

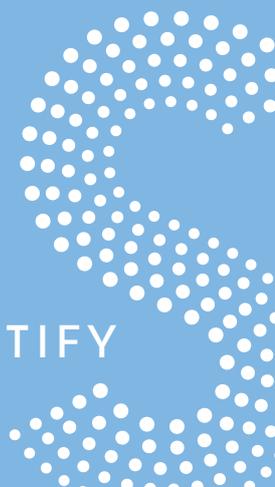
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Editor's Introduction to Volume 5, Issue 2 of Expert Journal of Marketing

Simona VINEREAN*

Sprint Investify Research Unit

The second issue of volume four of *Expert Journal of Marketing* presents marketing articles that approach new areas of research in terms of consumer preferences in Indonesia, the mediating role of customer satisfaction, digital perspectives of ancillaries in the aviation industry, culinary tourism, the evolution of concepts related to brand trust and loyalty, the impact of marketing messaging in influencing texting and driving practices, and content marketing as a new digital inbound marketing concept. Further, I present a short description of each article published in *Expert Journal of Marketing*, vol. 5, issue 2, year 2017.

In '*Ordered Probit Analysis of Consumers' Preferences for Milk and Meat Quality Attributes in the Emerging Cities of Southern India*', S. Priyadharsini, G. Kathiravan, M. Thirunavukkarasu, W. Ganpat and D. Saravanakumar examines consumer preferences for milk and meat quality attributes. The research showed that the education level increased, the consumers became more and more quality and price conscious. The research involved ordered probit models that analysed the socio-economic, geographic and demographic factors determining the consumers' preference ratings of milk and meat quality attributes.

In their paper '*Customer Satisfaction as a Mediator Variable between Service Quality and Customer Loyalty for a Bank in Indonesia*', Syamsul Bahri, Ritha Fatimah Dalimunthe, Paham Ginting, Rismayani and Beby Karina Fawzea Sembiring evaluate consumer satisfaction as a mediator for service quality and loyalty for a sample of 220 respondents. The results showed that service quality has a significant and positive effect toward satisfaction and customer loyalty for an Indonesian Bank. Moreover, the results of this empirical paper showed that customer satisfaction can mediate the effect of service quality toward customer loyalty.

Bogdan Avram, in his paper '*Ancillaries in the Aviation Industry. Importance, Trends, Going Digital*', investigated how airline companies use ancillaries in their favour to add value and revenue sources to the booking engine, to offer flexibility to their passengers, to increase revenues and customer satisfaction, to interact with passengers at all touchpoints, and most importantly, to create commercial opportunities and differentiate their brand. His paper proposes a change in airlines' perspective, and a new change in behaviour that uses data to provide a more personalised experience and start shifting from selling seats to a more digital retailer approach.

In her article titled '*Culinary Tourism. A New Trend on the Tourism Market*', Oana Duralia examines a new type of tourism that is emerging all over the world, and more specifically in Romania. Her paper explores highlight some of the characteristics of culinary tourism and to customize some of the dimensions of consumer behaviour oriented towards this form of tourism, in an economy where the tertiary sector, and specifically the tourism sector, play a leading role both in Europe and worldwide.

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Authors, Ikramuddin, Muhammad Adam, Hizir Sofyan and Faisal, published their paper titled '*The Relationship of Perceived Value, Service Quality, Brand Trust, and Brand Loyalty. A Literature Review*'. This theoretical article offers new perspectives on the relationships, background and evolution of these four concepts, more specifically to re-evaluate the involvement of various factors related to the perception of value, service quality, brand trust and brand loyalty in the industry of mobile phones through literature review and examination of previous research.

Authors Karen M. Hood, Christine M. Kowalczyk, Christopher D. Hopkins and Daniel Padgett, published their academic paper '*A Multi-Method Approach to Understanding Behavior Change. The Case of Texting and Driving*' that tackle this growing problem of texting and driving. To this effect, non-profit organizations, corporations, and the federal government have all stepped in to try to increase public awareness and persuade drivers to cease texting while driving. Their empirical paper investigates the potential for message sponsor and self-relevance of the message to influence message outcomes. Their research outcomes highlight the fact that messages sponsored by a combination of company and government that are self-relevant to viewers will have different outcomes than other messages.

Simona Vinerean, in her paper, '*Content Marketing Strategy. Definition, Objectives and Tactics*', examines an important component of digital inbound marketing that creates value and engagement for consumers, namely content marketing. From a practical perspective, companies are using content marketing to engage, interact, convert, and remind consumers of its products and brands. Therefore, the author explores the theoretical and academic perspectives of this concept that is based in digital inbound marketing. Content marketing goes beyond selling and traditional marketing campaign and it focuses on providing consumers with value in the form of relevant information and ideas, using publication or syndication of text, images, videos and other content forms

A Final Thought

On behalf of the Editorial Board of *Expert Journal of Marketing*, I would like to thank our Authors for publishing their studies with us, our Reviewers for their valuable insights, and our Readers for advancing and disseminating these published articles in their future work!



Ordered Probit Analysis of Consumers' Preferences for Milk and Meat Quality Attributes in the Emerging Cities of Southern India

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In order to assess consumer preferences for milk and meat quality attributes, a study was carried out in two Second-Tier cities of Tamil Nadu. Personal interviews were done to collect the data from 160 respondents chosen through a multistage sampling procedure in each of the two cities selected for this study. Ordered Probit model fitted for the attributes of milk showed that: family size had a significant positive preference towards texture, low fat and low price of milk, educated consumers paid greater attention to taste, safety, flavour, packaging and low fat attributes of milk and low income consumers paid less importance on most of the attributes of milk. Ordered Probit model for meat revealed that as the family size increased, the consumers were likely to give more importance to ageing and tenderness and less importance to leanness of meat. Male consumers paid greater attention to colour and females were none concerned with tenderness, cooking quality and price. As the education level increased, the consumers became more and more quality and price conscious. Households having children paid more importance to tenderness and taste attributes of meat, whereas the household having aged people opted for colour, taste, tenderness, cooking quality, leanness and price attributes. Low income consumers paid less importance to quality attributes and the respondents performing more physical activity paid lesser attention towards leanness and more importance to price of the meat. This suggests the need for enhancing the production of quality livestock products, together by developing a well-organized distribution system.

Keywords: milk attributes, meat attributes, consumer preferences, ordered probit, India, empirical study

JEL Classification: M31

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1. Introduction

The Food basket in India is undergoing a significant shift, away from staple food, grains toward high-value food commodities, like fruits, vegetables, milk, meat, eggs and fish. The expenditure share of animal food products in total food expenditure over the past two decades had witnessed a marked increase. In the time frame of 1983-2004-05, the share of dairy products in urban food expenditure had risen from 15.7% to 18.6% per cent, and that of meat, eggs and fish from 6.1% to 6.4% (Birthal, 2008). Changes in the consumption of animal-related products are more conspicuous in quantity. Between 1983 and 1999-2000, the per capita consumption of milk, meat and fish increased by 71%, 30% and 42%, respectively. Contrasted with staple foods, the demand for high-value foods, including livestock products, is more receptive to income changes, particularly at the lower end of income distribution (Kumar and Birthal, 2004; Ravi and Roy, 2006), and with rise in income, the poor too tend to include more of high-value food products in their food basket.

The changes in consumption pattern were driven by sustained rise in per capita income, urbanization, changing lifestyles, increasing number of women in workforce, nuclearisation of families, improvements in transport infrastructure, rise of supermarkets and increasing use of credit cards (Pingali and Khwaja, 2004). Urbanisation is closely linked to the economic activities and consequent developments in both production and consumption of a particular area. Tamil Nadu ranks first in urbanisation among the fifteen major States of the country. According to the 2001 Census, Tamil Nadu has emerged as the State with the highest level of urbanisation (43.86 per cent) in the country, where 2.72 out of 6.21 crore of the total population of the State live in urban areas (State Environment Report, Govt. of Tamil Nadu, 2005). Also, more than 75 per cent of the male workforce was engaged in non-agricultural pursuits in all these urban corridors.

The demand for livestock products in Tamil Nadu has also undergone a perceptible change in the recent past, reflecting the growth in per capita income, urbanisation and their repercussions. Even spread of small, medium and major towns, migration of people from rural areas in search of employment and the presence of industrial estates in all districts contributed to speedy urbanisation of Tamil Nadu (The Hindu, 2015). With the rapid changes in socio economic environment, it becomes essential to study the consumption pattern and preferences for livestock products in Tamil Nadu. Because, quality characteristics are very important and even low income consumers are willing to pay premium for products that match their preferences as they are vigilant in identifying products that do not meet their desired standards (Langyintuo, et al., 2004).

Further, there have not been comprehensive studies available on consumers' preferences for livestock products in the Second-Tier cities of Tamil Nadu, where the population is currently bulging due to increased industrial growth, urbanisation and improved infrastructure in all spheres. Against this background, the present study was undertaken to assess the consumer preferences for milk and meat quality attributes in the emerging larger cities of Southern peninsular India, the Tamil Nadu.

2. Research Methodology

Among the five Second-Tier cities of Tamil Nadu, two corporation cities, viz., Coimbatore and Salem were selected randomly. Of these two cities, Coimbatore is the second largest city of Tamil Nadu, known for its textile and manufacturing factories, engineering firms and automobile parts manufacturers, while Salem is the fifth largest city of the State, sheltering largely cottage industries, besides a number of industries including Steel Authority of India Limited (SAIL) and an exclusive Electrical and Electronics Industrial Estate.

A multistage sampling procedure was adopted to select the respondents of the study. In the first stage, as stated above, two Second-Tier cities, viz., Coimbatore and Salem were selected randomly. In the second stage, eight zones, four from each of the two selected cities, were chosen and in the third stage, 16 wards, two from each chosen zone were selected using simple random sampling technique. In the fourth stage, 160 household respondents, 10 from each of the selected wards were chosen randomly. Thus, this study had the sample size of 160 household consumers comprising 80 from each of the cities. From the household consumers so selected, relevant data were collected through personal enquiry, by interviewing the sample respondent households with the help of a structured and pilot-tested interview schedule.

2.1. Ordered Probit Model

Ordered-response models recognize the indexed nature of different response factors; in this investigation, consumers' preferences towards milk and meat quality attributes were the ordered responses. Underlying indexing in such models is a latent, but continuous descriptor of the response. In an Ordered Probit Model, the random error associated with this continuous descriptor is assumed to follow a normal distribution.

In contrast to Ordered-response models, Multinomial Logit and Probit Models neglect the data's ordinal nature, require estimation of more parameters (on account of at least three choices, thus diminishing the degrees of freedom available for estimation), and are associated with undesirable properties, such as the independence of irrelevant alternatives in the case of a Multinomial Logit (Ben-Akiva and Lerman, 1985) or lack of a closed-form likelihood as in the case of a Multinomial Probit (Greene, 2000).

An individual consumers' utility function or preference ordering was hypothesized to be represented by consumers' importance ratings R (R=1-strongly no; R=2-no; R=3-slightly no; R=4-slightly yes; R=5-yes; and R=6-strongly yes) on different milk and meat quality attributes. Ratings (R's) are determined by a 1 x 1 vector (X) consisting of socio-economic, geographic and demographic factors of the representative household respondent (Table 1).

Table 1. Description of variables used in Ordered Probit analysis

Explanatory variables	Levels	Specification
Family size	Continuous	Consumption units in the household
Sex	Male; Female	1 – if male; 0 – otherwise
Hindu	Hindu; Non-Hindu	1 – if household is a Hindu; 0 – otherwise
Christian	Christian; Non-Christian	1 – if household is a Christian; 0 – otherwise
Education	Four	Educational level of the head of the household (0 – if Illiterate; 1 – if Primary; 2 – if Secondary; and 3 – if College)
Food habit	Non-Vegetarian; Vegetarian	1 – if Non-Vegetarian; 0 – otherwise
Region	Coimbatore; Salem	1 – if Coimbatore; 0 – otherwise
Child	Two	1 – if family had child(ren)-below 14 years; 0 – otherwise
Aged	Two	1 – if family had aged person(s)-above 60 years; 0 – otherwise
Low income	Two	1 – if household income is less than Rs.10000; 0 – otherwise
Middle income	Two	1 – if household income is Rs.10001-20000; 0 – otherwise
Physical exertion	Two	1 – if respondent does physical work; 0 – otherwise

The ordered probit models of this study were estimated using STATA 9.0[®] software packages. The following model specification was used here:

$$T_n^* = \beta' z_n + \varepsilon_n$$

Where,

T_n^* = latent and continuous measure of preference of the respondent n in the study,

z_n = a vector of explanatory variables describing the respondent,

β = a vector of parameters to be estimated, and

ε_n = a random error term (assumed to follow a standard normal distribution).

The observed and coded discrete preference variable, T_n^* was determined from the model as below:

$$T_n = \begin{cases} 1 \text{ if } -\infty \leq T_n^* \leq \mu_1 \text{ (stronglyno)} \\ 2 \text{ if } -\mu_1 \leq T_n^* \leq \mu_2 \text{ (no)} \\ 3 \text{ if } -\mu_2 \leq T_n^* \leq \mu_3 \text{ (slightlyno)} \\ 4 \text{ if } -\mu_3 \leq T_n^* \leq \mu_4 \text{ (slightly yes)} \\ 5 \text{ if } -\mu_4 \leq T_n^* \leq \mu_5 \text{ (yes)} \\ 6 \text{ if } -\mu_5 \leq T_n^* \leq \mu_6 \text{ (strongly yes)} \end{cases}$$

Where μ_i s represent the thresholds to be estimated. The probabilities associated with the coded responses of an Ordered Probit Model are as follows: n is an individual, k is a response alternative, $\Pr(T_n = k)$

is the probability that the individual n responds in manner k , and $\Phi(\cdot)$ is the standard normal cumulative distribution function.

The interpretation of this model's primary parameter set, β , is that positive signs indicate higher preference as the value of the associated variables increase, while negative signs suggest the converse.

3. Results and Discussion

3.1. Factors Influencing Consumers' Preferences for Milk and Meat Quality Attributes

Ordered Probit models were fitted for analysing the socio-economic, geographic and demographic factors determining the consumers' preference ratings of milk and meat quality attributes.

3.2. Factors Determining Consumers' Preferences for Attributes of Milk Quality

Estimation results of the seven separate Ordered Probit models fitted for the attributes of milk, viz., taste, texture, safety, flavour, packaging, fat and price are presented in Table 2. The log-likelihood ratios and Chi-Square test results indicated that all the seven models fitted were good fits.

The estimated coefficients for the dummy variables, family size was statistically significant at one per cent level in texture, fat and price. The family size did not affect the attributes such as taste, safety, flavour and packaging of milk. As the family size increased, consumers seemed to prefer milk with high texture, low fat and low price so as to satisfy the requirements with the available disposable income. Besides being low priced, the good texture of such milk could enable them to better distribute the same among the larger family.

The Probit coefficients for sex were statistically significant at five per cent level for the fat attribute, which implied that males were concerned with milk fat on health grounds. However, no significant differences could be found between males and females on taste, texture, safety, flavour, packaging and price attributes of milk.

The education level significantly influenced taste, safety, flavour, packaging and fat attributes at one per cent level. The positive sign of the coefficients in all the models indicated that as the level of education increased, the consumers' attitude tilted towards high quality milk. A high educated consumer preferred flavoured, tasty milk with low fat which is also safely packaged. The results implied that educated consumers were both quality and safety conscious.

The dummy for food habit (viz., vegetarian and non-vegetarian) showed significant influence towards low price at 10 per cent level. The negative sign of the co-efficient indicated that the vegetarians were much concerned about the milk price, as it was occupying a major chunk in their expenditure towards livestock products.

The variable - region was significant at five per cent level in models fitted for taste, texture and fat and at one per cent level in that of price. This implied that there was regional difference in the consumers' preferences for attributes of milk. The positive sign in taste, texture and fat attributes meant that the consumers of Coimbatore City paid greater attention towards these quality attributes and placed a higher value compared to the consumers in Salem City. The negative significance in price conveyed that Coimbatore City consumers were less likely to pay greater ratings on this attribute, as their standards of living were higher.

Table 2. Estimates of the Ordered Probit model on the important ratings of attributes of milk

Explanatory variables	Effects of important ratings on milk attributes						
	Taste	Texture	Safety	Flavour	Packaging	Fat	Price
Family size	0.1995 (0.1338)	0.2886*** (0.1122)	0.0146 (0.1357)	-0.0855 (0.1148)	0.0880 (0.1066)	0.2796*** (0.1079)	0.4470*** (0.1257)
Sex	-0.1013 (0.2265)	-0.2300 (0.2012)	0.3125 (0.2319)	-0.1294 (0.2084)	-0.1267 (0.1901)	0.4008** (0.1911)	-0.1754 (0.2121)
Hindu	-0.7685 (0.4955)	-0.5784 (0.3858)	-0.0500 (0.4513)	-0.6269 (0.4298)	-0.1484 (0.3588)	-0.2775 (0.3598)	0.0461 (0.3979)
Christian	-0.5426 (0.6508)	-0.6439 (0.5140)	-0.9434 (0.6303)	-0.6494 (0.5675)	0.0344 (0.5030)	0.4794 (0.5314)	0.5291 (0.5684)
Education	0.4982*** (0.1314)	0.1276 (0.1166)	0.7827*** (0.1400)	0.3103*** (0.1173)	0.4216*** (0.1098)	0.6806*** (0.1172)	0.1969 (0.1261)
Food habit	-0.1721 (0.3192)	-0.0980 (0.2821)	0.2196 (0.3338)	0.2232 (0.2957)	-0.3486 (0.2730)	0.1558 (0.2712)	-0.6145* (0.3454)
Region	0.4738** (0.2339)	0.5205** (0.2037)	0.3163 (0.2377)	0.0461 (0.2122)	0.0069 (0.1926)	0.3311** (0.1913)	-0.6418*** (0.2203)

Child	0.8529*** (0.2515)	0.0429 (0.1976)	0.7017*** (0.2476)	1.2207*** (0.2317)	0.7049*** (0.1925)	0.3875** (0.1894)	-0.0730 (0.2145)
Aged	-0.0185 (0.2104)	0.6620*** (0.2358)	0.2046 (0.2240)	0.0072 (0.1930)	0.1722 (0.1850)	0.8639*** (0.2116)	-0.0452 (0.2193)
Low income	-0.9366** (0.4218)	-0.1035 (0.2879)	-1.3993*** (0.4146)	-1.1225*** (0.3301)	-0.7507*** (0.2803)	-1.2562*** (0.2893)	0.7306** (0.2928)
Middle income	-0.8967** (0.4308)	0.1311 (0.2931)	-0.6878 (0.4277)	-0.3232 (0.3414)	-0.5060* (0.2870)	-1.1645*** (0.2947)	1.0659*** (0.3092)
Physical exertion	0.0395 (0.2243)	-0.0731 (0.1905)	-0.4335* (0.2341)	-0.2560 (0.2069)	-0.4199** (0.1866)	-0.2385 (0.1852)	-0.0923 (0.2106)
Log likelihood	-134.0936	-194.9475	-122.3553	-162.8353	-193.4128	-194.4253	-171.4407
Model Chi-Square	54.18***	24.79**	86.68***	73.61***	50.73***	93.44***	45.30***
Number of observations	160	160	160	160	160	160	160

Notes: Figures in parentheses indicate standard errors. Significance: * Significant ($P \leq 0.10$); ** Significant ($P \leq 0.05$); *** Significant ($P \leq 0.01$).

The dummy variable for having children was significant at one per cent level in the models fitted for taste, safety, flavour, packaging and five per cent level in that of fat. The positive coefficients on five of seven attributes indicated that, on average, household having children below 14 years gave more importance ratings on these quality attributes and thus placed a higher value on them compared to the households without children.

The variable - aged was significant at one per cent level in the models fitted for texture and fat attribute. The positive sign of this variable pointed out that the aged people over 60 years were likely to bestow more importance to texture and low fat attributes as they were confronted with health problems due to ageing.

The low income dummy was significant at one per cent level in the functions fitted for safety, flavour, packaging and fat and at five per cent level in that of taste and price attributes. The negative sign in taste, safety, flavour, packaging and low fat indicated the less care attitude of them on these quality attributes, while the positive sign in low price attribute enlightened their economic concerns. Similarly, the middle income dummy was significant at one per cent level in fat and price models and at five per cent level in taste and at 10 per cent in packaging attributes.

The physical exertion variable included in the model earned significance at five per cent level for packaging and 10 per cent level for safety. Its negative sign pointed out that the respondents who performed more physical activity paid lesser attention towards safety and packaging attributes, due to their good physique and health. The religion dummies, the Hindu and Christian, included were not significant in any of the models, showing that the consumers of different religions were indifferent to their preferences towards attributes of milk.

3.3. Factors Determining Consumers' Preferences for Attributes of Meat Quality

As in case of milk, seven different Ordered Probit models were fitted for the attributes of meat, viz., ageing, colour, taste, tenderness, cookery property, leanness and price and the results are presented in Table 3. The log-likelihood ratios and Chi-Square test results indicated that all the seven models were good fits.

The variable - family size was significant at one per cent level in leanness and price models and five per cent level in ageing and tenderness models. The positive coefficients in ageing, tenderness and price showed that as the family size increased, the consumers were likely to give more importance to ageing and tenderness, as they were more price conscious. The negative sign in leanness showed that larger households attached lesser importance on leanness of meat, which would otherwise cost them more.

The explanatory variable - sex was significant at five per cent level in tenderness and price functions and one per cent level in colour and cookery property functions. The positive sign in colour attribute indicated that male consumers, who used to shop, paid greater attention to colour, while the negative sign in tenderness, cookery property and price exhibited that compared to males, females were more likely to bother on these attributes, as they were making decisions for the whole family.

The religion dummy - Hindu was significant at five per cent level in price attribute model. The negative coefficient indicated that they attached lesser importance to the low price attribute which could be due to the lower quantity of meat they consumed. However, the other religion dummy, Christian was significantly positive at 10 per cent level for price attribute, indicating their concern for price, as they consumed more meat compared to Hindus.

The educational level was significant at one per cent level in the models of taste, tenderness, cookery property and leanness, at five per cent level in ageing and at 10 per cent level in low price attribute. The significant positive coefficients in six out of seven attributes vividly exhibited that as the education level increased, the consumers became more and more quality and price conscious.

The variable - region was significant at one per cent level in leanness, at five per cent level in ageing and at 10 per cent level in tenderness models. The positive coefficient in ageing implied that the consumers of Coimbatore City gave more importance to ageing, which is the visible attribute, while the negative sign for tenderness and leanness implied that Salem City consumers gave higher ratings on tenderness and leanness than the consumers of Coimbatore City.

The dummy variable for having children was significant at five per cent level in tenderness and one per cent level in taste. The positive coefficients in these two models exhibited that the households having children below 14 years paid more importance to tenderness and taste attributes of meat compared to those who did not, so as to satisfy the craving of their children.

