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“Is the field of  
marketing ready for  
**change?**”



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

## Why Marketing Standards?

We at the International Institute of Marketing Professionals (IIMP®) are dedicated to developing and promoting Internationally Accepted Marketing Standards™ (IAMS) for marketing community world-wide.

The objective of the International Institute of Marketing Professionals is to develop Internationally Accepted Marketing Standards that are of high-quality, practical, enforceable and comprehensive. The standards will implement best practices, polices and accountability in the field of marketing and will be used to establish integrity and ethical conduct in the marketing profession. By providing credibility to the marketing practices, interactions and transactions with clients within business-to-business and/or business-to-consumer marketing environments will be facilitated. The adoption of Internationally Accepted Marketing Standards will distinguish the marketing field from other disciplines and the standards will provide a framework and reference for training programs and marketing designations.

**The Internationally Accepted Marketing Standards will have the following objectives:**

1. The Internationally Accepted Marketing Standards will be based upon generally accepted marketing principles and practices.
2. The standards will strive to implement best practices, best tools, polices and accountability in the field of marketing, in order to be used by marketing practitioners.
3. The adoption of Internationally Accepted Marketing Standards will distinguish the marketing field from other disciplines.
4. Such standards will be used in order to establish integrity and ethical conduct in the marketing profession and aid in separating marketing practitioners from any unethical behaviour performed by other entities whom have not adopted such standards.
5. The standards will provide a framework and reference for training programs and marketing designations.

I would like to commend profound allegiance of the Internationally Accepted Marketing Standards team, who is committed to advance marketing community.

All the best,

*Nisar Butt*

**Nisar Butt**, MBA, DBA Marketing Candidate  
President and Chief Executive Officer  
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# Editorial

## Is The Field of Marketing Ready For Change?

It gives me great pleasure to present the second issue of the International Journal of Marketing Principles and Practices (IJMPP) which is the journal of the International Institute of Marketing Professionals (IIMP®). The IIMP® has the widest advisory network throughout the world (with 150 countries) and aims to be the voice of the best marketing ideas from all around the globe. The IJMPP seeks to publish articles which provide insights for managers, consultants, lecturers and students engaged in the field of marketing. I would like to thank all those who have dedicated their time to this journal.

In light of the recent financial and economic events, it is important to consider marketing theories which are geared toward sustainability, challenge standards, and help anticipate changes, since reactions to events are often already too late. Indeed, change has become the standard under the pressure of globalization and rapid improvements in information and communication technologies (especially the Internet). Global competition in the post-crisis era will certainly be much more challenging, forcing organizations to contend with constant and growing uncertainties. In such a context where company environments have become blurred, market threats and opportunities are increasingly difficult to detect, and making the right marketing decisions is more crucial than ever. For that reason, marketing tools and methods must be dynamic to avert blind spots and ensure that competitors' moves and consumer tastes can be anticipated. It was in light of these issues that Steve Jobs said, "A lot of times, people don't know what they want until you show it to them." To be the first to hit the market with a product that is well received provides a competitive advantage which is difficult for followers to reverse. That is why it will take time (that is, if they are able to succeed) for Samsung and others to surpass the Ipad. It is for such situations as this that Marketing Early Warning Systems must be developed, strengthened, and supported by software that will anticipate market changes for the short, mid and long term. Within that framework, there is room for improvement for practitioners as well as for academics.

This second edition contains **four** papers. **The first** is by Dr. Sheila Wright, Leicester Business School, De Montfort University, UK, and Jacqueline Cawston from the Serious Games Institute at Coventry University, UK. It investigates the direct marketing campaigns targeting employers by employer liaison staff at a new university. They propose a new University to Business framework which draws attention to the necessity of considering the power of a values-benefits driven approach.

**The second** article is by Prof. Carmen Berne at the University of Zaragoza, Spain, Dr. Esperanza Garcia-Uceda at the University of Zaragoza, Spain, and Prof Jose Miguel Mugica at the University of Navarra, Spain, and it deals with the specific services supplied by trade-show organizers and the perceptions of exhibitors as determinants of success. Based on the findings, they provide a framework for the development of organizers' strategies and means to improve their services.

**The third** paper is by Dr. Wineaster Anderson at the University of Dar es Salaam in Tanzania. It emphasizes the differences between female and male-owned small-medium sized enterprises regarding business characteristics, the application of marketing strategies, and the associated marketing challenges.

**The fourth** article is by Aygul Isayeva at the International Black Sea University and SOCAR Georgia petroleum in Tbilisi, Georgia. This paper explores the impact of the dimensions of perceived justice and disconfirmation on Satisfaction with Service Recovery. To conclude this brief editorial, I would like to thank all the authors who have submitted papers to the IJMPP.

I look forward to receiving the best of your work.

***Christophe Bisson, Ph.D***

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# The Shifting Sands of University Funding: A Values-Benefits Driven Approach to Formulating Employer Liaison Direct Marketing Activity

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## Abstract

This study looks at direct marketing campaigns aimed at employers by employer liaison staff within a new University. A two-phase study was undertaken, first with employers and then with employer liaison staff. The results identified disparities in approach not only between employer liaison staff and employers but also between employer liaison staff themselves. A far from coherent picture emerged with differing objectives being followed by departments and faculties. Giving due regard to various aspects of non-profit and B2B marketing models, a new University to Business (U2B) framework is proposed which draws attention to the need for employer liaison staff to recognise the power of a values-benefits driven approach and how this can be a valuable foundation for an integrated marketing communications strategy for the University.

### Key words:

Employer liaison, direct marketing, empirical study, U2B framework

# 1. Introduction

Income generation has become a popular driver for Universities. Government is applying subtle pressure on Universities to earn income from sources other than tuition fees (Jones, Macpherson & Woollard, 2008; Altbach, Reisberg & Rumbley, 2009). This is fuelling the growth of business development and associated activities. Some ten years ago, Little (2001) identified that employability was high on the agenda of most Universities. This situation has not changed and the successful marketing of students and graduates to employers is not only an important statistic for graduate first destination figures but for the ubiquitous league tables. It is also a major influence in university selection by prospective students and those who advise them (Dill, 2006; Marginson, 2009).

The generation of income from external sources is also a key driver for Universities as central funding becomes squeezed, tuition fees are set to rise and job cuts, either by natural wastage or redundancy schemes are not out of the question (Deem, 2004, Deem & Brehoney, 2005, Walker & Zhu, 2008; Dearden, Fitzsimons, Goodman, & Kaplan, 2008; Bowcott & Shepherd, 2010).

Shortly after the turn of this century, Universities started to create an Employer Liaison (EL) role. The Higher Education Reach Out to Business and the Community initiative (HEFCE, 2000) encouraged Universities to work with employers and business to strengthen community links and innovation. The Harris Report (2001) recommended that Careers Services work more closely with business and employers to aid graduate recruitment. The role of EL, which typically focussed on graduate recruitment, was traditionally positioned within the careers services, but increasingly, these have been moved into business and community service departments within Universities. Other staff are also engaged in employer liaison under various titles such as Employer Engagement and Placement Managers, and there are also those relationships which academic staff might have through their professional networks.

The typical reasons for Universities wishing to engage with employers are: securing of placement appointment for current students, recruitment of graduates, recruitment of companies and employers to work with the University on projects, sell research services and professional development courses to employers, sell consultancy or business support services including business incubation schemes. As a consequence, the role of University EL (UEL) staff is growing as institutions jostle for position in the league tables and strive to supplement income from tuition fees with income generated from businesses.

This article reports on a two-phase study conducted at a Midlands based post-1922 University, which aimed to understand the effectiveness or otherwise of the direct marketing approaches which were being undertaken with employers.

## 2. The need for a change in strategy

In 1998, under Prime Minister Tony Blair, the Labour Party introduced tuition fees of £1,050 per annum but a cost of living loan of £3,500 per annum was made available to students. In 2006 tuition fees were raised again with individual Universities setting their own tuition fee rate. The “top up” fees were capped at £3,000. Most Universities opted to charge £3,000 tuition fees per annum but they varied in the amount of bursaries and grants they issued to support differing groups of students (Alley & Smith, 2004, Ramsden & Brown, 2010). These fees are now set to rise from a current cap of £3290 per year to between £6000 and £7000 with some universities being allowed to charge more. Universities would be able to keep all of tuition fees up to £6,000 or £7,000, but beyond that point they would only be able to keep a diminishing proportion of the fee paid by students (BBC News, 2010).

At the time of introduction, the level of dependence on tuition fee income varied greatly according to the reputation and standing of the University and its record for enrolment (Ramsden & Brown, 2007). Tuition fees marked a sea-change in the relationship between that of University and student from educator and scholar to provider and consumer.

In 2000 the Higher Education Funding Council for England (HEFCE, 2000) introduced an initiative to supplement the income to Universities from tuition fees and from Government. This was called the Higher Education Reach Out to Business and the Community (HEROBC). It was announced that they would issue grants of over £20 million to help Universities work more closely with community organisations and business (HEFCE, 2000). The initiative aimed to encourage Universities to build on their individual strengths and collaborate with business. HEFCE Chief Executive Sir Brian Fender said: ‘*Closer knowledge-sharing between HEIs and business and the community is good for the economy and all concerned*’ (HEFCE, 2000). The Rt. Hon. David Blunkett MP, Secretary of state for Education and Employment at the time, urged Universities to collaborate with industry, and the DTI to work within a wider Higher Education Innovation Fund (Blunkett, 2000).

Previously, as non-profit making charities, Universities did not have to especially focus on income generation. The HEROBC initiative under the Higher Education Innovation Fund (HEIF) provided funds to develop commercial sectors of Universities and encouraged spin out companies and innovation. HEROBC aimed to embrace higher education-to-business links. This resulted in the development of the EL role within Universities and a greater focus on which marketing communication methods could usefully be employed to enhance that relationship.

### 3. Not for profit, B2B marketing

Dunlap and Abrahamson (2008) surveyed over one thousand marketing executives working for non-profit organisations in the USA. Their findings concluded that their top priorities were 1) building awareness, 2) generating income, 3) branding and 4) customer retention. The sample reported that they believed that in five years time they would be challenged to generate revenue and enter new marketing channels more effectively. Marketing spend for most of the organisations was small, 56% had less than \$100,000 (£54,600) at their disposal. University marketing departments had the largest number of staff and the largest budgets with responsibility for communications, but not business development or income generation. A significant factor in this report was that non-profit marketers had difficulty in measuring their success with regard to the effectiveness of their marketing programmes. They tracked event participation, overall income and member recruitment but they were dissatisfied with the evaluation of advertising and digital media.

The findings of Dunlap and Abrahamson (2008) noted that emphasising the non-material benefits were the most successful ways of raising awareness and this echoes the findings of MacMillan, Money, Money and Downing, (2005). In their paper they build upon the “commitment-trust model” of non-profit relationship marketing first designed by Morgan and Hunt (1994). MacMillan et al. (2005) developed theories around relationship marketing in the non-profit sector and emphasised developing long term supportive relationships with existing customers, rather than concentrating marketing efforts on attracting new customers. They offered an adapted model and tested this with 41 NPO funders to explore ways of maintaining and developing relationships. The research encouraged respondents to suggest changes to the model and the most significant finding was the need to include material and non-material benefits in the relationship.

Material benefits included positive publicity from funder association with the NPO and knowledge exchange. Non-

material benefits included intangible beliefs and perceptions that the donation had a positive impact upon the NPO organisation, allowing funders greater involvement in their activities, showcasing their achievement and offering transparency in their operations. It is suggested here that this is an entirely appropriate approach which applies very well to the UEL role.

MacMillan et al. (2005) also identified that funder relationships with NPOs differ from orthodox B2B or B2C relationships because the funder is not necessarily a direct consumer or beneficiary. Therefore they do not normally have any involvement in service delivery. The crucial element of NPO marketing is therefore trust.

MacMillan et al. (2005) also found that funders relied upon past experiences when deciding to commit to the NPO. They believed that the way the NPO had operated in the past, especially in terms of trust and commitment would signify how they would treat the funder in the future. They recommend an NPO strategy that built trust and commitment by developing identification with the cause and retained the trust of funders in terms of data protection and frequency of contact. As a consequence of the HEROBC initiative in 2000, most Universities became a working hybrid of an NPO and B2B enterprise. It was clear that in this brave new world, UEL staff would be required to learn and champion an entirely new attitude towards securing and retaining employer confidence.

### 4. Why direct marketing?

Pickton and Broderick (2004) defined direct marketing as ‘*an array of marketing communications activities from around the Integrated Communications Marketing Mix model which are targeted at the end customers and users*’ (p. 621). Jobber (2004) defined direct marketing as ‘*acquiring and retaining customers without the use of an intermediary*’ (p. 908). Kotler (2004) defined direct marketing as ‘*Direct communications with carefully targeted individual consumers to obtain an immediate response*’ (p. 543). Being one of the least expensive methods of making contact, (Tapp, 2008) it was inevitable that direct marketing would be one of the primary weapons on the UEL toolkit.

Direct marketing has evolved from the early days of catalogue companies, direct mailers and telemarketing companies. The latest paradigm shift takes account of the advances in technology with the growth of e-marketing and e-commerce. Direct marketing covers many forms of marketing communications; mail being only one component of a range of options which include telephone, broadcast media, print



media, digital media and personal selling. In this fast moving age of digital and interactive media it makes sense to employ multiple communication options (Pickton & Broderick, 2004; Rosenbloom, 2007; Tapp, 2008; Valos, 2008; Peterson, Gröne, Kammer & Kirscheneder, 2010).

One of the questions facing the direct marketer is how to allocate resources. Should traditional methods such as mail, be abandoned in favour of digital marketing? Batchelor (2008) argues for the advantages of mail and states that the first serious challenge to mail came in the 1970's when the percentage of the population having fixed line telephones reached 50%. During the 1990's mail hit a peak followed by a decline with wide usage of digital, and concerns over junk mail. Digital methods are a growing medium; the advantages are many. Digital mail is cheap, easy, local, reliable, accessible, fast, consistent, secure, un-limited (in terms of what and where it can deliver) and universal, in the sense of being able to be used by, and to reach anyone and everyone (Batchelor, 2008). Mail is also universal and can be personal but it has undoubtedly acquired the reputation of junk mail or "carpet bombing" and where urgency is a priority, e-mail is the preferred option (Batchelor, 2008). Where there is a need for elaboration or reference for the future, mail has an advantage while e-mail is regarded as being more environmentally friendly. This is diminished when the recipient requests the sender to put the hard copy in the post. Batchelor (2008) also talks of the distinctive characteristic that normal mail has as a medium in that it can be appreciated and absorbed in any situation. It is tangible, permanent and physical.

Lane Keller (2001) argues that the key is to understand how marketing communications work and to develop the appropriate combination of options to 'inform, persuade, incite and remind customers directly or indirectly' (p. 819), about the brands they are promoting. Many different types of consumers encounter many different types of marketing communications thus, the key is to provide a variety which will appeal, taking into account their wide range of prior knowledge and experience.

## 5. Research design

To assess employers' attitudes towards direct marketing approaches from UEL staff and to evaluate direct marketing to employers in terms of attractiveness, relevance and response, required a two-level enquiry approach, one with employers (Phase 1) and one with UEL staff (Phase 2).

This gave rise to six research questions:

### **Phase 1: Employer Level:**

- Which direct marketing methods used by UEL staff are preferred by employers?
- Does the size of the company make a difference to the attitudes of employers towards UEL direct marketing approaches?

### **Phase 2: University Level:**

- What do the direct marketing campaigns conducted by UEL staff consist of?
- What evaluation or feedback about marketing campaigns is collated?
- What are the results of evaluation?
- What gaps exist in the direct marketing strategies employed by UEL staff?

It was anticipated that the findings would contribute to a statement of good practice in UEL direct marketing strategies. A mixed methods approach was deemed to be most suitable, using self-completion questionnaires for the employer group and telephone interviews with the UEL group.

**Phase 1:** Employers who had attended a regional student and graduate fair were selected as the purposive sample because they were likely to provide the best information given the topic being studied. These employers were already in communication with UEL staff and had also received direct marketing communications from the University so they were deemed to be highly likely to respond to the questionnaire. The combination of event and content also complied with the conditions outlined by Denscombe (2007; 2010) as to when a questionnaire approach would be most productive, namely: used with large numbers, the information required was fairly straightforward, relatively brief and uncontroversial, the social climate was open enough to allow full and honest answers, there was a need for standardised data from identical questions without requiring face to face interaction and the respondents were able to read and understand the questions.

A total of 100 one page questionnaires were distributed at the start of the event and collected at the end of the day. This ensured that there was a complete absence of researcher interface or bias. Eight questions were asked, starting with the size and nature of the organisation to aid classification and comparison of responses. All of the questions were fixed choice in style and respondents were asked to state their preferences and attitudes to marketing campaigns by UEL staff. The final question was phenomenological in nature and asked the employer to state how they perceived the marketing material they received. A five point Likert scale (Remenyi, Williams, Money, & Swartz, 2002) was offered here and there was no filtering of questions. Of the 100 distributed, 64 were returned, of which four were incomplete. This produced a very acceptable response rate of 60%.

**Phase 2:** The sample frame for the UEL staff was drawn from those who, as part of their role, conducted marketing campaigns to employers. In order to obtain a comprehensive view of activity, care was taken to ensure that there was at least one representative from each faculty and department. Telephone interviews were conducted with a purposeful sample of ten staff over a three week period in April 2008. All participants had been contacted prior to the telephone call by email to request that they take part in the survey. The email also attached the research questions so that they could prepare their replies and if necessary gather evidence.

Telephone interviewing was chosen because the interview sample was intelligent with good communication skills, two-way dialogue was possible and there was potential for supplementary questions to be asked. A template of 16 questions to gain empirical evidence of current marketing campaigns was used, with a mix of open and closed questions.

Some mirrored those asked in the Phase 1 Employer study to establish a correlation between direct marketing approaches delivered by UEL staff and direct marketing approaches preferred by employers. The more sensitive questions such as employer contact and marketing budgets were asked toward the end of the interview. Only one person declined to answer the question about budgets. The final question was open ended and gave the participant the chance to explore new options for future direct marketing campaigns.

Following the best practice advice of Johnson (2008), Flick (2009), Gray (2009) and Hesse-Biber and Leavey (2010), an interview protocol was used to aid analysis which enabled the researcher to take notes during the interview, act as an aide memoir, provide a format for recording the data and ensuring that the interviewee was thanked for their contribution. As employability and income generation were subjects of interest to the UEL staff, participation was secured from all interviewees.

## 6. Phase 1 - findings and analysis

Results between SMEs and large companies were compared. For particular questions about employer preferences, the total data was used to give an overall picture of preferences to enable comparison with that from Phase 2 findings.

