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Exploring digital marketing resources, capabilities and market performance of small to medium agro-processors. A conceptual model.

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Keywords
Agro-processors, digital marketing, resources, capabilities, market performance.

Abstract
Agro-processors are important to economies of developing countries as they help create jobs, alleviate poverty and improve food security. These goals are important for Zimbabwe – a country ranked among the poorest countries in the world. However, small to medium sized agro-processors face marketing challenges, especially in the digital environment. The challenges are mainly due to limited digital marketing resources and capabilities as witnessed by poor website design, and low visibility in trending social media platforms. As such, marketing costs remain high, yet digital marketing provides an opportunity to cut costs, increase visibility, improve customer relationships, offer enhanced market sensing, and increase customer convenience.

In view of these possible contributions, this paper sought to establish whether possession of certain digital marketing resources and capabilities can improve agro-processors’ market performance. This is important because marketing is contextual, theories and concepts that apply in developed markets are not easily applicable to developing countries. As such, a new set of skills and knowledge is required. This paper contributes to literature on resource-based view, marketing capability, subsistence marketing, and marketing performance. To achieve that, the researchers reviewed and developed a conceptual model using literature on digital marketing, marketing resources, capabilities and market performance.

The model and paper at large are original in that it takes a digital marketing and developing country perspective. Extant literature in Zimbabwe lacks an explanation to the impact of digital marketing resources, and capabilities on market performance of agro-processors. The study implies that different markets and contexts require different knowledge and skills; as such, researchers must test existing and new frameworks in different environments to develop relevant knowledge.

Introduction
We cannot ignore the strategic importance of digital marketing resources and capabilities in this challenging digital environment. This is so because, digital marketing, which is the application of digital technologies to achieve marketing objectives (Chaffey & Smith, 2017) requires new set of skills and knowledge (Wymbs, 2011) since marketers cannot easily apply traditional marketing approaches to the digital environment. Agro-processors can thus immensely benefit from this new set of skills and knowledge. An agro-processor is a firm that ‘processes raw materials and intermediate products derived from agriculture, forestry and fisheries’ (Food and Agriculture Organisation (FAO), 1999). The agro-processing value chain includes processes after harvesting until product reaches final consumer (Mhazo, Mvumi, Nyakudya & Nazare, 2012) as such different levels and classifications of agro-processors exist.

Mhazo, et al., (2012) classified agro-processors into primary and secondary processors. Primary processing mainly occurs at the farm and involves making produce ready for storage, marketing or further processing. Secondary agro-processing involves more value addition to original products, with entire change to the product giving high market value (Mhazo, et al., 2012). This classification contradicts Thindisa (nd) cited by Rambe, (2018) who differentiated agro-processing from value addition. According to Thindisa (nd) agro-processing involves change in state or form whilst value addition is anything that...
gives more value to a product. Accordingly, we cannot classify harvesting and packaging of fruits and vegetables into agro-processing but value addition. However, FAO, (1999) classify "fresh" fruits and vegetables as processed goods undergoing sophisticated operations in collection, quality control, packaging, storage, refrigeration and transport”. FAO (1999) further provides another classification of upstream and downstream processors. Upstream processors engage in initial processing such as flour milling whilst downstream processors further manufacture products from the initial stage. The FAO (1999) perspective neglect some of the initial processing that occur immediately after harvesting such as shelling which Mhazo, et al., (2012) clearly spelt out.

As such, this study considers upstream processors to be involved in initial processing such as milling, oil pressing but excludes farm activities such as drying and shelling. We consider fresh fruits and vegetables that go through special handling, packaging and processing into upstream agro-processing. Downstream processing is limited to further processing of products from upstream activities such as bread, biscuit, and furniture making. The authors take the perspective that agro-processing is part of value addition regardless of whether the product changes form or not, even if a processor cleans and packs a product, agro-processing would have taken place.

However, there is need to adopt an approach that clearly show broad categories of processes included in agro-processing. As such, this study adopts the UN International Standard Industrial Classification of All Economic Activities (ISIC) classifications in addition to the upstream and downstream categorization. The ISIC classification comprises i. Manufacture of food, beverages and tobacco; ii. Textile, wearing apparel and leather; iii. Manufacture of wood and wood products, including furniture; iv. Manufacture of paper and paper products, printing and publishing; v. Manufacture of rubber products. This means all small to medium enterprises (SME) fitting into the ISIC classification are included in this study with an SME being a firm with between 5-75 employees according to the Zimbabwe Revenue Authority classification.

Significance of Agro-processors

Development of agro-processors is critical for Zimbabwe - a country ranked one of the five poorest countries in the world on GDP per-capita in purchasing power parity (Rivera-Santos, et al., 2015). Poverty is far worse in rural than urban areas (UN Zimbabwe, 2016) yet rapid growth of SME agro-processors reduce poverty, contribute towards job creation and uplifting living standards especially women (Ampadu-Ameyaw & Omari, 2015). The link between processors and farmers provides an avenue for income to farmers who are generally rural settlers. In Zimbabwe, food and beverages dominate employment (Mhazo, et al., 2012) whilst furniture making has grown to become one of the most expanded and established sectors. A Finscope (2013) study show that 46% of the adult population is micro, small to medium enterprise (MSME) owners with 43% working in agriculture. Reliance on agro-processing and SMEs is not unique to Zimbabwe but the whole Sub-Saharan Africa (Mhazo, et al., 2012) as SMEs constitute the largest share of private-sector enterprises and contribute the bulk of employment (Reeg 2015; Ampadu-Ameyaw & Omari, 2015). Therefore, agro-processors are key to industry and economic growth (Reeg, 2015; Mhazo, et al., 2012; FAO, 1999).

