the consumers of fair-trade products.

The chapter firstly provides a broad discussion of the background about responsible tourism, by reviewing the main and also more recent contributions in the literature. Secondly, it presents and comments on the results of the above mentioned research, and, starting from these findings, it tries not only to update the responsible tourists’ profiles but also and above to clarify some aspects overlooked to date: the elements that, according to tourists (and not to official definitions), characterize a “responsible travel”; the relation between responsible travels and other ethical purchases such as “fair-trade products”; and finally a series of behaviours and features that seem to identify responsible tourists as a consumer tribe.

BACKGROUND

Before discussing the demand for ethical and responsible products in tourism, it is useful to clarify what responsible tourism means. The concept of responsible tourism started to emerge at the same time of the promotion of sustainable tourism development in the ‘80s and ‘90s and it has been subject to a significant evolution over the past years. While it has been thought of initially as a form of tourism characterizing

developing countries or destinations at the early stage of their life cycle (Clifton and Benson, 2006), it is now perceived as a new way to conceive holidays and to make travel choices according to values like consciousness, sobriety, responsible consumption and respect for the cultural, social, environmental and economic context of the local community (Budeanu 2007; Lori & Volpi, 2007; Meric & Hunt 1998), whether the tourism destination chosen is domestic or international, mature or at the early stage of its life cycle (Franchi, Sambri, Martini, Pegan, & Rizzi, 2008; Sambri & Pegan, 2007).

The meaning of responsible tourism has generated a considerable debate in the scientific community and in the tourism industry (Caruana, Glozer, Crane, & McCabe, 2014) and its understanding is made more difficult by the presence of different definitions (Manente, Minghetti, & Mingotto, 2014).

The Responsible Travel Handbook (2006) states that “responsible tourism goes beyond fancy packaging and eco-certification. It also goes far beyond simplistic internal hotel policies of washing sheets and towels, or accommodations simply being located in natural jungle or forest areas. Responsible tourism has to do with an everyday lifestyle that promotes cultural and biological diversity, and promotes environmental and natural resources conservation, at home and while travelling” (Responsible Travel Handbook 2006,13). According to this last aspect underlined by the Responsible Travel Handbook, a responsible tourist should be above all a responsible consumer who behaves responsibly not only during the holiday, but also when he buys and consumes everyday products. Other studies in the literature have documented a sort of overlap between the responsible tourist and the responsible consumer in general (Sambri & Pegan 2007).

A comprehensive definition of responsible tourism is proposed in the Cape Town Declaration (2002), promoted during the first International Conference on Responsible Tourism in Destinations, held in Cape Town. According to the Declaration, responsible tourism takes a variety of forms but “it always identifies travels that: 1) minimize negative environmental, social and cultural impacts; 2) generate greater economic benefits for local people and enhances the well being of host communities, by improving working conditions and access to the industry; 3) involve local people in decisions that affect their lives and life chances; 4) make positive contributions to the conservation of natural and cultural heritage and to the maintenance of the world’s diversity; 5) provide more enjoyable experiences for tourists through more meaningful connections with local people, and a greater understanding of local cultural and environmental issues; 6) provide access for physically challenged people; and 7) are culturally sensitive and engender respect between tourists and hosts”.

The Italian Association for Responsible Tourism (AITR) identifies responsible tourism as a “tourism developed according to the principles of economic and social justice and respecting the environment and local culture. Responsible tourism acknowledges the centrality of the host community and its right to be the main driver of the sustainable and socially responsible development of their territory. This form of tourism acts supporting the positive interaction between the tourism industry, the local community and travelers”. AITR seems to focus more on social aspects, such as the participation of the local community to decisions and a fair exchange among all stakeholders involved.

A more concise but at the same time easily understandable definition is the one proposed by Harold Goodwin, director of the International Centre for Responsible Tourism at the Leeds Metropolitan University: “responsible tourism is about making better places for people to live and better places for people to visit”.

Other concepts, such sustainable tourism, ecotourism, fair-trade tourism, rural tourism, community-based tourism, pro-poor tourism, etc., are often defined as similar as responsible tourism (Bohdanowicz, 2007; Responsible Travel Handbook, 2006). By analyzing the different definitions, it seems that, although

each form of tourism emphasizes one specific aspect or the other, all of them share the same principles of responsible tourism. For example, ecotourism focuses on environmental preservation, but it also highlights the value of respect, fairness, and equity towards the local community. Fair-trade tourism requires that benefits from tourism are equitably shared between the tourism industry and the host community in the destination, but it also takes into account other values of responsible tourism (Manente, et al., 2014).

With regard to the relation between responsible tourism and sustainable tourism, according to some contributions in the literature (Colombo 2005; Manente et al., 2014; Sambri & Pegan 2006), responsible tourism would imply a demand-side perspective and sustainable tourism a supply-side one. On the one hand, responsible tourism would mean the adoption by tourists of a travel behavior based on the respect of places and people and on the support for the well-being of the host community (for example, buying local products); on the other hand, sustainable tourism refers to the planning of a development policy and a management strategy for the destination respecting the interests of all stakeholders involved. Mihalic (2016) suggests the term “responsustainable tourism” (a combination of the terms responsible and sustainable), since the understanding of responsible tourism behaviour relies on the concept of sustainable tourism.

In the face of these definitions promoted by the scientific communities and by the industry actors, one important question is how the concept of responsible tourism is put into practice by consumers and then what and how large is the market of responsible tourism.

Many researches in the literature about responsible tourism and related concepts are based on a supply-perspective, focusing on the impacts on destinations and host communities or on the adoption of responsible measures by tourism companies. On the contrary, less attention seems to be paid to the demand-side, i.e. to tourists, despite the important role that they play as consumers (Caruana et. al, 2014; Lee, Bonn, Reid, & Kim, 2017).

However, we can identify a set of surveys and studies that have focused on the demand for responsible tourism, by investigating for example what are the factors influencing the adoption of responsible behavior, or how many tourists can be recognized as responsible tourists, being willing to align their travel choices and conduct with the ethical values and practices of responsible tourism (for instance Budeanu, 2007; Caruana et. al, 2014; Chafe, 2005; Cohen & Higham, 2012; Del Chiappa, Grappi, & Romani, 2016; Gao, Huang, & Zhang, 2016; Goodwin, 2001; Goodwin & Francis, 2003; Leslie, 2012; Mody, Day, Sydor, Jaffe, & Lehto, 2014; Pomeroy, Noble, & Johnson, 2011; Sambri & Pegan, 2006; Tearfund, 2000, 2001; Weeden, 2001; Young Lee et al, 2017; Zgolli & Zaiem, 2018).

Overall, many of these empirical studies underline that most tourists who are sensitive to concerns on ethics, social responsibility and environmentalism and interested in practicing responsible travels, are not eventually willing to concretely convert their behavior in favour of ethical and environmental principles. For example, a survey on the Italian market carried out by Del Chiappa et al. (2016) submitted to respondents 20 items associated with responsible tourism practices and asked them to indicate firstly how important each practice was and secondly how consistently they adopted each practice. The study found out that, with respect to the adoption of each of the responsible practices, respondents assigned to all 20 items a lower score compared to that one they attributed to the same item in terms of level of importance. This gap seems to suggest that the awareness about the importance of such items does not translate into concrete behaviour, since not all tourists are willing to change their behaviour, although they recognize the importance of doing so. In addition, it identified three different clusters of tourists, from high to less committed travellers, according to their levels of adoption of all dimensions of responsible tourism. The study then recognized that the meaning of responsible tourism is not absolute but multi-faceted and that tourists show different degrees of responsibility. Another interesting finding

is that every respondent did not embrace each of the responsible tourism practices equally, neither in terms of importance nor in terms of adoption.

As pointed out by Mody et al. (2014), the relation between responsible tourists' attitudes and behaviour is influenced by the presence of a plurality of motivations other than ethical values, that lead to the existence of various "shades" of responsibility. In other words, some tourists are more inclined than others towards responsibility, but this willingness could evolve in the course of their "careers", depending on the evolution of their travel motivations. The survey conducted by Mody et al. (2014) among domestic and international tourists who had previously travelled to India with a responsible tour operator, considered both motivations for responsible tourism and generic motivations for travel. It then identified three clusters of tourists who travel with responsible tour operators. While cluster 1, labelled "Responsibles", was made up of tourists who showed higher scores on the responsibility-oriented motivation factors, the other two clusters were characterized by the prevalence of other motivation items: Cluster 2, labelled "Novelty Seekers", had the lowest ratings among the three segments on all motivation factors except Family and Travel Bragging; Cluster 3, labelled "Socializers", included travellers who were firstly motivated by the factors of Escape, Socialization, Travel Bragging, and Family.

Contradictory behaviours were underlined in general consumption (Bray & Kilburn, 2011), food consumption (Vermeir & Verbeke, 2006), etc., getting some authors (Devinney, Auger, & Eckhardt, 2010) to define the ethical consumer as a "myth".

The problem of the ethics/consumption gap is so underlined that some authors (Carrigan, Szmigin, & Wright, 2016) define it as an ideology supporting, instead of hampering, traditional consumerism and capitalism structures.

The majority of studies so far described are based on traditional marketing approaches, and, especially for tourism, on quantitative marketing surveys focused mainly on attitudes and motivations as determinants of a behaviour more than on the behaviour itself.

However, another important approach to responsible or fair consumerism is provided in the perspective of social studies, and of the studies on consumer tribes and new consumers communities. In these cases, the methodologies used are mainly the ones of ethnography and qualitative marketing research, and the focus is on the consumer's experience and on the social and cultural relationships this experience defines.

Within this constructivist framework, new consumption communities are studied as tribes since the beginning of the 21st century (Szmigin, Maddock, & Carrigan, 2003; Carrigan et al., 2004; Szmigin et al., 2007), and thus fair trade or conscious consumers are approached as a subculture, producing discursively its own meaning (Caruana, et al., 2014; de Burgh-Woodman & Brace-Govan, 2007; Fletcher, 2009; Kozinets, 2002) and codes (Castells, 1997), defining collective (Cherrier, 2007; Poletta & Jasper, 2001) and personal identities (Castells, 1997; Cherrier & Murray, 2007), and creating value (Cova & Dallı, 2008; Cova, Dallı, & Zwick, 2011; Schau, Muñiz, & Arnold, 2009;).

This approach tries a more bottom-up conceptualization and provides a less "black or white" perspective, but, although used for other kind of consumption, it doesn't find much application in the case of tourist consumption (Caruana et al., 2014).

Only recently some authors have used the approaches described above to investigate how tourists perceive and conceptualize responsible tourism and how they make sense of responsibility (Caruana et al, 2014; Lee et al, 2017). This line of research is particularly interesting in explaining the apparent contradictions in responsible tourists' behaviour. By exploring these discrepancies with respect to three dimensions of ethical consumption (economic, socio-cultural, and environmental), Lee et al. (2017) found out that tourists react to specific responsible issues in different ways because they engage only in

those responsible practices that are consistent with their own identification and definition of the issues and values on which responsible tourism is based.

The qualitative research – informed by a constructivist perspective – conducted by Caruana et al. (2014), on a sample of 16 tourists who had booked holidays with a well-known online responsible travel agency, highlighted a significant heterogeneity in consumers' formulations of responsible tourism. In particular, nine different interpretations emerged which authors tentatively traced back to four possible “positioning narratives” that can be employed for describing tourists' responsible holiday experience. What is interesting is that, according to the findings, respondents tend to position and recognize themselves in relation to a certain categorization that they share with other consumers as an identity. However, these identity categories are not stable and fixed and they do not reflect distinct type of responsible tourists; in other words, they are not “agent categories” but “narrative categories” and the tourist's personal account of responsible tourism could move within or between them (Caruana et al., 2014).

Therefore, the above-mentioned study proposed an understanding of the responsible tourism demand by adopting an approach which is based on the broader literature about the cultural role in consumption experience of “subcultures” and “consumer tribes” (i.e. communities with common ideas, values and interests in something). According to this thinking, responsible tourists may converge around shared cultural ideals expressed by one or more discernible consumer tribes which are based on the construction of a specific identity, readily recognizable as responsible to its members; just according to this meaning, each member interpret himself and the others as subjects of meaningful social practices (Caruana et al., 2014).

A remarkable and even surprising finding emerging from the application of this research approach is that even consumers who are interested and engaged in responsible travel practices withdraw from the myth of the ideal responsible tourist, that they see as a too radical moralist (Caruana et al., 2014).

Similar findings emerged also from other studies which are not specifically about responsible tourism but about other ethical and eco-friendly products. Moraes, Carrigan, & Szmigin (2012) questioned about the attitude-behaviour gaps and found that specific groups of consumers have re-conceptualized some ethical practices and their meanings through the formation of a “consumption community” with shared values, norms and learning.

As suggested by Szmigin, Carrigan, & McEachern (2009), this re-construction of the responsible conduct is also the result of the balance that ethical consumers necessarily are forced to find between personal values and daily life, or of the need to simplify the (too) complex information level that would be required to “choose responsibly any kind of product, from salt to travel agencies” (Valor, 2008: 322).

Indeed, Szmigin et al. (2009) argued that ethical consumption is limited by competing priorities happening in everyday life and that bring responsible consumers to choose whether to engage or not in ethical practices according to the situation, therefore assuming a behaviour that is not intentionally ethical or unethical, but simply the result of this complex balance between what the consumer believes and external circumstances.

According to the results of all those studies, what is, or is not, “ethical” or “responsible” tourism is defined by a discourse (Caruana, et. al., 2014; Fletcher, 2009;) developed within and outside “responsible tourists” communities, through tourist texts, stories and images. This builds the identity of the responsible tourist and provides a (sub)cultural point of view for tourists to categorize themselves, and the others. Such identity does not match the attitudes and behaviours of the responsible tourists' segment identified by the supply side.

We should then wonder whether the different level of commitment and the behavioural discrepancies in responsible tourism practices depend on tourists' lack of interest or unwillingness to change their behaviour, or rather on a conceptualization of responsible tourism, that is collectively produced by the tourists and their media, that may differ from the official definitions recognized in the scientific and business community and include other aspects, motivations, attitudes, considerations.

This line of research seems then to invite researchers to go beyond the question on to what extent tourists are committed towards official responsible tourism and to give an explanation of tourists' behaviour starting from their own conceptualization and considering consumers' tribe.

According to the literature review, it seems therefore possible to identify two conceptual frameworks about the "factors" influencing the demand for responsible tourism. On the one hand, there is the body of literature that approaches the responsible demand on the basis of a sort of "institutional" and motivation based perspective. Within this framework, the main factors shaping behaviours are individual ethical motivations and ideals (such as making positive economic contribution, respecting the environment or give something back to the community), referring, for the description of what is ethic, to official definitions, and then verifying if the actual behaviour conforms to those definitions.

On the other hand, the other body of literature gives an explanation of tourists' behaviour starting from their own conceptualization. According to this framework, the demand for responsible tourism is guided also by relational and situational factors (the community and its "interpretation" of what is ethic, the influence of other travellers/consumers; the past travel experiences; the information sources; etc.), that allow to explain why many so-called responsible tourists do not always assume such a responsible conduct and for all their consumption.

The following chapter tries to analyze and interpret the findings coming from a recent survey on Italian consumers and responsible tourists, by comparing the two different approaches and paying attention to the second line of research.

UNDERSTANDING THE DEMAND FOR RESPONSIBLE TOURISM

The Survey

The Context

The data discussed in this chapter come from an initial exploratory research on the Italian market carried out in 2018 by some of the students of the 25th edition of the Masters' program in the Economics and Management of Tourism as part of their live project activity (Atzori, et al., 2018). Live projects are a special kind of experiential learning activity where the students work as consultants for a business, institution, agency or organization to help them solve a problem or develop their ideas or business.

The 2017-18 live project commissioner was a small Italian tour operator based in Sicily, called Addio Pizzo Travel – APT. APT value proposition is to organize tours using only suppliers (accommodation, restaurants, bike rentals, etc.) that refuse to pay any protection money to the mafia. In this way, APT guarantees to their client that none of the money they will spend for their travel in Sicily will benefit the mafia. For this reason, APT qualifies as a responsible tourism operator and joined AITR – Italian Responsible Tourism Association. Among the various briefs proposed, APT asked to one of the groups to define a communication and distribution strategy to sell more of their tours directly "Business to

Consumers (B2C)” and targeting particularly tourists interested in responsible travels and also ethical consumers more in general.

To devise the strategy, the students’ team needed to deepen their knowledge of responsible tourists and fair trade product purchasers, since the definition of “responsible traveler”, as it emerged from previous surveys, appeared nuanced, and it was very difficult on that basis to isolate the segment.

For this reason, the students investigated responsible tourism demand through three exploratory surveys.

The first survey was addressed to non-segmented tourists and it was meant as a “follow up” to the ones already existing, adopting the same approach insisting on motivations and attitudes used in the previous surveys of the same kind, but with a specific focus on domestic responsible travels.

The second survey was addressed to “responsible tourists”. The previous surveys and studies conducted on the Italian market, adopting, as mentioned, the “ethical motivated” approach, faced the ethic/consumption gap, and thus left a series of doubts both on the number of consistent Italian responsible tourists, and on their profiles. Unsure about a result in that sense from their own general survey, and needing, on the other side, to collect information on this specific tourist segment, the students decided to contact responsible tourists where they were sure to find a consistent sample. They devised to reach them, by asking the support of popular Italian responsible travel bloggers. The bloggers were selected on the basis of their popularity (number of “likes” on Facebook) and, contacted by the students, accepted to help.

Referring to the background analysis conducted on the previous paragraphs, the first survey adopts a more traditional approach looking for “ethical” motivated and “definition-conforming” tourists, while the second takes a perspective more in line with the constructivist point of view, letting the tourists define themselves as “responsible” by their participation into a specific community and subculture revolving around the bloggers.

The third survey was addressed to ethical consumers, in order to verify if they were also buying responsible travels. As underlined in the previous paragraphs, studies on ethical consumers cause the same doubts of those on responsible tourists; so in order to be sure to reach them, the students surveyed them at one of the most important Italian Fair Trade exhibitions. Again, the consumers basically self-defined themselves as “ethical” by actively participating in a community “rite”.

On the basis of the literature review, the study was meant to explore the following research points:

- Using the more widespread traditional approach, that tries to identify and profile responsible tourists on the basis of an ethical motivation that should bring them to conform to “institutional” definitions of what is responsible or not, leads to underline inconsistencies in the behaviours so that it becomes very difficult to understand who is a responsible tourist, who has the characteristics to be, what distinguishes a responsible tourist from other kind of tourists;
- Using an approach that let the people “identify” themselves on the basis of their participation into a community might be more efficient, but the definition of what is or is not responsible/ethical and to which kind of consumption those filters should be applied won’t be completely aligned to the institutional definition;
- A new definition of who are responsible tourists based on discourse more than on supply-side definitions might be needed, both for the academy and the industry, to survey, study, understand and target these tourists.

Survey Development and Data Collection

3 different exploratory surveys were self-developed by the students on the basis of previous analysis and surveys carried out about the responsible tourism demand, mainly on the Italian market (CISV – Comunità. Impegno. Servizio. Volontariato, 2009; Del Chiappa et al., 2016; Franchi, et al., 2008).

All the surveys were conducted between March and May 2018. Regarding the surveying technique, the first and second surveys were administered using the computer-assisted web interviewing (CAWI) methodology. This appeared to be the most suitable solution, since it allowed to balance between the need to interview a large sample with the limited time and budget available. Indeed, CAWI has become increasingly used since it nowadays allows to address a wide population and at the same time to save on direct costs (logistics and interviewers), without compromising sampling procedures, data collection, and data processing (Fiorello, Martino, Zani, Christidis, & Navajas-Cawood, 2016). The third survey was, instead, administered through face to face interviews conducted by the students themselves to people that were randomly selected.

With regard to the sampling strategy, each of the surveys was addressed to a different target.

In particular, the first survey was based on a sample of general consumers/tourists and conducted online through the survey administration app Google Forms. The potential respondents were sensibilized through social media, personal contacts or through other people.

The second survey was addressed, instead, to a sample of tourists who embrace the values of responsible tourism. As said, the support of popular Italian responsible travel bloggers was asked in order to reach them. The two most popular bloggers on this theme in Italy (Viaggiare Libera and Viaggiando s'impapa – about 20,000 “like” on Facebook together) were keen to help. The questionnaire was again available online through Google Forms and the invitation to answer was communicated through the blogs themselves, their Facebook TM pages, and from there within hidden Facebook TM groups focused on responsible and sustainable tourism. Other bloggers were tagged in the post in order to widen the basis.

The third survey was addressed specifically to people purchasing fair trade products. In this case the questionnaires were distributed during an important exhibition dedicated to fair trade and ethical consumption called “4 passi” (about 60,000 visitors). The visitors were interviewed during their visit to the exhibition.

For each of the three surveys, a specific structured questionnaire, mainly based on multiple-choice questions, was developed. Although the questionnaires differed according to the target audience, the structure was basically built around 4 themes: a) general understanding of the respondents' common habits as a tourist (number of travels, how they book and organize their travels, travel destinations, how they collect information about choosing and organizing their holidays); b) awareness about responsible tourism and involvement: knowledge of its definition, and self-assessment with respect to it; destinations perceived as “responsible”; previous experiences as responsible travellers; c) perception about tours and experiences inspired by anti-mafia fight to be “responsible”, and about domestic destinations as ones needing a responsible approach; d) awareness about Addio Pizzo Travel and willingness to buy a tour with them; and e) basic demographic data.

The questions were derived mainly from previous surveys, but for the one exploring if the respondents ever considered to book a responsible tour/experience in Italy and, if so, where in Italy.

For this chapter only sections a,b and c are relevant, as the other two were specific for the live project purposes and not very useful for the perspective and methodology proposed here.

Despite the limited amount of time allowed by the live project, a total of more than 700 questionnaires were collected. In the first online survey addressed to the general public, 500 people completed the questionnaire, 66% from Northern Italy and 34% from Central and Southern Italy and islands. 70% of respondents are aged less than 34 years – due to the way the survey was distributed and communicated – but people between 35 and 55 are also well represented (20%). The overall sample size is good and all the main age groups and geographical areas of Italy (Northern, Central and Southern Italy) are represented. However, the younger population is over represented if compared to the Italian population. Having a larger share of under 30, on the other side, is very interesting because it might help understand the Millennials' perspective on the theme and how the market for responsible tourism can be expected to evolve in the near future.

In the second survey (that one specifically targeted to responsible tourists), 167 people answered the questionnaire, coming largely from Northern Italy (61%) and from Central Italy (28%). The average age of this sample is higher: 36% of respondents are aged between 25 and 34 years, 38% between 35 and 44 years and 13% between 55 and 65.

Finally, in the third survey (the one addressed to fair-trade consumers), the sample was of 45 respondents, coming extensively from Northern Italy as the exhibition was hosted near Venice.

Also in this case the average age of the sample is higher, as 35% of respondents are under 35 years old, 40% between 35 and 54 and 22% between 55 and 65.

This empirical work, in particular the second and third surveys, has to be intended as an initial exploratory study that has to be further improved and investigated with more sophisticated researches, even though it has provided interesting findings which provided a stimulus for discussion.

Main Findings

The most interesting finding from the survey conducted on the wider audience (500 respondents) is that, although almost 50% of respondents declare they never heard about responsible tourism, once they are provided with the official definition (the one adopted by the Italian Association for Responsible Tourism), 80% assess that they are responsible tourists (from 5 to 7 on a scale for 1 to 7, where 1 = not at all, 4 = indifferently responsible or not, 7 = absolutely responsible).

In fact, 83,6% of the tourists who say they heard about ethical tourism declare themselves as responsible or very responsible, which appear to be consistent. However, 76% of those who never heard about responsibility in travelling, affirm to be very ethical tourists. Although it is not needed to know about the “tag” to behave ethically, the definition is very demanding and this complete instantaneous identification with it is somehow surprising.

This finds further ground in the answer to another question. Asked if they would be interested in a responsible holiday focused on anti-mafia themes, the people who declare to be a “responsible tourist” answer they would be surely interested (23%) or that they might be interested (61%). The ones who didn't recognize themselves in the definition of responsible tourist, however, say as well they are surely interested (12%) or might be interested (76%). No relevant difference in behaviour can then be observed between self-declared responsible (or not) tourists.

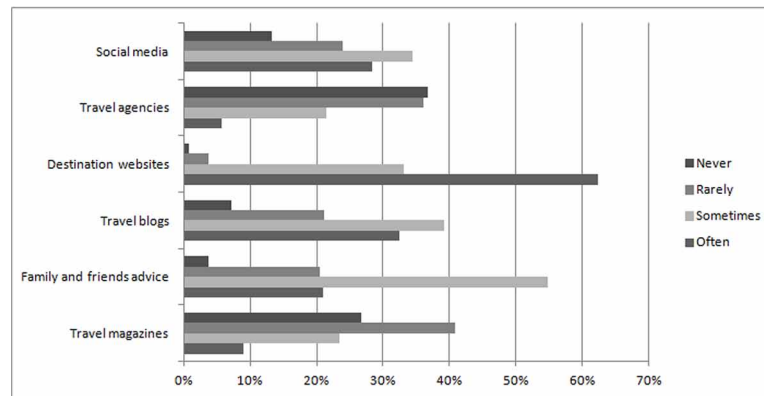
The results seem then to re-affirm the ethical/behaviour gap, with people defining themselves as responsible although they would behave nor much differently from the average tourist.

The analysis of the way the respondents collect information and book their holidays provides some interesting findings on that contradiction, however.

Ethical Consumerism in Tourism

Figure 1. Italian tourists. Main information sources for choosing and planning a travel.

Source: Processing on data of the Masters' in the Economics and Management of Tourism 2017-18 class for Addio Pizzo Travel. "Vendita diretta" team



In fact, the self-defined responsible tourists book on their own accommodation, transports and other services for their holiday (88%), so they are not using any agency, not even the ones specialized in ethical travels. Furthermore, when it comes to collecting information, the main sources are the websites of the destinations, advice from family and friends, and travel blogs. It is clear that for these people what is interesting or not, what to see and do at a given place, how to behave, are the result of narrative built by images, texts, videos, stories shared on or offline. The “voice” of the supply (travel agencies, travel magazines) is low, and represented mainly by the destination websites, that are – and are more and more - however, a platform where to look for and package your own experience, maybe inspired by the user generated content. In this perspective, it is not surprising that not so many have awareness of the official definition which is basically produced by supply and institutions. On the other side, they probably recognize some of the “tags” within the definition (environment friendly, relationship with the local communities, respect for the local culture, that can pass for authenticity, etc.) as part of a narrative on tourism they identify themselves in.

The survey conducted among the followers of the popular blogs specialized in responsible tourism is particularly useful, since it allows a better understanding of the perception and account of those consumers/tourists who are probably more motivated and engaged than the wider audience, since they have decided to go into and maybe to contribute to the “discourse” about responsible tourism through a specialized blog where members post and share articles, opinions and suggestions about this theme.

The findings highlight that respondents are frequent travellers, since 74% of them have travelled more than three times during the last twenty-four months. 40% of respondents define themselves as a responsible tourist, while 35% are very interested in responsible tourism it and would like to practice it in the near future. Overall 75% of respondents can be associated to responsible tourism, even if with a different degree of involvement. This high percentage is consistent if we consider where the survey was distributed, i.e. among people who are probably very interested and engaged (or very willing to engage) in responsible tourism. The followers of a blog can indeed be qualified as the members of a community who share certain values, codes of conduct and travel practices. The remaining 25% of respondents are probably people who are approaching responsible tourism and are looking for more information about

it; indeed 10% declare to be interested in responsible tourism but not actively engaged at the moment; another 10% have already heard about it and only 6% don't know what responsible tourism means.

In addition, the findings show that these tourists are independent travellers, since most respondents state to organize their holidays on their own and book the services (transports, accommodation, etc.) without the support of a travel agent or tour operator. If on the one hand, this is a trend that characterizes the tourism demand in general, on the other hand, it is even more evident in this case if we consider that respondents have probably some experience as travellers, since they frequently take a trip. According to the findings, blogs and tourism destination websites are the most preferred sources of information, while, on the contrary, travel agents and tourism magazines are not particularly considered. This finding confirms one of the survey previously discussed and it is consistent with the fact that respondents organize the holiday on their own. Therefore, they are able to independently find the information they need directly in the website of the destination they are planning to visit and in specialized blogs where other "members" of the same community provide suggestions and travel tips and share the same vision. The little role played by the supply communication channels, such as traditional travel magazines and above all travel agents seem to prove that responsible tourists do not consider so important what the offer has to say about responsible tourism.

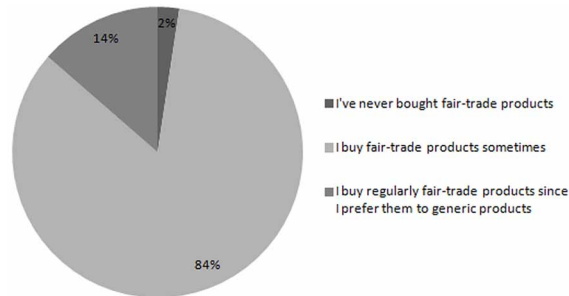
With regard to the destinations visited during past holidays or mainly associated to a next responsible tourism travel, the multiple answers given by each of the respondents (also by respondents specifically qualified as responsible tourist) are diversified. Some of the mentioned locations are commonly known as destinations for responsible tourism (for example Peru, Colombia, Cambodia, Sri Lanka, Pakistan, and other developing countries in Latin America, Asia and Africa), while some other places can be mainly associated with nature-based tourism, since they characterize for their important natural heritage and landscape (for example Norway or natural parks in Italy); the other answers refer to more "traditional" holiday destinations in Europe, USA, Australia, etc. It may seem that respondents are aware that responsible tourism is not limited to some destinations only. However this significant difference in the type of destinations mentioned by the respondents may be the result of the natural process carried out by the members of these communities in re-conceptualizing the meaning of responsible tourism according to their shared vision; in such a way responsible tourism is not intended in its "pure" and "ideal" version as stated in the official definitions but as a "fluid concept" which blends into other tourism products (nature-based, adventure or culture tourism, experiential tourism, etc.) and which may vary depending on the situation, the traveller's past experience or any other potential circumstance and obstacle.

With regard to the association of responsible tourism to the battle against the mafia, 78% of all respondents and 82% of those qualified as responsible tourists agree that travels which support this cause are included in responsible tourism.

Another significant finding coming from this survey concerns the relation between the travel experience and everyday consumption. Considering in particular those respondents willing to engage or already engaged in responsible tourism, only 14% of them regularly buy and prefer fair-trade products rather than generic products, while 84% buy fair-trade products sometimes. These shares are not so different if we consider the overall sample. This finding could be interpreted as an inconsistency in the consumer/tourist's motivation and behaviour, since, according to the literature, a responsible tourist should be a responsible consumer who takes a conscious behaviour also when he buys and consumes everyday products. Therefore, it seems that there is not a clear correlation between responsible tourism and other ethical consumption. This phenomenon could be explained by the fact that ethical consumers/tourists

Ethical Consumerism in Tourism

Figure 2. Italian followers of blogs specialized in responsible tourism. Purchase of fair-trade products. Source: Processing on data of the Masters' in the Economics and Management of Tourism 2017-18 class for Addio Pizzo Travel. "Vendita diretta" team



have to balance between their belief in fair and responsible values and other priorities (such as prices and consumer buying power, other personal needs, etc).

The same “inconsistency” can be found in the ethical consumers buying fair-trade products interviewed in the third survey, which was indeed addressed to ethical consumers buying fair-trade products. Since responsible tourism in Italy was born within the fair-trade milieu (the first travels we could define as “responsible” were those organized in the ‘80’s by fair-trade shops with the purpose of visiting fair-trade production areas) this contradiction is even more noticeable.

Asked if they ever travelled with tours organized by fair-trade organizations, 35% affirm they never thought about it, although, now that they were mentioned, it sounded interesting. 24% say they thought about it but never travelled with a fair-trade organization, and 15,5% are not interested at all. The share of “not interested” people is higher in the 35-44 and in the 55-64 age groups. Lastly, 27% of ethical consumers also bought, at least once, a holiday inspired by fair-trade principles.

However, responsible travel seems to have for them a somehow larger meaning. In fact, the interview asked, on the one side, if the person had travelled with tours organized by fair trade shops or fair trade organization, and then asked if they knew about “responsible tourism” and had already experienced a

Figure 3. Italian fair-trade products consumers. Previous experiences in travelling with tours organized by fair-trade organizations. By age group.

Source: Processing on data of the Masters' in the Economics and Management of Tourism 2017-18 class for Addio Pizzo Travel. "Vendita diretta" team

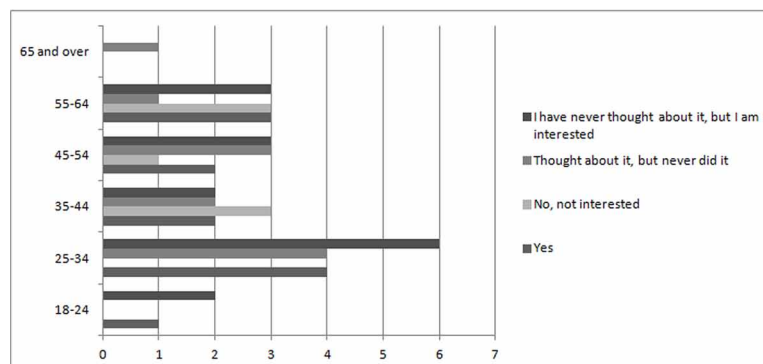
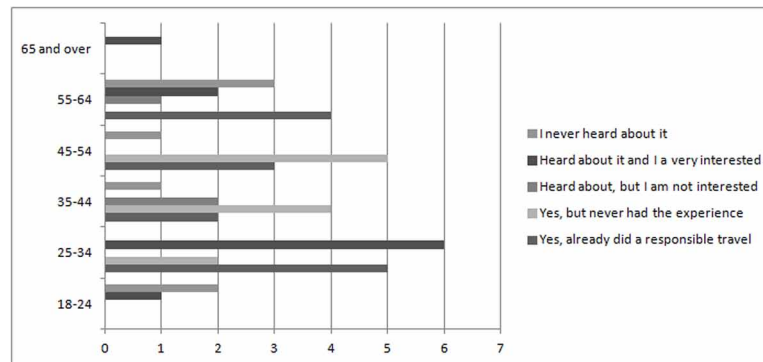


Figure 4. Italian fair trade products consumers. Awareness about responsible tourism. By age group.
 Source: Processing on data of the Masters' in the Economics and Management of Tourism 2017-18 class for Addio Pizzo Travel.
 "Vendita diretta" team



responsible holiday. The comparison between the two questions sheds again an interesting light on the “definition” problem and it seems to confirm hypothesis 2. This time, 30% of the respondents declare they already did a responsible travel, and only 15% say they never heard about it. Even more interesting, only 3 people affirm they were not interested. In the 35-44 age group, where 1/3 of the people are not interested in travelling with fair trade organizations tours, only 22% are not interested in responsible tourism. In the 55-64 age group 30% say they are not interested in travels organized by fair trade organizations, but only 1 of those who knew what responsible tourism was is not interested in it.

The differences in attitude towards fair trade organized tourism and responsible travel are more surprising if we consider that, when asked about the importance of meeting the local population and taking into account economic and social issue in a fair trade travel, almost everybody, whatever the age, agree it was essential, connecting the hypothetical fair trade travel to the core values of responsible tourism.

Another important information coming from this survey is that knowledge about “responsible tourism” is spread widely within the 25-34 age group, which is consistent with the findings of the other surveys. In this group nobody say they never heard of responsible tourism. Group from 45 to 54 is not only aware but almost every person interviewed travelled responsibly once. 30% of the people aged between 55 and 64 say they didn’t know about it, even being ethical consumers. This age group seems kind of split in to two opposites, as the other 40% not only knows but already experienced a responsible holiday.

All in all, the general knowledge of responsible tourism is encouraging within this group, but it is clear that, for a fair-trade customer, the link between responsible tourism and fair-trade is not strong enough to be automatic. In light of this evidence, it can be asserted that fair-trade consumers are generally interested in responsible tourism, but being a fair-trade customer does not affect completely their choices as tourists.

Again we are in front of travellers who for the majority of their holidays book independently and rarely use travel agents or travel magazines to collect information about their destinations and plans. Therefore, it is probable that their sources on responsible tourism are different from the ones on ethical consumption of goods, so the two aspects, and the two discourses, only overlap here and there, confirming once again that it is simplistic to explain the responsible tourism demand only through official definitions, since it is the result of a more complex discourse.

Although the surveys allow to make some useful considerations about responsible tourists' attitude, perception and behaviour, a more detailed investigation is needed in order to confirm or disconfirm the research hypothesis considered in this chapter, in particular the first and second hypothesis.

IMPLICATIONS AND RECOMMENDATIONS

As previously documented by other studies in the literature, the main findings described and discussed in the previous paragraph show that tourists take a multifaceted and, in some respects, almost ambiguous interest and behaviour towards responsible tourism. Also considering those tourists who recognize themselves as responsible tourists or who share these values, the perception and attitude towards responsible tourism and in general towards ethical consumption is not always consistent and perfectly aligned with all the principles promoted by the official definitions proposed in the literature and by the tourism industry. This perception is often influenced by the combination with other travel practices that are not necessarily responsible, such as cycling tourism, nature-based tourism or, more recently, experience-based tourism.

It seems that the "ideal" responsible tourists who strictly makes conscious decisions and follows a responsible conduct does not exist, or at least he does not exist within the specific terms delineated by the supply. Even the keenest buyers of fair trade products are responsible tourists in an on and off mode, and sometimes not even interested.

As argued by Caruana et al. (2014), while it is understandable that researchers and tourism operators have codified some definitions in order to study the phenomenon, to segment tourism demand and to make responsible tourism products identifiable, we should not take it for granted that tourists and consumers in general passively accept these pre-defined concepts. Indeed, Holt argued that they subconsciously or deliberately re-interpret and adapt the meaning of the products they experience (as cited in Caruana et al., 2014), therefore being more fluid in their positioning.

These considerations are not only interesting for academic research purposes but also have significant managerial implications for tourism operators, and in particular for those specialized in responsible tourism products. Indeed, at the moment it seems that the tourism industry – and the scientific community – is making a great effort in distinguishing true responsible tourists from inconsistent responsible tourists and in "turning" these last ones into "ideal" responsible travellers. Unfortunately, this attempt to convert is made according to a concept of responsible tourism good on paper but maybe not so viable or always acceptable in practice in the minds of consumers.

Furthermore, the sources of this concept seem to play only a marginal role, at least in Italy, as information sources to choose and plan a travel, so they are unlikely to influence tourists that much. The results presented in the previous paragraphs seems in fact to confirm that the definition of "responsibility" in travel is made up discursively, within a network the supply and institutional voice is peripheral to. What is or is not responsible, where to travel ethically, etc. is a matter defined by groups who share values and a narrative on tourism, and that, as far as the surveys presented here could explore, present tribal aspects. This seems to be confirmed by the fact that the "responsible" tourists' community and the fair trade community only partially overlap.

As a consequence, from a managerial point of view, the tourism industry need to pay more attention on consumers/tourists' own perception and thinking, in order to better understand how they make sense of responsibility, how this meaning translate in concrete consumption and travel behaviour and how it evolves. Responsible tourism operators should not simply assume that tourists unconditionally accept the

products they provide. They should become more aware and familiar with the “physical” and “virtual” communities of responsible tourists where the discourse on responsible travels is being developed, in order not only to better promote their offer but above all to clarify what tourists ask as responsible travels. In such a way, tourism operators would have the opportunity to better define and address their target and to design other responsible practices and experiences which are more consistent with tourists’ needs.

This does not mean distorting the concept of responsible tourism and reducing the effort in its promotion. On the contrary it means sustaining this effort and the spread of responsible tourism among consumers, by adopting a more realistic perspective that is closer to the demand, in other words a bottom-up and demand-side approach.

FUTURE RESEARCH DIRECTIONS

The initial exploratory survey on the Italian market discussed in this chapter does not allow to confirm or disconfirmed with certainty the research questions, although it provides remarkable elements. As a consequence, future researches could be undertaken in order to better investigate the factors influencing responsible tourism demand, their role and their interdependency, and to deepen what responsible tourism really means to tourists who practice it.

Indeed, responsible tourism and ethical consumption in general are not a fixed and stable concept but they can take different forms. If, as stated by the literature, the understanding of responsible tourism is made complex by the presence of several definitions proposed by the scientific communities and by the tourism industry, we can also say that it is even more difficult, since from the consumer perspective its meaning is fluid and not clearly definable within rigid frames. As a consequence, also the demand for responsible tourism is heterogeneous; it is not simply inconsistent, as several studies have described it when it deviates from the “conventional and official” definition or when tourists’ attitude and behaviour do not perfectly match. On the contrary, some recent researchers and the contribution given in the present chapter agree on the fact that tourists construct their own meaning of responsible tourism and cannot be positioned in fixed tourist categories.

Therefore, further reflection is needed to better understand the consumers’ own perception and how this perception changes across different situations, making the process of tourists’ positioning around responsible tourism so variable and flexible. Closer attention should be paid to the “language” that tourists use and that influence their travel decisions and to the tourists’ own experience of responsible tourism, also in relation to situational variables that can influence conscious behaviour (Miller et al., 2010).

Future researches aimed at studying the adherence of the tourism demand to responsible tourism are required to integrate the traditional quantitative studies with a bottom-up approach and a more qualitative and ethnographic perspective and to switch from an approach based on authoritative “definitions” to one based on discourse and on a definition of segments and products based on the tourists’ actual behaviour.

In such a way, it would be possible to better focus on the narrative produced by tourists to define and to describe what it means to be a responsible tourist, starting from their own personal experience and relations for example with the host community, with other tourists, with the environment, with other ethical consumption and needs in everyday life and from their “dialogue” with institutions, tourism industry, media, etc.

As already suggested by other researchers (Caruana et al., 2014; Moraes et al., 2012), the attempt to better understand and interpret responsible tourism demand can be addressed by considering subcultures,

Ethical Consumerism in Tourism

consumer tribes and consumption communities that have developed around this theme, as it has already been done for other forms of ethical consumerism. By investigating these “cultural spaces”, that are created and continuously fed directly by tourists/consumers, it is possible to find out how tourists interpret themselves and others in relation to responsible tourism and what are the basis of this construction. It would be important to consider consumers’ perception of being a responsible tourist and an ethical consumer not only as individuals but also and above all within their social relationships and collective experiences (Szmigin et al., 2009).

In addition, it would be useful to conduct studies among consumers/tourists coming from different countries and social background. As documented by the literature, several previous surveys and researches on responsible tourism demand have been carried out in all the main countries (for example in France, UK, Germany, Italy, USA, China, India, etc.). However, an important contribution could be provided by the attempt to compare the findings coming from different countries or even better to develop an extensive study covering several countries in order to verify if the narratives and meanings about responsible tourism change according to the cultural contexts or if they represent an across-the-board discourse. This would not feel so strange, if we consider that consumer tribes and subcultures have the power to “cross official borders”, bringing together people from different cultures under the same values and codes of conduct.

Finally, also in the light of the managerial implications underlined in the previous paragraph, another direction for future research would be about the supply-side. It would be useful to investigate, on the one hand, whether and to what extent tourism operators, and in particular those ones specialized in responsible tourism, know responsible tourists (in addition to their direct clients) and are aware of the discourse that responsible tourists themselves are developing about this topic; on the other hand, on what basis they develop their products and to what extent these products meet responsible tourists’ expectations and needs.

CONCLUSION

The present chapter promotes a reflection and discussion about ethical consumerism, by focusing in particular on a specific consumption, i.e. the one related to responsible travels and holidays. Indeed, the chapter investigates the phenomenon of responsible tourism, which has generated a considerable debate in the scientific community and in the tourism industry in order to find a common and shared vision of what responsible tourism is and to promote it among the tourism demand as a more conscious and respectful way of travelling.

Starting from the findings of a recent survey carried out on the Italian market among responsible tourists and consumers in general, this chapter takes the opportunity to question about the demand for responsible tourism, verifying how it is evolving and if the intention-behaviour inconsistencies previously documented in the literature still exist.

In doing so, although the survey should be further improved, the analysis has applied a more recent set of studies about ethical consumption and responsible tourism which have found that those so-called inconsistencies between behaviour and intention and with respect to the official definitions of responsible tourism may not be so contradictory. Responsible tourists are, to their core, a consumer tribe, and therefore they define with their own discourse and also in relation to other competing circumstances and priorities what is (or is not) responsible tourism, despite the conventional top-down definitions.

Considering the findings of the survey commented on in this chapter, thanks to this approach, it was possible to explain for example the reason why some travel experiences conducted by self-declared responsible tourists cannot always be easily associated to the so-called responsible conduct; or the reason why tourists do not attribute the same importance and do not show the same level of involvement with respect to all values and practices promoted by the official definition of responsible tourism, or why fair trade involved consumers sometimes are not interested in responsible travels.

As a consequence, a bottom-up and consumer-driven perspective may be more useful in understanding responsible tourists and in interpreting their needs, without presuming to align tourists with an “ideal” construction that can unlikely be put into practice.

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Chapter 8

Ethical Consumerism and Effectiveness From a Cause-Related Marketing (CRM) Perspective

Soney Mathews

*Department of Commerce and Management, St Joseph's College of Commerce (Autonomous),
Bangalore, India*

Suja R. Nair

 <https://orcid.org/0000-0002-9803-0552>

Educe Micro Research, Bangalore, India

ABSTRACT

There is a growing public awareness of ethical issues along with rising disposable income and increase in education and knowledge. This is triggering the ethical conscience of consumers and leading them to ethical consumerism. Ethical consumerism has grown out of the consumer interest and concern on issues and the practical application of marketing ethics to their purchase behaviors. Consumers are gradually accepting this phenomenon of ethical consumption as part of the lifestyle. In order to bring a change in the attitude of consumers towards ethical consumerism, corporates have started taking an initiative by incorporating a new method of marketing activity and tool called cause-related marketing (CRM). Ethical consumerism based on CRM campaign needs to be effective to build a corporate image. This study is an attempt to understand ethical consumerism and its effectiveness from the perspective of CRM and how it benefits the businesses.

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INTRODUCTION

Since the past few decades, there is a growing public awareness of ethical issues along with rising disposable income and, increase in education and knowledge. This also is triggering the ethical conscience of consumers who are showing an interest in consuming sustainable and environmentally friendly products and this leads to ethical consumerism. Ethical consumerism has always challenged marketers. Combination of ethics and purchase behavior is becoming an important concept in consumerism. Organizations' are attempting to understand the concept of ethical consumerism where consumers accept ethics as part of consumerism. This is evident when corporates across the world carefully started examining the ethical expectations of the consumers. Corporates have started dedicating themselves to ethical business and corporate philanthropy. Corporate like P&G believes in ethical business and understanding this P&G organizes a program called "Change that Matter" and the program covers four parts in doing business ethically; including environmental sustainability, social responsibility, employees, and stakeholder (Nawat, Sammi & Zhulei, 2012).

While, consumerism, popular during the 20th century is defined as "an organized movement of citizens and government agencies to improve the rights and power of buyers in relation to sellers" (Kotler, Armstrong, Agnihotri & Haque, 2010), ethical consumerism has grown out of the consumer interest and concern on issues, and the practical application of marketing ethics into their purchase behaviors. Ethical consumerism involves the purchase of products and services that are produced, processed or made available through ethical means, and cause minimal harm or exploitation to humans, animals and/or the natural environment. According to Grisewood (2009), "ethical consumerism is about buying products and services that are made and distributed under ethical conditions by the company that behave in an ethical and socially responsible manner". Going by this definition, it can be assumed that ethical consumers will be engaged in a buying behavior that avoids the purchase of products that are harmful to animals, humans or the environment. The driving forces behind ethical consumerism include consumer pull due to the feeling of guilt and social pressure, retailer push on supply chains to build competitive advantage, supportive government policies and consumers' attitude towards ethics (Garcia Martinez and Poole, 2009).

Kovač Žnideršić, Salai, Grubor & Marić (2013) contend that although there are causal factors (such as globalization of markets and weakening of national markets, issue pressure groups, effective market campaigns, among others) influencing ethical consumption, trends in overall ethical consumption is very low. Similarly, Carrigan & Attalla (2010) also assert the existence of a gap between the ethical purchase intentions and actual buying behavior of ethical consumers. They observed that most consumers pay little attention to ethical considerations when engaging in the purchase-decision behavior. Thus, such a gap would make this study more meaningful and thereby understand the effectiveness of ethical consumerism.

The concept of ethical consumerism should not fail or be slow in reaching consumers. Corporates have moved forward in business by dedicating themselves to ethical marketing activities and enhance consumer connect. They incorporated ethical marketing activities and considered ethical marketing as a philosophy and not just a marketing strategy. Ethical marketing is a process by which businesses market their products and services by not just focusing on how their products and services benefit customers, but also on how they benefit socially responsible or environmental causes (Dan Shewan, 2017). The corporate philanthropy of the company TOMS founded by Blake Mycoskie in 2006 inspires many customers to get connected with ethical consumerism. The company decided to establish the concept of giving to people. From 2006 onwards, the TOMS' footwear business has donated more than 60 million pairs of shoes to children in need all over the world. Not just that TOMS' eyewear division has given more than 400,000

pairs of glasses to visually impaired people who lack access to ophthalmological care. The company always enlightens every customer by informing them that every product they purchase they are helping someone in need (Dan Shewan, 2017).

In order to bring a change in the attitude of consumer towards ethical consumerism and consumption, corporates have started taking an initiative by incorporating a new method of marketing activity and tool called as cause-related marketing (CRM). Cause-related marketing delivers both emotional and rational engagement of the consumer with the company or brand (Sue Adkins, 2001). Although corporate involvement in social activities is well known, cause-related marketing (CRM) aligned to corporate philanthropy, is used as a marketing activity and tool, to improve corporate performance and help in worthy causes. “Cause-related marketing is the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives” (Varadarajan & Menon, 1988). Going by this definition, CRM is a combination of socially responsible behavior (corporate) and consumption (consumers). As a market-driven activity CRM involves partnerships between parties (be they businesses, non-profit organizations (NPO’s) or causes) and marketing relationships so as to meet certain objectives and also to receive a return on their investment, which may be in the form of cash, time, other resources, or even a combination. The CRM objectives can range from the enhancement of organizational image/reputation, enhance brand image, increase customer loyalty, develop consumer relationships, build public relations to generate income and resources. Ideally, CRM should be a win-win situation for all involved parties since it is based on partnerships with mutually agreed objectives, and for mutual benefits. However, studies have found that consumers may have positive attitudes towards CRM but this does not get converted to cause-related purchase behaviors. For example, although variables are found to arouse consumers motivational attributions towards CRM (Hammad, El-Bassiouny, Paul & Mukhopadhyay, 2014), there are others who find skepticism affects consumer attitude and purchase intentions of cause-related products, and hence suggest further research to identify the factors and variables that affects the state of skepticism in consumers evaluation process (Bae, 2018). Business can create a significant positive impact on society through Cause-Related Marketing. CRM mainly focuses on charity and good cause and generate a greater relationship with stakeholders, enrich brand loyalty, build brand reputation etc.