Table 3. Estimates of the Ordered Probit model on the important ratings of attributes of meat

Explanatory variables	Effects of important ratings on meat product attributes						
	Ageing	Colour	Taste	Tenderness	Cookery property	Leanness	Price
Family size	0.3142** (0.1251)	0.0605 (0.1092)	0.1494 (0.1682)	0.3117** (0.1553)	0.0172 (0.1324)	-0.3347*** (0.1285)	0.6258*** (0.1393)
Sex	0.3546 (0.2245)	0.5548*** (0.1966)	-0.4165 (0.2969)	-0.6345** (0.2631)	-1.3317*** (0.2668)	0.1396 (0.2229)	-0.5358** (0.2444)
Hindu	-0.2443 (0.3934)	0.0586 (0.3452)	-0.1607 (0.4930)	0.5152 (0.4107)	-0.3188 (0.4177)	0.3753 (0.3679)	-2.0003** (0.8301)
Christian	-0.3208 (0.5625)	-0.8566* (0.4899)	0.1500 (0.8338)	0.1929 (0.6225)	0.1748 (0.6229)	0.1949 (0.5365)	1.7494* (0.9148)
Education	0.2796** (0.1272)	-0.1782 (0.1126)	1.7754*** (0.2182)	0.8265*** (0.1594)	0.5799*** (0.1358)	0.4136*** (0.1285)	0.2493* (0.1313)
Region	0.5092** (0.2193)	0.2683 (0.1951)	-0.2486 (0.2937)	-0.4803* (0.2582)	-0.2900 (0.2338)	-0.9824*** (0.2287)	0.3262 (0.2282)
Child	0.0124 (0.2061)	-0.0739 (0.1877)	0.7183*** (0.2791)	0.5769** (0.2387)	-0.0862 (0.2199)	-0.0020 (0.2040)	0.3107 (0.2286)
Aged	-0.5232* (0.2981)	0.5913** (0.2545)	1.0626*** (0.3706)	2.3981*** (0.4403)	0.7203** (0.3114)	1.2619*** (0.3292)	0.6104** (0.3052)
Low income	-0.3217 (0.2893)	-0.6374** (0.2768)	0.2203 (0.4156)	-0.9721*** (0.3452)	-0.9213*** (0.3365)	-0.4204 (0.3064)	0.5924* (0.3230)
Middle income	-0.8700*** (0.2894)	-0.0294 (0.2683)	0.0538 (0.4115)	-0.2397 (0.3511)	-0.1097 (0.3378)	-0.1520 (0.3045)	0.2636 (0.2998)
Physical exertion	-0.0474 (0.2137)	-0.0909 (0.1887)	0.2225 (0.2731)	-0.0672 (0.2346)	0.2744 (0.2186)	-0.7063*** (0.2146)	0.4838** (0.2351)
Log likelihood	-194.9475	-225.6910	-97.2231	-123.1377	-157.3560	-163.8990	-148.2481
Model Chi-Square	54.18***	33.44***	112.50***	94.60***	66.95***	57.24***	52.77***
Number of observations	140	140	140	140	140	140	140

Notes: Figures in parentheses indicate standard errors. Significance: * Significant ($P \leq 0.10$); ** Significant ($P \leq 0.05$); *** Significant ($P \leq 0.01$).

The variable - aged was significant at five per cent level in colour, cookery property and price, at one per cent level in taste, tenderness and leanness and 10 per cent level in aging. The positive sign in colour, taste, tenderness, cookery property, leanness and price indicated that the household having aged people above 60 years offered greater importance ratings to these attributes. Obviously, as the age advanced, they tended to become choosy and more price concerned. Similar observations were also made by Peng, et al. (2005), while evaluating the Chinese consumers' preferences for meat quality attributes.

The independent dummy variable representing low income category was significant at five per cent level in colour, one per cent level in tenderness and cookery property and 10 per cent level in price. The negative sign in colour, tenderness and cookery property indicated their less care attitude on these quality attributes, while the positive sign in low price attribute was informative of their economic concerns. However,

the middle income dummy was negatively significant at one per cent level in ageing attribute alone, which in turn showed the importance attached by higher income group on this external appearance attribute.

The physical exertion variable was significant and negative at one per cent level in leanness, while positively influencing the low price at five per cent level. Its negative sign pointed out that the respondents performing more physical activity paid lesser attention towards leanness and its positive sign in low price indicated their high calorie requirements.

4. Conclusion

Ordered Probit model fitted for the attributes of milk and meat showed that various socio-economic factors had significant effect on the preference towards these livestock products. Hence, the future demand for livestock products will be based on the achievement of options. This implies the need for enhancing the production of quality livestock products, together by developing a well-organized distribution system. Since livestock products are the highly perishable commodities, there would arise a need for well evolved livestock products processing system to meet the ever growing demand for processed and packaged livestock products.

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Customer Satisfaction as a Mediator Variable between Service Quality and Customer Loyalty for a Bank in Indonesia

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This study aims to analyze the effect of service quality toward satisfaction and customer loyalty for PT. BNI (Persero) Tbk, Aceh Province. The article also analyses customer satisfaction as a mediator variable between service quality and customer loyalty. The sampling technique in the study was based on cluster and convenience sampling with corresponding criteria; each respondent has a bank account and saving for at least one year. The primary data were collected from respondents using the structured questionnaires. A total of 220 questionnaires were distributed in five branch offices of PT. BNI (Persero) Tbk operating in Aceh Province, namely the branches of Lhokseumawe, Bireuen, Langsa, Sigli and Meulaboh. The results showed that service quality has a significant and positive effect toward satisfaction and customer loyalty for PT. BNI (Persero) Tbk Aceh Province. Meanwhile, the variable of customer satisfaction can mediate the effect of service quality toward customer loyalty. However, the study found that service quality is the important element in increasing satisfaction and customer loyalty in national banking.

Keywords: service quality, satisfaction, loyalty, consumer loyalty, consumer satisfaction, structural equation model

JEL Classification: M30

1. Introduction

Competition in the banking industry is increasing. Each bank seeks to attract people to become its customers. Programs are designed are aimed at diversifying the product, providing a variety of facilities and promising rewards. This effort to prevent migration of customers to other brands and creating customer satisfaction and making customers remain loyal to the brand of banking. In conditions of high competition, the main thing that should be prioritized is to create customer satisfaction and maintain customer loyalty.

PT. Bank Negara Indonesia (Persero) Tbk is one of the state banks that serve customers well. BNI regard customers as an important asset in the banking system. BNI implementing service quality strategy with the overriding goal of profit and can survive in a competitive competition. The products offered are very diverse and are aimed to reach various groups of customers. There are several phenomena that arise in carrying

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out banking activities such as the lack of response to the BNI to customers. It can be seen from at least checkout counter that operates to serve customers so that customers have to queue for a long time. ATM physical facility that is still less effective and the cleanliness of the physical facilities are not maintained. This becomes a disappointment for customers. It can also be seen in the level of development of the number of customers during 2009 to 2013 in the province of Aceh.

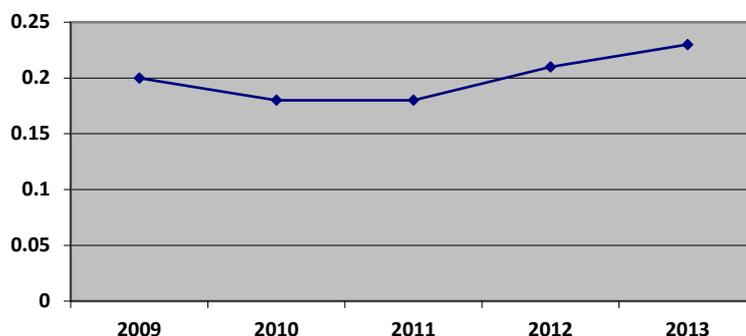


Figure 1. Evolution of customer number between 2009 and 2013
Source: PT. BNI (Persero) Tbk Aceh Province, Indonesia

In 2009 the number of customers of BNI in the Aceh province was 87,349 persons (20 percent) of the total over five years. In 2010, it decreased to 81,385 persons (18 percent). In 2011, it increased slightly as many as 82,770 persons (18 percent). Meanwhile, in 2012 it has increased sharply to 94,561 persons (by 21 percent). Finally In 2013, it has increased again to many as 101,238 persons (by 23 percent).

Maintaining customer loyalty is the strategic policy for banking companies because it is part of the company's strategy in the face of competitors and connects companies to the markets. Customer loyalty is needed as an element in a competitive marketing strategy. The success of today's businesses has become the most important strategic goal because the loyal customers can increase revenues.

There are few studies that are relevant to this study as, Maiyaki and sanuri (2012) found that the technical quality, the value and image of the banking retail have a positive influence on the intention to behave in Nigeria. While functional quality does not have a significant relationship with the actual behavior of customers. Siddiqi (2011) says that the quality of service, corporate image and customer value is positively related to customer loyalty in the banking retail sector in Bangladesh. In Malaysia, Munusamy *et al.* (2010) says that the tangibles have a significant influence on customer satisfaction while assurance, reliability, empathy and responsiveness have no effect on customer satisfaction. Gan *et al.* (2006) in New Zealand examined the retention of customers in the banking industry. The results showed that: (1) Satisfaction and image have a positive influence on the value. (2) Satisfaction and Value have a positive influence on the intention. (3) Competitive, satisfaction, value, image, the challenge have a positive influence on loyalty (4) Intention and loyalty have a positive influence retention.

Local research specifically on Bank BNI in Indonesia, conducted by Yusmahdi (2013) says that there is significant influence of service quality on customer trust and loyalty while the quality of service did not affect to customer satisfaction. Putra (2012) found that service quality did not affect significant and positive on loyalty of credit borrowers at BNI branch office SKC Malang. The study of Octariani (2008) found that there is a strong and positive relationship between quality of service and satisfaction to customer loyalty. Triyatati (2001) say that the value of the product, the value of service and value of employee and customer satisfaction have is a significant and strong relationship. Bachri *et al.* (2016) says that the credibility, customer value, satisfaction and loyalty are an important element in improving the performance of banks in Indonesia.

From some research above, there is a gap that can still be researched and contributed to with theoretical perspectives. The authors use the variables quality of service, satisfaction and loyalty of customers at several main branches in the Aceh Province. The variable of quality of services undertaken by previous researchers still do not provide maximum results, meaning that there is no significant effect on results between service quality on customer satisfaction and loyalty (Yusmahdi, 2013; Maiyaki and Sanuri, 2012; Munusamy *et al.*, 2010; Gan *et al.*, 2006).

This research aims to look at the impact of service quality on customer satisfaction and its implication to customer loyalty at PT. BNI Persero in Aceh Province, Indonesia.

2. Literature Review

2.1. Service Quality

Gaspersz (2002) defines quality as the totality of characteristics of a product and services that support the ability to meet specified requirements. Quality is often defined as everything that satisfies customers or conformity to the requirements or needs. Lupiyoadi and Hamdani (2011) say that the service quality has the important essence for the company's strategy to defend them and achieve success in the face of competition.

Parasuraman *et al.* (1994) stated that the SERVQUAL measurement has more diagnostics and more practical implications to assess the customer perception of service quality for a variety of service industries. The five dimensions of service quality include: (1) tangibles (appearance of physical components); (2) reliability (dependability of service provider and accuracy of performance); (3) responsiveness (promptness and helpfulness); (4) assurance (knowledge and courtesy of employees and their ability to inspire trust and confidence); and (5) empathy (caring, individualized attention the firm gives its customers).

2.2. Satisfaction

Kotler (2003) defines satisfaction as the feeling of being happy or disappointed as experienced after comparing the perception of performance or the result of a product with expectations. Customer expectations are formed and were based on several factors, including the shopping experience in the past, the opinion of friends and relatives, as well as information and Promises Company and its competitors. Satisfaction can be interpreted as an effort to fulfill something or make something adequate (Tjiptono, 2005). Rangkuti (2004) explains that the meaning of customer satisfaction i.e., the difference between the rate of interest and perceived performance or results.

Oliver (1980) explained that customer satisfaction entails the full meeting of customer expectation of the products and services. If the perceived performance matches or even exceeds customers' expectations of services, they are satisfied. In the real world, unsatisfied customers tends to create negative word-of-mouth and convey their negative impression to other customers (Newman, 2001). Lupiyoadi and Hamdani (2011) says that the benefits received from measuring customer satisfaction is to increase customer loyalty, prevent rotation / movement of customers, reduce price sensitivity, reduce the cost of marketing failures and operating costs, improve advertising effectiveness and improve business reputation.

Kotler and Keller (2007) says that consumers want to buy a product with the hope will provide benefits when used which is divided into three categories: performance or benefits of the product that has been purchased and employed, compared with expectations, and the results of the assessment, which is divided into three categories namely, (1) positive disconfirmation, when performance exceeded expectations yield high satisfaction responses and will come back to repurchase. (2) Simple disconfirmation, where performance in line with expectations implies a neutral response and affects the desire to repurchase. (3) The negative disconfirmation, when performance is lower than expectations so there is no desire back to repurchase.

2.3. Loyalty

Loyalty is the attitude of the customer to make his choice to keep using a product or service from a company. Attitude determines the selection and also to make a commitment to repurchase the company's (Foster and Cadogan, 2000). According to Wulf *et al.* (2001) loyalty is the amount of consumer loyalty and frequency of purchases made by a customer of a company. The authors managed to find that the quality of integration consisting of satisfaction, trust and commitment has a positive relationship with loyalty. Lamb *et al.* (2004) investigated the relationship between the received satisfactions and customer loyalty. Results achieved an important justification as the reference that the relationship of customer satisfaction, with customer loyalty is positive.

According to Oliver (1997), the variable of fidelity has four dimensions, among others:

1. Cognitive loyalty is about the perceptions about the ability to assess the bank at a glance with the following indicators: (a) Knowing that when selecting and assessing a bank is a fetching the right decision. (b) Assess that the ability of the selected bank is the best.
2. Affective loyalty implies the customer perception regarding the election to use the bank with the following indicators: (a) Using the services and facilities provided. (b) Liking all the activities provided.
3. Conative loyalty represents the perception of consumers regarding the action to continue using the bank with the following indicators: (a) Always stay would choose a bank. (b) The repurchase.
4. Action loyalty represents the opinion of the customers on the action to continue using the bank with a higher commitment with the following indicators: (a) Provide positive information to others. (b) No change in other banks.

2.4. Relationship Between Variables and Hypotheses

Patel and Pithadia (2013) say that quality perception is an important factor that gives influence on customer satisfaction at selected banks in Mehsana District Gujarat. Octariani (2008) says that there is a strong and positive relationship between service quality and satisfaction on customer loyalty. Munusamy *et al.* (2010) adds that service quality has a significant and positive impact on customer satisfaction. While Yusmahdi (2013) stated that the quality of service does not provide a positive and significant impact on customer satisfaction. The hypothesis that can be submitted is:

H1: There is influence of service quality on customer satisfaction at PT. BNI (Persero) Tbk. In Aceh Province.

Putra (2013) finds that the quality of services has a significant and positive influence on customer loyalty in commercial banks in Malang. Auka (2012) adds that simultaneously the quality of service, customer value and customer satisfaction affect customer loyalty in commercial banking in Kenya. Ishaq (2012) argued that the quality of service and customer value significantly affect customer loyalty to the telecommunications industry of Pakistan. Siddiqi and Omar (2011) prove that service quality and customer loyalty are positively related to retail banking in Bangladesh. While Alireza *et al.* (2012) find that service quality has no significant effect on customer loyalty to telecommunication companies in Iran. Similarly Maiyaki and Sanuri (2012) state that functional quality has no significant effect on customer behavior intention in retail banking in Nigeria. Hypotheses that can be submitted are:

H2: There is influence of service quality to customer loyalty at PT. BNI (Persero) Tbk. In Aceh Province.

According to Calik and Balta (2006) states that customer satisfaction and loyalty is the effect of receiving the quality of service performed by an organization. Suhartanto (2001) finds that customer satisfaction will affect consumer behavior to recommend others, encourage friends or friends to, do business with, consider as an option, first if you want to buy similar services, buy services in the future and inform the good things from to others. Hypotheses that can be submitted are:

H3: There is influence of customer satisfaction to customer loyalty at PT. BNI (Persero) Tbk. In Aceh Province.

3. Methodology

The aim of this study is to understand the influence of service quality toward customer satisfaction and its implication on customer loyalty at PT. BNI (Persero) Aceh Province. The cluster and convenience sampling technique were used for this study. Respondents were customers visiting the counters of banks and they must have an account with PT. BNI (Persero) operating all branches in Aceh, namely the branches of Banda Aceh, Lhokseumawe, Sigli, Bireuen, Meulaboh, and Langsa. The data were collected from personal interviews using questionnaires.

A five-point Likert scale was used to measure customer perceptions of service quality, customer satisfaction, and customer loyalty, ranging from “strongly disagree” (1) to “strongly agree” (5). Service quality was measured by adapting and modifying indicators as suggested by Parasuraman *et al.* (1994); customer satisfaction and loyalty adapting and modifying indicators indicators from Oliver (1997).

4. Analysis and Results

4.1. Respondents' Profile

Table 1 reports the descriptive statistics of respondents in this study. A total of 250 questioners were distributed and 210 were returned (84 percent response rate). The characteristic includes 119 male customers (56.7 percent) and 91 female customers (43.3 percent). The dominantly respondents age is 21 – 30 years (33 percent) and works as Government employee (33.8 percent).

Table 1. Respondent profile

	Frequency	Percent	Cumulative Percent
Gender			
Male	119	56.7	56.7
Female	91	43.3	100.0
Age (year)			
17-20	20	9.0	9.0
21-30	69	33.0	42.0
31-40	53	25.0	67.0

41-50	56	27.0	94.0
50 and above	12	6.0	100.0
Occupation			
Lecturer/Teacher	20	9.5	9.5
Private employee	32	15.2	24.7
Government employee	71	33.8	58.5
Businessman	40	19.0	77.5
Student	27	12.9	90.4
Other	20	9.6	100.0
Marital Status			
Married	144	83.2	83.2
Single	29	16.8	100.0
Education			
High School	20	11.6	11.6
Undergraduate	46	26.6	38.2
Graduate	87	50.3	88.4
Postgraduate	20	11.6	100.0

Source: SPSS Output, 2016

4.2. Structural Equation Model (SEM) Analysis

Confirmatory Factor Analysis

Confirmatory Factor Analysis test is conducted with a purpose to know the ability level of an instrument or tool for collecting data by expressing main target of measurement. The CFA test in this research is divided into two types, namely exogenous constructs and endogenous constructs. There is one exogenous variable, namely service quality consisting of five dimensions, namely tangible, empathy, reliability, responsiveness and assurance.

The tangible dimension consists of five indicators but, after being analysed, it has only four indicators forming the dimension. The empathy dimension consists of nine indicators, but after being analysed it has only seven forming indicators. The reliability dimension has seven indicators, but after being analysed it has only four forming indicators. The responsiveness dimension has four indicators, after being analysed it has only four forming indicators. Finally, the assurance dimension has six indicators, but after being analysed it has only five forming indicators.

The endogenous construct in this research consists of two variables, namely customer satisfaction and customer loyalty. The satisfaction has four valid indicators. The loyalty has seven indicators but after being analysed it has only five forming indicators.

Measurement Model

The measurement model test is conducted to know the accuracy on manifest variable so that it can describe on latent variable (Santoso, 2011). In this research, it is conducted the measurement model test on exogenous construct and endogenous construct. The Measurement model for the exogenous constructs covariance tangible, empathy, reliability, responsiveness and assurance. From the analysis, it shows that the model has met the requirements. The first and second order analyses are also conducted; the first order shows that all of forming indicators have had ideal loading factors so that for the first order, it has met the criteria. Also for the second order, all of the forming indicators have had loading factor value to meet the criteria. Meanwhile the Measurement model for endogenous constructs covariance the customer satisfaction and loyalty variables. From some *Goodness of Fit Test* criteria, these show GFI, AGFI, TLI, CFI, RMSEA, CMIN and P-Value values to meet the requirements for model properness. However the exogenous and endogenous constructs can be united in the following analysis.

Structural Model

The testing of the structural model is conducted in two stages. The first stage implies exploring the extent of the formed basic model in this research to meet the *goodness of fit* criteria so that the model can describe on the research phenomena. The second stage shows the ideal model through modification indices. Both models can be seen in figures 2 and 3, and tables 2 and 3.

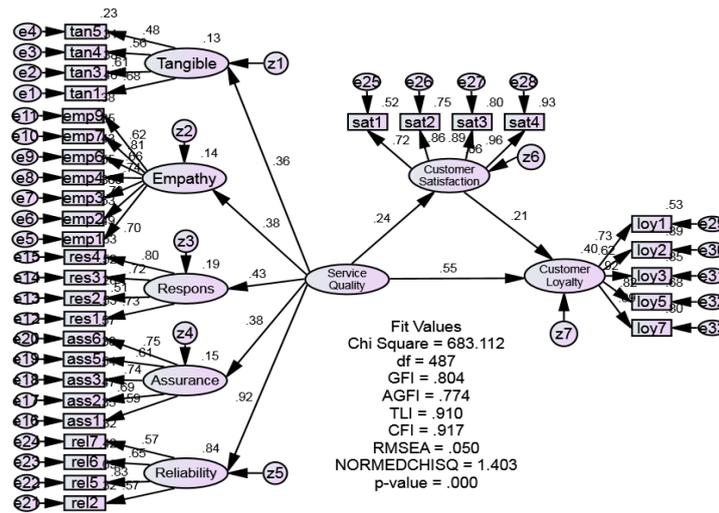


Figure 2. SEM results for Basic Model

Table 2. SEM results for Basic Model

Criteria	Cut off	Results
Chi square	p>0.05	683.112
Goodness of fit index (GFI)	>0.90	0.808
Adjusted Goodness of fit index (AGFI)	>0.90	0.774
Tucker Lewis Index (TLI)	>0.95	0.910
Comparative Fit Index (CFI)	>0.95	0.917
Root Mean Square Error of Approximation (RMSEA)	<0.08	0.050
CMIN	<= 2	1.43
P-value	> 0.05	0.000

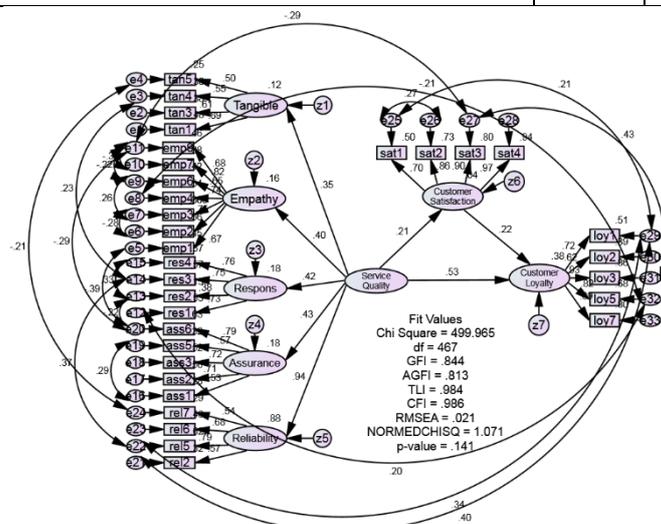


Figure 2. SEM results for the Model with Modification Indices

Table 3. SEM results for the Model with Modification Indices

Criteria	Cut off	Results	Conclusion
Chi square	p>0.05	499.965	Good
Goodness of fit index (GFI)	>0.90	0.844	Marginal
Adjusted Goodness of fit index (AGFI)	>0.90	0.813	Marginal
Tucker Lewis Index (TLI)	>0.95	0.984	Good
Comparative Fit Index (CFI)	>0.95	0.986	Good
Root Mean Square Error of Approximation (RMSEA)	<0.08	0.021	Good
CMIN	<= 2	1.71	Good
P-value	> 0.05	0.141	Good

The basic model has yet to meet the criteria of model properness, among others from the GFI, AGFI, TLI, CFI and P-Value values. There are only a good criteria in Chi Square, RMSEA and CMIN. This model

can yet represent the phenomena in banking industry in Aceh Province. The second model is the *modification indices*, this model shows that the criteria have meet although there are two requirements with marginal values, (rather good), namely GFI and AGFI. The CMIN and P-Value values are the main requirements that have to be met in this model.