Agro-processing Drivers in Zimbabwe

The land reform led to the emergence of indigenous farmers who established themselves as new key suppliers to emerging agro-based manufacturers. As a result, SME agro-processors flourished in large cities such as Harare. Statutory instrument 64 (S.I 64) of 2016 controlled importation of selected products thus driving local manufacturing high. Import controls led to a fall in imports resulting in local supplies covering the gap. This led to a rise in capacity utilization of local firms. In the process, the role of SMEs became dominant as they found huge opportunities in gaps left by large firms (Mapakame, 2017). Large firms continue to downsize, retrench and close due to harsh economic conditions leading to some large processors relegating sourcing and production to SMEs (Mhazo, et al., 2012). Furthermore, growth in information communication technologies continues to influence business environment as there is a remarkable growth in digital business services driven by a rise in Internet access. Internet usage rose to 6.9million active users as of December 2017, an increase of 3.7% to the 2016 figure. According to POTRAZ, (2017) active mobile subscriptions continue to grow with a 9.4% increase to reach 14,09million in a country...
with a population of 16 million, 102.7% mobile penetration providing huge mobile marketing opportunities. For four consecutive years, voice traffic had been declining whilst mobile data usage increase creating more opportunities for digital businesses. Overall, the prevailing economic environment favours SMEs because these firms can easily access raw materials from small-scale producers, easily link with emerging farmers, and ready access to informal networks, cheap raw materials, and niche marketing capabilities (Mhazo, et al., 2012). This nexus between small-scale farmers and SME agro-processors generally promote development through informal linkages, cultural connections and long term established relational networks. However, we do not know the value and contribution of these resources to digital marketing activities of agro-processors. Knowledge of the influence of informal linkages, cultural connections and relationships to digital marketing activities and performance is important because extant research show that digital marketing has potential to alleviate some marketing challenges faced by SMEs. As it is, agro-processors’ contribution remains small (Reeg, 2015) yet the prevailing economic environment favours them. This call for research to understand what resource and capability needs influence these agro-processors market performance and overall contribution to economic performance.

Major Challenges to Agro-processors

SMEs lack market visibility (Gilmore, Gallagher & Henry, 2007) as a result suffer poor market performance, as sales remain subdued with low profit margins & brand awareness. In Zimbabwe, lack of marketing skills and market information appears to be a major problem (Mhazo, et al., 2012). Most SMEs fail to perform because they lack intelligence and information on market trends and opportunities (Zindiyé, Chiliya & Masocha, 2012). Agro-processors also encounter challenges in processing technology, standards, quality and regulatory enforcement (Mhazo, et al., 2012) market access, market-linkages and demand management. For instance, great opportunities exist in fresh fruits and vegetables, but majority of producers find it difficult to access these markets (Mhazo, et al., 2012).

Research has found digital marketing to be important because it provides opportunities to increase sales, add value, get closer to customers, offer online brand extension, have wide reach - all at low cost (Chaffey & Smith 2017) thus helping overcome restrictions often faced by SMEs. However, no research exists to test the impact of digital marketing resources and capabilities on SMEs agro-processors’ market performance in Harare, Zimbabwe. Yet, the digital era has unsettled traditional marketing changing all facets of marketing by creating dynamic and complex markets that require new marketing skills (Stone & Woodcock, 2014). However, the complexity and level of new skills required in the Zimbabwean context is not known. Nevertheless, marketers’ mind-set has to change to fit the new environment (Stone & Woodcock, 2014) and build new models that allow customer attraction, engagement, retention, learning, and relationships (Parsons, Zeisser & Waitman, 1998). The unique features and capabilities of digital marketing to transform marketing call for changes in organisational structures (Parsons, et al., 1998) and require new set of resources and capabilities (Wymb 2011; Morgan, Slotegraaf & Vorhies, 2009). No research shows digital marketing resources and capabilities of agro-processors in Harare, as a result there is need to establish the extent to which marketers must develop and deploy new resources. In addition, we do not know how digital marketing resources and capabilities can influence market performance of agro-processors.

In view of the significance, challenges and roles of digital marketing, this study sought to develop a conceptual model that interrogates if possession of certain digital marketing resources, and capabilities can improve market performance of SME agro-processors in Harare, Zimbabwe. To achieve this, we structured the paper as follows, methodology, theoretical and conceptual development, conclusions, implications, limitations, and further research.

Methodology

This is a conceptual paper. The researchers conducted literature searches on online databases primarily Google Scholar, Science Direct and EBSCO Host. Key words such as digital marketing, agro-processors in Zimbabwe, small to medium enterprises, the resource-based view in marketing, capabilities approach, and e-marketing guided searches in these online databases. The researchers sorted search results by relevance to the search term and considered only the first three pages of the search results. The
page limit was necessary because some searchers returned thousands of results, but the first pages were most relevant because of the relevance filter. For example, a search for the term ‘digital marketing’ on Science Direct returned 36,502 results, whilst ‘e-marketing’ gave a result of 156,028. However, more specific terms such as ‘SMEs digital marketing’, ‘Zimbabwe SMEs’, and ‘agro-processors’ returned less results although impossible to open all of them. As a result, the researchers managed to apply their judgement of the obtained papers basing on relevance to the subject that was mainly digital marketing resources, capabilities and market performance. In addition, recent papers of less than five years were more preferable although not a key determinant because some theoretical concepts date back to the 80s. To develop a strong conceptual background, the researchers also checked citations and references by other researchers in the subject. This approach led to more articles that were relevant and gave access to leading authors in the subject. The researchers relied only on peer-reviewed journals that publish either conceptual, empirical or review papers.