The responsibility of every corporation is to develop products and services which satisfies consumers ethically. As observed, one of the steps taken forward by corporates to enhance this is involving themselves towards social initiative campaigns. A growing connect of consumers towards social cause leads to ethical consumerism. Ethical consumerism based on CRM campaign needs to be effective and thereby build a corporate image. This research study is an attempt to understand ethical consumerism and its effectiveness from the perspective of CRM and how it will benefit the business world. The study also focuses on understanding the attitude of consumers towards cause-related marketing and how it leads to ethical consumerism.

The objectives of conducting this research are:

1. To understand ethical consumerism and how it is affecting consumer behavior.
2. To study the attitude of consumer towards cause-related marketing activity and how it leads to ethical consumerism.
3. To understand the challenges faced by the company while supporting a social cause and implementing a cause-related marketing campaign.

BACKGROUND

A New Paradigm in Consumer Behavior: Ethical Consumerism

The Corporate landscape is changing significantly in the last few years. Strategies used by corporates and their behaviors have changed adopting the new order of the world. The consumers are looking for a good outcome from purchase behavior. The study conducted by Financial Conduct Authority and the Competition and Markets Authority (2018) states that Good outcomes include consumers being able to buy the products they want, need and can afford, understanding what they are getting, being confident in the supply of services and being able to get redress when things go wrong. Consumers around the world are becoming more socially responsible citizens and are also motivating themselves to make socially conscious consumption decisions. The researcher also states that consumers can be motivated to make socially conscious consumption decisions on the basis of what effect their behaviour might have on the environment or other people. Such consumers can be driven by the universal outcome or impact their decisions might initiate and the author states this as universal benefits (Sooyoung Cho & Krasser A. H., 2011). Consumers are playing a significant role in purchasing environmentally friendly products. Their involvement is observed during ethical decision making of product purchase and also during consumerism.

Elena Kell (2011) mentions that globalization plays an important role in terms of ethical consumption and the globalization process is contributing to the consumer society global trade and changes in the supply chains. The study by Giddens (1991) found that on the individual level, globalization affects individuals' consumption patterns by providing diverse and endless choices of available products and services.

An interesting perspective of ethical consumerism is put forth by Nicki Lisa (2018). In her article, she mentions that being an ethical consumer in today's world requires first recognizing that consumption is not just embedded in economic relations, but also social and political ones. When a consumer consumes a product or service, they place into a social relationship with all people who participate in producing, packaging, exporting and importing, marketing and selling the goods. The consumer choices connect us in both good and bad ways to hundreds of millions of people around the world. Therefore the consumption pattern on consumers matters to every corporate.

Consumers are dealing with and involving themselves to ethical issues as well. This might be mainly due to the consumers' attitude and behavior from various cultures or cultural environments. Consumers from various countries are focusing on eradicating unethical practices of businesses. Consumers across the world have progressively moved forward in influencing marketers and retailers to sell ethical products and services. By providing the same, the marketers and retailers want to have a strong relationship with the consumers and simultaneously develop their brand image. Consumers' worldwide are involving themselves in helping others and accepting this fact, companies too have started involving themselves in social cause campaign. There are numerous initiatives engaged by corporate and consumer in doing good and some of it is appreciated by the world. A few examples like Nerolac Paints rolling out non-lead-based health-friendly zero volatile organic content paints (The CSR Journal, 2016). L'Oreal is one of the World's Most Ethical Companies which always prioritizing ethical business practices. L'Oreal's ambition is to be an exemplary company worldwide and integrate ethics into the very heart of its business practices. (PRNewswire, 2018, para. 2).

During the past few decades, there is a drastic change in political, social, legal and technology across the world and this is affecting the business and management on a day to day basis. This significant change

is observed in the consumer behavior of consumers as well. Consumerism is becoming a worldwide movement where marketers, academicians, and the government is interested to understand ethics and ethical consumer behaviour. Various experts from the field of humanities and social science believed that consumerism existed from the 20th century onwards. According to Kotler, consumerism is defined as a social movement seeking to augment the rights and powers of consumers and buyers in relation to manufacturers and sellers (Kotler, 2000). Consumerism benefits both the economy of the country and its individual consumers. The growing interest in issues and practical application of marketing ethics is the outcome of the worldwide development of consumerism (Brinkmann & Peattie, 2008; Kovač Žnideršić *et al.*, 2013).

The CSR Journal (2016) observes that ethical consumerism is becoming a new trend and is fast gaining popularity among new-age customers. More and more customers are choosing to purchase goods that are ethically sourced, ethically made and ethically distributed. The consumers are making their purchase decisions by observing the product from inception to the manufacturing process and overall business model followed by the corporate.

Many studies have been conducted in ethics and consumer behavior and to understand the terms like ethical behavior, ethical consumption, and ethical shopping. Even though the outcome of ethical behavior is based on subjective opinions, many studies mention ethical consumer behavior as the most extensive one (Kovač Žnideršić *et al.*, 2013). Ethical consumer behavior can be interpreted as “decision-making, purchases and other consumption experiences that are affected by the consumer’s ethical concerns” (Bray, Johns & Kilburn, 2011). Cherrier (2007) states that ethical consumption experience goes far beyond the marketplace and the experience is more social than the individual. Therefore, she argues that the consumer’s degree of ethical involvement depends not only on self-identity but also on their relations with others and overall social context. Most of the research study focuses on the positive motive behind ethical consumerism. However, the study conducted by Stolle, Hooghe & Micheletti emphasizes on the fact that ethical consumerism does not reflect a selfless phenomenon because ethical consumers consider self-interests, such as their own and their families’ health or the price and quality of goods, when they purchase products or services.

Consumers are deliberately purchasing products and services which are manufactured or provided through ethical means i.e. less harm to humans, animals or the environment. This kind of purchase behavior leads to ethical consumerism. Corporates have also started a practice of behaving ethically in a responsible manner by connecting themselves ethically and socially.

Consumerism based on moral and ethical values is the present way of life for many consumers. Connecting themselves with the moral obligation, consumers’ every day is becoming sensible while purchasing products or choosing a product for consumption. Ethical consumerism is leading to ethical consumption. Ethical Consumerism constitutes on a daily basis in a consumer when he/she constructs a negotiation with the ethical self. Ethical morals and values are imbibed in an individual at the early stage of life. As the person grew up, they try to make these morals and values a way of life. They incorporate this phenomenon of ethics into their purchase behavior as well and become more socially responsible citizens. By accepting and adopting ethical consumerism format of buying behavior every individual begins to feel that they are contributing well to the society in a tremendous manner. They take the responsibility of ethical consumption as well. Ethical consumption becomes a way of conveying personal preferences. In the past few decades, the shopping behavior of consumers is becoming ethical where they are incorporating the value and moral system into buying behavior. In other words, they are looking

for ethical shopping. Consumers are selective with brands and corporates while deciding a purchase of a product or service.

ENGAGEMENT IN ETHICAL CONSUMERISM

Over the past few years, people around the world have become more cautious in their buying behavior. While purchasing, the buyer is curious to know the buying policies and practices and also about the services rendered to them by the company. This curiosity is affecting consumer behavioral practices worldwide. This is mainly due to ethical consumerism or ethical consumption. Basically, it is observed that one of the forms of consumer activism is ethical consumerism where consumers take responsibilities for their decisions in purchasing goods and services. Ethical consumerism gives the company the indication that they should enthusiastically pursue moral practices because consumer would want to have the same as ethical consumerism is echoed everywhere. Organisations are coming up with effective and immediate solutions to change unethical consumerism and bring the best practices which guide consumers to be ethical. According to Fairtrade Labelling Organizations International (2009), ethical consumerism is practiced through “positive buying” in that ethical products, for example, those branded “fair trade”, are favored over others.

There is also interest in “ethical” consumerism as evidenced by an increase in cause-related products and marketing, as well as interest, at least among half of the world’s consumers, in a brand’s connection to social responsibility Philip H. Mirvis (2008). The willingness of consumers to be part of an ethical cause is very much evident in the present scenario. The shopping behavior of people’s reveals their self-behavior of rendering a hand towards charity along with a deep sentimental value towards society (Julie Irwin, 2015).

A deeper understanding of the term ethical consumerism is needed at this juncture. Ethical consumerism can be described as an expression of ethical concerns about products and organizations “by choosing to purchase a product that meets certain ethical standards, or by choosing not to purchase a product that fails to meet that criteria” (Sooyoung Cho, & Krasser, A. H., 2011). Ethical consumerism involves a conscious choice to use products selectively based on personal and moral beliefs and values (Ethical consumerism is a multifaceted phenomenon where ethical consumption choice are made by a number of ethical decision making (Andrew Crane & Dirk Matten, 2004; Sooyoung Cho, & Krasser, A. H., 2011). Stolle, Hooghe & Micheletti (2005) assert that ethical consumerism does not reflect a selfless phenomenon because ethical consumers consider self-interests, such as their own and their families’ health or the price and quality of goods, when they shop.

The rise of ethical consumption is fascinating in the business world. Value consumers are increasing across the world and today’s consumers expect the corporate to go beyond the ethical production and incorporate themselves to social cause as well. Considering this fact, American Express initiated a campaign in 1983 for the restoration of the Statue of Liberty. The company donated a portion of each use of an American Express card for the restoration of the statue. The company coined this term as cause-related marketing and about \$2 million were donated for the cause (Shweta & Sonia Lohia, 2014). Table 1 gives a brief overview of the term ethical consumerism and cause-related marketing and how it differs.

An interesting perspective put forth by Laura Ferry (2015) states that corporates are of the opinion that cause-related marketing can add value to consumerism. They bring in cause marketing campaign

Ethical Consumerism and Effectiveness From a Cause-Related Marketing (CRM) Perspective

Table 1. Highlighting the differences between ethical consumerism and cause-related marketing

Ethical Consumerism	Cause-Related Marketing
It refers to the behavior of consumer(s) who choose to purchase products or services that are ethically manufactured and distributed.	CRM a form of marketing activity in which a corporate get connected with the citizens to tackle a problem concerning social or environmental issues.
Corporate take initiate in ethical marketing activity which can lead to ethical buying behavior or ethical consumerism.	To accomplish the corporate social responsibility corporates involve themselves in a cause-related marketing campaign.
Consumer(s) may or may not support the drive and accept ethical consumerism. There can be a slow response to the ethical behavior of consumers.	CRM campaign is initiated by the company for a specific social cause. The company totally will support the cause.
Ethical consumerism is a wider concept and not connected to specific corporate objectives.	All CRM activity will lead to building a brand and corporate image of the company
Ethical Consumerism initiates the consumer to get connected to the company who sells its products and services ethically. Consumer(s) do not pay for any ethical marketing practices incorporated by the company.	By purchasing a product or service related to a social cause, the consumer(s) implicitly donate money to the cause.

to get directly connected with people who can make a difference and also tries to link the consumer products or brands and the social cause.

CAUSE RELATED MARKETING: A CORPORATE PHILANTHROPY

Corporate Philanthropy is always considered as an explicit type of an act of corporate social responsibility activity wherein the corporate donates its profits or resources to the nonprofit organization. They mostly donate in cash or some useful facilities to a specific philanthropic activity. The idea or the concept of cause-related marketing is evolved from corporate philanthropy (Pushpinder & Shail, 2015). Generally, it is observed that the target audience gets emotionally connected with the given cause and this will influence their purchase behavior. There is a degree of connectivity with the cause of the target audience and the audience always tries to incorporate the value to the purchase behavior.

Corporate social responsibility is always considered as a major management concept adopted by the company to integrate with their stakeholders and highlight its concern towards society and the environment. There are so many activities incorporated by every company under CSR activities, and cause-related marketing (CRM) is one of the major tools under CSR activities. Cause-related marketing empowers individuals (Laura Ferry, 2015). Sana-ur-Rehman & Rian Beise-Zee (2009) states that CRM and CSR are not synonyms. CSR is the perception of a company’s general societal integrity. CRM can be a part of CSR but CRM alone cannot fully express CSR. Cause-related marketing has become an important marketing tool and its implementation by the company is growing in a rapid way. Many organizations across the world from various industries have implemented campaigns that link them to various social causes (Nicole K., 2012). Cause-related marketing is also motivating the participation of consumers and impacting them at the point of purchase (Sue Adkins). In a long-term impression, CRM synergizes business operations. A common transaction-based definition of cause-related marketing links the company’s donation directly to customers’ buying behavior. Varadarajan & Menon (1988) define CRM as “the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage

Ethical Consumerism and Effectiveness From a Cause-Related Marketing (CRM) Perspective

in revenue-providing exchanges that satisfy organizational and individual objectives”. In other words, cause-related marketing is a marketing strategy adopted by the company in which a company’s name, brand or service is partnered with a cause or a charity (Karen & Roger, 2011).

Cause-related marketing always serves two purposes, one to improve the company’s performance and the other mainly to support a social cause. CRM campaigns result in more positive consumer attitudes toward a company and greater purchase likelihood for its products (Brown & Dacin, 1997; Pracejus, Olsen & Brown 2003; Strahilevitz & Meyers, 1998). The campaigns work effectively because consumers benefit mainly in two ways from participating in the campaign. One is from using the product and the other from the pleasure derived from donating to a cause (Strahilevitz & Myers, 1998). Overall, CRM falls into the larger class of corporate social responsibility (CSR) programs.

In the present day business function organisation(s) are attempting to save the world through cause-related marketing initiatives (Roy, D. P, & Jones, J. A. (2010). A number of CRM programmes examples are shown to the world by various organisations across the world. Some of them being the Home Depot a company based in Atlanta reportedly spent \$25 million to support KaBOOM!, a group that builds and refurbishes playgrounds. General Mills based in Minneapolis has used its Yoplait yogurt brand to support the Susan G. Komen Breast Cancer Foundation, raising \$11.5 million for that charity. A us-based retail company like Wal-Mart has provided broad support to the Salvation Army and Starbucks donates 5 cents of every sale of Ethos Water to help children around the world get access to clean drinking water. Kentucky Fried Chicken (KFC) too featured in a pink bucket of chicken and 5-Hour Energy a pink energy blend campaign, with both brands donating a portion of the proceeds to the Susan G. Komen Breast Cancer Foundation (Elizabeth & Bettina, 2016). In a highly competitive environment, organisations are making themselves identified through cause-related marketing activities.

Geoffrey Williams & John Zinkin (2008) is of the opinion that differences in consumer behavior across countries do indeed appear and it can be consistent because of the differences in the culture of these countries. Countries where individualism of citizens is strong the consumer(s) tend to punish the company more for bad behavior than in those countries where collective attitude are more prevalent. Social cause and the drive to engage the consumers or customers is visible in both developed and developing nations especially in emerging markets like India, China, Indonesia etc. Connecting with the digital world, social media is also impacting cause-related marketing in a larger manner. A company like Hindustan Unilever came out with a cause campaign for Lifebuoy soap and the movement was ‘kick-started and the campaign was started mainly to instill hygienic handwashing behavior in schools and villages in India. Another initiative of the cause-related marketing campaign was by the financial services arm of The Tata Group where they launched the ‘Do Right’ platform and embarked on “The Journey of Doing Right – Half Stories”, an action-oriented initiative in partnership with United Way of Mumbai, a global NGO. Vistara, the joint venture airline from Tata Group and Singapore Airlines too initiated a cause-related marketing campaign where Vistara partnered with the Salaam Baalak trust – a non-profit and non-governmental organization that provides support to street children of Delhi and Mumbai, to fly 12 kids aged between 7 and 12 years on its first flight ever. The kids boarded their first flight experience along with other passengers and their absolute joy of flying for the first time was captured in a two-minute film titled, “When little feet found their wings with Vistara #FlyTheNewFeeling” (Vinaya, 2015).

Various research studies show different dimensions of cause-related marketing. First is cause-importance, second is cause proximity, third is the degree of participation by consumers and fourth is cause novelty (Du *et al.*, 2008; Hou *et al.*, 2008; Cui *et al.*; Hoeffler & Keller, 2002; Ellen *et al.*, 2000; Till & Nowak, 2000; Hammad *et al.*). Every company while selecting the cause need to support

a cause which has got social implications. If the importance of the cause is clearly defined then there will be total support by the prospect consumers or customers. The proximity of the cause needs to be clearly stated by the company. Each and every Company should focus on connecting with local citizens and social cause than with national or international cause. The acceptance of local citizens towards the cause can generate a greater brand image of the corporate. Another dimension of CRM is the degree of participation by the consumers. Active involvement of consumers towards the social cause need to be perceived. If the consumers have a favorable attitude towards the social cause, then it will benefit the corporate in an effective manner. The last dimension of cause-related marketing is the cause of novelty. Every corporate would try bringing in newness to the social cause and try to build a brand connect with the cause. Connecting with novel causes, rather than familiar ones, enhances brand differentiation and consumers' emotions (Bloom *et al.*, 2006; Strahilevitz, 1999).

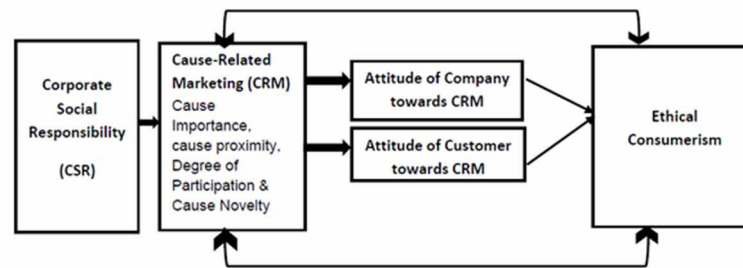
The Laura Ferry, (2015, para 11) examines that authenticity and transparency are the two things that will make cause marketing an integral part of every business strategy of the future. If a company can accomplish these two things, then corporations supporting cause brands will be perceived as genuine and they can show the world how they are investing in what matters to people — and build strong brands that sell, and create a positive social impact.

A conceptual framework is developed (fig 1) to understand CRM and ethical consumerism and its effectiveness. The research study focuses on cause-related marketing and ethical consumerism. Cause-related marketing is a concept extended form of corporate social responsibility (CSR). In order to understand cause-related marketing and the activities of the corporate, various dimensions of social cause is considered. CRM dimensions like the cause importance, cause proximity, the degree of participation and cause novelty is examined in detail in this research study. While relating the consumers with the social cause and consumption every company understand the attitude of the consumer towards the social cause activity and how it can lead to ethical consumerism. The research also understands the attitude of company towards CRM and how this leads to ethical consumerism. According to Allport G. (1935) attitude is a mental state of readiness organized by experience, exerting influence upon the consumers' response to marketing inputs. The attitudes are formed on account of an inward need, external environment, and taste experience.

ATTITUDE OF COMPANY AND CUSTOMER TOWARDS CAUSE- RELATED MARKETING

Consumer behavior is under the direct influence of attitudes towards specific products and marketing activities associated with the same product (Darling and Puetz, 2002). Every company needs to constantly attempt to enhance their corporate image, cultivate a favorable attitude in the minds of consumers (Dubravka SINČIĆ & Marija DROPULJIĆ 2015). Consumer attitudes are a combination of a consumer's beliefs, their feelings and behavioral intentions toward some object, within the context of marketing, usually a brand or retail store. These components are viewed together since they are highly interdependent and together represent forces that influence how the consumer will react to the object. Cause-related marketing can positively affect a company in such ways because the cause can cultivate consumer attitudes that the company is supporting worthy causes, and thus the consumer should support the company and its associated causes (Varadarajan & Menon, 1988; Elizabeth A. & T. Bettina, 2015). The research study by Nan and Heo (2007) found that cause-related marketing initiatives increased con-

Figure 1. Conceptual framework



sumer attitudes toward a company regardless of product-cause relationship. Aaker, Vohs, and Mogilner (2010) suggested that cause-related marketing is effective at increasing overall attitude toward a product because the warmth associated with a cause is partnered with the competence associated with a brand leading to positive effects on overall attitude and purchase intentions for both the product and cause. In other words, consumers have a positive affective response when brands donate to a cause. Companies are recognizing the importance of the non-profit cause and the consumers' attitude towards it, and that they develop partnerships through cause-related marketing bearing this in mind (Duncan, 2005; Landreth Grau and Garretson Folsie, 2007). Every corporate need to identify the attitude of consumers towards ethical consumerism and cause-related marketing.

CHALLENGES IN CAUSE- RELATED MARKETING

Cause-related marketing is a marketing activity and tool followed by corporates to enhance ethical business. The company involves itself in a social cause campaign through marketing activity and tries to resolve a social issue or problem from the fund accumulated by selling the product. Cause-related marketing is part of the corporate social responsibility. Cause-related marketing is considered as a win-win-win situation for the cause, consumers, and business. (Adkins, 2000). However, there are certain challenges faced by corporates while implementing a CRM campaign. Some of the challenges faced by the corporate are:

- The attitude of the consumers while purchasing the product
- Willingness to pay
- Choice of cause
- Consumer criticism stating CRM as an abusive marketing campaign
- Low involvement and high involvement choice
- Cause- brand fit

One of the main challenges faced by the company in cause-related marketing is that of the attitudes of consumers while purchasing products. The attitude of consumers towards helping others is the outcome of a cause-related marketing campaign. Doing good and getting connected to a cause is always being a desire of consumers. Consumers are exposed to CRM in the western world countries like USA, UK, and

European regions, whereas in a country like India, organizations have slowly adopted this concept and consumer(s) are slowly connecting themselves to a social cause. The attitude of consumer(s) towards CRM activities are presently considered as the biggest challenge to corporates. There will be a positive attitude of consumers towards the company and a positive response towards their products or brands when they observe the company's motivation towards CRM campaign (Till & Nowak 2000; Cui, Trent & Sullivan, 2003; McWilliams, Siegel and Wright, 2006; Roy and Jones, 2010; Sonal & Sujo (2013). Based on the consumer attitude company goodwill can be created (Rifon, Choi, Trimble & Li, 2004; Berglind and Nakata, 2005; Kokoszka, 2009). The consumers' attitude and perception about the company by itself would impact the outcome of cause-related marketing (Szykman, 2004; Moosmayer & Fuljahn, 2010; Green & Pelozo, 2011; Sonal & Sujo (2013). There are researches conducted to put forward the fact that price is often the utmost important factor in the purchase decision (Eckman, Damhorst, & Kadolph, 1990; Iwanow, McEachern, & Jeffrey, 2005). And, as Barone et al. (2000) discovered, product price may mediate consumers' responses to cause-related marketing claims.

Another challenge faced in CRM is to understand the willingness to pay by the consumers. Consumers' willingness to pay (WTP), is defined as the maximum amount of money a customer is willing to pay for a product or service (Krishna, 1991). Based on the impact of the cause-driven by the company, the consumers connect to the donation and are willing to pay. Every company needs to understand the relationship between the donation level and the willingness to pay and the relationship need to be strengthened. The company needs to avoid negative interaction between donation amount and company –cause fit on WTP. Studies have been conducted to examine the relationship between WTP and fund or donation. Some of the research highlights that, customers observe the cause involvement. Cause involvement is the degree to which a customer considers personally a specific category of project and checks whether it's relevant (Grau and Folse 2007). Research conducted by Atkinson 1964; Eccles & Wigfield 2002 states that behavior depends on the expectation of producing a specific outcome and on the evaluation of that outcome. The researcher's highlight that higher the donation amounts greater expectations of contributions to the cause. The customer receives a warm feeling when they donate to a cause for which he or she really cares about. Furthermore, the research states that when cause involvement is high WTO increases and vice versa (Nicole, Isabel V., & Wayne D.Hoyer (2012).

Choice of cause from the consumers can also be considered as a challenge to the company. Consumers always respond positively to an effective cause campaign by the company. Therefore marketers need to develop and design a successful CRM campaign. The campaign design factors (e.g., degree of fit or the extent to which the causes being supported in the CM is in line with the domain of the company's operations (Simmons & Becker-Olsen, 2006) that increase consumers' perceived role influence response to CM with choice (Stefanie, Caglar, & Satish, 2012). By letting consumers select the cause and can lead to more positive reactions to the campaign with a low- fit cause or high- fit cause (Simmons & Becker-Olsen, 2006). It is vital to observe that choice may affect consumer reactions through many different processes. E.g., the choice may increase involvement and perceived control (DeCharms 1968; Wortman 1975). Furthermore, the following researchers (Brehm 1966; Payne, Bettman, & Johnson 1993) argue that choice can also augment outcome satisfaction because of the increased match between people's preferences and the outcome or people's subjective bolstering of the chosen option. Choosing an option may result in an attachment to that option and will lead to a more positive evaluation of the chosen option (Carmon, Wertenbroch, & Zeelenberg 2003; Thaler 1980; Simmons & Becker-Olsen, 2006; Stefanie, Caglar, & Satish, 2012).

Ethical Consumerism and Effectiveness From a Cause-Related Marketing (CRM) Perspective

Another challenge faced by the company while incorporating CRM is when their consumer criticizes this initiative as an abusive marketing tool rather than a source of giving back to society. Research has also shown that there is also a risk of customer distrust. For instance, the company might face financial risks for causes with little or no synergy (Larry & Ipshita, 2007). Aldrich (2001) finds that cause-related campaigns can improve a company's image with other important citizenries such as employees and shareholders. However, not all cause-related campaigns are equally effective, and some cause-related marketing campaigns may be completely ineffective (Michal Strahilevitz, 2003).

Low involvement choice and high involvement choice of consumers towards a cause-related marketing programme is a challenging thought for marketers and retailers. It is very significant to note that choices may affect consumer reactions through many different processes. The choice may increase involvement and perceived control (DeCharms, 1968; Wortman, 1975; Stefanie, Caglar, & Satish, 2012). Choice can also augment outcome satisfaction because of the increased match between people's preferences and the outcome or people's subjective bolstering of the chosen option (Brehm, 1966; Payne, Bettman, & Johnson 1993; Stefanie, Caglar, & Satish, 2012). A research study conducted by Broderick et al. (2003); Landreth Grau & Garretson Folse (2007) focuses on the level of emotional involvement. They state that emotional involvement is a key factor in the consumer's perception and response to a cause-related marketing campaign. They also conclude the research by that personal connection to the cause encourages consumers to participate in a cause-related marketing campaign, and that the contribution depends on the awareness of the personal importance of the cause.

As per the research study conducted by Shweta & Sonia, 2015; Kashyap & Li, 2006 suggests that cause-brand fit need to be there to create the CRM campaign an effective one. According to Simmons and Becker-Olsen (2006) states that 'Fit' in the context of cause-related marketing relates to the extent to which the cause or a set of causes being supported in the cause-related marketing campaign or program has strong connections to the corporate core business. Rumelt (1974) describes that there should be a strong connection between the corporate and the cause. If the fit is high, the corporate is likely to be more capable of helping the charity or social issue because fit enhances transferability of expertise, synergies in activities, skills, products, technologies, or markets. Actually, consumers react positively to high corporate-cause fit in social cause campaigns (Pracejus & Olsen 2004; Rifon et al. 2004), because high cause brand-fit, compared with low cause brand-fit, increases the clarity of the company's positioning (Simmons and Becker-Olsen 2006). However, there is a challenge when we let the consumers select the cause based on personal choice and this simultaneously can lead to low vs high cause brand-fit. This means the perceived level of congruence between the brand and the cause it supports. The brand image should match with the cause it supports. For instance, a children's food brand could earn brownie points for associating with a cause like malnutrition. Simmons & Karen L. (2006) mentions that campaign design factors e.g., the degree of fit or the extent to which the causes being supported in the cause-related marketing need to be in line with the domain of the company's operations. This will increase consumers' perceived role influence response to Cause-related marketing with the choice.

CAUSE RELATED MARKETING: ETHICS AND THE ECSTATIC

Cause-related marketing is mainly designed to connect consumers to a social cause. Organizations' make their consumer buy products and services for need satisfaction along with support for a social cause. Researches has shown that there is a positive praise of consumers towards the corporate initiative for

the social cause and also have criticized the effort of the company towards the same mentioning CRM initiatives as ineffective marketing strategy (Cundiff, 2006; Frazier, 2007; Perlman & Chang, 2007; Polonsky & Wood, 2001; Strom, 2007; Karen, Ruoh-Nan Yan, Jennifer & Julianne, 2011). Through CRM initiatives the company attempts to increase its product sales and make their consumer pay towards a social cause. The attempt of a CRM initiative is to build a positive brand attitude and company in the consumer's mind and make them feel that they are concerned about society. The brand strategy of the company is always to build a strong bond with the consumers in an ethical manner.

Advertisement and ethical social cause need to be connected effectively to get the best result of the CRM programme. Advertisement plays a vital role to communicate the message of social cause to consumers. CRM programmes are perceived differently by consumers. Consumers always can judge the advertisement message and the cause to be ethical or unethical. Every corporate should attempt to impact the consumer's attitude towards social cause through effective advertisement. The defective advertisement needs to be avoided as consumers might be negatively influencing the purchase decision.

Ethical consumerism based on the cause is always a longstanding interest of the consumers. Based on the moral values and norms consumers decide whether to be connected to the cause or not. Consumers always are motivated to buy products sold with ethical values and also if they consider their purchases will contribute to benefit the society in an effective manner. The actual purchase behavior of consumers will begin when corporates incorporate ethical marketing activities. CRM is considered an ethical marketing activity by most of the consumers across the world. Customers get enthusiastic when they connect themselves for a social cause which will make a difference to the society. They feel accomplished when they see a real-time event through cause marketing and get connect with purchase behavior. Getting connected with social cause activity leads to ethical consumerism. By buying those products or services consumers try to create a positive change in the society on the issue which the corporate chooses to handle in a better way and avoiding the worst. Consumers start liking the brand and this leads to enhancing the brand image.

The campaigns initiated through Cause-related marketing (CRM) increases the consumption of individuals towards the social cause. Individual generally get transformed into responsible citizens when they focus on social cause and cause-related marketing campaigns. They start focusing on the development of the nation in an effective manner. There will be a potential implication of CRM activities whereby any problematic situations of the nation or world can be addressed through a social cause.

Every corporate attempt to bring in a social cause marketing programme and fits it with the existing brand image and reputation of the corporate. CRM is becoming an ethical consumption model across the world.

DISCUSSION AND CONCLUSION

Modern-day trends in the business address many issues in an environment like sustainability and social development. Along with these issues, there are various other challenges faced by the corporates like population growth, environmental protection, economy progression etc. Because of globalization consumers across the world are becoming more cautious while purchasing products. Consumerism movement has begun where the voice of consumers is heard by the marketers and consumer are protected worldwide. This circumstance has also led to a strong ethical consumerism and consumption pattern among consumers. Consumers are looking for corporates which are positive towards the social cause

Ethical Consumerism and Effectiveness From a Cause-Related Marketing (CRM) Perspective

and are creating brand selling strategies which address social issues. Marketers need to attract consumers towards ethical consumerism. The truth is most individuals around the world are moving towards ethical shopping and giving them a high level of satisfaction. Their attitude towards ethical buying behavior has changed drastically. Understanding this behavior of the consumer and getting connected with them, businesses have started initiating themselves to social cause as it is one of the tools of corporate social responsibility (CSR). Corporates are taking tremendous efforts to build a greater image of the brand in the consumer's mind through a cause-related marketing campaign. But the challenge is to check on how much is the ethical purchase behavior of consumers and whether these campaigns are made effective in the consumer's mind. Consumers build brand loyalty when they are deeply connected with the values implemented by the company and their purchase behavior get affected accordingly. The present research work contributes to our understanding of ethical consumerism and cause-related marketing. It also observes the consumers interest and involvement towards the social cause and CRM campaign.

The main goal of the research was to examine the cause-related marketing programmes and how it leads to ethical consumerism. CRM activity is becoming popular among corporates across the world. They consider this an effective corporate social responsibility (CSR) activity. Consumers' attitude and perception toward social cause are changing tremendously. Generally, it's observed that while choosing a product or service consumers observe the price and quality however the current scenario is consumers started preferring corporate which are supporting the charity. Corporate managers need to be careful in designing the social cause marketing campaign and positioning the company effectively in the minds of consumers. The managers need to monitor the challenges faced by the company while implementing a CRM campaign. A detailed analysis can make the company avoid any negative marketing activity and build a positive brand or corporate image. Every manager of the company needs to understand that based on the cause campaign consumer choice of product(s) happen and accordingly, an emotional connect towards ethical consumerism too happens. This response of the consumer towards the cause related campaign leads to the product purchase.

The research study is a conceptual paper where the inputs are taken from journals and reports. The authors observed that around the world there are many researches conducted to understand cause-related marketing however very few of them link the study of ethical consumerism and Cause-related marketing. Future research can be suggested combining primary and secondary information and attaining a more holistic view about cause-related marketing and ethical consumerism. Another suggestion is to study empirically the attitude of consumers and corporates towards cause-related marketing and ethical consumerism.

The present research work contributes to an understanding of cause-related marketing and the social cause campaigns initiated by the company. The corporate need to effectively understand all the four dimensions of cause-related marketing and build a brand building strategy accordingly. As mentioned in the research study the four dimensions include cause importance, cause proximity, the degree of participation & cause novelty. The attitude of the consumers towards CRM should be systematically monitored by the company as it can vary from time to time. The effectiveness of a cause-related marketing campaign is when there is a significant role of consumers towards the social cause and when the consumers engage themselves in ethical consumerism. This can also be a challenge to the corporate while developing the social cause campaign. Thus when modeling the cause-related marketing campaign and selecting the social cause, the marketer needs to consider consumer interest and involvement in the given cause (Karen H. *et al*, 2011). The future brings in more challenge to corporates to identify the ethical consumerism of the individual and it is effectiveness connected with the social cause marketing campaign.

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Section 3

Consumerism From the Perspective of Innovation Triggered by the Digitalized Environment

Chapter 9

Innovation Resistance: A Rising Tide of Consumerism

Dursun Yener

İstanbul Medeniyet University, Turkey

Mertcan Taşcıoğlu

İstanbul Medeniyet University, Turkey

ABSTRACT

Innovation resistance has become a subject of increasing concern to academics and practitioners in recent years. Dealing with innovation resistance appropriately plays a very important role for companies. In this chapter, innovation resistance is examined in the context of consumerism. Innovation resistance concept and innovation resistance models are explored thoroughly and the relationship with innovation resistance and perceived risk is emphasized in the context of consumerism. Then, overcoming innovation resistance and the ways how to deal with barriers are explained and finally this chapter concludes with a summary of the chapter and managerial implications.

INTRODUCTION

Consumerism is not a new concept for marketing, but it is a concept of growing importance in the recent years. Today, many established non-governmental organizations included consumption and consumerism in their agendas (Brown and Vergragt, 2016). Researchers have studied the phenomenon of consumerism from within different dimensions. However, its relationship with innovation resistance has not been dealt with accurately. Consumerism is a social and economic order that is based on the systematic creation and fostering of a desire to purchase goods or services in even greater amounts. The term “consumerism” is also used to refer to the consumerist movement or consumer activism, which seeks to protect and inform consumers by requiring such practices as honest packaging and advertising, product guarantees, and improved safety standards (Mirchevska & Markova, 2011). Consumerism defines a specific analysis category that studies the phenomenon that came up with mass production development and consumption expansion (Bostan, Burciu & Grosu, 2010). It has been defined for example as “organized group pres-

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sure which has become a set of values held not only by the consumers of a company's products but also within the wider society" (Jones, Hillier, Comfort & Eastwood, 2005). Kotler (1972) defined consumerism "as a social movement seeking to augment the rights and power of buyers in relation to sellers". By consumerism, it is understood that assembly of ideologies regarding social activism, pressure groups (consumer associations) and in general the trend that tries to raise the rights and the consumer's power in relation to the entities (Bostan, Burciu & Grosu, 2010).

Innovation has attracted considerable interest recently in both profit and non-profit oriented organizations (Lee, 2012) and it is an important topic of study for a number of different disciplines such as economics, management, engineering, and sociology (O'Sullivan & Dooley, 2009). Adoption and consumer resistance to innovation are important topics in innovation literature. Even consumers have some benefits from innovations, they can resist them. If the uncertainty about innovations decrease, then adoption of consumers to the innovations rise. The term "resistance" contains the idea of opposition, which can be expressed passively or actively (Roux, 2007). Innovation resistance is the resistance offered by consumers to an innovation, either because it poses potential changes from a satisfactory status quo or it conflicts with their belief structure (Ram & Sheth, 1989). Thus, consumer resistance to innovations is a special case of general resistance to change (Ram, 1987). Innovation resistance varies in degree. Resistance leads consumers' response towards three different forms which are (Khan & Hyunwoo, 2009); postponement, opposition, and rejection. *Postponement* occurs when consumers delay the adoption of an innovation. It simply refers to pushing the adoption decision to future. A postponement may take the form of acceptance or rejection after a certain time period. *Opposition* refers to protesting the innovation or searching for further information "after" the trial (Kuisma, Laukkanen & Hiltunen, 2007). An opposition might lead the consumers to search for more information to decide to accept or reject the innovation. The most extreme form of resistance is directly *rejection* an innovation. Rejection may occur if the innovation does not offer any valuable advantage or has too much risk.

Opposition behavior can range from verbal complaints to negative word of mouth or even protest action (Claudy, 2011). Consumer boycotts are the structural form of "a vote in the marketplace" as the weapon of resistance (Penaloza & Price, 1993) however they are only minimal forms of opposition compared to a more massive rebellion against the consumer society (Roux, 2007). A consumer boycott was defined as an attempt by one or more parties to achieve certain objectives by urging individual consumers to refrain from making selected purchases in the marketplace (Friedman, 1985). A review of past literature provides a variety of definitions of boycotts. Garreth (1987) defines a boycott as "a concerted refusal to do business with a particular person or business to obtain concessions or to express displeasure". Yüksel & Mryteza (2009) define consumer boycotts "as the collective action of foregoing or withholding consumption in response to perceived wrongdoing". What is common across these definitions is the fact that boycotts are a form of resistance behavior, typically a planned collective action by a consumer community in order to express displeasure or achieve specific objectives (Al-Shebil, Rasheed & Al-Shammari, 2011).

The central dimension that organizes innovation resistance is uncertainty (Kline & Rosenberg, 1986). Innovation always involves some degree of perceived risks because of uncertainty (Khan & Hyunwoo, 2009). The degree of perceived risk associated with using an innovation is one of the main barriers that promote rejection of innovations. Perceived risk represents a consumer's subjective perception of uncertainty about the consequences and outcomes of adopting an innovation (Reinders, 2010). Perception of the risk associated with the adoption of an innovation is an important determinant of innovation resistance.

Innovation Resistance

In this study, the concept of innovation and innovation resistance will be examined in details in the context of consumerism which is defined as protecting consumers themselves from unethical marketing activities.

Consumerism

Consumerism is a social and economic order that is based on the systematic creation and fostering of a desire to purchase goods or services in even greater amounts. The term “consumerism” is also used to refer to the consumerist movement or consumer activism, which seeks to protect and inform consumers by requiring such practices as honest packaging and advertising, product guarantees, and improved safety standards (Mirchevska & Markova, 2011). It has been defined for example as “organized group pressure which has become a set of values held not only by the consumers of a company’s products but also within the wider society” (Jones, Hillier, Comfort & Eastwood 2005). Kotler (1972) defined consumerism “as a social movement seeking to augment the rights and power of buyers in relation to sellers”.

In the twentieth century capitalism, the focus shifted increasingly from production to consumption, resulting in a parallel shift from the control and exploitation of workers to the control and exploitation of consumers. Capitalism has created a controllable “consuming mass” to complement the control of the “producing mass”. The central concern here is to concentrate the means of consumption on the control of consumers in order to get them to spend as much as possible (Assad, 2007).

Various scholars have traced the roots of consumerism back to the 16th century England, with its inspiration seeming to come from the Renaissance Italy (Brunner, 1996). The emergence of consumer-oriented societies has become the central trait of our era. In such societies, sustaining a productive economy demands that consumption should become a way of life, along with the purchase and usage of goods to be converted from a utilitarian exercise to ritualistic excess. The consumerism phenomenon was born at the beginning of the 20th century in the USA, where in the year 1906, the first mass protests were so powerful that they constrained the federal government to approve a very important set of rules to the industry at that time (Bostan, Burciu & Grosu, 2010). In the early 1960’s, consumer protection movement started in the United States and then in Europe as a result of consumer dissatisfaction. In response to this movement, Consumer Rights were officially recognized in 1962 by US President J.F. Kennedy and the idea of consumerism has gained importance (Orel & Zeren, 2009). Consumers’ four basic rights are (Estes, 1971);

- The right to safety
- The right to be informed
- The right to choose
- The right to be heard

It has long been recognized that the aggregate behavior of consumers can be understood as the result of economic and socio-psychological forces. Consumer behavior is part of a larger process of interaction among consumers, advertising agencies, mass media, and other institutions, which are all functionally related to one another. Consumption behavior is also central to understanding the structure and functioning of societies (Assad, 2007).

Consumerism is a protest of consumers against unfair business practices and business injustices. It aims to remove those injustices and eliminate unfair marketing practices (Ismail and Panni, 2008). Various

authors have addressed the issues of consumerism, consumer dis/satisfaction, and complaining behavior with varying degrees of generality and orientation. At the micro level, studies have explored consumer dissatisfaction with and complaints about specific products and services. At the macro level, national and cross-national studies have explored consumer attitudes towards marketing practices, consumerism and government regulations (Varadarajan & Thirunarayana, 1990).

Innovations

In literature, there are many definitions to conceptualize the innovation construct (Reinders, 2010). According to some of these definitions, an innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations (Oslo Manual, 2005, p.46). According to Schumpeter, innovation is the implementation of new factor combinations (Strecker, 2007). Rogers (1983) defines the innovation as an idea, practice, or object that is perceived as new by an individual or other unit of adoption. Innovation is the application of practical tools and techniques that make changes that result in the introduction of something new for the organization that adds value to customers and contributes to the knowledge store of the organization (O'Sullivan & Dooley, 2009).

The characteristics of innovations are defined in Roger's Diffusion of Innovation Theory as a relative advantage, compatibility, complexity, trialability, and observability (Donna, Ronald & Marlene, 2010).

- **Relative Advantage:** The degree to which an innovation is perceived as being better than the idea it supersedes.
- **Compatibility:** The degree to which an innovation is perceived as consistent with the existing values, past experiences, and needs of potential adopters.
- **Complexity:** The degree to which an innovation is perceived as relatively difficult to understand and use.
- **Trialability:** The degree to which an innovation may be experimented with on a limited basis.
- **Observability:** The degree to which the results of an innovation are visible to others

Innovation capabilities can be characterized as being radical or incremental. Radical innovations are breakthrough or major changes in a firm's products, services or processes that may lead to the obsolescence of existing designs and technologies. Incremental innovations focus on existing products, services or processes with the objective to refine and reinforce their ability to create value for the firm (Köhler, Sofka & Grimpe, 2009).

From the perspective of consumer attitudes, innovations may be categorized as receptive and resistant (Garcia, Bardhi & Friedrich, 2007). **Receptive innovations** are not required for consumers to change existing beliefs, attitudes and traditions so they are easily adopted. **Resistant innovations** can conflict with consumer beliefs or are required behavioral changes from a status quo that the consumer finds satisfactory. So, consumers have negative attitudes toward these innovations and tend to resist adopting them.

In innovation literature, generally four types of innovations are distinguished: **product innovations**, which is the introduction of a good or service that is new or significantly improved with respect to its characteristics or intended uses, **process innovations**, which is the implementation of a new or significantly improved production or delivery method, **marketing innovations**, which is the implementation of a new marketing method involving significant changes in product design or packaging, product place-

Innovation Resistance

ment, product promotion or pricing, and **organizational innovations**, which is the implementation of a new organizational method in the firm's business practices, workplace organization or external relations (Oslo Manual, 2005).

Innovation Resistance

In the innovation literature, there are two general research areas. One is innovation adoption, and the other is consumer resistance to innovation (Nabih, Bloem & Poiesz, 1997). Consumers can have many beliefs about the attributes of an innovation like its usefulness or relative advantage, but beliefs are not necessarily the main determinants of consumers' adoption or resistance (Claudy, Garcia, & O'Driscoll, 2015). Companies are seeking methods to increase customer acceptance of new technology when it is first marketed (Thoms & Sprengel, 1996). The most important reason why most innovations have failed in the marketplace although they have benefits for consumers is customer resistance to innovation (Bao, 2009). Resistance and uncertainty are closely linked concepts. If the uncertainty of the innovation is great, then the resistance of consumers to this innovation will be also great (Kline & Rosenberg, 1986).

The term "resistance" contains the idea of opposition, which can be expressed passively or actively (Roux, 2007). In active innovation consumers form their attitude toward an innovation based on its attributes when evaluating new products, on the other hand, in passive innovation consumers form their attitude basing on the perceived degree of change or discontinuity that is connected to the adoption of the innovation (Heidenreich & Kraemer, 2015). Innovation resistance is the resistance offered by consumers to an innovation, either because it poses potential changes from a satisfactory status quo or because it conflicts with their belief structure (Ram & Sheth, 1989). Thus, consumer resistance to innovations is a special case of general resistance to change (Ram, 1987).

There is a postulation that every innovation is excellent and everyone must adopt it (Khan & Hyunwoo, 2009). However not all change is necessarily healthy and resistance on its own merit may be desirable and useful (Ram, 1987). Innovations impose change on the consumer and resistance to change is a normal consumer response. The majority of people have no a priori desire to change (Sheth, 1981). If the resistance cannot be broken down, adoption of innovation slows down and is likely to fail. Firms need to understand the reasons of consumers' resistance and determine the factors that influence it in order to become more efficient competitive (Khan & Hyunwoo, 2009).

Consumers can prefer not to adopt rather than resist the innovation. The non-adoption decision is actualized when consumers continue to use existing technology or cannot find the required level of benefits. In contrast, resistance occurs when a prospective buyer intends to maintain the status quo by refusing to adopt an innovation (Bao, 2009). In the innovation diffusion process, resistance occurs at a stage prior to adoption (MacVaugh & Schiavone, 2010). Rogers (1983) define a five-stage process of adoption. These steps are;

- Knowledge
- Persuasion
- Decision
- Implementation
- Confirmation

People usually decide to adopt or reject an innovation in decision stage in the innovation-decision process. However, each stage in the process is a potential rejection point (Claudy, 2011). Rejection can occur after a prior decision to adopt (Rogers, 1983).

Innovation resistance affects the timing of adoption. The theory of adoption and diffusion of innovation by a social system has been extensively researched by Rogers since 1962. He identified five adopter categories which are (Donna, Ronald, & Marlene, 2010; Bao, 2009);

- Innovators
- Early adopters
- Early majority
- Late majority
- Laggards

Each of these groups has a different level of resistance to the innovation, and this variation in level affects the timing of adoption. For example, innovators exhibit no resistance to the innovation and are the first to adopt. Finding early adopters accelerates the diffusion of innovation, minimizes the chance of new product failure (Hirunyawipada & Paswan, 2006). The laggards have such a high level of resistance that they do not adopt the product (Ram & Sheth, 1989).

Innovation resistance varies in degree. Resistance leads consumers response towards three different forms which are (Khan & Hyunwoo, 2009);

- Postponement
- Opposition
- Rejection

Postponement occurs when consumers delay the adoption of an innovation. It simply refers to pushing the adoption decision to future. A postponement may take the form of acceptance or rejection after a certain time period. **Opposition** refers to protesting the innovation or searching for further information “after” the trial (Kuisma, Laukkanen & Hiltunen, 2007). An opposition might lead the consumers to search for more information to decide to accept or reject the innovation. The most extreme form of resistance is directly **rejection** an innovation. Rejection may occur if the innovation does not offer any valuable advantage or has too much risk. Rejection can be categorized as passive and active resistance (Khan & Hyunwoo, 2009). **Passive resistance** is the most common form of resistance to innovation (Claudy, 2011). Passive resistance may be a consequence of habit. Sheth (1981) defines a habit as the most powerful determinant in generating resistance. Another driver of passive resistance might be information overload due to the enormous amount of information consumers are exposed to. Innovations also can be **resisted actively**. In that case, a person decides not to adopt an innovation after evaluation of it (Reinders, 2010).

Consumer Boycotts as Opposition Behavior

The consumer boycott was defined as an attempt by one or more parties to achieve certain objectives by urging individual consumers to refrain from making selected purchases in the marketplace (Friedman, 1985). Non-consumption or the ‘choice’ not to buy is not always result of purposeful acts of ideological,

Innovation Resistance

anti-consumption protest or the expression of countercultural views; rather these non-consumptions can have deeper psychological origins that are located in a view of consumerism as a threatening force and a potent source of toxic contamination to mind and body (Nixon and Gabriel, 2016). The boycott as a civil disobedience tool is used to protest not only unethical behaviors but also discourage businesses from marketing to certain populations and from giving employees of that group recognition (Baxter, 2007). Sen, Gürhan-Canlı and Morwitz (2001) conceptualize boycotts as social dilemmas, wherein a consumer chooses between the individual benefit of consumption and the wish of a collective to refrain from consumption so that all receive the shared benefits of a successful boycott (Klein, Smith & John, 2004). Boycotting can lead to the loss of sales and damage to corporate reputation and the brand image.

Boycotts are of two basic types; marketing policy boycotts which aim to change the boycott target's marketing practices, such as lowering price, and political boycotts which attempt to coerce their targets toward specific ethical or socially responsible actions (Sen, Gürhan-Canlı & Morwitz, 2001).

Friedman identifies two main purposes for boycotts: instrumental and expressive. An instrumental boycott aims to coerce the target to change a disputed policy. Its goals are precise and quantifiable, such as forcing down the price of a particular product. Expressive boycotts are characterized by a vague statement of goals and may simply vent the frustrations of the protesting group (Ettenson & Klein, 2005). Expressive boycotts aimed at protecting consumers from potential health and safety risks, protecting the environmental or defending minorities (Cisse-Depardon & N'Goala, 2009).

The target of a boycott can be either directly or indirectly related to the offending party. In a direct boycott target, consumers find the policies of a particular firm objectionable. In this case, the firm and its managers have direct control over policies. In an indirect boycott, the targeted firm serves as a surrogate for the party whose actions are objectionable. Consumers in this situation manifest their social activism by rejecting goods from firms that are perceived to be associated with the offending party (Ettenson & Klein, 2005).

There are some similar concepts like boycott such as divestment and embargo. Boycotts and divestment both involve a "concerted refusal to do business." However, a boycott is the refusal to conduct marketing transactions with a target whereas divestment is the cessation of financial investment in a target. Additionally, while an embargo is mandated by a governmental decree that people must refuse to deal with another party, organizers of a boycott may use only social pressure but not any form of legal obligation to encourage the participation. A boycott involves an organized group effort to force a target to modify its policies. Hence, a boycott may well be defined more specifically as the concerted, but non-mandatory, refusal by a group of actors to conduct marketing transactions with one or more other actors for the purpose of communicating displeasure with certain target policies and attempting to coerce the target to modify those policies (Garrett, 1987).

The effectiveness of a boycott should be measured as the achieved change in the target's disputed policies. Three variables are posited as determinants of the effectiveness of a boycott. These are economic pressure, image pressure and policy commitment (Garrett, 1987).

- Economic pressure; As marketing exchange partners, including consumers, suppliers, and/or distributors, refuse to interact with a target, the target may suffer from economic loss to some extent, especially if these exchange partners cannot be easily replaced.
- Image pressure; the announcement of a boycott against an organization may create undesirable publicity for the target, whether or not the agents' charges are justified.

- Policy commitment; Policy commitment is the level of resistance that the target decides to adopt, at the outset of the boycott, in response to the agents' coercive efforts to modify its policies.