Estimation on Parameter Values

Estimations on parameter values aim to show the amount of coefficient value of a variable. This coefficient value is also used for the hypotheses testing that have been formulated. To see the amount of coefficient value of each variable, it is used to *estimate standardized regression weights* such as seen in the following table (Table 4).

Table 4. Estimation on Parameter Values

Examined relationship			Estimate Unstandardized	Estimate Standardized	S.E.	C.R.	P
Responsiveness	<---	Service Quality	.793	.425	.233	3.401	***
Tangible	<---	Service Quality	.642	.346	.233	2.760	.006
Assurance	<---	Service Quality	.557	.427	.174	3.194	.001
Reliability	<---	Service Quality	1.000	.940			
Empathy	<---	Service Quality	.634	.404	.187	3.398	***
Satisfaction	<---	Service Quality	.244	.205	.118	2.058	.040
Loyalty	<---	Service Quality	.681	.530	.163	4.188	***
Loyalty	<---	Satisfaction	.241	.223	.083	2.913	.004

Source: Amos Output, 2016

Estimation value of service quality on the customer satisfaction is 0.205 with a significance of 0.040, that is smaller than $\alpha = 0.05$. The *Critical Ratio (CR)* value is 2.058 which is greater than $Z = 1.96$. This means that the service quality significantly and positively affects the customer satisfaction at PT. BNI (Persero) Tbk. in Aceh Province.

The estimation value of service quality on the customer loyalty is 0.530 with a significance of 0,000 which is smaller than $\alpha = 0.05$. The *Critical Ratio (CR)* value is 4.188 which is greater than $Z = 1.96$. This means that the service quality significantly and positively affects the customer loyalty at PT. BNI (Persero) Tbk. in Aceh Province.

Estimation value of customer satisfaction on the customer loyalty is 0.223 with a significance of 0.004 which is smaller than $\alpha = 0.05$. The *Critical Ratio (CR)* value is 2.913 which is greater than $Z = 1.96$. This means that the customer satisfaction significantly and positively affects the customer loyalty at PT. BNI (Persero) Tbk. in Aceh Province.

Testing the Mediator Variable

The mediator variable model is introduced by Baron and Kenny (1986). Baron and Kenny described the procedure of mediated variable analysis in a simple manner through regression. The analysis path in this research can be seen in the following figure.

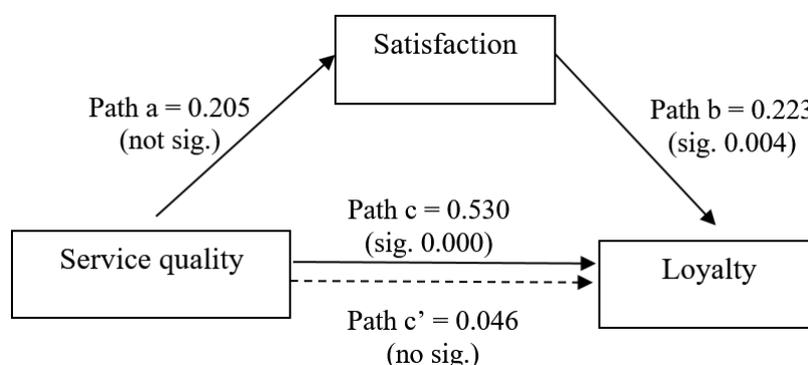


Figure 4. Mediated Model for this research

Based on figure 4 above, it can be described that *path a* significantly affects customer satisfaction. Path c significantly affects loyalty, but the path c' does not significantly affect loyalty. This path correlation is

based on the opinion by Baron and Kenny (1986), so it can be concluded that the customer satisfaction variable can serve as a partial mediator variable between service quality on loyalty at PT. BNI (Persero) Tbk. in Aceh Province.

5. Conclusions

5.1. Research Implications

These research results can provide various implication, both theoretically and practically. The research results obtained show positive and significant effects of service quality on customer satisfaction and customer loyalty, and customer satisfaction can partially mediate the relationship between service quality and customer loyalty for PT. BNI (Persero) Tbk Aceh Province. Based on the theory expressed by Parasuraman et al. (1994); Lupiyoadi and Hamdani (2011) said that the quality of service has an essential importance for the company's strategy to defend itself and achieve success in the face of competition.

Patel and Pithadia (2013) say that the perception of quality is an important factor that gives a positive effect on customer satisfaction on selected banks. Auka (2012) adds that service quality and customer satisfaction can improve and maintain customer loyalty in commercial banking. Suhartanto (2001) says that customer satisfaction will affect consumer behavior to recommend others.

This research also proves the theory stating that service quality is essential in improving customer satisfaction and loyalty directly or indirectly. These research results show that PT. BNI (Persero) Tbk in Aceh Province has good service quality. Its implication is that PT. BNI (Persero) Tbk must maintain and improve its service quality in order to improve customer satisfaction and loyalty directly or indirectly. High customer satisfaction can imply that customer loyalty directly improves the growth and profit of PT. BNI (Persero) Tbk in Aceh Province.

5.2. Conclusion

PT. BNI (Persero) Tbk in Aceh Province have good service quality. This good service quality can improve customer satisfaction in getting bank services. Good service quality and high customer satisfaction can improve customer loyalty on the banking products, services and company in Aceh Province. The service quality variable with five dimensions, namely tangible, empathy, responsiveness, reliability and assurance affects significantly and positively on the customer satisfaction by bank customers in Aceh Province. This is consistent to Patel and Pithadia (2013) stating that service quality has positive correlation with customer satisfaction. Than service quality has significant and positive effect on customer loyalty (Siddiqi, 2011; Gan *et al.*, 2006). The customer satisfaction can mediate appropriately the correlation of service quality and customer loyalty. This research is consistent to a research by Octariani (2008) stating that customer satisfaction can be as mediator variable between service quality and customer loyalty.

5.3. Recommendation

Although there is a good service quality provided by the banks in Aceh province, as perceived by their customers, it is necessary for companies to keep maintaining and improving the service quality, mainly in empathy dimension by improving employees' knowledge and capability. Meanwhile to improve the credibility, it can be by providing training and education concerning sharia product and service comprehension so that it can improve customer satisfaction. Although there is high customer satisfaction banks in Aceh Province, the bank party should keep maintaining the commitment by creating Internet Information technology application that can be accessed easily for banking transactions. The use of this information technology innovation can improve duration of correlation between the banking and customers. To maintain and improve customer loyalty, companies should update and utilize their facilities optimally to prevent any disappointment in providing services and improve repeated purchase on products and services in Aceh Province.

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Ancillaries in the Aviation Industry. Importance, Trends, Going Digital

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In 2016, the global airline industry reached almost 70 billion dollars in ancillaries (up from 60 billion dollars in 2015), while the ancillary revenues on a global scale reached a 10% share of overall airline revenue, according to Ideaworks, a consulting firm that measures airline ancillary revenues. This research aims to investigate how airline companies use ancillaries in their favour to add value and revenue sources to the booking engine, offer flexibility to their passengers, increase revenues and customer satisfaction, interact with passengers at all touch points to create commercial opportunities and differentiate their brand.

Keywords: *airline ancillaries, ancillary revenue, airline revenue streams, airline sales, broadband ancillaries, branded fares, bundles*

JEL Classification: *M10, M19, M20, M30*

1. Introduction

As competition intensifies and operational costs increase putting pressure on yields, airlines all over the world need to understand the significant importance of the ancillary revenues and how it can improve the profitability of the airline. The International Air Transport Association expects the global airline industry to make a net profit in 2017 of 31.4 billion dollars, total revenues of 743 billion dollars and a 4.2% net profit margin. As airlines need to better control costs, expected higher oil prices will have a significant impact on 2017, as fuel is expected to account for 18.7% of the industry's cost structure, significantly lower than the 2012-2013 peak of 33.2%. According to IATA, in 2017 airlines are expected to retain a net profit of 7.69 dollars per passenger, down from 9.13 dollars in 2016 and 10.08 dollars in 2015. Passenger demand is expected to grow by 7.4%, similar to 2016's growth rate, bringing the total number of passengers that are expected to fly in 2017 to 4.1 billion while due to a surge in expected demand, the average passenger load-factor is expected to reach 80.6%, higher than 2016's value of 80.3%.

In the airline industry, ancillary revenue is generated by a large amount of activities that include „a la carte” services, frequent flying miles to airline partners, commission from booking hotels, activities and services that increase the yield revenue for airline further than the simple transportation of the passenger from one point to another (the simple acquisition of the ticket), providing sufficient options for passengers and increasing profitability for airlines. With the rising of the hybrid airline model, which relies significantly on ancillary revenues, worldwide airlines are starting to offer passengers the right product at the right time while

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building loyalty using data from the booking or from the industry and reaching out to consumers by identifying when, where, how passengers visit the website or open the app and what are they looking for. According to Ideaworks, the revenue from optional services offered by the airlines as on-board sales (including food and beverages or duty-free items), the selection of premium seats with more legroom, more checked-in luggage, priority boarding summed almost 44.9 billion dollars in 2016. Another 22.5 billion dollars come from other activities such as frequent miles selling to different partners and ground services sold to passengers (hotel bookings and car rental).

Taking a more classic approach when it comes to defining the types of airlines operating on the market, a study by Ideaworks, reveals the airlines' ability to generate ancillary revenue. For the traditional airlines, namely legacy-carriers, ancillary revenue comes from a number of fees regarding heavy bags, more legroom, or partnership with other airlines for the frequent flyer programmes. According to Ideaworks, the ancillary revenue percentage for this type of airlines increased in 2016 to 5.8% from 4.1% in 2015. The transition to a more hybrid model, shrinks the gap between the traditional carriers and low-cost carriers. Even so called traditional airlines like Lufthansa, LOT Polish Airlines, British Airways, American Airlines or United generate ancillary revenues through a mix of baggage fees, premium seats and the use of frequent flyer program, mainly due to bundled fares for different type of segments (from basic offering to premium). Other carriers such as Ryanair, Eurowings, Wizz Air, highly known as low-cost carrier generate the highest ancillary revenue percentage out of the operating revenue, around 26% due to the branded fares, premium seats, checked-in luggage and preferred seat choice. Of course, airlines tend to price differently taking into account the season of travelling: charging the passenger more in the high-periods and less in the other periods. Other carriers such as Emirates, a well-known legacy company, implemented a seat fee, varying by distance: the greater the distance, the higher the fee (between 15 dollars and 40 dollars/check-in luggage). Also, Lufthansa, a well-known legacy company, shaped an ancillary revenue strategy for its subsidiary Eurowings, encouraging 45% of consumers to pay more for the Smart and Best bundle fares, a bringing a total revenue of 19 euros per passengers on long-haul routes by encouraging customers to pay for the preferred seats or premium seat.

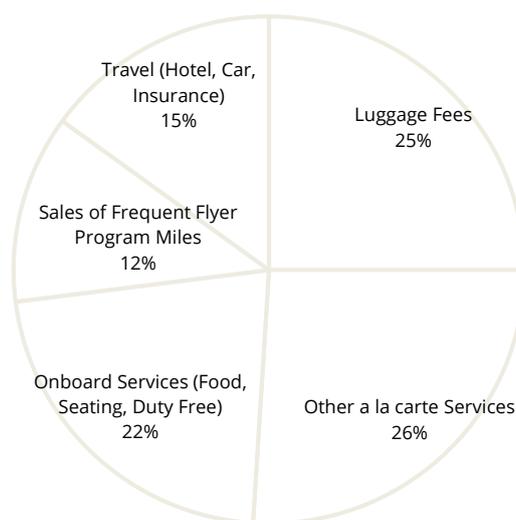


Figure 1. Key Ancillary Revenue Components (distribution based upon analysis of 2015 results of non-low-cost carriers),

Source: CarTrawler, 2016

On a more digital side, according to a SITA study „Air Transport Industry Insights – The passenger IT trends survey 2017” almost 90% of passengers who have responded to the 2017 study, book their flight with self-service technologies such as apps while 64% would track their bag in real-time via a mobile app if available (could be a source of revenue for airlines). Technology users' satisfaction scores 8% higher than passengers who use face-to-face boarding or booking processes. As technology adoption across the journey 87% of passengers in 2017 would use it during booking, 54% check-in, 47% bag-tag, 18% bag-drop, 21% passport, 16% boarding, 61% on-board and 15% during bag-collection. By using their creativity, all these steps across the journey can represent opportunities for airlines for increase their ancillary revenues. For the better-connected passenger, technology plays an active role in purchasing the needed services: food purchase are top priorities for passenger during their flight (59%) and buying entertainment (37%). About 50% would choose on-board digital services via the seat back touchscreen, with 29% using their own device to access onboard digital services offered by the airlines via an app.

2. Theoretical Framework

2.1. Ancillary Revenues Conceptualization

According to Amadeus Yearbook of Ancillary Revenues (2011), specialists in the aviation industry have identified 4 categories of ancillaries in the aviation industry: *a la carte* – services related to the trip that comprise paying extra of the onboard food and beverage, checked-in luggage, assigned seats, priority-check-in, lounge access, onboard entertainment access or internet ; *commission based* – cross selling activities which may include hotel accomodation, travel insurance, car rental ; *frequent flyers programme* - the opportunity for companies to acquire airline miles to be used in marketing activities, promotional activities or loyalty based marketing activities ; *advertising* – revenue from the inflight magazine, outdoor or indoor ad spaces (aircraft, airline lounges, airports). Vasigh (et al.; 2012) define ancillary revenue as revenue generated from non-ticket sources that intensify services or product lines of an airline such as luggage, onboard service. IdeaWorks (2011) define ancillary revenues as „revenue beyond the sale of tickets that is generated by direct sales to all passengers and indirectly part of the travel experience”. Sorensen and Lucas (2011) define airline ancillary revenues as „non-ticket revenues – additional revenues beyond the sale of tickets generated by sales to passengers or indirectly as part of their travel experiences or from the third parties”. McDonald (2011) says that ancillary services are to be adapted to the passenger needs, taking into account the different needs of the different passengers segment (eg. tourists, VFR, business). The airline companies should pay attention to the changes that occur in the airline industry, especially services that have previously been free of charge, thus not to affect customer satisfaction. Warnock-Smith, David & O’Connell, John & Maleki, Mahnaz. (2015) say that as more entrants have joined the airline industry and as the airlines operate in a dangerous competitive electronic environment, making fares extremely transparent, airline yields have deteriorated. As the demand for higher fares has dropped and passenger go to lower fares, it is obvious that traditional revenue management can not longer maximise revenues and ancillary revenues are becoming an „embedded engine” that are becoming a key component of the financial performance of the airline industry. Renata Imbruglia (2012) says that „as the focus is on the single customer, it becomes necessary for the airlines to get to know their customers, their preferences in order to develop a successful ancillary strategy, charging additional fees for services or products can help companies to enlarge their offer, focusing on unsatisfied requests”.

2.2. Unbundling and Bundling (Branded Fares) Conceptualization

The high level of competition in the ongoing volatile airline industry, with yield continuing to decrease and customer preferences changing, the airlines have been seeking for new opportunities to generate extra revenues from the secondary sources like „unbundling” the whole airline product. According to O’Connell (2011), in the unpredictable aviation environment, airlines are fully aware of the ancillary revenues and the impact on profitability. Ancillary revenues have an increasing important part in the new trends of dynamic pricing and can be divided into 3 categories: unbundling, bundling and the traditional fares of the legacy companies (Wittmer, 2012 ; Wittmer and Rowley, 2014). The term of unbundling makes reference to a la carte services, meaning passenger can choose from a variety of additional services in exchange to a fee. Bejar (2009) has studied the airline ancillary revenues beginnings with the low-cost carriers, which were the first to identify the importance of digital as a method of the new revenue management generation. Ryanair, the biggest low-cost company in terms of flown passengers in Europe, were the first to launch hotel bookings and car rental on their website, but the trend of unbundling the airline tickets is used by all types of airlines (Onboard Hospitality Report, 2011).

CORE PRODUCTS	UNBUNDLED PRODUCTS	COMMISSION-BASED ANCILLARIES
Safety	Food and Drinks Reservation Changes Priority Boarding	Travel Insurance Car Insurance Car Rental
Schedule	Exist Seats, Seat upgrades Excess baggage IFE	Overseas vacation homes Airport Car Parking Airport Transfers
Reliability	Fare Lock Seat Assignment Priority security	Hotel booking Airport Lounge Access

Figure 2. Types of airline ancillary revenues
Source: O’Connell, 2011

Magnus Zetterberg (2011) claims that only ancillaries that are perceived to add value are enforced in the airlines strategy. Companies such as Virgin Atlantic main focus is to maximise pleasure and minimize risk for the passengers, incentivizing cabin crew to sell additional items on-board as part of their ancillary strategy. In case of Ryanair, cabin crew is incentivized through sales commission, driving ancillary revenues through on-board sales, at face to face touch points. The purpose of unbundling fares is to give the passengers the flexibility in choosing services that maximize the utility of their requirements (Tuttle, 2012).

Even though unbundling has played an important part on the airlines' strategy, it has not been the key element that companies need to differentiate their product from their competitors. Therefore, bundling or branded fares helped companies to find new innovative ways to compete with each other. Branded fares have helped airlines to bring everything to a simple strategy, with all-inclusive fares instead of offering services separately. This has reduced the complexity of choice and makes comparison and purchase decisions easier for passengers (Tnooz, 2013). According to a study of Eyefortravel (2013), deciding on which ancillary items to bundle and which items to offer separately is a huge challenge for airlines all over the world because the correct bundle of services or products requires a hard process of market segmentation and analysis of the features desired by each segment. For airlines, it is crucial to offer branded fares that bring more revenue rather than offering services and products separately on a la carte basis. Understanding passenger needs at all stages of the journey (before, during and after) and using the right data to offer relevant products and services are the key factors for a successful ancillary revenue strategy (Schnadt, 2013). Airlines aim to increase ancillary revenues by using customer data such as purchase history, preference and demographics, the industry revealing that more than 78% of the airlines planning to personalize the provided content via their direct distribution channels, according to a SITA analysis from 2013. Personalization and giving the passenger control by offering extra service of value and differentiated products from competitors is the core of ancillary revenue generation (Flightglobal, 2011).

According to Accelya, a leading provider of technology products and services to the travel transport industry, branded fares or a re-bundling of ancillary services are designed up-sell, driving more ancillary revenues. Academic models applied on different fares based on differing price elasticities for each of the ancillary options that are bundled into the new fare are intended for different market segments. The discount on the bundle of services is intended to target different segments that will increase the chance of purchase due to the discounts on the bundle rather than a la carte pricing (a bundle for a total price of x euros should have a discount of y% off the sum of the items purchased on an a la carte basis of z euros). The biggest risk for airlines is the dilution for the passengers who would have purchased all the services at a la carte pricing. For a good up-sell, the purchases need to offset the dilution associated with those who would have purchased all of the re-bundled services without the discount. Airlines need to recover the discount by volume that could come from more luggage, meals, exist seats etc. From a theoretical perspective, airlines need to include services of value to passengers that are not generally for sale, and if not generally sold, it can be included in the bundling to monetize it directly (ex. priority boarding that can be included in the most popular bundled fare). As such, branded fares give the airlines the opportunity to build both brand recognition and loyalty.

3. Going Digital - Digital Drive Helping Airlines to Boost Ancillary Revenues

At the heart of new opportunities, the new connected and digitally-savvy passengers, it is no longer important the destination, getting from point A to point B, but how the airline company makes them feel welcomed all across the journey. In order to boost the experience of the always connected traveler, companies must hunt the new ideas to drive value even faster than before, technology building a even bigger and greater engagement and increase profits (ex. Qantas Airlines sells an unique technology which is called "Q Tag Bag:", a permanent baggage tag with a wireless technology that allows very easy self-checking of all bags). Taking into account the fact that most passenger book their tickets online or using their mobiles, companies are working to offer to customise the travel plans. According to a NIIT Technology Report (2016), we may take the case of a technology called "Dynamic Packaging" which is used by major airlines to boost their ancillary revenues. The new technology allows all airlines to have access to a system of suppliers like hotels, cars during the course of a reservation, meaning that if a customer books a hotel room and a car for journey on the airline booking system, the airline earns a commission from those agents.

For a successful strategy, the airline companies need to position themselves as retailers. As a benchmark, Amazon is a great company for comparison when airlines need to adopt a proper ancillary revenue strategy, filling in many of the needs of the different segments. By adopting technology, the airlines may be able to offer the right service at the right time and increase the ancillary revenues: eg. *the recommendation of different products or services similarly bought by other passengers or recommending a taxi city option in case*

that a passenger has booked a round trip, return in the same day. Also, the existence of apps is crucial for today aviation environment: the apps can be used by passengers to book fast an airline ticket or while in the airport waiting room or lounge to book ancillary service on the go like pre-ordered airline meals (ex. Austrian Airlines and DO&CO pre-ordered 15 euros meals which can be pre-ordered up to 4 hours before the flight). Combined in a creative way, technology can enhance the ability of an airline to both cross-sell and up-sell service or products, linking customers with different brands which can generate extra revenue for the airline but also improve customer satisfaction and brand loyalty. Also, communicating with customers through new touch points such as mobile phones, social media and web is crucial for the ancillary revenue generation (Schnadt, 2013).

3.1. Merchandising and Mobile Empowerment to Drive Ancillary Revenues in the Consumer Journey Lifecycle

If in 2015, according to Travelport (Booth, 2016), over 30% of the digital travel sales were via mobiles, the number is set to climb to 46% by 2019. The percentages represent a unique opportunity for airlines to generate additional revenues by offering tailored promotions and services direct to travellers at the right time to their own mobile devices. The mobile platform represent an unique opportunity for the sale of ancillary products and services by promoting services and products or offers at the right time during the journey. The mobile platforms enable airline companies to set up promotions into specific offers related to a user experience, his locations and at the right time when conversion are most likely to happen. For this paper and to put the theoretical background into practice, we must explore the merchandising moment for airline during all phases of the travellers' journey:

- **BOOKING PHASE:** During this first phase, usually the traveller spends a lot of time planning, researching, comparing prices and alternatives, elements such as hotels, flights, insurance, car rental. Airlines can drive additional revenues by optimising mobile search and booking systems.