**Theoretical and Conceptual Development**

*The resource-based view (RBV)*

The resource-based view attributes performance differences in firms to differences in resources. Resources are ‘a bundle of assets, capabilities, and organizational processes, firm attributes, information, and knowledge’ (Barney, 1991; Barney & Hesterly, 2015). According to the RBV, resources that are rare, valuable, and inimitable create competitive advantage for the firm. Firms can be in a strong position in the marketplace by leveraging marketing resources and these can be brand reputation, customer relationships, and market orientation (Srivastava, Shervani, & Fahey, 1998). Unlike Porter’s industry structure perspective, the RBV takes an internal perspective by considering a firm as a bundle of resources. Although both perspectives help explain performance differences in firms, Porter’s industry structure perspective expressed by the five forces model consider industry structure as an important determinant of firm performance. According to Porter (1979, 2008) firms must manage or control forces within an industry to be able to gain competitive advantage. The five forces are the underlying factors that shape every industry structure and profitability therefore knowledge of the five forces contribute to a company’s ability to position itself within an industry. The model implies that choosing an industry is a strategic choice and Porter (1980) synthesised this argument by proposing three strategies (differentiation, cost leadership and focus) to perform in an industry. It is after these considerations that firms can consider internal factors such as value chains (Hunt & Madhavaram, 2019). However, industry-based strategies “cannot provide solid theoretical foundation for strategy in the hypercompetitive, dynamic, global economy” (Hunt & Madhavaram, 2019). The industry structure perspective neglects the important role played by resources in tapping or managing the industry forces. Although Porter (2008) review of the five forces model, acknowledged the role of resources, Porter did not give resources the attention they deserve. Development of internal resources enable a firm to tap into external opportunities for it to succeed (Hitt, et al., 2017). Industry structure assumes that if firms do not own resources, they can be buying, which is at odds with the RBV (Teece, et al., 1997).

Therefore, this study takes the perspective that resources and industry forces are complementary (Porter, 2008; Dobbs, 2014; Teece, et al., 1997) as such attainment of competitive advantage require an understanding of all perspectives. Firms require resources to be able to take up opportunities presented by the external industry factors or to manage these factors to the firm’s advantage. Porter’s five forces model fails to give strategic insight on how firms can compete effectively, which the resource perspective can provide through building resources that are valuable, rare, and inimitable. However, acquiring resources only in a dynamic market environment is not enough for superior market performance (Hunt & Madhavaram, 2019; Chi & Tsai, 2012; Day, 2011; 2014). The RBV is static and takes an inside out perspective (Teece, 2014). Instead, a capability approach is required in dynamic environments.

**Capabilities approach**

The capabilities approach sought to deal with dynamic environments that the static RBV could not address. The capabilities approach extends the RBV by emphasising outside-in adaptive (Day, 2011) and dynamic capabilities (Teece, et al., 1997; Teece, 2014; 2016) for creation of market positions that are difficult to imitate. The capabilities approach traces sources of “defensible competitive advantages in the
distinctive, hard-to-duplicate resources the firm has developed” (Itami, 1987; Rumelt, Schendel, and Teece, 1991 cited by Day, 1994:38). Firms must regularly emphasise on renewing themselves in the marketplace (Hunt & Madhavaram, 2019). A capability refers to the ability to use resources to perform tasks, and come from the shrewd bundling of resources (Teece, 2014; Lin & Wu, 2014). Capabilities bring tangible and intangible resources together as such form the glue of the organisation and are a special class of intangible resources that every organisation require in order to perform par excellence. Day (1994) considered “marketing capability as the capability of an enterprise to utilize its knowledge, technology, and resources to satisfy the needs of the market”. As such, capabilities enable the movement from one advantage to another (Day 2014) through configuration of resources into dynamic capabilities (Bitencourt, et al., 2019; Teece, 2014; Chi & Tsai, 2012) and adaptive capabilities.

Dynamic capabilities refer to “capabilities of a firm to integrate, learn and reconfigure internal and external resources” (Lin & Wu, 2014: 408). Dynamic capabilities goes beyond knowledge and technological elements to include managerial and organisational capabilities (Teece, 2014). However, being dynamic is not sufficient to cope with contemporary market realities (Day 2011). According to Day (2011), “the inside-out stance of the dynamic capabilities approach inevitably limits the ability of the firm to anticipate rapid market shifts and become more resilient in the face of increasing volatility and complexity.” Dynamic capability takes an inside-out approach (Day, 2014, 2011) as it begins with the firm and looks outside. The “ability of firms to understand and quickly adjust to their fast-changing markets ultimately depends on their adaptive capabilities” (Day, 2014). Adaptive capabilities emphasise exploration emerging from outside whilst dynamic exploration emerge from inside. However, both dynamic and adaptive capabilities complement each other. An organisation needs a balance as both enable development of competitive advantages in dynamic markets taking both inside-out and outside-in perspectives. Both adaptive and dynamic capabilities converge with resource-advantage (R-A) in the emphasis on continual renewal for superior performance (Hunt & Madhavaram, 2019) as such are useful in predicting firm performance in digital marketing environments.