There are several aspects to boycott intensity such as the size, duration, and aggressiveness. Size refers to how many people are boycotting the brand or product. Duration is about how long it would likely to continue. Finally, aggressiveness reflects violent acts or attacks that are likely to be conducted against the outlets or offices of the foreign firm (Al-Shebil, Rasheed & Al-Shammari, 2011).

The success or failure of the protest largely depends on an individual's willingness to participate. Consumers may have different motivations for boycott participation. Also, not all boycotts are organization based. An individual's decision to participate in a boycott may be a form of protest that is independent of any direct affiliation with a formal organization (Ettenson & Klein, 2005). Freeriding is a major cause of boycott failures. A crucial issue concerning boycott successes is the lack of coordination. Individual consumers only consider the gain from a boycott success if they participate (Delacote, 2009). The actions of a single consumer are generally imperceptible to a firm, and so it is improbable that an individual boycotter truly expects to influence the behavior of the firm s/he targets. Yet boycotts, which are called on a regular basis, often have a large number of participants, and sometimes succeed in changing the behavior of firms (John & Klein, 2003).

Consumers might participate in a boycott simply to express their anger about the egregious behavior. Anger can be a more powerful boycott motivation than the belief that a boycott can coerce the target to change its policies and behaviors (Ettenson & Klein, 2005). Variables that promote boycott participation include the individual consumer's desire to make a difference and the expected degree of self-enhancement (Hoffman & Müller, 2009).

Garrett (1987) found six factors as the determinants of boycott participation, according to these factors potential participants;

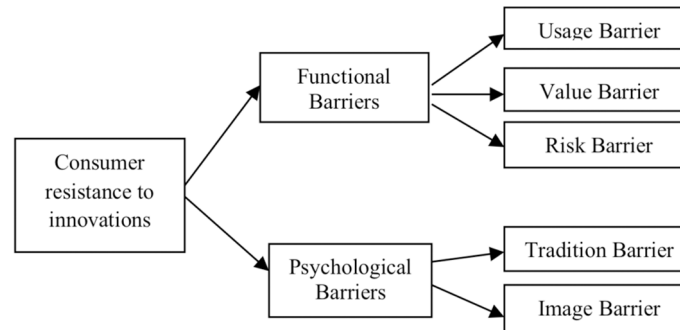
- Potential participants cannot support a boycott if they are unaware of the target of the boycott.
- Potential participants with certain values are, in general, more likely to participate in any boycott.
- Potential participants support only those boycotts whose goals are consistent with their attitudes.
- Potential participants will not join a boycott if their personal cost to participate is high.
- If the social pressure to support a boycott is high, potential participants are more likely to join the boycott.
- Potential participants are more likely to support a boycott that is promoted by a highly credible leader.

Innovation Barriers

Ram and Sheth (1989) indicated the reasons that users resist innovation as the obstacles produced by the change, and conflicts brought by innovation (Lian, Liu, & Liu, 2012). The causes of innovation resistance stem from one or more of the adoption barriers (Khan & Hyunwoo, 2009). These barriers can be grouped into two categories which are functional barriers and psychological barriers. These groups also have some sub-categories (Figure 1). **The functional barriers** arise if consumers perceive significant changes from adopting the innovation. **The psychological barriers** are created through conflict with customers' prior beliefs (Ram & Sheth, 1989).

Innovation Resistance

Figure 1. Innovation barriers



Functional barriers are divided as **usage barrier** and **value barrier**. Usage barrier occurs if the innovation is not compatible with existing workflows, practices, or habits (Ram & Sheth, 1989). Value barrier is based on the monetary value of an innovation (Laukkanen, Sinkkonen, Kivijärvi & Laukkanen, 2007). Unless an innovation offers a strong performance-to-price value compared with product substitutes, there is no incentive for customers to change (Ram & Sheth, 1989). Risk barrier; an innovation always entails a certain degree of perceived risks (Laukkanen, Sinkkonen, Kivijärvi & Laukkanen, 2007). Customers try to postpone adopting an innovation until they can learn more about it.

Psychological Barriers are divided as **tradition barrier** and **image barrier**. Tradition barrier implies the change an innovation may cause in the daily routines of a consumer. Behavior that is contrary to consumers' values and social norms these values and norms will cause the tradition barrier. Image barrier originates from stereotyped thinking about an innovation. The image barrier can be considered as the image of the innovation in general (Laukkanen, Sinkkonen, Kivijärvi & Laukkanen, 2007).

Sheth and Ram (1987) defined some additional barriers to innovation which are expertise barriers, operation barriers, resource barriers, regulation barriers, and market access barriers (O'Sullivan & Dooley, 2009). **Expertise barriers** are created when organizations move outside their areas of expertise and specialization. Expertise barriers can be overcome through acquisitions, mergers, and research alliances with organizations that do have a proven track record in a new endeavor. **Operation barriers** are existing operation environments that include manufacturing, sales, and service are often incapable of producing a radically new product. Operation barriers can be overcome by establishing new operation organizations separate from existing ones. **Resource barriers** exist where insufficient funds are available for innovation. **Regulation barriers** are created by industry organizations and governments, which typically want to regulate certain processes in order to improve health, safety, and consumer confidence. Regulations can be overcome through lobbying of government agencies and participation in regulatory bodies. **Market access barriers** exist where organizations cannot access potential customers because of either physical distances or regulations such as trade barriers. These barriers can be overcome through agencies, strategic alliances, mergers, and acquisitions.

Innovation Resistance Models

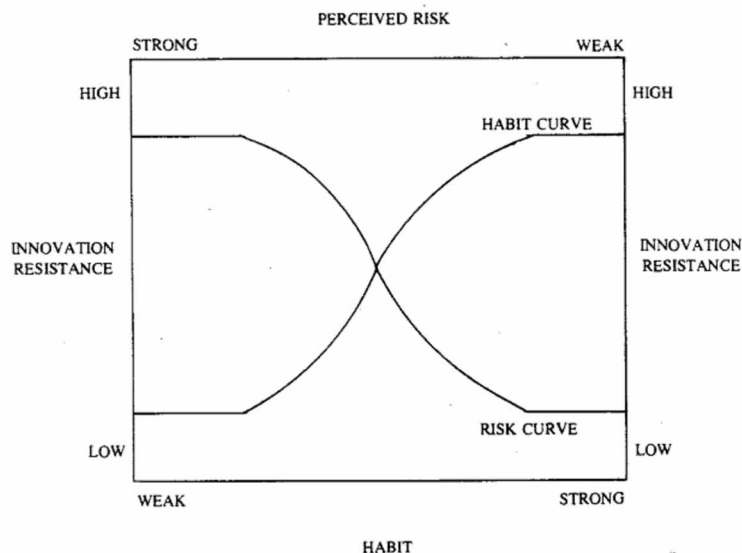
In order to understand the psychology of consumers who resist the innovations, Sheth developed a model which has two important criteria that are **habits** and **perceived risks** (Sheth, 1981). Following

this model, Ram (1987) proposed a detailed model of innovation resistance. In this model, innovation resistance consists of three sets of factors which are **perceived innovation characteristics**, **consumer characteristics**, and, **characteristics of propagation mechanisms**. Ram’s model was later modified by Lee and Yu, with the argument that consumers’ resistance is not dependent on propagation mechanism, as propagation mechanism can only influence innovation diffusion (Khan & Hyunwoo, 2009).

According to Sheth’s model of innovation resistance, two psychological constructs which seem most useful in understanding the psychology of innovation resistance are: (a) Habit toward an existing practice or behavior, and (b) Perceived risk associated with innovation adoption (Figure 2) (Sheth, 1981).

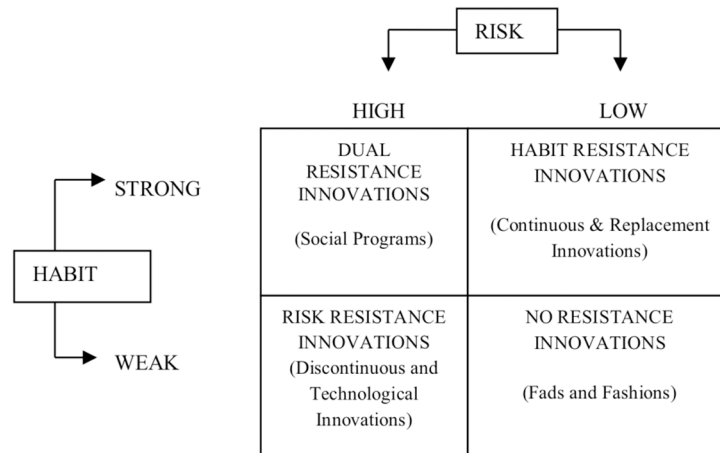
1. **Habit toward Existing Practice:** The strength of habit is the most powerful determinant in generating resistance to change (Sheth, 1981). The stronger the habit toward an existing practice or behavior, the greater the resistance to change and the innovations associated with that change. Those innovations which generate change for the total behavioral stream will be resisted more strongly than other innovations which generate change for a single behavioral act in the stream of selection, acquisition, and usage. While habit is a major determinant for generating resistance to change, it is not the sole determinant.
 2. **Perceived Risk Associated with Innovations:** A second major determinant of innovation resistance is the perception of different risks associated with the adoption of an innovation (Sheth, 1981). The higher the perceived risk, the greater the innovation resistance. Innovations which are discontinuous are likely to be resisted more than continuous innovations since they entail all types of risks. Perceived risk is a major determinant of innovation resistance but it is not a sole determinant.
- **Dual Resistance Innovations:** These are innovations which face the strongest resistance from people due to both strong prior habits and high-risk perceptions.

Figure 2. Sheth’s model of innovation resistance



Innovation Resistance

Figure 3. A Typology of innovation resistance

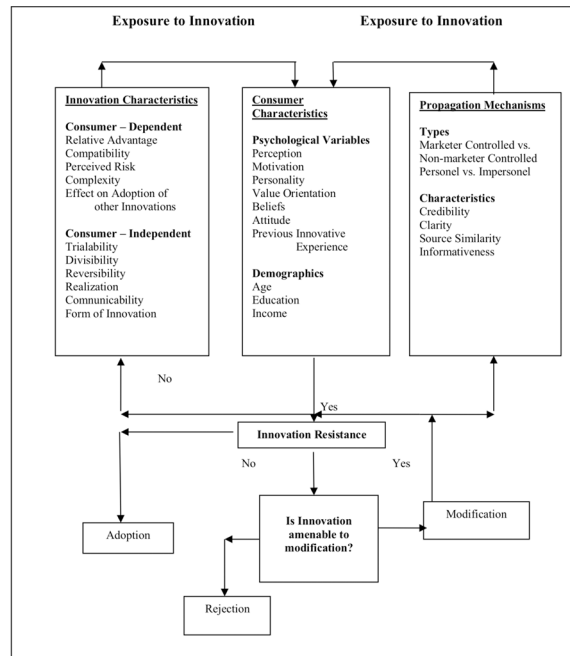


- **Habit Resistance Innovations:** Innovations which are low risk but require changes in existing habits and practices are classified as habit-resistance innovations. Majority of product innovations in marketing are of this kind and they offer very little above and beyond the existing products.
- **Risk Resistance Innovations:** Certain types of innovations face resistance primarily because of high-risk perceptions although they do not replace existing habits but instead generate altogether new habits. These are the most radical discontinuous innovations. They generate new habits but, at the same time, also raise risk perceptions in terms of both main effects and side effects.
- **No-Resistance Innovations:** Those innovations which neither contain any risks nor attempt to change existing habits are labeled as no-resistance innovations. The most common examples of no-resistance innovations are the fads and fashions.

In Ram's model of innovation resistance, there are three categories which are **innovation characteristics, consumer characteristics, characteristics of propagation mechanisms** (Figure 4). The factors of innovation characteristics consist of relative advantage, compatibility, perceived risk, complexity, and expectations for better products. The factors of consumers' characteristics are perception, motivation, personality, value orientation, beliefs, attitude, previous innovative experience, age, education, and income (Khan & Hyunwoo, 2009).

Innovation characteristics as perceived by the consumer, determine the amount of resistance generated. Some characteristics are referred as consumer dependent. **Relative advantage** of an innovation is economic gain or cost savings from innovation. The gain or saving can be financial or social. **Compatibility** of an innovation is the degree to which an innovation is perceived as consistent with the existing values, cultural values and past experiences **Perceived risk** is the risk associated with adopting the innovation. The level of perceived risk depends on the type of innovation. The **complexity** of an innovation arises from two dimensions that are complexity of the idea and complexity of execution. Trialability, divisibility, reversibility and the form of the innovation would be consumer-independent. These factors can be expected to create the same type of resistance among all consumers. **Trialability** of an innovation relates to how easily the innovation can be tried by the consumer prior to adoption.

Figure 4. Ram's Model of innovation resistance



Communicability of an innovation is the ease and effectiveness with which the results of an innovation can be disseminated to others (Ram, 1987).

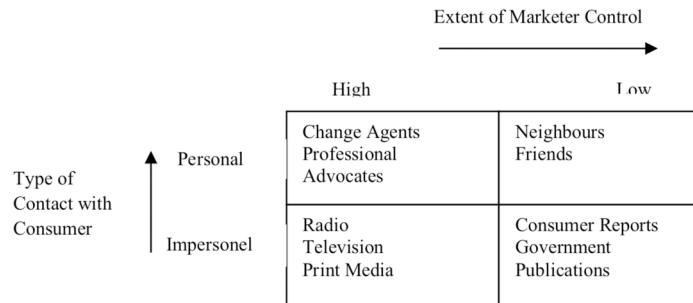
Resistance to an innovation is dependent on the psychological **characteristics of the consumer**. These characteristics are personality, attitudes, value orientation, previous innovative experience, perception, motivation, and beliefs (Ram, 1987). **Perception** is the process of selection, organization, and interpretation of stimuli (Solomon, 2006). Unless the consumer perceives the need for the innovation, he is likely to resist it. The second source of resistance is consumer **motivation** which refers to the processes that cause people to behave as they do. The consumer's **personality** is a major determinant of innovation resistance. Personality traits such as self-confidence and dogmatism play an important role in how consumers react to innovations. Dogmatic consumers will tend to be more uncomfortable by the prospect of change and will be more resistant to innovations. The consumer's **attitudes** and **beliefs** determine the amount of resistance that he offers to an innovation. The **previous innovative experience** of a consumer also affects innovation resistance (Ram, 1987).

A consumer is exposed to an innovation through direct contact with the innovation and through one or more of several **propagation mechanisms**. Propagation mechanisms can be classified on two dimensions: the extent of marketer control and type of contact with the consumer (Figure 5). When the innovation is introduced to the market, the marketer-controlled propagation mechanisms such as advertising and testimonials play an important role in reducing consumer resistance. As more people begin to use the product, propagation mechanisms outside marketer control such as word-of-mouth and consumer reports play an important role in reducing consumer resistance (Ram, 1987).

According to Yu and Lee, innovation characteristic and consumer characteristic in Ram's model generate consumer resistance to innovation. However, propagation mechanism does not generate consumer resistance to innovation but plays a role as a barrier in the diffusion of innovation. They claimed

Innovation Resistance

Figure 5. Classification of propagation mechanisms

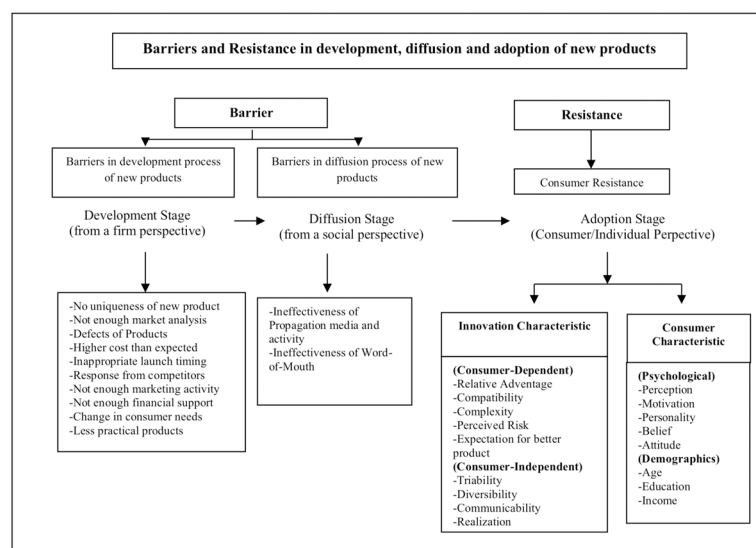


that only innovation characteristics and consumer characteristics in Ram's model generate innovation resistance (Figure 6) (Khan & Hyunwoo, 2009).

PERCEIVED RISK

The central dimension that organizes innovation is uncertainty (Kline & Rosenberg, 1986). Innovation always involves some degree of perceived risks because of uncertainty (Khan & Hyunwoo, 2009). The degree of perceived risk associated with using an innovation is one of the main barriers that promote rejection of innovations. Perceived risk represents a consumer's subjective perception of uncertainty about the consequences and outcomes of adopting an innovation (Reinders, 2010). Perception of the risk associated with the adoption of an innovation is an important determinant of innovation resistance. The concept of "risk" became popular in the 1920's in the field of economics. Since then, it has been suc-

Figure 6. Yu and Lee model of innovation resistance



cessfully used in theories of decision making in economics, finance and the decision science (Dowling & Staelin, 1994). In the 1960's, Raymond A. Bauer introduced the notion of "perceived risk" to consumer behavior research (Stone & Gronhaug, 1993) and he introduced the idea that consumer behavior is considered as an instance of risk-taking and risk-reducing behavior (Laroche, McDougall, Bergeon & Yang, 2004). Consumer behavior involves risk because of uncertainty carried by the outcome of the activities of consumers. The wrong choices of consumers have a negative effect on their self-confidence (Bauer, 1968). Since Bauer's seminal statement, many researchers have used the construct of perceived risk to investigate various aspects of consumer behavior (Kaplan, Szybillo & Jacoby, 1974). Bauer claims that it is inconceivable that the consumer can consider more than a few of the possible consequences of his actions, and it seldom is that s/he can even consider these few consequences with a high degree of certainty. Perceived risk, affects the extent of search and information sought (Bauer, 1968). It is theorized that when perceived risk falls below an individual's acceptance value, it has little effect on intended behavior and is essentially ignored (Greatorex, Mitchell & Cunliffe, 1992). On the other hand, a high level of perceived risk can cause a consumer to postpone or avoid a purchase entirely (Cunningham, Gerlach, Harper & Young, 2005).

Perceived risk is a concept which is effective in the initial stages of the consumer buying process (Dowling & Staelin, 1994). Consumer buying process has five different stages which are;

1. Need recognition
2. Information search
3. Evaluation of alternatives
4. Purchase decision
5. Post-purchase behavior

Consumers perceive risks in the first step (need recognition). In the second and third stages of the process, they try to find strategies to minimize perceived risks. Some of these strategies are searching for extra information about product or service, personal recommendations, and warranty about products/services (Cunningham, Gerlach, Harper & Young, 2005).

Jacoby and Kaplan classified perceived risk into five groups: performance, time, social, psychological and financial risks. Other researchers have also suggested that time is an important risk dimension (Stone & Gronhaug, 1993). Risks that were defined by Roselius (1971) are available in Jacoby and Kaplan's scale under different names. In many pieces of research after this, time risk has been included to Jacoby and Kaplan's scale and risk has been handled as six-dimensional.

The first type of risk is the physical risk that harms to a person or property that may be inherent in the innovation. The second type of risk is the social risk. Customers may resist an innovation because they feel that they will face social ostracism or peer ridicule when they adopt it. The third type of risk is the economic risk. If the cost of an innovation is high, then the perceived financial risk will also high (Ram & Sheth, 1989). Financial risks occur when the money spent does not return the expected value (Evans & Berman, 1997). The fourth type of risk is psychological risk Psychological risk defined as an anxiety of losing ego as a result of determining the properties of products and services wrongly (Schiffman & Kanuk, 2000). Roselius (1971) describes the time risk as an extra time for the consumer to find the appropriate product when it does not provide the expected satisfaction level. The last type of risk is known as functional risk. The customer worries that the innovation may not have been fully tested and therefore it is possible it may not function properly or reliably (Ram & Sheth, 1989).

Innovation Resistance

How consumers handle risk and the strategies they employ to reduce it has a great interest for consumer behavior researchers. Two generic approaches can be taken to risk reduction. One is to increase the certainty that the purchase will not fail; the other is to reduce the consequences of it failing (Mitchell & McGoldrick, 1996). Information-seeking activities have reduced the uncertainty about the innovation's expected consequences to a tolerable level for the individual, a decision concerning adoption or rejection will be made (Rogers, 1983). According to Cox (1967), one of the strategies to reduce risk are relying on past experiences. Also, there are some other strategies for risk reduction such as asking family and friends, warranty, buying well-known brands, asking the salesperson, price information and information from TV commercials (Laroche, Nepomuceno & Richard, 2010).

OVERCOMING INNOVATION RESISTANCE

Two marketing strategies for overcoming the barriers resistant innovations face: vertical cooperation and horizontal cooperation. Vertical cooperation refers to the need to involve the supply or distribution chain in developing a marketing strategy that will address consumers' belief structure about the innovation. Horizontal cooperation refers to the need to involve competitors in developing a marketing strategy for the innovation. In some cases, horizontal competitive cooperation can be a marketing option for diffusing resistant innovations (Garcia, Bardhi & Friedrich, 2007). Ram & Sheth (1989) emphasized some strategies for overcoming each type of barriers.

The first probable strategy to overcome **usage barriers** is to develop a systems perspective to market the innovation. After all, any new product or service interacts with other products used and other activities performed by the customer. By looking at the whole operation, the innovating firm can estimate how its new offering will fit into the existing system. A related strategy to usage resistance is to integrate the innovation into the preceding activity or product. In other words, the innovation must be sold to an original equipment supplier, who in turn sells it to end users as part of a package. Finally, it is possible to overcome usage barriers by making the innovation mandatory through government legislation.

There are three alternatives for overcoming **value barriers**. The first is for overcoming value barriers is to provide significant performance value over existing alternatives. A second is to reduce the manufacturing costs of the innovation and pass on the savings to the customers. And third is to add value to the innovation by successful positioning.

A common solution to overcoming the **risk barrier** has been to offer the innovation on a trial basis to potential customers. A second method of overcoming risk is to elicit endorsement and testimonials from experts who objectively evaluate the innovation. This approach works for a variety of innovations such as new movies, new restaurants and even services offered by brokerage, insurance, and legal firms. This is essentially a communication strategy. Another method of attacking the risk barriers is to package the innovation under a well-known name.

Understanding and respecting cultural traditions is the first approach to offsetting the **tradition barriers** they create. A second strategy for overcoming tradition barriers is market education. Educating the customers can be a slow, laborious process, especially in developing nations, and it often requires government support. A third strategy for combating tradition barriers is the use of change agents. This approach is referred to as opinion leadership or leading-edge strategy.

The first strategy for overcoming **image barriers** is to make fun of the image and suggest to people that it is silly for people to carry such stereotypes. A second strategy is to create a unique image for the

product or service. A third strategy is to associate consciously the innovation with someone or something having a positive public image.

CONCLUSION

In this chapter, innovation resistance, perceived risk, overcoming innovation resistance, and consumerism concepts are examined thoroughly. Two main areas of research in the innovation literature, innovation adaptation, and consumer resistance are explored in the context of consumerism. In the first part of the chapter, the concept of innovation is explored. The definitions of innovation and the characteristics of innovation such as relative advantage, compatibility, complexity, trialability, and observability are introduced. Receptive and resistant innovations as a categorization from the consumers' perspective and product, process, marketing, and organizational innovations as different types of innovations are also presented. In the second part innovation resistance and the factors that affect consumers' innovation resistance such as adopter categories and the degree of innovation resistance are defined. Consumer boycotts as opposition behavior and determinants of the effectiveness of a boycott are discussed. Then two types of innovation barriers, functional and psychological barriers and their sub-categories are investigated. This section continued with innovation resistance models of Sheth, Ram, and Yu and Lee. These models help us in understanding the psychology of innovation resistance, characteristics of innovation, consumer, and propagation mechanisms, and which of these characteristics generate innovation resistance respectively. The third part of this chapter provided insights into the perceived risk concept and its relationship with innovation resistance. The fourth section of the chapter explained how to overcome innovation resistance. First five types of barriers, usage, value, risk, tradition, and image barriers are introduced and then ways to overcome these barriers are clarified. The final part of the chapter focused on the frame of the chapter: consumerism concept.

There is a belief that almost every innovation is excellent and consumers will embrace them. However, the most fundamental reason why so many innovations have failed in the marketplace, even if they look excellent, is the innovation resistance of consumers (Bao, 2009). Therefore, managers need to find out the reasons for consumers' resistance and explore the factors that influence the resistance. It is important for managers to examine the consumer response degree in order to determine if consumers are in postponement, opposition, or rejection level. To explore consumers' barriers to innovations also helps managers to investigate if consumers perceive significant changes from adopting the innovation or barriers are created through conflict with customers' prior beliefs. Taking different models of innovation resistance into consideration can assist managers in developing appropriate marketing strategies to decrease consumers' innovation resistance. Finally, managers need to be aware of the different type of barriers and need to recognize these barrier types mention in this chapter in order to formulate contingent strategies based on the barrier type.

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KEY TERMS AND DEFINITIONS

Consumer Boycotts: Consumers' preferences about not buying a product, brand, etc.

Consumerism: Protecting consumers themselves from unethical marketing activities.

Innovation Resistance: The resistance offered by consumers to an innovation, either because it poses potential changes from a satisfactory status quo or it conflicts with their belief structure.

Perceived Risk: Represents a consumer's subjective perception of uncertainty about the consequences and outcomes of adopting an innovation.

Chapter 10

Creating Relationships Based on Emotional Bonds With Generation Y in Virtual Environment: A Mediating Role of Gender

Magdalena Kowalska

University of Szczecin, Poland

ABSTRACT

Studies show that in a dynamically changing market saturated with new technologies, enterprises wanting to become competitive, should implement online strategies based on building relationships with the consumer as long-term relationships are more profitable. These companies should strive to build brand loyalty with their consumers. These relationships may be considered at various levels, including the behavioral and affective dimension. Research shows that, out of these two dimensions, the affective level based on the customer emotional involvement creates true loyalty. Therefore, it is important to understand what affects building the strength of relationships in this particular dimension. The purpose of this chapter is to explore the role and contributing factors for creating relationships at the emotional level with Generation Y in a virtual environment. This chapter presents a model of tools that divides relationships built in the affective dimension defined by two groups: 'belonging and involvement' and 'an added value for customers'.

INTRODUCTION

In an increasingly developing market having changed the strategies of many companies towards focusing on building long-term relationships with consumers rather than the short-term ones (Liand & Wang, 2007). Previous research showed that the use of relationship marketing activities, based on building, developing and maintaining a successful relationship exchange, can be regarded as one of the best strate-

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gies to gain profitability and competitive advantage for companies and increasing customer satisfaction (Chen & Chiu, 2009).

The review of foreign literature reveals that the research on customer loyalty were mainly conducted from transactional and relational perspectives. There is also an increased interest in the role of emotion and affect in building loyalty. It is noticed that true relationships cannot exist without emotions, and therefore character determining closeness and longevity of relationships. Researchers often focus their investigation on identifying core factors in predicting customer loyalty from both perspectives (Shin, Chung, Oh, & Lee, 2013; Hsu & Lin, 2015; Lin, Huang & Hsu, 2015), however, in the literature less attention is paid to the indication of specific online communication tools creating relationships in both dimensions, especially emotional bond. The research aims to fill the identified gap by identifying online communication tools that influence the building of relationships in the emotional dimension.

Online marketing communication has become an indispensable tool over the last decade due to the fact that information and communication technologies (ICT) are publicly available and as a result of both accessibility and lower cost (Perju-Mitran & Budacia, 2015). More than four fifths (84%) of all individuals in the EU population use the Internet on a regular basis (Eurostat, 2018). This phenomenon means that the company's competitiveness has started to depend not only on the presence of companies on the Internet, but mainly on the effective adjustment of communication tools to the specifics and expectations of the target group.

The influence of different online communication tools are dependant on the age group with research efforts in relation to gender differences within general communication and show clear differences in beliefs, attitude, formation and behavioral intent (Wolin & Korgaonkar, 2003). The research was focused on the representatives of Generation Y, as this generation has been strongly affected by new technologies, and the results of the research will be interpreted in the context of gender. For the purpose of this study, the group was segmented in terms of age and gender. The main goal of the research is to explore the role and determiners of creating relationships at the emotional level with Generation Y in a virtual environment.

BACKGROUND

Relationships in Contemporary Management Concepts

The growing awareness of weaknesses on traditional marketing activities leads to the search for new paradigms (Gonciarski, 2007), which will be characterized by a high level of effectiveness. To accomplish the mission, modern enterprises are required to diffuse new technologies into marketing activities that will aim to shape interactive relationships with the client, thus enabling companies to become more aware of their customers' expectations and preferences. A competitive advantage can be achieved not only by a product or technological innovation but more importantly by introducing innovations in the sphere of management. Innovations implemented in management should (Hamel, 2006):

- Use novel principles and assumptions that undermine current views,
- Be related to a systemic solution encompassing many processes and methods,
- Treat activities as part of the whole inventiveness program, in which progress accumulates over time.

It is recognized that relationship marketing is an example of this type of innovation within the sphere of management. Meeting the conditions indicated by Hamel (2006) as it is based on new assumptions, which is of a continuous and systemic character and is constantly being improved along with advances in knowledge and technology (Gonciarski, 2007).

Nowadays, the activities aimed at building and maintaining customer relations have become a widely discussed issue in marketing literature as well as in management or economics. Establishing relationships between various entities on the market results from the development and interpenetration of many different scientific disciplines. This issue is not a product of the modern market, on the contrary, the theoretical considerations regarding relations have a very long history.

Among the many concepts of economy and management that focus on relationships, the most important from the point of view of the discussed issues are (Rudawska, 2008):

- The theory of transaction costs,
- A competitive advantage model according to the positioning school's representatives,
- The resource-based view of the enterprise (RBV)
- The concept of a business based on relationships,
- The concept of relationship marketing.

The Theory of Transaction Costs

The importance of building long-term relationships with clients has in some sense been already recognized within the theory of transaction costs, which is part of a broader trend of economic thought called the new institutional economy (Romanowska & Trocki, 2004). One of the first attempts to define transaction costs is the theory presented by Coase in 1937, who saw the need to rationalize the costs associated with the use of a price mechanism. He stated that market activities are not free and that the costs associated with them include the so-called transaction costs (Coase, 1937). The point of view presented by Coase was further developed in the 1970s by Williams who was one of the main representatives of this theory. As part of this concept, the company is defined as a set of dispersed teams, connected by a network of mutual relations based on trust performing functions of both recipients and suppliers with respect to each other (Tapscott, 1998). The theory of transaction costs explains the essence of creating various types of agreements and establishing long-term cooperation between market players, which results from the need to rationalize the resources used. According to this theory, enterprises build so-called intermediate structures, which aim to reduce the costs associated with transactions, thus strengthening their market position. Establishing cooperation and creating long-lasting market bonds may also apply to relationships built with clients. Thus established close relationships based on trust may result in reducing transaction costs (Zygan, 2014). This is primarily due to the engagement of customers in the process of creating the value they require, as well as obtaining relevant information about their preferences and expectations regarding customer service, forms of communication or marketing activities. The creation of correlative behavior of market entities aims not only at maximizing profits, but it also provides for secure transactions and joint counteraction to external dangers (Rudawska, 2008). Therefore, it can be stated that building relationships leads to creating a certain stability on the market and, due to the greater predictability of the partners' activities, it decreases the level of uncertainty.

The Positioning School

The importance of relationships in company management was also noticed in the considerations of representatives of the so-called positioning school. The theory developed in the 1970s and 1980s suggests that the sources of competitive advantage can be found in its environment. Representatives of the positioning school pay special attention to the outside-in approach, while the discrepancy in the competitive advantage of enterprises assigned to differences in managerial skills connected with the correct reading of market signals and their proper transposition into priorities of resources (Haffer, 2003). In this concept, the effectiveness of the company's strategy is determined by the attractiveness of the sector's structure and the position of the company in this sector. One of the most popular ways to analyze the degree of attractiveness of the sector is the Porter's model formulated in the first half of the 1980s, widely described in the management literature and referred to as the 'five forces model' (Mitreġa, 2010). Porter pointed out that in order to maintain the durability in the sector of competitive advantage, enterprises should strive to limit the access to the sector or strategic group in which they compete, thus preventing new entities from entering the sector. The higher the limits, the more stable and comfortable the situation of enterprises in the sector. Porter does not mention the durability of the relationship with the client as one of the main factors determining the height of the entry limit. However, he emphasizes that the effect of product differentiation, carried out through appropriate promotional activities, a high level of customer service or diversity of offers, is the creation of a group of loyal customers. Customer loyalty protects companies from competition in the sector, which is the result of customers' lower sensitivity to price. Therefore, it can be stated that long-term relationships with clients serve as an entry limit to the sector as they force new entities to incur large expenses in order to overcome existing customer loyalty (Rudawska, 2008).

The Resource-Based View of the Enterprise

Representatives of the resource-based view of the enterprise (RBV) focused their attention on the element neglected in the Porter's model, namely on the company's resources, including the importance of long-term relationships with clients. Resources are meant as all assets, capabilities, organizational processes, company attributes, information and knowledge, etc., under the control of a given entity that help to develop and implement strategies to improve the efficiency and effectiveness of its operation (Barney, 1991). In RBV particular attention is paid to those resources that are unique to a given company, thus allowing it to shape a different position on the market that is unattainable for its competitors. Of particular importance in building the company's position are the so-called idiosyncratic resources, i.e. those created by the enterprise on the basis of its experience. They are valuable resources as they are most often characterized by non-imitability. According to this concept, long-term relationships, due to their character i.e. significant value, uniqueness, difficulty in imitation and limited substitution, are considered a strategic resource. In addition, the literature also draws attention to the diversified durability of individual resources, depending on their nature and factors affecting them. Relationships with customers belong to a group of resources whose decrease in value is relatively slow, and therefore they constitute a strong and durable basis for building a competitive advantage of the enterprise (Szymura-Tyc, 2005).

The Concept of a Business Based on Relationships

In the 1990s, it was noticed that a significant part of resources used by enterprises to create value for the client was not their property. However, the access to them depends on establishing specific, non-competitive relations between enterprises (e.g. strategic alliances). These observations led to the formulation of a new business concept based on relationships (IORs - Interorganizational Relationships). In this concept, particular attention is paid to the specific idiosyncratic relationships of the enterprise with other enterprises, recognizing that interrelationships are the key source of business diversity. In the new model of competitive advantage, the environment was defined as a set of particular business entities remaining in diversified relationships with other enterprises (Mitreġa, 2010). In its assumptions, this concept mainly refers to the links established between the company and another institutional market entity. Nowadays, however, it is noticed that this concept should also take into consideration the relationships established between the company and its clients. The basis of the discussed theory is the fact that benefits expected by enterprises are not only dependent on the relationships established with other market players (suppliers, brokers, government institutions), but also depend on the cooperation with clients (individual and institutional clients) (Rudawska, 2008). The links created between various entities give enterprises an access to specific resources that constitute a new source of competitive advantage for cooperating entities. In the literature, these benefits are called relational rent, understood as above-average revenues obtained as a result of cooperation and contribution of partners that could not be achieved separately (Czakon, 2005). Widespread availability of information, intensified competitive struggle, as well as the growing awareness of the clients' market power leading to the growing expectations as to the offer of enterprises. The effect of this phenomenon is the need to create offers ideally suited to the preferences of the customers, which will be designed and customized to clients' needs. For this purpose, one of the solutions is to increase the probability of accepting the company's offer to engage customers in the development process of a given product. Thus conducted close cooperation based on relationships produces mutual benefits for partners (Flieger, 2014).

Relational Context of The Marketing Concept

Business management based on building lasting relationships with the environment has also been the interest of marketing literature. The result of theoretical considerations and numerous research is the creation of a concept called relational marketing. The relational concept of marketing activities was developed particularly due to the work done in the 1980s and 1990s. Berry (1983) is recognized as one of the first authors to define relationship marketing. In his opinion, relationship marketing is the creation and enrichment of relationships with the customer, whilst acquiring a new customer is only the first step of a marketing process. Smith described relationship marketing slightly differently. In his reflections, Smith emphasized the importance of not only relationships with the client, but also the ones established with other market players. In the subject literature, many other definitions of relationship marketing can be found which, in their authors' opinions, emphasize singular and the most essential elements of relationship marketing (Berry, 1983). For instance, Copulsky and Wolf (1990) stress the importance of acquiring information and creating databases making it possible to approach the clients through customized communication systems. Cram (1994) emphasized the role of interactive communication by claiming that relationship marketing is a consistent use of updated knowledge of individual

Creating Relationships Based on Emotional Bonds With Generation Y in Virtual Environment

clients to design a product or a service that are communicated interactively and lead to developing and maintaining mutual bonds.

Based on the analysis of the literature, the author proposes her own definition of relationship marketing as a process of consistent use of current knowledge of individual clients in order to create, communicate and provide values ideally suited to their needs motivating customers to return to the company and make future purchases. These measures lead to building, development and maintenance of mutually beneficial loyalty based relationships between market entities and their clients that are based on trust and understanding.

The pursuit of companies to create long-term market relationships has become a priority, since loyal customers are far more profitable than the price-sensitive, deal-prone switchers who see little difference and value among the alternatives (Day, 2000; Liang & Wang, 2007; Ryals, 2005). Among the researchers there is a different classification of the level of relationships. Berry (1995) indicated three types of bonds: financial, social and structural. Oliver (1999) claims that customer loyalty has four stages: cognitive, affective, conative and action. Among the classifications found in the literature, there is also division in two main dimensions: affective (emotional, attitudinal) and behavioral loyalty (Rudawska, 2008; Kuikka & Laukkanen, 2012). Nowadays, the concept of emotional loyalty is emphasized because research shows that authentic brand loyalty goes beyond repetitive purchasing behavior and implies true commitment to a specific brand (Chaudhuri & Holbrook, 2001), and it is claimed that strong emotional attachment to the brand is a stronger predictor of loyalty (Dunn & Hoegg, 2014). For the purpose of this study, the relationships with the consumer were divided into behavioral and affective dimensions.

Behavioral and Affective Dimension of Relationships

In this approach, the consumer who builds relationships with the company only at the behavioral level (Griffin, 1997; Chaudhuri & Holbrook, 2001; Quester & Lim, 2003, Urban & Siemieniako, 2005, Liang & Chen 2009; Javornik, 2016):

- Is more prepared to accept the risks connected with making a purchase,
- Wants to get the best price but is less sensitive to price changes,
- Uses a lot of the company's products, both complementary and new ones,
- Increases the frequency and volume of purchases,
- Expresses a positive opinion in regards to the company and recommends its products.

While the customer engaged in a relationship with a company in the affective dimension (Griffin, 1997; Quester & Lim, 2003; Urban & Siemieniako, 2005, Liang & Chen, 2009; Javornik, 2016):

- Pays less attention to competitors' marketing activities and is less susceptible to them,
- Identifies with the values represented by the company,
- Willingly participates in developing the company's offering by sharing information about the needs and expectations of the market,
- Voluntarily selects the company and its offering and then demonstrates emotional commitment to the brand,
- Is more willing to forgive the company for mistakes or failures,
- Trusts the company.

Emotions as the Basis for Customer Behavior from the Perspective of Behavioral Economics

The knowledge of the characteristics from the target group and factors affecting the decision-making process is the basis for creating offers, introducing new products or other marketing activities, including the selection of appropriate methods for creating relationships with the consumer. It is also the subject of scientific research, enabling the identification of changes in consumer behavior (Dąbrowska & Wódkowski, 2014).

The search for consumer insights, i.e. the fragments of knowledge concerning the clients and coming from the clients themselves (Kozieński, 2013) is becoming one of the key challenges to understand the way of thinking of recipients whose decisions are a consequence of the influence of countless variables. Non-economic factors play an increasingly important role in understanding customer behavior. A look at economic phenomena from the perspective of psychology gave rise to a new trend of science called behavioral economics.

Consumers' purchasing behaviors are conditioned by past experience, predictions of the future and an accidental inflow of present stimuli (Kuś, 2011). In the traditional sense, the consumer is perceived as a rational unit, which in a decision-making process, is guided by marketing factors (product specificity, price, distribution) and economic factors (financial resources).

In the 1970s, psychological research of Tversky and Kahneman undermined the assumptions about the rationality of consumer behavior (Kahneman, 2012). Research has shown that consumer decisions are much more emotional than rational (Ariely, 2009). With the development of neurobiology and other methods of brain examination, such as EEG (a method recording electrical activity of the brain), fMRI (functional magnetic resonance imaging) and eye-tracking, further evidence was found that emotions have a significant impact on the behavior of market players, thus questioning the existing paradigm of rational behavior. Behavioral economics is not a unified school of thought as it is a collection of different theories in which various psychological influences are visible. Behavioral economics includes, above all, psychological economics, behavioral macroeconomics, evolutionary economics, neuroeconomics, behavioral finance and experimental economics (Tomer, 2007). What they have in common is that they focus on undermining the neoclassical approach that treats man as a *homo oeconomicus* who from the economic point of view is completely rational in pursuing own goals and striving to satisfy own interests only.

Due to limited rationality or high emotionality, the behavior and decisions of consumers are now described in a significantly different way than before. The development of neurobiology led to the emergence of a new field of science called 'neuromarketing' emerged, which focuses its research on understanding the behavioral side of consumer behavior (Mruk, 2017).

The studies on consumer behavior lead to the conclusion that there are two systems that jointly control the customer decision-making process: hot system and cold system (Metcalf & Mischel, 1999). The first one is emotional, impulsive, intuitive and quick; the other refers to strategic, complex, reflective, and slow thinking, 'devoid of emotion'. Loewenstein and O'Donoghue (2004) call the two systems affective and deliberative, claiming that individual behaviors result from their interactions and depends on a more dominant system.

The consumer perceives own decisions as fully controllable, however, in fact, it is significantly different, which is key information for conducting all market research (Graves, 2010). Research proves that consumers are able to feel emotional connection with products or brands and the strength thereof can be

equated with even love (Ahuvia, 2005). Further research shows that emotional custom-object relationships have significant impact on consumer behavior, such as devotion or loyalty (Pichler & Hemetsberger, 2007). Bearing in mind that consumers do not establish strong relationships with all brands (Thomson, MacInnis & Park, 2005), the marketing activities should strongly emphasize emotional brand distinctions (Capiński, 2015). People build up long-lasting, highly emotional relationships only with few selected brands, engaging in passionate relationships with unique brands because of the desire to get a sense of self-uniqueness and affiliation to their in-group (Hoyer & MacInnis, 2001).

Research shows that positive emotions can increase cognition towards a given product or a company, while positive affect, which emotions are part of, speeds consumers' decision-making and enhances product with positive association (Lynch, Kent & Srinivasan, 2001). Positive emotions related to the purchasing process, contact with the brand and also regarding the consumption of the product can induce customers to return to a brand in the future and build brand loyalty. Emotions have also been shown to shape the preferences of buyers and influence their transitivity (Lee, Amir & Ariely, 2009). Positive emotions experienced by an individual are conducive to thinking more stereotypically and are based on heuristics. Therefore, such decisions are taken less cautiously (Kahneman, 2012) and thus it can be assumed that positive affect will be conducive to making mistakes in the evaluation of products through uncritical collusion, hindered deduction and limited reasoning and drawing conclusions.

Many studies indicate that relationships built with consumers are strongly dependent on trust that an individual feels towards the brand or product. From the point of view of behavioral economics, trust is considered differently than in other social sciences. It is important how people perceive other people's trust in the market, not how and to what extent they trust other people. Trust defined in this way contributes to behaviors that go beyond a rational approach to making decisions. According to Akerlof and Shiller (2009) a very trustful person may not consider some information, may not process all information at one's disposal and finally, even when one reflects on everything rationally, the result of this consideration may be irrational. One works according to what one believes is true. Therefore, if people have trust, then they are willing to make spontaneous decisions about the purchase and engage in activities.

In the context of the Internet, emotions can influence users to think positively or negatively towards a website (Eighmey, 2000) and spend additional time surfing on it based on their emotional response (Coyle & Thorson, 2001). Past findings showed that regardless of the mechanisms for creating relationships in the emotional dimension in the online environment, that affect is a critical determinant of whether consumers make a new or repeat purchase in an online environment (Lynch, Kent & Srinivasan, 2001; Lee & Goudeau, 2014). These findings led to the formulation of the following hypothesis:

Hypothesis One (H1): The increase in the strength of affective relations affects significantly and positively increases the strength of relations in the behavioral dimension.

Ways of Building Relationships at the Emotional Level in a Virtual Environment

The strength of relationships built in the online environment in the emotional dimension, as in the offline world, is influenced by many factors. One of the determinants is the desire to feel a sense of belonging to a group that identifies itself with values shared by the brand (Muscanell & Guadagno, 2012; Hoyer & MacInnis, 2001); these are usually well-known values and socially desirable brands. Belonging to such a community allows one to build own image and express oneself (Caroll & Ahuvia, 2006). In the online environment, communication tools that can build social awareness and the will to belong can be

the following: communities built on social networks, viral marketing, having a brand blog or running discussion groups (Huang, 2012).

Emotional relationship with the brand is also associated with a sense of uniqueness and being appreciated as customers. Loyal consumers want to feel that they are important to the company, which can be reflected in the activities undertaken by the brand related to the personalization of the message on the website, or sending personalized emails, e.g. on one's birthday (Chraçhol, 2013). Another form of appreciation, which increases consumers' emotional involvement, is also acknowledging their loyalty by granting them a certain added value, such as access to special resources or applications, offering a customized product and pricing offers or introducing a customer reward system, e.g. through loyalty programs (Laskowska & Mitrega, 2014; Sohaib, Hui & Akram, 2018).

Loyal consumers follow the brand's actions but also want to be a part of the brand. For this purpose, they are active in social media or other online information exchange sites. They are eager to share their insights about the market and its needs, somehow taking on the role of experts. They want to take an active part in creating products and ideas, thus becoming prosumers. This type of commitment is an added value for the customer who is given a free choice of action in the virtual environment (Sohaib, Hui & Akram, 2018).

Positive emotions associated with the brand, make consumers want to extend the time of staying in such a surrounding, which in turn affects the brand's recognition and forms positive associations. One of the ways to attract consumers' attention in the virtual world is to create advertising games (advergaming) or to organize online contests with attractive prizes. By using advergaming or by taking part in contest, consumers spend much more time with the product than in the case of many other advertising messages. A high concentration on the images displayed in the game means that the brand and its accentuated attributes are strongly imprinted on customers' mind, and positive emotions associated with the game are often transferred onto the relationships with the brand (Choi, 2019).

Relationships that are developed on the Internet can be as strong and deep as the ones in offline settings (Confos & Davis, 2016; Kozlenkova et al., 2017). It may be crucial to choose the right communication and customer service tools. A detailed analysis of the literature made it possible for the author to propose her own concept regarding the factors determining the ability to shape relationships with customers in the virtual world in the affective dimensions. In this chapter the following aspects will be described: 'Belonging and involvement' and 'An added value for customers'.

Belonging and Involvement

Online communication tools determining relationships in the affective dimensions in the area of 'Belonging and involvement' include:

- building a community around the company on social networking sites,
- personalizing online communication on the website (e.g. personal greetings),
- online viral marketing (interesting content created by the company; e.g. videos, pictures or advertisements that customers can share with friends),
- personalized emails, e.g. birthday wishes,
- a company blog and newsgroups.

An Added Value for Customers

The group of online communication tools identified in the area of 'An added value for customers' includes:

- A customer rewards system, e.g. loyalty programmes,
- An access to a unique content and resources,
- Advertising games and contests,
- Free mobile applications,
- Tools enabling customers to co-create the offering (packaging design, new product suggestions, etc.).

The specificity of online media provides an opportunity for users to engage with marketing communication efforts differently, thus an assessment of similarities and differences between particular ways of communications is of crucial importance. According to this conception, the author formulated the following hypotheses:

Hypothesis Two (H2): The use of online communication tools aimed at building customer belonging and involvement to the brand has a significant and positive impact on the strength of relationships in the affective dimension.

Hypothesis Three (H3): The use of online communication tools aimed at creating an added value for customers has a significant and positive impact on the strength of relationships in the affective dimension.

Characteristics of the Y Generation with Regard to Gender Differences

Achieving success in the online environment to a large extent depends on the knowledge of the target group, such as the size, characteristics and demands of the Internet user market (Perju-Mitran & Budacia, 2015). Better understanding of the Internet users, what they demand and how they behave in an online context is crucial for businesses looking to establish effective online presence. A more accurate understanding of the target group is possible due to market segmentation. One of the most commonly used demarcation criteria are demographic factors, such as age and gender, which allow to indicate the characteristic features of individual market segments.

Age – Generation Y

Generations differ in the way they grow up and the environment they are in. These differences show that Generation Y, also known as the Millennials, is defined as people born between approximately 1980 and 2000 (Gurau, 2012). It has been suggested that this Millennial generation has different values, characteristics and behavior compared with previous generations (Eastman & Liu, 2012; Gurau, 2012), is larger than the preceding generation (Nowak, Thach & Olsen 2006), and is seen by marketers as having a high level of spending power (Martin & Turley, 2004). This is the first generation to grow up with new technologies, having constant access to the Internet in their youth and using it at higher rates than people from other groups, especially in comparison to the older age cohorts (Rondán-Cataluña, Sanz-Altamira & Peral-Peral, 2017). The members of Generation Y can be described as enthusiastic and technology savvy, for whom comfortable life is very important and the technology is at the center of their lives.

This Generation is more open to changes than the other generations and they like testing new things and products introduced into the market (Civelek, Çemberci, Aşçı & Öz, 2017).

Millennials' lives are full of mobile technology and devices that pervade almost all aspects of their lives and determine their patterns of consumption (Young & Hinesly, 2012). Steeped in digital technology and social media, they treat their multitasking hand-held gadgets almost like a body part (Pew Research Center, 2010). This group also highly values their social networks (Hewlett, Sherbin & Sumberg, 2009) and they have fused their social lives with the use of technology to interacting with their family and peers (Bess & Bartolini 2011). Generation Y is more liberal with sharing private information online and are comfortable building relationship online (Bannon & Mora, 2011; Paulinet al., (2014).).

Generation Y is commonly perceived as sophisticated shoppers (Jackson, Stoel & Brantley, 2011) who are more resistant to advertising that is commercially oriented, as opposed to descriptively oriented one (Gauzente & Roy, 2011). They are looking for information about products and brands before they make a choice, but they tend to post their own review and participate in e-WOM as well (electronic Word-of-Mouth). Millennials are considered the most cost-conscious generation, as they search for coupons, discounts and special offers that show a company's appreciation for their loyalty (Bento, Martinez & Martinez, 2018). Therefore, the ability to customize the nature of information so that it is congruent with the nature of consumers' involvement is important for marketers in reaching Millennials (Eastman et al., 2014).