Whilst recognising that there are many ways to determine size (DBERR, 2008; European Commission, 2010), headcount, turnover and balance sheet being the three most common, it was decided that a headcount in excess of 250 people would be classified as a large company. Those with fewer than 250

were regarded as an SME. It was felt that the respondents were likely to recall the number of employees in their firm more easily and accurately, than they would the turnover or balance sheet.

### *Firm demographics*

Of the 22 SMEs (37%), the majority claimed to have a national orientation, whereas, not surprisingly, of the 38 large firms (63%) the majority claimed to have an international location. This would suggest that in the latter cases, these firms were either head offices or subsidiary locations of global firms.

### *Frequency of marketing material received from the University*

For SMEs the mode was annual, whilst for large firms, the mode was quarterly (Table 1).

**Table 1: Frequency of marketing material received from Universities**

	Weekly	Monthly	Bi-Monthly	Quarterly	Annually	Never	No Preference
SMEs n = 22	2	3	2	5	8	1	1
Large n = 38	3	6	3	13	7	2	4

When asked what their preference was for the receipt of marketing material from the University, both SMEs and large firms preferring quarterly contact (Table 2).

**Table 2: Preferred frequency of marketing material received from Universities**

	Weekly	Monthly	Bi-Monthly	Quarterly	Annually	Never	No Preference
SMEs n = 22	2	4	3	8	3	3	1
Large n = 38	1	8	3	19	5	0	2

This instantly reinforces the need for correct targeting and a keen understanding by UEL staff of the preferences of their audience and the difference between firm sizes. It would also suggest that six large firms are not receiving the quarterly contact they seek and as such, a potentially valuable funding stream is not being addressed by Universities in the way it wishes to be. Likewise, SMEs are in receipt of contact on an annual basis when in fact they too wish to be contacted quarterly.

### *Type of contact received from Universities*

Multiple selection was allowable for this question with the mode being personal e-mail for both sizes of firm surveyed (Table 3).

**Table 3: Type of contact received from Universities**

	Post	Phone Call	Personal Visit	Personal E-mail	Group E-mail	Networking Events	Web-site
SMEs	7	5	3	14	6	0	5
Large	13	11	4	26	7	3	11

When asked their preference for the type of contact method used, several employers gave equal rankings to one or more methods (Table 4).

**Table 4: Preferred type of contact received from Universities**

	Post	Phone Call	Personal Visit	Personal E-mail	Group E-mail	Networking Events	Web-site
SMEs	7	1	2	6	5	1	3
Large	18	5	7	17	4	2	6

These findings suggest that the senders of marketing material are somewhat out of line with the preferences of their recipients and that in order to retain their interest, it is necessary to recognise that by using one method of contact so dominantly, the University may actually be losing “touch-point” opportunities via other media. It can be seen also that phone calls are really not welcome and it does not take a genius to realise that this type of unwanted and unexpected intrusion into the day is unlikely to find favour with busy executives. It is akin to the now demonised double glazing sales tactic. The risk of alienating potential funders grows if the caller has misplaced confidence that their call is more important than the funder’s daily business, they believe, as with the aforementioned example, that persistence will overcome all barriers, refuses to speak to anybody other than the most senior manager they have been able to identify by name, will not leave a message and/or will not give up until the person they wish to speak to eventually tells them to cease calling.

### *Type of printed marketing materials preferred*

Several employers again gave their preferred method of more than one type of printed material. For SMEs there was a preference for the A5 flyer, closely followed by the A4 flyer. For large firms the preference was clearly for the A6 flyer followed by the A5 brochure (Table 5).

**Table 5: Type of printed marketing materials preferred**

	A4 brochure	A4 flyer	A5 Brochure	A5 flyer	A6 brochure	A6 Flyer	No Preference
SMEs	3	5	3	6	2	3	1
Large	8	6	12	6	6	14	2
Total	11	11	15	12	8	17	3

These findings should indicate to the University sending such material that they are more likely to find favour from the recipient if they communicate via the printed media format which is most useful to, and desired by, them.

### *Reaction to being contacted by the University*

Employers were given a 5 point scale to record their views on how they felt when being contacted by the University. The findings are shown below, split between SMEs and large firms (Table 6).

**Table 6: Reaction to University contact**

Question SMEs n = 20 Large n = 34	Strongly Agree/ Agree		Neither Agree nor Disagree		Disagree/ Strongly Disagree	
	SME	Large	SME	Large	SME	Large
I like to be contacted by the University on a regular basis	50%	50%	30%	24%	20%	26%
I am more likely to read marketing material personalised to me	65%	56%	20%	29%	15%	15%
I only like to contact the University when I have a project to discuss	35%	24%	35%	44%	30%	32%
I prefer to receive news and information with the University marketing material	35%	41%	30%	44%	35%	15%
I get too much marketing material from the University	15%	15%	40%	41%	45%	44%

The key points from this analysis are highlighted. For both size of firm, 50% like to be contacted by the University, but a warning bell should sound at the high number who are ambivalent or actively dislike being contacted on a regular basis. It is possible that some of the preceding findings regarding method and style of contact could be responsible for this. Personalising printed material is clearly desired by the recipient. It would seem illogical to go to the expense of producing and posting printed material if it risked being ignored through lack of a personal touch. The question of whether employers seek contact with the University when they have an idea or a project to discuss received a mixed response with no dominant answer.

Large firms were relatively non-committal with SMEs leaning towards the positive end of the scale but in equal measure, as non committal as the large firms. News and information appears to be of little interest to large firms but there is an equal split of positive and negative reaction for SMEs. Finally, it is perhaps pleasing to note that the majority of the answers to the final question indicated that both SMEs and large firms were either undecided or stated that they did not agree that they received too much marketing material from the University. This leaves open the door for greater contact, provided it is in the right format and does not stretch their patience. The answers to these questions verified those given earlier and it was possible to identify consistency in the views given.

## 7. Phase 2 - findings and analysis

The roles of the ten interviewees were varied but in all cases, they were involved in direct marketing activity to employers. Four staff spent between 10-30% of their time on direct marketing, two spent 30-50%, three spent 50-70% and one spent 70%. Overall, a significant investment, in staff time alone. Anonymity for all interviewees was guaranteed which secured 100% response rate to all questions.

### *Reasons for marketing to employers*

When asked to articulate why they engaged in marketing to employers, responses indicated a spread of motives ranging from securing placement opportunities for undergraduates, selling post-graduate/professional courses, liaise with industry to raise the profile, generate income and secure tenants ( Table 7 ).

**Table 7: Motivations for marketing to employers**

<b>Securing Placements</b>	
Int 1	<i>'Generate opportunities for placements to promote university services widely including careers and employment schemes. To build relationships and gather information about what they want'</i>
Int 4	<i>'To secure good quality placements to compete with other Universities'</i>
<b>Selling Courses</b>	
Int 5	<i>'To sell the post graduate courses and professional development to industry and public bodies. To gain employer engagement'</i>
<b>Industry Liaison</b>	
Int 2	<i>'To work with industry on a range of projects, build long term relationships and liaise with industry. It is crucial to the success of the project to get industry commitment'</i>
Int 7	<i>'To market the students and graduates to employers and make employers aware of our services. We want to raise the profile of the University with industry'</i>
Int 9	<i>'To make employers aware of the services, facilities and support available. To let them know about our research options and increasing product range'</i>
<b>Generate Income</b>	
Int 3	<i>'To sell University services and show them what is available to them'</i>
Int 6	<i>'To achieve income generation for the University overall'</i>
Int 10	<i>'To generate business and bring in income for the faculty'</i>
<b>Secure Tenants</b>	
Int 8	<i>'To get tenants for the incubation services and mentors for start up and growing businesses and the enterprise programmes'</i>

### *Types of employer marketed to*

UEL staff market to a range of sectors. Only one respondent focused primarily on SMEs, five were focused on large manufacturing, health care, engineering and IT firms, the creative industries was a feature for three and one was willing to look at all sectors.

### *Type of marketing campaigns undertaken by the University in the previous 12 months*

Responses received were varied and in some cases, a number of different types of campaigns were engaged in. The count is shown in Table 8.

**Table 8: Type of marketing activity in the past 12 months**

Post	Phone Call	Personal Visit	Personal E-mail	Group E-mail	Network Events	Website
10	5	8	6	6	1	7

The responses however, reveal greater detail, attitudes and resource allocation issues which are not necessarily consistent across the board. Some of the views given are in contradiction to what employers want.

- *'A4, A5 and folded A3 leaflets and employer packs are used, then phone to follow up'*
- *'We only send personal not group emails'*
- *'Personal visits are best because they generate opportunities. We can make them understand the benefits. This works best for SMEs'*
- *'We use personal visits because it is easier to explain our complicated scheme in person'*
- *'Networking is the most popular and effective. We follow up with personal visits and newsletters'*
- *'Networking and face to face marketing is most effective, flyers were not as successful'*
- *'We use e-mail or post'*
- *'Resources don't allow us to conduct personal visits'*
- *'We only market to set outputs then stop, we mailed out to over 100 employers'*
- *'We do telesales'*
- *'We don't do personal visits but give employers the option to come into the University'*
- *'We get our customers from invited events'*
- *'We send personal letters about generic consultancy, research and continuing professional development'*
- *'Networking, but e-shots work best'*
- *'We have used conferences and networking for creative industry events'*
- *'We use personalised marketing if possible, which will include anything relevant, mainly project based'*
- *'We don't do much marketing as yet – we have to become more customer focussed'*

Despite post being the most frequently stated method, and although this was also their preferred method of contact, employers do not recognise this as being the principal means employed by the University. They report that the most frequent method of contact is by e-mail, when UEL staff prefer personal visits over personal e-mail. Employers did not recognise the frequency of personal visits which were advocated by UEL staff. Indeed all interviewees stated that they should visit employers more often, a strategy which employers did not desire.

### ***Type of printed marketing material used***

UEL staff used a number of different types, as represented below, the most common being A4 brochure followed by A4 flyer (Table 9).

Table 9: Types of printed material used

A4 brochure	A4 Flyer	A5 Brochure	A5 flyer	A6 brochure	A6 Flyer
8	6	4	2	0	0

This meets the first and third choices of employers but their second choice of A6 flyer was a type which was not used by any UEL staff.

### ***Frequency with which employers are contacted***

The mode for contacting employers was annually with 4 UEL staff selecting annually (Table 10). When this is compared to the amount of time that UEL staff say they spend on this activity it does beg the question as to what on earth they are doing instead?

Table 10: Frequency of employer contact

Weekly	Monthly	Bi-Monthly	Quarterly	Annually	Never
2	2	0	2	4	0

Employer preference is significantly out of line with current practice, with too much effort going into weekly and monthly contact when quarterly is the preferred frequency.

### ***Additional information included with marketing material***

Interestingly, seven UEL staff said that they only sent out material which was relevant to the project with three saying they sent out information on other University services. Employers had previously stated that they did not agree with the statement that they received too much information, yet they felt that at times the University sent material which was less well targeted to their needs. Although stating that personalised contact was part of the University's practice, there is more to this than just ensuring that the name and address label is correctly affixed. If additional, unwanted, material has been sent then it will likely be thrown away which surely is a cost, and irritation, which could be avoided.

### ***Employer feedback and future activity plans***

Whilst fully able to give anecdotal views on the effectiveness of various direct marketing methods, none of the interviewees could offer any evidence from employers on their reaction to the marketing activities engaged in by UEL staff.

They believed that e-shots could bombard employers, cold calling is ineffective, untargeted networking events don't work, postal marketing is not successful and that direct marketing with blanket coverage is not effective. They may be right in general terms, but for the population they are targeting, clearly they do not know for sure because they have never asked.

Consequently, it is not surprising that future activities are almost identical to the past but with one or two highlights. The stated activities for the forthcoming year are: run a joint employer and MBA event, develop a new brochure, run a new regional event (whatever that means), promote workshops for employers, exhibit at conferences and send out a new innovative mailer. How stimulating!

## 8. Lessons to be learned

The role of employer liaison in Universities has evolved over the last decade, the scope of activities and the impact of such positions was not anticipated or planned for. The staff which have been recruited into these positions are not always trained marketing professionals and as such are flying by the seat of their pants.

No effort has been put into understanding whether the activities which are undertaken are actually working or not. Indeed, this study was the first time that employers had been approached for their views and it was the first time that UEL staff had been asked to catalogue and evaluate their efforts. It is not surprising therefore that areas of concern were identified.

Table 11 (overleaf) presents a summary of the principal areas of disparity between employer preferences and UEL activity and on this basis, recommendations are made for improvements to be implemented.

### *The need for integrated marketing communications and skilled staff*

Most Universities have an integrated marketing communications (IMC) strategy, however, the majority of resources are targeted at recruiting students despite the findings of Edmiston (2008) which drew attention to the role which IMC played in contributing to a heightened institutional brand recognition. The study reported here highlighted a lack of synergy in UEL marketing which led to some activities being duplicated and others neglected. As a consequence, brand value may have suffered.

In order to address this, an IMC strategy should be established which would lead to better communication with employers and improved results. The IMC strategy would need to be led by a professionally trained IMC manager, with fund raising,

B2B and relationship marketing experience. Having consulted with all UEL staff, develop a coherent University wide UEL marketing communications strategy, secure the buy-in of all faculties and departments to ensure as much of a standardise approach as is possible, identify where specialist services and knowledge might be leveraged, disseminate and implement the strategy, establish an IMC calendar to co-ordinate instead of replicate activities and establish an UEL marketing steering group for ongoing and future development. To assist in dealing with the disparity between employer preferences and UEL marketing activity, it would be essential to involve employers in the IMC process. The group, drawn from both SMEs and large firms, would act as a sounding board for new marketing ideas and provide input to new programmes. This will also build relationships by developing identity with, and symbiotic commitment of, both parties.

The study also highlighted the growing specialism of UEL marketing and it is surprising that it was not possible to identify any specialist courses or professional development modules that fitted this new discipline. MacMillan et al. (2005) found that, the two most relevant skills for successfully building relationships with employers in an NPO were listening and interaction. They also highlighted the importance of being able to communicate passionately and knowledgeably about the subject.

### *Adopting a new framework*

UEL staff work across all faculties and departments with business development and career/placement roles situated centrally in the University. The results highlighted the absence of a model or framework that would span the commercial and non-profit sides of the University.

In an attempt to fill this gap, we referred to Minett (2002) who identified five major elements which have to be fulfilled in order for a funder to trust a brand. We have also integrated the features identified previously by MacMillan et al. (2005) and we have applied these to a University scenario. We would suggest that there is also a distinct and obvious advantage if all of these five elements are in place and highly visible in any marketing activity undertaken by the University, whether that is in physical media or UEL staff attitude and practices. It is essential that these are able to be demonstrated and become the foundation for all contact with potential funders. Although not necessarily questions which will be articulated in quite this way, before making a commitment, funders will, nevertheless, seek answers to them, either explicitly or implicitly.

**Table 11: Principal areas of, and recommendations for the correction of disparity between employer preference and UEL marketing activity**

<b>Employer Preference</b>	<b>Employers Perception of UEL Staff Practice</b>	<b>Actual UEL staff Practice</b>	<b>Immediate Action Needed</b>	<b>Possible Additional Measures</b>
<ul style="list-style-type: none"> <li>Quarterly contact</li> </ul>	<ul style="list-style-type: none"> <li>Annual (SMEs)</li> <li>Quarterly (Large)</li> </ul>	<ul style="list-style-type: none"> <li>Predominantly annual contact</li> <li>No distinction drawn between SMEs and large firms</li> </ul>	<ul style="list-style-type: none"> <li>Cease weekly and monthly contact</li> <li>Identify SME employers in the target list and ensure they are contacted quarterly</li> </ul>	<ul style="list-style-type: none"> <li>Ensure an "across the board" practice of quarterly contact with all firms</li> </ul>
<ul style="list-style-type: none"> <li>Contact first choice of post, personal e-mail second.</li> <li>Phone calls and networking are the least preferred options.</li> </ul>	<ul style="list-style-type: none"> <li>Contact predominantly by personal e-mail</li> <li>Too keen to make a personal visit</li> </ul>	<ul style="list-style-type: none"> <li>Personal letters are sent, e-shots are best.</li> <li>Exhibitions and networking works well</li> <li>Personal visits are needed to explain complex projects</li> <li>Telesales</li> <li>Will allow the option of coming to visit the University</li> </ul>	<ul style="list-style-type: none"> <li>Recognise that post is the preferred method and act</li> <li>Engage in mixed contact methods</li> <li>Recognise that networking events and answering unsolicited phone calls are time consuming and are not always convenient or welcome</li> <li>Recognise that it is the University which needs the employers in this scenario, not vice versa so act accordingly.</li> </ul>	<ul style="list-style-type: none"> <li>Consider sending high quality printed University Annual update by post, not a PDF attachment to an e-mail</li> <li>Reduce the number of personal visits</li> <li>Only go when invited and do not <u>expect</u> them to come to you</li> <li>Assume that employers do not have the time to spend on a face-to-face meeting unless they ask for it, in which case, you go to them</li> </ul>
<ul style="list-style-type: none"> <li>A6 flyer</li> <li>A5 brochure</li> <li>A5 flyer</li> </ul>	<ul style="list-style-type: none"> <li>A4 format is the usual size which is also more costly to print/post/distribute</li> <li>Seems wasteful</li> </ul>	<ul style="list-style-type: none"> <li>A4 brochure</li> <li>A4 flyer</li> <li>A5 brochure</li> </ul>	<ul style="list-style-type: none"> <li>Consider using A6 flyer as an alternative type</li> </ul>	<ul style="list-style-type: none"> <li>Assess the potential to reduce cost by using flyers as a means of obtaining targeted interest lists. Those who respond to flyers with a request for a brochure become engaged rather than distant contacts and are better follow up leads</li> </ul>
<ul style="list-style-type: none"> <li>Personalised marketing material</li> </ul>	<ul style="list-style-type: none"> <li>Receipt of a number of indiscriminate items. most of which seem to be for the University's, not always their, benefit</li> </ul>	<ul style="list-style-type: none"> <li>Inclusion of additional material despatched whether asked for or not</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that "personalised" applies to the entirety of all contact including material despatched</li> </ul>	<ul style="list-style-type: none"> <li>Time saved in reduced frequency of contact should be spent on cleaning the database, establishing exactly how the University can assist employers, not vice versa, and delivering to those needs wherever possible</li> </ul>
<ul style="list-style-type: none"> <li>Some amount of general news and information</li> </ul>	<ul style="list-style-type: none"> <li>Too much general material</li> <li>Not especially targeted to their needs or situation</li> </ul>	<ul style="list-style-type: none"> <li>Send out employer packs full of general information, some of which may or may not be relevant.</li> </ul>	<ul style="list-style-type: none"> <li>Review current practices and cease sending out material just because it is available</li> </ul>	<ul style="list-style-type: none"> <li>Instead of assuming employers are actually interested in the detail, explain to employers how the University services might be applied to helping them develop their business, or an idea or a project.</li> <li>Aim to make the traffic less one-way</li> </ul>

**Competence:** Does the University have the right experience, technology, staff numbers and knowledge to produce and support the products which are being offered?