McCarthy marketing mix model

A marketing mix “involves everything that the firm can do to engage consumers and deliver customer value” (Kotler & Armstrong, 2018). The 4Ps (product, price, place, promotion) is a classification of marketing activities (Kotler & Keller, 2016). The marketing mix provides marketing elements that if properly managed can lead to profitability. Several researchers developed various models of the marketing mix concept. For example, Gronoos (1997) relationship marketing, Gordon (2012) social marketing mix, Ohmae (1982) three Cs, Robins (1991) and Lautenborn (1990) 4Cs, Constantinides (2002) 4S web marketing mix, Bennett, (1997) 5Vs, Kotler & Keller, (2016) revised 4ps model. However, only McCarthy 4Ps model had been widely tested and accepted thus influential in marketing. The widely tested and accepted marketing concept (4Ps marketing mix) (Constantinides, 2002) help understand activities that a firm can engage in to create value (Kotler & Armstrong, 2018; Chaffey, 2015: 363). Thus, the marketing mix remain valuable despite criticism for being static (Vorhies and Morgan 2005) and functional bias (Day, 2011). It still satisfies what Day and Moorman (2010) termed strategic marketing perspective that broadens the domain to encompass customer value creating capabilities. The marketing mix give a good foundation to understand and implement complex and interconnected marketing activities (Kotler & Armstrong, 2018, Chaffey, 2015:363; Waterschoot & Bulte, 1992) thus is significant in problem solving and decision making in marketing (Borden, 1984). The 4Ps are still useful for implementing marketing strategy (Chaffey, 2015:363) in the digital age (Ryan & Jones, 2009). Kingsnorth, (2016) pointed out key questions that marketers can make from a digital perspective such as “whether your product can/will sell online”, what channels are available for your product? “Are there opportunities to make it flexible to be more appropriate for online or mobile audiences”? These questions help develop appropriate digital marketing programs that fit the organisation’s product goals and objectives.

Small firms are significantly different from large firms as small firms employ different strategies and marketing mixes (Borden, 1984) therefore, it is crucial to understand the marketing mix concept. While small firms tend to adopt push strategies of personal selling, large firms go for pull strategies because of the huge resources to involve consumers in product development and testing (Borden, 1984).
Resources have a huge impact to marketing mix activities employed by a firm (Borden, 1984; Barney, 1991; Hitt, et al., 2017). It is therefore relevant to apply the marketing mix in assessing digital marketing activities or programs in small firms. As demonstrated by Chaffey, (2015) the 4Ps model can be truly relevant in designing and implementing digital marketing activities. Actually, the digital world brings more Ps to the same place (WSI, 2015). For example, social media enhance product experience (product) through conversations; create awareness of the product (promotion), make the product available (place), and provides prices (pricing).

Conceptual framework

Clark (2007) provides a framework for measuring market performance that included market assets, marketing activities and market performance outcomes. According to Clark (2007) market performance framework, marketing assets influence marketing activities, and activities influence intermediate outcomes whilst intermediate outcomes influence final outcomes. Therefore, Clark (2007) model formulates the basis for this study as shown in figure 1.

Figure 1: Conceptual framework
Source: Adapted from Clark (2007)

The model comprises four (4) sections 1) digital marketing assets, 2) digital marketing capabilities 3) digital marketing activities and 4) market performance. This model contributes to Clark (2007) framework in three ways. First, the proposed model takes a digital marketing resource and capability perspective. Second, the model includes capabilities (digital marketing capabilities), and finally the model incorporates institutional barriers as a moderating variable to market performance outcomes. In addition, the proposed model builds on existing knowledge that resources or assets are the foundation to build capabilities, in other words, capabilities are required to make use of resources, and capabilities influence all other activities and performance (Morgan, 2012; Day, 2011; Teece, et al., 1997).
Digital marketing assets.

Digital marketing assets influence digital marketing capabilities (Day, 2011). As such the study conceptualises digital marketing assets as a foundation for digital marketing capabilities and activities. These resources are important because no research tested them on agro-processors especially from the Zimbabwean context.

Digital marketing assets consists structural capital or physical resources at the base of digital marketing that is infrastructure that add value to other processes, activities or resources (Edvinsson & Sullivan, 1996; Morgan, 2012). It is significant to marketing and provides direct support to human resources through tangibles such as computers, telephones, servers, the internet, and intangibles such as expertise, processes, software, and systems. Structural capital includes intangible structural capital such as firm’s culture and intellectual assets. However, this paper limit structural capital to assets such as computers, information systems, servers, telephone lines and customer databases as a foundation for digital marketing activities. Intellectual assets and culture (digital market orientation) stand-alone.

Human capital is the second digital marketing asset in this paper. Human capital comprises the managers and employees that develop and implement strategies (Moorman & Day, 2016). It is concerned about people, their skills, creativity, and knowledge available as inputs into marketing capabilities of the firm (Morgan, 2012; Edvinsson & Sullivan, 1996). Lack of adequate human capital negatively affect strategy implementation regardless of how great the idea could be (Hooley, et al., 2005). Exceptional human capital is time consuming, depend on hidden knowledge and skills, and may not be transferrable to other environmental settings. Therefore, it is important to test the extent to which agro-processors have people with digital marketing skills and knowledge as existing literature show that marketing skills cannot be easily transferred form one market to the other, yet they are crucial for superior market performance.

The third asset is intellectual assets. Intellectual assets are an accumulation of processed information (knowledge) used by the firm for value creation (Chen, 2005). It is the form of knowledge about the competitive environment such as market situation, competitors, customers, suppliers and other stakeholders (Srivastava, Fahey, & Christensen, 2001). These intellectual assets positively influence market value and performance (Chen, 2005). Exclusive knowledge such as processes, data and software where proprietorship can be proclaimed (Edvinsson & Sullivan, 1996) are considered valuable intellectual assets in this study. As such we conceptualise intellectual assets as digital marketing resources that require digital marketing capabilities to convert into profitable market activities and outcomes. Although research show that agro-processors rely on informal linkages and cultural connections, it is not known to what extend do these linkages provide valuable intellectual assets in the digital environment.