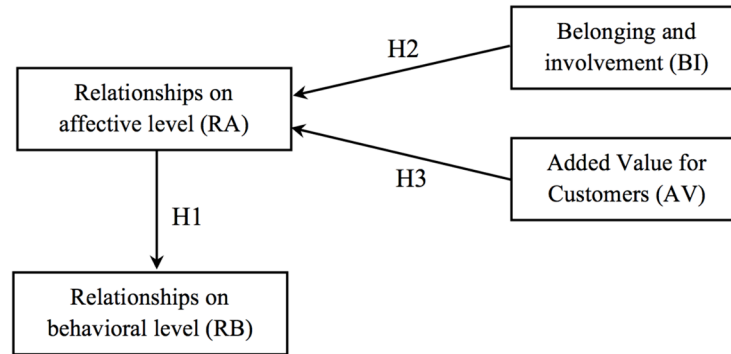
Gender

Gender is known to be one of the most important determinants of the information-processing strategies of consumers (Huang, Kumar & Hu, 2018; Rodgers & Harris, 2003). Men and women become loyal in their behavior for different reasons (Sanchez-Franco, Ramos & Velicia, 2009). Knowing individual differences influences relationship quality and allows one to tailor communication strategies depending on the expectations of each gender. Males are more motivated by their need for self-fulfilment and are more independent; they promote their individual identity, resisting status-based influence (Guadagno et al., 2011; Sanchez-Franco, Ramos & Velicia, 2009). Females, however, are more expressive, more skillful in sending and receiving non-verbal messages, and are more aware of the feelings of others. Relationships are more important to them than completing a task (Guadagno et al., 2011; Costa, Terracciano & McCrae, 2001).

Research results have proven that males favor loyalty programs that magnify their status when such status was salient to others (Melynk & van Osselaer, 2012), they are more loyal towards brands and they participate in loyalty program only if the programs convey certain functions and benefits for their daily life. While females favor programs that highlight trust building and personal relevance (Perju-Mitran & Budacia, 2015). As the more emotional gender, women are more attached to people (e.g. shop personnel) than things or brands (Mayers-Levy & Loken, 2015).

Men's decision process is more linear, while women's decision process is of spiral, more complex nature. Women spend much more time searching for the best shopping solution. The most important aspect for them is not the act of purchase itself but the whole of pleasant experiences associated with it (Niedzielska, 2015). Women are more heavily influenced by e-WOM than man when buying online (Garbariono & Strahilevitz, 2004), while men are more likely to rely on the expert's opinions (Sarkar, 2015). According to research to date, women tend to involve themselves in recommending products and brands, have higher repurchase intention, are usually more loyal customers and are more likely to return

Figure 1. Hypothesized dependence between affective online communication tools and relationships in their behavioral and affective aspects



to the same store than men (Yavas & Babakus, 2009; Helgesen & Nettet, 2011; Kimbrough et al., 2013; Maurer Herter, Pizzutti dos Santos & Costa Pinto, 2014). Based on these findings hypothesis four and hypothesis five were proposed:

Hypothesis Four (H4): Gender significantly determines the impact of online communication tools aimed at building customer belonging and involvement on the strength of relationships in the affective dimension.

Hypothesis Five (H5): Gender significantly determines the impact of online communication tools aimed at creating an added value for customers on the strength of relationships in the affective dimension.

SOLUTIONS AND RECOMMENDATIONS

Data Collection and the Research Sample

The study was based on a questionnaire survey and conducted on a representative group of 502 young people aged 16-24. It was conducted in the Zachodniopomorskie province in Poland in January and February 2016 by means of direct contact. The main criteria for the selection of the research sample were the age and gender of the respondents (Table 1). The appropriate size of the sample was determined on the basis of population data from the Zachodniopomorskie province in the year when the study was conducted (2016), obtained from the Central Statistical Office. The sampling was purposive and, to increase the accuracy of the research, it included respondents from different backgrounds.

Hypothesized Dependence

Based on the theoretical research, the author assumed the existence of several dependencies, which are presented in Figure 1. In addition, the literature analysis allowed the author to formulate hypotheses about the varied impact of communication tools classified into two groups: ‘Belonging and involvement’ (BI) and ‘An added value for customers’ (AV) depending on the gender of consumers. In the further part

Table 1. The test group categorized by gender

	Male	Female	Total
Number	280	222	502
%	55,8	44,2	100

of the chapter, the analyses leading to the verification of the hypotheses will be presented. All reported analyses and computations were conducted using statistical software R version 3.4.4.

Results

Firstly, the author calculated average scores of importance in building relationships with a company for two groups of actions, both consisting of five activities:

- Belonging and Involvement (BI)
- An Added Value for Customers (AV)

as well as average ratings of:

- Relationships on Behavioral level (RB)
- Relationships on Affective level (RA).

In the next stage, the reliability of each of the constructs considered in the study was estimated for the hidden variables identified (see Table 2). The aim was achieved by the use of the classic measure of reliability, the α -Cronbach coefficient, which provides the information on the consistency of the measurement scale. Moreover, it allows one to determine whether individual positions of the measurement scale within the analyzed construct were correctly selected and thus it makes it possible to measure the true result. The analysis performed gives rise to the assertion that the measurement scales of the constructs can be considered reliable. Overall, the reliability of created indicators was very high, as all values of α were higher than or equal to 0.7.

Additional analyses were conducted to test the relationships between variables. Pearson's zero-order correlation coefficients were calculated to achieve this goal. The results showed that (see Table 3) BI scores were strongly and positively related to AV scores. It suggests that people, who find it important that a company uses online communication tools from BI group, also find the tools from AV group crucial.

Table 2. Descriptive statistics and Cronbach's alpha scores

	<i>M</i>	<i>SD</i>	<i>Me</i>	<i>Min</i>	<i>Max</i>	Skew	Kurtosis	α
Belonging and Involvement	2.98	0.95	3	1	5	-0.30	-0.61	0.78
An Added Value for Customers	3.10	0.87	3.1	1	5	-0.02	-0.39	0.70
Relationships: Behavioral level	3.28	0.77	3.4	1	5	-0.32	0.16	0.71
Relationships: Affective level	3.02	0.74	3	1	5	-0.01	0.22	0.76

Creating Relationships Based on Emotional Bonds With Generation Y in Virtual Environment

Table 3. Zero-order Pearson correlation coefficients

	1	2	3	4
1. Belonging and Involvement	-			
2. An Added Value for Customers	0.68**	-		
3. Relationships: Behavioral level	0.11*	0.12*	-	
4. Relationships: Affective level	0.21**	0.22**	0.48**	-

Note: $n = 502$; * $p < 0.01$; ** $p < 0.001$

In accordance with the hypothesis, it was observed that the relationship between RA and RB measures was positive, significant and moderately strong. This shows that people who rated affective level of relationships with a company as higher than the average, also rated the level of behavioral relationships as higher than the mean. This result provides positive confirmation of the first hypothesis (H1) assuming that the increase in the strength of affective relations affects significantly and positively the increase in the strength of relations in the behavioral dimension.

As can be seen in Table 3, the conducted analyses empirically confirmed H2 and H3 assuming that the use of online communication tools in building customer belonging and involvement (BI) to the brand and tools aimed at creating an added value for customers (BI) have a significant and positive impact on the strength of relationships in the affective dimension (RA). The results showed two significant, positive and weak correlations between BI, AV and RA scores.

Finally, to test the hypotheses fourth and hypotheses five that gender determines the relationship between BI and AV importance scores and ratings of affective level of relationships with a company, the author built a regression model with gender (coded -.5 for women and .5 for men), BI and AV importance scores (centered prior to the analysis) and two second-level interactions as predictors.

Before interpreting the results, the assumptions of linearity, residuals normality and homogeneity of variance were tested. No violations of these assumptions were noted. Due to substantial correlation between BI and AV importance scores, the variance inflation factors were also computed. All VIF < 2 indicating that collinearity between predictors is not a problem. Another analysis was performed to check whether some influential cases occur in the data, however no such circumstance was noted, as for all cases Cook's distance was < 0.062. The results of the regression analysis are summarized in Table 4.

After testing gender and second-level interactions and BI importance scores, the results confirmed significant interaction between gender and BI importance scores, which provides support for the H4. In order to investigate the nature of the interaction, two additional univariate linear regressions were conducted, with RA ratings as dependent variable and BI importance scores as predictors, separately for women and men. It was found that the relationship was positive and significant among women, $B = 0.27$, $t = 6.42$, $p < 0.001$ and the predictor accounted for 13% of the variance of dependent variable $F(1, 278) = 41.24$, $p < 0.001$. Among men, the relationship was not significant $B = 0.03$, $t = 0.51$, $p < 0.614$.

At the same time it was noted that AV importance scores were no longer significantly related to the affective relationship ratings. AV importance scores were significant predictors of RA ratings, but the association was very weak. Contrary to H5, gender did not determine the relationship between AV importance scores and RA ratings. The observed relationships are presented graphically in Figure 2.

Note: Left panel: association between Belonging and Involvement (BI) importance scores and affective relationship ratings. Right panel: association between Added Value for Customers (AV) importance

Table 4. Results of linear regression analysis with affective relationships ratings as dependent variable

DV: RA ratings	β	<i>B</i>	<i>SE</i>	<i>lci</i>	<i>uci</i>	<i>t</i>	<i>p</i>
Intercept	-0.02	3.00	0.03	2.94	3.07	92.61	< 0.001
Gender	0.07	0.05	0.06	-0.07	0.18	-0.82	0.412
BI	0.10	0.08	0.05	-0.01	0.17	1.66	0.098
AV	0.14	0.12	0.05	0.02	0.22	2.37	0.018
BI: Gender	-0.37	-0.29	0.09	-0.47	-0.11	3.10	0.002
AV: Gender	0.09	0.08	0.10	-0.12	0.27	-0.74	0.458
<i>Model fit</i>							
	Adj. <i>R</i> ²	σ	<i>F</i>	<i>df1</i>	<i>df2</i>	<i>p</i>	
	0.07	0.71	8.50	5	469	< 0.001	

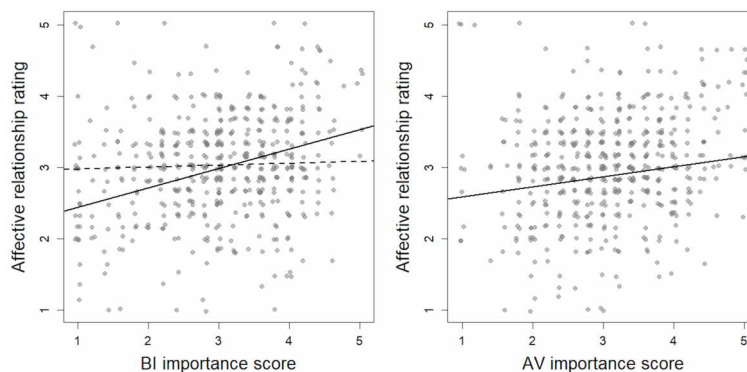
Note: β – standardized regression coefficient; *B* – unstandardized regression coefficient; *lci* and *uci* are lower and upper bounds of 95% confidence intervals of *B* estimate; σ – residual standard deviation; BI – Belonging and Involvement importance scores; AV – Added Value for Customers importance scores.

scores and affective relationship ratings. Solid black line represents relationship among women. Dashed black line shows the relationship among men. Lines presented on both panels are based on univariate regressions.

Discussion and Implications

As a result of the theoretical studies conducted in this chapter, the relationship with the consumer was divided into two separate dimensions: the behavioral dimension and the affective (emotional) dimension. The first level of customer loyalty towards a company is related to the return of customers to a company in order to make further purchases and increasing the frequency and volume of products purchased. The second dimension of the relationship pertains to a deeper level of emotional engagement of customers, for whom not only the price of the products and the best offer matter. It is of crucial importance that they can experience the feeling of belonging to a social group associated with a particular brand, the desire to create the brand, the identification with it and strong trust in its values. The analysis so far

Figure 2. Association between AV and BI importance scores and affective relationship ratings



conducted gave rise to the assumption that there is a dependence between the level of strength of affective relationship and the level of strength of the behavioral relationship. It was assumed that emotional involvement of clients increases along with the level of relationship in the behavioral dimension. The existence of this dependence was confirmed by the empirical research. The results obtained are the same as that of the previously conducted research, in which, as Oliver (2010) indicates, the level of affection for a product increases brand loyalty. In addition, the assertion widely accepted in marketing which emphasizes the role of positive affect and emotional involvement of customers as a factor determining judgment and decision-making with regard to the use and purchase of a product was confirmed (Cohen, Pham & Andrade, 2008).

The results of the research show that it is extremely important to take actions that affect the emotional involvement of customers in the relationship with the company, because these actions result in gaining benefits that can be considered in two ways. On the one hand, they lead to increasing customer loyalty, acquiring brand advocates, building trust and stimulating interaction with the company by engaging in online communities that are a valuable source of inspiration for businesses and positively affect image building. On the other hand, the increase in affective relationships is likely to be reflected in the growth of the company's revenues, which depend on the growing strength of the relationship in the behavioral dimension, whose main effect is the making of re-purchases. For these reasons, the activities such as building a community around the brand on social networks, interacting with customers by using personalized messages or providing them with an added value in the form of prizes or applications not only increase the number of brand supporters, but also boost the company's profits. Thus the brand increases the strength of behavioral relationships characterized by, among other things, making frequent and larger purchases or recommending the company's offer.

Moreover, the research conducted in this chapter assumed that the strength of the relationship in the emotional dimension depends on the online communication tools used by the company in contact with its customers. The theoretical research allowed the author to identify a set of tools that were classified into two separate groups. The first one related to fostering the consumers' sense of belonging and commitment to the brand, while the other centers around creating an added value for customers. The research assumes that the use of the classified online communication tools significantly and positively affects the growth of the relationship strength in the affective dimension. The empirical analyses confirmed the hypothetical assumptions. These results are the same as the earlier results suggesting that there is a positive relationship between the emotional involvement of customers and the level of their loyalty to the brand (Lee & Gaudeau, 2014; Ranganatjan, Madupu, Sen & Brooks, 2013; Forgas, 2012). In the light of the results obtained, targeting activities by means of the online communication tools specified in the study, both those relating to building clients' sense of belonging and commitment to the brand as well as those that create an added value for the client, is reasonable for companies using a relationship-based marketing strategy.

The hypothesis four (H4) presented in this chapter concerned the diversification of the impact of online communication tools from the group of 'Belonging and Involvement' on affective relationships experienced by representatives of different genders. The conducted research confirms the hypothesis. There is a stronger impact of tools belonging to this group on women than men. The results show that the relationships with women in the affective dimension are dependant in 13% on activities related to the use of the online communication tools classified in this group. Considering the multiplicity of factors affecting relationships in the affective dimension and the image of the company in the eyes of consumers, the obtained value of the indicator can be considered satisfactory.

The collected responses regarding the perceived importance of each of the tools classified in this group indicate that for both women and men the communities created around the company in social media are the most important in this area and the second most important thing is the company's online presence e.g. a company blog or the participation in discussion groups. The priority online communication tools, regardless of the gender, indicate how important for young consumers it is to freely and less formally exchange ideas with the company. These results are also confirmed by the previous studies in which the emotional involvement of clients results from the desire to express themselves through the participation in communities associated with the values held by consumers (Hoyer & MacInnis, 2001). In case of women, one can notice that they attach greater importance to personalized emails in which the company shows that it cares about the clients, e.g. in the form of birthday wishes. Women rated this tool third, the surveyed men, however, rated it the least important. The obtained results also show that women pay less attention to online viral marketing in the form of sharing interesting and encouraging content such as short films, photos or advertisements.

The theoretical research led to the assumption, formulated as the hypothesis five (H5), that gender significantly determines the impact of the internet communication tools from the group 'An added value for customers' on the strength of relationships in the affective dimension. The empirical studies do not confirm the existence of diversified dependence, hence the H5 should be considered unconfirmed. The obtained results show that both groups of genders have comparable expectations about an added value. The analysis of the importance of the tools belonging to this group showed that women's classification was tantamount to that of men as both men and women responded that customer reward system was the most important in building relationships, e.g. loyalty programs created by companies. Both groups responded that special personalized offers sent via email were the next important factor. Although this tool of communication, in terms of importance, was rated second by both groups, it was also noted that it played a more important role for women. The next factor indicated by the respondents was the importance of the role of tools created by the company that can contribute to the co-creation of its offer. For both groups, the least important in building relationships at the emotional level were free online applications, an access to advertising games and contests. Little importance of these tools for the group of young people may result from the universal access to numerous free applications and contests which may no longer constitute a significant added value in creating relationships for this group of consumers, and thus they may be considered merely an alternative way of shopping e.g. in the case of shopping applications.

The studies demonstrated that there is a different hierarchy of elements defining affective relationships in both genders. The respondents, irrespective of the gender, were prone to associate the affective relationship with great trust in the company, however, the further factors characterizing the specificity of loyalty occurring at this level are different for both genders. Women to a greater extent than men indicate that the willingness to participate in shaping the company's offer, e.g. by sharing knowledge about market expectations so that the final product is a response to the customers' demand, is a determinant of affective relationships. Men, on the other hand, consider that a more important determinant of emotional loyalty is that they can relate to and identify themselves with the values presented by the company. In addition, women more than men emphasize the importance of a sense of emotional relationship with the company with which they established an affective relationship. On the other hand, men are more inclined to forgive the company for certain mistakes and failures.

Summarizing the results obtained, the empirical research confirmed four out of five research hypotheses (see Table 5).

Creating Relationships Based on Emotional Bonds With Generation Y in Virtual Environment

Table 5. Verification of theoretical hypotheses

Hypothesis	Results
H1: The increase in the strength of affective relations affects significantly and positively the increase in the strength of relations in the behavioral dimension.	Confirmed
H2: The use of online communication tools aimed at building customer belonging and involvement to the brand has a significant and positive impact on the strength of relationships in the affective dimension.	Confirmed
H3: The use of online communication tools aimed at creating an added value for customers has a significant and positive impact on the strength of relationships in the affective dimension.	Confirmed
H4: Gender significantly determines the impact of online communication tools aimed at building customer belonging and involvement on the strength of relationships in the affective dimension.	Confirmed
H5: Gender significantly determines the impact of online communication tools aimed at creating an added value for customers on the strength of relationships in the affective dimension	Unconfirmed

FUTURE RESEARCH DIRECTIONS

The limitation of this study was the selection of a research group, which only included people living in the West Pomeranian voivodeship in Poland. Therefore, the results obtained may be characteristic only of a given voivodeship. In future research, data should be collected among people from other voivodeships, which would give more generalized and reliable results for Poland. In addition, similar research could be carried out among other countries, culturally or economically diverse or different with regard to the level of development of information and communication technology. A diversified group of respondents would make it possible to compare the impact of the use of the online communication tools depending on the respondents' nationality. It could be the basis for observing the influence of culture and the specificity of conditions of a given country on the perception of ways of creating relationships between the company and consumers.

Another limitation of the conducted research is that the research group included the representatives of Generation Y only. The collected results were the basis for the analysis of the specifics of the group of young people, however, due to the lack of the data concerning other generations, there is no possibility to compare the results. In future studies, it is worth considering conducting research among respondents representing other generations, including in particular Generation X (preceding Generation Y) and Generation Z (being the next, younger generation after the Millennials).

Moreover, in the questionnaire, the questions regarding the assessment of the affective relationship were phrased in relation to the company to which the respondent feels attached at the affective and behavioral level. In future studies, one could consider narrowing the area to a certain industry or a product, which could produce more precise results.

The conducted research focused on understanding the impact of the online communication tools on young consumers. An interesting direction of future research could be to conduct this type of research from the perspective of enterprises that target their offer to the young people's segment.

CONCLUSION

In a world in which information and communication technologies have become a significant part of consumers' everyday lives, in particular among the young people's segment analyzed in this study, the use of the appropriate online communication tools is an important factor behind market success of a company. The obtained research results are a valuable source of information for companies communicating with young consumers in a virtual environment in order to effectively shape strong and long-lasting relationships based on consumers' emotional involvement. In addition, the identification of tools that are more important for women and men will make it possible for companies to use appropriate methods of communication taking into consideration gender-based market segmentation.

In the light of the conducted research, marketers are advised to prioritize aspects of affection in marketing their product in the form of advertising, product design or choosing communicational tools to attract the positive affection of young people. In addition, marketers should pay attention to activities emphasizing the social character of the brand that wants to communicate with customers in a less formal way through social media and wants to build a sense of being important and appreciated by the company by sending customers personalized offers or wishes on the occasion of important dates or events.

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KEY TERMS AND DEFINITIONS

Advergaming: A modern marketing tool based on designing games and mobile applications used as an advertising medium; name created by combining the words “advertisement” and “game.”

Behavioral Economics: The field of science that verifies the assumptions of neoclassical economics based on the results of sociological and psychological research.

Electronic Word-of-Mouth (e-WOM): Opinions about products or brands (either positive or negative) expressed by potential or current customers, which are made available through the internet.

Generation: A group of individuals born in close proximity, who share the same conditions of the same period, and undertaking similar responsibilities or involved in a particular activity.

Generation Y: People born between approximately 1980 and 2000, also called ‘the Millennials’ or ‘digital natives’ because it is the first generation to have grown up fully experiencing digital technology.

Neuromarketing: The application of tools used in scientific psychophysiological research and knowledge of human behavior in the process of studying consumers' sensorimotor, cognitive and affective response to marketing stimuli.

Prosumer: The concept formed from the words 'producer' and 'consumer' describing a consumer who is involved in co-creating and promoting of brand products, which he/she then consumes.

Relationship Marketing: The process of consistently using up-to-date knowledge of individual clients in order to create, communicate and provide value ideally suited to their needs and motivating customers to return to the company and make future purchases. These measures lead to building, development and maintenance of mutually beneficial loyalty relationships between market entities and their clients that are based on trust and understanding.

Chapter 11

Airbnb and Collaborative Housing: From Anti-Consumerism to a New Way to Democratize Vacation Consumption

Marta - Barrios-Manrique

Comillas Pontifical University, Spain & Inditex, Spain

Ana I. Jiménez-Zarco

Open University of Catalonia, Spain & Comillas Pontifical University, Spain

ABSTRACT

This chapter seeks to identify the variables that influence the demand for a product or service considered as collaborative consumption, particularly, which are the factors that most affect the choice of a hosting or another in AirBnB. The chapter starts with an overview of collaborative consumption and how it is positioned in the sharing economy as a technological phenomenon. Then the authors present the role of digital platforms in this context, and finally, they present the theoretical model with the aim to identify what variables influence the demand of a product or service considered as collaborative. To validate the model, a logistic regression analysis was performed. The results obtained show how some of the predictors have a significant importance in consumer purchase. The chapter ends by presenting some conclusions of interest to those web users, who decide to use it as a platform to advertise their accommodations.

INTRODUCTION

Undoubtedly, the current situation is largely a result of two phenomena: on the one hand, the worldwide economic crisis situation since 2008 and, on the other hand, the technological progress that has allowed us to move from Web 2.0 to Web 3.0. The economic and social model that until now characterized the developed societies was now in crisis, stating the need to seek new models that allow the development and growth of the territory, sustainable at an economic, social and environmental level.

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Economic and social change has been accompanied by intense technological development, especially in the field of information and communication technologies (ICT's) when it goes from the called Web 2.0 –or social software at the end of 90's) to the Web 3.0 at the start of the present decade. Web 3.0 is characterized both by: (1) increasing storage capacity and speed of information processing by the existing software and (2) the development of the cloud with the consequent cost savings and improving access to the information that this entails. The scope of business has not remained untouched by this change, so that both the agents involved in the process of exchange and the process itself have been affected.

As for the consumer, in recent years we have seen a significant change in their behavior. Both the way they buy and consume, and more importantly, the attitude towards buying and consumption, and the type of benefits they seek (or needs to be met) through this process are modified (Scaraboto, 2015). There is a more demanding and informed consumer, who participates directly in the processes of value creation, and who has the capacity to influence the behavior and actions of other agents in the environment.

The evolution of ICT is largely responsible for this situation. In a saturated market, ICT provides us with a set of tools that allow: (a) easy and fast access to large amounts of information, (b) communicate, dialogue and collaborate with the company in different processes and, (c) creating, developing and disseminating content on the network (Houdek, 2016). All this, applied to the purchase and consumption process, allows the individual to easily have information about the company's products or services, to be in permanent contact with the organization and to collaborate in the creation of value and, finally, to express throughout the network -and social media- opinions and experiences that have the potential to influence other potential consumers.

Regarding the companies, these changes have favored a change both in the business philosophy and in the business models. Market orientation, learning and innovation puts the customer at the center of business strategy, making ICT - and in particular the internet - a key tool for achieving its strategic objectives. Thus, organizations find in ICT an environment of communication, dialogue and relationship between them and their clients, in which they can develop their businesses. In this context, it is easy to understand how the new social tendencies - more when they arise as a response or rejection to previous situations - achieve a strong impact and reach a fast and high diffusion at world-wide level. Thus, let us take as an example the social movements known under the name of the Arab Spring and observe how ICT played a key role in its diffusion.

We can find a phenomenon of equal importance in the economic and consumption field known as *Sharing economy*, that can be interpreted as a form of people's economic behavior, that implies going beyond the proper individual interest considering human and social values. This type of behavior is easily observable in the family context, or among individuals whom there is some type of affective attachment, since it is usually considered an altruistic or goodwill act. However, as Belk (2007) points out, we can share with strangers, so this type of behavior can be generalized socially and economically. However, in this context, it is considered that the altruistic character that characterizes it is motivated by the convenience, or the expectation of reciprocity in the relation (request sharing).

According to Turban et al. (2015) and Hamari et al. (2016), sharing economy can be defined as an emerging economic-technological phenomenon, that is fueled by developments in ICT, growing consumer awareness, proliferation of collaborative web communities as well as social commerce/sharing. As a reflection of this, we observe how, from the point of view of the consumer, we can speak of the emergence of a new consumer profile: a responsible consumer, which, besides taking into account the price and quantity of the products, makes its purchase decision considering the social and labor characteristics of the production environment and the subsequent environmental consequences (Berne-Manero

Airbnb and Collaborative Housing

et al., 2017). While in business, new business opportunities based on collaboration, open innovation, or social entrepreneurship are presented, seeking a balance between sustainability and social and local development, which have ICT as an essential component (Zapata, 2016). Hamari et al. (2016) point out that sharing economy is an umbrella concept that encompasses several ICT developments and technologies, among others collaborative consumption, which endorses sharing the consumption of good and services through online platforms.

Concepts such as carpooling, co-working, freecycle, or time banks have become part of our everyday language. This fact can be confirmed by analyzing the weight of the collaborative economy in the Spanish GDP. According to the data obtained by the EY Foundation (Paniagua, 2017) during the current year, it is estimated that the collaborative economy represents around 1.4% of the national GDP, and even that this value could reach between 2 and 2,9% by 2025. In addition, the collaborative economy is increasingly being extended to key sectors such as finance, transportation, sales and housing. However, the last two are mostly those that are becoming more important, accounting for 37% and 32%, respectively, of the activity that moves the collaborative economy. It is equally important at an international level as Forbes pointed out that “revenue flowing through the economy directly people’s wallet will surpass 3.5 billion dollars, with growth exceeding 25%” (referring to only collaborative consumption and microworks) (Geron, 2013). At the same time, Alsever (2012) stated that investment in start-ups in the share economy sector has increased significantly, especially when they develop a significant part of their activity on the internet.

It is true that within the multiple sectors involved, those related to collaborative consumption and developed online are the most important. Faced with a collective consumption, we must differentiate the concept of collaborative consumption. The first, collective consumption refers to that activity where one or more people consume goods and services in a process of joint participation with others (Felson and Speath, 1978). In particular, collective consumption emphasizes the consumption group, understood as the group of people who make collective consumption, and agree either temporally or spatially. While, collaborative consumption refers to the act and process of distributing something that is ours, to others to use it, while in return something else is obtained for our personal use (Belk, 2007). In this case, the acquisition and distribution of consumption is emphasized: people who coordinate and acquire and distribute a resource in exchange for some other kind of compensation (monetary or otherwise).

Related with the above, Botsman and Rogers (2010) and Hamari et al., (2016)-among others- define the collaborative consumption as a peer-to-peer based activity of obtaining, giving or sharing the access to goods, and services coordinated through community-based online services. Bray et al. (2011) point out the importance of ethical reasons in the development of this type of practice. However, along with these ethical reasons, they also point to the existence of other types of reasons, especially economic, or access to technology, as determinants of collaborative consumption. According to Belk (2007), collaborative consumption is a form of commercial consumption through which the consumer seeks the satisfaction of a concrete necessity. The choice of an alternative of collaborative consumption can come, partly motivated, by ethical or cultural questions. But, as Hamari et al. (2016) point out, a part of the attractiveness of this buying alternative to others is undoubtedly determined by the breadth of the assortment, the cost reduction, the speed of access to information and the service or product.

The exchange and use of goods among consumers, through the network, is possibly one of the most important variants of collaborative consumption. Thanks to this, a large number of companies have found a business opportunity, eventually turning some of them into large multinationals. Such is the case of:

Ebay, Etsyor Wallapop offering products for reuse; *Uber* or *Zipcar* that offer services of transport; or *Airbnb*, or *Munchery* in the housing and catering sector, respectively.

The relevance of this topic has recently led to some studies analyzing the factors that determine the user's intention to acquire collaborative consumer products and services (Hamari et al., 2016). However, there are practically non-existent works that analyze the factors that determine the acquisition of this type of products, taking into account the characteristics of the same, as well as the web platform where the exchange takes place.

With this objective, the present project's aim is to prove that these factors drive the collaborative consumers' behavior, always from a statistical standpoint and backed by real data; this is, to reject the null hypothesis that there is no relation between these particular factors and the demand in a collaborative housing market.

BACKGROUND

This section offers an overview of collaborative consumption and how it is positioned in the sharing economy as technological phenomenon.

The Collaborative Consumption as a Technological Phenomenon

The development of information technologies alongside the growth of Web 2.0 has enabled the development of online platforms that promote user-generated content, sharing, and collaboration (Kaplan and Haenlein, 2010). But also, it has allowed the development of new forms of expression of the consumer's identity, without the need or the desire to own. This new phenomenon that literature has identified within the umbrella of sharing economy and collaborative consumption is characterized by non-ownership, temporary access and redistribution of products, services, ideas, knowledge, money, space time (Lamberton and Rose, 2012). In addition, this incipient orientation towards exchange is reinforced by the strong growth of the offer of new platforms and digital applications, giving shape and sense to a highly accessible, flexible and easy to share consumer (Botsman and Rogers, 2011). Through networks of the collaborative economy, consumers are willing to access products and services, or that they cannot own, or have chosen not to own (Bardhi and Eckhardt, 2012).

An important part of the studies carried out on collaborative consumption establishes its interest in the cultural and identity dimension of alternative exchange that defines the collaborative economy. Jian and Tian (2012) show that collaborative consumption has emerged as a major trend as the global economic recession and social concerns about sustainable consumption lead consumers and society as a whole to explore more efficient use of resources and products. Bostman (2013) points out the importance of this model of consumption, within an economic model, which as the sharing economy, is based on sharing, exchange, trade or rent of products and services which allow access in front of the property. Along the same lines, Stephany (2015) demonstrates the ability of this form of consumption to generate value of assets that are underutilized, by making them accessible to the community through the network, to a community that does not seek property, but the use of assets.

As an alternative to the previous view, a new orientation is observed, which analyzes the collaborative consumption from a more practical approach, and is influenced by technological context where the exchange process takes place (Belk, 2014). In this way, collaborative consumption is understood as: the

Airbnb and Collaborative Housing

use of models that allow temporary access to use and non-property for the consumption of goods and services, but fundamentally highlights the use of the Internet, and especially of Web 2.0 to make possible the exchange. This second conceptual framework is complemented by Belk's idea that collaborative consumption can be understood as a form of commercial consumption, but it is established between equals, and where the motivation to initiate the exchange is determined by the benefits that this model offers compared to other traditional ones.

This last way of understanding the collaborative consumption makes possible the analysis from a marketing perspective of the behavior of the agents involved in the exchange process. And, along with the ethical and cultural motivations associated with altruistic exchange that can influence the behavior of the offeror and claimant, other factors related to the costs of the transaction, the breadth of the offer, or the opportunities and restrictions imposed by technology are also taken into account.

The identification of the factors that determine the effective decision to buy or contract a product or service in the context of the collaborative economy is of great interest both academically and professionally. So far, the literature has analyzed the factors that contribute to the intention, not the effective use, of this type of products. Thus, identifying the factors that contribute to the purchase decision will not only allow a better understanding of the behavior of the applicants, but will also favor both the adequacy of the offer, the demand requirements, and the improvement of the platforms to make the exchange more efficient.

Collaborative Consumption and Digital Platforms

One of the distinctive features of collaborative consumption is that it develops between individuals, but thanks to the intermediation of a digital platform. This is why their study is necessary to understand some of the factors that influence the behavior of the offeror and demanders of the collaborative economy.

As Botsman and Rogers (2010) and John (2013) point out, the use of these platforms is largely conditioned by factors such as the ease of use of the technology, the benefits it offers, the confidentiality and security of information. In addition, it should be considered that the tools or utilities offered by them will also be a constraint on their use (Lin and Lu, 2011). Digital and exchange platforms rely heavily on social interactions, so that the presence of tools that make possible the transfer of information, dialogue or even the development of self-marketing strategies favor their use, encouraging the collaborative exchange.

The work of Hamari et al. (2016) performs an exhaustive analysis of about 254 digital platforms of collaborative consumption in the European context. The aim of the study is to establish different categories of collaborative consumption depending on the type of exchange: sharing, new purchase, second hand purchase, rent, donation or loan. The first conclusion obtained from the study is that the activity carried out by these platforms can be classified through two main categories: (a) access over the property, and (b) transfer of ownership. However, some platforms combine the two categories of shared sharing. On the other hand, it is observed that the most frequent category of exchange is the access above the property (e.g. Airbnb). These platforms make it easier for users to offer and share their goods and services with other users for a limited time, through peer-to-peer sharing activities such as rent or loan. On the other hand, property transfer platforms (e.g. *Swapstyle* or *ReSecond*) facilitate the transfer of ownership of one user from the network to another, through exchange, donation or purchase.

Research Model

The proposed model seeks to identify the variables that influence the demand for a product or service considered as collaborative consumption. Because it is a purchase decision through a web platform, we understand that the consumer has already valued the pros and cons of online shopping, and with his decision, he/she has accepted the benefits and risks of using ICTs. That is why in the proposed model we do not consider elements related to technology, but rather:

1. the characteristics of the product or service sought (equipment, location, capacity)
2. Safety and attractiveness in the process of purchase and consumption
3. costs related to the process
4. the valuation given by other users

The new marketing approaches are consumer-centric, but also introduce a new strategy while modifying the way of understanding the product concept (Kotler et al. 2010, Erragha and Romdhane, 2014). On the other hand, *value*, understood as the ability of the product to satisfy the needs of the consumer, is considered as what the consumer seeks and receives through the purchase and use of the product or service (Ravald and Grönroos, 1996). Finally, note the product attributes are the base on which the consumer obtains value. However, the consumer can find a wide range of products on the market, so that in order for a product to differentiate and thus offer greater value, it needs to incorporate additional elements that enrich its content.

In this sense, Ballantyne and Varey (2006) point out, the new marketing approach points to the inclusion of additional elements that either: (a) make the product more attractive, and (b) facilitate the buying process and make it less expensive, increase the value offered and with it, the interest for its purchase.

The attributes of the product depend on its nature. Thus, for food products, for example, attributes valued by the consumer will be relative to color, size, or taste; While, for other products, the valued attributes will be related to the design, the packaging, the quality or the brand. In general, the attributes of a product can be

Classified into:

1. Physical attributes
2. Functional attributes
3. Psychological attributes

Physical attributes are those related to the nature of the product. Among them can be find: size, taste, smell, and color. While the functional attributes are those added artificially by the company, and seek to increase the value that the consumer receives. Among them we can mention: the product design, the label or the packaging. Finally, can be that quality and brand are considered as functional attributes of the product. Their value lies in the importance that the consumer gives them, since their presence is - for him/her - a guarantee that the product will be able to satisfy their needs.

Previously it has been that the exchange, in particular housing, was the most important activity within those considered as collaborative consumption. And in relation to them, it should be noted that product characteristics related to location, equipment or house capacity are key in the demand for the product. Based on the above, we formulate the following hypothesis:

Airbnb and Collaborative Housing

H1: The attributes of the product influence the purchase decision in collaborative housing context

Together with the benefits of the product, the customer's experience in relation to the process that leads to its acquisition is essential in obtaining the value by the consumer. That is why those elements that make the acquisition process simpler, faster and safer during the interaction improve the consumer experience. Elements such as the rapid access to information or the possibility of making the purchase are elements that enhance the customer's experience and motivate them to purchase (Solomon, 2014). On the other hand, in the web environment, security is a key issue. In this sense, we can point out the existence of different elements that improve the security of the process, and with that increase the confidence of the consumer (Flanagin, 2014). These include: (a) knowledge of the identity of the offeror, whether an individual or a company, (b) the existence of procedures that sanction in case of breach of contract, and (c) the guarantee of the confidentiality and security of payment systems.

H2. The presences of elements that simplify the process and provide security to the customer influence the purchase decision in collaborative housing context

Finally, to point out that one of the main changes promoted by the 2.0 technologies is the ability of the consumer to create content and disseminate them through the network. Consumers can use social networks to express opinions and explain their experiences with certain products or brands, making them have a global reach. The opinions expressed are often used as sources of information by other consumers, who consider that this is a totally objective source of information (Bronner and Hoog, 2010). Therefore, the existences of third-party opinions that recommend or discourage the purchase of the product are an element that influences the purchasing decision (Hao et al., 2010).

H3. The existences of third-party valuations in relation to the product influence the purchase decision in collaborative housing context.

Methodology

In order to confirm the hypotheses proposed, this paper makes a quantitative exploratory analysis to identify how different variables related to the product, the process and the experience offered by third parties influences the demand for a product. Thus, the product in this case is all the Airbnb's listings in Community of Madrid (Spain) provided by the Inside Airbnb's website¹. The file corresponds to [listings.csv.gz](#) for Madrid that was scraped on April 8, 2017. Web scraping is data scraping used for extracting data from websites, in this case, data from *Airbnb.com*. Thus, this file provided all the information on each of the listings on Airbnb.com in the Community of Madrid at that date.

These data have been analyzed with a programming language called Python. This is a special language that programmers use to develop software programs, scripts, or other sets of instructions for computers to execute" (Computer Hope, 2017). Python is an interpreted, object-oriented, high-level programming language with dynamic semantics. Its high-level built in data structures, combined with dynamic typing and dynamic binding, make it very attractive for Rapid Application Development, as well as for use as a scripting or glue language to connect existing components together" (Python.org, 2017)². Thus, using Python which is an open source used and supported by the leading companies in data analysis such as *Google, Facebook, Uber or Airbnb* itself will provide us with infinity of free libraries including libraries for manipulation of data, creation of statistical models and machine learning, among others. It is a very intuitive programming language so it is easier to learn compared to other programming languages and it gives us the possibility of performing complex operations with large amounts of data in a faster

and more efficient way. It also allows us to manipulate tables and perform advanced operations on them (pandas package, equivalent to excel).

Airbnb

Airbnb is a form of collaborative consumption and sharing. It is a global online community marketplace and hospitality service which connects lodgers with hosts that want to lease or rent their houses or rooms to people all around the world. It has over 3,000,000 lodging listings in 191 countries and 65,000 cities. The company works as a broker, receiving a percentage service fee for every booking done in its website. People in Airbnb can lease or rent short-term lodging including vacation rentals, apartment rentals, homestays, hostel beds, or hotel rooms, and the cost of lodging is set by the host.

Airbnb was founded by Joe Gebbia, Brian Chesky and Nathan Blecharczyk in San Francisco (California) in August 2008. Airbnb stands for airbed and breakfast and the idea of setting up this company came about because Brian Chesky and Joe Gebbia, who were schoolmates, could not afford the rent for their loft apartment so they came up with the idea of putting an air mattress in their living room and make it a bed and breakfast so they would “make a few bucks” to be able to pay their loft. In February 2008, Nathan joined as the Chief Technology Officer and third co-founder of the new venture called AirBed & Breakfast. They built a website called Airbedandbreakfast.com to create a unique business networking opportunity for those who couldn’t afford to book a hotel in the saturated market.

Nowadays, the company is a privately held company that has more than 150,000,000 users and at least 19 offices around the world,. Airbnb is growing at a really creepy pace surprising everyone with data that stated that in September 2016, the company worth \$30 billion after raising \$850 million (De Haro, 2016). In the case of Spain, the number of people who used Airbnb to find a house or room in Spain in 2016 was greater than the sum of the previous six years. Since the creation of Airbnb in 2008, the Spanish hosts have hosted almost 11 million guests from around the world and currently, there are more than 187,000 ads on Airbnb in Spain and more than 70% are outside the main tourist centers of the cities.

The general manager of Airbnb Marketing and Services in Spain and Portugal, Arnaldo Muñoz, has assured that these figures show the “popular” that is the “sharing the home” in Spain and that the company wants to continue working with the administrations to support this community in increase” (La Vanguardia, 2017).

The Database and the Variables of the Study

Data on the recruitment of entire houses or private or shared rooms in Airbnb.com were obtained from the database Inside Airbnb³. At the website, they classify themselves as an independent, non-commercial set of tools and data that allows you to explore how Airbnb is really being used in cities around the world. By analyzing publicly available information about a city’s Airbnb’s listings, Inside Airbnb provides filters and key metrics so you can see how Airbnb is being used to compete with the residential housing market.

The data frame that we are going to analyze is composed of 95 columns and 13,335 rows. The columns correspond to the different variables existing in each ad and the rows correspond to each advertisement/ listing published on Airbnb.com.

Of all the 95 variables contained in the database, the following were selected for the study (Table 1). The choice of a certain type of houses/rooms has led to a reduction in the total number of records considered for the study; the total sample has 7978 observations. To point out the dichotomous char-

Airbnb and Collaborative Housing

acter of the dependent variable, the technique of analysis chosen has been the logit analysis, a type of probabilistic statistical classification model. We will create a model that predicts whether a particular house or room with specific characteristics will have a high or low demand.

The Data Transformations

In order to test the hypotheses proposed in the study and, therefore, to establish the direct effects that the above-mentioned variables have on an accommodation demand, a logistic regression analyses is performed.

The dependent variable was `availability_30`, which is a continuous variable which represents the amount of days for which the house/room is available (free for rent) out of the next 30 calendar days from the day the site was scraped. However, in order to use a logistic regression analyses, the variable was transformed in a dichotomy variable where 0 means the house/room has low availability to be rent (less than 10 days), and 1 means the house/room has high availability.

On the other hand, the logit model will estimate coefficients for all independent variables (inputs) so that the obtained sigmoid function will give probabilities to samples corresponding to class 1 (high demand houses). These coefficients give us an idea of how strong the correlation is between our input and the demand level of the property (do not mistake with how much linear correlation there is).

It is crucial to remember here that these coefficients or weights, which give us an idea of how important the predictors are, are also subjected to the choice of the model. This means that there may be nonlinear interactions and relations between a certain input or group of inputs which our model may not capture. We should never then say that a certain variable is causing certain effect in the output (causality) or that a certain predictor has no influence in the output. When fitting a logistic regression model we may be able to reject the null hypothesis H_0 that states that a certain input has no linear relation to the probability of the output, but we can never accept the null hypothesis since there may be complex nonlinear factors that our model may not be able to capture.

An example of this are the features latitude and longitude: a linear model cannot capture the complex zones or neighborhoods that different crossed values of these features may provide and that certainly have an influence on the demand of a house. Therefore, we might obtain high p-values for these, but this does not mean that they are not related to the output whatsoever, it is just that a linear model cannot capture this complex relationship.

That said, in order to ensure that all inputs are in the same order of magnitude, we can scale all of our columns or independent variables of the matrix, so that all features have mean 0 and equal variance (standard deviation equals 1, for instance). By doing this, we ensure that all coefficients obtained for all independent variables are comparable, so a greater coefficient will imply a stronger relation between that certain input and the probability of the house having a high demand (being class 1).

This whole process is called standardization or Z-transform, and can be simply done doing, for each x_m in the matrix:

$$x^* = \frac{x - \mu}{\sigma}$$

where μ is the column or variable's mean and σ is the column's standard deviation.

Table 1. Variables of the study

NAME	DESCRIPTION	TYPE
<i>Avaibility_30</i>	Number of days the house/room is available in the following 30 days	Dependent variable
<i>host_identity_verified</i>	Confirmation of the host's identity	security
<i>host_response_rate</i>	Percentage of inquiries to which the host responds	Related to the host
<i>Host_response_time</i>	Average time it takes for the host to answer the customer	Related to the host
<i>Room_type</i>	Indicates if the accommodation is an entire home/apartment, a private room or a shared room	Type of accomidation
<i>Bathrooms</i>	Number of bathrooms the accommodation has	Equipment
<i>Bedrooms</i>	Number of bedrooms (from 1 to 10)	Equipment
<i>Bed</i>	Number of beds the house/room has	Equipment
<i>has_real_bed</i>	Indicates if the house/room has a real bed " or not	Equipment
<i>Price</i>	Price of the house/room per night	Price
<i>Security deposit</i>	Amount of money the client has to pay as a security deposit	Price
<i>Cleaning_fee</i>	Amount of money the client has to pay as a cleaning fee	Price
<i>Extra_people</i>	A mount of money the client has to pay if he/she wants to invite extra people (per extra people)	Price
<i>Accommodates</i>	Number of people that can live in the house/room (1-16)	Accomodation capacity
<i>Guest_included</i>	Number of guests included in the rent of the accommodation	Accomodation capacity
<i>Latitude</i>	Latitude coordinates	Location
<i>Longitude</i>	Longitude coordinates	Location
<i>Number of reviews</i>	Number of reviews/comments each listing has from its users	Attractiveness of the listing
<i>Reviews_per_month</i>	Number of reviews each listing has per month	Attractiveness of the listing
<i>review_scores_rating</i>	General review score for each listing as a percentage	Attractiveness of the listing
<i>review_scores_accuracy</i>	Average score given by the clients in the reviews regarding the listing's accuracy	Customer rating
<i>review_scores_cleanliness</i>	Average score given by the clients in the reviews regarding the accommodation cleanliness	Customer rating
<i>review_scores_checkin</i>	Average score given by the clients in the reviews regarding the check in process	Customer rating
<i>review_scores_communication</i>	Average score given by the clients in the reviews regarding the communication between them and the host	Customer rating
<i>review_scores_location</i>	Average score given by the clients in the reviews regarding the location of the accommodation	Customer rating
<i>review_scores_value</i>	Average score given by the clients in the reviews as the value of the accommodation	Customer rating
<i>instant_bookable</i>	Whether the client can make an instant book for the house/room or not throughout Airbnb.com	Security
<i>cancellation_policy_strictness</i>	Type of cancellation policy: 'flexible', 'moderate', 'strict', 'super_strict_30' or 'super_strict_60'	Security
<i>neighbourhood_group_cleansed</i>	Neighbourhood. Can be: Barajas, Carabanchel, Centro, Chamartin, Chamberi, Ciudad lineal, Fuencarral-El Pardo, La Latina, Moncloa, Aravaca, Moratalaz, Puente Vallecas, Retiro, Salamanca, San Blas-Canillejas, Tetuan, Usera, Vicalvaro, Villa de Vallecas, Villaverde	Location

The other pre-processing step used is to impute missing values. We do not want to lose samples, since

Airbnb and Collaborative Housing

the greater the sample set, the better and more robust our model will be. There are several strategies that can be applied to fill missing values; for instance, we could fit another linear regression to all columns except for the one that has missing values and fill those with the predictions of the linear model. In this problem, we just want to interpret the results so we can impute the missing values in a certain predictor with the mean or the median of the column hoping that, in this way, those missing values will not affect the coefficients too much.

This is mainly because for variables which are not normally distributed, often the median value is close to the statistical expect value of the feature. This criterion is selected validating the model (this will be explained in the next section); so, finally, median imputation is used because it gives the best results.

Finally, for variables that have several levels (categorical variables), we can transform them using a method called one-hot encoding (see Table 2). This method transforms a column with N categories into $N - 1$ columns that are binary. This way, we can include these categorical variables in our logistic model and the model will interpret each of the levels independently. Table 2 shows the result of performing a one-hot encoding over the variable room type, which has $N = 3$ levels ('Entire home/apartment', 'Shared Room' or 'Private Room'). Since we only need $N - 1$ levels, we will later use only the last two to perform this one-hot encoding. This means that, for a certain sample (row), if it belongs to the group 'Shared Room' then there will be a 1 in column 'Shared Room', if it belongs to the group 'Private Room' then there will be a 1 in column 'Private Room' and, finally, if it belongs to the group 'Entire home/apartment' then both columns ('Shared Room' and 'Private Room') will be 0 (we don't need a third column to represent this level).

For ordinal variables, we can create numerical values that respect the logical order of the feature and scale them as explained in the last paragraph. For instance, the predictor host response time has four levels of frequency which we can encode as integers from 1 to 4. The same happens with the feature cancellation policy strictness, which has 5 levels of strictness that have an inherent order.

Model Results; Relevant Features and Cross-Validation Data Analysis

To test the model's accuracy in out-of-sample data, we proceeded validating it using a 5 fold cross validation strategy. The only statistically correct criteria for the predictions of the model is to consider that test samples for which the model gives a probability greater than 0.5 are classified as positive (high demand) samples, and samples whose predicted probabilities are under 0.5 are classified as low demand properties. For all 5 test sets, the model has an *accuracy of around 68.5%*, which is fairly good considering the complexity of the problem and the fact that the model is just a simple logistic regression.

Table 2. Representation of a one-hot encoded column

	Entire home/apt	Private room	Shared room
13329	0	1	0
13331	0	1	0
13332	0	1	0
13333	1	0	0
13334	0	1	0

Table 3. Results of the logistic regression fit in the whole dataset; variables with $P < 0.05$

Variable	Coefficient
Reviews_per_month	0.245007
Centro	0.243483
Review_scores_value	0.173476
Bathrooms	0.172544
Host-responde_rate	0.170560
Bedrooms	0.164008
Guest_included	0.161343
Review_scores_rating	0.112316
Host_identity_verified	0.086489
Number of reviews	0.081610
Instant_bookable	0.075980
Cancelation_policy_strictness	0.064901
Review_scores_location	-0.068224
Ciudad Lineal	-0.091220
Carabanchel	-0.105635
Hortaleza	-0.108529
Extra_people	-0.199382
Shared_room	-0.355643
Private_room	-0.558768
Price	-1.003242

Having fit the model to the full dataset, one can explore the coefficients that are obtained given that, since all variables have been scaled to have equal mean and standard deviation, the size of the coefficient represents the strength of the linear relation (the strength of this linear relation should not be confused with the strength of the Pearson correlation) between that input and the output (probability of the house being highly demanded).

Once again, it is crucial to understand that if we find a predictor with a low P-value we can reject the Null Hypothesis that states that there is no relation between our input and the output (or, equivalently, the beta coefficient is zero). This allows us to find patterns in the data and understand/interpret which predictors drive the demand of a house in a collaborative market. We may observe predictors with P-values greater than 0.05, such as latitude and longitude, but this does not mean that we can assure that they have no influence in the demand, we just cannot reject that they don't; a more complex model could be able to find nonlinear patterns in these features (or maybe not) and use them to predict and model the output.