**Probity:** Is the University capable of dealing fairly and legally with businesses? Will my intellectual property be respected?

**Continuity:** Does the University have the resources and commitment to deliver what they promise over time? What contingency plans do they have in place to cover unforeseen events?

**Caring:** How convinced am I that the University's employees are sufficiently well motivated to care about my project or the services they are marketing?

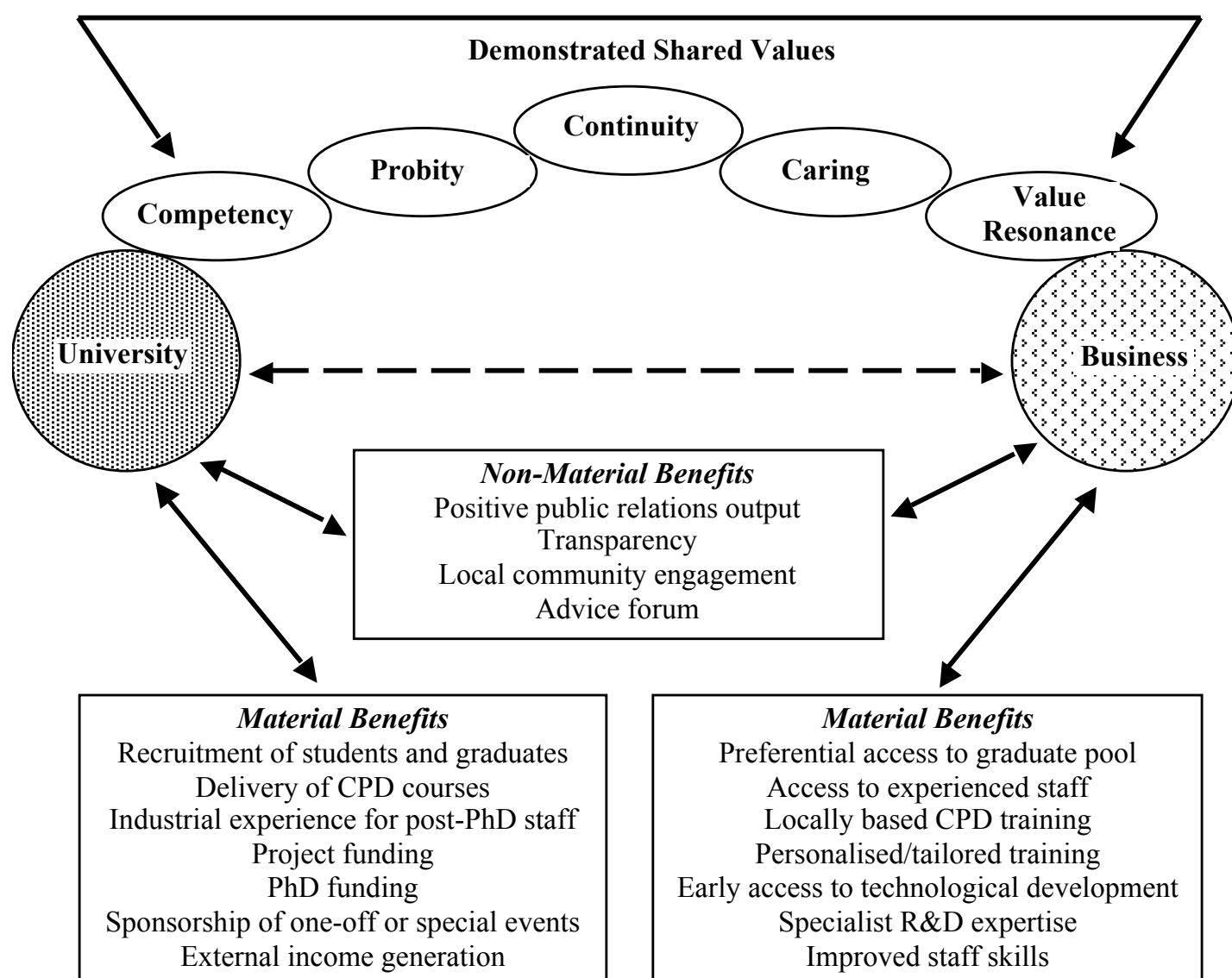
**Value resonance:** Does the University share common ground with me on major issues such as ethics and social responsibility?

We have also identified the typical elements which would comprise material and non-material benefits. In order to ensure that these values are demonstrated and kept at the forefront of any interaction between UEL and employers, a values-benefits driven U2B framework is proposed, illustrated as Figure 1.

#### Marketing control measures

The study showed a lack of marketing control to capture and analyse any feedback from UEL marketing activities. The recommendation is to ensure that marketing control is an essential element of the IMC strategy. Evaluation and analysis in terms of return on investment may justify the personal visits conducted by UEL staff against the evidence of their unpopularity with employers.

**Figure 1**  
Values-Benefits Driven U2B Framework for Formulating UEL Marketing Activity





## 9. Limitations and further research

The study was restricted to one University for reasons of economy and access. It does not claim to cover UEL marketing in all Universities. As there are currently 113 such establishments in the UK and all are under the same pressures to generate external revenue, it follows that there will be similar activities being undertaken elsewhere. Whether these are better, equivalent or worse than the findings from this study are unknown.

This research design is perfectly suitable for being replicated by UEL staff in other locations who may have a wider range of methods or a different strategy (West, Ford & Ibrahim, 2006). This would assist the development of the U2B framework suggested here.

The marketing campaigns mapped by the survey mostly conformed to standard direct marketing activity. Research is necessary to investigate future marketing channels and methods. The study highlighted the fluctuating trends in organisations in their use of mail or e-mail. These methods present the highest volume of marketing traffic and there is a need to investigate the future direction of the market in these areas.

Little attention was paid to the flourishing digital media. A network for employers who are customers/partners with the University could be established as the channels and platforms providing the technology improve. Further research to evaluate how this could impact UEL marketing activities would be interesting. Virtual worlds and V-conferencing channels are also evolving (Lewis, 2007). More research is needed to evaluate the methods already being used and to investigate new marketing channels that UEL staff can utilise.

There are no claims that this is a heavily theoretical study but it is about the management of marketing in a particular, practical, scenario. It is worth remembering that the authors of seminal texts and high quality refereed journal articles can be found within the establishments where UEL activity is taking place so why are they not consulted? Why is haphazard and poorly targeted activity allowed to happen at all, let alone persist?

Finally, if the recommendations of this study are implemented, research should be conducted into the effects, efficiencies and economies of implementing an UEL strategy in the first place. It is neither a quick, or inexpensive route to the Holy Grail of achieving external income generation and maybe it is time for this to be looked at through a different lens.

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# Biographies



**Dr. Sheila Wright: Reader, Competitive Intelligence & Marketing Strategy at Leicester Business School, De Montfort University, UK.**

Before entering academia, Sheila's corporate career involved business analysis, M&A and organic growth assignments in UK, Turkey, Germany, Italy, Portugal, Belgium, France, Syria, Egypt and various states in the USA. Authored and co-authored work has been published in European Journal of Marketing, Journal of Marketing Management, Journal of Strategic Marketing, Thunderbird International Business Review, Marketing Intelligence & Planning and the Journal of Competitive Intelligence and Management. She is also author of The Financial Times Marketing Casebook first edition, published by Pitman. She has presented many papers to both practitioner and academic audiences on competitive intelligence, competitive marketing strategy and business development. Her research interests continue to be in the areas of competitive intelligence, insight management, competition, competitive behaviour and performance.



**Jacqueline Cawston: Programmes Director at the Serious Games Institute, Coventry University, UK.**

Jacqueline's role is to develop global and national consortiums in the new digital media arena. She manages a multi million pound portfolio of projects, linking industry with academics and the cluster of cutting edge digital media companies that make up the Serious Games Institute community. Working with serious games, virtual worlds and related digital media technologies for pc, mobile and tablet her role is to generate projects and income for the Institute and the University. Jacqueline began her career in digital media with BBC Television in London as a graphic artist, moving on to the early development of digital graphics, 3D and animation design. She ran her own Broadcast Media Company for 10 years, supplying camera and sound technicians and graphic design staff. Her career portfolio includes managing the adult team at Birmingham Brain Injury Centre, owning and running an e-marketing company and a design business. She has instigated and managed several large events including the largest creative industry event in the East Midlands area of the UK.

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# Managing Trade-Show Services as Determinants of Exhibitors' Loyalty

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## Abstract

The main aim is to prove the existence of different kinds of trade show organizer services and their effect on ones intention to attend the next show. This research proposes a causal model to test the relationship between exhibitors' satisfaction with different elements of the trade-show organizer service, and their attitudinal loyalty. The data base is made up of the responses to a structured questionnaire of exhibitors at an international trade-show focused on water management and environmental impact, in Spain. The work identifies two types of services, Basic and Supporting, as those provided by trade-show organizers, depending on their differential impact on exhibitor loyalty. They encompass strategic, tactical and operative levels: the combined action of the organizer regarding the quality of the audience, the location of the stand within the venue, and the management of logistical services, respectively. The research provides managerial implications for the organizer's effectiveness in retaining exhibitors.

### Key words:

Exhibitor, Trade Shows, Loyalty, Trade Show Organizer, Satisfaction, Zaragoza Fair, Smagua.

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# 1. Introduction

Trade shows have evolved from being a source of information for those agents involved (Moriarty & Spekman, 1984), to a source of interactive communication networks with great potential efficacy, capable of providing the participating companies with an important added value gained from the establishment of social and business networks (Rosson & Seringhaus, 1995; Rice & Almosawi, 2002; Ling-Yee, 2007; García-Uceda, 2005), as well as communities of practice with common or complementary interests (Borghini et al., 2006). Those involved in the networks and communities are the organizers or providers of trade show services in the host city, exhibitors, visitors, analysts and influential industrial suppliers, competitors, the members and representatives of associations and regulators, and the media (Condom, 2005).

The trade show organizer is the pivotal figure in the conception and implementation of the show activity, facilitating the meeting between supply and demand. In fact, the evolution of trade show activity reinforces the centrality of the organizer in the network.

The results of the trade show organizer's work are affected by two external determinants. First, the current state of the economy that has caused a contraction in the trade show sector, which is very sensitive to the economic cycle; and, second, the increased competition that exists among organizers, which translates into a broad offering of events worldwide, important innovations in content and a strong specialization in the sector, which is transmitted to all participants (Moriyón, 2008).

As a consequence, rivalry in the sector has expanded, as well as the diversification of actions relative to the organization of events. The Union of International Trade Fairs is composed of 52% of organizers of events, 23% of public organizers of trade shows, and 12% of owners of venues for such events.

This increased rivalry in a recession market affects the viability of newcomers, as well as the survival of traditional organizers who were first to enter the market (with venue activity). Private organizers have shown strength in the sector, concentrating their activity on establishing alliances with governments and public institutions, owners of venues, academic and scientific institutions, associations, global media, and even other organizers. In this way, they are attempting to answer the challenges of internationalization and the growing inter-dependence among the participating agents in the sector (Shanks, 2003). Newcomers require an aggressive approach with well-designed strategies in order to acquire customers, and traditional organizers act to maintain a competitive advantage, eliminating improvisation in the development of trade shows and putting more effort into planning and coordination.

The acceptance by the organizer of a strategic customer-centered approach is the starting point (Sheth & Sisodia, 2002; Grönroos & Ojasalo, 2004), which means tailoring strategies to retain customers that appropriately complement the strategies of customer acquisition (Smith et al. 2003).

More research effort into performance effectiveness could provide the trade show organizer with more precise performance evaluation tools (Tafesse et al., 2010) and differentiated instruments able to enlarge business networks, thus improving the organizer's prestige (Cardona, 2005). Recent research has focused on the impact of the visitor's perceived quality on trade show's effectiveness perceptions and on future purchase intentions (Gottlieb et al., 2011) but only little attention has been paid to exhibitors (Kang & Schrier, 2011). For this, the organizer must analyze the motivations that guide the selection of specific shows by the companies that are potential attendees, and the factors that determine the decision to repeat attendance at future shows, that is, organizer effectiveness. While the first line of research has been studied (e.g. Sharland & Balgoh, 1996, Dekimpe et al., 1997, Shanks, 2003, Berné & García-Uceda, 2008), the second has been only partially analyzed (Kang & Schrier, 2011).

Attempting to contribute in this line, the objective of our paper is to show the existence of different kinds of trade show organizer services, with a variety of effects on the intention to repeat attendance at the next show, and provide managerial implications. The database is primary information generated from a questionnaire addressed to exhibitors at Smagua trade show, in Spain.

In Section 2, we present the research hypotheses. Section 3 describes the method and Section 4 the results. The final section presents our conclusions, discusses the limitations of the research undertaken, and suggests avenues for future research.

## 2. Background and Hypotheses

There are existing studies that have analyzed the motivation of companies in the selection of trade show events (Wu et al., 2008, Yuksel & Voola, 2010). More specifically, it has been confirmed that companies that comprise the demand for trade show events will participate in those that provide greater levels of service in areas such as transparency of information (Bello, 1992; Sharland & Balgoh, 1996), promotion of the event (Dekimpe et al., 1997), possibility for strategic alliances and agreements with new partners (Shanks, 2003), and logistical and complementary services (Dickinson & Faria, 1985; Browning & Adams, 1988).

These services offered by the organizer can determine the level of professional attendance by exhibitors and visitors to a specific trade show event, to the degree that they consider it advantageous to them in reaching their objectives (Berné & García-Uceda, 2008). However, in the current context, the basic objective of attracting new clients should be combined with retaining existing customers (Smith et al., 2003), so that identifying the most valuable factors of the offer, and verifying the degree to which each contributes to retaining customers, is of key interest to the organizer.

In the trade show environment, the success of strategies implemented by show organizers to retain customers is linked to obtaining high levels of satisfaction with the service (Kang & Schrier, 2011) for the two basic demand groups: exhibiting companies and visitors (companies and consumers). Effective retention strategies depend on the use made of resources and the achievement of superior customer management (Theoharakis & Hooley, 2003). Thus, the organizer should focus first on achieving the objectives of satisfaction and, then, on gaining the loyalty of the customers.

Following Howard and Sheth (1969), satisfaction is the cognitive state of an individual that compares the benefits obtained with the sacrifice made, which can be monetary as well as physical, temporary and/or psychological. Consequently, experience and reflection on the cost/reward relationship, or equilibrium, is necessary, between what is received and what is given in return, in the experience of service rendered (Berné et al., 1996).

Loyalty assumes a positive relationship between the customer attitude toward an organization and repeat patronage behavior (Dick & Basu, 1994). It has a structural component, attitude, for example, intention to repeat the purchase or positive recommendation, and a behavioral component, for example, repeated purchases (Dick & Basu, 1994; Chaudhuri & Holbrook, 2001; Arrondo et al., 2002; Olsen, 2002; Anderson & Srinivasan, 2003; Kumar & Shah, 2004; Lin & Wang, 2006; Bandyopadhyay & Martell, 2007).

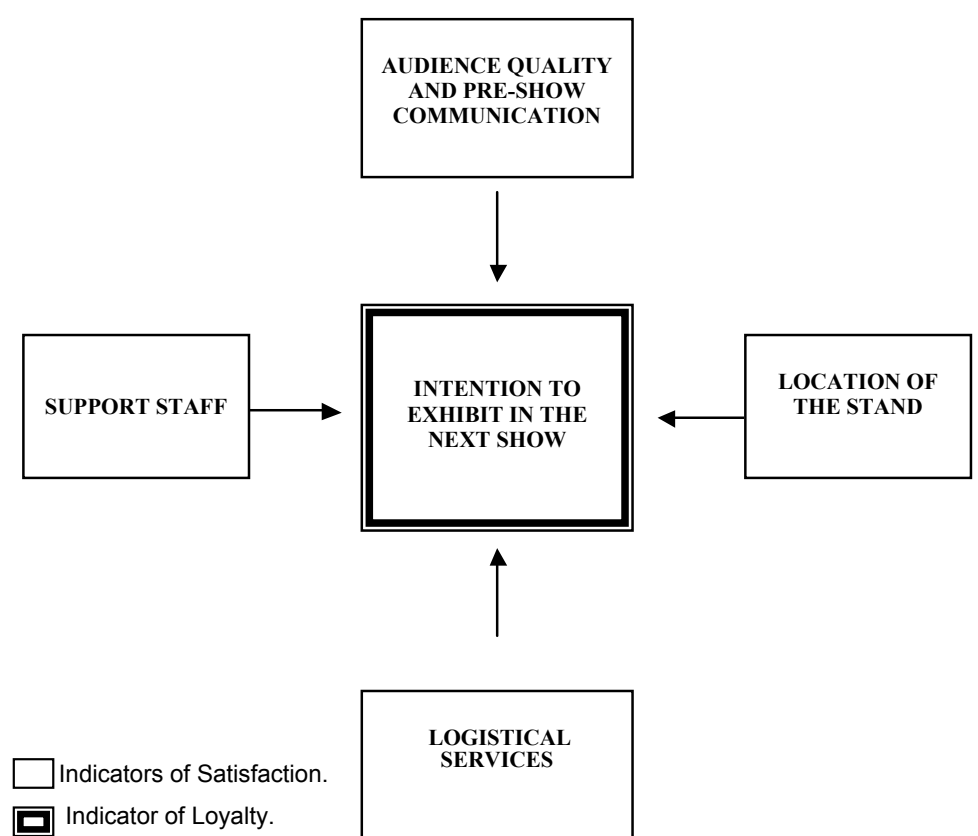
The discrepancy between attitude and behavior has been studied by authors such as Ajzen and Fishbein (1980), and they suggest that behavior is determined by attitude as a subjective norm. However, a “synthetic theory” to explain environmentally significant behavior has not yet been identified (Wilson et al. 2009).

As has already been shown for a variety of services, satisfaction is an effective antecedent of loyalty (e.g. Cronin et al., 2000, Arrondo et al., 2002; Allen et al., 2004). In the context of the current study, satisfaction of the exhibiting company will be a determinant of its loyalty to the event at which it has exhibited, with a positive influence on the decision to repeat participation in future events. The exhibitor’s intention to

repeat participation, as an attitude of loyalty, is the prelude to loyalty behavior, that is, the effective repetition of exhibition at the next event (Dick & Basu, 1994; Berné et al., 1996; Macintosh & Lockshin, 1997; Srinivasan et al., 2002; Kang & Schrier, 2011).