The fourth asset is digital market orientation. Market orientation is an extremely entrenched cultural aspect that gives firms a distinctive resource (Hooley, Cadogan & Fahy, 2005), directs thinking and actions throughout the firm, as such develop values, norms and behaviours aligned to the market (Moorman & Day, 2016; Narver & Slater, 1990:21). Market orientation cuts across all functions of the organisation and market-oriented organisations focus all activities to creating outstanding customer service and value (Hooley, et al., 2005). However, traditional market orientation is inappropriate in the digital environment, as it does not fully address characteristics of digital environment (Habibi, Hamilton, Valos, John & Brendan, 2015). Nevertheless, this study adopts widely tested and accepted traditional market orientation components of customer orientation, competitor orientation, and inter-functional coordination as Habibi, et al., (2015) e-market orientation constructs are similar to existing constructs. Therefore, digital market orientation is a deeply entrenched cultural orientation that calls organisations to focus on creating superior customer value through customer and competitor focus as well as an organisational-wide coordination in the digital environment. Frosen, Luoma, Jaakkola, Tikkanen & Aspara, (2016) found that market orientation is a requirement for every business but does not lead to superior market performance, as such this study consider digital market orientation as an asset required for deployment of other digital marketing capabilities if full potential is to be realised.

Fifth are reputational assets. These represent key brands and market credibility that stimulate customer satisfaction, loyalty, market share and sales volume (Milfelner, Gabrijan & Snoj, 2008; Hooley, et al., 2005) therefore a vital market asset. In addition, Hooley et al (2005) noted that well-known brands and
companies have potential to ensue more sales and market share without necessarily creating satisfied and loyal customers. Reputational assets make it easy to attract best skills, customers and engage with other stakeholders. Although, small firms inherently lack properly branded products, this study intends to establish branding capabilities of agro-processors, and market credibility thereof. The study considers existence of branded products, ability to meet customer needs, corporate image, and market credibility as the reputational assets of the firm. Although extant literature (Zindiye, et al., 2012; FinScope, 2012; Mhazo, et al., 2012) has evidence that SMEs agro-processors lack reputable brands, the extend to which this weakness influence digital market performance is not known. Can weak brands in the physical marketplace translate to a weak brand electronically or can customers easily link the two? This paper intends to contribute to this discussion by assessing impact of reputational assets to digital market performance.

Sixth are relational assets or customer linking capabilities (Day, 1994). These are a firm’s proficiency in identifying profitable relationships, developing, and nurturing relationships for a profit (Morgan, et al., 2009; Hooley, et al., 2005). Relational assets promote open marketing (Day, 2011) through linkages to networks outside the organisation. Outside networks are a critical resource that provide access to other links, business opportunities, market intelligence, collaborative product development, and solid communication networks. Product marketing consists of conversations happening in networks around the organisation (Hanna, Rohm & Crittenden, 2011) as such relationships profit both suppliers and customers (Morgan, Vorhies & Mason, 2009b). However, marketers must be able to select and develop only profitable relationships (Morgan, et al., 2009). This study considers relational assets to be critical for survival of small firms as relationships help develop new markets, give access to raw materials, finance, new knowledge and skills. This resource is important in this study, as small firms are widely known for their high informal linkages and connectivity. However, to what extent do linkages in the physical environment translate to profitable relational assets in the digital marketspace?

**Digital marketing capabilities**

Figure 1 conceptualise that capabilities enable digital marketing activities. The digital strategy development and execution capability relates to a firm’s ability to create and implement strategy for attainment of organisational marketing objectives (Chaffey, 2015; Vorhies & Morgan, 2005) in the process enhancing its resources and market position. A firm always need to clearly define its current position, where it wants to be, how to be there, specifying exact details of getting there, tactics, and performance monitoring metrics. Chaffey (2015) emphasised the need for control to be able to modify strategies. Digital analytics enhance this monitoring through real time tracking of users on platforms such as social media, mobile and desktop applications. Vorhies & Morgan, (2005) found strategy development and implementation capabilities to influence market performance. Failure to define clearly strategy can lead to missed opportunities, wrong direction, narrow integration, inadequate collection of customer data, and resource wastages (Chaffey, 2015). Small firms generally lack planning (Gilmore, et al., 2007) as such this study seeks to assess extend to which planning is prevalent in the digital marketing environment. The study views strategy development and execution capability as a unique resource that has potential to differentiate a firm from its competitors. The way strategies are developed, integrated, and executed can provide causal ambiguities, interdependence, and connectedness that competitors cannot easily imitate.

Second e-market sensing capabilities - involve active gathering, interpretation, and dissemination of market information (Day, 1994). The digital marketing environment require that firms monitor constantly changes and anticipate customer reactions so that there is proactive action. Digital technologies allow organisations to easily sense and respond to market needs (Setia, Venkantesh & Joglekar, 2013). E-market sensing is crucial for organisational learning and this builds an organisation’s knowledge base contributing to competitive value creation. E-market sensing capabilities make market orientation a reality through new knowledge that generate new marketing capabilities which in turn are used to gather market insights and respond to customer needs (Day, 2011, 2014). Exceptional market sensing provides opportunities to lower cost through better deployment of resources, pricing decisions (Morgan, et al., 2009), better forecasting, and customer service. Properly executed, this can lead to profit growth from markets previously underserved; therefore, e-market sensing is predominantly important as a harmonising capability (Day, 1994, 2014). However, to what extent do agro-processors sense their
markets? There is no evidence to the usage of technology for e-market sensing by agro-processors in Harare thereby necessitating this study. This study considers e-market sensing capability as an important, inimitable and hard to develop resource that activates and influence digital marketing activities and market performance.