- **2 DAYS BEFORE THE TRIP:** Separately from the booking phase, the purchasing mind-set continues with the 2 days period before the start of their journey when there is a significant opportunity for airlines to promote their ancillary services more aggressively by email marketing, app notifications, retargeting, with more than 30% of the travellers likely to buy ancillaries within the 2 day period, according to Travelport (Booth, 2016). The traveller focuses on services like airport services, on-board meals, extra luggage, fast track in the airport, priority boarding, seat upgrades, premium economy or business class upgrades, access to passenger lounges. This is possible due to the power of mobile technology that allows passengers to be targeted based on location, behaviour, converting ancillary opportunities into sales.

- **THE AIRPORT PHASE:** The mobile technology allows airlines to target the customer even in the day of the departure. Using GPS functionality, the airlines can provide the passenger with alternatives such as transport promotions, last minute parking deals, check-in for additional luggage, offers from stores inside the airport, lounge access, fast security lane. For airlines which focus on product and airport experience and want to differentiate their brand from other companies operating on the same route or in the same airport, can deliver targeted offers from third parties such as discounts in the restaurant based on location (in the event of many terminals), VIP lounge, concierge services, fast-track options to reach the departure on time, own shops vouchers to buy branded products. At this phase mobile is crucial as airlines can make an airport experience more positive, allowing them to build long-term customer loyalty and brand trust, increasing revenue per passenger over a longer time period.

- **INFLIGHT PHASE:** The majority of airlines tend to offer in-flight shopping as the well-connected traveller is always searching for value. According to Travelport (Booth, 2016), airlines can identify frequent flyers and send them tailored promotions alerts in real-time or in-flight services such as their favourite seats based on behavioural data, offer wi-fi access to be purchased on-board, access to premium movies and music, offer products based on purchasing patterns and monetize partnerships with 3rd parties/

- **POST FLIGHT PHASE:** Once the traveller reaches his destination, airlines can use mobile to optimise ancillaries by offering personalized services: last minute deals, museum offers, real-time messages suggesting arrival airport offerings, taxi booking to their destination, public transport offer by using a code provided by the airline.

- **POST FLIGHT- HOME ARRIVAL PHASE:** Upon returning home, airlines need to push further promotions and to build customer loyalty and strengthen relationship with frequent travellers.

Airlines need to understand that they need to become a digital online retailer and provides and operates flight services. Also, airlines need to understand the customer journey, create digital touch points, use customer data in an efficient way, connect ecommerce with digital marketing, embracing post-booking ancillary upselling and cross-selling activities.

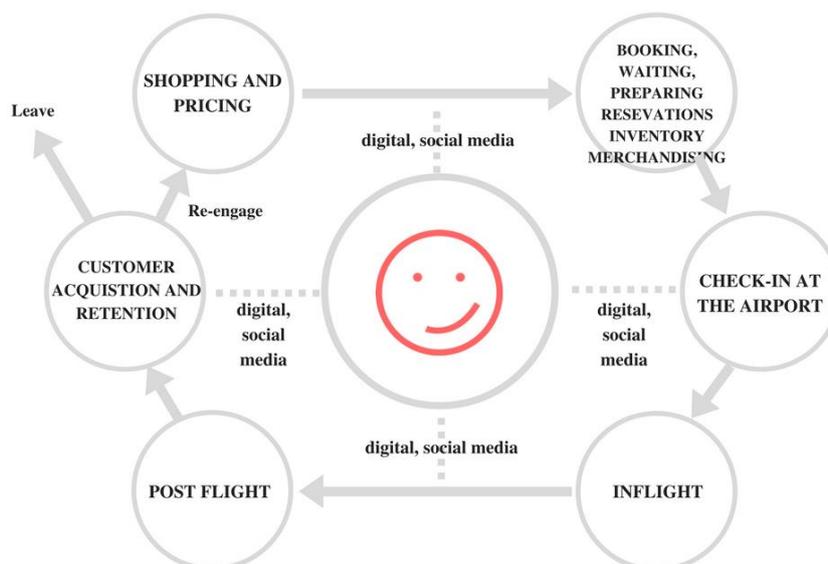


Figure 3. Customer journey mapping (identifying touch points)
 Source: author's concept, Travelport (Booth, 2016)

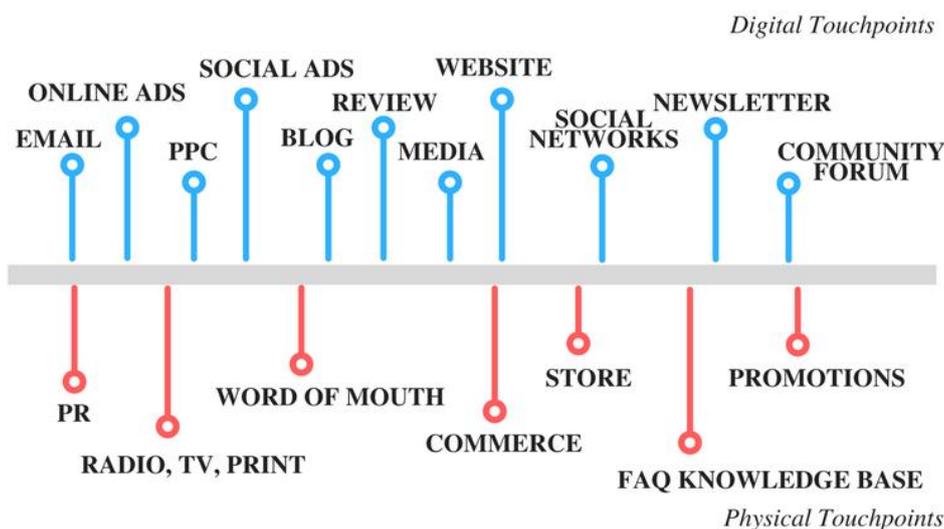


Figure 4. Digital and physical touchpoints for airlines
 Source: author's concept, Travelport (Booth, 2016)

In the past years, analytics are becoming more and more important for decision makers in all commercial departments. Decisions may include where, how, when, what price to offer as check-in luggage, seats, on-board meals etc. As the percentage of ancillaries grow, airline face the fact that due to the competitive environment, the need for optimisation increases. In order to get it right, airline companies need to monetize the ancillary opportunity by mix, match and math:

- airline companies need to gain insight from customer behaviour data during airline interactions with their customers;
- airline companies are positioned to offer flight-related options;
- customers book their flight in the early travel planning process, giving airlines with an opportunity to take better decisions.

According to an Amadeus study, many low cost carriers have created separate offers and ancillary products but did not apply merchandising techniques while full service carriers deal with the expansion of LCCs. For the full service airlines, selecting and managing ancillary merchandising is a complex task, touching customer insights, customer intelligence and adopting a set of proper marketing activities. A study from Amadeus and Accenture (2014) has analysed the most important dimensions of merchandising ancillary services from 5 perspectives: product strategies, pricing mechanisms, communication activities, promotion, positioning (clusters and targets).

The most commonly purchased items as ancillaries are the checked-in baggage and pre-assigned seats (including exit seats, seats with more legroom). The study revealed that while most European FSC offer

checked-in luggage at every point of the passenger's journey, almost all LCC offer checked-in baggage options separately from the base fare. Most low-cost carriers offer an initial low price at the moment of the booking, but increase the price of the bag as the departure approaches. In what pre-assigned seat option is concerned, low cost carrier focus on the variations between the seat options, offering up to 10 seating zones, each zone with different features. Other ways to increase ancillaries is through upgrades, a bidding process while putting more effort into upgrading passengers as a reward, focusing on selling more premium cabins. Priority boarding is another way to increase ancillaries, companies tending to offer this services are part of higher bundling fares, a reward for airline loyalty. Another key element to enhance the revenues from ancillaries is the power of persuasion, a way that an airline approaches the customer, taking into account the ecommerce design of the website as well as the user experience. The websites of the airlines may have multiple purposes but airlines need to set up and offer visual highlighting or great messaging to influence the passenger's decision to buy, engaging with the customer in a more advanced way. Some airline companies focus on showing the customer and encourage them to buy ancillary options by showing them that the same options will cost later or may not be available to purchase later. Other tactic would be A/B testing, mainly testing the website, run a test to see how each group will respond to different messages running during the booking or on the website. In addition to the promotion activities, the channel and time are also important factors to consider, airline website, web check-in and mobile interactions are the focus of ancillary strategies. In what positioning is concerned, targeting the right customers with the right offers is crucial to increase revenues. Airlines can use their data to predict consumer behaviour across all promotions and placements.

3.2. Trends and New Ancillary Revenue Streams

Airlines all over the world are part of the future travel experience. As airlines seek to improve the passengers experience as well to increase revenues, airlines can improve the ancillary revenues from IFE based-retailing to very creative commercial partnerships. According to the publication Future Travel Experience, companies all over the world become more and more creative when it comes to ancillaries:

- *Seatback self-service* : the rollout of onboard connectivity has created a huge opportunity for airlines to expand their inflight entertainment systems to provide much more than music and video content or maps. The seatback shopping has now emerged and has a practical way to encourage the spending among all passengers. Norwegian offers in-seat food and beverage via the Android powered IFEW system. Virgin America (which is being incorporated into Alaska Airlines, as per 2017) offers IFE based ordering. Allowing the passengers to book and pay for services and products via the IFE system is a great potential source of revenue.

- *On-board concierges*: on-board connectivity is a good provider for sales opportunities, allowing cabin crew to become concierges, airlines being able to earn a good commission for on-board sales of third party products. For example, cabin crew can sell holiday packages and offer advice regarding the destinations or resort activities, or sell sightseeing tours and different discount cards.

- *Commercial partnerships*: creating partnerships with Amazon for example to allow passengers to access the Amazon website for free. By using the offering of free on-board Wi-Fi, the airlines can negotiate a commission for any items that are search and purchased on the website during the flights, win-win situation for both parties.

- *Smart watched sales*: Wearable technology can become a huge retail opportunity by contactless payment option, driving in-flight sales.

- *Personalised offers*: Big data, small data, predictive data can actually enhance the efficiency and increase inflight sales. Airlines tracking past behaviour can personalise the passenger experience and can extend it to a more personalized sales approach.

According to Aviation Week (March, 2017) the digital push is crucial for airlines. Citing the United Nations, the mobile importance for airlines can be seen in the number of mobile subscriptions in the world: almost 7.4 billion. Instead of outsourcing, many airlines are trying to keep control over their costs and development, treating the mobile development a core skills for their strategic development. For example, Ryanair has developed the Ryanair Labs digital hub, where engineers and developers have developed their own app-in house. Air France, also developed their own app, available on iOS and Android, the mobile services being constantly improved, resulting in growing numbers of customers buying tickets and ancillary using their mobile devices. The services that are included in the mobile app are seat choices, classes upgrades, additional luggage, sales of duty free, lounge access, drinks and meals, baggage delivery, travel insurance, taxi, bus, city transfer, fare-lock option (book now and pay later). In the near future, ancillary revenues are expected to grow, due to the changes in pricing management, distribution and other options. Other airlines like Iberia have set up partnerships with companies provide media content, focusing on opening up a new digital touchpoint,

giving passengers the opportunity to buy premium content or exclusive offers for the destinations such as entry to museums or different events.

Offering Wi-Fi is the new trend, especially for European airlines which want to offer their passenger an exclusive experience. From the customers perspective, the opportunity to check the emails, surf on social media sending live impressions of your journey, stream Netflix or other video content providers is seen as a positive development to enhance the experience. As airlines equip their aircrafts with Wi-Fi, they can create using the IFE system an e-commerce platform that will encourage passengers to spend money and add a lot of value and positive experience to their travel. Such e-commerce platforms could show the passengers with the opportunity of visualising an online store that can offer them ground transport options, lounge access, different tickets to city sightseeing or other specific activities of the destination. Another revolutionary idea would be the partnership of airlines with different grocery store so that passengers could do their shopping of groceries online while flying home. In this way, the airline will be in the position to negotiate a great commission of the sales from their partners. The new generation of airlines, a generation of forward thinkers, can use data to maximise the potential while closing deals with their partners while making their passengers happy.

Companies like Air New Zealand are taking advantage of digital development, embracing technological innovations. ANZ has been analysing the customer journey to pinpoint the exact stages where ancillary products have a very limited presence and by further reinforcing the merchant approach at key points to further enhance awareness and offer the passengers the right product at the right time. In the future, the traditional on-board sales will have little room to grow, but for airlines like ANZ, pricing, distribution platforms, connectivity, and customization will be the core elements for grow the flight ancillary sales. Air New Zealand has highlighted the importance of *on-demand customer segment* – a growing segment, making travel choices extremely close to the departure date. According to Future Travel Experience Magazine, on-board last minute shop, customized ancillary sales fulfil the growing passengers' needs and inflight Wi-Fi provides connectivity to the airline companies' distribution and pricing systems, facilitating real-time sales of the in-flight ancillaries. The presence of Wi-Fi on-board the aircraft opens more opportunities for airlines all over the world to offer customized content, products and services to the passengers.

easyJet has signed a partnership with GetYourGuide to offer the passengers access to multiple tours and activities, creating a potentially ancillary revenue stream. Passengers travelling from one city to another can book different tours of the arrival city, the activities being booked on either a dedicated website, or the passenger mobile app. The passenger have the option of booking activities and tours, either after the booking or at a later date, whenever convenient for the passenger. Tickets received by the passengers are paperless, instead a QR code is offered after the purchase of their activities or tours. These activities or tours are completely integrated into the easyJet app, the passenger being able to receive notifications reminding them about their booking and itinerary.

Mobile apps are also becoming of extreme importance for the airline companies, a new ancillary revenue stream. Several apps are available on the market, which enhance the in-flight experience of the passenger who wants to upgrade the flight experience. SeatBoost, a company specializing in developing apps, has partnered with Virgin America to offer the upgrade service to passengers, who can bid in different auctions and win the seats in first or business classes. Another application available on the market is Seateroo, allowing passengers to swap seats with other passengers for a fee. The fee of the first passenger is paid to the second passengers and Seateroo receives a 15% service charge. For airlines, using Seateroo, means getting a significant proportion of any revenue stream (service fee) that could be used via the seat swap platform. Another application is Seatfrog, which allows passengers to bid for seat upgrades within a 48 hour window before the departure hour. A different technology, mainly an automation of the upgrade process and the opportunity to drive incremental revenue.

Innovations in the technology industry have a tremendous impact on airlines. FlightPath 3D help airlines to tap into the "aircraft-to-door" ancillary revenue opportunities. Using the software, passengers can enter the final address into the moving map in order to get access to customised features. For example, rather than displaying the estimated time on arrival at the final destination, the Travel Planner can draw historical real-time data to provide an accurate time of arrival at the passenger's final airport destination. Partnerships with companies like Uber will also allow passengers to view and book different ground transportation options while they are flying, helping to make the arrival experience more enjoyable. After landing, the passengers can receive a SMS to confirm their booking and their pick-up location. The software also can preview a virtual open-top bus tour of different cities, suggesting different points of interest, complemented by the information from the tour company, along with different audio, video and written content, providing the passenger with a preview of the tour and the possibility to book their ticket in-flight and make the payment after the landing.

For airlines, the software provides an excellent opportunity to generate ancillary revenues, destination-based activities enabling airlines to provide passengers with personalized and relevant offers. Another software is Interactive Mobility, already used by Air France and Paris Airports, recreating a “Netflix style” experience for the passengers who might have a limited access to their in-flight entertainment. The software focuses on the travel experience, offering entertainment on both in-flight but also on the ground, allowing passengers to download many types of content before they travel for consumption in-flight, while the media kiosk offered by the app allows passengers to enjoy their time in the waiting lounges or at the gate areas. Also, post-flight passengers can access content such as destinations guide. For airlines and airports, it can be an excellent tool for increase revenue, as they might choose to give limited content for free or charge passengers for access. Lufthansa Systems focuses on audio and ancillaries, expanding the BoardConnect partner network to offer airlines more choices of entertainment content and ancillary services. For Lufthansa Systems, audio quality is the most overlooked element of the in-flight entertainment experience, taking steps to launch the Virtual Sound module, providing cinema-like sound, regardless of the types of headphones used.

3.3. The Connectivity Revolution for Airlines – Inflight Broadband and Importance on the Ancillaries

For the airline industry, connectivity retail models are of extreme importance. High-speed inflight broadband is the key that enables new ancillary revenue streams, but the cost of inflight broadband is significant and airlines must be very creative when it comes to the business models. Different airline companies offer free Wi-Fi in business class or above, but other include this to premium-economy passengers in return for loyalty programme points, recognising that frequent flyers are most likely to be traveling for business. Inflight broadband is seen by most passengers as an added-value service, either they have to pay for it or benefit from it free if it is charged. According to a study by Inmarsat Aviation, conversion rates are better managed with free-trials and limited access plans. When service is reliable as on the ground, 75% of passengers out reliability of inflight broadband before the price they have to pay for the connection. In Europe, for example, Lufthansa introduced a three tier system based on service speed: passengers can access the internet on the device of their choice via Lufthansa’s FlyNet portal, 3 packages being available at different starting points, low as 3 euros in short haul for messages or choose another tier to stream videos or browse the web. A trial is offered as well, 10 minutes (10MB) “try before you buy” allowing passengers to experience the service before buying it. In the US, Virgin America partnership with LinkedIn to allow business class passengers to watch business-skills videos at LinkedIn owned Lynda.com for free. Customization is extremely important, Lufthansa’s package system allowing passengers to be presented with the freedom of choosing the right package for them, in line with growing the brand awareness in order to create individual customer offers.

According to an Inmarsat Aviation study (2017), around 3.8 billion passengers fly on an annual basis, but only 25% of the planes flying offer on-board broadband. Using IATA data, the study revealed that a doubling in the number of passengers to 7.2 billion annually will trigger a 30 billion dollars in broadband ancillary revenue by 2035, a total of 130 billion dollars of additional revenues. By 2035, broadband based revenue is forecasted to remain the highest single source of ancillary revenues, accounting 53% of the total market, an estimated value per passenger of 4 dollars. Combining content, products and services is a good way to develop related ancillary revenue for both LCC and FSC, LCC forecasted to account 11 billion dollars of revenues while FSC around 19 billion dollars. The study also reveals that by 2035, from the estimated 30 billion dollars from the total 130 billion dollars, Asia-Pacific will have the highest share at around 10.30 billion dollars, followed by Europe with around 8.2 billion dollars, North America with 7.6 billion dollars, Latin America with 1.9 billion dollars, ME with 1.3 billion dollars and Africa with around 0.58 billion dollars. The growth in revenue solely depends on how airlines are using data to a much greater extent, taking into account that today only 11% of the airline schemes offer customised rewards based on purchase history or location. According to the study, having loyal customers means 23% premium in profitability and revenue to all airlines.

As mentioned before, many airlines charge differently for broadband connectivity on-board their planes, being the primary ancillary digital revenue with advertising revenue, premium content and customized revenue. Often, due to the lack of bandwidth and its reliability and quality, airlines have not been able to monetize such opportunities.

The airline companies need to use the opportunities given by the high-quality broadband in order to improve the customer experience and increase ancillary revenues. A change in this sense could enable airlines to use consumer preference information, target specific travellers, offer opportunities to purchase ancillary products or services across many devices and ultimately enhance air travel experience. According to the study, 85% of the passengers can be influenced to make a purchase in a connected cabin if they confide that relevant content or products exist.

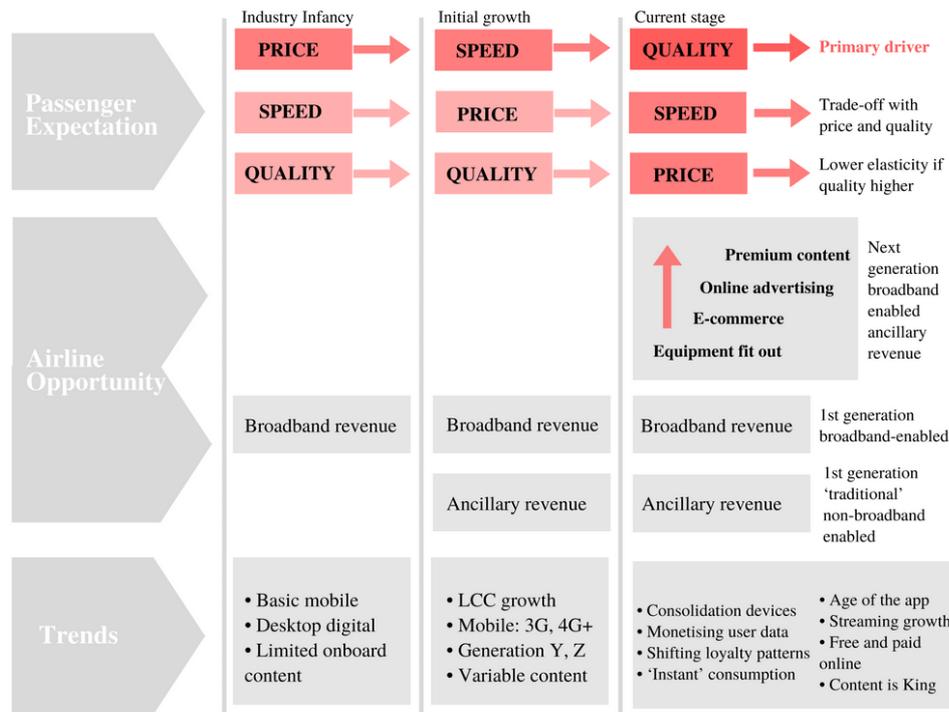


Figure 5. The evolving airline ancillary revenue model, the evolution of passenger expectations for broadband in the cabin

Source: Inmarsat Aviation Study (2017)

3.3.1. Opportunities for the Airline Companies – Broadband Ancillary Revenues

Existing researches have focused solely on the traditional model of opportunities, but few have focused on the broadband opportunities, which could become a gold mine for airlines all over the world. The broadband enabled ancillary revenue model represents a mix of existing broadband airline ancillary revenue and new opportunities: premium content, advertising, e-commerce and broadband access revenue.

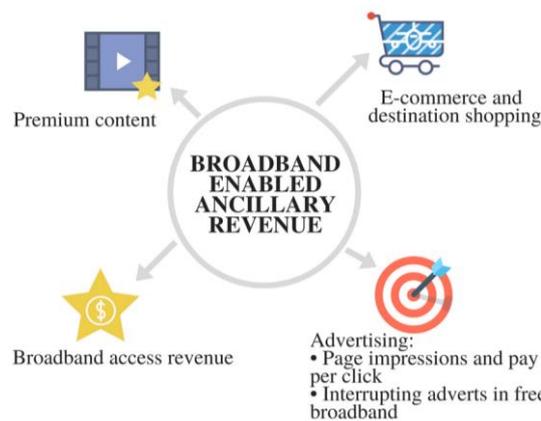


Figure 6. Broadband enabled ancillary revenues mix

Source: Inmarsat Aviation Study (2017)

- **Broadband Access Revenue:** the most widely utilised revenue category for airlines and technology or service providers for inflight broadband connectivity. Many airlines nowadays derive revenue from access charges with multiple options (per day, per hour, per flight etc.). These elements depend on the airline strategy, some of them providing connectivity free on charge, but with later options for upgrading.