A review of the literature provides a number of actions of trade show organizers that are considered to be specifically directed toward exhibitors and can be summarized in: (i) the ability to attract a quality audience to the show (Faria & Dickinson, 1985; Browning & Adams, 1988; TSB, 1993; Kijewski et al., 1993; Williams et al., 1993; Gopalakrishna & Lilien, 1995) (ii) the program of communication developed by the organizer before the event (Cox et al., 1986; Browning & Adams, 1988; Swandby & Cox, 1990; Herbig et al., 1994; Gopalakrishna & Lilien, 1995; Lee & Kim, 2008), (iii) the distribution of the stands at the venue, i.e. the location of the stand of each exhibitor (Browning & Adams, 1988; Kijewski et al., 1993), (iv) the services of auxiliary staff at the stand (Williams et al., 1993; Tanner & Chonko, 1995; Gopalakrishna & Lilien, 1995; Lee & Kim, 2008; Yuksel & Voola 2010), and (v) logistical support services (Munuera & Ruiz, 1999). Adapting the work of Hooleya, Greenleya, Cadogana and Fahy (2005) these organizer services are basic and support services to the exhibitor. Basic services generate a direct competitive advantage, and support services are able to create an indirect competitive advantage. Therefore, the quality of the audience and the location of the exhibition stand are basic services, and the pre-show communication program, the auxiliary staff and the logistical services are support services to the exhibitor. These variables and their relationships are collected in the theoretical model proposed in this work (Figure1) and are subsequently discussed.

**Figure 1: Model of Exhibitor’s Attitude of Loyalty to the Show**



The need to consider the audience when planning the marketing of trade shows has been upheld by experts in the sector for more than a decade. Thus, Chapman (1990), in a departure from the studies carried out by the TSB – American Trade Show Bureau - points out that the planning of a show and/or its presentation should be carried out based on the motives of potential participants.

Faria and Dickinson (1985), Browning and Adams (1988), TSB (1993), Kijewski, Yoon and Young (1993), Williams, Gopalakrishna and Cox (1993), Gopalakrishna and Lilien (1995), and Yuksel and Voola 2010, find that the audience attending a show, both in quality and quantity, is the most relevant criterion used for the choice of a trade show by exhibiting companies. The exhibitor's results depend on the quality and ability of recall of the trade show audience (Swandby & Cox, 1990). Swandby, Cox and Sequeira (1990) consider the effect of the audience that the show has attracted by the results obtained by exhibitors, measured by their participation in future events.

The exhibitor needs to know the audience from previous events and the audience at the current show. The interest is centered on its size, the decision-making ability of the attendees, and the number of them who share the public objective of the exhibiting company. For those reasons, the trade show audience, considering all its participants - exhibitors, customers, social agents, and media - provides an excellent resource for the organizer who wants to attract and retain exhibitors.

Kijewski et al. (1993) suggest the need for show organizers to generate and quantify qualified audiences, i.e., those who offer business opportunities to the attendees. The quality as well as the quantity of attendees at the show is important for the fulfillment of expectations regarding the development of the business network (García-Uceda & Berné, 2007, Yuksel & Voola, 2010). This achievement translates to a competitive advantage for the organizer, i.e. the possibility of acquiring a captive market through the repeat presence (loyalty) of exhibitors.

**With these antecedents, the hypothesis is formulated:**

H1: *“Exhibitor’s satisfaction with the quality of the audience attracted to the event by the organizer has a positive influence on the exhibitor’s loyalty to the event”.*

Since the attendance of qualified visitors to the show is the stimulus that best captures the attention of potential exhibitors, the main objective of the organizer's pre-show business communication must be to inform and attract those attendees (Cox et al., 1986). For that reason, the pre-show program of communication is highly valued and required by exhibiting companies (Cox et al., 1986; Browning and Adams, 1988;

Swandby and Cox, 1990; Herbig et al., 1994; Gopalakrishna & Lilien, 1995). The effort made by the organizer regarding pre-show communication has a positive effect on exhibitor's loyalty. However, exhibitors do not always have complete confidence in the effectiveness of this initiative (TSB, 1989), so that they often supplement it with direct communication through broadcast messages to potential visitors, who are considered key to the effectiveness of the exhibit, in order to assure their attendance at the stand, and also by the organization of gatherings in pre-show as well as at-show (Serिंगhaus & Rosson, 2001).

**This alone, however, does not guarantee exhibitor's loyalty. Thus, we consider that the effectiveness of communication by the organizer in the pre-show phase ought to take into account the combined effort of attracting an audience of interest to the exhibitors (audience quality). Consequently, we formulate:**

H2: *“Exhibitor satisfaction with the pre-show program of communication developed by the organizer, combined with the quality of the audience attracted to the event has a positive influence on the exhibitor’s loyalty to the event”.*

Browning and Adams (1988), Kijewski et al. (1993), highlight the importance of the negotiation that the exhibitor has with the organizer regarding the location of the stand, since its position within the venue largely determines its ability to attract interested visitors. It is a resource geared toward maximizing the attraction of visitors (Williams et al., 1993; Gopalakrishna & Lilien, 1995; Dekimpe et al., 1997), which depends, among other things, on the density of traffic in the specific location. If the results of this negotiation are not satisfactory to the exhibitor, his opinion of the decision taken by the organizer may be negative. Not achieving his desired results will have a negative impact on the exhibitor's potential loyalty.

**The final location of the stand at the venue is usually a consequence of the negotiation process between the organizer and the exhibitor, and has an impact on the results of the exhibitor's trade show participation. Therefore, the following:**

H3: *“Exhibitor satisfaction with the location of the stand within the trade show site has a positive influence on the exhibitor’s loyalty to the event”.*

The competitive position of the trade show organizer depends on the uniqueness of his offer and the effectiveness of his performance (Berné & García-Uceda, 2007). This leads him to propose trade shows that depart from the repetitive themes that are adapted to the needs of the main protagonists of the sector, and to plan, define and develop offers and services accordingly. Among these services are logistics. Although it

has been confirmed that these are less important to exhibitors in their selection of a trade show (Dickinson & Faria, 1985; Browning & Adams, 1988), it is the value placed by exhibitors on offers that can produce greater efficiency, due to advanced new technologies, which facilitate logistical innovations by the organizer.

Following Munuera and Ruiz (1999), operational logistical services arranged by the organizer to benefit the exhibitor include signs at the venue, the management of traffic flow at the site, communications between pavilions, on-line registration of attendees, visitor programs and guides, procedures for meetings between exhibitors and visitors, preferential parking for special visitors, and the set-up of meeting and conference rooms; optional logistical services are offered by the organizer, in collaboration with companies and other entities, and include company-specific services (financial, communications, catering, tourist information, equipment and installation of the stand, health services, and reception services) as well as cargo transportation and customs services.

#### The hypothesis is proposed:

H4: *“Exhibitor satisfaction with the logistical services provided by the organizer has a positive influence on exhibitor loyalty to the event”.*

Williams et al. (1993), Gopalakrishna and Lilien (1995) show that the appropriate choice of stand personnel, their qualifications and degree of training, have a positive impact on the generation and the efficient conversion of contacts between exhibitors and visitors. The exhibitor must decide on the number of staff needed for the stand, bearing in mind its potential visitor volume (Swandby, 1984), and the expertise of each staff member, striving for a combination of technical, marketing, sales, management and customer service personnel (Tanner & Chonko, 1995, Yuksel & Voola, 2010).

The exhibitor (customer) may expect to have at his disposal trained auxiliary personnel capable of facilitating the effectiveness of the exhibit. The organizer can offer assistance to the exhibitor by providing auxiliary contact personnel whose level of expertise will depend on the theme of the event and the needs of the exhibitor. The support provided will be more technical or specialized, if the organizers management is focused on serving the needs of the customers and they demand this kind of service. **The experience of the exhibitor receiving these services will influence his/her loyalty to the event. Consequently, the following hypothesis is formulated:**

H5: *“Exhibitor satisfaction with the availability of auxiliary personnel for the stand, provided by the organizer of the event, has a positive influence on exhibitor loyalty to the event”.*

## 3. Methodology

The empirical analysis is carried out in the context of the Spanish trade show sector. Specifically, for the 2004 staging of Smagua, an international trade show on the techniques and science of water and the environment. The host venue was the Trade Exhibition Centre in the Spanish town of Zaragoza a site that has organized such events since 1941.

The approach to the empirical application requires that information be obtained from a sample of companies that have exhibited in a recent trade show, so that the respondents can recall more clearly their experience. The study focuses on a particular group of individuals with a certain profile. From the total of 1,316 exhibitors, the reference group was identified as that composed of Spanish exhibitors with a physical presence at the venue; a total of 482 in the targeted sample. From these, the rate of response was 30% (145 valid responses)<sup>2</sup>. The distribution by nationality and type of exhibitor is shown in Table 1.

**Table1. Distribution of the Exhibition Population of Smagua 2004**

<b>Exhibitors</b>	Direct	558	482 Spaniards
	Represented	758	115 Spaniards
	<b>Total</b>	<b>1.316</b>	<b>597 Spaniards</b>
<b>Exhibitors according to country of origin</b>	European Union	488*	
	Rest of Europe	35	
	America	135	
	Asia	53	
	Oceania	8	
<b>Countries of Origin</b>	<b>Total</b>	<b>34</b>	

\*Excluding Spain.  
Source: Zaragoza Fair (2004).

The information-gathering method is an ad-hoc survey (see Table 2). Following the show, an organized questionnaire<sup>3</sup> was mailed to the relevant representative of the company<sup>4</sup>.

**Table2. Technical Record of the Survey**

<b>Focus of the investigation</b>	Primary information source
<b>Method of information gathering</b>	Quantitative method (ad-hoc survey)
<b>Method of contact</b>	Self-administered mailing survey
<b>Population</b>	Spanish exhibiting companies with a direct physical presence in SMAGUA
<b>Sampling method</b>	Sampling with equal probabilities, without replacement
<b>Size of the sample</b>	145 (30% of 482)
<b>Sampling error (worst case)</b>	+/- 3.5%
<b>Confidence level</b>	95.5%

<sup>2</sup>High response ratio compared to prior studies; e.g. 20.4% in Dickinson & Faria (1985); 20% in Tanner & Chonko (1995); 18.4%; 24.8% in Hansen (2004)

<sup>3</sup>The questionnaire was piloted with 16 exhibiting companies.

<sup>4</sup>Identified: 36 are directors of sales and marketing departments, 21 general directors, and 11 directors of other areas of the company or directly responsible for the product, processes, logistics R&D and trade show participation.



### 3.1 The Smagua exhibitor's profile

The sampled companies operate in industry (65.2%), services (33.3%) and in construction (1.5%), with a greater presence of exhibitors in the field of manufactured products; 47.8% have more than 500 customers, 27.9% have between 200 and 500, and the rest count on fewer than 200 customers. As for the number of employees, the majority of the sampled exhibitors, 70.6%, have fewer than 50, 23.8% employ between 50 and 249, and the remaining 5.6%, have more than 250 employees. The age of companies varies, from new companies with just a year of operation, to exhibitors from companies with 100 years of experience. Specifically, 25% are less than 10 years old, 50% are between 10 and 30 years old, and the remaining 25% have been in operation for more than 30 years.

Considering the companies that responded to the question of their annual turnover in the last financial year (62.76% of the sample), around 45% report an annual turnover of less than 3 million euros, while 18% report a turnover greater than 30 million euros.

Among the companies sampled, 67.6% state that all of the products exhibited at their stand are new. Approximately half of these, 32.4%, have presented at least one patent, 38.1% have presented between one and two new products targeting new markets, 56.8% between one and three products that complement their portfolio, and 38.1% have presented innovations (one or two) based on an improvement in their products.

### 3.2 Exhibitor's satisfaction at Smagua

We now turn to the mean values of the variables of satisfaction, considered in the theoretical model that includes the working hypotheses (Figure 1), to discover whether significant differences exist between groups of exhibitors.

A variable is constructed based on the respondent's average satisfaction with the different elements of service<sup>5</sup>. This variable is re-scaled into four levels to facilitate the interpretation of the results: "dissatisfied" (median values from 1 to 3.5), "indifferent" (median values from 3.51 to 4.5); "satisfied" (from 4.51 to 5.5); and "very satisfied" (from 5.51 to 7). The results show that there are four different groups among the companies in the sample for each of the organizer actions (Table 3). The "dissatisfied" group represents 10.6% of all cases, the "indifferent" group makes up 31.7%, the "satisfied" group is the largest at 42.3% and the "very satisfied" group accounts for 15.4% of all respondents.

The contribution of the satisfaction level to this segmentation is positively associated with the divergence of the responses. The variable showing the greatest exhibitor satisfaction divergence (dissatisfied, indifferent, satisfied and very satisfied) is that of the organizer's management of logistical services (e.g. traffic density in the aisles, pre-registration and security). Next is the program of communication developed by the organizer prior to the show, followed by management of the location of the exhibitor's stand<sup>6</sup>, and the quality of the audience attracted by the organizer. Finally, the competence of auxiliary customer service staff at the stand, provided by the organizer to the exhibitor, scarcely has an impact on differences among the groups of exhibitors. The explanation of this may be that a high percentage of the exhibitors analyzed did not use this service – barely 15% of the sample hired auxiliary staff.

Table3. ANOVAs on Exhibitor's Satisfaction

MEDIAN LEVELS OF SATISFACTION OF EXHIBITORS							
	Mean	Dissatisfied (1) N=13	Indifferent (2) N=39	Satisfied (3) N=52	Very Satisfied (4) N=19	F	Bonferroni
Attraction of quality audience	4.98	3.54	4.59	5,27	6.00	22,436 <sup>a</sup>	All
Pre-show communication	4.54	3.38	4.05	4,69	5.95	29,196 <sup>a</sup>	All
Location of the stand at the venue	4.74	2.92	4.05	5,21	6.11	25,102 <sup>a</sup>	All
Auxiliary staff	4.26	2.86	3.67	4,89	5.22	7,946 <sup>a</sup>	(1-3), (1-4), (2-3), (2-4)
Logistical services	4.67	2.92	4.15	4,96	6.11	34,477 <sup>a</sup>	All

<sup>a</sup> p<0.05

<sup>5</sup>Variable constructed by means of a summative scale, validated as a single dimensional latent variable (EQS 6.0), composed of five indicators (Cronbach Alpha of 0.8). Chi-squared of Satorra-Bentler=6.5714, p=0.25452. The results from ANOVA are confirmed through the Kruskal-Wallis test. To compare the groups two by two, depending on their level of satisfaction, multiple average comparisons are used applying the Bonferroni method.

### 3.3 Exhibitor's loyalty at Smagua

The exhibitor's loyalty to an event is an indicator of the degree of effectiveness achieved by the organizer, measured by a question about the intention to repeat patronage, using a 7-point Likert scale in three categories: "disloyal", "undecided", and "loyal", resulting in three groups. The group labeled "disloyal" (scoring 1, 2 or 3) are exhibitors who have no intention of repeating (7.0% of the sample), the second group of exhibitors are "undecided" (scoring 4 or 5), (12.0% of the sample), and finally, a group of "loyal" exhibitors (scoring 6 or 7)<sup>7</sup>.

Thus, 81 % of those sampled intended to repeat their participation. The analysis of the mean values confirms the relevance of the three groups of exhibitors previously identified; the segments not only differ in their satisfaction levels with the services provided, but there are significant differences regarding their intention to repeat ( $F = 214.315$ ,  $p\text{-value} = 0,000$ ) (see Table 4).

## 4. Results

A contingency analysis is carried out between groups of exhibitors, depending on their level of satisfaction and their level of loyalty (Table 4). The results show (i) a positive relationship between satisfaction with, and loyalty to, the exhibitor, (ii) a certain degree of indecision among different groups of exhibitors, and (iii) a high percentage of exhibitors labeled "indifferent" who, nevertheless, intend to repeat. This observation could reflect the existence of factors that produce interest in repeating, such as the image and reputation of the exhibiting company, or of its degree of competition, especially with direct competitors (Barczyk et al., 1989; Shipley et al., 1993; Hansen, 1996, 2004).

**Table 4. Contingencies among Groups of Exhibitors**

GROUPS OF: SATISFACTION / INTENTION TO REPEAT	Dissatisfied Group	Indifferent Group	Satisfied Group	Very Satisfied Group
Disloyal Group	61.5%	5.1%	0.0%	0.0%
Undecided Group	30.8%	1.8%	9.8%	5.3%
Loyal Group	7.7%	82.1%	90.2%	94.7%
MEDIAN VALUES	Dissatisfied	Indifferent	Satisfied	Very Satisfied
Loyalty	3.23	5.69	6.06	6.53

<sup>7</sup>The categorization of this discrete variable bears in mind the subgroups that appear naturally as a result of the descriptive analysis. It is a variable with a categorization different from the variable of satisfaction, since it measures a difference.

Specification of the theoretical model gathers the effects of four explanatory variables: quality of the audience, location of the stand, management of logistical services, and auxiliary staff, along with the combined effect of the variable of pre-show communication with the variable of audience quality. Nevertheless, the limited use of auxiliary staff, as observed in the sample, does not allow testing of hypothesis H5. Including this variable of satisfaction in the specification of the model would jeopardize the results, due to the ensuing reduction of the degrees of liberty.

**Thus, the model is specified as follows:**

$$Y = \beta_0 + \beta_1 X_1 + \beta_3 X_3 + \beta_4 X_4 + \beta_{21} X_1 * X_2 + \text{error}$$

Where,

Y = intention to repeat

X1 = satisfaction with quality of audience attracted

X2 = satisfaction with pre-show communication

X3 = satisfaction with stand location

X4 = satisfaction with logistical services

X1 \* X2 = combined effect.

The estimation of the model is done through a multiple regression analysis to identify the effects of independent variables on the intention to repeat (dependent variable). The results obtained with regard to the model in its group (see Table 5) show a good fit and a high explanatory power of the model (corrected R<sup>2</sup> by 40%). Therefore, the independent variables have certain and relevant effects on the intention of the exhibitor to repeat.

The individualized analysis of results for each of the variables provides useful information to make the planning of events more specific. The explanatory variables of the intention to repeat are: satisfaction with the quality of the audience attracted, satisfaction with the stand location, and satisfaction with logistic services (the first variable that presents a greater effect -an estimated parameter of 0.61, against 0.34 and 0.22, respectively).

Therefore, hypotheses H1, H3 and H4 can be accepted.

Nevertheless, the level of satisfaction with pre-show communications, combined with the quality of the audience, do not have a positive effect on the intention of repeating, as borne out by the obtained results. Thus, hypothesis H2 is rejected.