Third are digital market innovation capabilities. Innovation capability are the skills and knowledge required to successfully recognise, grasp, and enhance prevailing technologies, and develop new ones (Romijn & Albaldado, 2002). Barrett, Davidson, Prabhu & Vargo, (2015:45) deriving from Yoo et al. (2010, 726) defined digital innovation as the novel blending of digital and physical components to create products that eliminate industry boundaries. Digital market innovation has potential to contribute to development of sustainable competitive advantage (Hooley, et al., 2005) and drive development regardless of infrastructure and other resource limitations (Barrett, et al., 2015). However, to what extent do agro-processors innovate and use this innovation to create sustainable competitive advantage? Innovation in developing countries is different to that of developed markets due to resource differences (Barrett, et al., 2015) as such innovations in resource-constrained markets generally involve adjustments to delivery or business model unlike technology itself. It remains unknown though how agro-processors in Harare innovate? What kind of resources do they need? In addition, under what conditions do they innovate? Although research has evidence that ongoing knowledge acquisition, comprehensive customer understanding (Trainor, Krush & Agnihotriet, 2013), customer needs (Barrett, et al., 2015) and human resources (Aryanto, Fontana & Afiff, 2015) lead to market innovation there is no evidence that the same resources influence innovation in agro-processors. In view of innovation capability contributions to resource-constrained environments, it is important to establish contribution of such capabilities in digital marketing environments. This study considers digital market innovation capabilities as abilities to create value through development of new digital market ideas, processes, models and products utilising digital market data and technologies. This perspective contributes to innovation capabilities knowledge in developing markets.

Leadership capability is the fourth digital marketing capability in the model. This is the ability to lead, manage, motivate, and coordinate activities within an organisation. Possession of exceptional human capital is not enough, there is need to bring that capital together to create value in the organisation. Managerial and organisational processes in an organisation influence its competitive advantage (Teece, et al., 1997; Teece, 2014). Management of human resources and their development influence motivation and loyalty, which in turn affects strategy implementation. Unlike other studies, this study deliberately chose leadership instead of managerial capability because most SMEs do not have clear organisational structures that clearly define management roles. Instead, a bundle of skills is generally available, and the owner usually makes all the strategic decisions. As such, it is crucial to refer to capabilities to lead and direct all other activities. However, there is no evidence on leadership capabilities of these SMEs agro-processors especially when it concerns digital marketing activities. To what extent are the managers able to give direction, motivate and coordinate digital marketing activities? As such, this study considers leadership capabilities as an important resource that needs interrogation.

**Digital marketing activities**

Existing research (Clark, 2007 and Morgan et al, 2012) classify capabilities concerning marketing mix elements differently. Whilst Clark (2007) considers marketing mix capabilities to be marketing activities which are a result of an organisation’s assets, Morgan et al (2012) consider marketing mix elements to be merely a capability that an organisation can possess. In view of the different classifications, capabilities concerning marketing mix processes can be either a resource (capability) or an activity. Marketing mix consists activities at the front-end of organisations that interact with customers (Day, 2011). Capabilities and activities intricately connect because capabilities enable execution of activities (Day, 1994). Teleghani, Akhlagh & Sani, (2013) suggested digital marketing activities must be centred on internet applications for customer service, activities related to sales, distribution, e-research and management related functions.

This paper considers capabilities in relation to marketing mix elements as an activity and intends to interrogate relationship between digital marketing resources (assets), capabilities, and digital marketing activities contextualised in the 4Ps model. If for example an organisation has high digital market
innovation capabilities, what would be the influence of these capabilities to marketing mix elements? Product development requires understanding of customer needs and wants that market sensing brings. Digital market interactions on websites and other e-channels improve new product development through enhanced engagements, customer relationships, demand, and distribution management (Trainor, et al., 2013). Unique value can be in use of strategic distribution channels that competitors find difficult to match thereby becoming a customer value leader. Therefore, the study posits that superior execution of activities requires deep market insights brought by market sensing, leadership, digital market innovation, strategy development and execution capabilities.

**Market performance**

Existing literature (Morgan, 2012; Day, 2011; Morgan, et al., 2009b) has evidence that marketing resources influence firm performance. Marketing resources (Hooley, et al., 2005 and marketing activities (Clark, 2007) influence market performance therefore a priority for marketers to link marketing capabilities and actions to performance (Morgan, et al., 2009). Whilst most studies focussed on Western markets and traditional marketing resources this study, takes a developing country and digital marketing perspective, and splits market performance into intermediate and final outcomes. This is important to establish extend to which digital marketing activities influence both intermediate and final outcomes.

**Intermediate outcomes**

Organisations develop, communicate, and make available product information before customers can make purchase decisions. Customers have to be convinced of value offered relative to competitor offerings before they buy. Customers thus have to be aware before taking any action. After awareness, marketers can measure consumer knowledge and feeling, emotions and associations in memory. This knowledge and emotions translate to attitudes (Clark, 2007) which affect customer decisions. Website design and electronic marketing aspects are important forecasters of delivery, brand image, and quality (Tsiotsou & Vlachopoulou, 2011) thus crucial in formulating customer immediate outcomes. However, extend to which these elements affect immediate outcomes in SMEs agro-processors who are informally connected, and rely on personal networks is not known. Therefore, this study intends to measure awareness levels, brand associations, availability through different channels, and overall customer satisfaction before realisation of sales, market share, and profitability on agro-processors in Harare.

**Final outcomes**

Organisational performances concerns cost based measures (profit measures) and revenue based (sales and market share) (Kirca, Jayachandran & Bearden, 2005). Whilst marketers focus on increasing sales, there is need always to make sales profitably (Clark, 2007) thus, growing recognition of profitability in market performance measurement. Most managers and investors view profit growth as essential although they rarely use it as a measure of marketing performance (Morgan, et al., 2009). However, profit growth is crucial as it increases a firm’s stock value. This study measures sales, market share, and profitability as final outcomes. Unlike most studies, the study interrogates the relationship between intermediate outcomes and final-outcomes in the context of agro-processors. This is important as it contributes to knowledge on extend to which intermediate outcomes influence final-outcomes in the market performance of agro-processors.