- **Advertising:** the study has segmented the category between revenue from page impressions and click-through in both paid and free access options and revenue from interrupting-adverts for the free access. The development of online marketing and commercial opportunities can generate revenue from adverts viewed by the passengers on a revenue-sharing basis with the potential to offer tailored adverts and content specific to destinations, countries, routes, target passengers (business versus economy passengers). The additional area of

revenue can derive from the free access mode that interrupts content with short adverts as those from Youtube, Spotify, Soundcloud etc.

- **Premium content:** currently many airlines allow passengers to bring their own devices and offer premium options. The premium content category can include live content, wireless inflight entertainment, on-demand video. All these elements can represent a huge ancillary revenue opportunity for the airlines, charged over the content provided by the IFE, a premium standalone service. The airlines could offer different bundles like basic content that may include news or other content while a premium bundle could include premium content like “box sets”.

- **E-commerce and Destination Shopping:** in the e-commerce model eased by the inflight broadband, passenger can be targeted by using a number of ways to define a package that take advantage of a targeted market, such as late bookings or even opportunistic purchases. A good feature of this revenue model is the ability of the airlines to personalise offers based on passenger knowledge, if the passengers have been utilising the airline’s app to book the flight or manage its booking. This also gives the opportunity to capitalise the penetration of logistical companies to partner with the airlines.

The opportunities that broadband connectivity offer can enable airlines to meet passengers expectations in regards to quality and reliability. Although revenue can be generated across all above mentioned categories, the increase will depend on some factors such as the strategic relationships with global brand which can provide content, bargaining power with all suppliers (advertisement revenue sharing and add fess/page impression fees), margins obtained from selling products or services by the airline in terms with the contracts negotiated with suppliers, the flown routes or destinations and which services can be enabled by the broadband, the passengers segments (LCC vs FSC, business passengers versus leisure, short-haul routes versus long-haul routes) and the airline strategy which may outsource all broadband ancillary revenues and ask for a commission from the provider.

4. Conclusion

The internet and technology has shaped the way airlines make business and establish trends while for us, the consumers, it has changed the way we travel. The connectivity is helping airlines to increase the on-board sales by providing a simpler, faster and much more secure way to do shopping on-board the aircraft. Connectivity also makes easier the on ground delivery for passengers much easier and for airlines it’s shaping an easier way to know their passenger to a closer scale, offering consumers personalized services and a much more extraordinary inflight experience. Product differentiation is a key enabler for airlines all over the world to compete with each other as innovation is very dynamic and gives airlines the flexibility to target passengers, offer consumers targeted offers and message. In order to offer a better experience, airlines must learn from the e-commerce companies and personalise recommendations and offer, increasing the conversion rate. Airlines must move from a strategy that concerns just seat sales and yield maximization to a more customer centred focus, using the power of individual customer data across the entire journey. The potential to create value for each passenger is huge and airlines are starting to use it. For example, British Airways uses a “Know Me’ feature to allow a more in-depth analysis of the customer to offer personalised services, while other companies like United moved from a traditional collect and analyse approach to a more smart “collect, detect and act” strategy that proves to be of extreme success. Being a trend-setter in the airline industry means changing perspectives and start changing behaviours by using data to provide a more personalised experience and start shifting from selling seats to a more digital retailer approach.

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Culinary Tourism. A New Trend on the Tourism Market

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Seen as a new form of manifestation of the behavior of the consumer of tourism products and services, culinary tourism has recorded an ascending trending the last years, with a positive forecast for the following years. A possible explanation for this phenomenon is the orientation and encouragement of the tourist services providers to adopt regional development strategies that harness traditional local resources and products in a context where the contemporary consumer no longer only pursues the acquisition of products and services to meet their needs, but also looks forward to new experiences that are a delight for the senses. Against this background, the present paper aims to highlight some of the characteristics of culinary tourism and to customize some of the dimensions of consumer behavior oriented towards this form of tourism, in an economy where the tertiary sector, and specifically the tourism sector, play a leading role both in Europe and worldwide.

Keywords: food tourism, sustainable regional development, consumer behavior, regional brand, culinary tourism, gastronomic tourism

JEL Classification: L83, M31

1. Introduction

Although the past two years have been shadowed by a series of terrorist attacks produced in Europe and beyond, in countries with an impressive touristic visit card (France, Italy, Germany, Spain etc.), an overview of the European tourist market shows that, although worried and concerned about personal safety and security, tourist customers have not given up travel. The data collected by the end of 2016, show a 2% increase in the number of accommodation nights as compared to the year 2015. (www.ec.europa.eu/eurostat)

Practically, at the level of the European Union, almost all member states have recorded an increase in the number of nights of accommodation requested by non-residents, the only notable exception being France, which recorded a decrease of 8,7% in the indicator above. However, France occupies the fourth place in the top European countries with the highest number of accommodation nights requested by non-residents (Fig.1).

As far as Romania is concerned, the number of accommodation nights requested by foreign tourists was 4.9 million in 2016, which signifies an increase of 8.9% as compared to the end of 2015. Furthermore, in what regards the number of nights required by residents, the dynamics of the indicator for the period 2016/2015 shows an increase of 8.4% (Eurostat, 2017).

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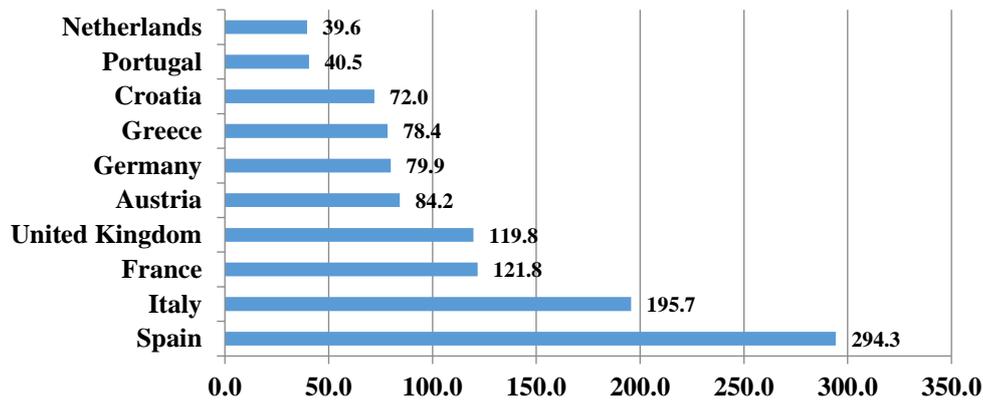


Figure 1. Top 10 of the European countries that have recorded the biggest number of accommodation nights requested by non-residents in 2016 (millions)

Source: Eurostat, 2017

Worldwide, the studies published by the World Tourism Organization (UNWTO) for January-April 2017 reflect an increasing trend in international tourist arrivals, with the value of the indicator increasing by 6.2% as compared to the same period of the previous year (UNWTO 2012, 2017a, 2017b).

From the analysis of the data regarding international touristic arrivals by regions, it can be noticed that the destinations negatively affected by the terrorist incidents which occurred last year have rapidly revitalized, while the ones that were on an ascending trend have maintained their evolution (Fig.2).

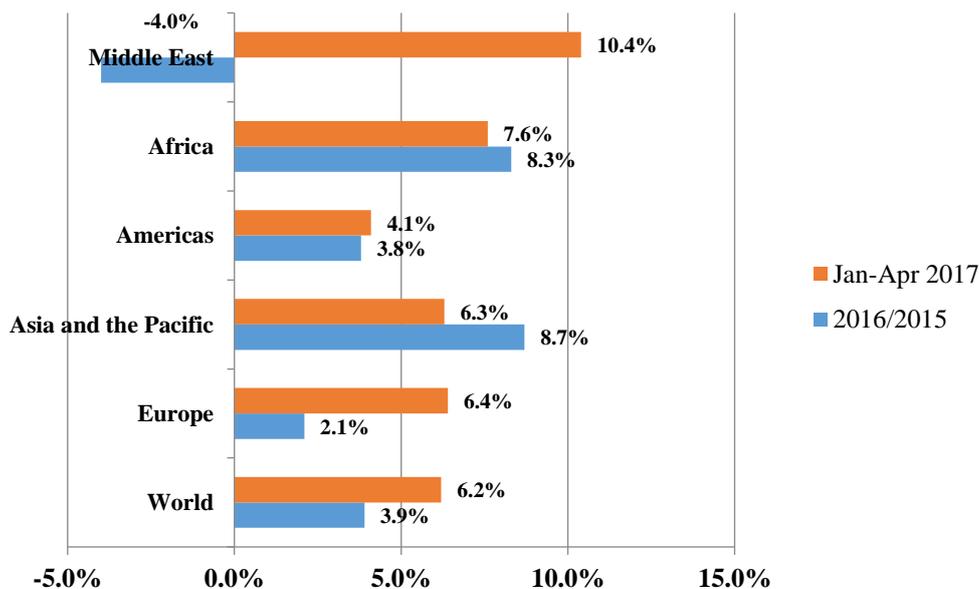


Figure 2. International Tourist Arrivals by Region (percentage change over same period of the previous year)

Source: UNWTO, 2017b, p.3

Practically, the success of a tourist region (destination) can be assessed according to a series of indicators, knowing that tourists consume the “product” of a destination and, consequently, this product must be what consumers expect and want.

In the overall picture of tourism products and services offered to the market, the orientation of consumer demand towards a new form of tourism, namely that of culinary tourism, as an expression of the culture / subcultures of a tourist region, is increasingly evident. Thus, the most attractive regions for food travelers are Europe (especially Spain, France and Italy) and Asia (especially Japan, India and Thailand). (Aboutourism.wordpress.com, 2010)

It is also extremely relevant that the Mediterranean diet of Spain, Greece, Italy and Morocco was included in UNESCO's List of Intangible Cultural Heritage of Humanity in November 2010 (UNWTO, 2012), highlighting once again that culinary tourism contributes to the preservation of the cultural heritage of a region, being one of the factors and promoters of a regional brand.

2. The Particularities of Culinary Tourism

Although food has always been perceived as an integral part of the experience of the consumer of tourist services, only in recent years have gastronomy and the gastronomy-tourism relationship become a subject of study for specialists. Whether addressing the issue of consumption experience or consuming an experience for the tourist services consumer, the role of gastronomy in the orientation and fidelity of tourism demand is increasingly evident.

According to the opinions expressed by Bessiere (1998) and Cusack (2000), the way ingredients are combined and prepared is a means of expressing the cultural identity of a nation. Continuing this reasoning, it can even be said that local and regional gastronomy are attributes that add value to a tourist destination (Telfer and Wall, 1996), basically contributing to achieving a competitive advantage expressed by the increase of the sustainability of the tourist destination (Hall, 2002).

In the approach of the World FoodTravel Association, culinary tourism (food tourism) can be defined as “the pursuit and enjoyment of unique and memorable food and drink experiences, both far and near”, understanding that the food traveler can travel both in the region (World Food Travel, 2017), as well as in other regions or countries in search of unique culinary experiences.

In defining the scope of culinary tourism, it is extremely important to understand the differences between the culinary tourist as part of the tourist experience and the tourists who guide their decisions about the tourist destinations according to their interest in food. As a result, food tourism can be defined as “visiting the primary and secondary food producers, food festivals, restaurants and specific locations for which food tasting and / or experiencing the attributes of the specialized food production region are the primary motivating factor for travel” (Hall and Mitchell, 2001).

Whether discussing gourmet, gastronomic, culinary or rural tourism, the interest of the food consumer is present, but it can be the main reason for the travel or it can be subordinated to other interests (Table 1).

Table 1. The role of food as a motivational factor for tourists' decisions

Type of tourism	Interest for food	Number of tourists
Gourmet tourism/ Gastronomic tourism	<i>High interest:</i> e.g. travelling to a destination with the primary motive being to visit a specific restaurant, market or winery. All or nearly all tourist activities are food related.	Relatively low
Culinary tourism	<i>Moderate interest:</i> e.g. visiting a local market, festival, restaurant or winery once you have arrived at a destination as part of a wider range of lifestyle activities.	Average
Rural/Urban tourism	<i>Low interest:</i> e.g. visiting a local market, food festival, winery or restaurant because it is "something different".	Relatively high
Other forms of tourism	<i>Low or no interest:</i> e.g. visiting a familiar restaurant while you are travelling because you have to eat.	High

Source: interpretation of *Food tourism as special interest tourism* (Hall and Sharples, 2003)

Quite frequently in the specialized literature, the concept of food tourism is related to wine tourism, and it is estimated that the food, wine and tourism industry have to be approached from the perspective of their interdependence, as they lead to the creation and improvement of the image of a regional brand, while being a means of promoting and differentiating a region, and adding value to the tourist destination (Hall, 2002).

Considered as an intangible resource of a region's cultural heritage, the gastronomic heritage is seen as the source for providing high-quality and authentic products that contribute to the promotion and economic development of a region, bring about new opportunities to expand the business, and benefit not only the individual consumer, but also the community as a whole.

Essentially, at the level of a regional entity, the benefits offered by food tourism can be synthesized as follows (UNWTO, 2017a):

- foster inclusive and sustainable economic growth;
- social inclusiveness;
- employment and poverty reduction;
- resource efficiency;
- cultural values;
- diversity and heritage.

An overview of the culinary tourism market reveals that, at the level of 2016, 24.6% of the tourism service providers which formed the sample of respondents in a study conducted under the aegis of the World Tourism Organization (UNWTO) declared that they has set up a special budget to attract food tourists.

Generally speaking, the main events created by providers to attract food tourists aim at creating programs that provide consumers with unique experiences that cannot be experienced in business or leisure trips and are mainly focused on: cooking classes, visiting farmers markets, gourmet food shopping, attending winery tours, and attending wine festivals (Fig.3).

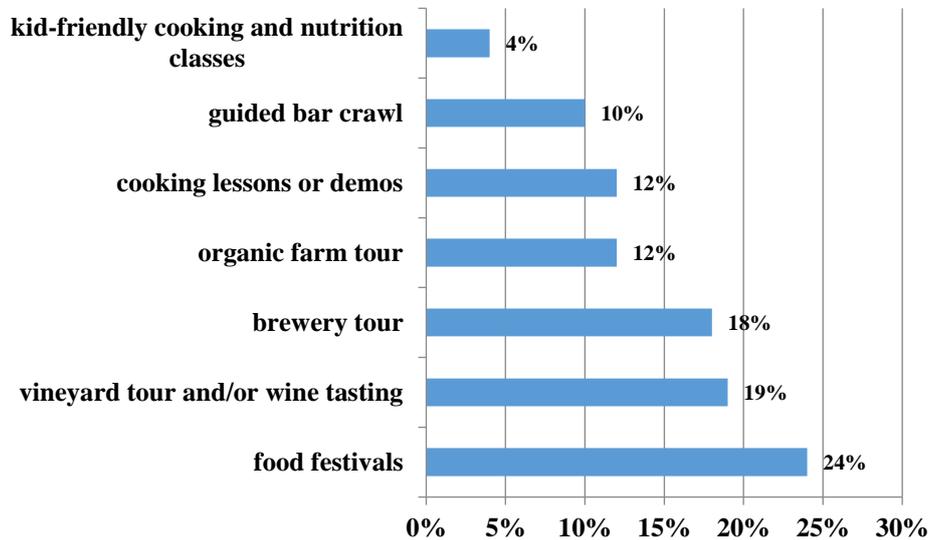


Figure 3. Main culinary events offered by hotels in 2015
Source: Software Advice (2015)

Today, the activity of tourism service providers is subject to fantastic pressures generated by the new trends on the tourism market and globalization, on the one hand, and, on the other hand, the need to capitalize on local resources, pushing bidders to find new ways of satisfying consumer demand, food tourism being a viable alternative that creates the premises for a sustainable development of the regional economy.

Considered most of the time as a form of cultural tourism, food tourism still attracts a relatively small number of tourists who are willing to spend significant sums of money to benefit from top quality products offered through authentic experiences, their satisfaction being closely correlated with the consumers' expectations regarding the destination, so the way of communication and the information sent to them through online and offline media channels are the starting point for creating real expectations for food tourism consumers.

3. The Typology of Food Tourism Consumer

In what concerns the issue of the behavior of the consumer of food tourism, the approaches are extremely limited and they mainly take into consideration the fact that the manifested behavior of the consumer of food tourism is influenced by a series of factors with internal and external action, to which the experience of the service is obligatorily added, knowing that in the field of services, and implicitly of tourist services, the consumer is part of the benefit, directly participating in the production and consumption of the service. In addition, the effort the consumer makes in terms of time, physical, mental, etc. costs is inversely proportional to the price of the purchased service, and consumers appreciate differently the usefulness of a service provided according to their own perception of the effort made.

From the prism of the consumer, food can have a multitude of meanings, taking on the following roles (Hall et al., 2003):

- is a vital resource;
- it can be a way of socializing and relaxing;
- it represents a way of knowing new consumer habits, and implicitly of new cultures and subcultures;
- it can be an expression of sensuality and attachment;
- it can be a real ritual.

As mentioned above, for many specialists, the scope of food tourism is aimed at investigating consumer behavior for which gastronomy is the fundamental reason underlying purchasing decisions for tourism services. Thus, according to the World Food Travel report, at the level of 2010, only 8.1% of food travelers indicated gastronomy as the main motivational factor in the decision to purchase tourism services, but their share increasing to 18% in the year 2016 (World Food Travel, 2017). The same source points out that at the level of the year 2016, the interest in culinary activities has increased, with 59% of tourists saying that food and beverages occupy a much more important place within the reasons for the trip, as compared to 5 years ago, when 47% of the respondents said they were buying local products from the tourist shops they had visited, while 45% admitted they had recently participated in at least 5 different culinary activities. 81% of the tourists declared they were interested in finding out details about food and beverages in the area they visited.

With regard to the food traveler typology, the approaches are different depending on the factors of influence considered to be the basis of the consumer's manifested behavior for this type of tourist services.

Thus, it can be appreciated that tourists looking for unique food and drink experiences are generally individuals aged 36-55 with a higher level of education, both women and men, but generally couples spending daily between 100 and 250 euros for authentic culinary experiences (www.foodieandtours.com).

Depending on the importance tourists attach to the culinary experience for, three categories of consumers can be distinguished (CBI - Centre for the Promotion of Imports from developing countries, 2017):

- deliberate culinary tourism, for which the main purpose of the trip is the culinary experience, with the consumer being interested in the local gastronomic culture, willing to spend considerable sums to participate in culinary activities that are perceived as unique and authentic;
- opportunistic culinary tourists, who are tourists who appreciate the gastronomic experience specific to the tourist destination, but this is the main reason for the trip (e.g. 51% of the adventure tourism consumers said they are much more attracted to the tourist packages that include gastronomic experiences);
- accidentally culinary tourists, a segment represented by tourists who participate in culinary activities due to favorable weather on the journey.

An analysis based on the psycho-graphic variables, respectively lifestyle, reveals that tourists with a high interest in culinary activities are generally people who prefer to associate activities, such as: shopping and dining, high arts, gardens and natural attractions, concerts and festivals, gambling horse and auto racing, their preferences for the tourist locations being directed to: a B & B, spa or accommodation at a gourmet restaurant, a seaside resort, a ski resort, a cookery or wine tasting school (Hall et al., 2003).

An extremely important aspect in the analysis of the purchasing process for food and wine products is that at the stage of identifying the need, most of the time the food tourist is not faced with solving a decisional problem, the decision being the result of the way the tourist perceives information related to culinary activities and events, associating them with the fun, the amusement and the delight of enjoying new culinary experiences that delight the senses.

In regard to the information sources, it can be noticed that the search for information is extremely extensive, given the importance and utility attributed to the products and services purchased, which is why the expert and social media sources play an extremely important role in informing the consumer.

4. Conclusions

The benefits of consumer orientation towards this form of tourism are numerous and can be synthesized as follows: educating the taste, consumers' access through short or direct channels of distribution to authentic, high-quality culinary products, awareness of the connections between concerns for personal health, biodiversity conservation and sustainable economic development. Moreover, for the tourist services provider, focusing on the segment of food tourism consumers can lead to benefits in the form of: creating a brand recognized both locally and nationally or internationally, more effective promotion through media channels, more visitors, and implicitly an increase in turnover.

The entry of food tourism into the attention of marketing is easy to understand given that it represents a market niche with a high potential for development in the immediate future due to changes in the forms of manifestation of the behavior of food consumption, the family life cycle and, last but not least, the current trends in demand for sustainable consumption, avoiding semi-prepared products and mass food, encouraging the consumer to buy authentic, certified products that have been recognized as a brand by generations.

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The Relationship of Perceived Value, Service Quality, Brand Trust, and Brand Loyalty. A Literature Review

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The concept of loyalty has evolved as an important issue in the world of marketing as companies are focusing their strategy in retaining customers and increasing their sales. The purpose of this study is to re-evaluate the involvement of various factors related to the perception of value, service quality, brand trust and brand loyalty in the industry of mobile phones through literature review and examination of previous research. Some studies have found that the observed variables are the key drivers of brand loyalty. However, other opinions are also presented for their different perspectives and a broader view of the research topic.

Keywords: brand loyalty, perceived value, service quality, brand trust

JEL Classification: M31

1. Introduction

Research on brand loyalty had been widely conducted in a variety of contexts including in the mobile phone industry, particularly in measuring the determinants of brand loyalty of pre-paid products. Indonesia has great market potential for the mobile phone industry, but a very intense competition has developed recently. The high level of penetration of mobile phone market in Indonesia makes the number of mobile phone players in this industry interested to take a part in achieving a higher market share in Indonesia (Ningsih, 2014).

Indonesia currently has eight telecommunication operators that serve the needs of approximately 257.9 million people. Five of them are based on Global System for Mobile Communication (GSM). They are PT Telekomunikasi Seluler (Telkomsel), PT Indosat Tbk (ISAT), PT XL Axiata (EXCL), PT Smartfren Telecom Tbk (FREN), and PT Hutchison CP Telecommunication. Besides, four of them are based on Code Division Multiple Access (CDMA) that consist of PT Bakrie Telekom Tbk (BTEL)/Mobile-8, PT Sampoerna Telekomunikasi Indonesia (STI), and Natrindo Telepon Indonesia/PT Axis Telekom Indonesia (Ditjen SDPPI, 2014 and Anestia, 2015). Statistically, the growth of cellular phones since 2004 reached 29,836,607 customers and continued to grow to 358,130,675 customers, in 2015. The evolution of cellular customers in Indonesia from 2004 to 2015 can be seen in Figure 1.