We will not get into how standard errors and p-values are computed for a logistic regression, but the fact that a coefficient has an associated low p-value means that there is low probability of that coefficient being null; this is, the predictor is most probably related to the output. It is also important to consider that this model is sensible to correlations between variables, so one predictor may have a high p-value and may seem not relevant because it is correlated to another that is more strongly related to the output. This happens, for example, with

Airbnb and Collaborative Housing

the features bedroom and beds and with several review scores that are highly correlated to the overall review scores of a guest. Table 4 shows the full table of results and Table 4 shows variables whose p-value is smaller than 0.05. Once again, remember that all predictors have been scaled so all coefficients are comparable in size.

Some of the predictors, such as price, several neighborhoods, the number of bathrooms or the guests included, are pretty relevant and have a significant importance but are not as surprising, since these are commonly known to be related to the demand in traditional long-term rental markets. For instance, the coefficient associated to price is negative and the greatest (in absolute value) of them all. This means that the higher the price, the lower the probability of the property's demand being high. However, we will later see that new predictors can be engineered following the intuition that they may better explain the output; e.g. a ratio of price per bedroom may be more explicative than the price itself.

Both kinds of house/rooms that were encoded using one-hot-encoding, this is, 'Shared Room' or 'Private Room', are equal to 1 whenever the property is not an 'Entire home/apartment': this means that the demand is lower when the listing refers to a single room instead of an entire home, which makes sense intuitively. We can also get some insight of the neighborhoods for which the demand is, in general, higher or lower than average.

There are many other predictors which are specific to collaborative markets (such as the number of reviews, average review scores, or others related to the trustworthiness of the host) whose relation to the output may also seem intuitive, but we are here statistically proving that these do correlate with it. For instance, if a host is verified (host identity verified), then it is more probable that the house will be demanded. The same happens when the house can be booked instantly (instant bookable) or when the host has several reviews (reviews per month) and they are, on average, positive (review scores value). Also, a certain house has a higher probability of being demanded if its host is more active and experienced (host response rate, reviews per month).

Possible Con-Founders and Correlation Effects Between Predictors

There are a few coefficients whose sign might not make sense a priori. For example, the predictor review scores location represents the average score given by customers to the place where the house is located. Although this feature has a negative coefficient, it may be con-founded by another external driver or correlated to a more important feature. For instance, if there is a nice neighborhood with an associated overall high location score, then prices are probably higher for this particular location, so this may induce a lower average demand and this may explain the negative coefficient obtained. A similar issue may happen with the variable cancellation policy strictness; it appears as if a more strict cancellation policy may imply a higher demand, but this is probably con-founded by the fact that houses with a more strict cancellation policy may be better houses overall (newer, better furnished, etc.).

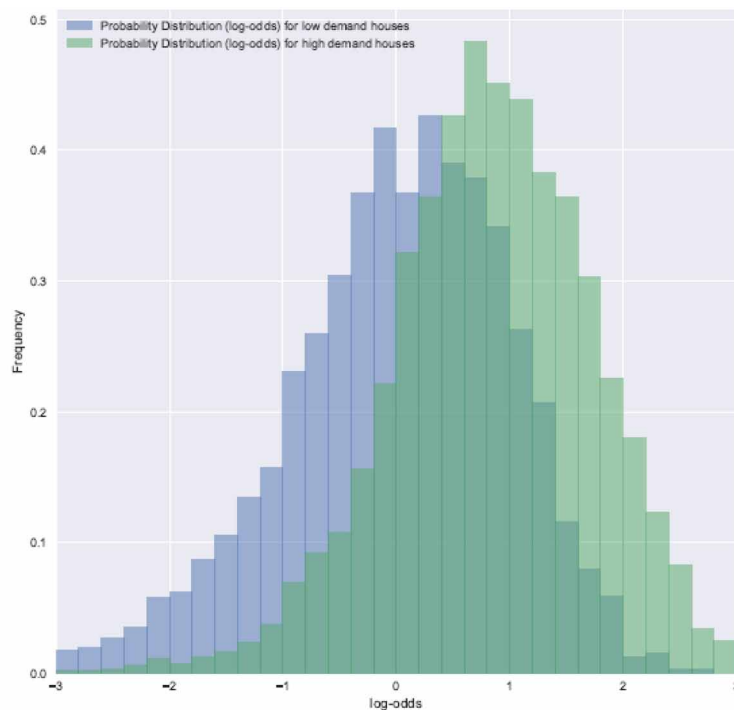
Feature Engineering

Feature engineering is the process of creating new predictors that may better explain the variance between classes. In other words, these new predictors may provide a better separation (linear separation in case of a logistic regression) between low and high demand houses. Feature engineering may include operations such as creating ratios, polynomial terms and even more complex transformations. Just adding around five new predictors like the ratio between the price of the house and the number of bedrooms, the dif-

Table 4. Results of the logistic regression fit in the whole dataset

	Coef.	Std.Err.	z	P > z	[0.025	0.975]
host_identity_verified	0.086489	0.025242	3.426344	6.117644e-04	0.037015	0.135963
accommodates	-0.071516	0.058904	-1.214106	2.247071e-01	-0.186967	0.043994
bathrooms	0.172544	0.030227	5.708229	1.141575e-08	0.113900	0.231788
host_response_rate	0.170360	0.035009	4.871903	1.105286e-06	0.101944	0.239176
reviews_per_month	0.242007	0.034879	7.024464	2.148901e-12	0.176645	0.313969
bedrooms	0.164008	0.041565	3.945782	7.953987e-05	0.082541	0.245475
beds	-0.099545	0.051940	-0.761350	4.464481e-01	-0.141346	0.062256
price	-1.003242	0.093889	-10.685447	1.190742e-26	-1.187261	-0.819224
security_deposit	0.038747	0.028074	1.380163	1.675363e-01	-0.016277	0.093772
cleaning_fee	-0.037355	0.030932	-1.207653	2.271807e-01	-0.097982	0.029271
guests_included	0.161343	0.034531	4.665684	3.075914e-06	0.093566	0.229121
extra_people	-0.199382	0.032716	-6.094323	1.099013e-09	-0.263504	-0.135260
number_of_reviews	0.081610	0.034400	2.372349	1.767541e-02	0.014186	0.149033
latitude	-0.088908	0.070617	-1.259007	2.080277e-01	-0.227315	0.049500
longitude	0.093278	0.072115	1.293464	1.958507e-01	-0.048065	0.234622
review_scores_rating	0.112316	0.047766	2.351375	1.870420e-02	0.018696	0.205996
review_scores_accuracy	0.123850	0.041178	0.312046	7.350068e-01	-0.067358	0.093558
review_scores_cleanliness	-0.020733	0.036081	-1.406083	1.596996e-01	-0.121451	0.019985
review_scores_checkin	-0.007046	0.037277	-0.189016	8.500804e-01	-0.080107	0.066015
review_scores_communication	-0.015585	0.038480	-0.405022	6.854612e-01	-0.091005	0.059895
review_scores_location	-0.068224	0.031725	-2.150510	3.151486e-02	-0.130404	-0.006045
review_scores_value	0.173476	0.039894	4.348408	1.371295e-05	0.096285	0.251667
instant_bookable	0.075980	0.027706	2.743352	6.100099e-03	0.021677	0.130282
Barajas	-0.022124	0.043970	-0.503167	6.148467e-01	-0.108304	0.064035
Carabanchel	-0.105635	0.035233	-2.998182	2.719597e-03	-0.174690	-0.036579
Centro	0.243483	0.060162	4.047127	5.185002e-05	0.125568	0.361398
Chamartín	0.026979	0.041067	0.656938	5.112207e-01	-0.053512	0.107469
Chamberí	0.068906	0.045193	1.526730	1.268281e-01	-0.019553	0.157365
Ciudad Lineal	-0.091220	0.041363	-2.205343	2.743001e-02	-0.172291	-0.010150
Fuencarral - El Pardo	-0.065019	0.043289	-1.501980	1.331022e-01	-0.149865	0.019826
Hortaleza	-0.108529	0.048689	-2.229027	2.581211e-02	-0.203957	-0.013100
Latina	-0.005313	0.036614	-0.145118	8.846174e-01	-0.077075	0.066448
Moncloa - Aravaca	0.048673	0.038225	1.273346	2.028936e-01	-0.026246	0.128593
Moratalaz	-0.014514	0.027878	-0.520603	6.026453e-01	-0.069154	0.040127
Puente de Vallecas	-0.048297	0.030605	-1.578069	1.145498e-01	-0.108282	0.011688
Retiro	0.016102	0.031876	0.505134	6.134645e-01	-0.046375	0.078579
Salamanca	0.063848	0.044925	1.417912	1.562164e-01	-0.024026	0.149723
San Blas - Canillejas	-0.020136	0.036376	-1.378264	1.681217e-01	-0.121432	0.021160
Tetuán	0.041134	0.046178	0.890772	3.739051e-01	-0.049373	0.131642
Usera	-0.025479	0.027475	-0.927345	3.537476e-01	-0.079329	0.028371
Vicálvaro	0.020096	0.028999	0.692981	4.883218e-01	-0.036742	0.076934
Villa de Vallecas	-0.453098	0.262249	-1.727741	8.403468e-02	-0.967097	0.060900
Villaverde	-0.049649	0.031645	-1.565755	1.174059e-01	-0.111572	0.012475
Private room	-0.558768	0.034590	-16.152772	1.985705e-38	-0.626569	-0.490968
Shared room	-0.355643	0.039029	-9.112229	8.070672e-20	-0.432139	-0.279147
cancellation_policy_strictness	0.064901	0.026650	2.435337	1.487794e-02	0.012669	0.117133
host_response_time	0.053518	0.039923	1.577643	1.146478e-01	-0.012969	0.120006
has_real_host	-0.024233	0.025175	-0.962577	3.357596e-01	-0.073576	0.025110

Figure 1. Probability distributions given by the model in a real out of sample test



Airbnb and Collaborative Housing

ference between the price of the house and the average price of the neighborhood or the log of the price increases the cross-validation accuracy from 68.5% to nearly 70% (69.7%) which demonstrates the power of creating predictors that are thought to be relevant. Once these new features have been added, we can train/calibrate the model in a subset of the data and plot its performance in a subset of the data (test set) that the model has never seen to see how well it discriminates both high and low demand classes. As we can see in figure 1, for houses whose true class is high demand (we know this because we have the information about the test set while the model doesn't) the algorithm gives an overall higher probability of being class 1 than for samples whose true class is 0 (low demand). Remember that this is a test for data that is new to the model, so it is really close to a real live test.

FUTURE WORK AND APPLICATIONS

Using our current framework we can easily get insights of the drivers that are relevant in the collaborative housing market in any city in the world. Since we have a significant amount of scraped data from a variety of cities around the world, we can run this data through the same code and get these insights instantly. We can also fit the same logistic regression without scaling our predictors. This way, having the sigmoid function of the logit, we can change a certain variable (for example, increase price by 10 euros) and see what is the change in the probability of the demand being high due to this change in price.

Following the whole quantitative approach more interactions can be done over our baseline pipeline. First of all, we could include a lot more information to the model; some predictors have been ignored due to the complexity that would be added to the model if these were used. For instance, we could include pictures (use image classification), text (the language used in a particular listing should be predictive as well), the house's amenities/features (such as internet, TV, cleaning service, etc.), the latter being a categorical predictor with a huge amount of levels from which we could select the most relevant ones. We could even use historical data of a particular listing (for instance create predictors using past performance of the house) to predict future demand (this would be a time-series approach and may improve the performance a lot, since past availability of a certain property is clearly correlated to its future demand).

Including data from different seasons and months may also lead to a better model (since we are using more data) and we could also use this to model seasonality, which is a pretty important factor in housing demand. We could also investigate and try to use more complex and non-linear models (there are a lot of kinds being used in companies right now) which can extract insights from more complicated features such as latitude and longitude combined. Also, more feature engineering work may lead to better results and more insights when looking at newly created predictors.

Using a more complex model could provide us with the possibility of directly modelling the availability in days, instead of classifying the demand in two levels. Of course this is more complex, but if we can predict the demand directly (in available days), and having a precise model, we can optimize the price for a certain property or portfolio of properties in any city. To do this, once we have a regressor, we can try to iterate through different prices and, leaving the rest of variables the same, we can predict the number of days that the house/room will be occupied. Then we can optimize our monthly revenue given that:

$$\text{Profit} = \text{DaysBooked} - \text{PricePerDay}$$

The price that provides the highest expected profit would be optimal. Of course, we would need a sufficiently precise model that also accounts for seasonality, so we would need to include data scraped throughout the year and include the month as a predictor.

CONCLUSION

In this chapter a statistical analysis of the collaborative housing, specifically the case of Airbnb, has been carried out to determine if the characteristics of the houses/rooms offered in this market place influence the purchase decisions of customers and to what extent.

First, we have been able to demonstrate that the attributes of the product influence the purchase decision since we have rejected the Null Hypothesis (p -value smaller than 0.05) for several predictors/variables related to the characteristics of the house, such as price, number of bedrooms, location, etc. Moreover, other variables that are traditionally related to the demand in traditional rental markets, such as the total surface of the house (variable square feet) are not relevant in this case: 96.01% of the listings do not specify the surface of the house or room offered.

Second, we have been able to infer that the existence of elements that simplify the process and provides security to the customer influence the purchase decision like the variables host response rate, host identity verified and instant bookable showed significant coefficients and small p -values. These elements are characteristic and unique to collaborative markets and we have been able to verify that they influence considerably the customer's purchase decision.

Third, we have also been able to verify that the existence of third-party valuations in relation to the product influences the purchase decision since variables reviews per month, review score value, number of reviews and review scores location. This is also another factor that clearly distinguishes collaborative housing from traditional markets and is an important driver of the demand.

To end with, making use of feature engineering and a robust model validation scheme (cross-validation), a modeling framework has been proposed with possible real applications (such as price optimization) and location specific market analysis. Future work has been proposed in order to optimize this framework and be able to apply it in a real life environment.

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ENDNOTES

¹ <http://insideairbnb.com/get-the-data.html>

² <https://www.python.org/doc/essays/blurbl/>

³ <http://insideairbnb.com/get-the-data.html>

Section 4

Consumerism Cases in Selected Industries and Countries

Chapter 12

An Integrated, Multi–Agency, Consumer–focused, Safety Management Approach in the Sports Industry

George Yiapanas

 <https://orcid.org/0000-0002-3725-4122>

University of Nicosia, Cyprus

Alkis Thrassou

University of Nicosia, Cyprus

Demetris Vrontis

University of Nicosia, Cyprus

ABSTRACT

Over the past decades, European football went through a large number of tragedies, mainly due to the absence of an integrated framework that could enable every involved agency to operate under specific safety procedures and laws. It is commonly perceived that disorder behaviour has adverse effects on football, minimising potential revenues and obliterating the consumer's experience. Football's unique structures involve a large number of agencies that need to constantly adopt specific safety approaches in order to create a sustainable environment and provide entertainment and pleasure to the consumers. The purpose of this chapter is to theoretically recognise the generic football safety management guidelines introduced by the European institutions over the years in order to minimise the problem and create a safe atmosphere for the consumers. In addition, the research will identify and decode the key actions taken by the authorities in Cyprus as a response to the problem in order to draw critical lessons both for and from the case study.

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INTRODUCTION

Football is a rising business, generating a tremendous economic interest among a variety of consumers and a large number of stakeholders; as well as forcing constant changes that significantly strengthen the value of football as a business (Thrassou et al., 2012). Engaging and involving fans in various match activities is a vital goal which creates the need of sustaining a friendly environment in order to enable them to interact, bond and consider themselves part of the overall club community (Loureiro et al., 2015). Football fans, are loyal to their club, consuming many products, such as match tickets, club merchandizing, sponsors' brands etc. (Loureiro et al., 2014), repetitively expressing their love by actively engaging themselves to a large number of activities, directly linked to their club. Consumers who experience brand love are more passionate and willing to engage actively (Kaufmann et al., 2016). To build customer loyalty, the event organizers should provide fan experience based on the customers' own needs (Signori et al., 2019).

Football has been related to commercialisation and high-level competition and a consequence of this connection is the surface of disorder and violence between fans (Spaaij, 2000). Hooliganism is defined as the fans' disruptive, antisocial and violent behaviour, intervening with any normal sporting activity. Disorder incidents usually involve clashes between rival fans, insults or racist behaviour, object throwing, flares or other flammable objects usage, pitch invasion, property damages, etc. (Carnibella et al., 1996; Frosdick and Marsh, 2005).

It is commonly perceived that hooliganism behaviour and disorder incidents have adverse effects on football consumerisms, minimising potential revenues and obliterating the consumer's experience. A number of European countries have been affected by hooliganism, with United Kingdom, Germany, Netherlands and Italy being among of the countries that have experienced the biggest problems over the past years (Spaaij, 2007). For decades hooliganism has been one of the major issues in football, widely recognised as a social problem that directly affects the business of football.

This resulted in the awakening of several agencies in Europe, forcing, in the early 1980s, the European Union and the Council of Europe to step into the problem and take a keen interest in finding an immediate solution to the scourge called football hooliganism. Under this scope, in 1985, the Council of Europe under the Convention ETS No.120, introduced a number of measures and encouraged all parties to implement them in order to prevent violence and control the problem.

Safety management at sports grounds has progressively become more sophisticated and more professional over the past thirty years, primarily based on an ongoing assessment in order to ensure that football and other sports events provide a safe, secure and welcoming environment for the fans - consumers. These consumers are the lifeblood of every sport. They should enjoy the event in a festive environment without concerns about their safety and well-being. Therefore, their safety always comes first and in order to maintain this principle, a number of agencies need to work closely and together.

Research Aim And Methodology

The purpose of this book chapter is to theoretically recognise the generic football safety management guidelines, procedures, models and concepts introduced by the Council of Europe and proposed to every member country as a strategic management tool, in an effort to minimise hooliganism, recover the business value. In addition, the research will identify and decode the key actions taken by the authorities in Cyprus as a response to football hooliganism, in order to draw critical lessons both for and from the case study.

Methodologically, the research relies on an extensive theoretical study taking into consideration several concepts on safety management, the Decisions and Resolutions of the European Union, the Conventions of the Council of Europe, the Recommendations of the Standing Committee and the Cyprus law on violence in sports, including the different amendments over the years.

Significance of the Study

The paradigm of Cyprus as a peculiar field of study, due to its unique characteristics, can be used as a pilot study for countries aiming to resolve sports safety issues, especially in football and create an environment that will enable fans to engage and interact safely. The findings of this research can provide invaluable insight for small-size football industries and draw explicit theoretical and practical conclusions towards scholarly advancement and managerial implementation in the context of improving the business of football by implementing pre-existing theories and well-established European practices.

THEORETICAL FRAMEWORK

Safety Management in Football Grounds

Most people prefer watching a football game at home, but many of them take the opportunity to travel to the stadium, enjoy the event, be part of the spectacle and support their team. All safety measures cover the entire event flow, involving every stage, and start from the time the game is officially set, until fans return safely back home. In cases where fans travel from one country to another, planning must include all necessary measures for safely entering and leaving the country. The event flow involves several steps and interconnected stages, with the event itself being the highlight. Match organisers need to structure and implement a safety plan, aiming to provide the best possible welcoming environment for the fans (Yiapanas, 2016).

Based on a value-based analysis model created by Vrontis et al. (2014), fans as consumers have a strong correlation towards the value proposition of football entertainment and pleasure. If the fans enjoy the event, they will revisit the venue, support their team and spend more money. The main goal in safety management is to maintain public order and create a safe, secure and friendly environment inside and outside the sports facility, before, during and after the sporting event. In addition to this, the overall mission is to prevent any disruption and discourage criminal acts associated with incidents that may have an impact on the supporters and counteract attempts that might obstruct the smooth operation of the sports facility and its systems (Great Britain: Department for Culture, Media and Sport, 2018).

Safety is based on an ongoing assessment of risks posed by the operation of the sports venue, identifying those areas that are most vulnerable to these risks, while determining what can be done to limit them to an acceptable level. Since minimizing risk always costs money, the challenge is to minimize them at the lowest possible cost. This involves a sequence of actions and practices aiming to provide a safe and secure environment to every participant. These procedures guide, advice and support match officials, providing best practices to accomplish their goal (Frosdick and Whalley, 1999).

These principles and guidelines are the backbone and the central philosophical foundation for every safety plan, that defines the order of priorities and outlines of the operations and management actions. It is the compass of preserving a general direction and strategy in implementing adaptations or im-

provements to the safety management system and in this respect, it will allocate the relative weight and importance to each of the various elements which together constitute an integrated safety management plan (Whalley, 2008).

It is necessary to supervise, control and practice all forces and technology systems, separately and together, to build an integrated operational readiness (Chalmers and Frosdick, 2011). According to Frosdick and Chalmers (2005), all partners involved in a football match share the same concern and responsibility to preserve a balance between the three elements (the three S's concept) of safety management.

The Three S's Concept for a Successful Sporting Event

The trinity of *service*, *safety* and *security* formulates a three-pillar concept, and although these three elements are used together and in balance, they have an isolated and a different role to play within the concept. Chalmers and Frosdick (2011) define service as the most visible element that refers to any measures designed and implemented with the primary aim of making individuals and groups feel comfortable, appreciated and welcome, providing an exciting spectacle. This implies having suitable facilities, such as sanitary facilities, food and beverages, goods and products, etc.

Safety, as the less visible fragment, refers to any measure designed and implemented with the primary aim of protecting and looking after the health and wellbeing of the fans who attend a football event. Safety mainly deals with the structural design and maintenance of the venue in order to prevent buildings from collapsing. It manages venue capacities and specific aspects such as human behaviours, emergencies and evacuations in case of serious incidents.

Finally, security refers to any measure designed and implemented with the primary aim of preventing and reducing the risk, and responding to any criminal activity, inside and outside the venue. It mainly deals with issues such as crime prevention and detection, terrorist attacks and serious threats. The three elements are interconnected and in cases where an overemphasis on security occurs, this could cause safety and service problems. Therefore, safety and security must always be kept in a wide-ranging balance (Frosdick and Whalley, 1999).

The single overarching objective of this concept is expanded into six main pillars: venue safety: ensuring that the venue is maintained in a good and safe condition; venue security: preventing unauthorised people from entering the venue; venue staff safety: ensuring that the venue staff is safe, and able to take care of the fans; crowd management: making sure that fans can enter inside the venue, enjoy the game, and go back home safely; spectator experience: supporting the event, ensuring that it is enjoyable, exciting and comfortable for the fans-consumers; success of the event: supporting the main objective of the event, which is to be profitable, safe and sustainable.

These aims have not always been achieved, as many disasters occurred in the past, with tragic consequences, demonstrating that sports venues are not always safe and secure. Although things may be very well planned and organised, things can always go wrong (Yiapanas, 2016).

Football Disasters and Aftermath - The Emergence of a Regulatory Framework

Over the past decades, several football tragedies occurred in different venues all around Europe. The official reports fundamentally changed the procedures and the safety management concept. The causes of the major tragedies vary. Poor safety and security management, closed exit doors, inadequate segregation

of fans, overcrowding, bad communication, riots, fire, etc. (Yiapanas, 2016). Today, safety is considered a top-level priority for every agency.

The Valley Parade and Heysel disasters, both in 1985, together with the Hillsborough disaster in 1989, are the incidents that incited a series of additions and amendments in football grounds safety management (Elliot and Smith, 1993). These disasters led to serious sports grounds redevelopments and to numerous important safety guides publications. Until the mid-80s, football hooliganism was not an issue of concern for the European institutions. In 1984, the Council of Europe at the growth of football-related violence led to the adoption of the Recommendation N° R (84)8, drafting the first outline of a counter-hooliganism policy on a European level (Council of Europe, 1984).

According to Marsh et al. (1996), right after the Heysel disaster in 1985, the different agencies started making efforts to launch a cross-border cooperation between the police and football authorities against hooliganism. The Council of Europe immediately adopted the European Convention on Spectator Violence and Misbehaviour at Sports Events proposals and asked all member states to respond immediately to football violence (Anderson and Apap, 2002), establishing a strong co-operation and unity between their agencies and the authorities, to prevent violence and control any disorder incidents at sports events (Council of Europe, 1985).

European Convention (19.VIII.1985) on Spectator Violence and Misbehaviour at Sports Events and in Particular Football (CETS No. 120)

The Treaty was based on Heysel's aftermath report which identified a series of absurd organisational faults and communication problems. According to the official report, the lack of communication between the two diverse police forces operating back then in Belgium, and the overall insufficient communication with all the independent agencies, was the main reason for the unforeseen tragedy (Darby et al., 2005).

The Council of Europe requested every member country to convince the police forces to build a close collaboration, encourage prosecutors of offenders to apply the appropriate penalties, and incite match organisers to enforce strict control of tickets, set restrictions on alcoholic drinks and provide effective crowd management (Council of Europe, 1985). For this, a Standing Committee was established in order to refine or implement the provisions of the European Conventions and influence all the domestic agencies to introduce new legislations, pledging the recommendations introduced by the Council of Europe and the European Union (Tsoukala, 2010).

The European Union adopted in 1996 the United Kingdom's proposals and issued a series of guidelines on dealing with football hooliganism (Council of Europe, 1996). These guidelines involve information exchange between the police and the extensive training of stewards in crowd management and safety procedures. Furthermore, all police forces needed to participate in joint training programs to learn how to exchange information and how to prevent disorder incidents (Marsh et al., 1996).

INTRODUCING AN INTEGRATED, MULTI-AGENCY APPROACH MODEL

The Integrated Safety, Security and Service Approach Strategic Concept

The Standing Committee issued a number of Recommendations in regard to the three-pillar concept. Recommendation Rec.2011/1 involves good practices on how to establish the core functions of safety

officers and safety stewards and how to gain the maximum through the appropriate training. In addition, the Standing Committee encourages clubs and other agencies, to develop a stewarding system, based on specific principles (Rec.91/1), to promote the use of advisory police spotters (Rec.88/1), to adopt effective policies and measures in order to prevent and combat racist, xenophobic, discriminatory and intolerant behaviour in football (Rec.2001/6), and to forbid the use of pyrotechnical devices at sporting events (Rec.2008/3) (Council of Europe, 2015).

All Recommendations made by the Council of Europe involve a variety of agencies, such as the police, clubs, stadium owners, local authorities, supporters, etc., and consequently, each one of them must have a clear view of the duties and responsibilities they convey, as well as the ways of communication. This multilevel approach created the urge of introducing, implementing and adopting a strategic framework in order to promote a balanced integrated approach towards safety, service and security and at the same time ensure its applicability by every agency, covering every step of the event flow and determine the level of responsibility of every agency involved (Primorac and Pilić, 2019).

European Convention (3.VII.2016) on an Integrated Safety, Security and Service Approach at Football Matches and Other Sports Events (CETS No. 218)

Taking the three-pillar concept into account, the Council of Europe developed and introduced an integrated approach framework based on extensive experience and good practices and invited every member state to sign and accede the Treaty 3.VII.2016 (Council of Europe, 2016). Although, integrating the components of any strategic framework into a unified management system is a complex procedure, by managing to do so, a substantial and unique value is created towards the business of football (Kartakoullis et al., 2013).

This Convention goes beyond the scope of the Convention of 1985 (No. 120), as it requires the agencies involved, to implement additional provisions, notably with regard to international co-operation and treatment of offenders (subjects of Articles 4 and 5 of the Convention No. 120 (19.VIII.1985). It incorporates the key principles and measures through good practices, which are widely held to reduce safety and security risks in football (Council of Europe, 2016).

All parties are now required to develop effective exclusion arrangements. European experience evidences that this measure is the most effective for preventing repeat offences. Football-related offenders should receive appropriate sanctions, not only within the country of residence or citizenship, but also within the country where the offence was originally committed (Primorac and Pilić, 2019).

European practice reveals that government-led national coordination arrangements need to be in place to ensure that a coherent and integrated safety, security and service strategy is developed, refined as necessary in the light of experience and implemented effectively at international and local level. A strong legislation and judicial system, in combination with well-maintained infrastructure, trained and experienced staff and detailed plans, procedures and regulations, empower agencies to provide a safe and secure sporting environment for the fans (Myakon'kov and Shelyakova, 2015).

The aim of this strategic framework is to enforce all parties to “adopt an integrated, multi-agency and balanced approach towards safety, security and service, based upon an ethos of effective local, national and international partnerships and co-operation; to ensure that all public and private agencies, and other stakeholders, recognise that safety, security and service provision cannot be considered in isolation, and can have a direct influence on delivery of the other two components; and take account of good practices in developing an integrated approach to safety, security and service” (Council of Europe, 2016, p.1).

An Integrated, Multi-Agency, Consumer-focused, Safety Management Approach in the Sports Industry

Utilising all the above, an integrated, multi-agency approach model is introduced (Figure 1), in the direction of safety, security and service elements. This multi-agency model can be used as a generic strategic tool towards an effective safety management system.

The key components of this framework consist of four pillars, a strong legislation, an adequate infrastructure, trained staff and detailed emergency procedures. These elements work as a catapult in the model, as they deliver the basic resources in the safety management planning and procedures.

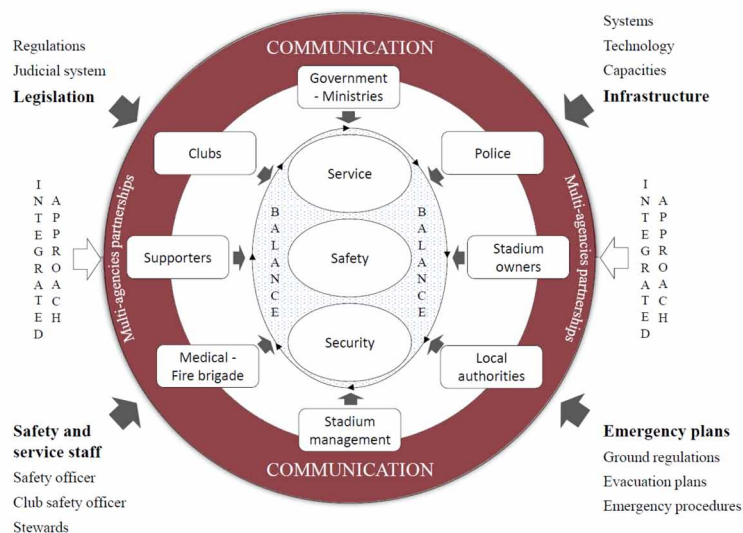
A crucial factor in order to safeguard a multi-agency strategy is having an effective legislative framework with appropriate and clear provisions designed to offer legal clarity on roles and responsibilities and empower the relevant authorities to undertake their tasks effectively. Experience demonstrates that an appropriate legislative and regulatory infrastructure can encompass a diverse range of themes, enabling policing measures and exclusion of violent supporters through the appropriate judicial procedures (Council of Europe, 2013).

Ensuring the proper sports venue conditions, together with the usage of the suitable technology and systems, allows the efficient and effective safety and security operations. In parallel, it increases and upgrades the spectators' experience. One of the main principles of effective safety management is to have adequate ingress and egress and wide radial gangways and set the stadium capacity at a level which can effectively facilitate a safe environment for all spectators (Council of Europe, 2015).

The role and responsibility of the Safety Officer is crucial for the framework's integration. Deploying experienced safety personnel (Rec.2011/1) is vital for the overall safety planning. With the cooperation of the club safety officer, and using various communication channels, the safety and service staff will be able to guide the fans and provide a safe environment and great experience. Consideration should also be given by the authorities, to ensure that all stewards are suitably and equally trained and qualified, and the training is delivered by experienced and skilled trainers (Council of Europe, 2015).

Emergency planning as part of the overall risk assessment, is inevitably the most sensitive and critical component of the framework. Every agency must assess the possible risks, identify every critical

Figure 1. Integrated, multi-agency approach model



deficiency in the venue, merge every safety element with the different stages of the event flow, and prepare the necessary emergency plans accordingly (De Falco et al., 2016). Therefore, each agency should structure and follow specific procedures and actions in cases of emergencies. Past experience shows that a tragedy is so far but yet so close.

The second level contains the multi-agencies partnerships, with every actor who has a vital role to play in safety management. Each agency has specific duties and responsibilities, and all fit into an integrated system that covers every stage of the event flow. The model's core components complete the integrated multi-agency approach model, since the elements of safety, security and service constitute the ultimate aim of every safety plan. Every agency involved in football events, share a single overarching objective, the creation of a secure, safe and welcoming environment for the customers, maintaining at the same time a complete balance between these core elements.

It is important to maintain an appropriate balance between maintaining order (security), spectator safety and providing an enjoyable experience (service). Policing should wherever possible be steered with a light touch, taking crowd management as a priority over crowd control. A low-profile strategy for policing football events based on important values such as information gathering, targeted intervention, risk assessment, interaction and dialogue, could enhance improvements.

A significant element of the multi-agency framework is the communication and media handling strategy, in a manner that explains the importance and content of an integrated safety, security and service approach. No model of prevention can be successful if it does not embrace a multi-agency approach. A coordination mechanism should be established with representatives of the local authorities, the police, the clubs, the stadium owner, the supporters, the medical services and fire brigade and agencies involved in preventive projects (Council of Europe, 2016).

Industry Research Context - The Paradigm of the Safety Management Approach in the Football Industry in Cyprus

Football in Cyprus was introduced in the early 1900s through a British army initiative and later developed into friendly games organised by local schools. Some years later, several clubs were formed and participated in friendly tournaments. In 1934, the National Association was established to control and organise football in Cyprus (Meletiou, 2011).

The first football hooliganism incident in Cyprus was recorded back in 1939 between rival spectators. As a result, eight fans were arrested by the police and fined by the District Court (Cyprus Sociological Association, 2001). During the next decade, the Association went through several dissolutions due to political arguments and localism issues. This forced several football clubs to disaffiliate from the Association because of their ideological beliefs. These historical events strongly affected football in Cyprus and ever since, it has been dominated by strong political localism and ideological beliefs (Phinicarides, 2013). Hooliganism in Cyprus is strongly influenced by and directly related to a variety of historical, cultural and political factors. Football-related violence inevitably constitutes a social phenomenon, concerning most of the public opinion, and is always top news in mass media (Cyprus Sociological Association, 2001).

Football hooliganism is one of the main challenges and greater management issues in Cyprus (Kartakoullis and Theophanous, 2009), affecting the football business in terms of attendance and income. There exists a long list of disorder incidents in the last decade involving street battles, car bombings, pitch invasions, riots, object throwing and many more.

Various disorder incidents in Cyprus serve as examples of bad safety management in the various workshops organised by the Union of European Football Associations (UEFA), classifying Cyprus as one of the most problematic countries in relation to football violence. According to the UEFA Incident Index, Cyprus has one of the worst history records in Europe. The incident assessment reports, over the years, record anarchic fan behaviour, extensive use of pyrotechnics, use of political banners, etc., and suggest immediate actions by the agencies.

For years, there was no common understanding, strategy or policy on safety and security at sports events, in particular football matches, with everyone believing that adequate talks and efforts were made but not enough implementation of the solutions. One of the main discussion points between the stakeholders was the lack of an efficient judicial follow-up against troublemakers (Council of Europe, 2013).

Various committees were appointed, mainly following serious disorder incidents, to resolve the problem in Cyprus, but unfortunately, they were unable to combat football violence. The lack of implementation of the law created a culture of immunity that fans were aware of. It was clear that such a situation influenced the behaviour of potential troublemakers. Since there was a common agreement that football violence constitutes a serious social phenomenon in Cyprus, then the responsibility for it was lying on everyone's shoulders.

RESEARCH FINDINGS

The Council of Europe immediately after the Heysel disaster in 1985 introduced the treaty (19.VIII.1985) on Spectator Violence and Misbehaviour at Sports Events and in particular football. Cyprus signed the treaty on 19th December 1986 and ratified it on 22nd June 1987. The treaty entered into force on 1st August 1987.

Following the recommendations, resolutions and guidelines of the European Council, the government brought into effect the Spectator of Violence, Misbehaviour and Relevant Offences at Sports Events Law in 1994, adopting most of the Standing Committee's Recommendations (Rec.93/1) concerning measures to be taken by the organisers and the authorities (Council of Europe, 2015).

The law consisted of twenty articles, securing adequate public order resources to counter-brake violence and disorder incidents, inside and outside the sports venue. It also facilitated strong collaboration between the police and the agencies involved. Finally, it enabled prosecutors to apply the appropriate penalties on offenders found guilty (Spectator of Violence, Misbehaviour and Relevant Offences at Sports Events Law 1994).

The Council of Europe in cooperation with UEFA initiated an effort for reducing the problem and a number of consultative visits took place in the early 2000s, in order to evaluate the situation. Experts from the Council of Europe and UEFA proposed a series of actions and measures as a response to football hooliganism in Cyprus. In addition, several independent experts visited Cyprus, and evaluated the safety management procedures. Through analysing the recommendations of the visiting agencies, it became apparent that the existing law (Spectator of Violence, Misbehaviour and Relevant Offences at Sports Events Law, L.5(I)/1994) needed considerable amendments in order to provide the necessary means to the authorities for efficient safety in football grounds.

The First Law Amendment in 2005

The Council of Europe, in 2002 (Decision 2002/348/JHA), imposed on every member state to establish a National Bureau for exchanging information with other member states in connection with football games with an international dimension (Council of Europe, 2002). Cyprus, in order to align with the Council's Resolutions, established in 2005 the National Football Information Point - NFIP and in conjunction to this, the existing law was amended in order to foster several legal procedures and regulations for the operation of the bureau in Cyprus.

The amended law incorporated a handbook for the NFIP cooperation and introduced measures to prevent and control violence and disorder incidents in connection to games with an international dimension (Spectator of Violence, Misbehaviour and Relevant Offences at Sports Events (amended) Law 2005). According to the handbook, each Bureau, prior to an international game, must respectively communicate information regarding possible risks that the game might present concerning safety and security, possible risk fans that will travel abroad, and data that will assist in any way the security and safety managers to provide efficient and effective measures to maintain public order and safety (Jurczak and Struniawski, 2015).

The Enactment of the New Law in 2008

The enactment of the new law in 2008 (For the Prevention and Tackle of Violence in Sports Venues Law of 2008, L.48(I)/2008) was a massive step forward. It came after a long and painful period of numerous disorder incidents and extensive discussions involving all the agencies and the authorities. After years of hard work, the new law was passed by the House of Representatives on 11th July 2008. This was the twitch of turning the condition around. The new law was based on the preexisting law and the Recommendations (Rec.93/1) of the Standing Committee (Council of Europe, 2015).

From this point on, agencies, such as the clubs, the stadium owners, the federation, the municipality, the police and other public authorities, had a clear understanding of their responsibilities. Infrastructure amendments and the installation of technology such as a CCTV system, an access system, an electronic ticketing system and a public audio system, were the flagship of the implemented law.

Since infrastructure is considered a vital safety security and service element, ground owners are now legally bound to ensure that all necessary measures have been taken and the venue is able to safely accommodate the fans, having the adequate ingress and egress, wide gangways, proper segregation, clean seats and sufficient services and medical support.

The articles referring to the infrastructure were allowed a three-year transitional period since most venues in Cyprus had specific issues to resolve and it was impossible to meet with the new requirements. The installation of a CCTV system, an electronic access control system and an electronic ticketing system, were postponed for some years (For the Prevention and Tackle of Violence in Sports Venues Law of 2008).

In addition, every agency must now establish good communication, before, during and after the game, and exchange the necessary information that will assist every party to accomplish its aim. The ground's regulations and procedures must ensure that no alcohol selling is permitted, and dangerous objects are possessed.

Another major asset of the new law was the legitimisation of the safety officer (with immediate application) and a stewarding system that would be implemented at a later stage, after the preparation of the regulations under which the system would operate (Council of Europe, 2013). The role of the

safety officer was legally introduced, obligating the ground owners to appoint a trained and experienced individual (article 43) who will be responsible for the safety of the spectators. This position covers a series of actions such as crowd management and supervision, risk assessments, preparing and executing emergency plans, etc. Together with the stewards, the safety officer has full control of what is happening inside the stadium, while the police have the responsibility of maintaining public order and preventing criminal offences outside the venue.

Finally, the new law introduced several measures for suppressing violence and more disorder incidents and actions are now criminalised, enabling prosecutors to apply much stricter penalties.

The Amendment of the Law in 2011

In 2011, the government requested the House of Representatives to vote for a law amendment, and expand the transitional period for at least a year, as many venues were still unable to comply with specific articles regarding infrastructure requirements. An amendment was passed to cover the above request, including descriptive notes regarding their specifications (For the Prevention and Tackle of Violence in Sports Venues Law of 2008 and 2011).

Closing the backlog from the law enactment in 2008 (Article 18, L.48(1)/2008), the House of Representatives passed the implementation of safety services and stewarding regulations. As a starting point, the Cyprus Stewarding Commission was formed (Article 3, 119(1)/2012), having as main responsibility to recruit and train stewards and at the same time, maintain an adequate stewarding system (Yiapanas et al., 2018). Their duties and responsibilities are now well-defined. Stewards are empowered to perform a variety of tasks such as venue inspections, flow monitoring, ticket control and body search, crowd management, fans segregation, ensuring safe exit and preventing overcrowding, maintaining free and uninterrupted access to every exit gate, responding to emergencies and assisting fans in any possible way, creating a friendly and safe environment, etc. (Safety services and stewarding regulation, 2012).

In parallel with the above implementation, and as an outcome of the discussions during the preparation of the Safety services and stewarding regulation (119(I)/2012), the club safety officer role needed to have statutory recognition, and his duties and responsibilities to be clarified. Some Articles were added and other amended in order to include and define his role and identify his duties and responsibilities. Every football club must now assign a trained and experienced safety officer, whose main responsibility is to cooperate with the venue safety officer and provide information regarding the club's fans, that might assist in any way towards a smooth operation of the event (For the Prevention and Tackle of Violence in Sports Venues Law of 2008 to 2012).

Following the implementation of the safety services and stewarding regulation 119(I)/2012, the UEFA Stadium and Security Unit was requested to host a stewarding training program in Cyprus. An innovative "train the trainers" program was designed followed by a training course addressed to people who will eventually be deployed as stewards at football games in Cyprus. Thirteen individuals successfully completed a five-day training and qualified to pass their knowledge to stewards across the island. The training included a variety of modules on the integrated safety, security and service approach, structured by the UEFA (Council of Europe, 2013).

This is now an ongoing program, supervised by the Stewarding Commission, to sustain the available workforce for all the venues in Cyprus. New stewards are trained on an annual basis, while the existing stewards are required, every two years, to go through a refresher course to improve their knowledge and develop new skills.

Council of Europe Consultative Visit - Evaluation Report

In 2013, a consultative team delegated by the Standing Committee of the European Council, carried out a consultative visit to Cyprus under the program for monitoring commitments on the implementation of the Convention. Their aim was to assist the authorities and other relevant stakeholders in their learning process in the field of safety and security at sport events.

The consultative team immediately recognised the progress achieved over the past years, by putting in place, at several levels, a structure which was based on recognised European good practice and which was in line with the Convention and most importantly, the Standing Committee's recommendations. They identified the detailed and specific legal framework, the police structure (including an NFIP) and the stewarding system that was in progress (Council of Europe, 2013).

Their main recommendations towards the authorities were:

- To task a national co-ordination group to develop a common multi-agency strategy on safety, security and service at football events, that includes provisions concerning the responsibilities of each agency on the implementation of its various aspects;
- To establish a co-ordination mechanism at local level, with representatives of the local authorities, the police, the club, the stadium owner, the medical services and fire brigade, the supporters and other agencies involved in preventative projects, all of them reporting to the national co-ordination group;
- To communicate and clearly explain the role and responsibilities of each individual partner agency;
- To develop an integrated and proactive media and communication strategy in the field of safety and security at sport events, in co-operation with all agencies involved; to establish an independent agency to annually check all stadiums on safety and security issues and issue a safety certificate for the stadium;
- To identify and implement systems for ensuring the provision of adequate and appropriate training, at both theoretical and practical level, for safety officers, stewards, police commanders, etc.;
- To create communication structures between clubs, police and supporters' organisations making full use of the Recommendation of the Standing Committee (Rec.2012/1) on dialogue and interaction with fans;
- To stimulate services to become an integral part of the overall integrated strategy on safety and security at sport events, by working together with all partner agencies in order to have a large diversity of people in the stadium, including women, children, disabled, etc.

Their recommendations mainly emphasised the multi-agency approach framework, and the generic concepts of safety, security and service. The consultative team recognised that some of these recommendations cannot be implemented immediately as they need to go through a parliamentary process.

The Amendment of the Law in 2014

In June 2014, while assessing a series of serious disorder incidents, the authorities decided to proceed with explicit law amendments, adopting the recommendations of the consultative delegation and the Council of Europe. The government's aim was to strengthen the preventive measures and eliminate anonymity inside the venues (Yiapanas, 2016).

An Integrated, Multi-Agency, Consumer-focused, Safety Management Approach in the Sports Industry

An independent agency was established, the Stadium Licencing Authority (SLA), to annually evaluate all stadiums based on their safety, service and security conditions and issue a certificate for the venue. The venue owners are now obliged to submit a series of documents regarding their venue capacities, the evacuation plan procedures, the infrastructure conditions, the ground regulations, the ingress and egress volumes and procedures, the existing technology and systems, etc., and the SLA attests and certifies the appropriateness of the venue to organise sports events (For the Prevention and Tackle of Violence in Sports Venues (unified) Law of 2014).

The unified law now segregates and defines the duties, the responsibilities and the role of each individual partner agency, establishing in this way a balanced approach towards safety, security and service. Immediately after the House of Representatives passed the amendments, the authorities established a communication strategy to explain the importance and the content of the new articles and how they will eventually implement the integrated multi-agency approach.

The amended law's landmark is the implementation of the fan card register, a measure that intends to end anonymity and exclude troublemakers from sporting events. This measure was not implemented until 2018, due to a series of queries and issues raised by several stakeholders, which involved the data protection ownership.

The amended law was introducing a series of actions, responsibilities and duties for numerous agencies; therefore, it was necessary for the government to path a joint training program, involving all the partners. Experience elsewhere has shown that training police and stadium managers together is more beneficial than training these target groups separately. Within this scope, in January 2015, the UEFA Stadium and Security Unit designed and carried out a two-day training conference, aiming to raise awareness among the participants regarding the integrated approach and the ideal policing methods.

The Fan Card Scheme Implementation

In July 2018, the authorities, through the Cyprus Sports Organisation (CSO), a semi-governmental organisation and the highest sport authority in the country, linked to the Ministry of Education and Culture, implemented the fan card register (under Articles 39A and 39B of the unified Law of 2014 - 132(I)/2014).

Today, every supporter in Cyprus, in order to purchase a ticket, must first issue and hold a valid fan card. The registry keeps information such as the name, age, address and national ID number of the cardholder, together with their photo (For the Prevention and Tackle of Violence in Sports Venues (unified) Law of 2014). This scheme is applied as a preventive measure based on the abolition of the fan anonymity and as a direct exclusion sanction. Troublemakers and fans breaching the law are excluded through the fan card cancellation process.

Although a well-structured communication strategy was applied by the authorities, the reactions were immediate and coming from various key stakeholders. A large volume of fans reacted with mass demonstrations against the law, while the majority of the football clubs placed themselves against it. Despite the pressure and the various reactions, the authorities persevered in keeping the measure. During the season 2018 - 2019, a large volume of fans, the majority of them being ultra-fans, abstained from football events, as a way to manifest their disapproval, causing a direct impact on the clubs' revenues. On the other hand, evidence show that the disorder incidents have not only been dramatically reduced, but as from July 2018, not a single disorder incident has been recorded.

Catalexis

It is a common belief that football violence constituted a serious social phenomenon in Cyprus. Disorder incidents evidenced the fact that football venues were not safe, with the authorities struggling for decades to find a solution to this multi-level problem. Unfortunately, the various committees seemed unable to develop a national strategic framework, and this, over the years, created a culture of immunity.

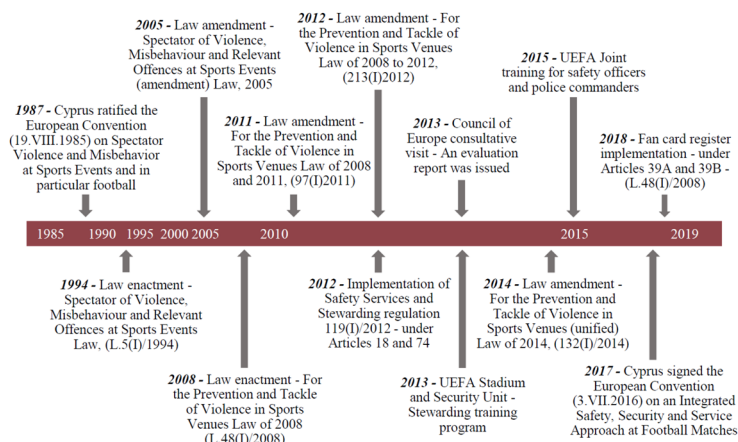
The authorities turned their hopes to the Council of Europe, who organised a number of consultative visits in order to evaluate the situation and recommend a series of actions. It became apparent that the existing law (L.5(1)/1994) needed considerable amendments in order to provide the necessary means to the authorities for efficient safety in football grounds. It was also noted that every agency needed to recognise its responsibility and build a strategic framework that takes into consideration the existing international safety management principles and concepts.

Identifying the key actions (Figure 2) taken by the authorities as a response to football hooliganism in Cyprus, reveal that during the past thirty years a lot of effort has been made. The above figure demonstrates an escalating procedure on behalf of the government. The amendment of the law in 2005, but essentially the enactment of the new law in 2008 and the amendments in 2011 and 2014, were the major actions taken by the authorities as a response to the football hooliganism problem in Cyprus.

It is evidenced, in the case of Cyprus, that the integrated, multi-agency approach model can be used as a strategic tool towards an effective response to football hooliganism. Cyprus authorities managed through a series of key actions, and by adopting the Recommendations of the Council of Europe, to implement this approach towards the three-pillar concept of safety management, and currently, every agency clearly recognises its duties and responsibilities, enabling them to provide a safe and secure environment in sporting events.

In 2017, Cyprus signed the European Convention (3.VII.2016) on an Integrated Safety, Security and Service Approach at Football Matches and Other Sports Events (CETS No. 218) and is now accountable to promote on a national level, a multi-agency, integrated balanced approach, with the responsibilities of each agency clearly specified. This final action can be considered the end of a very long journey,

Figure 2. Chronological roadmap of the key actions as a response to the football hooliganism and violence problem in Cyprus



and the authorities in Cyprus have achieved to align their strategy and policy with what exists in other European countries and more specific to what it is now considered "best practice".

Every agency, within the limits of its respective constitutional provisions, must now take every necessary step to activate this Convention in respect of football games and adopt an integrated, multi-agency approach towards the three-pillar concept of safety, security and service.

RECOMMENDATIONS

International experience shows that setting up various educational programs improves supporters' awareness thus having a significant value in responding to hooliganism. The authorities in Cyprus should think of designing and implementing a range of educative and social programmes on the prevention of violence in sports and begin with activities within elementary and high schools. Creating the ideal fan culture requires a long-term strategic plan, and campaigns, involving a variety of agencies or individuals, such as players, sport entities, clubs and federations, having specific roles and targets.

Cyprus introduced a fan card scheme that has already been implemented in other countries and failed. The implementation was mistakenly introduced as a measure to control disorder behaviour and not as a tool to improve the fun experience and engagement in sports. The authorities should consider modifying the scheme into a more club-related loyalty scheme, that will enable them to create a database and use it as a marketing tool through a Customer Relationship Management (CRM) system. Loyalty schemes are considered valuable tools for maximising the buy-rebuy behaviour and instilling customer loyalty (Themistocleous, 2018).