**Institutional barriers**

Interfering in the interaction of digital marketing activities and outcomes are institutional barriers. These are deterrents to business operations (Mair, Marti & Ventrescaet, 2006) and can be formal, informal, or environmental (Aidis, 2005). Formal barriers include government systems, laws, and other business legislations whilst informal include corruption, late payments from clients, and frequent tax inspections. Environmental barriers comprise low purchasing power, lack of investment funds and competition from illegal businesses. It is important to note that formal institutions are weak in subsistence markets consequently much reliance is on informal institutions (Rivera-Santos, Ruffin & Kolk, 2012) that may not promote establishment of competitive enterprises. Firms in developing countries face more government interferences, corruption, and environmental challenges than those in developed markets (Aidis 2005). However, to what extent do institutional barriers (such as corruption and environmental challenges)
negatively affect competitiveness of agro-processors Harare, Zimbabwe? In addition, are informal institutions valid in promoting competitiveness of SME agro-processors in the digital marketing environment? The study therefore posits that institutional barriers negatively affect digital market performance of agro-processors in Zimbabwe.

Discussions and conclusions

This paper produced a conceptual framework interrogating digital marketing resources, capabilities, and market performance. The researchers argue that possession of certain digital marketing resources and capabilities has an impact on market performance of agro-processors. The study made several propositions connected to this argument, first, learning from Bitencourt, et al., (2019); Day, (2011), (2014); Teece, (2014) and Teece, et al., (1997) being that, digital marketing assets influence digital marketing capabilities and secondly, influenced by Clark (2007) idea of feedback effects, digital marketing capabilities influence digital marketing assets through feedback effects. Third, digital marketing capabilities positively affect digital marketing activities. Digital marketing activities are therefore a product of resources and capabilities possessed by a firm. If resource endowment is low, the expectation is that digital marketing activities will be low or limited. In this study, digital marketing activities are endeavours related to marketing mix elements and service such as online promotions, digital channels and electronic communications (Chaffey & Smith, 2017; Chaffey, 2015). The fourth proposition is that digital marketing activities indirectly influence digital marketing capabilities whilst activities positively influence intermediate outcomes. Intermediate outcomes influence final-outcomes whilst final-outcomes have a feedback effect on digital marketing resources and capabilities (Clark, 2007). Finally, guided by the work of (Aidis, 2005; Rivera-Santos, et al., 2012) institutional barriers negatively influence digital marketing performance. This study considered two types of outcomes, intermediate and final outcomes. Intermediate happen before final outcomes. For example, there is need for awareness (intermediate outcome) before a sale (final outcome) can take place.

While the RBV and capabilities approach provide a strong foundation to understand impact of resources on firm performance, they do not clearly explain resources required for optimal performance in a digital environment. In addition, there is need to establish extend to which researchers can apply tenets of the RBV to digital marketing environments. For example, to what extent can a resource be rare and inimitable in the digital environment? Existing research that applied the RBV concept focussed more on traditional marketplace environment. From a Zimbabwean context, leading researchers on agro-processors such as (Mhazo, et al., 2012; Zindiye, et al., 2012) do not focus on digital marketing resources, capabilities and performance. Therefore, this study contributes to knowledge on marketing in developing countries by interrogating relationships between digital marketing resources, capabilities and market performance. The study contributes to digital marketing literature by applying existing knowledge to a digital and developing country context. This is crucial to the Zimbabwean context because existing research (Matsongoni & Mutambara, 2018; Mapakame, 2017; Bomani, 2016; FinScope, 2012; Mhazo, et al., 2012; Zindiye, et al., 2012) mainly focus on SME financial issues, accounting practices, government policy, general challenges and constraints.

Existing literature does not fully address developing countries issues and knowledge is difficult to transfer from one market to the other (Sheth, 2011). Transferability is limited as marketing is contextual. The model proposed helps researchers understand extent to which both existing traditional and digital marketing knowledge and concepts apply to digital marketing in developing markets. In addition, the developed model contributes to the digital marketing performance measurement debate by defining digital marketing specific resources, and capabilities. To that end, there is need to test the proposed framework so that more knowledge and contributions are developed. Additionally, debate on what constitutes a marketing resource continue, with no agreement on classifications yet resource classification and selection is important (Lin & Wu, 2014). This study intends to contribute by developing a model of resources, capabilities and market performance that researchers must empirically test in a digital marketing environment. Expected results brings new knowledge to the RBV and capability approach by defining new class of resources and capabilities applicable to the digital marketing environment in a developing market context. This type of knowledge is important because researchers such as Wymbus, (2011) and (Day, 2011) noted that emerging technological environment is challenging existing marketing
practices and marketing in developing markets is not the same as in developed countries therefore marketing practices and theories cannot be easily transferred (Sheth, 2011).

The marketing mix model (4Ps model) is silent on the resources and capabilities required to execute the various marketing mix activities or programs. To this end, this study contributes by developing a new set of resources that marketers and researchers can apply in the Zimbabwean context.

The proposed conceptual model implies that organisations need to develop strong digital marketing assets foundation before they can deploy any capabilities at the same time developing capabilities to execute profitable digital marketing activities. Secondly, organisations must target developing positive intermediate outcomes as they influence final outcomes. In addition, institutional barriers negatively affect performance therefore, organisations must consistently lobby for a formalised environment or develop associations that help create favourable environment (Rivera-Santos, et al., 2012; Mair, et al., 2012). To researchers, the study implies vigorous testing of the model in different developing markets contexts, and in different industries to come up with widely acceptable framework and contributions.

Limitations and direction for future research

The major limitation for this study is that the identified constructs are conceptual, and researchers must test the framework. More so, some constructs are from previous marketing research that was not digital marketing oriented which may limit applicability in the digital marketing context. The researchers heavily relied on literature from emerging and developed markets in development of the constructs. This may pose challenges to application of the constructs in a developing market context since marketing is contextual. This study deliberately picked resources and capabilities the researchers considered important in their context as the list is not exhaustive (Day, 1994). Selective picking of constructs could leave out some important ones thereby not giving a true picture of the importance of digital marketing resources and capabilities to market performance.