**Table 5. Results of the Exhibitor's Attitude of Loyalty to the Show Regression Model**

	Beta Coefficients	t-Student	Significance
(Constant)	0.78	1.214	0.227
<b>Attraction of quality audience</b>	0.61	3.349	0.002
<b>Location of the stand at the venue</b>	0.34	3.069	0.003
<b>Logistical services</b>	0.22	2.12	0.036
<b>Pre-show communication*Attraction of quality audience</b>	-0.03	-1.48	0.143

F [4, 118] = 21.09, p-value = 0.000; corrected R<sup>2</sup> = 0.40, significant correlations between independent variables do not exist (Tolerance > 0.85). Durbin-Watson = 1.982 (errors not correlated).

This regression analysis provides an estimation of the direct effects of trade-show services on the exhibitor's intentions to repeat. However, it might be argued that it is difficult to conceive these services separately as presented in Figure 1. To tackle this problem, and to validate the findings of the regression model, we make a confirmatory factor analysis (CFA) of the structural equations model (SEM). The results are shown in Tables 6-7, and in Figure 2. First, the goodness of fit indices let us accept the validity of the model (Table 6). Second, the analysis groups together in one dimension the three services included individually in the regression model: logistic services, quality of the audience, and stand location (Table 7). Therefore, the CFA of the SEM model suggests a latent variable, which we have named Organization Services (OS), which would capture the joint effect of the three services on the intentions to repeat (IR) variable. Third, there is a positive and significant relationship of individual services with OS and of OS with IR, and a negative and significant relationship between the multiplicative variable (pre-trade show communication\*quality of audience attracted) and the IR variable. In summary, the findings of the regression model are essentially validated by the CFA of the SEM; that is, the empirical analysis leads us to accept our initial research hypotheses, except for H2. The hypothesis about the positive joint effect of pre-show communications and the quality of the audience on the intentions to repeat is not supported. Rather, the empirical finding suggests a negative relationship; unbalanced communication efforts and audience quality generate a negative response

**Table 6. Goodness of Fit of the SEM Model**

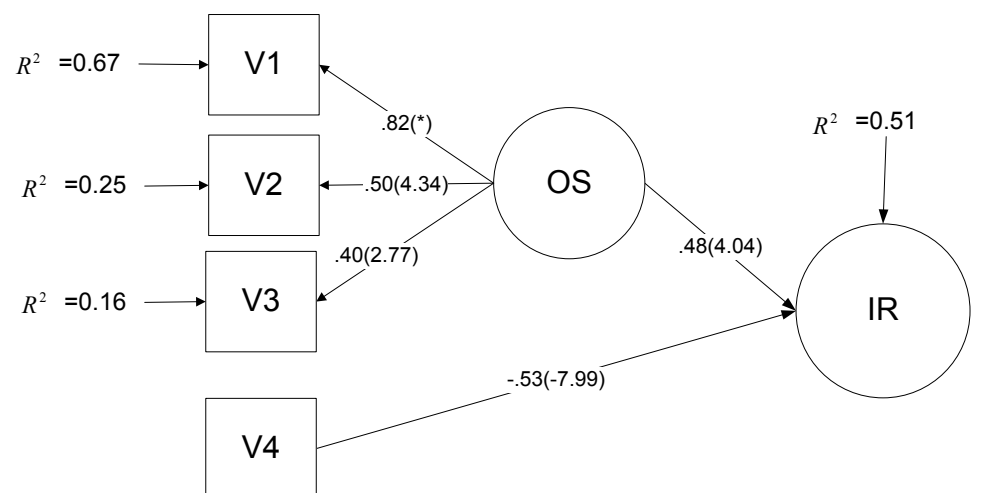
Model	f.d.	p-value	$\chi^2_{(S-B)}$	$\chi^2/df$	R-RMSEA	GFI	AGFI	R-BB-NFI	R-BB-NNFI	R-CFI
SEM	6	0.17	8.9850	1.49	0.075	0.96	0.90	0.90	0.93	0.96

**Table 7. Results of the SEM Model: Estimated parameters and coefficients**

	OS	IR	R <sup>2</sup>	t-value
AUDIENCE QUALITY (V1)	.82		.67	*
LOCATION OF THE STAND (V2)	.50		.25	4.34
LOGISTICAL SERVICES (V3)	.40		.16	2.77
AUDIENCE QUALITY *PRE-SHOW COMMUNICATION (V1*V4)		-.53		-7.99
ORGANIZER SERVICES (OS)		.48		4.04
INTENTION TO REPEAT THE EXHIBIT (IR)			.51	

\* All the factorial weights are significant at p<0.05; t-values not available for the fixed parameters at 1.

**Figure 2: Results of the SEM model**



## 5. Conclusions, Management Implications and Future Research

This study belongs to an incipient research line worried for the organizers management. The main value of this work is its contribution to reinforce the necessity for organizers to plan and define their offerings and services to the exhibitors and to consider the competitive environment in which they operate, and base their decisions on the achievement of differentiation and effectiveness.

The analysis developed has shown that the satisfaction of exhibitors with the services provided by the trade show organizer may be used as a criterion of segmentation, and as an indicator of organizer effectiveness, due to its effects on loyalty. In addition, an important key to the management of the trade show organizer has emerged: it is possible that not all services provided by the organizer, even when exhibitors are satisfied, have an effect on loyalty.

The study has observed certain differences among the services provided by the organizer influencing the loyalty attitude of the exhibitors to the show. If we consider the three levels of management: strategic, tactical, and operative, the strategic level seems to be the great determinant of the success of a show. Without a quality audience, it is not easy to achieve the goals of contacts, sales, and customer relationships. The customer's unsatisfactory perception of this variable complicates his repeat patronage, even though satisfaction with the other elements remains very high. On the tactical level, satisfaction comes with an advantageous stand location. Achieving satisfactory goals on these two levels is essential to the decision to repeat. Then, the operative level is also relevant, i.e. satisfaction with the logistical services.

The strategic and tactical levels provide direct competitive advantages to exhibitors, basic services provided by the organizer that determine the strategy and tactics most closely linked to exhibitor results.

The attraction of a quality audience and the stand location are crucial factors in exhibitor loyalty.

The results indicate that exhibitors who do not have a good opinion of the logistical services provided can nevertheless understand that their results are good due to the convenient stand location, and to the quality of the audience.

The identification of support services to facilitate operations for the exhibitor is also important, and a more personalized service leads to a greater level of general satisfaction. The application of information and communication technologies can facilitate the customization of logistical services at the trade show. Since it has been shown that the services most affecting exhibitor loyalty are those most directly connected to results, the organizer must know how to design support services so that they are perceived as linked to the success of participation in the show.

When exhibitors do not perceive this direct link, services are not valued and it becomes difficult to manage them efficiently. This seems to be the case of the pre-show communications efforts; they are not seen by exhibitors as a service that provides direct or indirect competitive advantages, but as a marketing tool, so it is important that exhibitors perceive that their expectations are intimately linked to the pre-show communications efforts. If this matter is solved, then organizers could more easily integrate their pre-show efforts to their customer retention strategy.

To sum up, our findings provide a detailed view of how the specific services supplied by trade-show organizers are perceived by exhibitors as determinants of success, and of their intentions to repeat. As such, this provides organizers with a framework to develop their strategy for the acquisition and retention of exhibitors, and some relevant tips to manage their services more efficiently. This information is of significance to those responsible for organizing such events, so they can be more effective in maximizing the number of satisfied customers, and retaining them over time.

This study has limitations that can drive future research. The data base has information of one particular organizer case only; therefore it is important to replicate the study for other cases. It does not take account of variables as variables outside organizer control, that will affect performance, e.g. the competitive atmosphere; and, the study focuses on one group of customers, the exhibitors, but does not deal with the visitor perspective. Future research could focus on an integrated model of organizer efficacy that allows consideration of the influence of all factors involved.

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# A Gender-Based Comparison of Marketing Strategies of SMEs in Tanzania

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## Abstract

This study identifies the differences between female and male-owned SMEs with respect to business characteristics, application of marketing strategies and associated marketing challenges. To achieve this, a survey was conducted in Dar es Salaam, Tanzania during 2009. Then the study used the Chi-square test for independence and the student t-test to examine if there was any significant difference between male and female-owned businesses, which would determine whether gender has an influence on marketing decisions. It was revealed that the main strategy used by female-owned businesses was Networking, while their male counterparts focused more on the strategy of Quality and Price differentiation. The associated costs and ease to use were the major influences on the choice of strategy, regardless of gender. Compared with their male counterparts, females tend to commit fewer resources to their ventures. Moreover, most owner-managers were more generalists, not marketing specialists. Principles and practices on how to grasp the existing opportunities and to promoting SME growth through using appropriate marketing strategies regardless of gender have been recommended.

### Key words:

*SMEs, marketing strategies, gender perspective*



# 1. Introduction

Although an abundance of literature exists on small and medium-sized enterprise (SME) sector in developing countries (Onugu 2005; Mfaume and Leonard 2004; Kuo and Wang 2001; McCormick et al. 1997), work has yet to be done on a gender-based comparison of the marketing strategies of the sector and countries. Several papers have been written about the major differences in business performance between SMEs owned by both genders. The University of Dar es Salaam Entrepreneurship Centre (UDEEC 2002), for instance, established that women entrepreneurs in Tanzania earn much less revenue than their male counterparts, despite the fact that both male and female entrepreneurs conduct their businesses in similar business environments. This concurs with other findings (e.g. Loscocco and Robinson 1991; Rutashobya, 2000) that SMEs owned by females tend to be less successful, in terms of profitability and other performance indicators, than those owned by males. However, Watson (2003) and Watson and Robinson (2003) linked enterprise performance more with the amount of resources invested and the choice of venture rather than the inability on the part of females to put resources to effective use. Both studies concur that females tend to invest fewer resources in their ventures and often get involved in less risky enterprises than their male counterparts.

Naturally, studies attribute the success of SMEs, all things being equal, to the extent to which the enterprise invests in an appropriate marketing strategy in symphony with the prevailing conditions in the environment in which it operates (Chambaka 2005; Anderson 2011). Therefore, because of the lack of relevant marketing knowledge and skills in particular, many SME entrepreneurs cannot match their scarce resources with the marketing strategies needed. In most cases, however, many SMEs do not invest much in marketing, which means that they perform poorly in comparison with those who invest heavily in the marketing of their businesses, especially the large ones (Onugu 2005).

However, the choice of small and medium-sized enterprises as the focus of this study was purposeful, mainly because the recent decade has witnessed an increasing number of SMEs worldwide (Kim et al. 2008; Startienė and Remeikienė, 2008). Thus, owing to factors such as the growing global market and trade, the current global economic crisis, and the emergence of new production technologies, the augmentation and sustainability of this category of business in many parts of the world is threatened. Contrary to large enterprises, the inability of SMEs to reach external markets, the scarcity of relevant resources and increasing competition make them more susceptible to stagnation and failure in the world of mounting complexity, economic downturn, and new production technologies (Anderson, 2011). Under these circumstances, SME owners need to have a thorough understanding of key

factors for entrepreneurial triumph, particularly those directly related to the entrepreneur and those related to the external environment in which they operate, regardless of gender.

Of course, when dealing with developing countries, especially in the African context, where differences between gender roles in society are vastly apparent, and assuming that both genders may employ similar business strategies, one may be deceived. Hence studies like this are needed in order to provide more information and evidence needed that could be used to guide the marketing field as to where the two genders share common marketing practices, where they diverge and how they can run their SMEs to achieve growth and sustainability.

To generate that sort of information, this study is guided by three objectives. It starts by examining business characteristics and analysing the differences between female and male-owned SMEs with respect to the type of marketing strategies used. It also identifies the marketing challenges they faced during their implementation. The findings of the study aim at bridging the gap in the existing literature which has concentrated on ascertaining the business skills of female entrepreneurs only (for example, Rutashobya 2000; Malaya 2006). By considering both male and female entrepreneurs, the study has provided critical evidence not only in relation to the marketing knowledge of both male and female entrepreneurs but also to relevant business skills. The rest of the paper is arranged as follows: the literature review comes before the research methods, followed by the findings, and finally the conclusion.

## 2. Literature Review

### 2.1 The Concept of Small and Medium-sized Enterprises

There is no single universally accepted definition of what constitutes a small or medium-sized enterprise, as numerous definitions exist, each one valid in its own context. The definitions of SMEs, in most cases, vary from country to country and between different sources of SME statistics. The differences in defining the term are sometimes attributed to different levels of development between countries. For example, businesses considered as SMEs in the UK are those with less than 200 employees, at most 500 employees in the USA and a maximum of 100 employees according to the OECD (MacGregor and Vrazalic 2008; Mukhtar 1998). The European Union's Director General (DGXXIII), on the other hand, defines business as follows: micro (0-9 employees);

small (10-99 employees); medium (100-499 employees); and large (500+ employees) (Blankson and Omar 2002).

However, the commonly used measures in all definitions are number of employees, capital invested, total assets, sales volume and production capability. This study opts for the definition given by the United Republic of Tanzania (URT) Ministry of Industry and Trade (2003), in its SMEs Development Policy. In this policy, SMEs are defined as shown in Table I, which shows that SMEs consist of micro, small and medium enterprises (MSMEs) or small, micro and medium enterprises. MSMEs cover non-farm economic activities, mostly manufacturing, mining, commerce and services (Anderson 2011).

**Table 1: Categories of SMEs in Tanzania**

Category	Number of Employees	Capital Investment (TShs)
Micro enterprise	1-4	Up to 5 million
Small enterprise	5-49	Above 5 million to 200 million
Medium enterprise	50-99	Above 200 million to 800 million
Large enterprise	100+	Above 800 million

Source: URT Ministry of Industry and Trade (2003); 1 US\$ was equivalent to TShs. 1400 in 2009

## 2.2 SMEs' Marketing Strategies

A marketing strategy is widely known as a fundamental underpinning of marketing plans designed to make better use of the organisation's resources to meet its objectives (Menon et al. 1999; Fornell and Wernerfelt 1987). On the one hand, a marketing plan is a list of specific actions required to implement a specific marketing strategy. On the other, a good marketing strategy is one that provides a unified plan of action incorporating the organisation's marketing goals and policies (Kotler and Armstrong 2010). However, it should be noted that the choice of a specific marketing strategy to use depends on many factors. These include the environment in which the firm operates and the firm's resources (human and financial), among others (Porter 1990). It is evident that, in a competitive business environment with limited customer purchasing power in terms of goods and services, knowing which marketing strategy to use is critical for the survival of the firm. Sorce (2002) argues that the objectives of many marketing strategies include creating customer satisfaction and creating and maintaining relationships. She argues further that any organisation which achieves either of these objectives will enjoy repeated purchases of its products by customers.

Consequently, some SMEs employ available marketing strategies to ensure that they retain their customers. The strategies commonly used to satisfy particular target markets, and consequently improve their organisation's sales and profitability (usually known as the marketing mix) are distribution, pricing schemes, product (brand name, packaging, customer service, product design) and promotion (sales promotion, advertising scheme, publicity, personal selling) (Kotler and Armstrong 2010). Additional elements in marketing strategies, particularly when dealing with services, include appropriate personnel and relationship marketing (see Anderson 2010; Kotler and Armstrong 2010). Personnel play a crucial role in the development of any business endeavour; whereby customer care is still a very great challenge to many businesses, and particularly in developing countries.

In this particular context, from the ownership of the business to the product delivery staff the personnel involved may in one way or another influence marketing decisions, as mentioned earlier and dealt with in the next section on gender. It is important to note that the topic of gender in marketing decisions emerges so long as critical decisions on resource utilization need to be made, which is sometimes gender-based as pointed out in Watson (2003) and Watson and Robinson (2003), among other studies.

## 2.3 Gender-Perspective in SME Marketing

The subject of gender has been topical in the business field. Various studies, such as Loscocco and Robinson (1991), Watson (2002), Watson and Robinson (2003), UDEC (2002) and Johnson (2002), have established that female-owned SMEs generally under-perform in comparison to male-owned businesses in many business aspects, but particularly in terms of sales or profitability growth. Watson and Robinson (2003), for instance, suggested that female-controlled SMEs are likely to have lower profit levels as female entrepreneurs tend to run less risky ventures and prefer to invest fewer resources in them.

In an attempt to explain that phenomenon, several studies have emerged, with the liberal feminist perspective and social theory perspective (see Watson 2003; Kim et al. 2008) being opted to explain why females tend to invest less in their ventures than males. Using the same perspective, Cliff (1998, pp. 523) sought to address the gender differences in business, including how female entrepreneurs perform in comparison with male entrepreneurs, and concluded that:

<sup>1</sup>Organization for Economic Co-operation and Development

“Female entrepreneurs are more likely to establish maximum business size thresholds which they would prefer not to expand, and that these thresholds are smaller than those set by their male counterparts. Female entrepreneurs also seem to be more concerned than male entrepreneurs about the risks of fast-paced growth and tend to deliberately adopt a slow and steady rate of expansion” (p. 523).

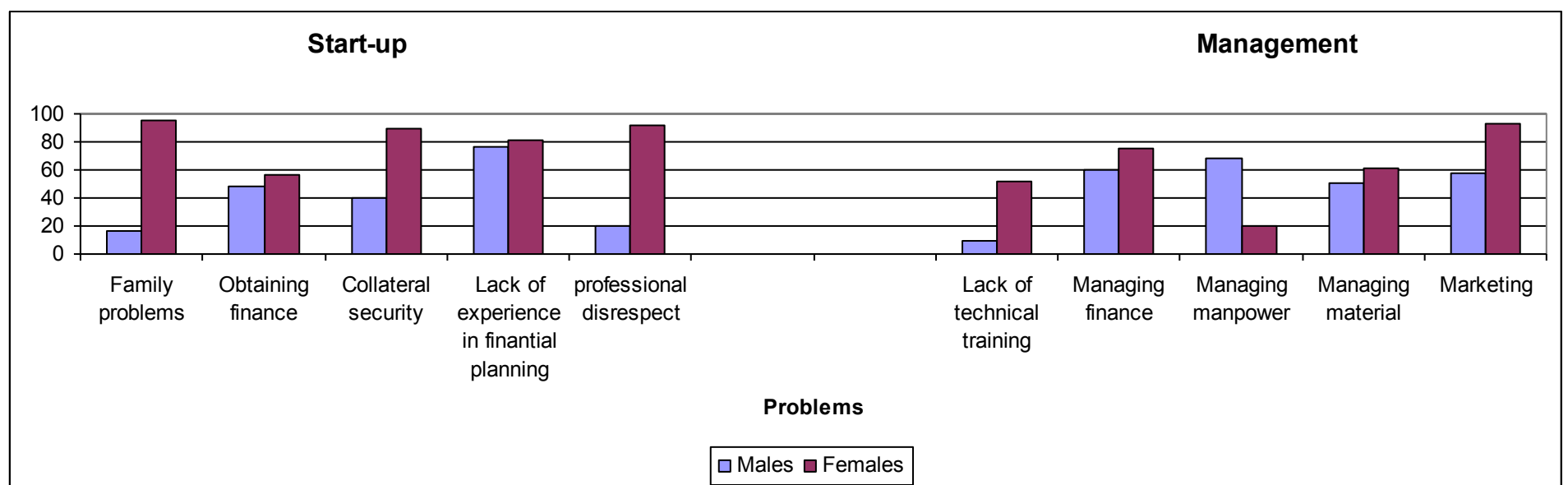
Using the social theory perspective, Watson (2003) argues that females are more risk-averse than males and so they are more likely to commit fewer resources to their ventures even if they have plenty. However, Watson (2003:4) argues, using the liberal feminist perspective, that female entrepreneurs invest fewer resources in their ventures due to the limited resources they own, as they earn less from their jobs than males and/or they are discriminated against by lenders in the loan market. In view of this, Rutashobya (2000), and Startienė and Remeikienė (2008) reveal that more female entrepreneurs experience difficulties in securing finance at the start-up stage of business than males.