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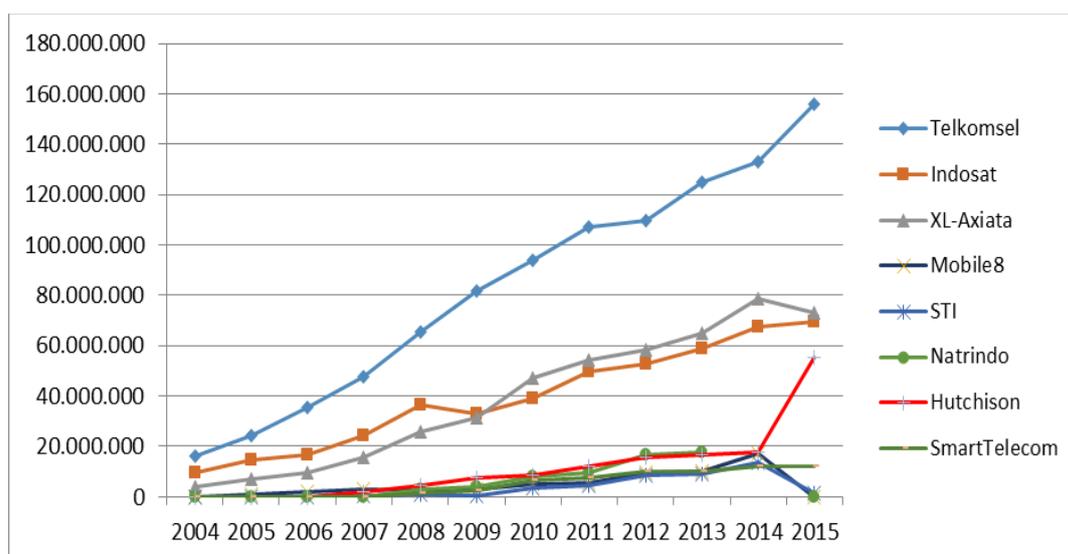


Figure 1. Mobile Phone Customers Growth from 2004 to 2015
Source: Ditjen SDPPI, (2015)

The high growth of mobile phone customers in Indonesia could encourage a higher mobile phone market share that could make Indonesia as an important potential area for the telecommunications market. The trend of positive growth to all mobile phone operators has caused little changes in the market share of each operator in recent years. Telkomsel, Indosat, and XL-Axiata are the three operators with the largest share of customers in Indonesia. The customer is the important unit in telecommunication services which is operating in a competitive brand environment where telecommunication brand service providers need to be aware of the various factors boosting brand loyalty in order to build effective business strategies for customers' retention (Lim *et al.*, 2006).

Attention to the determinants of brand loyalty through perceived value, service quality, and satisfaction have also been used to measure the significance of the relationship between brand loyalty and its determinants. Deng *et al.*, (2010) Ishaq *et al.*, (2014, 2015) and Osman *et al.* (2016) conclude that the observed variables can be used, or not, in measuring brand loyalty, therefore, debates and inconsistencies occur in marketing literature.

2. Theoretical Review of Brand Loyalty

The study of brand loyalty has been widely conducted in various areas and contexts, including in the mobile phone industry. To measure brand loyalty, previous researchers used various variables as determinants of brand loyalty, such as perceived value (Rasheed and Timeless, 2014; Chang, 2015; Yeh *et al.*, 2016), service quality (Hou and Wonglorsaichon, 2011; Hafeez and Muhammad, 2012; Rasheed and Abadi, 2014), customer satisfaction (Chang, 2015, Asiamah *et al.*, 2016; Hew *et al.*, 2016), and brand trust (Hou and Wonglorsaichon, 2011; Liao, 2015).

The researchers also prove that a customer's loyalty to a brand is also conducted through customer brand identification, brand trust, and word of mouth communication (Nikhashemi *et al.*, 2015). Furthermore, (Chang, 2015 and Yeh *et al.*, 2016) says that value perception through the dimensions of emotional value, social value, price value, and quality value can increase the brand loyalty for a service. While Dehghan *et al.* (2015) say that the dimensions of utilitarian value, hedonistic value, value perception, customer satisfaction and customer value can measure the customer loyalty for a brand. Park and Kim (2016) state that brand loyalty can be measured through dimensions of brand value, brand trust, and brand effects. Further, Hou and Wonglorsaichon (2011) and Lam and Shankar (2014) use dimensions of value perception, brand satisfaction, trust, and brand attachment to enhance brand loyalty.

3. The Relationship between Loyalty and its Determinants

Referring to the problems of the mobile phone industry in Indonesia, the relationship framework of the determinants of brand loyalty measured by value perceptions, service quality, brand trust through the study of various previous researches literature is structured as follows in the two sub-sections, namely the relationship between customer value and brand loyalty, and the relationship between service quality and brand loyalty.

3.1. The Relationship between Customer Value and Brand Loyalty

Value perception is the value of a product that is expected and perceived by the consumer. The expectation of a customer regarding a product is different than for other consumers, in terms of purchase quantity, service quality, convenience (before purchase, using and after purchasing) and so on. Krisnanto (2017) mentions that the value of the customer is the source of all value in the organization, and creating strong customer value is the main goal of every company.

From the perspective of the customer, Chuah *et al.* (2014) state that the value model that is oriented on the customer is based on the functional value, monetary value, emotional value, adjustment value, and relational values, which are the predictors that can be used to influence various aspects of customer loyalty to brands (behavioral attitudes and composites). Ishaq (2012) reports that the value perception is proven and able to build the customer loyalty to the brand in the telecommunications industry. The value perception also affects the customer in consuming the brand, directly, and can also cause the customer loyalty to the brand, indirectly (Wongsuchat and Ngamyang, 2014).

In addition, Rasheed and Abadi (2014) say that service quality, trust, and value perceptions are antecedents of loyalty where they find that service quality, trust, and perception value factors have a positive relationship with brand loyalty. Value perception consists of the emotional value, social value, price value for money and performance/quality value have a relationship with brand loyalty (Chang, 2015; Chua *et al.*, 2015). Some surveys support the loyalty model as a function of expressive response and instrumental customer that result in trust of customer on the brand intrinsically or extrinsically and heuristics and rational values based on perceived value.

Meanwhile, Lam and Shankar (2014) report that in the early adoption type of inter-generation adopters of the equipment telecommunication technology is influenced by the perceived brand value. Furthermore, (Deghan *et al.*) 2015; Yeh *et al.* (2016) find that perceived values that include functional value, emotional value, social value, and brand identification have a positive effect on brand loyalty for mobile phones in Taiwan. In line with previous researchers, Nikhasemi *et al.* (2016) and Rahmani *et al.* (2017) conclude that the creation of customer value would have an effect on the high loyalty of customers in consuming telecommunication brands.

3.2. The Relationship between Service Quality and Brand Loyalty

Nowadays, the concept and measurement of service quality have experienced a rapid growth in research. Krisnanto (2017) claims that service quality has an accurate capability to meet the needs of a service, willingness to help customers, knowledge, and friendliness of employee, and personal attention to customers, as well as the provision of physical facilities and overall employee appearances. According to Parasuraman, Zeithaml and Berry (1985), the main contributor to the measurement of service quality is presented in five dimensions, namely:

1. Reliability is the ability to deliver promised services immediately, accurately and satisfactorily.
2. Responsiveness is the desire of the staff to help the customers and provide services with responsiveness.
3. Warranties which include knowledge, competence, courtesy and credentials of staff, free of danger, risk or doubt.
4. The empathy that consists of simplicity in making relationships, good communication, personal attention, and understanding the needs of consumers.
5. Direct evidence which includes physical facilities, equipment, employees, and means of communication.

According to Akbar *et al.* (2010), the quality of service has a positive influence on loyalty. Furthermore, Zehir *et al.* (2011) say that the quality of service and perception of brand communications affect brand trust which will ultimately affect brand loyalty either directly or indirectly.

Further, Hafeez and Muhammad (2012) and Ishaq (2012) conclude that service quality, customer satisfaction, and loyalty programs are important factors that can increase customer loyalty to the brand. Rasheed and Abadi (2014) say that service quality is the antecedent of customer loyalty to the brand. But it is unlike with the previous opinions stated by Hou and Wonglorsachon (2011), that the perception of the perceived quality of consumers will negatively affect brand loyalty.

3.3. The Relationship between Brand Trust and Brand Loyalty

Hasan *et al.* (2014) say that trust along with the believed values has a long-term relationship with the brand. The belief in the brand will ultimately lead the customers to their commitment and loyalty to the brand.

In addition, the brand must also be able to increase the customers emotional involvement so that the customers have a bond and loyal to the brand (Barusman, 2016).

The first dimension of trust is known as cognitive-based beliefs, knowledge-based beliefs, or system beliefs (Lewicky and Stevenson, 1997). While Hou and Wonglorsaichon (2011) state that brand trust has a positive effect on loyalty, Zur *et al.* (2012) report that the type of perceived belief is objective and it is based on a rational process that determines whether the other parties in the relationship can be trusted.

The second dimension of trust is known as the trust-based influence, emotional trust, interpersonal trust, or relational trust (Guenzi and Georges, 2010). The perceived type of belief is subjective naturally and based on feelings, emotions, and other moods (Zur *et al.*, 2012). Further, Ahmed (2014) and Liao (2015) say that brand trust still becomes a positive determinant of brand loyalty.

4. Theoretical Framework

The theoretical framework proposed in this research is presented in Figure 2.

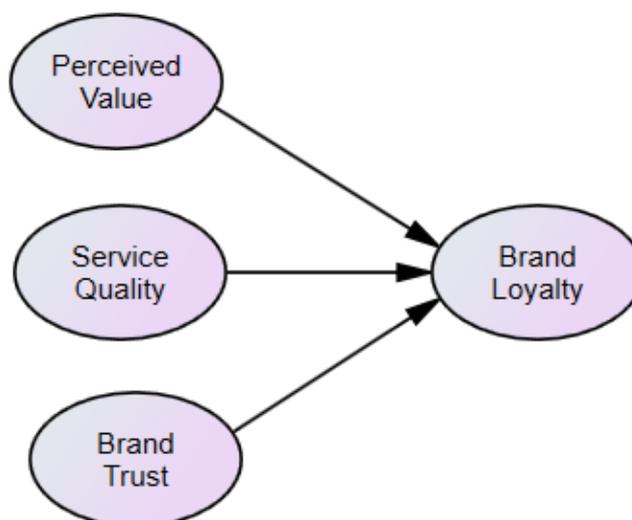


Figure 2. Theoretical Framework

5. Research Methodology

This research is conducted on the customers of mobile phone in Aceh Province and analyzed using Structural Equation Modeling (SEM) techniques which is operated through the Analysis of Moment Structure (AMOS) program.

6. Conclusion

6.1. Theoretical Contribution

The objectives of this literature study are to identify the dimensions of the value perception, service quality, and brand trust of customers in the telecommunications industry and to examine the relationship between value perception, service quality, and brand trust toward brand loyalty in the telecommunication industry. This research also provides value enrichment which arises from the model submission of brand loyalty of customers in further studies with different perspectives and dimensions.

In terms of practical contribution, if this conceptual framework were empirically tested, it can provide valuable insight to marketing practitioners in formulating customer-oriented marketing strategies. This framework will also assist marketing practices in creating competitive advantages in telecommunications industry which will ultimately create customer loyalty to the brand.

6.1. Suggestions for Further Researches

Brand loyalty is an important concept in improving sustainable income. The concept of brand loyalty has evolved in various business dimensions as a customer retention strategy for businesses where the loyal customers will always make frequentative purchases when the needs and desires arise. In a competitive business telecommunication service context, brand loyalty is an absolute necessity.

This study examines the effect of perceived value, service quality and brand trust on brand loyalty in the mobile phone industry. Future researchers are expected to test the concept of brand loyalty through other concepts, such as brand commitment (Fullerton, 2005), customer credibility (Bachri, *et al.*, 2016), brand experience (Wulandari, 2016), and Brand Attachment (Chinomona, 2013).

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A Multi-Method Approach to Understanding Behavior Change. The Case of Texting and Driving

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Distracted driving, specifically texting and driving, has become a nationwide public health problem in the U.S. with negative, and potentially fatal consequences. In an effort to combat the growing problem, non-profit organizations, corporations, and the federal government have all stepped in to try to increase public awareness and persuade drivers to cease texting while driving. These efforts have not had the desired impact as texting and driving has continued to increase in recent years. This research investigates the potential that the messages used to curb texting and driving behavior might not be properly constructed. Specifically, we test the potential for message sponsor and self-relevance of the message to influence message outcomes. Our results suggest that messages sponsored by a combination of company and government that are self-relevant to viewers will have different outcomes than other messages. We identify practical and theoretical implications as well as future research directions.

Keywords: *texting and driving, advertising, behavior intent, public health implications*

JEL Classification: *M38*

1. Introduction

The first text message was sent more than 20 years ago, and now more than six billion text messages are sent every day in the United States (Kelly, 2012). Unfortunately, many of these messages are sent while driving. According to the U.S. Census, there are more than 200 million licensed drivers in the United States (U.S. Census, 2012), and at any moment, approximately 660,000 of these drivers are using their cell phones or manipulating their electronic devices while driving their vehicles (Pickrell and Ye, 2013). According to the National Highway Traffic Safety Administration, texting while driving doubles the risk of a crash or near-

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crash, as texting drivers take their eyes off the road for an average 23 seconds (Fitch et al., 2013). U.S. Transportation Secretary Ray LaHood has called it a “national epidemic” (Neyfakh, 2013).

Distracted driving is defined as the act of driving while engaged in other activities, like texting and talking on mobile phones, which divert the driver’s attention away from the act of driving. Texting while driving involves three types of distracted driving: visual, manual and cognitive. This behavior has exponentially increased with the proliferation of smart phone technology. Add to that the false perceptions of the ability to multi-task, and distracted driving has become a growing public health concern with significant negative consequences. Each day distracted driving causes an estimated nine deaths and more than 1,000 injuries in the United States, most prominently among young, inexperienced drivers. In a recent survey more than 30 percent of U.S. drivers admitted to texting while driving (Centers for Disease Control and Prevention 2013). In response, corporations and non-profit organizations, including government agencies, have launched advertising and other marketing efforts aimed at reducing this behavior.

One approach has been to tackle the problem legally. While no states have banned cell phone use for all drivers, 38 states and the District of Columbia have banned cell phone use by novice drivers (Governors Highway Safety Association 2014). In 2007 Washington was the first state to ban texting while driving, and currently texting and driving is banned in 88 percent of the United States. Only nine states (California, Connecticut, Delaware, Maryland, New Jersey, New York, Oregon, Utah, and Washington) and the District of Columbia have banned talking on hand-held cellular phones while driving. Research has shown that banning texting and driving is difficult to enforce. Amongst the 22 million drivers in California, only 1,000 tickets to drivers in the first year of the texting ban (Farris 2011).

A second approach to curb distracted driving has been to use marketing targeting specific behaviors such as texting and driving. Public service announcements (PSA) and corporate cause advertisements have had some success in social marketing campaigns, where corporations, non-profit organizations, and government agencies have sought to use marketing to promote positive behaviors among certain groups in a population (Andreasen 1994). To complement PSAs, private sector companies also spend money to promote positive behaviors to preserve their corporate interests, while also engendering positive perceptions of the company. These efforts have also not been as effective as desired, and are the focus of this research.

Given the importance of the texting and driving problem combined with the limited effectiveness of past efforts, the purpose of this research is to better understand the potential for different messages to influence customer perceptions and behavioral intentions related to changing texting and driving behavior. We conducted two studies. In the first study, we use content analysis of current texting and driving advertisements to better understand current advertising appeals and messages. In a second study, we conduct an experiment to test how two specific message conditions influence customer perceptions and behavioral intentions. Our results suggest practical and theoretical implications for advertising and public policy.

2. Study 1

As an initial investigation into the effectiveness of different messages for our texting and driving context, our first step was to investigate what and how current texting and driving messages communicate with the public. Effectiveness of public service announcements has been addressed in terms of several factors. The amount of information to promote consumer learning can affect whether a PSA has the potential to change behavior (Fishbein et al., 2001). Types of appeals (e.g. emotional or fear appeals, positive vs. negative appeals) (Dillard and Peck, 2000) and intensity of appeals or imagery are other factors. A target audience’s sensitivity to violence or the audience’s level of sensation seeking may affect how messages are received as well (Everett and Palmgreen, 1995, Palmgreen et al., 2001). Our focus is on message format, which requires an understanding of what different message formats are currently being used.

Content analysis has been used extensively in advertising studies to understand message content and structure. Content analysis is “a scientific, objective, systematic, quantitative and generalizable description of communications content” (Kassarjian, 1977). While significant PSA content analysis research has investigated drinking and driving PSAs (e.g., DeJong and Atkin, 1995; Dejong et al., 1992; Slater, 1999), surprisingly little research into texting and driving PSAs has been conducted (see Kareklas and Muehling, 2014 for an exception). In addition, research into the effectiveness of private sector company advertising targeting texting and driving behaviors is virtually nonexistent. Our research fills this gap in the literature.

This study seeks to describe the content of social marketing messages in print, online and outdoor communications that are aimed at reducing and stopping distracted driving behaviors, specifically texting and driving. Our initial purpose is to discover what current advertising campaigns are actually communicating to consumers as well as respond to the following questions. What messages are these campaigns sending? What

appeals and images are being used? Are these appeals effective, based on what we know about prior campaigns designed to prevent injury and death as a result of other risky behaviors? Are the ads likely to activate perceptions of risk and potential loss necessary to reinforce positive behaviors? The study's methodology and results are addressed below.

2.1. Research Methods

Following the content analysis methodology outlined by Kassirjian (1977), this study seeks to describe the themes and messages featured in current advertising campaigns aimed at decreasing texting and driving behaviors. Investigators conducted online searches for terms such as "text and drive ads," "don't text and drive," and "distracted driving ad" to identify a set of print, online and outdoor advertisements that addressed texting and driving and the general use of the visual features of smartphones while driving. The final sample included 25 advertisements, and each image was considered a unit of analysis. The authors conducted content analysis by analyzing each of the independent advertisements to develop categories that represented the key content areas in the ad set. Of particular importance in the coding were the message characteristics and appeals used in the ads.

2.2. Results and Discussion

The content analysis yielded six primary content categories: graphics, imagery, message, source, comparison of behavior or effects, and call to action. A total of 50 dimensions emerged within the categories. Consistency in the coding was high, as the ratings by the two investigators yielded an inter-rater reliability of .84.

Among the advertisements, almost all used a combination of images and text, while six used text only. Of those using images, about half included photographs, and three fourths included a computer generated image. Twenty-two of the ads included a corporate or government agency logo. Seven ads included images of a crash, and eight included images of a road. The remaining most common images were mobile phones, parts of a car, and broken glass. An image of blood was included in three of the ads, as were the images of a child and a medical or hospital setting. Other images, included a gun, beer, corpse, and fire.

The messages included facts and figures, or statistics about consequences resulting from texting and driving. Seven of the ads included specific statistics (numbers). The potential consequences of this behavior illustrated in the ads included the driver's death (6) someone else's death (3), damage to a vehicle (6), potential for self-injury (5), and someone else's injury (6). Two ads highlighted damage to a vehicle, six mentioned the texter's death, four mentioned someone else's death, and two mentioned damage to a vehicle and two damage to other property. Three ads compared driving while distracted by texting or using a smartphone to other behaviors, including using a gun, drinking and driving, and being a detached, "stupid girl."

Nine ads used the word "don't" in their call to action, seven directed readers to a website for more information and five used the word "stop." Three separate ads called readers to "wait to (text)," "join the conversation," or "designate a texter."

Of all the advertisements, 19 were classified as corporate advertising. Nine had an affiliation with a non-profit organization, seven with a government agency and one specifically with a law enforcement agency.

In addition to identifying six broad categories of message content, our analysis revealed two important message format dimensions that could influence message effectiveness. First, there were three different combinations of message sources. Some messages were sponsored by governmental agencies, some were corporate ads, and some were jointly sponsored by companies and government agencies. Perhaps the messages have more or less influence due to perceptions of the credibility and motivation of the sponsor. Second, there was a clear distinction between one set of ads that depicted consequences for the viewer, while another set presented consequences for others. Perhaps the focal "victim" depicted in the ad also could influence effectiveness. We developed a second study to investigate these dimensions in more detail.

3. Study 2

Based on the exploratory content analysis undertaken in Study 1, we next developed an experimental study to test the outcomes of the two formatting dimensions revealed in the first study. Study 2 investigated the effects of ad sponsorship and victim context messaging.

3.1. Sponsorship and Victim Context

Advertisements sponsors generally fell into three categories. First, ads sponsored by a branded corporate entity were most often represented by companies in the telecom and automotive industry – well-known brands such as ATandT and Volkswagen. Second, government or law enforcement agencies also sponsored ads. Third, some ads were jointly sponsored, including both corporate and government or law enforcement entities. While companies can demonstrate their commitments to encourage consumers to use their products wisely (DeJong et al. 1992), law enforcement or government entities play a part in policing behaviors that can cause public risks. The discovery of this theme leads to the question, does sponsorship of the public service announcement message have an impact on the effectiveness of the message? Source credibility literature suggests that a more credible source increases the persuasiveness of a message (Sternthal et al., 1978). Non-profit sponsors are perceived as more credible than a corporate sponsor (Berry and Shields, 2014). In addition, perception of a company's social responsibility has also been shown to positively influence attitude toward a company and its advertisements (Shanahan et al., 2012). Ads with multiple sponsors should have more credibility given the weight of having both government and corporate backing.

The second dimension identified in Study 1 was the victim context. Some argued that texting and driving behavior by the viewer could cause injury to the viewer, while others highlighted situations in which the viewer could potentially injure or kill someone else while texting and driving. Construal level theory (CLT) of psychological distance proposes that increases in perceived distance from an object or an event increases the level of abstractness in thought (Trope and Liberman 2003, 2010). Psychological distance from the event or behavior (texting and driving) would suggest high construal level, meaning less effort in processing a message and more abstraction. This suggests that, with more distance ("other" victim), viewers may be less likely to put forth processing effort and thus less likely to change behavior. However, when viewers are presented with a message highlighting that they could be a victim ("self" victim), it follows that their thoughts about the hypothetical nature of becoming a victim would be more concrete and salient, thus more likely to produce behavior change. Because the goal of public service announcements is to change behavior, the question arises whether viewers would have more positive attitudes toward the ad and the sponsor and more likely to change their behavior when they are the potential victim in the consequences of their behavior, or when the victim was another person. Kareklas and Muehling (2014) found that messages that have a self-victim context versus others as victim were more self-relevant to consumers, and had a significant impact on behavioral intentions.

Taken together, we expect messages that have a combination of joint sponsors and self as victim to have more influence on perceptions and behavior. We next present four hypotheses tied to message outcomes given the sponsorship and victim context.

3.2. Attitude toward the Ad and Behavioral Intentions

Attitude toward an Ad is often the initial goal for advertising. Customers with a positive attitude toward the ad are more likely to pay attention to the ad and receive the message. Ultimately, higher levels of attitudes toward the advertising should result in specific behavioral intentions; relationships supported by MacKenzie et al. (1986). Cognitive social psychologists believe that attitudes and behavior should be consistent, whereby people who possess positive attitudes toward something should behave in a positive way toward the same thing. While attitude toward the ad is a "predisposition to respond in a favorable or unfavorable manner to a particular advertising stimulus during a particular exposure situation" (MacKenzie et al., 1986), behavioral intent refers to a consumer's potential actions toward that social activity. Behavioral intent is a precursor to behavioral change. Consistent with the Theory of Planned Behaviors (Ajzen, 1988; 1991), behavioral beliefs produce a favorable/unfavorable attitude toward the behavior. In this case, advertising campaigns merely providing information do not work, yet campaigns that aim at attitudes tend to be more effective. Thus, a self-victim context should be more salient to the respondent because it will result in more positive attitudes toward the ad, which will influence behavioral intentions (Goldsmith et al., 2000; MacKenzie et al., 1986). We posit the following:

H1: The combination of dual sponsorship and self-victim contexts will be positively elated to Attitude toward the Ad.