This solution will change the fans' perception and at the same time give the opportunity to the clubs to increase their revenues. According to Ulun (2017), when consumers believe that the brand offers value, gives pleasure and generates quality, it is easy for them to accept it.

CONCLUSION

European football went through a large number of tragedies, mainly due to the absence of a generic framework that would enable every involved agency to operate under specific safety procedures and laws. Immediately after the Heysel disaster in 1985, the Council of Europe adopted the European Convention on Spectator Violence and Misbehaviour at Sports Events (CETS No. 120) and persuaded every member state to establish close collaboration and communication and set strict crowd management procedures.

Since then, the Council has issued a number of Recommendations, based on the best European safety practices, to improve the football experience and reduce safety and security risks in football. Taking the three-pillar concept of safety, security and service into account, the Council of Europe developed an integrated approach framework and invited every state party to sign and accede the Treaty 3.VII.2016.

The aim of this strategic framework is to encourage all parties to adopt an integrated, multi-agency approach, based on national and international partnerships and co-operations and to ensure that all public and private agencies, and other stakeholders, recognise that safety, security and service provisions cannot be considered in isolation, and can have a direct influence on delivery of the other two components (Council of Europe, 2016).

An effective football safety management plan depends on an ongoing risk assessment and managers must continuously supervise, control and practice all forces and technology systems, separately and together, in order to build an integrated operational readiness and successfully organise such multi-complex events, preserving at the same time the balance between the safety management elements.

A safe environment creates value and the success of the football business counts on how well fans, as consumers, are treated and how comfortable and safe they feel at every stage of the event-flow. Only when managers truly understand the value that fans find in football and the needs, they satisfy through these values can they consider the business successful (Vrontis et al., 2014). Fans need to live the experience of a football match in its wholeness and if they enjoy the event, most probably they will revisit the venue, support their team and spend more money.

IMPLICATIONS FOR THEORY AND PRACTICE

Overall, the book chapter presents a number of actions that can be implemented on a national level as a response to football hooliganism, based on the Recommendations, Resolutions and guidelines of the European Council. The authorities in Cyprus managed to build a national strategic framework and establish a strong legislation, clearly segregating the duties and responsibilities of each agency, in an effort to provide the means for an efficient safety management.

The findings of this research are certainly improving the business of football and undoubtedly constitute a valuable and essential tool for safety managers to adopt. Sports events organizers need to realize that they are responsible to ensure the safety of their customers, and good practices can serve as a basic tool in order to accomplish their objective (Rahmat, 2011). The integrated strategic framework, based on European experience and best practices, efficiently supports match officials to accomplish their goals. It is evidenced that strategic choices, if addressed through systemic changes and not through isolated actions, are more effective and affect the essence of the business and in this case football itself (Rossi et al., 2013).

The European Convention (3.VII.2016) on an Integrated Safety, Security and Service Approach at Football Matches and Other Sports Events (CETS No. 218) is currently signed by twenty-three European members, who are accountable to promote on a national level, a multi-agency, integrated safety management approach. By implementing this strategic tool on a European level, with the assistance and the control of a reliable and efficient organising body (i.e. UEFA), it is ensured that football events all around Europe are organised in safe, secure and welcoming conditions.

Safety management is an ongoing assessment, evolving in a dynamic environment. Through this European network, safety personnel and managers will be able to constantly evaluate good practices and upgrade their procedures.

As for the theoretical implications of the research a new concept in the literature of safety management is presented, discussing the importance of guiding every agency to adopt specific attitudes and procedures in order to accommodate specific elements and implement the framework. Furthermore, the integrated framework can be adjusted and proposed in other industries as well, as a strategic tool towards major complications.

RESEARCH LIMITATIONS

There are certain limitations in this research, such as the method used and the size of the examined industry. Although the paradigm of Cyprus comprises a valuable example for small-sized countries, the key-actions taken cannot be generalised due to the different characteristics and circumstances that exist in every country.

The proposed framework cannot be used as a generic strategic tool. In order to implement and integrate such a multilevel framework, involving so many agencies, the authorities need to take into consideration critical elements such as cultural issues, moral and ethical barriers, political, economic and legal factors, etc., as these elements have a direct impact and influence on how well, fast and efficiently, the framework can be adopted.

FURTHER RESEARCH

This book chapter provides the theoretical groundwork for the generic football safety management concepts. The theoretical findings of this research need to be tested in order to identify and recognise the value that the integrated multi-agency framework generates, when used as a strategic tool to build a business-related environment and create fan engagement and loyalty.

The research findings create the urge for empirical research, in terms of validating the key actions taken by the authorities in Cyprus in order to respond to football hooliganism and test the degree of application to the explicit environment. More specifically, firstly there is clearly a need to empirically recognise to what extent and how these actions have been implemented by the different agencies in Cyprus, and secondly to verify whether they adequately respond positively in solving such a multi-level problem.

Additionally, there is a need of empirical research to examine the volume of impact of the national fan card register scheme on football attendance and revenues, based on the fact that the implementation of this measure created chain reactions from both clubs and fans.

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Chapter 13

Social Media and Consumer Behaviour Towards Luxury Brands: An Exploratory Study in Cyprus

Foteini Yiangou

University of Nicosia, Cyprus

Ioanna Papasolomou

School of Business, University of Nicosia, Cyprus

Alkis Thrassou

School of Business, University of Nicosia, Cyprus

Demetris Vrontis

School of Business, University of Nicosia, Cyprus

ABSTRACT

In recent years there has been an upsurge of interest in social media (SM). SM has ushered a new era of communication between organizations and key stakeholders and has forced brands to change dramatically the way they interact with their target markets. Luxury brand marketers have recently turned their attention to customer-driven SM devoted to their brands recognizing the role SM plays in their marketing strategies. Key consumer behavior concepts such as motivation, interaction, and SM provide the theoretical foundation. The purpose of this chapter is to explore the relationship between SM and consumer behavior towards luxury brands. Empirical data was collected from 110 Cypriot SM users who look for information on SM about luxury brands. The aim was to explore whether SM influences consumer behavior of both male and female Cypriot consumers and whether there are any distinct behavioral differences between the two genders. This study provides recommendations to luxury brands to understand the nature of consumer behavior and brand-customer relationship in using SM.

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INTRODUCTION

Do businesses realize the challenges that the integration of SM in their marketing communication mix poses? Do they acknowledge the impact of SM on customers' perceptions regarding the brand and the brand's value? Do businesses adapt SM campaigns based on the customers' cultural and gender differences? These concerns are particularly important for luxury brands and their consumption. A study carried out on SM by Choi, Seo, Wagner and Yoon (2017) showed that consumer perceptions of luxury brands vary across cultural contexts whilst consumers have different attitudes towards luxury consumption.

Over the last years we have witnessed the unprecedented growth of the social media (SM) phenomenon, which are technological platforms for individuals to connect, produce and share content online (Boyd & Ellison, 2008). As early as 1999, the first blogging websites started to emerge and whose popularity is at an all-time high. During the early 2000s, socials like Myspace, LinkedIn, Flickr, YouTube, Facebook and Twitter emerged, shaping today's online environment. People's interaction and heightened interest in participating in these platforms, led to SM becoming one of the most popular online activities pursued by consumers around the globe (Li & Bernoff, 2011; Kujur & Singh, 2015). Batra & Keller (2016) and Kumar, Bezawada, Rishika, Janakiraman & Kannan, (2016) stipulate that social media platforms are rapidly replacing traditional marketing channels as go-to conduits for achieving a variety of marketing goals ranging from creating awareness to calling on consumers to buy. Napoli (2009) argues that on well-known platforms for example, Facebook and Twitter, consumer-distributed (rather than consumer-generated) content can critically increase the reach of brand-generated messages.

More and more academics share the view that SM has become a vital marketing tool and an integral part of the marketing mix (Pletikosa Cvijikj Dubach, Spiegler & Michahelles, 2013; Papasolomou, Thrassou, Vrontis, & Sabova, 2014; Melanthiou, Papasolomou, & Komodromos, 2015; Papasolomou & Melanthiou 2012) since it provides consumers with an opportunity to criticize, compliment, rate and rank brands online. Consequently, consumers have become more aware, knowledgeable, and even more critical of brands, brand-related activities and organizational activities in general (Fournier & Avery, 2011; Vrontis, Thrassou, & Amirkhanpour, 2017; Thrassou, Vrontis, Chebbi, & Yahiaoui, 2012).

In our modern society, the rise of social media has led to a heightened emphasis on looks and appearance. In the digital world, people gain value through the image they portray and the experiences they share with their following. Hence, a greater need has emerged among consumers to project the brands that they owe, use or consume. A study carried out by McCormick (2016) indicated that Millennials (those born between 1981-1996) are social consumers, who tend to share all aspects of their experiences on social media. Face consciousness has been extensively researched, particularly in the field of luxury brand consumption (Bao, Zhou & Su, 2003; Wong & Ahuvia, 1998). Face consciousness concerns the importance an individual attaches to the social self (Ho, 1976) and thus is regarded as a driving force of name-brand consumption (Li & Su, 2007; Monkhouse, Barnes & Stephan, 2012). Since the demand for counterfeit products derives from consumers' desire for genuine luxury brand items (Wilcox et al., 2009), the role of face in copycat consumption needs to be investigated (Chen, Zhu, Le, & Wu, 2014).

Undoubtedly, SM is constantly gaining ground. In recent years, there has been an upsurge of interest in investigating the impact of SM on green luxury products. For example, Lu & Miller (2019) explored the combined impact of SM and customer relationship management (CRM) on retail sales in the context of green (aka organic, natural and healthy) retailing. It study demonstrated the value of managing SM in conjunction with CRM, which has the potential to positively influence the purchase behavior of a retailer's most valuable customers. Another study carried out by Ju-Young & Jieun (2017) explored

the importance of incorporating SM with customer relationship management (CRM) and even though social CRM is still in its initial stages for a majority of green brands, the researchers proposed a model that provides green retailers with beneficial insights into the development of successful social CRM.

Similarly, there is a heightened interest among scholars towards exploring the relationship between brands (including luxury brands) and ethical or green behavior. Several studies (e.g. Kilbourne & Pickett, 2008; Mostafa, 2007; Roberts & Bacon, 1997; Schlegelmilch, Bohlen, & Diamantopoulos, 1996) have empirically shown that environmentally sensitive consumers are very likely to change their behaviour and purchase products and brands that are friendly to the environment, as well as influence other people towards adopting an ecological approach to their consumption. SM provides powerful communication tools which can be used to this end. Similarly, a study carried out in Cyprus by Leonidou, Leonidou & Kvasova, (2010) showed that an individual can simultaneously exhibit both inward and outward environmental attitudes, with each of them having an impact on a different aspect of behaviour. While inward environmental attitude is more associated with green purchasing behaviour, outward environmental attitude primarily relates to general green behaviour. Thus, a person with an outward environmental attitude can act in a friendly way to the general environment, but is not necessarily involved in a green purchasing behaviour, which is the result of the development of an inward green attitude.

Since luxury brands have always been associated with economic affluence, social status and power, people's need to own such items has increased alongside their need to portray a better self-image. Liao & Wang (2009) suggest that brand consumption is also related to brand consciousness. A study carried out by Rahulan Troynikov, Watson, Janta & Senner, (2013) aimed at comparing the consumer purchase behaviour of Generation Y (Millennials) and Baby Boomer cohorts with regard to sports compression garments, revealed that Generation Y subjects were more interested in the aesthetic appeal (appearance) of the garments as well as the technical information provided on the packaging and hang tags. Millennials, actively engage in SM (Alsop, 2008; Sweeney, 2005), since the internet plays a central role in their daily habits and lifestyles (Nam, Kim, & Kwon (2016); Yamawaki & Sarfati 2019). Millennials shoppers are three times more likely than other generations to use social media to learn about products, express their opinion online or to post photos about products; they also turn to friends, family and strangers on social for more information about the product or service they are interested in (Market Strategies, 2014). Millennials tend to actively generate, contribute, share, like, search for and consume brand content online, mainly through social media platforms. These activities are integral to consumer engagement, which refers to the consumers' ongoing emotional, cognitive, and behavioral investment in specific brand interactions (Hollebeek, 2011). Social media have provided a new platform of communication both between the brands and their consumers but also between consumers themselves. This can be a double-edge sword, but from a managerial perspective, brands can utilize the vast amount of data available online to their benefit to provide targeted marketing strategies that meet the needs and demands of specific customer segments.

Despite the growth of SM studies covering the relationship between brand engagement and SM (Kim & Ko 2010; Kujur & Singh, 2015, Schivinski, Christodoulides & Dabrowski, 2016), current knowledge is limited and little is known about how gender differences influence consumers' attitudes and perceptions towards luxury brands and specifically how SM influences the behaviour of Cypriot consumers towards luxury brands.

Conceptual Background and Hypotheses Development

The chapter reviews some of the key concepts highlighted in the existent literature as the ones that shape the luxury goods industry. The terms ‘luxury’ and ‘luxury goods industry’ are defined in order to help the reader to conceptualize the focus of this chapter. The chapter’s discussion also looks into some of the implications, both positive and negative, of social media on luxury brands, the profile of online luxury brand consumers as well as their behavioral patterns and how brands can utilize this information to create more targeted marketing strategies aimed at generating positive responses towards their brands. This discussion aims at providing the conceptual foundation for an empirical research study carried out in Cyprus aimed at exploring the impact of social media on luxury brand consumption of Cypriot consumers. Two distinct and interrelated research objectives stemmed from the study’s overarching aim: (a) To discover how Cypriot consumers behave online and (b) To investigate the ways in which SM influences consumer behaviour towards luxury brands. These in turn, give rise to *six hypotheses* that emerged from an in-depth exploration and discussion of an extensive literature review that follows below.

The Luxury Goods Industry

The word “luxury” has Latin origins and is a derivative of the word ‘luxus’, which means indulgence of the senses, irrespectively of cost (Nueno & Quelch, 1998). Being a topic of varying interpretations, however, luxury is a term which is quite hard to define because its meaning differs in time and space; what one might consider as luxury, might be considered as an everyday commodity by another. Hence, there is an ‘unavoidable subjective interpretation of the word’ (Nwankwo Hamelin & Khaled., 2014).

In the last couple of decades, several profound changes have taken place in the luxury goods industry suggesting the digital transformation, fluctuating economic stability around the world, growing consumer demand for a myriad of products and services, and evolving consumer tastes. These changes highlight some of the factors that impact the new competitive landscape, in which the effectiveness of traditional organizational marketing strategies is being threatened.

Unlike other industries, the luxury goods industry will continue to grow, despite the fact that the overall global market growth depends on a variety of factors such as geopolitical and their impact on tourism. Nonetheless, luxury brands have to find ways to deal with the challenges they are facing if they are to achieve a higher sales growth rate (Deloitte, 2018).

Bain & Co and the Boston Consulting group have produced two of the most insightful reports regarding the 2012 and 2010 global luxury spending (Brun & Castelli, 2013 p.824). The reports show that the luxury product categories in which consumers exhibit the highest spending are: cars and personal goods. Total spending on luxury brands was 743 and 960 billion euros in 2012 and 2010, respectively.

According to Bian & Forsythe (2011), luxury brands are characterized by premium quality, a heritage of craftsmanship, recognizable style, premium price, uniqueness and global reputation. They stipulated that the way the term is defined depends highly on the customers’ price sensitivity and personal views, thus resulting in interpretations that are very subjective and rather inconsistent across market segments. “Luxury products” are: ‘a work of art designed for an exclusive market’ and whose functional utility to price ratio is low but at the same time the intangible/situational utility to price ratio is high (Nueno & Quelch, 1998 p 62). Nueno & Quelch (1998) stipulate that luxury brands are characterized by a consistent delivery of premium quality that spans the entire product line while having a strong association with the designer’s craftsmanship, a unique style/design that distinguishes the brand from competitors’

brands and a limited availability of the product resulting from a small scale production aimed at achieving exclusivity. Thus, the literature reviewed on luxury brands leads to:

Hypothesis 1: ‘Consumers with a higher income are more likely to own luxury brands’

The literature reviewed suggests that the popularity of social media has given a new dimension to the promotion of luxury brands, primarily throughout the creation of new and ‘unlimited’ opportunities for exposure and promotion such as user generated content and customer engagement with the brands. The discussion that follows below looks into some of the implications for luxury brands that result from the integration of social media in their promotional and overall marketing strategies.

Using Social Media to Building Customer Brand Engagement

User-generated content (UGC) and Social Networking Sites (SNSs) are some of the major developments brought about by Web 2.0 that have had a significant impact on consumption trends. With the introduction of these elements, the domination of traditional content generation, like one-way communication and expert reviews as the principal source of information is being questioned and so is the transparency provided by the web enabled UGC and SNSs to become a legitimate and reliable source of information for consumers. In essence, consumers are now able to have access to reviews and opinions provided by other consumers that are not part of their immediate social circle. The consumer-generated content shared through social media has led to dramatic changes in the way brands are promoted.

Virtual communities are defined as ‘mediated social spaces in the digital environment that allow groups to initially form and then achieve sustainability primarily through continuous communication. These communities thrive in social media platforms such as Facebook and Twitter. With the increasing engagement of brands in such platforms, consumers are now able to be actively involved with brands and are perceived to be co-creators of the brands’ competitive strategies often developing a symbolic meaning for the brands. This process facilitates the creation of the so-called ‘capital of knowledge or opinions’ that is the pool of content and information created by community members through their active participation (Jin 2012, p.689). Under such conditions marketers have several opportunities to engage in user-generated branding (UGB) that is the ‘strategic and operative management of brand-related user-generated content, in order to achieve brand goals’ (Jin, 2012).

A survey carried out by Dessart (2017) that included more than 48 Facebook pages, spanning nine product categories and 448 consumers, showed that product involvement, attitude towards the community and online interaction propensity have an impact on social media engagement. The study also revealed that high social media engagement increases brand relationships significantly, particularly affecting brand trust, commitment and loyalty. Another study carried out by Westberg, Stavros, Smith, Munro & Argus (2018), highlighted the powerful combination of sport and SM as a mechanism by alcohol brands seeking to interact with consumers and encourage them to both create and promote content to their social networks. Similarly, Liu, Shin & Burns (2018) carried out a study to examine the influence of focusing on the entertainment, interaction, trendiness, and customization dimensions of a luxury brand’s social media activities on customer engagement with brand-related social media content. Using big data retrieved from a 60-month period on Twitter (July 2012 to June 2017), the study analyzed 3.78 million tweets from the top 15 luxury brands with the highest number of Twitter followers. The results revealed that focusing on the entertainment, interaction, and trendiness dimensions of a luxury brand’s social media marketing efforts significantly increases customer engagement, while focusing on the customization dimension does not. Martin-Consuergo Diaz, Gomez and Molina (2019) carried out

a study in which data was collected from 326 social media users who look for information on internet about luxury brands before purchasing a specific brand provided evidence indicating that there are positive relationships between brand involvement, consumer-brand interaction and behavioral intention. The study's results confirmed the moderating role of the utilitarian/hedonic motivations.

Social media platforms are rapidly replacing traditional marketing channels offering unlimited opportunities to marketers for achieving marketing objectives. However, even as brands increasingly join social media conversations, the challenge for companies is to produce appealing brand messages with content that is less likely to be ignored and more likely to be shared by consumers. Over the years, researchers have developed a special interest in understanding the use of SM in developing strong and customized relationships with customers driven by the impact social media has on human interactions (Shah, Zahoor & Qureski 2019).

Today brands are able to create a multidimensional picture of the market and have a deep understanding of current and potential trends and problems, simply by monitoring social media sites (Arrigo, 2018). SM allows organisations to pursue a number of marketing activities such as to build direct relationships with consumers, identify new customer segments, achieve differentiation, identify new business opportunities, collect customer feedback and create brand communities primarily due to the wide availability of data shared on social media.

Kim & Lee (2019) claim that luxury brand marketers have recently turned their attention to customer-driven social media communities devoted to their brands. Their study in which data was collected from 252 luxury brand Facebook fan page members in South Korea focused on the concepts of integration and interactivity that provided the theoretical foundation for investigating SM and luxury brand communities (LBCs). The study examined the effects of: (1) LBC integration on interaction as a process; (2) interaction as a process on perceived interactivity of LBCs; and (3) integration and interactivity on attitudes, brand loyalty, and purchase intentions. The findings confirm that there are positive effects of LBC integration on interaction as a process and positive effects of interaction as a process on perceived interactivity of LBCs. The results also confirm the effects of interactivity on brand attitude, brand loyalty, and purchase intentions.

Luxury brands are called to come up with different growth strategies, especially concerning audiences not previously reached. A brand's ability to do so is highly enhanced in the digital world where businesses have the opportunity to not only reach new customer segments but also increase their existing customers and keep them engaged with the brand. With rising customer expectations for efficient e-commerce, engaging and exciting interactions on social media and multiple channels of communication, luxury goods and services are increasingly pursued, sampled and bought online (The Boston Consulting Group, 2016). According to McKinsey & Company, e-commerce is expected to account for 18% of luxury goods sales by the year 2025 and hence the issue has rather shifted from whether luxury brands should engage in e-commerce to how luxury brands should behave in e-commerce (Yu, Hudders & Cauberghe, 2018).

Burberry is a profound example of a brand that has mastered SM and storytelling by shifting, more than a decade ago, its entire business strategy online. In 2006, after a decline in net profits and an incoherent global marketing strategy, the fashion house shifted its vision with the intention to be 'the first company who is fully digital'. Burberry intended to be accessible across any device, at any point and for consumers to always get the exact same feeling of the brand and its culture, via all of its digital touchpoints resulting from Burberry's decision to concentrate on targeting millennials which constitute 'the luxury customers of the future millennial', an audience often ignored by other luxury companies. Hence, the company decided to redesign their website and turn it into a hub for all their marketing and

branding that uses ‘emotive brand content like music, movies, heritage and storytelling’ to appeal to millennials. The growth that the brand has experienced since, the increased customer engagement and the enhanced experience enjoyed by millennials in their digital network, denotes the extent of the success of Burberry’s decision. By 2015, Burberry had reached over 16 million followers on Facebook, 3 million on Twitter and more than 2 million on Instagram and as a result it experience an increase in gross revenue as well (Straker & Wrigley, 2016).

There is however a downside of using SM for luxury brands. In general, consumers tend to expect that luxury brands will offer them among others uniqueness and exclusivity, premium quality, high pricing and limited distribution. Hence, one of the great challenges that luxury brands face is how to preserve their brand integrity and exclusivity while at the same time utilizing the power of UGC and SNSs and keeping up with the current SM trends (Jin, 2012). As Jin (2012) explains, brand communities are formed when groups of users and brand fans interact and actively engage in group actions to achieve mutual goals and express common feelings and opinions. Anti-brand communities on the other hand, include collective social activities of mobilized customers who are against a brand and use social media as platforms to express their dissatisfaction, exchange anti-brand information and experiences but also sometimes go as far as to promote boycotts. SM in the case of luxury brands can create either virtual brand communities that support and promote the brand through eWOM or form virtual anti-brand communities that in essence criticize and are hostile towards the brand. The clear dividing line however, between brand communities and anti-brand communities is gradually becoming less and less distinctive as the social media presence of luxury brands is growing and expanding. This is because the very nature of social media nowadays allows for both positive and negative UGC to exist simultaneously. Consumers have the power to use SM to post positive comments and reviews on a brand’s page but at the same time they can also use these pages to publish complaints and post negative comments about disappointing experiences with a brand (Jin, 2012).

Hypothesis 2: ‘Women are more brand conscious than men and are therefore, more receptive to and influenced by SM and advertising to their purchasing decisions’

Hypothesis 3: ‘Male and female consumers have different perceptions and give a different priority to spending on luxury brands’.

In general, customers vary in their behavior towards luxury brands and hence, they can form distinct target groups for marketers. Ramadan, Farah & Dukenjian, (2018) identified six types of luxury brand followers. The ‘pragmatists’ who are people that are indifferent towards buying luxury brands even though they can afford to however, they tend to follow luxury brands on SM. The ‘*bystanders*’ who have a passive interest towards luxury brands and usually remain silent in social communities, although they typically form the majority of followers in brand communities. The ‘*trend hunters*’ who have a high interest in luxury brands, wish to be informed about them but they cannot afford them. The ‘*image seekers*’ who consider luxury brands to be symbols of status and success, put effort in impressing their peers, and try to become members in luxury brand communities since they perceive this to be critical for their self-development. The ‘*passionate owners*’ who are people with a strong passion for certain luxury brands for which they develop stories and experiences that they then share with others. They also exhibit a strong emotional bond with these brands and associate their happiness, pleasure and success with their ability to purchase them. Finally, the ‘*prime consumers*’ of luxury brands are people who buy luxury brands regularly and consider them to be an integral part of their daily lives, they are loyal and often develop strong relationships with these brands.

Tynan, McKechnie & Chhuon (2010) suggest that luxury goods can be placed at the one end of a continuum whilst ordinary goods can be placed at the other end. Thus, where the ordinary ends and the luxury starts is solely a matter of the consumer's personal perspective. What complicates things even more is that the existent literature makes reference to 'old luxury' and 'new luxury'. The former refers to the 'product' itself and is defined by the seller whilst the latter refers to the experience gained by the consumer from using the product and it is in essence co-created by the consumer. Is there a preference among the various consumer groups outlined above towards the consumption of either 'old luxury' or 'new luxury'? In other words, are some luxury brand consumers primarily driven by the product's feature, attributes and benefits whilst others, are more interested in the experiences that the brand can offer through a process of co-creation? If yes, then which types of luxury brand consumers tend to favor each type of luxury?

Based on the concepts that have emerged from the discussion above, the researchers sought out to explore the following relationships:

Hypothesis 4: 'Image seekers' are more receptive to 'old luxury' whereas 'passionate owners' and 'prime consumers' are more receptive to 'new luxury'.

Hypothesis 5: 'Image seekers' spend more time researching online prior to buying compared to 'passionate owners' and 'prime consumers'.

Hypothesis 6: 'Consumers who do not own luxury brands hold different perceptions regarding the motivation for purchasing luxury brands from those who own luxury brands.'

Social media though has its downside and poses several challenges for luxury brand marketers. From the consumers' perspective, purchasing luxury brands online is associated with high levels of perceived risk, mainly because large amounts of money are involved and there is an underlying insecurity regarding the brand's level of quality. As a result, consumers tend to rely heavily on photos, information, and reviews that are widely and easily accessible, with the latter having the strongest positive effect on forming an opinion about a product (Yu, Hudders & Cauberghe., 2018).

Hofacker & Belanche (2016) highlight eight areas within SM marketing that create challenges for marketing practitioners that derive from changes in consumers' behavior and from changes in business models. A study carried out by Al-Qahtani Alsaffar, Alshammasi, Alyousef & Alhussaini (2018) exploring the advantages and challenges of SM in healthcare revealed that patients believed that using SM in healthcare might breach the confidentiality and security of information. Minjung, Im & Kim (2017) driven by the growing concern about brand dilution of luxury brands on social media, carried out a study in three stages with the purpose to examine the impact of brand-consumer engagement on value perceptions of luxury fashion brands within the context of social media marketing. The result of Study 1 showed that luxury brands were inherently psychologically distant than mainstream brands. The results of Study 2 and Study 3 demonstrated that a luxury brand with a high level (vs. low level) of brand-consumer engagement resulted lower value perceptions (i.e., social, uniqueness, and quality value perceptions) of the brand, and such relationships were mediated by decreased psychological distance. The study provided important implications for luxury brand managers and scholars suggesting that luxury fashion brands should maintain psychological distance on social media to protect the core value perceptions of the brands.

Cyprus: The Cultural Context for the Empirical Study

The existent literature on the cultural characteristics of Cypriot consumers is very limited if not in-existent. There are very few studies exploring this cultural context, for example (Abeliotis, Nicolaou and Sardianou 2011; Antoniou 2009; Leonidou et al., 2010). One of the few studies carried out in this specific cultural setting, is a study carried out by Kitsios & Kaufmann (2009) that revealed that there are several reasons that shaped the development of the consumer behavior pattern of Cypriots. These are: (a) the country's GDP; (b) the country's gross average salary development and (c) tourist arrivals as well as several non-economic factors such as educational level of consumers, peer influence and political reasons. Cyprus enjoys 97.6% literacy, with a school life expectancy of 14 years. The education level of Cypriots contributes towards their economic status and hence, their consumption behaviour. One could even argue that Cyprus suffers from an "over-qualified population", with an overwhelming number of Cypriots holding post-graduate degrees (<https://www.cyprus.com/cypriot-people-and-culture/> accessed July 20, 2019). Another important key characteristic that has contributed towards molding the cultural characteristics of the Cyprus society is the role of women that has changed over the years contributing to a dramatic change in the role that women play in the decision making process and consumption preferences of themselves and that of their families. Cypriot women have seen a gradual change in their role as players in the economic revival of the country since the events of 1974. This has been the result of their increased participation in the island's economic activity, the changes in family and labour law, the public awareness of women's issues and the government's policy for the promotion of gender equality. The contribution of Cypriot women in the overall development of the country is documented: (a) women's share in the total labour force rose from 30% in 1976, to 37% in 1985 and 44% today; (b) 62.1% of all women aged 15-64 years are integrated in the labour force and (c) 31% of Cypriot women over 20 completed tertiary level education compared to 29% of Cypriot men (<https://www.cyprus.com/cypriot-people-and-culture/> accessed July 20, 2019).

Empirical Study: Aim, Hypotheses and Research Design

The chapter's *overarching aim* is to provide an exploration of the existent knowledge regarding luxury brands and online consumer behavior through a review of the current literature. By reviewing the current literature, it became apparent that the current knowledge regarding how consumers behave online in their search for luxury brands can be strengthened through the use of empirical evidence. To this end, a quantitative research study was carried out in Cyprus in an effort to investigate the following two research objectives: (a) understand how Cypriot consumers behave online and (b) identify the ways in which, SM influences their perceptions, attitudes and behavior towards luxury brands. These two research objectives gave ground to the *six hypotheses* that emerged from the literature review discussed in the previous section.

Methodologically, the chapter rests on a quantitative research study that produced data from 110 completed survey questionnaires that aimed at investigating and generating data regarding the six hypotheses. The survey was conducted from May 11th to May 18th 2019. The researchers used the convenience sampling technique to draw the sample. A convenience sample is a type of non-probability sampling method where the sample is taken from a group of people easy to contact or to reach. This type of sampling is also known as grab sampling or availability sampling. There are no other criteria to the sampling method except that people be available and willing to participate. In addition, this type

of sampling method does not require that a simple Random sample is generated, since the only criteria is whether the participants agree to participate (Saunders, Lewis & Thornhill, 2012). Due to the nature of the study and time restrictions was considered to be a suitable method. Etikan, Musa & Alkassim, (2016) used the terms 'haphazard sampling' and 'accidental sampling', and describe it as a non-random method whereby the participants in the study belong in the target population and are chosen because they meet certain criteria which facilitate the research. Such criteria include easy accessibility, availability or willingness to participate (Etikan, Musa & Alkassim, 2016). According to Etikan, Musa and Alkassim (2016), convenience sampling is neither purposeful nor strategic despite it being widely used. It is based on the assumption that the target population is homogenous in terms of its members. In essence, it assumes that results are the same whether they are collected through a 'random sample, a nearby sample, a co-operative sample or a sample gathered in some inaccessible part of the population.' Having said that, some key advantages of this sampling method are its affordability and ease of access to the subjects. The technique though has some disadvantages which are primarily the possibility of sampling error and lack of representation of population. There is however a trade-off between this method of quick sampling and accuracy.

Bornstein, Jager, & Putnick (2017) state that inferences based on the convenience sampling should be made only about the sample itself whilst Lisa (2008), stipulates that by rapidly gathering information, researchers and scientists can isolate growing trends, or extrapolate generalized information from local public opinion.

The researchers designed the questionnaire on an electronic platform in order to facilitate the process and increase accessibility. It was then distributed via SM, by sharing the link. As a prerequisite, the person that answered the questionnaire had to be at least 18 years old and also, an income earner. Due to the nature of the study, university students were excluded because of their age and limited spending power. The findings of the study are based on descriptive statistics.

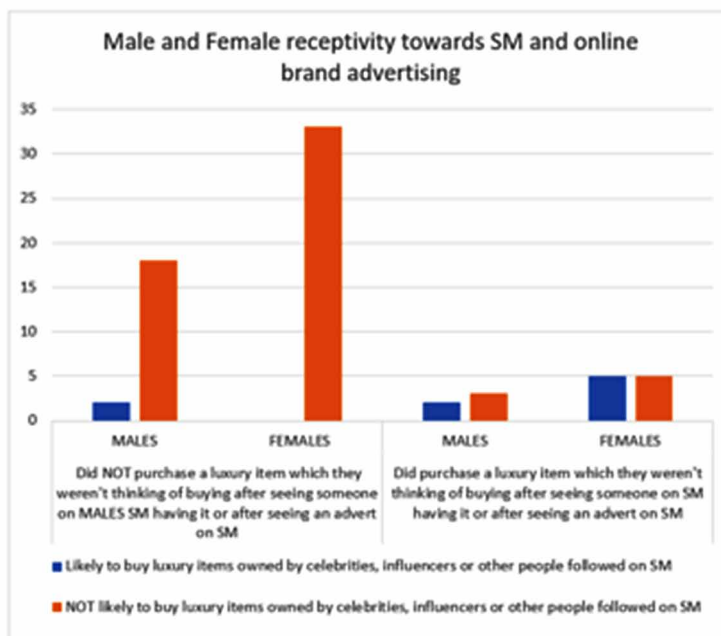
Empirical Study: Research Findings and Discussion

Out of 110 participants, only 85 participants revealed their gender. From them, 31 were male and 54 female. The average age of the participants was 42.3 years old and the participants' age varied from 24 to 60+. The majority of the participants (26) belonged in the age group 41-45 and only one participant was over 60 years old. Their educational background ranged from high school graduates to doctorate degree holders. The participants came from different professional backgrounds (both from the private and public sectors) and their monthly income ranged from 1,000-3,500+ euros.

Hypothesis 1 (H1): 'Consumers with a higher income are more likely to own luxury brands'

The first hypothesis (H1) aimed at exploring whether there is a relationship between income and the ownership of luxury brands. The hypothesis suggests that consumers with a higher income are more likely to own luxury brands. Although there is a slight increase in the ownership of luxury brands at 2000-2500 euros per month, the study indicated that the consumers with a monthly income of 1000 and 3000 euros show little to no interest in them. It is interesting to note that the value drops significantly for people with a 3000+ monthly income. Specifically, between 2500-3000 and 3000-3500 euros the value drops to almost one third. This might be due to the fact that the consumers who earn a higher income usually have high managerial positions and hence, a higher social status and may not necessarily need to own luxury brands to demonstrate this. On the other hand, though, consumers with a lower income may seek to own luxury brands in order to strengthen their self-esteem and show to others that they belong to a

Figure 1. Male and female receptivity towards SM and online brand advertising



higher social class. Based on the study's findings it can be suggested that the ownership of luxury brands is not in proportion to the consumer's income. Consumer spending in luxury brands increases at lower income levels, and drops at higher income levels. Based on the study's findings H1 cannot be accepted.

Hypothesis 2 (H2): 'Women are more brand conscious than men and are therefore, more receptive to and influenced by SM and advertising to their purchasing decisions'

H2, suggests that women are more brand conscious than men and thus more receptive to SM messages such as ads and posts, in their purchase decisions. This hypothesis aimed at exploring whether the consumers' receptivity to SM adverts and influencer posts is gender sensitive. The consumers studied were asked whether they had ever purchased a luxury brand, which they were not necessarily ever considering to buy, after being exposed to SM posts and adverts and after viewing others on SM using it. The participants were also asked to indicate whether they were more likely to purchase a luxury brand owned by a celebrity, an influencer or any other individuals that they follow on social media. The majority of men studied gave negative responses to this question and so did the female participants (Figure 1). Both groups of respondents indicated that they are not influenced by SM posts, ads and influencers when it comes to buying luxury brands. Hence, H2 cannot be accepted and it can thus be suggested that the customer's receptivity to SM messages such as advertisements and influencer posts is not gender sensitive. Thus, the present study showed that for luxury brand purchases Cypriot customers, do not tend to rely on eWOM, photos and reviews shared on SM as was suggested by Yu, Hudders & Cauberghe (2018).

Hypothesis 3 (H3): 'Male and female consumers have different perceptions and give a different priority to spending on luxury brands'.

H3 is founded on the idea that the two gender groups tend to give a different value to different product categories and brands. Therefore, men and women are expected to have different perceptions and

Social Media and Consumer Behaviour Towards Luxury Brands

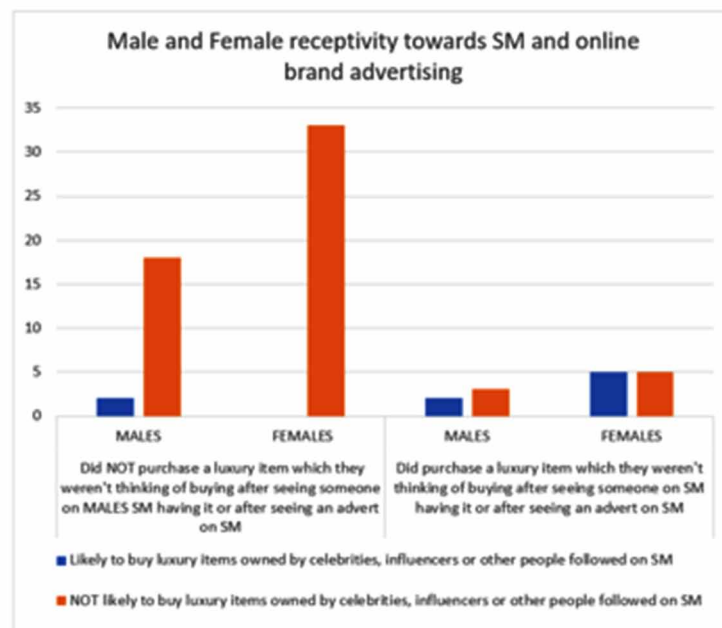
priorities when it comes to buying luxury items. The study revealed (Figure 2) that the Cypriot female consumers prefer to buy luxury brands from the ‘bags and fashion accessories’ product category which was not however favoured by the male consumers in the study. Both female and male consumers studied like buying luxury brands from the ‘clothing’ industry and male buyers seem to have a strong interest for luxury brands in the ‘automobile’ and ‘shoes’ product categories. The ‘Interior decoration’ product category was not favoured by neither gender group. Based on the study’s findings, H3 is accepted.

Hypothesis 4 (H4): ‘Image seekers’ are receptive to ‘old luxury’ whereas ‘passionate owners’ and ‘prime consumers’ are more receptive to ‘new luxury’.

The researchers attempted to uncover the profiles of Cypriot consumers regarding the consumption of luxury brands and to this end they used the typology stipulated by Ramadan, et al., (2018). Based on the responses given by the Cypriot consumers who buy luxury brands, a total of 33 people, twenty are ‘image seekers’, five ‘passionate owners’ and eight ‘prime consumers’. The aim was to investigate whether specific types of consumers tend to be more receptive to either ‘old luxury’ or ‘new luxury’, the former refers to the benefits gained by using the product per se and the later refers to the experiences that the luxury brand offers. For the purpose of the study, ‘old luxury’ was associated with the product itself and specifically to those products that are custom made and require a considerable input and hence, effort from the customer during the design process. In investigating H4, the researchers used only 33 questionnaires from the 110 completed questionnaires returned, since these were the ones completed by the consumers who stated that they buy luxury brands.

Based on the typology stipulated by Ramadan et al. (2018), ‘*image seekers*’ are the consumers who are interested in the product per se and the benefits it offers seeking to enhance their self-image through its use. On the other hand, ‘passionate owners’ and ‘prime consumers’ are more interested in the experiences that the luxury brand offers (Ramadan et al., 2018). The study, showed that the ‘image seekers’

Figure 2. The luxury brand product categories favored by men and women



who in general view luxury brands as status symbols, aim at impressing their peers, strive to become members in luxury brand communities since this is perceived to be important for their self-development, were both likely and unlikely to buy brands that required special effort, were custom made and require the customer's significant input during the design process.

The Cypriot consumers who indicated that they see themselves as *'passionate owners'* and as such they are characterized by a strong passion for specific luxury brands, they develop stories about them and tend to share them with others. The *'passionate owners'* have a strong emotional bond with these brands and associate their happiness, pleasure and success with their ability to purchase them. The study showed that these consumers were unlikely to purchase *'old luxuries'*. The *'prime consumers'* who are customers who tend to buy luxury brands regularly and consider them to be an integral part of their daily lives, develop strong bonds with the brands and are loyal stated that they are more likely to buy luxury items that are *'old luxuries'*.

Based on the study's findings, H4 cannot be accepted since the evidence did not support that the *'Image seekers'* are receptive to *'old luxury'* whilst the *'passionate owners'* and *'prime consumers'* are more receptive to *'new luxury'*.

Hypothesis 5 (H5): *'Image seekers'* spend more time researching online prior to buying compared to *'passionate owners'* and *'prime consumers'*.

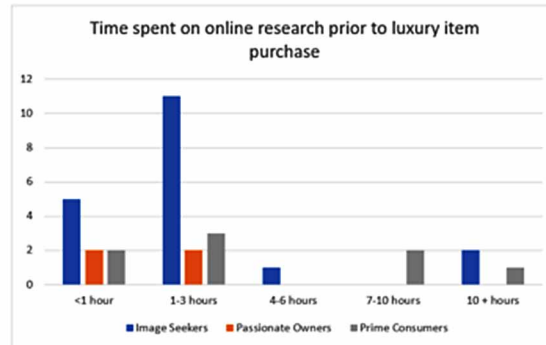
H5 suggests that the *'image seekers'* spend more time researching online prior to their purchases than *'passionate owners'* and *'prime consumers'*. The study showed (Figure 3) that the majority of *'image seekers'* spend between 1-3 hours researching. The second most common answer was less than an hour, while only one respondent said that they spend between four to six hours and two respondents claimed that they spend more than ten hours on their online research. The *'passionate owners'*, who were only four consumers in the present study, tend to spend between less than an hour and between 1-3 hours in searching for information regarding luxury brands on SM. On the other hand, most *'prime consumers'* claimed that they spend between 1-3 hours and 7-10 hours searching for information on SM. There were a few who stated that they spend less than one hour and one respondent claimed that he spends more than 10 hours. H4 cannot be accepted. Overall, the study showed that the different types of consumers seem to spend between less than an hour and up to three hours in searching for information for luxury brands on SM. Although, the study's findings suggest that there is no direct relationship between the type of luxury brand consumer and the time spent searching for information, they complement the existent literature since they show that the consumers search for information before they buy luxury brands (Martin-Consuegro Diaz et al., 2019).

Hypothesis 6 (H6): *'Consumers who do not own luxury brands hold different perceptions regarding the motivation for purchasing luxury brands from those who own luxury brands.'*

The study took into consideration the responses given by Cypriot consumers who owned luxury brands and those who did not at the time of the study. The study's findings suggest that the perceptions held by non-luxury brand consumers and luxury brand consumers regarding the reasons for buying luxury brands are different. According to the study's findings, the luxury brand consumers' primary motivation for buying luxury brands is the brand's quality, this however was not suggested by the non-luxury brand consumers. Luxury brand owners also stated as important driving factors for buying luxury brands the *'brand's style'* and *'gaining a feeling of fulfilment'* from the ownership of a luxury brand. These however were not the primary motivation factors stated by the non-luxury brand consumers studied. Non-luxury brand owners stated that the primary factors that motivate them to buy luxury brands are: (1) "the brand gives them a feeling of accomplishment", (2) "the brand gives them a feeling of belong-

Social Media and Consumer Behaviour Towards Luxury Brands

Figure 3. Time spent on online research prior to buying luxury brands by 'image seekers', 'passionate owners' and 'prime consumers'



ing in the luxury brand community” and “elevates their status” and (3) “the brand gives them a feeling of fulfillment” and “the brand’s style”. The study’s findings revealed that the motivations of Cypriot luxury-brand owners and non-luxury-brand owners in terms of seeking to buy luxury brands are quite different. Based on the study’s findings, H6 is accepted.

CONCLUSIONS, THEORETICAL AND PRACTICAL IMPLICATIONS

Amidst an increasingly competitive marketing environment in which clutter and competition are at an all times high, marketers are emphasizing the use of SM in their marketing communication campaigns. The study sought out to explore the impact of SM on the purchase behavior of Cypriot consumers towards luxury brands and thus expand previous work on SM and consumer behavior ((Kim & Ko 2010; Kujur & Singh, 2015, Schivinski, Christodoulides & Dabrowski, 2016),).

Based on the study’s findings the ownership of luxury brands is not in proportion to the consumer’s income. In the study, the consumer’s spending in luxury brands increases within lower income level groups, and drops among higher income level groups. It can be perhaps suggested based on the study’s findings, that consumers from lower socio-economic groups are in essence ‘image seekers’ and thus, are motivated to purchase luxury brands in an effort to impress others and indicate that they belong to a higher socio-economic social class. This consumer characteristic and purchase trend has important practical implications for the luxury brand industry. The dramatic growth of the internet and the widespread popularity of SM have dramatically changed consumer behavior and purchasing patterns. What may have been exclusively available and owned by the very few, today is widely available and easily accessible to the mass. This is something, which directly affects luxury brands as it may have implications for the brand’s image and target market. Marketers need to consider this when designing their marketing strategies and specifically their branding, pricing and promotion strategies.

Regarding this hypothesis, the study’s findings suggest that the ownership of luxury brands by celebrities, influencers or other people followed on social media, does not affect the consumers’ purchase decision when it comes to buying luxury brands by both genders. This finding contradicts the existing theoretical knowledge which supports that people rely on photos, opinions and reviews online for their

luxury purchases (Yu, Hudders & Cauberghe, 2018). This piece of evidence can be particularly important in the sense that it can pave the way for further research regarding the effectiveness of sponsored posts, influencers and people's susceptibility to them. Since the adoption of such techniques by marketers is quite recent, their usefulness and efficiency may not be so clear yet. Having a transparent understanding of their success rate is crucial in designing plans effectively and allocating budgets accordingly, without overestimating the power of a certain tool and investing excessively on it. Upon their excitement and in an attempt to utilize all the tools provided by social media today, brands may lose sight of what is truly effective. While investing in social media ads and sponsored posts may be successful in increasing brand awareness, according to this study their effectiveness in leading to purchase is questionable. Hence, marketers need to have a clear idea of what exactly it is that they want to achieve before engaging in such activities.

The study's findings did not produce conclusive evidence in relation to whether there is a direct relationship between a specific luxury-brand consumer type from the typology developed by Ramadan, et al., (2018) and consumer preference for either 'old-luxury' or 'new-luxury' brands. Therefore, marketers should continue to invest in both the actual product/service, which is at the heart of the brand and the experiences that the brand can give to consumers. It is paramount that marketers invest in customer research to reveal the consumers' preferences and expectations and then invest into delivering customer value.

The study did not reveal a direct relationship between a specific luxury-brand consumer type from the typology developed by Ramadan et al. (2018) and the time spent by the consumer on online research prior to the purchase of a luxury brand. Cypriot consumers belonging to the three specific luxury-brand consumer types (*image-seekers*, *passionate owners* and *prime consumers*) spend any time between less than an hour to three hours on SM research. This evidence complements the work developed by Ramadan et al., (2018). The fact that in general, Cypriot consumers do not seem to spend much time (only 1-3 hours) researching prior to purchasing luxury brands despite the fact that this type of purchase requires a significant financial investment implies that consumers are more confident in their purchases. This may be the result of the vast amount of information (such eWOM, reviews, posts) available on the internet and SM. Data from varying information sources has become readily and easily accessible resulting in increased consumer confidence in the brands and lower perceived risk. However, this can be challenging for marketers. On the one hand, customers are more confident to spend money in buying luxury brands and on the other hand, marketers are faced with an abundance of information available online which is not necessarily within their control.

The existent literature is limited regarding the primary factors that motivate the 'luxury brand' owners and 'non-luxury brand' owners to buy luxury brands. The study showed that the two groups differ in terms of the factors that stipulate consumer spending in luxury brands. This finding has practical implications for luxury brand marketers who should invest in market research in order to understand the factors that motivate consumers to buy luxury brands. Similarly, since, 'luxury brands' have a strong association with quality, style and craftsmanship, these should be the benefits highlighted in an integrated marketing communications campaign that incorporates SM to ensure that consumers have a clear understanding of the benefits to be derived from this type of brands.

Brun & Castelli (2013) stipulated that consumer spending on luxury brands is gender specific. The present study revealed that the two genders show a strong preference for buying luxury branded clothes with men exhibiting an equally strong preference for luxury cars and women for purchasing luxury branded bags and other fashion accessories. Thus, the study's findings complement and expand the existent knowledge regarding luxury brand consumption and gender preferences. This finding has practical

implications for luxury brand marketers as well since it suggests that both products and promotional campaigns can be tailored according to the preferences and demands of specific gender groups.

LIMITATIONS AND FUTURE RESEARCH

Limitations

The study's main limitations are its size and the context in which it was carried out. Its small sample size is due to time constraints and the specific cultural context i.e. Cyprus, was selected since it offered immediate access to empirical. Methodologically, the study was quantitative in nature since the overarching aim was to explore the perceptions and attitudes of Cypriot consumers regarding SM and its impact on their purchase behavior.

FUTURE RESEARCH

Future research on the subject may potentially carried out in a triaxial direction: (1) contextually, (2) culturally and (3) methodologically. In particular, (1) it can be developed to fit different/differing contexts, be it geography and market ones; (2) it can be applied within a different cultural context or across different ones; (3) it can utilize or blend different methodology to study the same subject. Methodologically, future research studies can be qualitative in nature aimed at uncovering in-depth consumer attitudes, perceptions, motivation, expectations and experiences with the use of SM and the luxury brands. In terms of more specific research options, future research could focus on exploring the impact and effectiveness of SM ads, influencer posts and electronic word-of-mouth communication on different consumer groups such as gender, age, occupational and generation. Similarly, future research could focus on identifying the impact of SM on different stages of the decision making process. Another area that is worth of future exploration is gender differences in terms of luxury brand preferences and consumption patterns with emphasis on the factors that motivate different gender groups to buy luxury brands from different product categories.

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Chapter 14

Emotional Intelligence Towards Customer Relationship Marketing: The Case of Retail Banking in Lebanon

Grace Al Khoury

 <https://orcid.org/0000-0001-9282-5277>

School of Business, University of Nicosia, Cyprus

Alkis Thrassou

School of Business, University of Nicosia, Cyprus

Ioanna Papasolomou

School of Business, University of Nicosia, Cyprus

ABSTRACT

The chapter adopts a theoretical approach to exploring the existing literature on emotional intelligence models and customer relationship marketing concept with the aim of proposing a 'new' conceptual model interlinking emotional intelligence (EI) and customer relationship marketing (CRM). The proposed conceptual model will then be re-developed on the basis of the findings that will emerge from a qualitative case study research carried out in the Lebanese retail banking sector. The fact that the focus of this study is on the Lebanese market could potentially 'fuel' the topic with more controversy due to the impact of the Lebanese culture affecting both the banks' organisational culture and the front-line employee behaviour. Based on an extensive search of literature, one can conclude that EI significantly affects the retail banking sector. The research study aims at interlinking EI theory with frontline employee behavior in the context of CRM through combing existing models, theoretical research and secondary data.