Some other studies have even embarked on the managerial styles of the two genders to explain the observed differences in business performance (Kim et al. 2008; Mukhtar 2002; Mukhtar 1998). For instance, Kim et al. (2008) observed significant differences in terms of managerial styles between male-owned and female-owned firms. Regarding business location, they noted that female-owned businesses were less likely to remain at the same site than those of their male counterparts. Shifting often from one location to another means changing the routine, losing loyal customers and engaging afresh in recruiting new clients, which may affect performance, in terms of sales and hence profitability. Mukhtar (1998) indicates that female entrepreneurs had a narrower product range, relied more on part-time staff, and tended to have more domestic customers than male entrepreneurs.

Clinging to this profiled behaviour by female-owner managers may demoralize the staff (as they lack a sense of ownership or permanence) and customers (as they lack variety in the supply of goods), both of which eventually may negatively affect business performance.

Concerning the return on the resources committed, Johnson (2002) found no statistically significant differences between the two genders, in terms of return on assets and return on equity. That is not the case in UDEC (2002)’s findings, which show that women entrepreneurs earn less revenue than their male counterparts, despite the fact that both male and female entrepreneurs conduct their businesses in similar business environments. UDEC (2002) argues that the low level of education and lack of appropriate business skills of female entrepreneurs in Tanzania is one of the micro-level constraints. However, the magnitude of the challenges differs between males and females. Indeed, the evidence given by Mukhtar (2002) and Kim et al. (2008) reveal that small and medium entrepreneurs encounter a greater number of challenges. Marketing is a core function and affects all sections of the venture. In turn, the constraints affecting enterprises also affect marketing decisions. Many constraints have been addressed in Onugu (2005), including access to finance, management, infrastructure, government policy inconsistencies and bureaucracy, environmental factors, multiple taxes and levies, access to modern technology, unfair competition, marketing problems and non-availability of raw materials locally. Figure 1 summarizes the challenges at the start-up and management levels from the gender perspective. In the illustration, the left-hand panel shows the problems faced by male and female entrepreneurs during the start-up phase while the right-hand panel shows the problems encountered at the management level. As evident from the figure, with the exception of managing manpower, female entrepreneurs are generally poor in many aspects of business.

**Figure 1: Challenges at the start-up and management levels using gender perspective**



Source: Compiled from Mukhtar (2002) and Kim et al. (2008)

### 3. Research Methods

The major focus of the study is on the differences between male and female entrepreneurs in terms of marketing principles and practices. The study identifies these differences with respect to business characteristics, application of marketing strategies and the associated marketing challenges. To achieve this, a specific SME survey was conducted in the city of Dar es Salaam during 2009. This city was chosen due to its long history with respect to SMEs, firstly, as it is Tanzania's commercial capital and where entrepreneurship and SMEs, especially itinerant trading, were evident even during the colonial period (Mfaume and Leonard 2004; Anderson 2011).

Some 175 SMEs were sampled, followed by various efforts to get the owner-managers to cooperate, including phone calls and visits. However, after several attempts, the total number of successful interviews was 105.

During the interviews, a structured questionnaire, containing both closed and open-ended questions, was administered to the owner managers of the SMEs. Box 1 presents the items that guided the discussions. Specifically, several variables were captured, including the use of the marketing mix elements based on the gender perspective, capacity building in marketing skills, the marketing implementation challenges and finally the characteristics of the respondent and business.

After data collection, the Chi-square ( $\chi^2$ ) test of association at the 5 percent level of significance was used to test the significance of various attributes of interest of male and female-owner managers. In addition, the student's t test was used to test for mean differences in the various variables between the two genders. Finally, the Karl Pearson correlation coefficient ( $r$ ) was also employed to ascertain the correlation between the chosen variables. The results of the study are presented in the following section.

#### Box 1. Sample questions that led the discussion

##### A. RESPONDENT AND BUSINESS CHARACTERISTICS:

- **Respondent characteristics:** age (years), education, marital status, duration in business (in years)
- **Business characteristics:** business location, type of business, duration of business (in years), size of working capital (TShs.'000) and source of working capital

##### B. TYPEs OF MARKETING STRATEGIES USED

- **What are the main marketing strategies exploited by your business among the following?** (sales promotion, customer service, advertising, networking and relationship marketing, quality and service, packaging, brand name, product design, price differentiation, selling at specific place, other, none)
- **What is the main media used to promote your business?** (radio, television, newspaper, magazine, billboard, word-of-mouth, any other, none)
- **Have employees taken any short-term courses in the marketing field?** (Yes/ No)
  - **Nature of the training institution** (Non-governmental institution or Governmental Institution)
  - **Duration of short-term training** (options 1-3 months, 3-6 months or >6 months)
- **Is there a marketing department in your business?** (Yes/No)
  - **What are the Qualifications of your head of marketing department** (university degree, diploma/vocational certificate, secondary education, or below secondary school level)

##### C. MARKETING CHALLENGES DURING THEIR IMPLEMENTATION

- **Constraints facing SMEs in marketing their products:** (complying with government regulations, difficulty in accessing skilled workers, lack of financial assistance, lack of business information, excessive taxation or high inflation rate, other)
- **Respondents' opinions for improvements:** (soft loans, adhere to government regulations, provide tax relief, provide training in marketing principals and practices, government should control inflation and others)

## 4. Findings

### 4.1 Respondent Characteristics

The demographic characteristics of entrepreneurs and their businesses are summarised in Table 2. A total of 105 enterprises were studied. Of these, 62.5% were male-owned enterprises while the remaining were female-owned enterprises. Dar es Salaam is made up of the three administrative municipalities of Kinondoni, Ilala and Temeke. Distributing the market in terms of individual incomes, the types of market segments found in the three municipalities are where most people are on a high income (in Kinondoni), on a middle to high income (in Ilala) and where the largest concentration of people are on a low income (in Temeke). The study findings show that most of the businesses involved were in Kinondoni, followed by Temeke and Ilala Municipal Councils. However, being male or female was not associated with the area in which the business was located, which means that the gender of the individual entrepreneur did not determine the location in which the entrepreneur wanted to operate the business.

**Table 2: Basic demographic and business characteristics**

Variable	Dummy variables	Respondents			$\chi^2$ value (DF, P)
		Males n <sub>1</sub> =66 (%)	Females n <sub>2</sub> =39 (%)	Total (n=105) %	
Municipal	Ilala	14.10	9.40	23.5	1.097 (2, 0.578)
	Kinondoni	25.00	18.70	43.7	
	Temeke	23.40	9.40	32.8	
Age (years)	<20	1.60	0.00	1.6	5.486 (2, 0.064) <sup>1</sup>
	20-40	34.40	31.25	65.65	
	41-60	26.50	6.25	32.75	
Education	No education	1.60	0.00	1.6	3.714 (3, 0.294)
	Primary school	4.60	23.60	28.2	
	Secondary school	25.00	17.20	42.2	
	College/University	14.00	14.00	28	
Marital status	Married	42.19	28.13	70.32	0.409 (2, 0.815)
	Single	17.19	7.81	25	
	Separated	3.13	1.56	4.69	
Duration in Business (in years)	1-5	18.75	15.63	34.38	0.950 (2, 0.622)
	6-10	23.44	10.94	34.38	
	>10	20.30	10.94	31.24	

<sup>1</sup>Significant at 0.1 level of significance; \*: Significant at 0.05 level of significance

The majority of those aged 20-40 were married and had been in the business sector for not more than a decade. At the 5% level of significance, age of the entrepreneurs was independent of gender. However, at the 10% level of significance, age (in years) of individual entrepreneurs was dependent on his/her gender. In this study, females were on average more likely ( $P < 0.1$ ) to engage in business at an earlier age than males. However, this was not a new finding in terms of gender business studies. In their comparative study of male and female entrepreneurs, Birley et al. (1987) found that the mean age of female entrepreneurs was significantly lower than that of male entrepreneurs at the 5% level of significance. The existence of the significant dependence of age of the entrepreneur on gender has many implications. However, the most pronounced one is that either females lack opportunities for further studies, which could be the reason for their early entry into entrepreneurship or that they prefer entrepreneurship more than males.

About educational achievements of owners of businesses, the results reveal that the majority of them had at least received secondary school education. Overall, the results show that education was independent of gender ( $P > 0.05$ ). This finding is consistent with that of Birley et al. (1987), that being a male or a female in this sample did not affect one's educational achievement. With respect to duration (years) since the business started, the findings show that, although the majority of both male- and female-owned enterprises started between 1-5 years ago (37.5% for males and 34.38% for females), the two variables were independent ( $P < 0.05$ ) of each other. None of the studied female-owned enterprises was more than ten years old whereas some (9.38%) of the male-owned businesses were more than ten years old. This finding suggests that since male-owned enterprises were on average older than those of females, male entrepreneurs have more experience (proxied by number of years since their businesses started) than females. Another possible explanation of this revelation is the fact that, in Tanzania, females tend to change businesses quite frequently (on average after every two years) unlike males.

The results of the Chi-square test of association between gender and respondents' demographic and business characteristic variables shown in Table 3 are generally consistent with those found in other similar studies (e.g. Kim et al. 2008). However, with respect to duration (years) of business, the findings from this study differ from those of Kim and colleagues, that the duration in business by the entrepreneur and gender were independent, while in the present study the two variables are dependent, in that males tend to have stayed in business much longer than their female counterparts. The dependence of the two variables in the present study could be attributed partly to the highly statistically significant correlation ( $P < 0.001$ ) between experience (measured by duration in business) of the respondents and years since the business started.

As evident from the results presented in Table 2, 43.8% of male entrepreneurs have been in business for at least six years compared with only 21.9% of female entrepreneurs.

The finding on the marital status of female entrepreneurs in this study is consistent with that of Rutashobya (2000), which found that the majority of female entrepreneurs are married,

as only a small proportion of business women were single or divorced. Table 3 presents descriptive statistics and t test of the various demographic and business characteristics. With the exception of years since the business started the other variables were not statistically significant at all levels of significance.

**Table 3: Descriptive statistics and t-test for mean differences**

Age of respondent				Duration in business				Years since business started			
Male, (n=66)	Female (n=39)	Diff. (M-F)	t value (DF, P)	Male (n=66)	Female (n=39)	Diff. (M-F)	t value (DF, P)	Male (n=66)	Female (n=39)	Diff. (M-F)	t value (DF, P)
37.35	34.18			9.46	8.14			5.53	2.91		
1.36	1.60			0.86	0.79			0.81	0.40		
40.00	35.00	3.1774	1.514 (49.31, 0.13)	9.00	8.00	1.3252	1.135 (56.6, .261)	3.00	3.00	2.6133	2.901 (52.3, .005)**
30.00	30.00			5.00	5.00			2.00	1.00		
8.24	7.69			5.38	3.69			4.97	1.93		
67.96	59.06			28.99	13.65			24.69	3.72		
31.00	26.00			22.00	11.00			16.00	8.00		
24.00	21.00			1.00	3.00			1.00	1.00		
55.00	47.00			23.00	14.00			17.00	9.00		

\*\* Significant at 0.01 level of significance; M=Male, F=Female

With respect to the types of business, the findings indicate that the majority (18.78%) of male entrepreneurs are engaged in operating shops, contrary to only 7.81% of the female entrepreneurs. Other types of businesses that are run by both male and female entrepreneurs are shown in Table 4. Generally, gender and type of business owned by both male and female entrepreneurs were statistically independent at the

5 percent level of significance. At the 10% level of significance the two variables are dependent. That is, the type of business an individual entrepreneur operated depends on the gender. It is worth mentioning that some respondents owned more than one category of business. Regarding working capital, female entrepreneurs were more likely to report their working capital than male entrepreneurs.

**Table 4: Business Characteristics**

Variable	Categories	Respondents		$\chi^2$ value (DF, P)
		Male (n=66) (%)	Female (n=39) (%)	
Type of business	Shop	18.78	7.81	17.72 (11, 0.088) <sup>1</sup>
	Hotel	7.81	6.25	
	Welding and tailoring facility	7.81	3.13	
	Catering service	0.00	11.56	
	Hair Saloon	6.25	23.13	
	Pharmaceutical	13.13	6.25	
	Charcoal	3.13	10.00	
	Tomato seller	1.56	0.00	
	Grocery	17.81	0.00	
	Stationery	8.00	6.25	
	Internet cafe	3.13	0.00	
Duration of Business (in years)	<1	4.69	0.00	8.389 (3, 0.039)*
	1-5	37.50	34.38	
	6-10	10.94	3.13	
	>10	9.38	0.00	
	>10	9.38	0.00	
Working capital (Tsh.'000)	<100	9.38	3.13	2.963 (5, 0.006)*
	100-500	25.00	14.06	
	>500-1,000	7.81	7.81	
	>1,000-5,000	6.25	6.25	
	>5,000	3.13	0.00	
	Don't know	10.94	6.25	
Source of working capital	Personal savings	48.44	28.13	
	Loan from Bank	12.50	7.81	
	Government Org	9.38	3.13	
	Loan from friend	29.69	14.06	
	Dividend	14.06	4.69	
	Loan from NGO	9.38	4.69	

<sup>1</sup> Significant at 0.1 and \* at 5% levels; Total row percent adds to more than 100 because of multiple answers to the question.

Both male and female entrepreneurs had more than one source of working capital (bottom panel of Table 4). The majority started their businesses using personal or family savings, 48.44% of males as opposed to 28.13% of females. The results show further that the majority of entrepreneurs started their businesses with working capital ranging between one hundred thousand and five hundred thousand Tanzania shillings, with females committing fewer resources to their ventures than males (see Table 5 for the t test for mean differences in working capital between males and females). Male entrepreneurs had a slightly higher amount of working capital than their female counterparts. The difference was statistically significant ( $P>0.05$ ) at the 5% level.

**Table 5: Descriptive statistics for working capital (Tsh. '000) variable**

Statistic	Gender		Absolute value of mean difference (M-F)	t value (DF,P)
	Female, (n=66)	Male (n=39)		
Mean	943.03	1046.50	103.4696	-0.246(50.98, 0.007) <sup>1</sup>
Std. Err. of mean	330.55	259.74		
Median	400.00	650.00		
Mode	50.00	1000.00		
Std. deviation	1898.84	1161.58		
Variance	3605596.78	1349276.58		
Range	9990.00	3990.00		
Minimum	10.00	10.00		
Maximum	10000.00	4000.00		

<sup>2</sup>Exchange rate is US\$ 1= 1400Tanzania Shillings in 2009

<sup>3</sup>Two-sided test of significance assuming unequal variances (p-value for Levene's test for equality of variance greater than 0.05)

## 4.2 Gender-based SME Marketing Strategies

Having established the level of resources committed to their ventures and the challenges they face, respondents were then asked whether they were using any marketing strategies, with both closed questions (with 'Yes' or 'No' responses options available) and open-ended questions (to list any other remaining marketing strategies option that were missing). The results show that the majority used at least one strategy (Table 6). While the main strategy employed by female-owned businesses was networking and relationship marketing; their male counterparts focused more on quality, giving good service and price differentiation. Only 15.63% of male respondents as opposed to 3.12% females reported not using any strategy.

Of those who reported using some marketing strategies, the most commonly used ones were customer service and pricing by 21.88% and 17.19% of male entrepreneurs and 17.19% and 7.81% of females, respectively (results not displayed in the table).

The use of more than one marketing strategy was independent of gender ( $P>0.05$ ). Several reasons were given by those who used only one marketing strategy. These included among others, the satisfactory flow of customers, according to 30% of males and 20.13% of females, and affordability of the strategy in terms of cost, (9.38%) of both males and females. The majority of respondents did not use the other marketing strategies, pointing out the high marketing costs and inadequate marketing skills as the major constraints. The use of common marketing strategies was independent of gender ( $P>0.05$ ), with the exception of networking and relationship marketing, quality, giving good service and price differentiation.

**Table 6: Use of marketing strategies**

The main marketing strategy exploited in your business is:	Respondents			$\chi^2$ value (DF, P)
	Males (n <sub>1</sub> =66) (%)	Females (n <sub>2</sub> =39) (%)	Total (n=105) %	
Sales promotion	21.88	12.50	17.19	5.766 (99, .1121)
Customer service	42.19	28.13	35.16	4.762(54, .5674)
Advertising	26.56	37.19	31.875	3.889 (97, .3451)
Networking and relationship marketing	34.65	67.60	51.125	5.687 (101, .002)*
Quality and service	78.09	45.27	61.68	3.875 (89, .0052)*
Packaging	21.88	10.94	16.41	4.334 (54, .223)
Brand name	23.44	14.06	18.75	3.455 (67, .543)
Product design	28.13	20.31	24.22	2.556 (45, .235)
Price differentiation strategy	65.94	26.56	46.25	4.332 (76, .0041)*
Selling at specific place	31.25	14.06	22.655	3.887 (56, .113)
None	15.63	3.12	9.375	3.657 (66, .231)

\*Significant at 5% level

Although promotion was reported by many males and females entrepreneurs as one of the strategies used, the majority of them did not use the common advertising media as revealed in Table 7. Among the reasons given for non-use of the media by the majority were the high costs of the media, poor business knowledge and scale (small) of production. Non-use of advertising media was independent of gender ( $P>0.05$ ) with the exception of billboard, which was weakly significant at the 5% level of significance. Among those who used advertising media, female entrepreneurs were more likely to report increased sales after using the media. However, there was also no dependence ( $P>0.05$ ) of the two variables.