H2: Dual sponsorship and self-victim contexts will be positively related to behavioral intentions.

3.3. Credibility of the Sponsor

Another potential message outcome that could be influenced by context effects is credibility. Credibility is defined as the set of perceptions that a receiver holds toward a source (Bush et al. 1987). The source credibility model is based on a message receiver's perception of the source to possess the relevant

knowledge and/or experience which results in trust of the source to give unbiased information (O'Mahony and Meenaghan 1997/1998). Credible sources are more persuasive in changing attitudes and gaining behaviors (Pornpitakpan, 2004), and the effectiveness of spokespeople depends on their fit with the ad context (Bush et al., 1987; Freiden, 1984).

At a broader level, we can consider credibility of a company or government agency related to PSA effectiveness. Lafferty and Goldsmith (1999) indicated corporate credibility as the reputation of the company. Pornpitakpan (2004) suggested that high-credibility sources are more persuasive than low-credibility sources in changing not only attitudes but also behaviors. While prior reputation can influence sponsor credibility, it is also possible that perceptions of credibility are based on how messages are presented in the advertising context. We suspect a combination of more sponsors (dual sponsorship) will be perceived as more credible. In addition, the self-relevance created by the self-victim context should heighten message interest and attention. This suggests the following hypothesis:

H3: Dual sponsorship and self-victim contexts will be positively related to Credibility of the sponsor(s).

3.4. Perceived Social Responsibility of the Sponsor

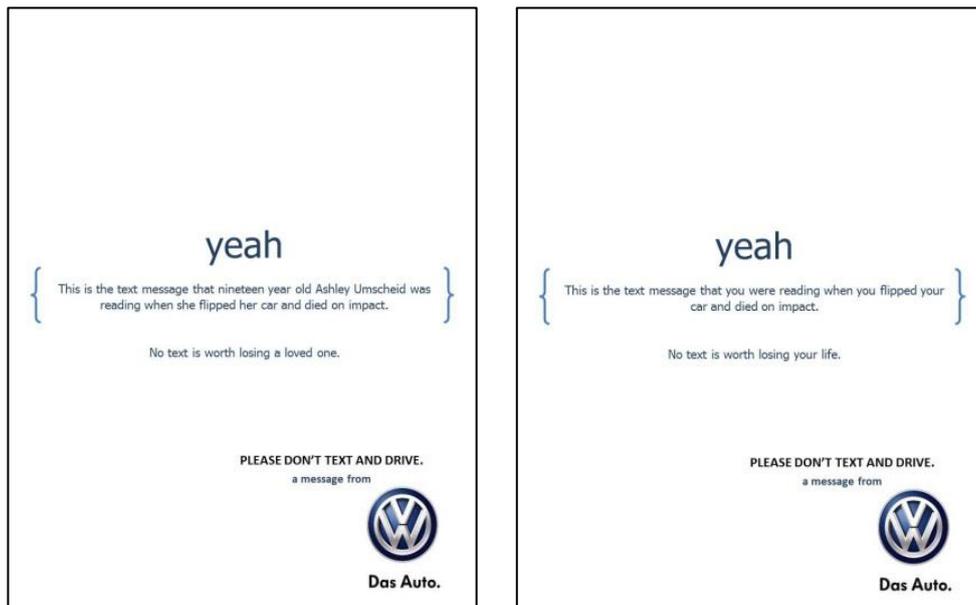
Perceived social responsibility provides an understanding that an organization or corporation has an obligation to benefit society as a whole. Both corporations and non-profit organizations have a responsibility to their consumers and guard their reputation with their consumers. Shanahan and Hopkins (2007) found a significant relationship between liking of an ad (overall attitude toward the ad) and perceived social responsibility of the sponsor. We assume that the combined effect of dual sponsorship will increase perceptions of social responsibility and, consistent with the Theory of Planned Behavior, the self-victim context will elicit greater perception of control over the outcomes of one's behaviors. Thus, the following hypothesis is proposed:

H4: Dual sponsorship and self-victim contexts will be positively related to Perceived social responsibility of the sponsor(s).

3.5. Methodology

3.5.1. Procedure

The purpose of Study 2 was to assess the role of the sponsor (corporate, government agency or both) and the victim context (self vs. other) within an advertisement. We created six ads representing each of the manipulated experimental effects with three ads representing each sponsor manipulation and two for each victim context, resulting in a 3x2 full factorial experimental design (see Figure 1). The ads were based on representative ads from Study 1.



Government/Other Context

Government/Self Context

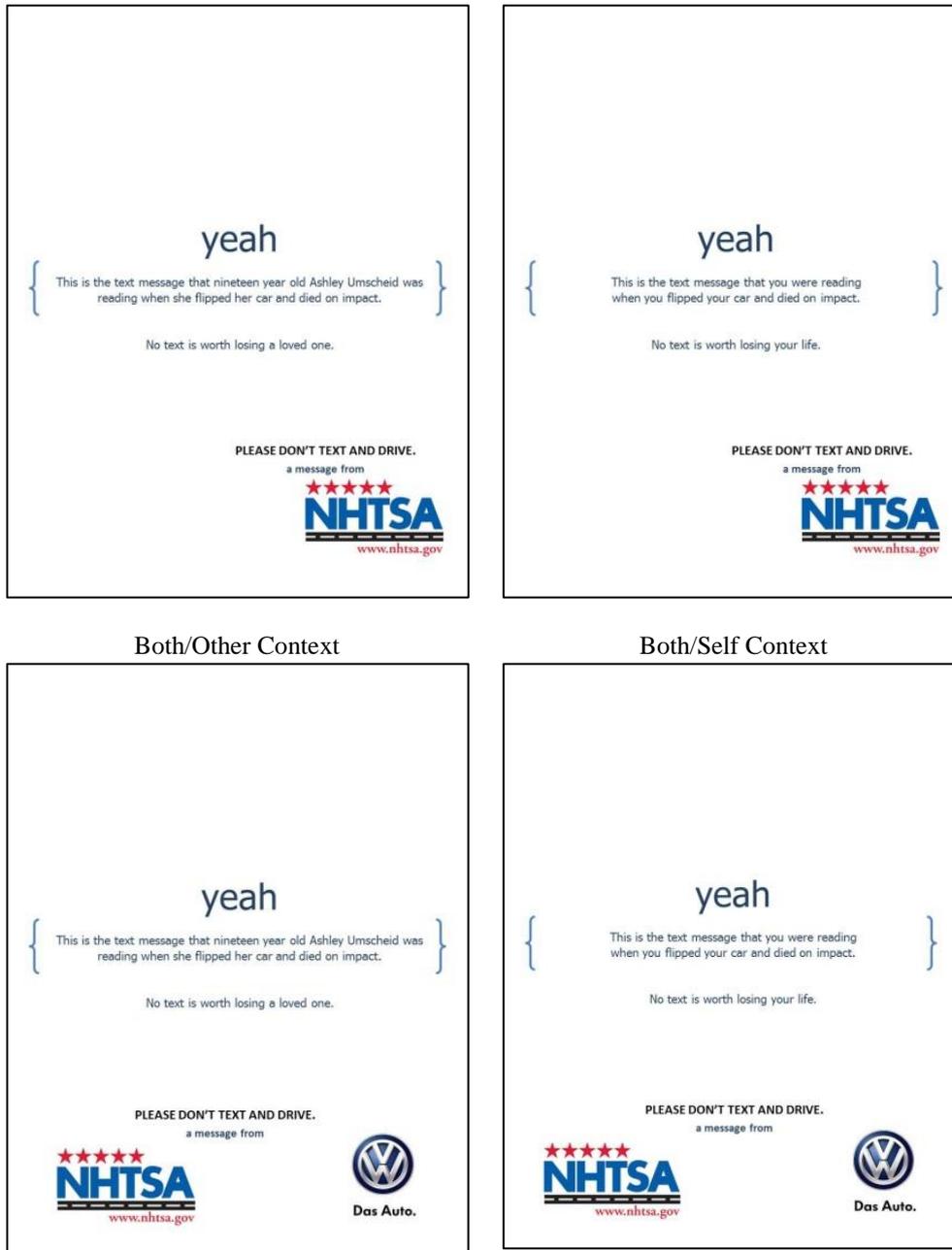


Figure 1. Advertisement Manipulations

3.5.2. Measures and Sample Characteristics

The questionnaire consisted of four, multi-item measures tapping each of the primary criterion variables including Overall Attitude toward the Advertisement (Kamp and MacInnis, 1995); a shortened version of the Ohanian (1990), source credibility scale was utilized to assess Source Credibility, Perceived Social Responsibility of the Sponsor (Brown and Dacin, 1997); and Intent to Change Behavior (Dodds et al., 1991). Given we needed to collect both attitudinal and evaluative perception measures, it was deemed appropriate to utilize a reflective measurement model with endpoints such as good/bad, like/dislike (Jarvis et al., 2003). Table 1 presents the full item list. All measures have been used previously with demonstrated reliability and validity. Additional scales were included to assess the demographic composition of the sample and the experimental manipulations.

The sample consists of 304 respondents; of this number 54% were female, 70% were Caucasian, 12% were Asian, 8% were African American, and 5% respectively were Hispanic/Latino or of mixed race. Relative to age, 31% were 18-25 years of age, 42% were 26-34, 20% were 35-50 and the remaining 7% were greater than 50 years of age. Approximately 68% of the sample was either college graduates or currently pursuing a college degree, and 40% of the sample had an average income of greater than \$50,000.

Table 1. Confirmatory Model Results ^a

Construct/Item	Comp. St. Estimate	t-value ^{b, c}
<i>Overall Attitude Toward the Ad</i> ($\alpha = .85$; AVE = .52)		
Disliked it very much / Liked it very much (Y_1)	.76	-
Not at all informative / Very informative (Y_2)	.71	14.15
Not at all useful / Very useful (Y_3)	.83	16.51
Very offensive / Not at all offensive (Y_4)	.57	11.15
Very unfair / Very fair (Y_5)	.74	14.79
<i>Credibility of the Sponsor</i> ($\alpha = .95$; AVE = .78)		
Not Dependable / Dependable (Y_6)	.78	-
Not Reliable / Reliable (Y_7)	.91	20.86
Insincere / Sincere (Y_8)	.91	20.71
Not Trustworthy/ Trustworthy (Y_9)	.90	20.41
Dishonest / Honest (Y_{10})	.92	21.14
<i>Perceived Social Responsibility of the Sponsor</i> ($\alpha = .92$; AVE = .70)		
(Corporate, Government or Combined) cares about bettering society (Y_{11})	.81	-
(Corporate, Government or Combined) is socially responsible (Y_{12})	.87	20.16
(Corporate, Government or Combined) plays a necessary role in society (Y_{13})	.96	20.92
(Corporate, Government or Combined) contributes to society (Y_{14})	.72	15.41
(Corporate, Government or Combined) will keep its promises and commitments. (Y_{15})	.80	16.54
<i>Intent to Change Behavior</i> ($\alpha = .98$; AVE = .97)		
Not at all likely / very likely (Y_{16})	.99	-
Much less probable / much more probable (Y_{17})	.98	21.56
^a $\chi^2 = 256.301$, $df = 113$, $p \leq .000$. GFI = .93, AGFI = .90, St. RMR = .057, IFI = .97, CFI = .97, RFI = .95		
^b all $p \leq .01$ for individual items; the first item for each measure was set to a value of 1.00		
^c significant parameter t-values in bold		

3.6. Results

3.6.1. Manipulation Checks

The study incorporated two manipulation checks, the first, designed to assess the sponsor manipulation consisted of three 7-point Likert-type, items (strongly disagree/strongly agree), asking respondents if the ad they just viewed was designed by a company, a government agency or both. A 3-group, Multivariate Analysis of Variance (MANOVA) model was created with each of the three items serving as dependents and the sponsorship treatment serving as the single (3-group), independent main effect. Follow-up post hoc, multiple comparison (Tukey), tests were incorporated to provide support for the manipulation. The results of this test are presented in Table 2, whereby support for the experimental manipulation, both in significance and directionality, is demonstrated.

In order to support the victim context manipulation, a two-group Hotelling's T^2 test was incorporated. This test consisted of a model with a two-group (self/other), independent main effect and two dependent criterion variables including 7-point, Likert type measures asking respondent to strongly disagree/agree with the question, "The ad you just viewed suggests that texting and driving can lead to: your own death or someone else's death. Results of this test (see Table 3), also provided support for the experimental manipulation.

Table 2. Ad Sponsor Manipulation Tests

Main Effect	Dependent Variables (Sponsor Manipulation)								
	The ad was sponsored by a company.			The ad was sponsored by a government agency.			The ad was sponsored by both a company and a government agency.		
	\bar{x}	F-ratio	p-value	\bar{x}	F-ratio	p-value	\bar{x}	F-ratio	p-value
<i>Sponsor</i> ^{a, b}		75.90	.000		140.63	.000		155.29	.000
Corporate	6.43			2.25			2.43		
Government	4.11			5.24			3.89		
Combined	5.79			4.27			5.97		

Treatment ^b Comparisons	Post Hoc Multiple Comparison (Tukey) Tests		
	<i>p-value</i>	<i>p-value</i>	<i>p-value</i>
Corporate/ Government	.000	.000	.000
Corporate/ Combined	.002	.000	.000
Government/ Combined	.000	.045	.000

^a Wilks' $\Lambda = .367$ ($f_{(4)} = 97.03$; $p \leq .000$)
^b significance in bold

Table 3. Victim Context Manipulation Tests

Main Effect	Dependent Variables (Victim Manipulation)					
	The ad suggests texting while driving will lead to your own death.			The ad suggests texting while driving will lead to someone else's death		
	\bar{x}	<i>F-ratio</i>	<i>p-value</i>	\bar{x}	<i>F-ratio</i>	<i>p-value</i>
Victim ^{a,b}		8.44	.004		3.35	.018
Self	6.41			4.83		
Other	4.16			5.93		

^a Wilks' $\Lambda = .972$ ($f_{(2)} = 6.914$; $p = .001$); Hotelling's $T = .029$ ($f(2) = 6.914$; $p = .001$)
^b significance in bold

3.6.2 Psychometric Assessment

Assessment of scale reliability and validity was accomplished via a confirmatory factor model with LISREL 9.1. The initial model demonstrated adequate fit with a $\chi^2 = 256.301$, $df = 113$, $p \leq .000$. GFI = .93, AGFI = .90, St. RMR = .057, IFI = .97, CFI = .97 and RFI = .95. Testing for the occurrence of common method variance was accomplished via the Harman's single-factor test (Podsakoff et al. 2003). This method stipulates that all manifested items within a confirmatory model be modeled as indicators of a single factor.

Method biases are assumed to be substantial if the hypothesized model and single factor model are not significantly different via χ^2 difference tests with one degree of freedom. If the single factor model demonstrates substantial reduction in model fit and is significantly different from the hypothesized model then it is implied that common method variance does not exist (e.g., Mossholder et al. 1998). The $\Delta\chi^2$ was significant with an increased value for the single-factor model; thus implying that common method variance was not a factor.

Based on the CFA results, we retained all indicators associated with each latent construct for further analysis. Each scale proved both reliable and valid. As noted in Table 1, the coefficient alpha values ranged from .98 to .85 while the variance extracted scores ranged from .97 to .52. Convergent validity was assessed via the t-value associated with the ratio of factor loadings to standard error for each item. Item t-values ranged from 21.56 to 11.15 (see Table 1). Generally, a t-value of greater than 2.00 lends support for convergent validity (Segars 1996). Further, average variance extracted scores greater than .50 support a case for convergent validity (Fornell and Larcker 1981). As noted in Table 1, AVE for each construct was greater than the .50 cutoff. Three tests were incorporated for the assessment of discriminant validity. These included (a) all off-diagonal phi correlations among dimensions being less than one (Bagozzi 1980), (b) no confidence interval estimates around the phi correlations should include a value of one (Gerbing and Anderson 1988), and (c) average variance extracted estimates should be greater than the square of the correlation between two dimensions (Fornell and Larcker 1981). Support for discriminant validity was demonstrated.

3.7.3 Hypothesis Testing

Hypothesis testing required the creation of a 3 x 2, between subjects, full-factorial experimental design model via MANOVA. The main effects consisted of the sponsor (company, government or both), and the victim context (self/other). Scale scores for the four criterion variables including Overall Attitude toward the Advertisement, Intent to Change Behavior, Source Credibility, and Perceived Social Responsibility of the Sponsor served as dependents. Model results are presented in Table 4. Significant effects were found for the sponsor ($f=1.870$; $p=.048$), and interaction effects ($f=2.799$. $p=.005$), though the victim context main effect was not significant ($f=.688$; $p=.601$).

Table 4. Univariate and Multivariate Results

Main Effects	Dependent Variables											
	Attitude toward the Advertisement			Intent to Change Behavior			Credibility of the Sponsor			Social Responsibility of the Sponsor		
	\bar{x}	F-ratio	p-value	\bar{x}	F-ratio	p-value	\bar{x}	F-ratio	p-value	\bar{x}	F-ratio	p-value
Sponsor ^a		2.863	.048		.108	.897		1.783	.169		4.998	.007
Corporate	40.81			8.68			29.91			28.58		
Government	40.54			8.92			29.13			28.39		
Combined	42.23			8.89			30.31			29.93		
Victim ^b		.025	.874		.468	.226		.160	.690		.504	.478
Self	41.41			9.12			29.89			29.14		
Other	41.24			9.23			29.68			28.82		
Sponsor x Victim ^c		6.042	.003		.445	.641		3.765	.024		6.893	.001

^a Wilks' $\Lambda = .970$ ($f_{(4)} = 1.870$; , $p = .048$)
^b Wilks' $\Lambda = .994$ ($f_{(4)} = 0.688$; , $p = .601$)
^c Wilks' $\Lambda = .955$ ($f_{(4)} = 2.799$; , $p = .005$)

Hypotheses 1-4 posit that utilization of dual sponsorship and a self-victim context will result in heightened levels of each of the criterion variables. Noting the interaction effects as presented in Table 2, initial support is provided for Hypotheses 1, 2 and 4. Hypothesis 2 was not supported.

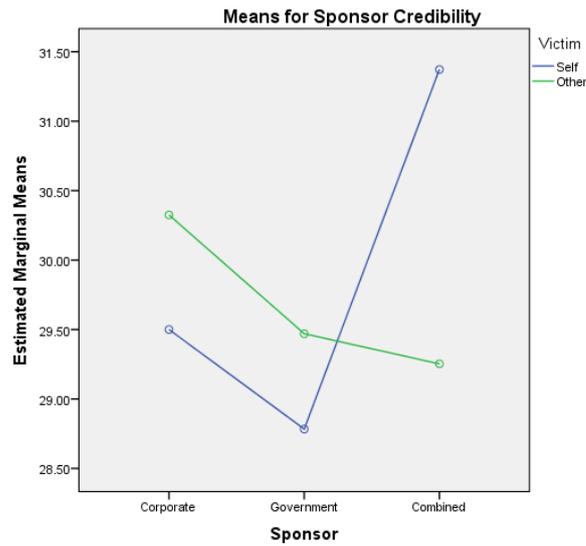
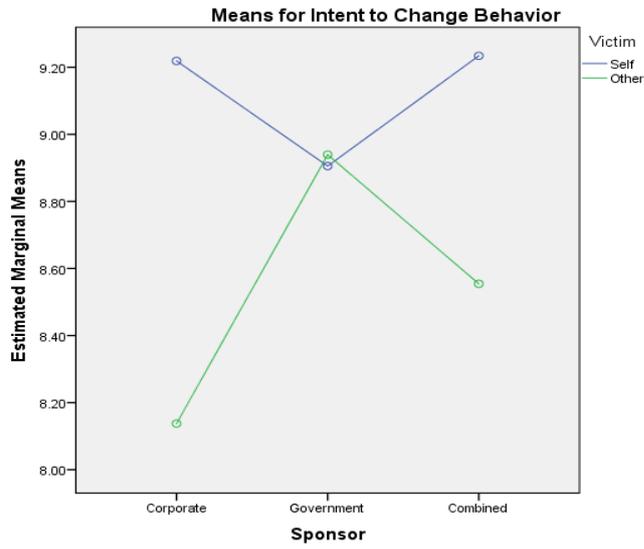
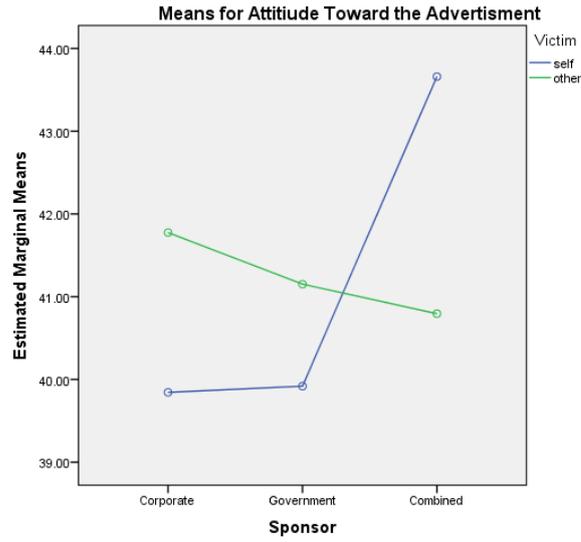
Figure 2 shows the graphical plots of the significant interaction effects. From the graphs it appears that disordinal interaction effects exist, thus rendering interpretation of the main effects unwarranted (Hair et al., 2006). For each of these interactions the greatest mean is for the combined sponsor/self-victim context ad.

Additional testing (planned contrasts), provides further evidence as the mean scores are significantly different and greater than the other treatment levels (see Table 5), for all cases, with the exception of the "corporate/other" (corporate sponsorship/other victim context) treatment for credibility of the source and perceived social responsibility of the sponsor, thus supporting Hypothesis 1 and showing marginal support for Hypotheses 3 and 4. Practical and theoretical implications of these findings follow.