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INTRODUCTION

The concept of Emotional Intelligence (EI), especially in the Lebanese culture, is of great interest since it helps in enhancing the customer relationship marketing process adopted by organizations that operate in the service field such as banks, which are the focus of this research. The Lebanese culture, by its very nature, is complex. This complexity stems from its diverse backgrounds, religions, political groups and people (Geha, 2015). Undoubtedly, a society's cultural characteristics will impact the way its members communicate and interact with each other. People's cultural characteristics are an integral component of a person's attitudes and behaviour exhibited in his or her workplace towards colleagues but also external customers. This subsequently suggests that the concept of EI can have a strong impact on the quality of the service interactions between front line employees and customers and subsequently on the customer relationship marketing strategy implemented. It is thus crucial for banks to understand their customers' and employees' communication needs and perceptions, and to utilise this knowledge in the emotional intelligence context towards more effective customer relationship marketing techniques.

This research builds on previous work by Al Houry et al. (2016), Al Houry et al. (2017) and Al Houry et al. (2018) aimed at re-developing and refining the proposed conceptual model by drawing on an in-depth review of the relevant concepts such as: Customer Relationship Marketing (CRM), Exhibited Behavioural Attributes of EI, Customer Evaluation and Service Recovery.

The overarching aim of the research is to link emotional intelligence theory with frontline employee behaviour in the context of customer relationship marketing in the Lebanese retail banking sector.

Towards this aim, seven objectives have been set:

1. To construct the theoretical foundation of the research, particularly in relationship to emotional intelligence, customer relationship marketing and service encounters.
2. To identify and evaluate emotional intelligence related employee behavioural attributes in the customer relationship marketing context from the customer perspective.
3. To describe customer evaluation of exhibited emotional intelligence behavioural attributes.
4. To identify customers' positive and negative actions in response to exhibited emotional intelligence behavioural attributes.
5. To prescribe how emotional intelligence can improve the service experience.
6. To interrelate bank employees' responses with exhibited emotional intelligence behavioural attributes.
7. To develop a framework that will practicably link emotional intelligence theory with frontline employee behaviour in the context of Lebanese banking customer relationship marketing.

Purpose of This Chapter

The concept of interrelating emotional intelligence - from the customer's perspective (through the utilisation of suggested exhibited behavioural attributes) - to customer relationship marketing skills and service marketing in the Lebanese context is an innovative and original topic that has not been thoroughly researched before. This chapter discusses the theoretical background of the study emerging from an in-depth exploration of the relevant literature which sets the foundation for the empirical phase

of the research study that aims at exploring EI in the retail banking sector in the Lebanese market and how it impacts CRM. The end result will be a re-vi-sed framework of emotional intelligence and CRM in the Lebanese Retail Banking Sector (LRBS) as it emerges from the empirical evidence collected.

The study has practical implications as the emergent framework reflecting the interrelationship between EI and CRM in the LRBS will suggest actions that could be implemented across different organisational departments and functions such as human resource management, customer relationship marketing and service design and operations that could potentially enhance service quality and customer satisfaction.

Theoretical Foundation

Emotional Intelligence

Since the 19th century, the concept and definition of emotional intelligence has evolved. Peter Salovey and John Mayer, in 1990, discovered a universal pattern to study emotions. Their research findings showed that individuals are able to identify and recognize emotions through faces, certain designs and colours. Theorists such as Thorndike, Wechsler and Gardner were the first to generate awareness of the concept of EI and facilitated the emergence of the current well known pioneers in the field of EI such as Peter Salovey and John Mayer, Daniel Goleman and Reuven Bar-On.

The concept of emotional intelligence was first identified as “social intelligence” in the 1930s and then continued to develop throughout the decades; in 1995, emotional intelligence became well-known and widespread by Daniel Goleman when he published “Emotional Intelligence: Why It Can Matter More Than IQ”.

Intelligence quotient (IQ) and emotional intelligence (EI) are two completely different concepts and are independent of each other. It is possible for an individual of high level of IQ to have a low level of EI or vice versa. People assume that IQ is highly correlated with the achievements; to our surprise, it is not. Whereas EI is considered to be of high importance and highly correlated with success, experts stress that IQ contributes only about 20% of one’s success and achievements (Goleman, 1995). It is well known that in order to run successful businesses it is not enough to use just the smarts. It is crucial to have a personal and a long-term relationship based on trust and technical know-how with the clients/customers especially in the services sector which includes banking. In business it is crucial to have self-awareness and self-confidence, and emotional intelligence is the key building block of these two components.

Batool (2013) studied the gap of emotional intelligence in Pakistani economy and stated that the banking sector is of great importance to the economy of the country. According to Batool (2013), in order to enhance the banking sector it is important to hire managers with high level of emotional intelligence to achieve the maximum goals and produce higher profits. Karimi, Daraei, and Farajzadeh (2015) stated that the environment is in constant change and hence organizations should always focus on their human capitals and resources in order to attain their goals.

Existing Models of EI

The concept of emotional intelligence can be summarized in a logical manner to add more clarification, based on the definitions stated above. Emotional intelligence, simply, is the individual’s ability to monitor, recognize and understand his/her own emotions and feelings as well as others and the skill to use this ability in managing one’s behaviour and relationships. Emotional intelligence (EI) is a type of

Table 1.

Mayer & Salovey (1997)	Bar-On (1997)	Goleman (1995a)
<p>Overall Definition: “Emotional Intelligence is the set of abilities that account for how people’s emotional perception and understanding vary in their accuracy. More formally, we define emotional intelligence as the ability to perceive and express emotion, assimilate emotion in thought, understand and reason with emotion, and regulate emotion in the self and others” (after Mayer & Salovey, 1997).</p>	<p>Overall Definition: “Emotional Intelligence is...an array of noncognitive capabilities, competencies, and skills that influence one’s ability to succeed in coping with environmental demands and pressures.” (Bar-On, 1997, p.14)</p>	<p>Overall Definition: “The abilities called here <i>emotional intelligence</i>, which include self-control, zeal and persistence, and the ability to motivate oneself.” (Goleman, 1995a, p.xii). [...and...] “There is old-fashioned word for the body of skills that emotional intelligence represents: <i>character</i>” (Goleman, 1995a, p.28)</p>
<p>Major Areas of Skills and Specific Examples <i>Perception and Expression of Emotion</i></p> <ul style="list-style-type: none"> Identifying and expressing emotions in one’s physical states, feelings and thoughts. Identifying and expressing emotions in other people, artwork, language, etc. <p><i>Assimilating Emotion in Thought</i></p> <ul style="list-style-type: none"> Emotions Prioritize thinking in productive ways. Emotions generated as aids to judgment and memory <p><i>Understanding and Analyzing Emotion</i></p> <ul style="list-style-type: none"> Ability to label emotions, including complex emotions and simultaneous feelings. Ability to understand relationships associated with shifts in emotion. <p><i>Reflective Regulation of Emotion</i></p> <ul style="list-style-type: none"> Ability to stay open to feelings. Ability to monitor and regulate emotions reflectively to promote emotional and intellectual growth (after Mayer & Salovey, 1997, p.11). 	<p>Major Areas of Skills and Specific Examples <i>Intrapersonal Skills:</i></p> <ul style="list-style-type: none"> Emotional self-awareness, Assertiveness, Self-Regard, Self-Actualization Independence. <p><i>Interpersonal Skills:</i></p> <ul style="list-style-type: none"> Interpersonal relationships, Social responsibility Empathy <p><i>Adaptability Scales:</i></p> <ul style="list-style-type: none"> Problem solving, Reality testing, Flexibility. <p><i>Stress-Management Scales:</i></p> <ul style="list-style-type: none"> Stress tolerance, Impulse control. <p><i>General Mood:</i></p> <ul style="list-style-type: none"> Happiness, Optimism. 	<p>Major Areas of Skills and Specific Examples <i>Knowing One’s Emotions</i></p> <ul style="list-style-type: none"> Recognizing a feeling as it happens. Monitoring feelings from moment to moment. <p><i>Management Emotions</i></p> <ul style="list-style-type: none"> Handling feelings so they are appropriate Ability to soothe oneself. Ability to shake off rampant anxiety, gloom, or irritability. <p><i>Motivating Oneself</i></p> <ul style="list-style-type: none"> Marshalling emotions in the service of a goal. Delaying gratification and stifling impulsiveness. Being able to get into “flow” state. <p><i>Recognizing Emotions in Others</i></p> <ul style="list-style-type: none"> Empathetic awareness. Attunement to what others need or want. <p><i>Handling Relationships</i></p> <ul style="list-style-type: none"> Skills in managing emotions in others. Interacting smoothly with others.
Model Type	Model Type	Model Type
Ability	Mixed	Mixed

Source: Three Competing Models, all Labelled “Emotional Intelligence”; source: R. Sternberg (2000), Handbook of Intelligence, Cambridge, UK; Cambridge University Press, Page 401.

intelligence that gained interest among researchers and brain scientists because of its unique characteristic that makes it more desirable to study than that of IQ/EQ. Researchers have shed the light on emotional intelligence after studies showed that individuals with high levels of EQ perform better than those with lower levels, as well as having facts that emotional intelligence can be improved through trainings and life experiences, unlike IQ (“Emotional Intelligence (EI) is more important than Intelligence Quotient (IQ) because only 20% of people who have high IQ’s are high performers in real life while 80% of those that have a high Emotional Quotient (EQ) are high performers” (Geha, 2015, p. 6).

The skills shown in the above table cannot be studied, measured and analysed from a customer’s perspective rather than from the employees’ perspective. As a result, there is a need to translate these skills into exhibited behavioural attributes. A further research was made to construct a transitional phase in the model, which is the exhibited behavioural attributes, that enables the future implementation of the model. The key of the transition of emotions into behaviour is attitude. (McShane & Von Glinow, 2009, p.100)

The Physical Justification of EI

This short subsection, albeit 'physical' in its science, has been purposefully inserted to underline that emotional intelligence is not simply a business/organisational competency, but physical/biological one as well; one that grows and betters with training and practice.

Emotional intelligence is actually based on 'brain science' and is a topic of interest for many scientists especially in the 21st century which is known as the 'century of brain science'. Travis Bradberry and Jane Greaves (2012) have described emotional intelligence as follows:

Here is how it works: everything you see, smell, hear, taste, and touch travel through your body in the form of electrical signals. These signals pass from cell to cell until they reach their ultimate destination in your brain. (Bradberry & Greaves, 2012, p.129)

Geha (2015) physically described the brain into three parts: the Brain stem, which is in charge of all involuntary actions, such as: respiration, circulation of blood, etc.; the Cerebellum, also known as the 'emotional brain' since all emotions are experienced within this division; and the 'rational brain', whose function is to analyse the information that is sent from the cerebellum after it was filtered and sent by the brain stem. Geha (2015) continued to state that there are two ways to react when receiving the information: One is the Bottom-up mind (emotional brain), which results in involuntary, automatic and impulsive response driven by emotions. An individual often acts before the action is analysed by the rational mind. The other is Top-down mind (rational brain), which results in voluntary, effortful and self-controlled response and was made aware hundreds of years ago.

Emotional intelligence trainings focus on shifting individuals from using the emotional brain (bottom-up mind) to rational brain (top-bottom mind). Emotionally intelligence individuals grow and improve their skills through real life situations and trainings focusing on: mindfulness, breathing skills, stress management skills, etc. Emotional intelligence skills can be taught through trainings and results are guaranteed because of the following facts on the human brain: "it learns through patterning, it needs predictability, it seeks meaning, it needs repetition, it needs rehearsing, it learns through feedback, it is social, and it has the characteristic of neuroplasticity i.e. it is flexible and able to learn, adapt and improve" (Geha, 2015, p. 11).

Exhibited Behavioural Attributes of Emotional Intelligence

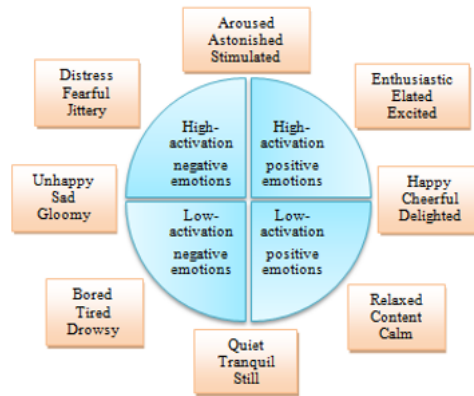
McShane and Von Glinow (2009) discussed the effect of emotions on the workplace and how emotions can be translated into attitude and then behaviour. Since emotional intelligence is the study of emotions, there is need for the knowledge on the different types of emotion based on the levels of activation and evaluation.

The above figure is the building block for understanding emotions which will be translated into behavioural attributes as a result of more detailed and interrelated models.

Emotional intelligence, generally speaking, is a psychological intelligence that deals with ones' emotions and feelings; hence, how is it possible to control, motivate, and express these emotions if the individual is not aware of the emotions and the outcomes, consequently. The model shows two extreme emotions: positive and negative; however, the level of activation is the variable that results in different outcomes. Showing negative emotions at the workplace will result in poor performance; as a result,

Figure 1. Circumplex model of emotions

Source: Adapted from R.J. Larsen, E. Diener, and R. E. Lucas, “Emotion: Models, Measures, and Individual Differences”, in *Emotions in the Workplace*, ed. R. G. Lord, R. J. Klimoski, and R. Kanfer (San Francisco: Jossey-Bass, 2002), pp. 64-113; J. A. Russell, “Core Affect and the Psychological Construction of Emotion,” *Psychological Review* 110, no. 1 (2003), pp. 145-172.



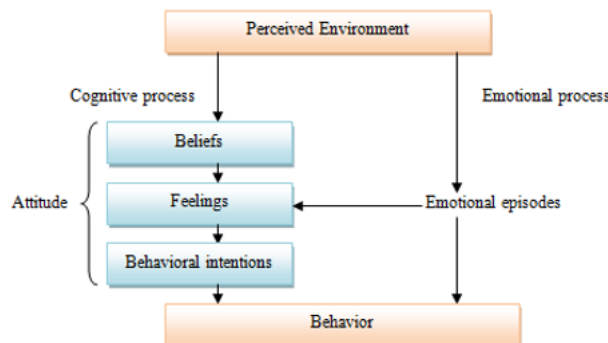
managers try to ensure that their employees come with positive vibes to work to increase the profitability of the organization. Over the years, organizations learned that in order to have a competitive advantage in the market and to better satisfy the customers, human resource managers should ensure that the employees are happy and satisfied with their job; satisfied employees will result in satisfied customers. The following fact is usually found in front-desk, face-to-face marketing, where employees are trained to be all smiles, bubbly, as well as having the knowledge needed to gain the trust of the customers.

Having the knowledge at this level of the different emotions, level of activation and the outcomes, a new model is introduced to summarize the role of emotions, attitudes and behaviour, through both cognitive and emotional processes:

The stimulus-response (S-R) model shows the difference between attitudes and emotions is that attitude is a set of judgments that includes logical reasoning, whereas emotions are experiences that operate without one’s awareness. This dual cognitive-emotional attitude model is made up of cognitive, logical

Figure 2. Model of emotions, attitudes, and behavior

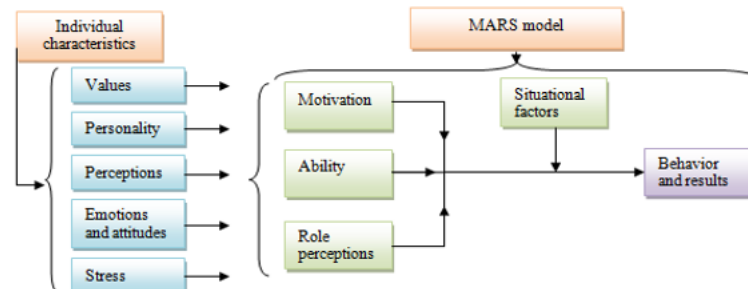
Source: McShane and Von Glinow, “Behavior – emerging knowledge and practice for the real world” (2009), Chapter 4 “Workplace Emotions, Attitudes, and Stress”, 5th edition, page 100.



Emotional Intelligence Towards Customer Relationship Marketing

Figure 3. MARS Model of individual behaviour and results

Source: McShane and Von Glinow, "Behavior – emerging knowledge and practice for the real world" (2009), Chapter 2 "Individual Behavior, Personality, and Values", 5th edition, page 35.



reasoning part, which creates the attitude, which is made up of three interrelated factors: 1. Beliefs, 2. Feelings and 3. Behavioural intentions. The model also consists of an emotional process where we have emotional episodes. These episodes affect one's feelings which will have an influence on the end result, the behaviour. Some episodes will lead to different emotions, but even low-intensity emotions will result in some automatic facial expressions that will be noticed by the customers. Hence, organizations tend to expose their employees to emotional episodes leading to positive feelings in order to shape employees' attitude and behaviour. The MARS model is an elaborated and advanced continuation of the S-R model and is made up of four factors: motivation, ability, role perceptions, and situational factors. This model shows a noticeable link between emotional intelligence skills and the factors that affect one's behaviour.

The MARS model, as shown, consists of four elements which are influenced by individual characteristics. 1. Motivation: affects *direction* (which path to choose), *intensity* (how much effort is the individual going to dedicate for each target) and *persistence* (how much time will the individual continue to put effort to reach that goal). 2. Ability: is made up of *aptitudes* (are the natural talents/skills which help employees to attain the needed tasks at work and hence perform better), and *learned capabilities* (are the physical and mental capabilities that individuals currently have and might fade with time if not practiced). The mix of these two concepts is usually used in the business world under the umbrella of *competencies*. Competencies are commonly described as personal traits such as: "knowledge, skills, aptitudes, personality, self-concept, values" (McShane & Von Glinow, p.36). Having these competencies will result in a better performance. 3. Role perceptions: are crucial for employees to know clearly their job description. Knowing what is needed and expected from them will set the direction and coordination with other employees/suppliers/stakeholders to reach their goal. There is a need for knowledge regarding the specific tasks, prioritizing their tasks and perform as expected, and finally understand which is the most preferable procedure/behaviour by the organization to choose to complete the tasks assigned. 4. Situational factors: are external, non-controllable factors that affect employee's behaviour and performance. However, some situational factors such as: "time, people, budget, and physical work facilities" (McShane & Von Glinow, p.37) can be controlled and leaders make sure to plan for such factors so that their employees are able to perform at their best.

By connecting and interrelating emotional intelligence skills with both S-R and MARS models of behaviour, the following exhibited behavioural attributes of emotional intelligence are suggested:

- Expression of Emotions: Translation of anger, frustration, stress, work-overload ect. by employees in their interaction.
- Managing Emotions: Control, regulation, or otherwise channelling negative emotions into positive outcome.
- Constructive Communication: Communicating, connecting, providing needed/relevant information (technical know-how), tackle problems, reach solutions, persuade and motivate customers to invest/take risks.
- Adaptation: Adapting to changing environments, sudden obstacles/errors, anger bursts and unusual needs/requests.

Retail bank employees exhibiting these suggested behavioural attributes of emotional intelligence will be keen to adopt the necessary relationship marketing skills and exhibit positive attitudinal and behavioural outcomes towards the bank's external. This chapter attempts to conceptually illustrate this relationship through an extensive literature review (phase one of the research study) and the empirical stage of the study (phase two) will contribute towards verifying this relationship empirically.

Customer Relationship Marketing (CRM)

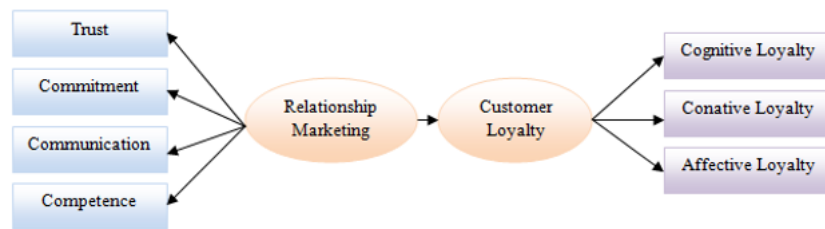
Following the discussion on the underlying ideas (definition) and conceptual importance of EI, as well as an analysis of the three different models developed by Mayer and Salovey (1997), Goleman (1995a) and Bar-On (1997), the chapter explores the concept of customer relationship marketing. Relationship marketing started gaining acknowledgement in the beginning of the 20th century since both researchers and marketers found that this facet of CRM is more dominant and effective when aiming to gain customer loyalty (Malik et al., 2017).

Cravens (1995) stated that the salesperson's role has changed from securing new customers to becoming relationship managers by achieving long-term relationships with customers especially those of high profitability. However, in order to be a successful relationship manager, Weitz and Bradford (1999) stated that there are two basic skills that need to be mastered, the ability to create a bond and an interpersonal communication with the customers and the ability to manage conflict in a relationship. A study conducted by Deeter-Schmeiz and Sojka (2003) has shown that EI plays a key role to master these two skills. Their collected data have supported the fact that having a high level of emotional intelligence will also lead to high levels of interpersonal skills and managing ones' and others' feelings and emotions.

Marketers in the new millennium are of two groups, those who practice customer relationship marketing (CRM) and those who do not, yet. According to Sanchez (2009), marketing had gone through three waves, since world war two, before reaching CRM: 1. Mass marketing, 2. Targeted marketing, and 3. Global marketing. All three waves share a core concept, which is the main focus/goal on maximizing sales. Since it is possible for sales to increase without increasing profits, marketers shifted their attention to the quality of share so that they ensure profitable growth. Marketers aim to increase both sales and profits, simultaneously, through creating and reinforcing the bonding with the customers and hence build customer relationships. CRM is the fourth significant post-war wave that came after global marketing (which is still used to date). CRM's real asset is 'brand loyalty' and not the brand itself. Why focus on loyalty? Because of the fact that the organization/firm spends four to six times more to convert a customer than to retain one (Sanchez, 2009); hence, loyalty significantly affects organizational profits, even more than other variables (such as: scale, market share, unit costs, ect.) that play a role in attaining

Emotional Intelligence Towards Customer Relationship Marketing

Figure 4. Linking relationship marketing dimensions and customer loyalty



competitive advantage. Sanchez (2009) stated that as a result of just 5% customer retention, companies can boost their profit by almost 100% and have shown how 5% customer retention have affected the percentage increase in customer value upon various domains (software, office building management, credit insurance, ect.). The increase of profit ranged from 25% to 85%.

Marketers are aware that attracting buyers is not enough; hence, they work on converting buyers into loyalists and eventually into enthusiasts and evangelists. Sanchez (2009) bought into play the loyalty ladder, which is the heart of CRM. Marketers focus of moving their customers up the ladder. Customers are separated, based on the loyalty ladder, as follows: Terrorists (worst), Rejectors, Buyers, loyalists, Enthusiasts, Evangelists. For marketers to be able to move their customers up the ladder, from loyalists to enthusiasts and evangelists, there should be fundamental changes in the marketing practice by adapting to the changing trends and seek to satisfy market needs. As Sanchez (2009) stated: “customer relationship marketing is not about an evolution of marketing though”; however, “CRM is a genuine revolution in how marketers manage their brands” (p. 8).

Dimensions of Relationship Marketing

The link between relationship marketing dimensions and customer loyalty is demonstrated in a conceptual model by Rezaei et al. (2015, p. 354):

The dimensions of relationship marketing as listed by Malik et al. (2017), Jesri et al (2013) and Rezaei et al. (2015) are as follow:

- **Competence:** Has described by perceptions of each of the party relationship amount of abilities, skills and knowledge needed the contrary party to effective function (Smith et al., 1996).
- **Commitment:** Is intention to continue or maintain a relationship with the other section (Rashid, 2003). In this research commitment is measured to compatible and consistent of bank services with customer needs and bank flexibility towards the customer (Jesri et al., 2013).
- **Communication:** Is another main aspect of Relationship Marketing. Communication implies that the ability of discharging information to the customer, but it has to be timely and trustworthy. In the new era, modern concept of communication is two-way conversation between customer and corporation. It's may be before or, after or during sell (Anderson et al, 1990 and Ndubisi, 2007).
- **Trust:** Mayer et al. (1995) described trust as vulnerability of one section to the practices of another"s on the basis of expectations that other employee and customer was perform in the desired method. It is the extent to which a party believes that other section is honest (Geyskens et al. 1995).

All of these four variables of relationship marketing have shown a meaningful relationship with customer loyalty through a research conducted by Rezaei et al. (2015), as the researchers concluded the following: “(1): There is a meaningful relationship between relationship marketing and customer loyalty, (2): There is a meaningful relationship between trust and customer loyalty, (3): There is a meaningful relationship between commitment and customer loyalty, (4): There is a meaningful relationship between communication and customer loyalty, (5): is a meaningful relationship between competence and customer loyalty” (page 357).

Consumer Behaviour: B2C Interaction

This chapter aims at linking emotional intelligence theory with frontline employee behaviour (from the bank/business perspective) in the context of customer relationship marketing (from the bank customers' perspective), which is a perfect demonstration of a business-to-customer interaction. This interaction is shown through the customer relationship marketing dimensions (shown in the previous section), which are theoretically interlinked with the exhibited emotional intelligence behavioural attributes and hence, it is lucrative to highlight this interaction that falls under the umbrella of 'consumer behaviour'.

The world has witnessed a shift from the traditional product-dominant (known as goods-dominant logic – G-D) view to a service dominant logic (S-D) (Vargo & Lusch, 2004; Vrontis & Thrassou, 2007a; Maglio & Spohrer, 2013; Pantano & Timmerans, 2014). In this chapter, the interlinkage between EI and CRM is studied from a customer view, by evaluating the relationship between the Lebanese retail banks employees (the business) and their customers; hence, there is a crucial need to highlight the importance of B2C interaction. Being aware and having the knowledge to study consumer behaviour rests on the foundation of modern marketing philosophy which recognises the consumer as being the focus of marketing activity (Vrontis et al. 2017).

Over the past few decades, customers are being empowered and thus are able to shape business environments (Schiffman & Kanuk, 2004; Kotler & Keller, 2015; Blackwell et al. 2006; Solomon, 2015). This phenomenon was the result of: “high economic productivity and prosperity, the freedom that largely characterises business activity, high education and administrative levels, technological superiority, the comparative importance of knowledge and information versus other economic factors, and a socio-cultural environment that supports personal and collective development and expression” (Vrontis et al., 2017).

Due to the intense competition, Vrontis and Thrassou (2007a) have found that there is a need to understand the nature of demand and the ability to satisfy it. In order to create greater value, Vrontis and Thrassou (2007a) have suggested a number of means, such as: innovation, augmented products/services/ideas, customisation, personal attention, convenience and others. However, organisations have learned that it is not enough to meet customers' expectations; they have to surpass the expectations to meet the 'prerequisites' of quality. Bresciani et al. (2013) and Chebbi et al. (2013) have suggested an additional option, where organizations aim to create innovative value. Moreover, Vrontis and Thrassou (2007a) have focused on perception since customers' perception is often a more critical parameter than reality itself.

The concept of 'consumer behaviour' is defined as: the activities individuals undertake when obtaining, consuming, and disposing of products and services (Blackwell, Miniard and Engel, 2006). In order to achieve the understanding of consumer behaviour, Thrassou and Vrontis (2009) have integrated the Maslow's Theory of Motivation in their paper as they stated that it is best used at a collective level since it is criticized when used to understand motivation at an individual consumer level, and thus considered unreliable (Robbins, 2003). Although the minority of people are still struggling with the first two levels

Emotional Intelligence Towards Customer Relationship Marketing

(based on the Maslow scale): physiological and safety needs, the majority of people have moved up the ladder and are focused on satisfying higher needs, such as: esteem, cognition, aesthetics, etc; this push is a result of macroenvironmental elements and not to the individual situation, making it the case to all countries, developed or not.

The fundamental co-existing business-consumer relationship consists of the: 1) consumers, who are becoming empowered (as stated above) regarding their needs and wants; 2) and the business which is able to interfere and differentiate between consumer 'needs' and wants', and by doing so, sculpting consumer demands. The co-existing B2C relationship is best described as follow:

The dawning business-consumer relationship [...] is more than a co-existing one. It is a symbiotic one. (Thrassou & Vrontis, 2009, pp. 514)

The business-consumer relationship functions continuously as equal and opposite forces, which results in a 'dynamic' equilibrium; hence, assures the durability of this new 'symbiosis'.

Service Encounters

Concepts of emotional intelligence (EI), customer relationship marketing (CRM) and consumer behavior (B2C interaction) were discussed in previous sections separately. However, in order to study how these concepts are put into action and what are the consequences of a successful or unsuccessful implementation of these concepts are, a number of service encounter models will be introduced to show what actions are taken when facing negative emotions or dissatisfaction and how can bank employees reverse these negative emotions into positive ones.

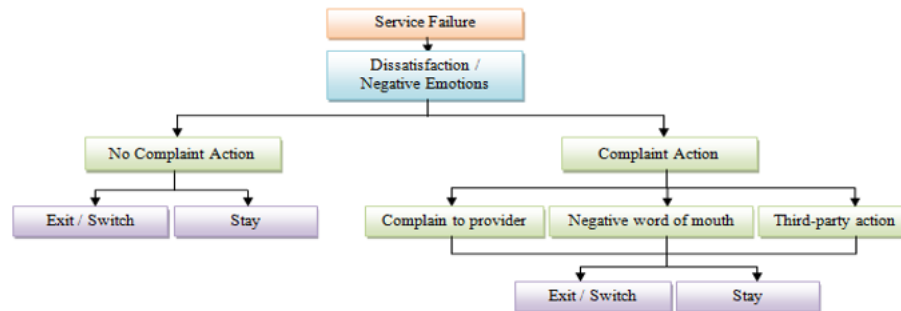
Employees might face failure in performing/implementing the suggested behavioural attributes of emotional intelligence – which are: expression of emotions, managing emotions, constructive communication and adaptation. The failure in service performance means that the customer's expectations were not met therefore customers will be dissatisfied leading to a negative outcome by having negative customer reactions/feedbacks. According to Zeithaml et al. (2013), customers, at some point, will experience service failure. Such experience leads to a variety of negative feelings such as anger, discontent, disappointment, self-pity, anxiety, and regret. Such negative emotions resulting from a service failure will affect customers' decisions. When dealing with 'passive customers' or 'customer passivity' – since the majority of customers are very passive about their dissatisfaction by simply saying or doing nothing, there is a threat to future success of the companies. It is better for companies to spot the failure in order to implement recovery actions to shift the negative emotions into positive ones.

Data from TRAP Worldwide Inc. (2007) shows that: 1% to 5% complains to management or company headquarters, 45% complain to a frontline employee and 50% encounter a problem but do not complain. Zeithaml et al. (2013) demonstrated in their book the customer complaint actions following service failure:

Discussing the above figure, which was created by Zeithaml et al. (2013), when failing to satisfy customer needs, negative emotions will emerge which will lead to either not complaining and choosing to either exit/switch or stay; or to act upon these negative emotions and file a complaint to the provider, spread negative word-of-mouth using social media or other tools, which is extremely harmful for the organization due to the ease of access to social media without putting any financial effort and the time factor, where the complaint can be spread to the community in a matter of seconds. The customer might also consider a third-party action that would take action on his/her behalf which also harms the organi-

Figure 5. Customer complaint actions following service failure

Source: Zeithaml, Bitner and Gremler (2013), “Services Marketing – Integrating Customer Focus across the Firm”, sixth edition, page 186.



zation and cause propaganda. The end result will be either exiting or switch the organization or to stay, based on how the dissatisfaction was handled by the organization/employees. In order to minimize the loss of customers as a result of service failure, customers expect the organization to not only response, but also to show remorse for the inconvenience and disappointment of the service. The organization is expected to show that they hold the responsibility and offer help as soon as failure occurs. The following figure shows service recovery strategies that should be implemented once the organization faces a service failure.

Following the model of service failure presented above, the model of ‘service recovery strategy’ is adopted to show the techniques used to shift negative emotions and dissatisfaction from the customer perspective to a positive experience as well as repairing the problem itself to eliminate its reoccurrence in the future. Organizations and employees seek continuous improvement through learning from previous mistakes and planning for the future through trainings and gaining experience through time. The implementation of these service recovery strategies/techniques will result in the shift of the negative outcomes which lead to negative customer feedback/reaction into a positive outcome. The aim of this model is to recover the service failure so that employees are able to implement the relationship marketing skills to ensure and boost their performance and increase the success rate. The concept of consumer behavior needs to be embedded in the process to ensure that the corrective actions using service marketing techniques since without having the knowledge of customers behavior, it will be impossible for employees to uncover the needs and wants of their customers to satisfy and fulfil their expectations.

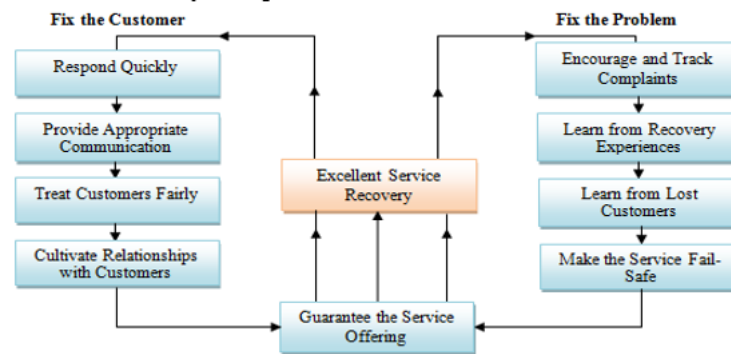
The brain has the characteristic of ‘neuroplasticity’ – a terminology which was used by Geha (2015) - neuroplasticity means that the brain is flexible and able to learn, adapt and improve; hence, employees with high levels of emotional intelligence will adapt faster to the changes needed and are expected to improve better than those with lower levels of EI as a result of learning through experience (when focusing on the problem) and will respond quickly to the customers as the employees are trained to understand and analyze the case in a matter of seconds and will then take control through communication which will lead to effective customer relationships (when focusing on the customer).

To tighten the scope of this chapter, the aim is to link emotional intelligence theory with frontline employee behavior in the context of customer relationship marketing in the Lebanese retail banking sector; thus, the focus of this chapter is one the Lebanese market, which makes it essential to highlight significant insights from the Lebanese market discussed in the section that follows.

Emotional Intelligence Towards Customer Relationship Marketing

Figure 6. Service recovery strategies

Source: Zeithaml, Bitner and Gremler (2013), "Services Marketing – Integrating Customer Focus across the Firm", sixth edition, page 189.



EI: Insights from the Lebanese context

Jamali, Sidani and Abu-Zaki (2008) studied the use of the Emotional Quotient Inventory (EQ-I) technique to measure emotional intelligence among of 225 employees working in different sectors in Beirut, Lebanon. Results showed that the entire sample scored moderate levels of emotional intelligence and that males scored higher on self-regulation and self-motivation whereas females scored higher on self-awareness, empathy and social skills. There was no significant change in EI scores between genders except for self-regulation where males scored higher. Senior managers scored higher than staff or lower-level employees on self-awareness, self-regulation and self-motivation whereas middle managers scored lower than senior managers and staff on empathy. The study revealed that differences in educational background had no significance in emotional intelligence scores when testing for self-awareness, self-regulation, self-motivation, empathy and social skills. Moreover, the difference in age had no significance in the emotional intelligence score, except for self-motivation where the group ranging from 35 to 44 years old scored the highest and the group with an age of 25 and under scored the lowest.

A research study conducted by Hejase, Al-Sayed, Haddad and Hamdar (2012) explored the application of emotional intelligence in Lebanon. Researchers highlighted the importance of emotional intelligence in business through existing frameworks. In order to explore emotional intelligence applications in Lebanon, both industry and service sectors were targeted. The sample included employees and managers of different backgrounds and gender. The final sample size was 110 individuals, and ten managers divided evenly between the service and industry sector. Results showed no significant distribution difference between genders in both sectors. Regarding the awareness of emotional intelligence: 2/3 of the respondents in both sector are not fully aware of the concept of emotional intelligence and have no deep knowledge on this concept. When identifying the sources that exposed emotional intelligence to the respondents in both sectors, none stated that they learned about it from their work setting. The sources were either from their education, media, or other mixed sources. The majority in both sectors agreed that EI has positive effects on an organization's profit and disagreed with the statement that adopting EI principles incurs a lot of costs in such a way that there is no point in investing in it. They also agreed that EI programs result in favourable results in employees' retention and disagreed that employees are required to work individually and not in teams when practicing EI principles.

The extensive review of the relevant literature on the topic discussed in this chapter highlights several gaps which are discussed in the section that follows below.

Literature Review Gaps

The link between the concept of emotional intelligence and other domains such as healthcare, banking and education has taken interest over the years. A research paper written by Tudor (2015) has studied the link between EI and these different domains. The researcher stated that banks can utilize the concept of emotional intelligence when it comes to customer-banker relationship and in the day-to-day interactions. Other recent research papers conducted by Danquah (2014) and Kappagoda (2013) have showed the importance of EI in the banking sector. Tudor (2015) has suggested to further research the link between EI and one of the domains that she has researched; one of these domains is the banking sector. Hence, it is stated that the link between emotional intelligence and customer-banker relationship should be researched and studied thoroughly.

Kearney et al. (2017) studied emotional intelligence in front-line/back-office employee relationships and stated: “The present study is premised on the assumption that employee emotional intelligence (at the front line and in the back office) positively affects customer attitudes and drives customer-related organizational outcomes. We did not demonstrate this link empirically though. Further studies might use dyadic data and thereby link emotional intelligence at the individual employee level to the customer level” (p. 193). The aim of this chapter is to create a conceptual framework that shows this B2C interaction.

Khreish (2009) suggested a conceptual framework showing a potential positive link between emotional intelligence and business relationship longevity (BRL) in banks through trust and quality relationship (customer satisfaction and customer loyalty) – based on Khreish’s literature review. Hence, Khreish supports the aim of this research in linking emotional intelligence to business “relationship” longevity (customer “relationship” marketing, in the case of this research) in banks.

Researchers have already suggested a research gap in the term of lack of empirical research linking emotional intelligence, its exhibited behavioural attributes of employees and customer relationship marketing from the customer perspective; and some researchers, in fact, have explicitly or implicitly called for such work to be done (Tudor 2015; Danquah, 2014; Kappagoda (2013); Kearney et al., 2017; Khreish, 2009; Wisker & Poulis, 2015; Hejase et al., 2012; Jamali, Sidani & Abu-Zaki, 2008; Suliman and Al-Shaikh, 2007; El-Charani, 2013; Geha, 2015). Wisker and Poulis (2015) suggested having a further research to study the effect of EI on marketing/sales performance, and identifying which of EI constructs affect the workplace performance. They have also suggested including variables such as personal characteristics, firm structure and industry characteristics when linking emotional intelligence to marketing/sales performance. The research study on which this chapter is based proposes (conceptual model) to explore the exhibited behavioral attributes which relies on personal characteristics.

From a Lebanese perspective, Hejase et al. (2012) added that although EI is perceived to be effective in organizations and will help in creating better outcomes, the majority of people are not willing to engage emotions and emotional intelligence in the workplace since they believe that emotions in business will lead to irrationality and unexplained behaviours and decisions. In the same vein, studies conducted by Jamali, Sidani & Abu-Zaki (2008) and Suliman & Al-Shaikh (2007) within Middle Eastern countries, including Lebanon, suggest that even though emotions cannot be separated from a person when conducting business and is part of the individuals’ personality whether the organization accepts that or not, many are still caught with the traditional saying of “leaving emotions at home before coming to the

job”. Having these facts makes it more interesting to base this conceptual framework on the Lebanese market since it represents the Middle Eastern culture.

El-Chaarani (2013) has also studied the concept of emotional intelligence in Lebanese family firms. Although the concept of EI was explored in a completely different field than the one researched in this chapter, El-Chaarani suggested to consider exploring this topic qualitatively and from a different angle from that of the research (family firms) since it will positively contribute to the field of EI. El-Chaarani (2013) added that other elements/variables should be taken into consideration, such as demographic characteristics and analyze how culture and education (through EI) can influence the job performance. Hence, El-Chaarani highlights the link between culture, emotional intelligence and job performance, which is affected by the customer relationship marketing. As culture is not yet a variable included in the conceptual framework in this chapter, it is expected that cultural dimensions will emerge when empirically testing this framework, knowing the nature of the Lebanese market.

Hejase et al. (2012) suggested to study cross-multiple relationships between different concepts such as EI and other concepts – to marketing, such as customer relationship marketing – and/or to management for example to discover a possible theoretical link that businesses can benefit from as they implement EI in their organizations. As shown in the conceptual framework of this chapter, the concepts of emotional intelligence and customer relationship marketing are interrelated, as EI is presented in a way that shows how it can be used as a ‘mean’ or tool to reach an ‘end’ (which is implementing a successful CRM in the LRBS).

Geha (2015) has stated: “Emotional intelligence training may be one way to bring opposing elements together. This is especially important to the Lebanese community with its diverse backgrounds, religions, political groups and people. It is my opinion that emotional intelligence skills should be introduced at all levels and to all people within Lebanon.” (p. 23) Highlighting the nature of the Lebanese community by Geha supports the creation of this chapters’ framework. Geha made it clear that Lebanon is in need to introduce the concept of emotional intelligence at all levels and to all people within Lebanon, including the retail banking sector.

The research study discussed in this chapter relates to Tudors’ (2015) call to link emotional intelligence to the banking sector and in particular to the Lebanese retail banking services. Kearney et al. (2017) and Khreish (2009) have also supported this research by highlighting the need to empirically test emotional intelligence of employees and its influence on customers and business outcomes in the service sector. Furthermore, it covers the gap by Hejase et al. (2012), Geha (2015) and El-Chaarani (2013) to relate emotional intelligence to other business concepts such as customer relationship marketing and to introduce emotional intelligence to Lebanese community at all levels.

Having listed the gaps emerging from the literature review, the conceptual framework proposed shows how the existing gaps are tackled and how the concepts of EI, service encounter, B2C interaction and CRM are theoretically interrelated.

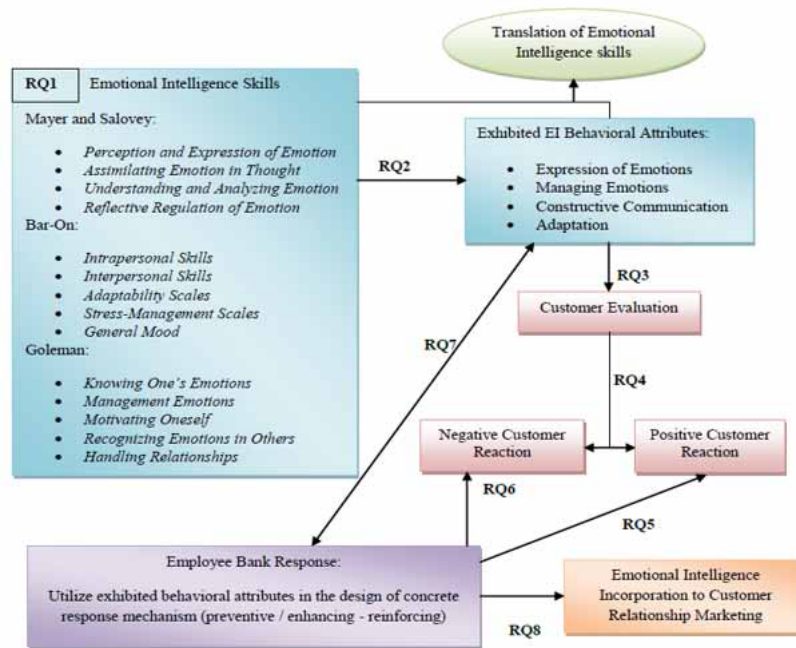
‘New’ Conceptual Framework of Emotional Intelligence

The following research questions have provided a clear direction for exploring the specific topic and have set the foundation for the ‘new’ conceptual framework presented below.

RQ1: Which are the most important emotional intelligence variables that contribute to CRM?

RQ2: How do these manifest into employee behavioural attributes?

Figure 7. Framework of emotional intelligence for the Lebanese retail banking sector



RQ3: How do customers evaluate these behavioural attributes in the context of relationship marketing?

RQ4: How do customers react to service encounters with employees? (satisfaction/ dissatisfaction/ actions)

RQ5: What can banks do to more effectively link employee emotional intelligence with positive customer relationship marketing outcomes?

RQ6: What can banks do to minimize the frequency and effects of customers’ negative encounters with employees and to potentially reverse the situation towards positive customer relationship marketing outcomes?

RQ7: How do EI exhibited behavioural attributes individually relate to bank response?

RQ8: How are exhibited behavioural attributes incorporated in a successful CRM system?

Discussion of the Conceptual Framework

This framework links customer relationship marketing and emotional intelligence skills by adding a twist by translating emotional intelligence skills into exhibited behavioural attributes based on the stimulus-response and MARS model of individual behavior so that it is possible for the Lebanese retail bank customers to evaluate whether these skills are being implemented properly. Customers’ evaluation of bank employees’ exhibited emotional intelligence behavioural attributes will result in either a negative or positive customer reaction. Here comes the role of employee bank response, which consists of the design of concrete response mechanism which are: responding quickly, providing appropriate communication, treating customers fairly, cultivating relationships with customers, guarantying the service offering, encouraging and tracking complaints, learning from recovery experiences, learning from lost

customers, and making the service fail-safe, and linking them with the exhibited emotional intelligence behavioural attributes. The following step will result in preventing negative customers' reaction and enhance / reinforce positive customers' reaction. As a result, this process shows how emotional intelligence is incorporated in a successful customer relationship marketing in retail banks (which is the aim of this research chapter). Being able to control and manage one's emotions and others will help in creating relationships with customers, which is the main goal of customer relationship marketing. The concepts of Organizational Behavior (OB) and Consumer Behavior (CB) are incorporated in this framework. In order to translate emotional intelligence skills into exhibited behavioural attributes, the organizational behavior concept is directly used, and in order to study customers' negative and positive feedbacks, the concept of organizational behavioural is indirectly used since employees and bank managers need to study, understand and analyze their customers so that they can act and react. Having no knowledge of their customers, will hinder their success by not knowing which strategy to implement and this case is crucial when facing negative outcomes.

This framework of emotional intelligence summarizes the link between emotional intelligence and customer relationship marketing which will serve as a base line model for the empirical work that will follow the proposed framework. This section answers and summarizes research questions one till eight.

Philosophical Approach

The basis of any research relies on its research philosophy and methods used. The philosophy starts with stating the ontology and epistemology used. The 'ontology' and 'epistemology' of the research will adapt the classical interpretive/constructivist ontology and the interpretivism/constructivism epistemology; since they are interrelated. The reason behind choosing the following ontology and epistemology is the nature of the subject researched. Since one of the major concepts discussed is 'emotional intelligence', which is a psychological subject, a researcher needs to implement techniques that will reveal deep and valuable data, usually through interviews, observations, focus groups ect. The researcher, in this case, will take part in the interviews and hence it will mark as a subjective research.

As for the paradigm, it is expected, based on the ontology and epistemology chosen, that the research will implement the 'interpretivist paradigm' as well as the 'constructivist paradigm'; the research paradigm, which is interpretivist/constructivist, is also labelled 'anti-positivist' (Hatch & Cunliffe, 2006) and 'post-positivist' (Blaikie, 1993). Another terminology used for an interpretivist phenomenology is Heideggers' 'hermeneutic (interpretivist) phenomenology'; which is originated from Husserls' 'descriptive phenomenology'. Saunders, Lewis & Thronhill (2007) stated that such a paradigm focuses on studying and analyzing 'social actors' and understand how they perceive the world. Hence, an interpretivist/constructivist paradigm is highly contextual and results cannot be generalized.

Easterby-Smith, Thrope and Jackson (2008) and Eriksson and Kovalainen (2008) stated that it is extremely important and critical to study people's feelings and thoughts, how they act and communicate, verbally or non-verbally and given that this paradigm is subjective in nature, it is best to use the qualitative approach to gather data.

An exploratory case study is chosen in order to: (1) to explore and investigate the link between emotional intelligence and customer relationship marketing in the Lebanese retail bank, (2) to explore how customers react to the implementation of the exhibited behavioural attributes of emotional intelligence which are the translated skills of EI from the three main model, and (3) to explore how EI exhibited skills

mixed with the service recovery techniques can affect customers reaction and as a result the effective implementation of a successful customer relationship marketing.

The researchers will implement two approaches, 1. Deductive – in order to extract the major emotional intelligence skills and exhibited behavioural attributes based on the literature review (secondary data); and 2. Inductive – to uncover the results of having positive and negative outcomes of implementing the suggested exhibited behavioural attributes from the consumer's perspective (primary data) – in an advanced stage of this research (empirical testing).

The concepts of 'reliability' and 'validity' are interrelated since validity relies on reliability. These concepts differ from a qualitative to a quantitative research. In a qualitative research reliability is measured by 'quality' of the study although the concept of reliability is commonly used in quantitative research. Based on Lincoln and Guba (1985), the following paradigms: credibility, neutrality or confirmability, consistency or dependability and applicability or transferability are evaluated for the quality of a qualitative study. The key for reliability in a qualitative research is trustworthiness. The concept of validity is similar to that of reliability, it is more applicable to quantitative research than qualitative research; however, these terminologies are used to measure the quality of the research. Discovering the truth in the perspectives of validity and reliability is actually replaced by trustworthiness (Mishler, 2000) and showing confidence in the results / findings (Lincoln & Guba, 1985). These concepts aim at differentiating a 'good' from a 'bad' research and should be judged based on the research paradigm adapted. Data gathered from Lebanese retail bank customers requires validity and reliability; which made it the main reason to base this chapter on the customers' perspective rather than the bank employees'.

CONCLUSION

Emotional intelligence, as a concept and its relationship with customer relationship marketing, are well documented in the existent literature. The chapter sought to carry out an in-depth literature review aimed at providing sufficient evidence to delineate this relationship. The theoretical exploration EI and CRM in the LRBS context primarily focused on analysing the three most commonly used models of EI developed by Goleman (1995a), Mayer & Salovey (1997) and Bar-On (1997) in order to identify the key EI behavioural attributes. The authors propose a new extended EI model that interrelates elements from the three previously developed models on EI. This 'new' framework will be tested through the collection and analysis of empirical data emerging from a case study research approach into the Lebanese retail banking sector (second phase).

The empirical research will collect data from both external customers and front-line office personnel in order to reveal whether specific EI behavioural attributes are implemented by front-line LRBS employees and how these impact CRM and have significance on the overall performance of organizations implementing EI skills; performance is typically measured by the increase in sales/profit, which is the target of any business.

The conceptual framework thus created is set to show the interlinkage between EI and CRM. A successful implementation of the suggested exhibited EI behavioural attributes would result in an effective implementation of CRM skills. The conceptual framework is set based on existing models, theoretical research and secondary data, laying the foundation for further refinement, testing and elaboration through research and analyses.