**Table 7: Use of media to advertise business by entrepreneurs**

Advertising media	Categories	Respondents			$\chi^2$ value (DF, P)
		Male (n <sub>1</sub> =66) (%)	Female (n <sub>2</sub> =39) (%)	Total (n=105) %	
Radio	Yes	39.06	62.50	50.78	0.510 (1, 0.435)
	No	60.94	37.50	49.22	
Television	Yes	37.56	66.50	52.03	0.670(1, 0.435)
	No	62.44	33.50	47.97	
Newspaper	Yes	40.62	45.78	43.2	1.239(0.266)
	No	59.38	54.22	56.8	
Word-of-mouth	Yes	60.3	67.8	64.05	0.785 (1,0.321)
	No	39.7	32.2	35.95	
Magazine	Yes	67.94	22.50	45.22	0.610(1, 0.435)
	No	32.06	77.50	54.78	
Billboard	Yes	43.12	70.31	56.72	3.860(1, 0.049)*
	No	56.88	29.69	43.28	

\*: Significant at 0.05 level of significance

Assessing whether or not employees of the business firms had undertaken any marketing training revealed that the majority of employees from female-owned firms had, while those from male-owned firms had not (Table 8). In total, however, the proportion of those trained and not trained was almost the same. Nevertheless, no dependence between receiving training and gender was observed ( $P > 0.05$ ). For those who

had received training, the main provider of the training was non-governmental organisations for employees from female-owned firms, unlike those the employees of male-owned firms, as overall they had received training from governmental institutions, with the majority having received training of above three months in duration.

**Table 8: Short-term training of employees in marketing skills**

Variable	Categories	Respondents			$\chi^2$ value (DF, P)
		Male (n <sub>1</sub> =66) (%)	Female (n <sub>2</sub> =39) (%)	Total (n=105) %	
Employee undertake any training	Yes	43.13	55.56	49.35	0.025(2, 0.987)
	No	56.87	44.44	50.66	
Training institution	Non-governmental institution	33.58	64.06	48.82	0.734(2, 0.693)
	Governmental Institutions	66.42	35.94	51.18	
Duration of training	1-3 months	3.13	22.50	12.82	2.868(2, 0.234)
	3-6 months	37.49	41.56	39.52	
	>6 months	59.38	35.94	47.66	

Regarding the presence of marketing departments in the firm, the findings revealed that the SME respondents reported not having a unit at their businesses (Table 9). No statistical significant difference ( $P > 0.05$ ) was observed between male and

female entrepreneurs in this aspect. Wherever the department existed, the qualification of the head of the department was between secondary school and vocational training level.

**Table 9: Presence of marketing department**

Variable	Categories	Respondents			$\chi^2$ value (DF, P)
		Male (n <sub>1</sub> =66) (%)	Female (n <sub>2</sub> =39) (%)	Total (n=105) %	
Marketing department for business	Yes	39.37	24.06	31.72	0.138 (1, 0.711)
	No	60.63	75.94	68.29	
Qualification of head of marketing department	University degree	22.05	18.34	20.20	
	Diploma/vocational certificate	46.43	35.95	41.19	
	Secondary Education	31.52	45.71	38.61	

Source: Survey data, September, 2009



## 4.3 SME Marketing Challenges

When asked whether or not it was easy to carry out marketing activities for their businesses, the responses did not differ ( $P>0.05$ ) between males and females. The majority said it was not easy for them to implement the marketing strategy of their choice because of various constraints as summarized below in Table 10. The constraints faced by both male and female entrepreneurs included complying with government regulations, having difficulty accessing skilled workers, lack of financial assistance and of business information, excessive taxation and high inflation rate. Cross-tabulation of each of the constraints given in the table by gender (results not shown) did not reveal any dependence ( $P>0.05$ ). That is, gender and business constraints were independent.

**Table 10: Marketing Challenges**

Variable	Categories	Respondents			$\chi^2$ value (DF, P)
		Male (n <sub>1</sub> =66) (%)	Female (n <sub>2</sub> =39) (%)	Total (n=105) (%)	
Constraint	Complying with govt. regulations	58.13	45.63	51.88	1.339 (2, 0.266)
	Difficulty accessing skilled workers	43.44	30.94	37.19	1.125 (2, 0.587)
	Lack of financial assistance	79.06	98.13	88.60	0.437 (2, 0.493)
	Lack of business information	88.75	76.81	82.78	2.268 (2, 0.134)
	Excessive taxation	81.25	92.88	87.07	4.137 (2, 0.413)
	High inflation rate	35.94	25.63	30.79	2.478 (2, 0.334)

To overcome some of the stated constraints several suggestions were given as summarized in Table 11. These included adherence by entrepreneurs to the set government business rules and regulations, (which is of paramount importance), the government in collaboration with other stakeholders should provide (on a regular basis) training for small and medium entrepreneurs to update their business skills, the inflation rate should be kept as low as possible to avoid reducing customer purchasing power, and the government should provide tax relief for SMEs. Others include having an equal business environment for males and females as well as security or government commitment. These solutions are similar to those stated in the study by Mfaume and Leonard (2004). In their study, they identified customers, security and government support as important environmental factors for success of the SME sector.

**Table 11: Respondents' opinions for improvements**

Variable	Categories	Respondents	
		Male (n <sub>1</sub> =66) (%)	Female (n <sub>2</sub> =39) (%)
Option	Soft loans	37.50	28.13
	Adhere to government regulations	14.69	10.00
	Provide tax relief	17.19	74.06
	Provide training	28.13	20.31
	Gov. should control inflation	9.38	57.76
	Other	17.19	7.81

## 5. Conclusion

This study identified the differences between female and male-owned SMEs with respect to business characteristics, application of marketing strategies and the associated marketing challenges. To achieve this, a survey was conducted in Tanzania. Then the study used the Chi-square test for independence and the student t-test to examine if there is any significant difference between male and female-owned businesses, which determined whether gender is related to marketing decisions. It was revealed that the main strategy employed by female-owned businesses was networking, while their male counterparts focused more on quality and price differentiation. The associated costs and ease of use were the major influences on the choice of strategy, regardless of gender.

It is certain that adhering to proper marketing principles and practices is not optional. Thus, training the SME-owner managers in various aspects of marketing strategies is very important regardless of their gender. Understanding marketing enables the business owners to interact with the customers freely, while grasping existing marketing opportunities easily than otherwise. If the owner-managers lack marketing skills, it is of paramount importance to utilize the marketing experts to promote the business growth and sustainability.

Above all, adherence to the relevant business rules and regulations by entrepreneurs, the provision of training for small and medium entrepreneurs to update their business skills and controlling inflation to avoid reducing customer purchasing power are recommended. In addition, the tax relief for SMEs is required in order to create equal business opportunities not only for both males and females; but also between large and small enterprises in the country. There are largely miscalculations in developing economies where large enterprises which are a handful to receive tax relief while the SMEs that account for more than 40% of the nation's GDP (Tanzania in particular) to succumb the prospect. Lastly but not least, further research could test the relevant sets of distinctive marketing competencies for each gender. Likewise, further study can investigate why females are more relationship prone as compared to male? How do they manifest this practice and what is the consequence of this practice on their earnings?

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# Relationship between Satisfaction with Service Recovery and its Drivers

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## Abstract

Service failures are inevitable. Customers tend to complain when they happen. Given that we are able to make customers complain, what actions should we take? This study is aimed at shedding light on the relationship between satisfaction with service recovery (SSR) and its antecedents - disconfirmation, encompassing the relationship between expectations and performance, and dimensions of perceived justice. As a result, a literature review was carried out in order to reveal how previous research has treated this topic. Based on existing theory and subjective pre-assumptions, 4 hypotheses were proposed. Preliminary findings support the hypotheses. The results of this research have important implications for managers and firms as they could get a greater understanding of their customers, which can help companies to be more profitable in the long run.

### **Key words:**

Customer Satisfaction with Service Recovery, Disconfirmation, Perceived Justice.

# 1. Introduction

Very few customers complain despite having experienced service failure (Stephens & Gwinner, 1998). The reasons for not complaining are plentiful (Vorhees et al., 2006) and the consequences are potentially devastating to a company, resulting in increased “opportunity cost” (Fornell & Wernfelt, 1987; Vorhees, et. al., 2006), lost market share and declining profitability (e.g. Estelami, 2000). On the other hand, if the customer complains, it should be considered as a gift (Barlow & Moeller, 1996) and listened to carefully in order to take the right corrective actions, turning the unhappy customers into delighted apostles singing our gospel. Based on the logic of the service recovery paradox, this should be a possibility, at least theoretically. Still, the support for such effects is mixed and seems to depend on situational factors such as the cause and severity of the failure and whether the company had control over the failure (Magnini et al., 2007). To mention just a few, complaint handling provides information to improve products/ services, positive customer attitudes, increased repurchase intentions, positive word-of-mouth and communication about the provider (Stauss & Seidel, 2004; Stauss & Schoeler, 2004). Lately, Luo and Homburg (2008) have even found that complaint handling has a stronger effect on stock value gap than customer satisfaction. Also, an efficient service recovery should prevent double deviation situations, i.e. inappropriate or inadequate response to a failure (Johnston & Fern, 1999) turning a bad situation into an even worse one. In order to develop efficient service recovery systems, collect the benefits and avoid double deviation situations, there is a need to understand the customer’s situation. From earlier work it is known that personal and situational factors have an impact on customers’ assessments of service delivery and their level of satisfaction (e.g. Wilson et al., 2008). Also, customers engage in different types of relationships with service providers (Guttek et al., 2000), for instance service encounters, pseudo relationships or true relationships (Guttek et. al., 2000) or they may be acquaintances, friends or partners with the service provider (Johnson & Selnes, 2004). One of the first studies to investigate the effects of complaint handling on customer relationships was conducted by Tax, Brown and Chandrashekar (1998). They looked at how the interplay between satisfaction with complaint handling and previous experience affect trust and commitment.

Current research on the antecedents of customer satisfaction and customer satisfaction with service recovery (Szymanski & Henard, 2001; Andreassen, 2000) has mainly focused on five antecedents; equity, initial negative affects expectations, performance and disconfirmation. The correlations between these and customer satisfaction, however, vary from study to study and are not constantly high. As an example, Andreassen (2000) found a correlation between equity and satisfaction of 0.34 and a correlation between disconfirmation and

satisfaction of 0.29. In their meta-analysis Szymanski and Henard (2001) show that the correlations for disconfirmation with satisfaction range from -0.24 to 0.87 and the values of the correlations for equity with satisfaction range from -0.14 to 0.87. One can deem that these studies do not take into account the differences in the relationship between customers and firms, and that this research may provide clearer results. In the proposed model of antecedents to customer satisfaction with service recovery, the three dimensions of perceived justice and disconfirmation are explored, as opposed to all five dimensions stated above. Disconfirmation is a variable that encompasses the variables of performance and expectation, making the latter two redundant.

Initial negative affect belongs to a different time in the period from the service failure to customer satisfaction with service recovery - than the two other variables. Therefore, equity and disconfirmation can not be viewed as an antecedent directly influencing satisfaction.

In this regard this relation can be modeled as follows:

Service or product failure → initial negative affect → dissatisfaction → service recovery → satisfaction with service recovery, depending on customer perceptions of equity and disconfirmation.

This means that initial negative affect arises after service failure and the customer becomes dissatisfied, being only in a negative state of mind. However, equity and disconfirmation judgment happens after service recovery. Satisfaction or dissatisfaction judgment is believed to be formed after receiving a favorable or unfavorable outcome, in other words after service recovery.

This research focuses on the satisfaction with service recovery as it is a very important part of satisfaction research. In that case the customers are dissatisfied and it is of interest to see what it takes to turn the situation around. Therefore, we need to investigate if and how the state of a relationship between the customer and the company influences the outcome. As no firms, products or services can be satisfactory all of the time, the contribution is of practical relevance as it may provide valuable insight for companies. Moreover, there is a need for companies to consider the need to increase the effectiveness of support tools for the management of customer relationships. Thus, this paper seeks to provide clarity on how the relationship between the customer and the firm can affect customers’ satisfaction with service recovery.

In order to be able to attract and retain loyal and profitable customers, one needs to understand the customer attitudes and involvement with a product or service category.

Because failures are common in service settings, examining these can potentially offer service managers valuable guidance in failure and recovery situations. There is a need for such guidance, especially taking into account that half of the customers involved in service failures are not pleased with firms' recovery procedures (Hart et al., 1990).

Some assumptions are proposed to limit the dimensions of the problem statement. Firstly, the service failure is recognized as being of high severity to the customer, which is to say, is a relatively great matter to a dissatisfied customer. Secondly, it is necessary to note that all recoveries are defined to be service recovery, no matter whether the failure itself is on a product or service, tangible or intangible, durable or non durable. Services are not differentiated from goods, by taking into account the suggestion of Vargo and Lusch (2004) that all economic exchange is a service.

## 2. Literature Review and Hypotheses

### Customer Satisfaction with Service Recovery

Oliver (1997) defines satisfaction as "a judgement that a product or service feature, or the product or service itself, provided a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfillment" (p.13). Yet, Customer satisfaction is crucial to the survival of any business organization (Kau & Loh, 2006). Satisfied customers are more likely to form long-term relationships with a company. Consequently this gives firms great economic, customer behavior and human resource management benefits (Piyush, 1999).

Still, few if any companies manage to deliver products or services with expected quality all the time, which can result in a product or service failure. Reasons might be negative disconfirmation of expectations or the perception of inequity (Andreassen, 2000). However, such a failure may be responded by the company performing a service recovery. Service recovery refers to the actions a supplier takes in order to seek out dissatisfaction (Johnston, 1995) as a response to poor service quality, i.e. service failure (Grönroos, 1988; Hart et al., 1990). Jonston and Hewa (1997) demonstrate service recovery as "the actions of a provider to mitigate and/or repair the damage to a customer that results from the provider's failure to deliver a service as designed" (p. 467). A meta-analysis conducted by Matos, Henrique and Rossi (2007) integrate studies dealing with service recovery paradox and its influence on customer satisfaction, repurchase intention, word-of-mouth and corporate image.

Different theoretical perspectives and theories have been employed to examine service recovery closer. Maxham and Netemeyer (2002) give an overview of some of the most important theoretical and empirical papers on service recovery between 1992 and 2000, which is presented in Table 1 (p. 251).

**Table 1. Representative empirical research on service recovery**

Authors	Sample	Design	Notable Findings
McCollough, Berry, and Yadav (2000)	615 airline passengers	Between-subjects experiment with hypothetical scenarios involving airline failures	Distributive and interactional justice affect satisfaction with a particular experience
Smith, Bolton and Wagner (1999)	375 undergraduate and 602 hotel customers	Mixed-design experiment with hypothetical scenarios	Distributive, procedural and interactional justice affect service encounter satisfaction
Smith and Bolton (1998)	344 undergraduates and 520 hotel customers	Experiment with hypothetical scenarios	Cumulative satisfaction and repatronage intent increase as transactional satisfaction increases
Tax, Brown and Chandrashekar (1998)	257 employees responding as customers	Cross-sectional survey capturing retrospective evaluations of past complaints	Interactional, distributive and procedural justice affect satisfaction with complaint handling
Blodgett, Hill and Tax (1997)	265 consumers recruited from church groups	Quasi-experiment with hypothetical scenarios	Interactional justice can compensate for lower levels of distributive justice
Blodgett, Granbois and Walters (1993)	201 university staff employees	Retrospective self-report survey of past dissatisfactory experiences	Overall perceived justice affects negative WOM and repurchase intent
Kelley, Hoffman and Davis (1993)	661 retail customers	Classification of Retrospective Critical Incidents	Customers return if they receive effective recoveries
Goodwin and Ross (1992)	285 undergraduates	Experiment with hypothetical scenarios	Apologies and voice enhance satisfaction and fairness

Poor service recovery efforts can dissolve buyer-seller relationship and purchase (Schneider & Bowen, 1999), taking into account that it is more costly to gain new customers than to retain current ones (Hart et al., 1990). However, recovering fairly from failures can be one important strategy to retain customers (Blodgett et al., 1997).

A study by Zemke (1999) shows that customers who are dissatisfied with a firm's service recovery efforts relate his or her bad experience with service provider to 10 to 20 other people, thus having severe implications for the firm. Therefore, once a service failure has occurred it is crucial for the firm to effectively carry out service recovery in order to reduce damage to the relationship.

Reichheld and Sasser (1990) argue that in general, businesses lose 15 to 20 percent of their customers each year. Organizational survival and growth are directly linked to a service recovery. It is also beneficial from the cost/benefit point of view. The cost of obtaining new customers is three to five times greater than keeping existing customers. Existing customers are important to the company in terms of profit.

The service recovery paradox suggests that customers might end up with a higher level of satisfaction than that they might experience if no service failure takes place. According to McCollough and Bharadwaj (1992) Service Recovery Paradox refers to a situation in which a customer's post-failure satisfaction exceeds pre-failure satisfaction. Hart, Heskett and Sasser (1990) academic paper is the most cited about service recovery paradox, stating: "a good recovery can turn angry, frustrated customers into loyal ones. It can in fact create more goodwill than "if things had gone smoothly in the first place" (p. 148). Moreover, Hart et al. (1990) show that "Doing things right second time" can turn complaining customers into very satisfied ones. However, there are no guaranteed methods for making a customer satisfied, and how satisfied a customer might become or not, become depends on many factors.

Magnini, Ford, Markowski, and Honeycutt Jr (2007) define the service recovery paradox indeed a valid theory, and try to clear up the discrepancy between research that supports the service failure recovery and that which does not by introducing a model of the service recovery paradox which incorporates relevant moderators.

## Drivers to Satisfaction with Service Recovery

The conceptual model considers the perceived justice dimensions and disconfirmation as drivers of customer satisfaction with service recovery. These variables have been successfully found as drivers of customer satisfaction in multiple studies. In their meta-analysis of satisfaction research Szymanski and Henard (2001) demonstrates that equity and disconfirmation are the strongest antecedents of customer satisfaction.

According to Andreassen (2000) equity theory states that parties feel equitably treated and satisfied if their amount of input to the exchange somehow balances with their output of the exchange (p. 159). In his study he demonstrates the difference between disconfirmation and equity, and defines equity as a relative dimension. In other words, "*disconfirmation is the result of comparing predictive expectations to performance whereas perceived justice is the result of comparing normative standards to performance*".

Oliver (1997) defines equity as "*a fairness, rightness, or deservingness in comparison to other entities, whether real or imaginary, individual or collective, person or non-person.*" (p. 194). The perceived justice as a component of equity theory consists of three dimensions: distributive justice, procedural justice and interactional justice (Tax et al., 1998).

Based on social exchange theory Adams (1963) argues that distributive justice refers to the role of "equity," where individuals assess fairness of an exchange by comparing their inputs to outcomes. Ruyter and Wetzels (2000) define distributional fairness as the manner in which inputs and outputs are divided between the parties: in other words, what specific outcome (output) has been offered to the customer to recover from the service failure and whether this outcome offsets the costs (input) of the service failure (Greenberg, 1990; Gilliland, 1993). To mend or totally replace the product or re-perform the service, apologies, and compensation (e.g. gratis, discounts, coupons, free upgrades, and free ancillary) are considered typical distributive outcomes (Goodwin & Ross, 1992; Hoffman & Kelly, 2000; Tax et al., 1998).