Table 5. Planned Contrast Test Results

Treatment Level (Sponsor/Victim Context)	Dependent Variables							
	Attitude toward the Advertisement		Intent to Change Behavior		Credibility of the Sponsor		Social Responsibility of the Sponsor	
	\bar{x}	p-value ^a	\bar{x}	p-value ^a	\bar{x}	p-value ^a	\bar{x}	p-value ^a
Combined/Self	43.66	-	8.17	-	31.37	-	31.04	-
Combined/Other	40.79	.037	6.98	.748	29.25	.021	28.90	.050
Corporate/Self	39.84	.002	7.71	.888	29.50	.032	27.67	.000
Corporate/Other	41.77	.048	7.67	.854	30.33	.235	29.45	.065
Government/Self	39.91	.007	8.17	.958	28.78	.035	28.73	.033
Government/Other	41.15	.041	7.42	.848	29.47	.029	28.76	.050

^a significant difference between the Combined Sponsorship/Self Victim Context and the listed treatment level



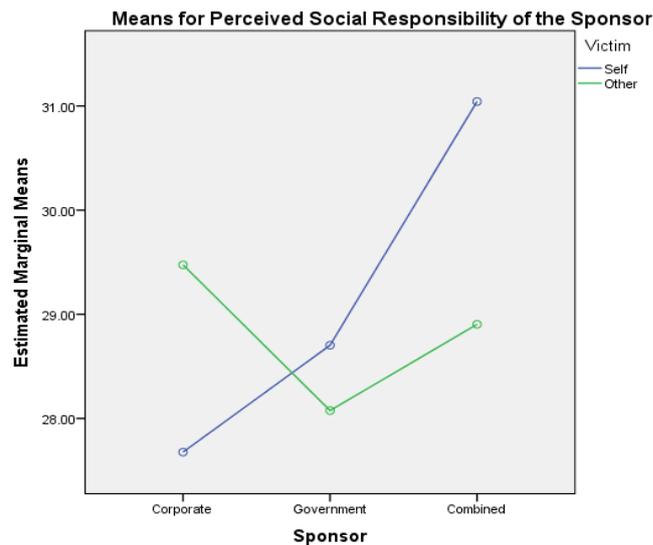


Figure 2. Graph of Interaction Effect

4. Implications, Limitations, and Future research Directions

The purpose of this study was to understand the use of sources in a social marketing context and assess their effect on ad message perceptions. Two studies were incorporated; the first consisting of a content analysis of texting and driving related advertisements which resulted in identifying two key message formats that have been used significantly, which included corporate/government sponsorship and victim context (self/other). A second study was undertaken whereby the manipulated effects of sponsorship and victim context were assessed as influences of ad message perceptions including ad attitude, behavioral change, source credibility, and perceived social responsibility of the sponsor. Of the four posited hypotheses, one was fully supported and two were partially supported, which lead to theoretical, managerial and public policy implications.

4.1. Theoretical Implications

From a theoretical perspective, while the combined sponsor/self-victim message format is related to ad attitudes, source credibility and perceived social responsibility, this format did not prove significant in evoking behavioral intentions. This would seem to contradict the premises of the theory of planned behavior, as attitude did not appear to act as a precursor to behavioral intentions. It is possible that the simplified message format did not provide salient enough priming cues used in prior PSA studies that showed positive effects for self as victim imagery positively influencing behavioral intentions (e.g., Kareklas and Muehling, 2014). Perhaps insights gleaned from additional theoretical perspectives (i.e. attribution theory, elaboration likelihood etc.), may provide greater guidance into understanding what stimuli will result in heightened behavioral change.

4.2. Managerial and Public Policy Implications

Overall, it was expected that the utilization of combined sponsorship and a self-victim context would be positively related to all the dependent variables. This proved to be the case relative to overall attitude toward the ad. Specifically, when combined sponsorship and self-victim context is utilized, respondents appear to have the most positive perception of the advertisement. Thus, in-order to facilitate positive ad perceptions, it is recommended that combined sponsorship (corporate and non-profit) and the self-victim context be utilized.

The fact that behavioral intentions were not significantly tied to context is interesting and requires additional discussion. One possible explanation is that respondents did not feel the self-victim scenario and texting while driving context was self-congruent. For an advertisement to be effective, the viewer has to feel the ad context was self-relevant (Hong and Zinkhan, 1995). It is possible that respondents either felt they did not text and drive as much as others or that they were somehow more capable of texting and driving than others and would not have an accident, so the outcome would not apply to them. This requires more research to shed more light on possible denial issues with this specific behavior.

This study supports the concept of upstream social marketing introduced by Andreasen (2006). Upstream social marketing encourages several organizations to participate in a “crusade” to change a social

behavior (Dibb and Carrigan, 2013). While this type of social marketing may be challenging, a change in texting and driving behavior may result with the influence of multiple constituents, including the government, non-profits as well as corporations like wireless providers and automobile manufacturers.

Relative to source credibility and perceived social responsibility of the sponsor, the combined/self-victim context proved to be most salient to all other formats with the exception of the corporate/other victim context. In gaining insights into this finding, it is noted that there did not exist a significant main effect for victim context, hence, this would imply that sponsorship tends to drive perceptions. When using both formats, health-concerned non-profits are urged to use the combined/self-victim format, yet in cases where government sponsorship is not forthcoming, it would appear that selection of a perceived socially responsible sponsor is necessary. In this case, corporate sponsors appear to be more credible than government agencies. However, in this study, the corporate sponsor was an automobile manufacturer, and further research is needed to test message from other related corporations like cellular phone providers and insurance companies.

While our study found support for the self-victim messaging, many believe that it is other drivers on the road that provide the risk, even though drivers are aware that texting and driving behavior is dangerous (Farris 2011). The government and corporations can learn from the seat belt advertising campaigns. “Buckle Up for Safety” only got 13 percent of drivers to comply, whereas, the “Click It or Ticket” was more successful in reinforcing seat belt laws and supporting the self-victim context (Farris, 2011).

4.3 Limitations and Future Research

As with all studies, the limitations of this undertaking constrain the usefulness of these findings. First, while the study’s sample was proportionally representative of the population, it was still a convenience sample limiting the generalizability of the results. How does actual texting behavior relate to perceived texting behavior and potential risk associated with texting and driving? Different drivers might respond differently based on their self-reflection of actual texting and driving and its consequences. Moreover, a single automobile brand was used (Volkswagen), and the impact of other brands and other industries in similar messages might have different outcomes.

Additional inquiry could assess other ad message issues. Key topics to research might include the impact of emotional response to the ad, appeal types (fear, celebrity, etc), and ad types (narrative vs informational) on responses. In addition, it would seem important to also expand the victim context to include groups with a self/other context (my family vs other family or my friends vs a group of other friends).

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Content Marketing Strategy. Definition, Objectives and Tactics

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The interactivity dimension of the internet has allowed the customer to be a part of the marketing of any brand, product, services, or other entity. To this extent, digital inbound marketing encourages a customer-centric perspective in which organizations have to focus on helping consumers and involving them in the value-delivering process. An important component of digital inbound marketing that creates value and engagement for consumers is content marketing. The aim of this paper was to provide an examination of 'content marketing' and to gain understanding of the key dimensions of this digital marketing strategy, with its underlying tactics that can be implemented by companies in online environments. The insights presented in this study contribute to the content marketing strategy, as a viable strategy to other interruptive marketing techniques.

Keywords: content marketing, digital marketing, online marketing, marketing strategy, digital inbound marketing

JEL Classifications: M31

1. Introduction

Sharing online content is a key part of consumers' modern life. All over the world, people send news and interesting articles, share YouTube videos, and read and forward reviews of hotels or restaurants to their family and friends. This social transmission of content and information has an effect on consumers and brands. Consumer-to-consumer interactions in online and offline environments have an effect on attitudes, preferences and eventually buying behavior of people (Berger and Milkman, 2012).

With the advancements of technology, marketing has incorporated the interactivity provided by technology to create two-way communication channels with current and potential customers. Using internet-based technology, marketing encourages the active participation of consumers. Jutkowitz (2014) points out that we are on the verge of transformation for brands and organizations as a result of content marketing, because nine out of ten companies are using content marketing to engage, interact, convert, and remind consumers of its products and brands.

Content marketing goes beyond selling and traditional marketing campaign and it focuses on providing consumers with value in the form of relevant information and ideas, using publication or syndication of text,

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images, videos and other content forms. Therefore, content marketing is changing the way companies sell and communicate with its target audience.

In online environments, an organization cannot focus on a push marketing strategy, and should direct its effort on a pull marketing strategy because it would invite more interactions and participations with consumers (Eldeman, 2010). To this end, content marketing can provide a valuable avenue for any company that also has an online presence.

However, as a starting point content includes the text that forms webpages, as well as the rich media content, such as videos, podcasts, user-generated content and interactive product selectors (Smith and Chaffey, 2013). Digital content marketing was defined by Pulizzi and Barrett's (2008, p. 8) as "the creation and distribution of educational and/or compelling content in multiple formats to attract and/or retain customers". Jefferson and Tanton (2013) agree that a paradigm change in marketing philosophy is required, and suggest that this change will imply switching from a selling perspective to a helping perspective, which can be achieved using content marketing.

Content marketing has been identified as part of digital inbound marketing (Opreana and Vinerean, 2015), in the quest to "attract potential customers, retain existing once, and transform aspirational consumers in advocates by developing various forms of content that prospects consider valuable and will use the created content in order to access a website to learn more or come into contact with a marketing offer."

Moreover, as indicated by Holliman and Rowley (2014), a considerable proportion of organizations do not allocate resources for content marketing. As the authors describe, there is confusion in comprehending this concept and its importance for this digital marketing strategy. Moreover, Holliman and Rowley (2014) emphasize the challenges of operationalizing content marketing because of its complexity.

B2B and B2C marketers are giving content marketing high priority, especially because Google's search engine algorithm updates (Moz, 2017; Google, 2017) that focuses on the content of each webpages, considering multiple dimensions of the content, such as relevancy, date of publication, propagation on social media, internal and external links, to name a few.

Therefore, content marketing is of high importance for the development and evolution of marketing, from an academic perspective, and for its application in online settings to achieve business goals, from a practical perspective.

2. Premises of Content Marketing

2.1. Definition of Content Marketing

Originally, the term 'content' is rooted in the publishing, where words, images and motion graphics have to be sufficiently interesting for the target audience to seek out the publishing platform whether it is a newspaper, magazine, TV or radio channel (Holliman and Rowley, 2014). In terms of bringing this concept into online and digital marketing, Handley and Chapman (2011, p. 21) state that content counts as "anything created and uploaded to a website: the words, images or other things that reside here". Focusing on the users (and potential customers) of a company's website, Halvorson and Rach (2012, p. 13) propose that content is "what the user came (to your website) to read, learn, see or experience".

Whereas these definitions explain content in general or in a digital framework, the concept of 'content marketing' is still in the process of being developed as a viable online marketing strategy. Thus, definitions of this term need to be explored. Pulizzi and Barrett (2008, p. 8) proposed one of the first definitions of content marketing: "the creation and distribution of educational and/or compelling content in multiple formats to attract and/or retain customers". Later, Rose and Pulizzi (2011, p. 12) suggested: "content marketing is a strategy focused on the creation of a valuable experience".

Content marketing has been part of the digital marketing strategy of companies operating in online framework for many years. As a result, a global content marketing education and training organization was founded by Joe Pulizzi (2012), accompanied by a website, namely Content Marketing Institute (CMI). The definition proposed by Content Marketing Institute for this new concept is:

"Content marketing is a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly-defined audience – and, ultimately, to drive profitable customer action."

Thus, more shortly presented, content marketing is the process of creating personalized valuable content to an interactive, engaged, and targeted audience (Content Marketing Institute, 2017). Therefore, the content marketing is focused on providing consumer value, while also exhibiting relationship marketing concepts (attracting and retaining customers) focused on achieving the profitability goals of a company. In

fact, Pulizzi (2013) highlighted the difference between content created and shared online and content marketing: content marketing reflects the organization's business or monetary goals.

In his book, Järvinen and Taiminen (2015) propose that content marketing "refers to processes of creating and delivering content (i.e., text messages, pictures, videos, animations) to target customers in ways that add value and engages them in relationships with the company."

Similarly, Du Plessis (2015) re-iterates the importance of consumer engagement in valuable relationships, and also introduces a new concept associated with content marketing, namely brand storytelling, proposing the following definition: "Content marketing is a strategic brand storytelling technique aimed at changing consumers' inactive behavior through unobtrusive, engaging brand conversations in earned media." This definition focuses on influencing consumer behavior in favor of a particular brand by interacting with it, and developing a relation using B2C interactions on earned media (most notably, social media platforms).

Wuebben (2012, p. 5) also focuses on the brand's story and considers it a key component of content marketing, by defining this concept as "the story of your product or service and propels your brand into the hearts and minds of your prospect, customers and others".

On the other hand, Rowley (2008) proposes a new concept 'digital content marketing' that highlights important the connection is that exists between 'digital content marketing and e-marketing, Internet marketing, web marketing, and related disciplines. She proposes: "*Digital content marketing is the management process responsible for identifying, anticipating, and satisfying customer requirements profitably in the context of digital content, or bit-based objects distributed through electronic channels*" Rowley (2008). Therefore, Rowley (2008) classifies content marketing as a management process that should be focused on identifying the factors that satisfy the needs of customers, in order for the company to gain profit using electronic channels.

2.2. Characteristics of Content Marketing

Focusing her research in a business-to-business framework, Rowley (2014) identified three characteristics of content marketing, namely "Not-paid for", "Paid-for", and "Social". These characteristics can also be extrapolated to business-to-consumer marketing:

- "Not-paid for" content is developed by an organization that aims to achieve: customer engagement and developing relationships, knowledge, selling of products and services.
- "Paid-for" content is developed by an organization and has the same aims as the ones presented above, and in addition it also aims to sale the digital content created.
- "Social" content is created by brand community members who aim to express their views; to learn from the organization and other users.

3. Developing a Content Marketing Strategy

3.1. Digital Marketing and Content Marketing

Digital marketing uses modern digital channels to communicate build a deeper relationship with customers (Royle and Laing, 2014).

Due to tech development, content marketing has become a preferred online marketing strategy for many companies. Brands and companies can publish and share compelling brand stories on various online platforms that aid in achieving business goals related to customer conversion, acquisition or retention, brand visibility and value, or increased sales.

According to Halligan and Shah (2010), content marketing involves creating valuable content from the needs of potential buyers, who actively have engaged in searching information about the commodity.

Content marketing is also related to social media marketing because the created content needs to be shared, propagated and syndicated on various social platform to increase its visibility to a large audience. Initially companies used social media to share advertisements of their products, however, nowadays social media is used a two-way communication platform (Kilgour et al., 2015), and a facilitator of content marketing.

As a facilitator of an inbound approach, of reaching, attracting and retaining consumers organically, Halligan and Shah (2010) and Odden (2012) note that customers are the ones that actively seek a particular brand because it offers content that educates or entertains them. Odden (2012) goes further in suggesting that customers expect brands to invest time and effort in developing a long-lasting relationship with them, even before their first purchase.

Rowley (2014) notes that a content marketer also takes the role of publisher, and we would also add that the role would also extend to that of an editor of content. Moreover, Baer (2012) mentions this change because "all companies now find themselves in two industries: the business they are actually in, and the

publishing business”. Similarly, Scott (2011) highlights the fact that as publishers, marketers need to carefully identify and define their target audiences and then consider the type of content that would fulfill these needs.

3.2. Content Marketing Objectives

Content marketing objectives must form part of a defined content strategy, defined by Bloomstein (2012, p. 101) as: “the practice of planning for the creation, delivery and governance of useful, usable content”.

Rose and Pullizzi (2011) established the following objectives of a content marketing strategy for any organization that engages in this technique:

1. brand awareness or reinforcement;
2. lead conversion and nurturing;
3. customer conversion;
4. customer service;
5. customer upsell;
6. passionate subscribers.

Content marketing is the foundation for achieving trust among targeted audiences. Trust is further identified as one of the primary drivers for the success of content marketing (Pulizzi, 2012; Scott, 2011; Holliman and Rowley, 2014). Peppers and Rogers (2011) identify the four elements of a content marketing strategy that could develop and sustain trust for a company or a brand):

1. shared values (with the customer);
2. interdependence (mutual value in the relationship);
3. quality communication; and
4. non-opportunistic behavior.

3.3. Factors that Lead to Viral Content

In developing content, marketers’ mission is to design successful viral marketing campaigns that will help them develop higher visibility for their brands. Word of mouth and social media are viewed as more effective and affordable than traditional media, but their utility is dependent on the number of people who will forward and share content that helps a particular brand. Therefore, understanding what motivates consumers to share a particular piece of content can help organizations design and develop contagious content.

As Berger and Milkman (2012) identify, one reason people may share stories, news, and information is because they contain useful information for other people. Consumers may share such practically useful content for altruistic reasons (e.g., to help others) or for self-enhancement purposes (e.g., to appear knowledgeable, see Wojnicki and Godes, 2008).

Otherwise, content that encompasses emotional aspects will have an influence on the level of propagation and sharing in online settings. Berger and Milkman (2012) appreciate that people report discussing many of their emotional experiences with others, and customers report greater word of mouth at the extremes of satisfaction. In his empirical research, Berger and Milkman (2012) found that positive content has a higher chance to become viral because people would prefer to be known as someone who shares upbeat stories or makes others feel good rather than someone who shares things that makes others sad or upset. His study also illustrated that the relationship between emotion and level of contagion is more complex than valence alone and that arousal drives social transmission.

More specifically, “online content that evoked high-arousal emotions was more viral, regardless of whether those emotions were of a positive (i.e., awe) or negative (i.e., anger or anxiety) nature. Online content that evoked more of a deactivating emotion (i.e., sadness), however, was actually less likely to be viral” (Berger and Milkman, 2012).

3.4. Tactics Associated with a Content Marketing Strategy

Various authors (Järvinen and Taiminen, 2016; Escobar, 2016; Halligan and Shah, 2010; Pulizzi, 2013) approached content marketing and discussed the dimensions or tactics that can be incorporated in a content marketing strategy. There are various forms of content, from the basic ones, such as video, image, text, to the more specific ones, to the more specific ones, as the ones we will explore in this section.

All content marketing tactics are also related to another aspect of digital inbound marketing, namely search engine optimization, namely certain techniques that should be implemented to increase the visibility and reachability of each type of content.

In any online setting, organizations can choose from a variety of formats and tactics for a successful content marketing strategy. However, these tactics need to reflect the needs of targeted audiences and the

objectives of the organization. The most common content marketing formats and tactics are presented below (Sobal, 2017; Kolowich, 2016; McGill, 2017):

1. **Blog posts.** As the most common form of content marketing, blog posts are published on a website and are then shared on social media, once they are optimized using the premises of search engine optimization. Blog posts should be published on a regular basis in order to attract new and recurring visitors, and they should be focused on providing valuable content for the targeted audience so that it will make readers inclined to forward and share them on social platforms and other websites.

2. **Ebooks.** This type of content reflects a comprehensive and in-depth resource of information on a certain subject for potential consumers, and can provide a new source of credibility for the company responsible for the creation of this content. In online marketing practice, ebooks are considered a lead generation tool because in order for potential customers to access the free resource, they usually have to provide their contact information. As a result, consumers get the opportunity to learn valuable information, and the organization that produced the ebook develops a new lead for their business.

3. **Templates.** Templates and worksheets are used by organizations in online settings to help potential customers with certain issues, by saving them time and effort. By downloading a template or a useful worksheet, companies aid in simplifying a challenge for potential customers, who, in turn, will be more likely to engage with a particular company in the future.

4. **Infographics.** This type of content can organize data in a visual manner, thus providing a more compelling and engaging opportunity to transmit information. Infographics are relevant to large sets of information and data that can be exposed more clearly and easy to understand.

5. **Videos.** This content format has the highest level of engagement and contagion on social media and other websites. Videos can be used as a content marketing tactic to explain certain issues, demonstrate a product or service, or present a topic of interest to targeted audiences.

6. **Podcasts.** Podcasts represent pre-recorded interviews and edited radio shows that are used to debate different topics of interest to a company's target audience. Podcasts are also used for lead generation, by asking listeners to subscribe for updates, thus this content tactic can build an audience and establish a particular brand as a source of expertise.

7. **Guides.** Introductory guides or guides help potential consumers with step-by-step instructions on achieving different goals and task.

8. **Kits.** This content format represents a collection of content with a common subject. Online companies use this tactic to repurpose content that was already published, and aggregating it under one offer.

9. **Tip sheets and Checklists.** This content format provides guidance and concise tips or best practices for potential consumers looking to complete a particular task. Again, this content offer creates the basis for a long-lasting relationships with consumers, who will engage on a continuous basis with a company.

10. **Webinars.** Another content form used by companies to gain more credibility among targeted consumers are the webinars. Usually compiled as a series, webinars provide information on a certain subject and they involve gathering expert and leaders in certain fields to share their ideas on the main topic.

11. **Whitepapers.** Whitepapers are similar to academic papers in their objective, authoritative, detailed and informative presentation of research findings and reports. Ebooks tend to present in-depth content in a creative, visual and often inform manner, whereas whitepapers provide unbiased details on trends or evolution in a particular industry or area of business.

12. **Case Studies.** This content tactic can provide potential consumers with an incentive to convert. Online companies use case studies to share customer success stories that explain how their products or services helped a particular customer.

13. **Surveys/Research Reports.** As another content marketing tactic, companies use surveys and their results to reflect on the perception of respondents on the state of an industry or to persuade potential customers about the features of a particular product or service.

14. **User-generated content.** This content type can take any form of text, images, video or audio that was created by consumers of a brand or company. This content created by loyal customers can then be repurposed and re-distributed with the audience of the organization, to increase its visibility and generate more credibility among customers. More recently, based on the uniqueness of social media, research has focused on the impact of user-generated content in influencing brand reputations and brand development, and brand co-creation (Iglesias *et al.*, 2013; Quinton, 2013).

4. Discussion and Conclusion

4.1. Theoretical Contributions

There is limited previous research about content marketing, and because of this there is a research gap that needs to be filled with a variety of perspectives that help the understanding of this concept. This has led to confusion around the concept content marketing (Holliman and Rowley, 2014).

In this paper, we've established the definitions of content marketing and the premises of this strategy in digital marketing. Content is a key component of online marketing strategies that attract and retain consumers organically. This paper also contributes in providing an understanding of how content can be used in marketing, or more specifically, in engaging customers, which is central to the development of a consumer-centric approach in online settings.

In addition, this study offers further insights into the challenges associated with developing an effective content marketing strategy. The most important challenge relates to the change in marketing paradigm from online selling online, to supporting and helping consumers in online settings, by nurturing each relationship with consumers for long-term success with content marketing tactics.

4.2. Managerial Implications

In online frameworks, managers have many opportunities to engage in content marketing strategies, as the ones developed in this paper. However, the core objective should be expanding the brand using content marketing. Digital content, whether it be "not paid for", "paid for" or social, is at the heart of brand-building processes (Holliman and Rowley, 2014).

To succeed in content marketing, this study showed that managers need to focus on developing brand stories that engage consumers with useful, relevant and valuable content. Turning to value, the research reported in this article suggests the importance of the content being valuable and useful to the audience, and helping them to complete a task or solve a problem (Holliman and Rowley, 2014). Because content implies to some extent web-based information quality, managers can reflect on the five dimensions of qualitative information: usefulness, goodness, accuracy, currency and importance, as suggested by Rieh (2002).

4.3. Limitations and Future Research

The limitations of this studies are those commonly associated with theoretical research. The present research has encompassed many ideas regarding 'content marketing' in online settings, however an inclusion of more sources could have provided additional insights. For example, this paper did not discuss the need for content marketing KPIs and metrics and the development of appropriate dashboards for organizations to monitor the evolution of each content format. This aspect represents an intriguing prospect for a future research, with an empirical dimension. Moreover, future studies could also explore the effectiveness of various content marketing tactics in different industries or in relation to the decision making process and finding which content format can persuade consumers based on different stages in buyer's journey.

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