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Chapter 15

Evaluating the Effectiveness of Loyalty Programs in the Retail Sector: The Lebanese Case

Simona Abdo

Lebanese International University, Lebanon

Demetris Vrontis

University of Nicosia, Cyprus

Sam El Nemar

AZM University, Lebanon

Jihan Arraj

Lebanese International University, Lebanon

ABSTRACT

Developing customer loyalty is a significant goal of marketing, and loyalty programs are the means through which practitioners can reach it. Keeping loyal customers is a vital aspect for their success and keeping current customers is cheaper than attracting new ones. Today, loyalty programs are playing an increasingly significant role in organizations' relationships with their customer base across a variety of industries. Towards this direction, the aim of this study was to examine how Lebanese consumers view rewards from loyalty programs and to what extent this reward is meaningful for them. This study is based on a survey among 225 customers that own a loyalty card, of some major retail stores in Lebanon. Based on the findings, key relevant points were obtained and used for further development of loyalty programs, which can be adapted to the consumption behaviour of the Lebanese consumer. Finally, the outcome of this research will help marketers to plan efficiently their marketing plan based on customer's perception toward the reward therefore increasing profits in retail markets.

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INTRODUCTION

Developing customer loyalty is a significant goal of marketing, and loyalty programs are the means through which practitioners can reach it (Evanschitzky et al. 2012). Loyalty programs are playing an increasingly significant role in organizations' relationships with their customer base and they are applied across a variety of industries, such as travel, banking and retailing (Thompson & Chmura, 2015; Zhang & Breugelmans, 2012). For instance, in US alone, businesses spend more than \$1.2 billion on loyalty programs every year (Steinhoff & Palmatier, 2016). Following the trend of CRM, organizations have planned the introduction of different loyalty programs, where cardholders obtain distinctive advantages, such as gifts or discounts. In our days, loyalty programs cover different industries such as hospitality sector, airline industry, and the retail sector (Lacey & Sneath, 2006). However, the retail sector is the leader in the creation of such programs covering almost one and half billion of members (Lacey & Sneath, 2006).

From a practical point of view, studies are giving mixed information concerning the effectiveness of loyalty programs (Bodet & Bernache-Assollant, 2011). Some have shown positive impacts while others have obtained negative or mixed consequences. Other studies have demonstrated that the impact of a loyalty program can change over time, especially when competitors imitate a similar program and try to outperform competitors in offering satisfaction to customers (Tsoukatos and Mastroianni, 2010), while taking into consideration the evolution of loyalty programs in the past ten years (Bodet & Bernache-Assollant, 2011). Therefore, the main objective of this paper is to examine the effectiveness of loyalty programs in the retail sector, from the Lebanese customer perspective. Further studies can conduct research on the benefits of loyalty programs

Research Problem

Loyalty programs are a powerful tool in relationship marketing as it enhances customer retention. Relationship marketing aims to create lifetime customers that do not give any value on what other competitors offer. In the Lebanese case, loyalty programs aim to increase customer loyalty and retention and to enhance customers' purchase intentions. Practitioners are recognizing the significance of creating loyal customers to enhance sales performance (Evanschitzky et al. 2012; Zeithaml, 2000), as it is shown by the number of organizations globally that currently have loyalty programs. However, research on the outcomes of loyalty programs is scarce. For instance, it was found that cultural values influence loyalty program choice (Thompson & Chmura, 2015). Based on this rationale, we focused on the following research question; How Lebanese consumers view the reward from loyalty programs and to what extent this reward is meaningful for them?

Objectives

Researchers have clarified that customer loyalty is associated with consumers' behavior in selecting one product over another. Loyalty programs offer benefits to both parties: consumers and businesses.

But, loyalty cards are systems used by customers to collect points based on their total purchases. In exchange, customers will get rewards, discounts or any other form of incentives. The main objectives of this study are:

1. To evaluate the current offering of the Lebanese retailers

Evaluating the Effectiveness of Loyalty Programs in the Retail Sector

2. To measure the effectiveness of loyalty programs, from the Lebanese customer perspective.
3. To determine the profile of profitable Lebanese loyalty cardholder

Research Hypothesis

This paper will be based on the verification or falsification of the following hypotheses:

H1: Loyalty cards owners look forward to come back again to the retail stores

H2: Demographics and behavioral decide the use of loyalty card.

H3: Loyalty card holders are not price sensitive

H4: Personalized loyalty cards provide satisfaction and retain customers

LITERATURE REVIEW

For many decades, the research community focused on understanding customer loyalty, retention and their importance to the survival of the organization (Nam et al. 2011). They emphasized the impact of planned actions with the profit on long-term loyalty programs which determine long-term benefits for both the organization and the customers.

Loyalty Programs

Loyalty programs are viewed as a well-planned and organized marketing plan with a main goal of providing rewards and encouraging loyal buying behavior, which is constructive to the organization. Rewards programs are considered as offers from the management of an organization to consumers with frequent purchases (Henderson, Beck, & Palmatier, 2011).

A loyalty program offers consumers access to innovative products, distinctive sales and commodities. Loyalty programs usually start with free registration on the company's database. Fidelity programs present major incentives and benefits based on accumulating purchases over a period. They inspire customers to move from a single buying decision to several purchasing decisions (Evanschitzky et al., 2012). Also it increases retention rates if incentives incite consumers to make more frequent purchases and in bigger volumes (Evanschitzky et al., 2012).

Customers make a common mistake by confusing rewards with loyalty. In reality, reward programs support remunerations while loyalty programs should support customers' commitment and retention (Liu & Yang, 2009).

As per a study conducted by Steinhoff and Palmatier (2016), we can state that not all consumers are regarded as loyal consumers; they declared that the typical loyalty program should give benefits to loyal and potential loyal consumers only. The above facts mean that marketing managers should categorize their consumers into groups and then organize strategies to approach those (Steinhoff & Palmatier, 2016).

Customers consider that these programs should improve their experience: an efficient and effective designed loyalty program should be framed based on the following considerations.

Studies elaborating consumers' point of view argued that customers are mainly interested in the following five aspects in the loyalty program therefore increasing the success rate.

Table 1. Considerations for efficient and effective loyalty programs

1	Secure the acquisition of consumers with an intention of repurchase
2	Decrease the cost spent of consumers with no repurchase intentions.
3	Emphasis the promotion expenses on customers exhibiting similar profiles

Source: Steinhoff & Palmatier, 2016

To start with the first aspect, it represents the *value of the reward or cash* that clients obtain. For example the percentage of cash discount when buying products and goods (Omar, Aziz, & Nazri, 2011). Additional measures incorporate the cost of reward acquisition or the perceived value when claiming the reward (Aziz et al., 2011). From the consumer’s perspective, value is seen as the monetary value of the product if they had to pay for it.

The second aspect deals with *reclamation options and choice*, which is the degree of numerous reward choices. Additional choice includes the choice of selecting rewards that can be personalized to any customer’s preference (Kopalle et al. 2012). However, firms might choose to generally embrace merchandises or amenities that they want to dispose of, such as perishable products (Henderson et al., 2011).

The third aspect includes *Motivational and aspirational value* which is not limited to financial features but also includes psychological aspects. Generally, the majority of consumers are in favor of, for instance, winning a free trip to sunny destination over a monthly discount of their grocery bill (Omar et al., 2011).

Customers have different preferences with each other, therefore, adding different types of rewards is essential when referring to loyalty programs (Kim et al. 2013). Retailing programs are based on a large quantity of buying behaviors (bulk), as well as high accumulation of points to receive a reward, and show deficiency in *relevance* especially for occasional shoppers (Kim et al. 2013).

The last aspect refers to the *convenience* of the loyalty program: stamps and coupons are convenient in general for both parties (Omar et al. 2011). Another feature of this aspect includes selection and redemption of accumulated points. At the other end of the scale, customers can easily lose their stamps or coupons (Arbore & Estes, 2013).

In addition, rewards needing longer accumulation of points are less relevant for customers. Refining each component typically enhances the successfulness of a program (Smith & Sparks, 2009).

Finally, for establishments, it is significant to associate the five elements of their program to the targeted customers’ alternative programs (Zhang & Breugelmans, 2012)

Table 2. Five aspects customers’ interest in loyalty programs

1	The value of cash received
2	Options of reclamation and choice
3	Motivational and aspirational value
4	Relevancy
5	Convenience

Source: Dekay et al., 2009

Loyalty Programs' Categories

In the retail sector, there are various types of loyalty programs functioning (McCall & Voorhees, 2010). Most of the programs are defining their rewarding consumers based on their loyalty by enhancing their services and offers. Organizations consider their loyalty programs as structured marketing strategies to encourage buying behaviors, in order to benefit the organization (McCall & Voorhees, 2010).

More specifically, in marketing retail business, their strategy could embrace the following loyalty card type: loyalty card, rewards card, point's card, advantage card, or club card which classifies the card owner as an associate in a loyalty program.

Loyalty programs are a type of incentive plan that permits a retail business to collect data about its consumers. Clienteles are given product discounts, coupons, points toward goods or some other reward in exchange for their voluntary contribution in the program. A second objective of a loyalty card program is to shape repeated business by proposing contributing consumers, a type of reward that is not accessible to non-contributing consumers (Berman, 2006).

Loyalty Programs from Consumers Point of View

On the practical side, an efficient and effective loyalty structure is easier to describe but hard to be delivered. Loyalty structures should be shaped around exceptional, non-monetary and experiential rewards, which will increase the chances for generating benefit for both customers and retailers.

Figure 1 summarizes the consumers' point of view towards loyalty programs.

Advantages of Loyalty Programs

Kang et al. (2015) investigated the retail management sector in USA, and found that only a small percentage of consumers are loyal to one retailer and varies between 10 to 15%, but it generates the majority of the organization sales.

Retailers moreover, retailers in the food industry discovered that around 60% of their sales are generated by consumers holding loyalty cards, but with frequency of one time per month (Kang et al., 2015). The American market offers around 30 programs with around four billion holders. These programs are beneficial for both organizations and consumers. The benefits for organizations are represented by decreasing the cost of loyal customer service and because this category is less price sensitive (Rosenbaum et al., 2005).

Loyal consumers tend to have more expenditures within the organization; they also recommend the store to relatives and friends and contribute to increasing positive word of mouth (WOM) (Rosenbaum et al., 2005).

Consumer Loyalty

Loyalty is represented by the clients' attitude, approach and behavior toward one market or brand over existing competitors in the market (Romaniuk & Nenycz-Thiel, 2013). Its choice may be directed by satisfaction with the product or services provided, which will encourage clients to buy in manners that are more consistent (Romaniuk & Nenycz-Thiel, 2013).

Evaluating the Effectiveness of Loyalty Programs in the Retail Sector

Table 3. Major categories of loyalty programs

Collecting points	<ul style="list-style-type: none"> ■ Public loyalty program ■ Based on the level of service usage: program of frequent buyers ■ Gain points for every purchase or other actions: enrollment, advocacy or reviews ■ Rewards including discount, gifts, redemptions ■ Major target: increase frequent but short-term purchases ■ Retailers, hospitality industry and in transportation companies.
Tier pricing system	<ul style="list-style-type: none"> ■ Customers pay an additional sum of money in order to obtain an extra service or product ■ Increase the overall value of rewards, material and experiential, because the customers receives special attention ■ Encourages high commitment and engagement ■ Repeated customer can have an upgrade to his hotel room by paying third of the origin price of the same suite.
Charging expenses for VIP paybacks	<ul style="list-style-type: none"> ■ VIP services for their customers in exchange of charge ■ Collecting extra points on their daily purchase ■ Appropriate to companies that flourish on repeated purchases
Non-monetary program	<ul style="list-style-type: none"> ■ Offers value to consumers in different techniques than discount and point collection rewards
Offering partnership with a third party that offers all-inclusive packages	<ul style="list-style-type: none"> ■ Based on consumer's purchases and their lifestyles ■ Will develop the establishments' network to influence their partnership and consumers
Frequent buyer program	<ul style="list-style-type: none"> ■ Rewards for purchases that reaches a pre-defined limit. ■ generates a tendency for consumers to increase their number of visits and purchases to obtain the reward, which will procure loyal customers
Certificates or gift card	<ul style="list-style-type: none"> ■ Particular amount of money and valid for a limited time. ■ Buyer should visit the store, which issued the certificate in order to spend the money. ■ Distributed by new companies to promote themselves, increase traffic and generating revenue
Loyal Customer's return policy	<ul style="list-style-type: none"> ■ Refer to the possibility to return products to loyal customers only. ■ Assurance that clients return
Other categories	<ul style="list-style-type: none"> ■ Payback money to loyal customers, discount over time, packages, and bundles

Source Kang, Alejandro, & Groza, 2015; Kang et al., 2015; Ou, Shih, Chen, & Wang, 2011; Ou et al., 2011; Leenheer, van Heerde, Bijmolt, & Smidts, 2007; Berman, 2006; Meyer-Waarden, 2007; Uncles; Dowling, & Hammond, 2003

Experts in the field of marketing, focusing on loyalty programs have demonstrated that this aspect is viewed as more than a repetition of behavior (Lewis & Soureli, 2006). Clienteles exhibit loyalty to numerous aspects including fee, trademark, establishment, and the presence of different consumers (Lewis & Soureli, 2006).

Yet, consumer pleasure and satisfaction is significant to any enterprise and it touches consumers frequently returning to the organization resulting from the level of services (Goldsmith et al. 2012). Hence, the fundamental features affecting shopper loyalty are consumer satisfaction, emotional relationship, belief, reducing choice, and the history of the establishment (Goldsmith et al. 2012). Consequently, the satisfaction of clients with services or products is examined as a major contributor to any organization's accomplishment and enduring competitive edge (Goldsmith et al. 2012).

Satisfying clients is observed as a vital factor of consumer retention. However, satisfaction alone is not sufficient, due to the fact that major studies have concluded that more than half of satisfied consumers will not return (Morrison et al. 2011). It is imperative since influencing consumers to buy is more expensive than stimulating a repurchase. Customer loyalty is the outcome of progressive emotive and

Evaluating the Effectiveness of Loyalty Programs in the Retail Sector

Figure 1. Loyalty program from a customer's perspective

Source: Gómez et al., 2006; Rosenbaum, Ostrom, & Kuntze, 2005



emotional practices (Alba & Williams, 2013). As per literature review presented above, the following hypothesis is stated:

H1: Loyalty card' owners look forward to come back again to the retail stores

Marketers determine a “persona”, in order to create a mental picture of the socio-demographic profile of the potential loyalty card holder.

Based on Uncles & Ehrenberg (1990), there is no difference in card loyalty ownership, between younger and older customers. Other studies, conducted in Australia, show impressive card loyalty switching, among age groups. The question here is, if the studied population in Lebanon, follows the American or Australian trend or has its own path.

Loyalty Programs Consumers' Types

Loyalty programs are important tools to maximize the “share of wallet” among the customers. A recent study conducted by Maritz- a marketing research customer loyalty program consulting and implementation company- showed that demographics characteristics determine the types of the customers that are caring and using loyalty programs.

According to the current study, 69, 8% of woman belong to a loyalty program. The difference between the men and woman isn't surprising, because the “moms” in Lebanon are the main customers in retail.

But the percentage of 30, 2% shouldn't be ignored, because represent the "main source of share of wallet" in the Lebanese household. Retailers shouldn't hesitate to suggest to males to own a loyalty cards.

Also, in the opinion of the marketers, consumers can be classified according to their level of interest and attitude toward any loyalty program offered by companies. Adopting Wel et al.'s (2011) classification, consumers could be classified them into four categories as shown in Table 4 below.

Based on the literature review findings, it can be seen that customer loyalty could be defined as a particular concept, normally represented in the approach toward products or as the behavior of repeated visits (Alhabeeb, 2007). Based on this, the following hypothesis is proposed:

H2: Demographics and behavior decide the use of loyalty card.

The price sensitivity is more related to advertising and channel delivery, according to Dunhumby's-global leader in Customer data service. For example, the report indicates that social brand advocates and CRM program members tend to be more price sensitive than the average brand buyer, but are also more loyal and spend more on brands than the average brand buyer.

Also, according to Cortinas and Margarita (2008), customers who own a loyalty card have a different behavior. Card owners are less sensitive to regular prices; price promotions are obviously more important than the ownership of a loyalty card. As a result, after subscription, the customers purchase will not concentrate in one retail store.

In the same time, according to Liu, Y., & Yang, R. (2009), in "Competing Loyalty Programs: Impact of Market Saturation, Market Share, and Category Expandability", the decision to hold a loyalty card isn't related to price sensitiveness; loyalty programs are noncompetitive and in fact multiple programs can effectively coexist, even when there is a market saturation.

In retail business, developing differentiation strategies based on non-price related elements is difficult: creating advantages takes time and are demanding in execution.

Based on the above literature review, H3 is stated:

H3: Loyalty card holders are not price sensitive

CUSTOMER RETENTION

Kotler (1994) stated that "The fundamental element to retaining consumer retention is by ensuring satisfaction". Retaining consumers Customer is a critical factor of client relationship (Reinartz et al. 2005).

Table 4. Customer' types upon their level of interest

Not affected/ Not concerned	Are never affected by the reward offered by the loyalty program or even by the program itself.
Light consumers	Interested only to acquire the reward, but they are affected moderately by the reward according to the level of incentive
Heavy consumers	Are highly interested by the incentive and the reward and they are subscribed in the program database
Extreme consumers	Are addicted to or obsessed with loyalty programs

Source: Wel, Nor, & Ahmad, 2011

Evaluating the Effectiveness of Loyalty Programs in the Retail Sector

The key feature of retaining consumers is the excitements aroused from their practice and experience joined with the establishment's robust name, image, and reputation. Therefore, this feeling of emotions constituting an emotional bond, which is vital for client retention, customer loyalty will not be realized (Irit, Nitzan & Libai, 2011).

Managing a good connection and relationship with clients includes the exercise of marketing analyses, improving the efficiency of communication to define the establishment practices and procedures that leverage consumers' lifetime and cycle. Therefore, the initial objective of relationship marketing is consumer retention, based on the degree of repetition to a specific store or market (Stauss et al. 2001).

Numerous Retailers in the field of food and grocery discovered that around sixty percent of their sales are generated by consumers holding loyalty cards but with frequency of one time per month (Kang et al., 2015). The American market offers around 30 programs with around four billion holders. These programs are beneficial for both organizations and consumers. The benefits for organizations are represented by decreasing the cost of loyal customer service and because this category is less price sensitive (Rosenbaum et al., 2005)

Consumer's Expectations and Retention Model

From customer's perspective, clients have different expectations and they are seeking diverse types of relationship with the organizations, they prefer to interrelate and interact with (Wong & Dioko, 2013). Therefore, it is now proven that consumers need more than just rewards. Loyalty programs are shifting from being based on simple transactions between the Retailers and consumers to an enduring and continuous relationship with consumers consequently, adopting a customer centric strategy. As a result, experts in the field of branding have deliberated customers' expectations and perspectives to build trusted connections and relationships and demonstrated what Retailers should do about it (Wong & Dioko, 2013).

Hence, numerous organizations are preparing to upgrade their loyalty structures in order to offer mutual remunerations with consumers. Based on Bridson et al. (2008) various key tendencies embrace:

1. Aggregated usage of elite advertisings and a change from collecting points
2. Non-financial prizes and symbols of belonging, such as such giving way free samples
3. Rewards founded on charity including special cases such as NGOs
4. Facilities and services to progress the shopping expertise and knowledge incorporating blogs events
5. The application of wider lifestyle programs.

From the above points, clients are more pleased to contribute in building a database for the retailer, due to the fact that consumers are being compensated or assisted and not because of collecting points (Bridson et al., 2008).

After accomplishing this relationship, results are very influential and powerful. Consumers are now ready to allow meticulous use of their information and more familiar investigation of their behaviors and practices as long as they are receiving useful services and products in return. From the retailer point of view, this extension of trademark permission and growth in the digit of consumer's opinions will increase both consumer's loyalty and retention for the future (Bridson et al., 2008). As a result of presented literature review, the following hypothesis is stated:

H4: Personalized loyalty cards provide satisfaction and retain customers

New Technology Used for Loyalty

High-tech developments are altering promptly the loyalty arena for both retailers and consumers. Traditionally, consumers would normally possess a plastic card to be scanned on payment, and then remunerations or rewards could be received as deals, coupons, or direct gifts (Johnson, Herrmann, & Huber, 2006).

In our days, new machineries, technologies such as smartphones have introduced renovations in this field. Consumers are permanently linked and the online and physical worlds are being merged, with clients expecting continuous incorporation through channels (Bolton, Kannan, & Bramlett, 2000).

A new concept in the retail adopted in the UK, is figured in the real time (limited time offers), Retailers are triggering promotional discounts for their products, starting at 99% discount and decreasing every second until clients step in the store. This promotion is controlled by an embedded GPS that controls users from an application. Another simple type of promotion includes discounts for products and services when shared automatically on Facebook, sending the application viral (Bolton et al., 2000).

A third example, social media is considered as two way communication with prospective clients giving them the chance to criticize services and submit complaints and they assume their problems to be resolved via the same media (Palmatier et al. 2009).

Furthermore, consumers are governing their interaction with loyalty facilities; they select to share Facebook statistics to admit a rebate or enter a competition. Virtual services are being conveyed in stores. For example, stores are using applications to facilitate products navigation as well as smartphone technology to speed up self-scan and payment (Palmatier et al., 2009).

The connections between the literature review and the stated hypothesis are resumed as follows:

RESEARCH METHODOLOGY

Given the advantages of the impact of consumers' satisfaction and loyalty on the retail sector, it was quite predictable that quantitative method was adopted to assess the perspective toward both dependent and independent factors that this research focuses on.

Data Collection Method

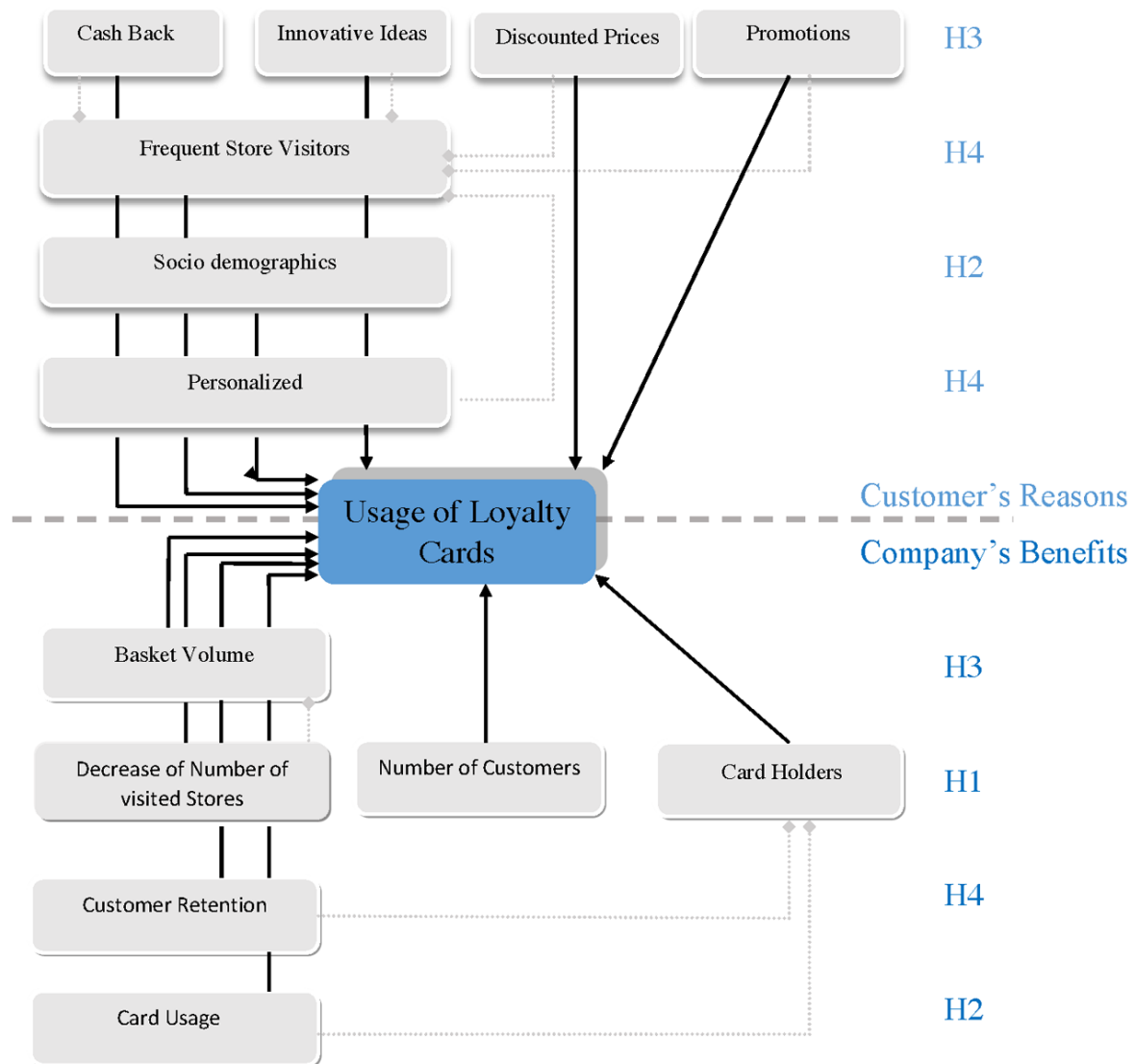
Data collection procedures are considered as a significant stage in the research practice. We applied a survey methodology by distributing 300 questionnaires to clients near major retail centers in Tripoli, Lebanon. Primary data was collected considering different levels of numerical measurement, suitable for this research. Descriptive data was collected according to the variables' characteristics, which helped to identify the level of connectivity with the hypotheses. The described data included dichotomous data, demanded by H4. Also multiple response and multiple dichotomy methods of coding were used for testing the Hypothesis.

Sampling

Data collection is based on non-probability sampling technique. The authors distributed 300 questionnaire to clients near major retail centers in Tripoli. After examining the filled questionnaire, the authors

Evaluating the Effectiveness of Loyalty Programs in the Retail Sector

Figure 2. Factors that influence the effectiveness of loyalty cards



discarded 75 questionnaires because they contain missing data resulting in 225 questionnaire as the final sample size.

Analysis Method

Primary data followed a quantitative methodology based on questionnaire survey strategy approach; data were entered and analysed by SPSS. The research started by giving the total percentages for each asked question than proceeded by calculating logistic regression and cross-tab to verify the hypotheses.

Table 6. Classification table a, b

	Observed		Predicted		
			Gender		Percentage Correct
			male	female	
Step 0	Gender	male	0	68	.0
		female	0	157	100.0
	Overall Percentage				69.8
a. Constant is included in the model.					
b. The cut value is .500					

Study Limitation

The results would be much meaningful if the authors could involve a larger population. The second greater challenge was to formalize an easy and simple method to acquire the relevant information from those customers and make sure that they do not feel bored. Third, a limitation to this study would be the language factor, since not all Lebanese customers are English educated; the authors had to translate the questionnaire to Arabic.

RESULTS

The mixed research methods used to investigate the effectiveness of loyalty cards on Lebanese retail market helped to verify the stated research questions. The findings and the results helped to reach answers and verify the stated hypothesis.

Hypotheses Verification

The listed hypotheses, were verified or rejected form the above analysis, as follow:

H2: Demographics and behavior decide the use of loyalty card.

The overall percentage raw confirms that the approach to predictions based on the most frequent categories, categorizing 69.8% of the population surveyed.

The table variable in the equation shows the value of the B0 accounting to 0.837 and the significance of 0.000 less than 0.05 According to this table the model with just the constant is a statistically significant predictor of the outcome ($p < 0.001$), which is accurate 69.8% of the times.

Table 8 shows that the chi-square account for 3.554 with a sig of 0.13.

Model Summary

The p -value 0.067 shows that the logistic model is well adjusted. The quality of the adjustment test is less than 0.001, which means that the **hypothesis 4** is **confirmed**. This shows that the model estima-

Evaluating the Effectiveness of Loyalty Programs in the Retail Sector

Table 7. Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 0	Constant	.837	.145	33.220	1	.000	2.309

Table 8. Omnibus Tests of Model Coefficients

		Chi-square	Df	Sig.
Step 1	Step	10.826	3	.013
	Block	10.826	3	.013
	Model	10.826	3	.013

tion is adjusted for a reasonable level. The variation show that the R2 values are approximations and shouldn't be over emphasized.

H3: Loyalty card holders are not price sensitive

Obtained data show that the majority compare prices to collect points and compare prices when they are interested in the offer. In general, Lebanese consumers compare product prices after subscription to loyalty card. Therefore, Hypothesis 3 is rejected.

H4: Personalized loyalty cards satisfy and retain customers.

The variables in the equation are indeed correlated within the hypothesis with a Sig less than 0.05, which confirm the hypothesis. Therefore the offers of the loyalty card must be personalized and differentiated according to the various segments to know better, how to retain them and satisfy customers, a finding that supports hypothesis 4: H4 is accepted.

DISCUSSION

Based on the findings, it is very predicable to declare that consumers' loyalty and retention represent the critical aspects to the survival of the organization. A well-planned loyalty program has a significant impact on the long-term benefits of the organization. Retailers should draw a strategic approach to in-

Table 9.

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	264.905 ^a	.047	.067
a. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.			

crease customer loyalty and retention on the business, with a focus on changing consumers' behaviors and satisfaction. Retailers should focus on customer relationship marketing by adopting loyalty program as their main strategy to grow consumers' basket size, and to increase customers frequency, in other term, following a customer centric strategy.

Loyalty programs representing rewards should be considered as offers from the management of an organization to consumers with frequent purchases, offering consumers access to innovative products, distinctive sales and commodities. Loyalty programs should inspire and encourage repeated purchases and increase retention rates only if incentives incite consumers to make purchases that are more frequent and in bigger volumes.

From the above analysis, price influences considerably consumer's psychology and supports the decision to repurchase a product. The choice of pricing a merchandise depends on numerous factors, including, but not limited, to consumers buying power, product cost, and cost of product delivery.

Also, the majority of customers hold more than one card, which means that the loyalty does not have a major place in their mind, therefore affecting the effectiveness of these cards. According to the above analysis, we can declare that the highest frequency is 28.4% for 2 times per week and 28.4% for 1 time per month, which shows in general that, consumers are indeed visiting their preferred store.

Moreover, the findings show that the majority of customers are attracted by the right price, therefore the correct pricing system is a significant factor for consumers' purchase intentions, and consequently, the company's sales performance. Numbers showed that around 36.9% of customers are attracted by the right price therefore; we can say that the correct pricing system is major factor for consumer when deciding to increase their sales. This percentage is followed by 18.7% for the right promotion affirming that well promoted item can attract clients, followed by place and convenience acting as a contributor factor. Hence, loyalty card offerings cannot be considered as major motivator to increase the re-patronage to a retail store, but the price of the good offered and the store location are major influencers since the majority prefers to visit a next-door retail.

It is obvious from the above analysis that the studied population uses their loyalty cards when they are interested in the offer as either a gift or a price discount. To combine a few elements already listed, we can say that the loyalty is not used as much as perceived by the retailer, since the majority of clients are forgetting to use it and they tend to only when they are interested in the offer.

When asked about the timing to remember their loyalty cards, 41.8% of the studied population always remember about their loyalty cards after registering the sales. Remembering about the card after registering the sales makes it impossible for the cashier to register the points or reward, therefore it is lost forever. The sample was asked if they believe if the loyalty card is effective and brings those benefits. In general, we can conclude that customers see the loyalty card as ineffective and do not always bring them needed benefits.

On the other side, the two advantages preferred by the studied population is price reduction and cash backs. Therefore, Retailers should consider their loyalty card offerings in order to please the majority of the clients. As it is shown from the above analysis, more than half of the studied population does not redeem their loyalty points.

We can see that the majority of the studied population (44%) are dissatisfied with the loyalty card benefits, while only 13.3% are strongly satisfied with it. Accordingly, half of the respondents classified Carrefour as the effective loyalty card. According to the above, 102 from the surveyed people classified Carrefour as the most effective card.

RECOMMENDATIONS

As from the above discussions, methodological and practical improvements are suggested.

First, as methodological initiatives, the marketers should target high differentiation from competitors, in order to attract new clients and increase their basket volume. Marketers should create the offer and adapt its marketing plan, using the data collected from customers. This gives a personalized motivation and prompts the customer to frequent their store. These distributors must evaluate their marketing strategy in relation to customer needs; database analysis facilitates decision-making about the benefits offered and targeted consumers.

In the same time, by providing a sense of privilege and not just reward, the loyalty cards will create a reliable relationship with the supermarket. As a result, satisfaction will be recognized and better evaluated.

As stated by various researchers (e.g. Rubera and Kirca, 2017; Christofi et al. 2015; Christofi et al. 2014a; Christofi et al. 2014b) aligning innovation with marketing is very important in order to gain a competitive advantage. In this case, marketing managers should be always on the hunt for innovative ideas that reflect their loyal clients' attitudes and lifestyles. Offers should be personalized according to segments due to the diversification of needs. Therefore, should create an existing value for consumers to keep a continue loyalty of their customers to their organization and increase their lifetime span

The activity to link the in-store action with the online activity, will result in-store rewards to the customers for being active online (check-in, shares, game participation, online purchases to be rewarded with in-store points, in an Integrated Loyalty Points System).

On the practical side, the management should focus on retaining their loyal customers because they already know the impact of the word of mouth. As a common practice, marketers should incorporate all types of rewards due to their impact on customer retention.

Loyalty cards have the chance to play the role of gift vouchers or credit cards, in the same time. Customers can load amounts on loyalty cards. The total amount could be an offer itself. (Affiliated offers)

Rewards and loyalty points should be easy to collect. Marketers should work on their loyalty programs, which help consumers to convert their points into merchandises or cash backs by taking the profitability of the retailers into consideration

No matter which methodology or practice was chosen, the consumers have to be updated with the newest information about the offers and promotions

Demographics and behavior determine the use of the loyalty card. Geographical distance doesn't matter anymore: 57, 7% of the interviewed customers considered that the most effective owned loyalty cards are 90km away. At the same time, the study shows that, by "getting closer" to the customers and personalizing loyalty cards, the marketers will satisfy and retain customers.

This study is based on answers obtained from 225 customers, in North of Lebanon (Tripoli). These limitations rise new challenge: further study will determine the best loyalty programs practices in Lebanon.

Finally, a plastic card cannot replace a smile in store or appreciated profits. The loyalty card should be considered as a long-term strategy, not excepting immediate consequences. This card is a way to retain customers, an instrument that assists the loyalty program.

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About the Contributors

Hans Ruediger Kaufmann, after many international academic engagements, was officially ranked Full Professor at the University of Nicosia in February 2013. Since 1.2.2016 he is affiliated with the University of Applied Management Studies Mannheim as Professor and Head of Studies of the BA Management & Leadership. He has been a launching member and President (2007-2009) of the international research network on consumer behaviour, CIRCLE. Furthermore, he is a launching member, Vice-President and Research Co-ordinator of the EuroMed Research Business Institute (EMBRI), and member of the editorial board of the network's Emerald journal, the EuroMed Journal of Business. From 2012- 2016, Rudi was a member of the Board of the AMA Global Marketing SIG as Vice Chair Communications. He is a member of the editorial board of a variety of other journals and author/editor of 14 books (mainly in the field of Consumer Behaviour and Marketing) and 6 Electronic Books (Thompson Reuters accredited conference proceedings). In addition, he is an Associate Editor of the ABS ranked World Review of Entrepreneurship, Management and Sustainable Development, Visiting Professor of John Moores University Liverpool, the International Business School of Vilnius University and Visiting Professor of the University of Vitez (Chair of Entrepreneurship). He co-initiated and participated in a variety of EU supported research projects and participates as invited speaker on several global occasions.

Mohammad Fateh Ali Khan Panni is an Associate Professor in the School of Business at City University, Bangladesh. He has an MPhil degree (by research) in the area of marketing from Multimedia University, Malaysia. He has published many research articles in the area of consumerism, CRM, CKM, brand loyalty, online shopping behavior, internet banking green consumer behavior index and educational marketing etc in numerous international journals like JLERI, IJBEP, IJECRM, WJBAM, JIKM, IJTEM, IJSSS Amfiteatru Economic. He regularly reviews paper for different international refereed journals. He has co-edited three edited reference books- on customer centric marketing strategies, consumerism and socio-economic perspectives on consumer engagements and buying behavior (IGI Global Publication). He is an editorial board member of Journal of Information and Knowledge Management (JIKM) (World Scientific Publication) (Scopus and ISI indexed publication, ABDC listed journal) and review board member of Athens Journal of Business and Economics (AJBE). He is also an article editor and listed reviewer in Sage Open (A premier mega journal in social science) and FIIB Review (A business school review journal of Sage) and a registered reviewer of Sage Publication). Currently he is working as an adhoc reviewer of several IGI Global reputed journals like IJSKD (Scopus indexed Q2 journal), IJSSCM (Scopus and ISI indexed and ABDC listed journal) and IRMJ (Scopus and ISI indexed and ABDC listed journal). He is also a registered reviewer of Springer Nature Journal.

* * *

Grace Al Khoury is currently lecturing Marketing and Management courses at AZM University (Lebanon), while completing her PhD in Business at the University of Nicosia (Cyprus, EU). She has also served as a Research Assistant at the University of Balamand, and developed and coordinated programs and workshops for the Continuing Education Program at the Lebanese American University. She is substantially involved in research with her interests lying at the intersection of Marketing and Human Resource Management, and with particular focus on the role of Emotional Intelligence. Her work has been published in academic journals, books and conference proceedings.

Cesare Amatulli is Associate Professor of Marketing at the University of Bari, Italy. He has been Visiting Professor at LUISS University, Italy, and Visiting Researcher at the Ross School of Business, USA, and at the University of Hertfordshire, UK. He has published in major international peer-reviewed academic journals, such as *Journal of Consumer Research*, *European Journal of Marketing*, *Psychology & Marketing* and *Journal of Business Research*,

Matteo De Angelis is Associate Professor of Marketing at LUISS University, Italy, and has been a Visiting Scholar at Kellogg School of Management and Visiting Professor at the University of Wisconsin, USA. He has published in several leading marketing journals such as *Journal of Consumer Research*, *Journal of Marketing Research*, *International Journal of Research in Marketing* and *Journal of Business Research*.

Sam El Nemar holds a PhD in Business Administration. He is an active researcher in the following tracks; Marketing, Management, and Market selection. He has published articles and book chapters with various well-known publishers.

Mitsunori Hirogaki is an Associate Professor of Marketing Research and Consumer behavior at Ehime University, Japan. He received his PhD from the Graduate School of Business Administration, Kobe University. He has been involved in big data analysis projects, as a member of a research group at the Center for the Study of the Creative Economy (Doshisha University), he works with big data analysis to construct systems that identify seeds of innovation. Dr. Hirogaki's current research focuses on Cross-Cultural Consumer Behavior in international marketing and marketing strategies in mature, developed societies. Dr. Hirogaki is a member of the Japan Society of Marketing and Distribution, the Japan Association for Consumer Studies, and the Japanese Economic Association.

Ana Jiménez-Zarco is an Associate Professor of Innovation and Marketing. Economics and Business Department, Universitat Oberta de Catalunya (UOC). A part-time professor at ICADE. Pontificia de Comillas University Ph.D. in Economics and Business Sciences from the University of Castilla-la Mancha, Spain. Postdegree in Building Models in Ecology and Natural Resources Management from Politecnica University of Catalonia. Until 2002, She carried out her teaching and research activities in the Marketing Area of the University of Castilla la Mancha, and during short periods in East Anglia University, Brighton University (U.K) and Chapingo University (Mexico). From 2003 to 2006 she has been a co-director of the Master's Degree Programme in Marketing and Communication Management, and from 2006 to 2012 she was served as Programme Director of the Bachelor's Degree in Business

About the Contributors

Administration at UOC. As a researcher, her main areas of research interest concern product innovation, brand image and identity and marketing/e-learning interface. She is the author of several books and articles on these areas, and serve as a reviewer and associate editor of several international journals in the marketing area.

Peter Jones is an Emeritus Professor in the University of Gloucestershire and his research interests are in retailing and sustainability.

Magdalena Jolanta Kowalska received her PhD in economic sciences in 2017. She has been working at the Faculty of Economics and Management at the University of Szczecin in the Department of Marketing since 2014. An author of many scientific articles. Her research interests focus on the study of consumer behavior, in particular the specificity of young people. Her research centers on the analysis of the possibilities of using new technologies for communication with the market, establishing relationships and building loyalty.

Marwa M. Maarabani, is a Senior Inclusion officer that has been in the humanitarian sector since 2014. She has an MBA degree from the Lebanese International University and has also earned different certificates including; Lebanese labour law, Management development program and communicating. She has written a business plan for a platform that works on delivering traditional Lebanese “Mouneh” to her home town and then proceed to all her country, which was then pitched in front of juries, professional investors and stakeholders under the TEC association - Tripoli Entrepreneurs Club. She currently works as a senior inclusion officer where she is responsible for including people with special needs to experience an equal opportunity.

Marta Massi, PhD, is an Assistant Professor of Marketing at Università Cattolica del Sacro Cuore, Milan. She has been a visiting scholar at Deakin University, Australia and McGill University, Canada. Her research interests include country-of-origin, branding and arts and culture marketing. Her work has been published on national and international journals, including Journal of Consumer Affairs and International Journal of Technology Management.

Soney Mathews works as an Associate Professor at the Department of Commerce and Management- St Joseph’s College of Commerce-Bangalore University, India. Have 24 years of teaching and research experience. Areas of interest are in research, especially marketing, youth marketing and consumer behavior. She has published around 39 research paper in both international and national journals.

Erica Mingotto is researcher at Ciset, the International Center of Studies on Tourism Economic of Ca’ Foscari University, Venice. She has experience in applied research, consultancy and training activities in the field of Tourism Economics. Her main research interests focus on: sustainable development in tourism destinations, responsible tourism and CSR, on the assessment of the effectiveness and efficiency of public actions in tourism and on innovation in tourism companies.

Federica Montaguti has a 20 year long experience in research, education and consultancy for the tourism sector. On the research side, her main interest are innovation, related to emerging tourist products/ segments, AI introduction and new business models, new marketing developments such as neuromar-

keting. On the educational side, she is a member of the Professors' Board of the Master's programme in the Economics and Management of Tourism offered at Ca' Foscari University and Ciset, and she coordinates the live project activities for the same programme. She is an international expert on tourism education and on experiential learning within the role of students' consultancy.

Suja R. Nair is a holder of Ph.D, MBA and BA(Hons.) degrees with 25 years of work experience, which includes Corporate, Academics and Research. She is an Independent Researcher, also handling Strategic Marketing as a Co-entrepreneur at Educe Micro Research, Bangalore, India. As an established author in the areas of Consumer Behavior, Retail Management, Marketing Research and Organizational Behavior, her books are widely read and recommended by leading universities/institutions in India. A reviewer for many international journals, she has to her credit publications in referred International Journals and Handbooks of Research. She is the Editor of the 'Handbook of Research on Ethics, Entrepreneurship and Governance in Higher Education' (2018), published by IGI Global, Associate Editor of 'International Journal of Big Data Management' and on the Editorial Board of 'IAFOR Journal of Education'. Her major fields of research interest include Ethics, Education Management, Women-Entrepreneurship, Retail Marketing, Cause-Related-Marketing, Consumption Behavior.

Caterina Ottobriani, PhD candidate, graduated in Economics and Management of Arts and Culture from Università Cattolica del Sacro Cuore, with a thesis on arts & culture marketing. In particular, she conducted research on brand trustworthiness and visitor satisfaction in museums. Her research interests include marketing, arts marketing and branding.

Ioanna Pappasolomou is a Professor and a Chartered Marketer with the Department of Marketing, at the University of Nicosia in Cyprus (EU). She has contributed papers to numerous international conferences and journals such as the Journal of Marketing Management, Journal of Brand Management, Journal of Product and Brand Management, and the Journal of Marketing Communications; as well as chapters and case studies to several academic books. She is also a reviewer for a number of academic journals such as the Journal of Marketing Communications, International Journal of Corporate Communications, the International Journal of Social Responsibility, and EuroMed Journal in Business.

Mertcan Tascioglu (PhD, Georgia Southern University) is an Assistant Professor at Istanbul Medeniyet University. His research includes ethical and social issues in consumer decision-making, international/cross-cultural consumer behavior, and green marketing.

Alkis Thrassou is a Professor at the School of Business, University of Nicosia (Cyprus, EU). He holds a Ph.D. in Strategic Marketing Management from the University of Leeds (UK) and is also a Chartered Marketer and Fellow (FCIM), a Chartered Construction Manager and Fellow (FCIOB), a Chartered Management Consultancy Surveyor (MRICS), a Senior Research Fellow of the EuroMed Academy of Business (SFEMAB / EMRBI), a Member of the Society of Petroleum Engineers (SPE) and a member of Cyprus' Technical Chamber (ETEK). He has extensive academic and professional/industry experience, and has undertaken significant research in the fields of strategic marketing, management and customer behaviour. He has published about one hundred and thirty works in numerous internationally esteemed peer reviewed scientific journals and books, and he retains strong ties with the industry, acting also as a consultant.

About the Contributors

Demetris Vrontis is a Professor and Executive Dean at the University of Nicosia in Cyprus. He is the Founding Editor and Editor in Chief of the EuroMed Journal of Business and the Associate Editor in Chief of the International Marketing Review. He is also the Founder and President of the EuroMed Research Business Institute (<http://emrbi.org>). Professor Vrontis has widely published, in over 200 refereed journal articles and 40 books in the areas of business management, marketing, human resource management, innovation and entrepreneurship. He is a fellow member and certified Chartered Marketer of the Chartered Institute of Marketing and a Chartered Business and Chartered Marketing Consultant. He also serves as a consultant and member of board of directors to a number of international companies. Further details about Professor Vrontis can be found at: <http://unic.academia.edu/DemetrisVrontis>.

Dursun Yener has PhD degree on Production Management and Marketing. His research areas are marketing theory, social marketing and consumer behaviour. He has many publications in national and international journals and books. He works at Istanbul Medeniyet University as an Associate Professor.

Foteini Yiangou holds a BA in Public Relations, Advertising and Marketing from the University of Nicosia and she will pursue an MSc in Marketing Strategy and Innovation (CASS Business School – City, University of London). She has a strong interest in marketing and she held internship post in several organisations such as Ernst & Young Cyprus.

George Yiapanas is the Finance Manager of GSP Stadium in Nicosia, CY, with more than 20 years of progressive experience in the sports industry. He holds an MA degree in Management from the University of Wolverhampton, UK, a degree in Accounting from the BPP University, UK, a Certificate in Football Management and a Diploma in Security Management. Currently he is a PhD student in Sports Management at the University of Nicosia, CY. He is a board member of Cyprus Association for Sports Management (CyASM), a member of the Association of Accounting Technicians (MAAT) and a student member of the EuroMed Research Business Institute (SMEMAB/EMRBI). He has served as Chairman of Cyprus Squash Association (CSA) for 5 years. He is an UEFA Certified Safety Officer and a qualified stewarding trainer. He is appointed by the University of Roehampton, UK, to teach Business and Management and by Global College in Nicosia, CY, to teach Management and Sports Grounds Safety Management, where he also serves as the Head of the BA programs in Security Management. His primary research interests are in the areas of sports strategic management, Sports governance, sports consumer behaviour, marketing and sponsorship and sports safety management. He authored a book on Sports Grounds Safety Management and attended numerous local and international conferences, where he had the chance to present papers on sports management and sports grounds safety management. His professional activities and expertise in the field allow him to take part in various projects and discussion panels that pertain to football safety. Currently he is part of a national task, on behalf of the Cyprus Stewarding Commission, for delivering a trained workforce of stewards governed by the new regulations created under the Cyprus law.

Index

A

Advergaming 184, 201
 affective relationships 191-192
 aging society 41
 Airbnb 203, 206-207, 209-210, 218

B

Behavioral Economics 182-183, 201
 brand image 21-22, 25-28, 32-35, 100, 103, 136-137, 142, 145-146, 161
 brand loyalty 2, 57, 68, 136, 147, 176, 181, 183, 191, 247, 270

C

circular economy 73-86
 collaborative housing 203, 206, 209, 217-218
 compensatory behavior 3, 6-9, 14-15
 consumer behavior 3-4, 9, 44, 46, 137-138, 141-142, 157, 168-169, 182-183, 242, 250, 255, 273-274, 279
 Consumer Boycotts 156, 160, 170, 175
 consumer choice 147
 consumer engagement 61, 244
 consumerism 3-4, 6, 92, 94, 101-102, 110-111, 115, 127, 134-139, 142-143, 146-147, 155-158, 161, 170, 175
 consumer perspective 126
 consumption 1-7, 9, 15-16, 23-27, 32, 73-76, 78, 80-82, 84-85, 93-95, 97, 110-113, 115-119, 122, 124-127, 134-139, 142, 146, 155-157, 161, 183, 186, 203-208, 210, 243-246, 249-250, 253, 256-257, 285
 consumption communities 115, 127
 corporate philanthropy 135-136, 140
 corporate social responsibility (CSR) 2, 141-142, 147

Council of Europe 223-224, 226-233, 235-236
 creating shared value (CSV) 39
 customer engagement 57-58, 60, 64, 67-68, 246, 248
 customer relationship marketing (CRM) 263-264, 270, 273

E

Electronic Word-of-Mouth (e-WOM) 201
 emotional intelligence (EI) 263-266, 273
 ethical behavior 2, 138
 ethical consumption 1-6, 9, 15-16, 110-112, 115-116, 119, 122, 124-127, 134-135, 137-139, 146
 ethical marketing 135, 146
 ethical shopping 138-139, 147

F

fair trade 1, 3-6, 9-16, 97, 102, 115, 118-119, 123-125, 128, 139
 food deserts 39-45, 50-51
 football business 229, 237

G

Generation 41, 58, 73, 80, 93, 176-177, 185-186, 193, 201, 244, 246, 257
 green-based innovation 92, 98, 104
 green marketing 92-104

H

hooliganism 223, 226, 229-230, 235-238

I

innovation resistance 155-157, 159-160, 162-167, 169-170, 175
 integrated approach 227, 234, 236

Index

L

Lebanese Retail Banking Sector (LRBS) 265
legislation 169, 227-228, 237
logistic regression model 12, 211
loyalty program 186, 286-289, 291-292, 297-299
luxury brands 32, 242-257

N

Neuromarketing 182, 202
novelty seeking 21, 25, 27, 32, 34-35

O

online communication 177, 184-185, 187-189, 191-194
online grocery 39, 43-45, 49-52
Online marketing 177

P

perceived risk 98, 155-156, 164-165, 167-168, 170, 175, 249, 256
Price-quality inference 31
Prosumer 202
public sector 39, 52
purchase decision 144, 146, 204, 207-209, 218, 255
Python 209

R

Regulatory Framework 225
relationship marketing 176, 178, 180-181, 202, 263-265, 270-274, 276-280, 286, 293, 298
responsible tourism 110-128
retailers 5, 39-45, 51-52, 57-68, 74, 78-80, 85, 137, 145, 244, 289, 292-294, 297-299
retailing 51, 58-60, 243, 286, 288
retail sector 39, 58, 74, 79, 285-286, 289, 294

S

safety management 222-226, 228-230, 235, 237-238
service encounter 273, 277
social cause 136-137, 139-147
social influence 21, 28, 31, 33-35
social media 11, 24-25, 57-58, 62, 67, 99, 101, 119, 141, 184, 186, 192, 194, 242-249, 252, 255-256, 273, 294
storytelling 57-61, 64-65, 67-68, 247-248
subcultures 23, 116, 126-127
sustainable fashion 6
sustainable tourism 112-114, 119

T

tourism demand 111-112, 116, 118-119, 122, 124-127