The second component of perceived justice, procedural fairness, represents the fairness of the process that leads to a certain outcome and aims to resolve conflicts (Tax et al., 1998). According to Greenberg (1990), it examines the process that is undertaken to arrive at the final outcome. Customers want to have a "voice," in other words, they want to be active (Goodwin & Ross, 1992).

Tax et al. (1998) define interactional justice, the third component of perceived justice, as "dealing with interpersonal behavior in the enactment of procedures and the delivery of outcomes." Wirtz and Mattila (2004) demonstrate an apology, perceived helpfulness, courtesy, and empathy as an example of interactional treatment during the service recovery process. According to Maxham and Netemeyer (2002) interactional justice is the extent to which customers feel that they have been treated fairly regarding their personal interaction with service agents throughout the recovery process.

Some researches have examined the effects of perceived justice on service recovery (Blodgett et al., 1993; McCollough et al., 2000; Smith et al., 1999; Tax et al., 1998); however, these studies do not take into account the effects of perceived justice dimensions on satisfaction with service recovery. Thus, it is important to analyze how offering justice in service recovery will affect gaining customer satisfaction.

As mentioned in the introduction, disconfirmation is affected by the consumer expectation of performance and the service provider's performance, in other words "*a function of recovery expectations and recovery performance*" (Magnini, et al., 2007, p. 214). Oliver (1997) says that disconfirmation refers to the psychological interpretation of an expectation.

In other words, this can be expressed as the performance being better or worse than what the customers expected.

Disconfirmation can take a positive, negative, and zero or simple value where negative disconfirmation is when the performance is below the customer expectation and positive disconfirmation is when the performance is above customer expectation and zero or simple disconfirmation is when performance matches expectations (Oliver 1997). However, positive disconfirmation due to the fact that customers learn from their experience, is only achieved after the first recovery. The customers learn that recovery may lead to some form of dissatisfaction (Murray & Schlacter, 1990) and therefore they will expect some form of compensation the next time (Barry & Parasuraman, 1991).

Earlier research has shown that disconfirmation is one of the most strongly related antecedents to customer satisfaction (Szymanski & Henards, 2001). Oliver (1980) is one of several researchers that have recommended a direct understanding of disconfirmation, which might lead future researchers to better understand the stability of the standards in the disconfirmation paradigm (Szymanski & Henards, 2001; Fournier & Mick, 1999). The disconfirmation paradigm or judgments is defined as the customer judgments constructed by comparing consumption experiences or performance, against comparison standards brought to mind at the time of judgment (Niedrich et al., 2005).

Even if disconfirmation is a “product” of customers’ expectation and the service providers performance it is also a mental or subject state that emerges from the calculated difference between expectation and performance (Oliver et al., 1994). Oliver (1980), Swan and Trawick (1981) give us evidence that individual customers construct a disconfirmation cognition based on their initial comparison of the calculation. They presume that this comparison is a stronger antecedent to satisfaction than the calculation between experience and performance. Based on their persuasion, one can assume that the customers’ prior experience is affecting their subjective disconfirmation. The better their last experience was, the higher will be satisfaction, resulting in a higher expectation in their next experience with the service recovery attempt of the provider.

The objective of this research is to test the perceived justice, disconfirmation and satisfaction-based model of the service recovery process as it takes place over time. Before a customer comes to evaluate satisfaction with a service recovery, he or she will have gone through a failure-to-recovery process. Firstly, a service or product failure occurs, which will lead to initial negative affect, which creates dissatisfaction. Yet, this will be answered by the firm performing a service recovery. It is then the customers’ perception of this service recovery that will determine the degree of satisfaction.

The preceding discussion and arguments result in the following hypothesis:

***H<sub>1</sub>: Distributive justice has a positive impact on satisfaction with service recovery.***

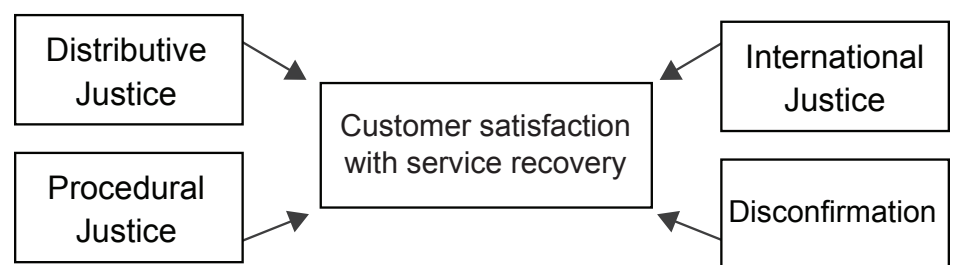
***H<sub>2</sub>: Procedural justice has a positive impact on satisfaction with service recovery.***

***H<sub>3</sub>: Interactional justice has a positive impact on satisfaction with service recovery.***

***H<sub>4</sub>: Disconfirmation has a positive impact on satisfaction with service recovery.***

The conceptual model summarizes the hypotheses in Figure 1:

**Figure 1: The conceptual model**



### 3. Methodology

A quantitative design was chosen for the purpose of this study. A questionnaire was developed and data collected through a survey. The survey period was May and June. To collect data 300 questionnaires were distributed personally by the researcher among customers of the hotel. The participants were informed about the survey and encouraged to participate. One of the important considerations was assuring respondents’ confidentiality and anonymity. The sample consisted of customers from an international hotel chain. Following pre-testing, the study investigated customers who faced service recovery after service failure and was conducted on a convenience sample of respondents of 300 customers. Because of missing values, 284 from the total 300 surveys were retrieved and used for further analysis. The research result shows that 37.7% of the customers experienced a situation that produced dissatisfaction more than 8 months ago and 29.2% of the respondents expressed their dissatisfaction half a year ago. 52.1% of the customers did verbally complaint to the hotel, where the main preferred approach was face-to-face (53.2%). In general, 41.5 % of the customers expressed dissatisfaction about a product and service 3-4 times in the course of the past year (see *Appendix*).

The sample exhibited the following demographic characteristics: the final sample contained 60.6% males and 39.4% females.



Most of the respondents were business customers (86.6%). Descriptive statistics indicates that 83.8% of the customers stayed more than 6 nights per year. Most respondents were in the age group of 36-45 (59.9%). The educational background of the sample varied, with 10.6% having some high school, 19.7% college/university undergraduates, 56.3% college/university graduates and 8.8% having further education after college/university. According to households' yearly gross income, most of the respondents were in the groups of 500,000-749,999 (25.4%) and 749,999-999,999 (25.4%) (see *Appendix*).

## Measures

All the variables considered were measured on a 7-point Likert scale. The questions used to measure the variables in the conceptual model are all based on well-established scales from previous research, i.e. the measure of satisfaction with service recovery is based on Andreassen (1997; 2000). The scales for distributive, procedural and interactional justice were taken from Voorhees and Brady (2005), while the disconfirmation scale was based on Oliver's (1980) work.

## Analysis of data

Reliability was examined via the Cronbach alpha coefficient. Nunnally (1967) argues that a score above 0.5 is reliable for basic research, however the score over 0.70 is proposed in the literature (Nunnally, 1978). Reliability constructs were high for satisfaction with service recovery (0.841), distributive justice (0.968), procedural justice (0.927), and interactional justice (0.958). However, no reliability information was reported for disconfirmation by Oliver (1980). At the same time, the scale does not have a high level of reliability in this study either (0.131). However, two items, 7-point semantic differentiation scale, which is included in the handbook of Marketing Scales Handbook (Bruner and Hensel 1994: 191-193) has been recommended by several researchers as a valid measurement of disconfirmation (Oliver, 1980; Oliver & Swan, 1989a,b; Westbrook, 1987).

Taking these into account, one can deem that the scales are reliable and meet the proposed thresholds (see table 2).

**Table 2: Cronbach's alpha for the measures employed in this study**

Measures	Chronbach's alpha	Number of items
SSR	0.841	3
Distributive Justice	0.968	5
Procedural Justice	0.927	5
Interactional Justice	0.958	5
Disconfirmation	0.131	2

# 4. Results and Tests of Hypotheses

With a sample consisting of 284 customers multiple regression analyses have been applied in order to test the conceptual model and the hypotheses. In regression analysis, distributive, procedural and interactional justice and disconfirmation were entered as the independent variables and satisfaction with service recovery as the dependent variable. Based on the results from these analyses, certain patterns and effects have been identified that need further research. First, at this point in time, the conceptual model replicates well. Support was found for the model in the data set and the model provides a relatively high R<sup>2</sup> of .645 or 64.5 % in the first step, where, only the drivers' effect on satisfaction with service recovery are measured. All the drivers, i.e. justice dimensions and disconfirmation, have significant effects on satisfaction with service recovery. Of the variables, distributive justice seems more important, followed by procedural justice, interactional justice and disconfirmation respectively. The two latter variables have negative effects on the dependent variable. Analysis of the pattern and strength of the relationship between satisfaction with service recovery and its drivers indicates that these relationships are high (see table 3).

**Table 3. Model Summary**

Model	R Square	Adjusted R Square	Change Statistics		
			R Square Change	F Change	Sig. F Change
1	.645	.640	.645	121.458	.000

The ANOVA table indicates that the model as a whole is significant (F=122.823, p<0.005).

### ANOVA <sup>c</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	252,919	4	63,230	122,823	.000 <sup>a</sup>
Residual	138,998	270	.515		
Total	391,917	274			

a. Predictors: (Constant), Disconfirmation, Procedural\_Justice, Distributive\_Justice, Interactional\_Justice

c. Dependent Variable: SSR

The findings in this study confirm that distributive justice is most significantly and positively related to SSR. Distributive justice has a beta value of 0.619 at  $p < 0.05$ , thus supporting  $H_1$  (see table 4). Moreover, the Pearson Correlation presented in Table 5 shows that there is a positive relationship between distributive justice and SSR ( $r = 0.688$ ). The relationship between these two variables was significant (0.000).

$H_2$  argues that procedural justice has a positive impact on satisfaction with service recovery. Beta values indicate strong support for this claim. Procedural justice has a beta coefficient of 0.563 at  $p < 0.05$  (see table 4). Moreover, the results of the Pearson Correlation presented in Table 5 indicate that a strong correlation between procedural justice and SSR ( $r = 0.727$ ) was significant ( $p = 0.000$ ).

$H_3$  contends that interactional justice has a positive impact on satisfaction with service recovery. Interactional justice has a beta value of (-0.353) in at  $p < 0.05$  (see table 4). Moreover the correlation matrix, displayed in Table 5, generates support for this view with a positive ( $r = 0.525$ ) and significant ( $p = 0.000$ ) bivariate association.

$H_4$  reasons that disconfirmation has a positive impact on satisfaction with service recovery. The multiple regression analysis shows the effect of disconfirmation on SSR with an absolute beta value of (-0.117) at  $p < 0.05$  (see table 4). Moreover, the correlation matrix indicates that a positive correlation between disconfirmation and SSR ( $r = 0.034$ ) was significant ( $p < 0.05$ ) (see table 5).

**Table 4: Coefficients**

Model	Beta Coefficients	t	Sig.
1 (Constant)		4.925	.000
Distributive_Justice	.619	9.285	.000
Procedural_Justice	.563	11.018	.000
Interactional_Justice	-.353	-5.232	.000
Disconfirmation	-.117	-2.979	.003

**Table 5: Correlations**

Pearson Correlation	SSR	1.000
	Distributive_Justice	.688
	Procedural_Justice	.727
	Interactional_Justice	.525
	Disconfirmation	.034

Based on these early results, H1, H2, H3, and H4 are supported.

## 5. Conclusion

This study aims to explore the impact of the dimensions of perceived justice and disconfirmation on SSR. Four different hypotheses were developed and tested. The preliminary findings support all the hypotheses. As the regression analysis revealed, the three justice dimensions and disconfirmation were significantly positively related to SSR.

The results indicate that the perception of fairness in the outcome of the dissatisfaction is more important than the disconfirmation of expectations of service recovery. This study suggests that offering distributive, procedural and interactional justice following failures may increase customers' satisfaction. Thus, these results suggest that managers should strive to offer customers fair outcomes, procedures, and personal interactions.

The results support the relationship between dimensions of perceived justice and SSR. This implies that customers become more satisfied and react more positively, when treated fairly. Thus, this study shows that managers should pay attention to the importance of managing the fairness perceptions of customers. Customers should be treated with the utmost of respect and offered a full range of remedies when experiencing a service failure. It is more efficient to retain loyal customers than to pursue new customers (Hoffman & Kelley, 2000), thus managers should strive to delight the customers. Moreover, special training and support should be considered by service managers that help frontline service providers respond effectively to service failures (McCollough et al., 2000).

According to Hart et al. (1990) there is a gap between service companies that manage complaints well and those that do not. It is in companies best interest to encourage dissatisfied customers to complain, however little guidance is available to managers on how to encourage complaints. Treating customers fairly during a dissatisfying service encounter can increase complaint intentions and reap future benefits for managers. It is also important to note, that future research should consider the effects of prominent service variables that may be worthy of investigation in a complaining context.

Like any research effort, this study has limitations that should be commented upon and taken into consideration when interpreting the results. Due to scarce resources in terms of capital and time it was considered necessary for this study to limit the approach in terms of sample as well as included variables in the conceptual framework. The sample gathered was from one chain visiting a given hotel. The findings would be of broader appeal if different types of services and different magnitudes of failure were used.

Therefore, additional research is needed in order to broaden the scope and cover different types of businesses, which would increase the probability for improved external validity. The data was gathered through a questionnaire asking about measures that had been previously used. However, self-report measures can cause biased and inflated results. Questionnaires have several advantages for collecting data, but also have some drawbacks that should be considered. Questionnaires are limited in that the researcher can only get answers to the questions or statements asked, the respondents cannot provide any additional reflections and comments on the topic, and the investigator cannot actually see and interpret how things are done at each workplace.

In this research antecedents of customer satisfaction were observed, but their relationship to the consequences of customer satisfaction-- like repurchase intention and switching behavior—was not taken into account. This topic would be further clarified if the above constructs were included in the research, making it a comprehensive model of the whole customer satisfaction experience.

From the study process several interesting tendencies and results have been discovered, hence some of them might deserve further attention. Such further investigation can be addressed in terms of both a methodological or sampling approach as well as a conceptual or theoretical approach.

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## Appendix – Descriptive Statistics

**Experienced\_dissatisfaction**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than one month ago	34	12,0	12,0	12,0
	1-2 months ago	20	7,0	7,1	19,1
	3-4 months ago	31	10,9	11,0	30,0
	5-6 months ago	61	21,5	21,6	51,6
	7-8 months ago	18	6,3	6,4	58,0
	More than 8 months ago	107	37,7	37,8	95,8
	Not sure	12	4,2	4,2	100,0
	Total	283	99,6	100,0	
Missing	Does not want to say	1	,4		
Total		284	100,0		

**Last\_express\_dissatisfaction**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	A couple of days ago	13	4,6	4,8	4,8
	A couple weeks ago	28	9,9	10,4	15,2
	Last month	52	18,3	19,3	34,4
	Half a year ago	83	29,2	30,7	65,2
	A year ago	30	10,6	11,1	76,3
	More than two years ago	64	22,5	23,7	100,0
	Total	270	95,1	100,0	
Missing	Don't remember	14	4,9		
Total		284	100,0		

**Dissatisfied\_action**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Expressed dissatisfaction, but did not complain	67	23,6	25,2	25,2
	Verbal complaint to the hotel	148	52,1	55,6	80,8
	Written complaint to the hotel	44	15,5	16,5	97,4
	Hired a lawyer	6	2,1	2,3	99,6
	To the consumeræs council	1	,4	,4	100,0
	Total	266	93,7	100,0	
Missing	Did not do anything	18	6,3		
Total		284	100,0		

**Preferred\_communication**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Letter	9	3,2	3,2	3,2
	E-mail	107	37,7	37,7	40,8
	Telephone	17	6,0	6,0	46,8
	Face-to-face	151	53,2	53,2	100,0
	Total	284	100,0	100,0	

**Times\_expressed\_dissatisfaction**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Zero	12	4,2	4,2	4,2
1-2 times	98	34,5	34,5	38,7
3-4 times	118	41,5	41,5	80,3
5-6 times	50	17,6	17,6	97,9
More than 7 times	6	2,1	2,1	100,0
Total	284	100,0	100,0	

**Gender**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	172	60,6	60,6	60,6
Female	112	39,4	39,4	100,0
Total	284	100,0	100,0	

**Visit\_purpose**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Business	246	86,6	86,6	86,6
Leisure	25	8,8	8,8	95,4
Meeting/Conference	11	3,9	3,9	99,3
Tour	1	,4	,4	99,6
Celebration	1	,4	,4	100,0
Total	284	100,0	100,0	

**Age\_group**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-25	5	1,8	1,8	1,8
26-35	72	25,4	25,4	27,1
36-45	170	59,9	59,9	87,0
46-55	33	11,6	11,6	98,6
56-65	4	1,4	1,4	100,0
Total	284	100,0	100,0	

**Stay\_nights**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1-3 nights	19	6,7	6,7	6,7
4-5 nights	27	9,5	9,5	16,2
More than 6 nights	238	83,8	83,8	100,0
Total	284	100,0	100,0	

**Education\_level**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid High school	30	10,6	11,1	11,1
College/university, undergraduate	56	19,7	20,7	31,7
College/university, graduate	160	56,3	59,0	90,8
Further education after college/university (PhD or equivalent)	25	8,8	9,2	100,0
Total	271	95,4	100,0	
Missing Does not want to say	13	4,6		
Total	284	100,0		

Household's\_yearly\_gross\_income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Under 200000	3	1,1	1,1	1,1
	200000-299999	5	1,8	1,8	2,8
	300000-399999	11	3,9	3,9	6,7
	400000-499999	15	5,3	5,3	12,0
	500000-749999	72	25,4	25,4	37,3
	750000-999999	72	25,4	25,4	62,7
	Over 1 Million	106	37,3	37,3	100,0
	Total	284	100,0	100,0	

## Biography



### Ms. Aygul Isayeva

She received her Master of Science degree in Business and Economics with a major in marketing from the BI Norwegian Business School, Oslo, Norway in 2008. She also completed a Bachelor of International Economic Relations program, earning an Honor Diploma at the Khazar University, Baku, in 2006. She worked as Coordinator at the Khazar University Career Development Center in 2005-2006. Starting in 2008, she served as an Assistant to the President for International Relations and Projects and taught Services Marketing, International Business, and Principles of Marketing at Khazar University. She worked as the Executive Director of Azerbaijan Marketing Society (AMS) in 2010. She is currently a PhD candidate at the International Black Sea University. Her research interests include customer satisfaction with service recovery, customer complaint behavior among others. She also works as a Marketing Manager at SOCAR Georgia Petroleum. Yet, she is an invited lecturer at the International Black Sea University.



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