Further research is required to test empirically the conceptual model. Researchers must test the model in different marketing contexts to develop generally acceptable results. Researchers must further explore and develop concepts testable and measurable using objective digital tools.

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Using Social Media in Building and Managing Corporate Identity: Study on Real Estate Companies in the Kingdom of Bahrain

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Keywords
Bahrain real estate companies, corporate identity, corporate image, communication, managing corporate identity, Social media.

Abstract

Purpose of the Research: This study aims to understand the use of social media in building and managing corporate identity in Bahraini real estate companies. It will be based on the qualitative approach and aim to reach a deeper understanding of the perceptions adopted by Bahraini real estate companies in developing identity-building strategies and management methods.

Design/Methodology: The study will focus on a sample of Bahraini real estate companies. It will also rely on semi-structured interviews as a data collection tool with managers, decision-makers or public relations managers of these companies.

Results/Findings: Most of the real estate companies (8 out of 11) agreed that traditional media, such as newspapers, radio, and television, were unable to promote the company’s services because of its narrow scope. New media should be used to target wider audiences.

Practical Implications/Conclusion: The authors argue that managers should adapt to the new form of communication and take advantage of the power of consumer chatter in these ways and amplify them to influence other consumers. The interviews revealed that the use of the Internet has changed the behavior of consumers, and the marketing methods of products and services, as it created a new marketing environment in these media.

Introduction

With the emergence of social media, individuals can communicate with each other and discuss everything related to a company and its products and services. Thus, the communication between consumers has expanded, facilitating the exchange of information and evaluation of various products and commodities. Therefore, some consider this to be a hybrid element of promotion (Mangold & Faulds, 2009) because it allows the company to address its customers on the one hand, while allowing customers to communicate with each other on the other. In this sense, social media works like electronic word of mouth (eWOM) Goodrich & De Mooij, 2014). Therefore, the company loses its full control over the communication process as in the traditional model. Several studies have shown that the consumer is becoming much more confident in opinion leaders among his relatives, friends, co-workers, and others (Kaplan & Haenlein, 2010; Kotler & Keller, 2010). This interest has been a catalyst for innovative communication strategies.

Many modern studies (Stuart, 1999; Mangold and Faulds, 2009) agree that modern communication technologies and social media have inevitably changed perceptions and paradigms and have driven small, medium, and large enterprises to review strategies for building and managing their identity through virtual space. Since identity and reputation are fundamental factors of their success and competitiveness (Cornelissen & Elving, 2003), companies of various sizes and activities seek to optimize...
the use of social media to build their identity and manage their reputation. This study focuses on how social media can be used to effectively build and manage corporate identity in the Kingdom of Bahrain.

Literature review
Corporate identity

The concepts of corporate identity, corporate image and corporate reputation are often confused, and some terms are even used to denote the other. Stuart Albert and David A. Whetten (1985) developed the foundation for the concept of corporate identity. It has also recently been developed in the field of organizational communication studies by Charles Fombrun and Cees Van Riel in their joint book "Fundamentals of Organizational Communication: Best Practices for Effective Reputation Management" (2007) and in Wally Olins "Brand New: The Shape of Brands to Come" (2014). In various literature (Olins 2008, 2014 ; Melewer, 2008 ; Fombrun & Van Riel, 2007 ; Barnett, Jermier & Lafferty, 2006), the corporate identity is seen as a set of visual aspects and symbols that distinguish a company from its competitors (such as brand name, logo, advertising symbol, distinctive color, etc.). It is a system of fundamental beliefs and values presented to the company’s internal and external audience, through behavior, communication and the symbolic system. (Balmer & Van Riel, 1997). It is defined by Wally Olins and others as how the organization presents itself and demonstrates its distinctiveness towards stakeholders. According to Melewer (2008), the concept of corporate identity is linked to the intrinsic characteristics of organizations in terms of personality, individuality, excellence, meaning, substance and behavior.

Originally, corporate identity programs target external stakeholders or audiences (such as customers, investors, and the public), but more recently, target groups have been expanded to include employees (e.g. internal stakeholders).

Accordingly, the corporate identity depends on an integrated media strategy that includes both traditional and new media. With the advent of social media, the tools and strategies used to communicate with customers and stakeholders have changed, creating new concepts related to the consumer and its role in the communication process. The consumer is able to produce and disseminate information, data and experiences about the brand, product or services

Social media and marketing

According to Zarella (2010), social media and marketing are best known in the context of the traditional media model, such as television, newspapers, radio, and magazines. They are one-way, with fixed broadcasting technologies. Web technologies make it easy for anyone to create pages and, more importantly, distribute that content in several types of platforms, such as blogs, tweets, or YouTube and show it to millions for free (Zarella, 2010). Kaplan & Heanlein defines it as "a group of Internet-based applications that built on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content" (Kaplan & Heanlein, 2010, p.61).

Since the advent of the second and third generation of the web, social media applications and platforms have been growing and evolving, giving organizations greater opportunities to communicate with the customer. At the same time, it allows customers to communicate and share experiences (Gillin, 2007). Christopher Vollmer and Geoffrey Precourt noted that consumers now have full control over the social media space and have greater access to information and thus media leadership than ever before (Vollmer & Precourt, 2008).

Most social media experts and scholars emphasized the importance of integrating social media into a comprehensive marketing strategy. It is therefore important for companies to recognize that social media is not just channels for disseminating information about companies. Therefore, it is important that the company make use of social media to serve its goals and objectives (Kaplan, 2015; Doorley & Garcia, 2011).

Conceptual Framework

Helen Stuart’s model of the corporate identity management process (1999) (Figure 1) is a revision of Russell Abratt’s model, which was drafted in 1994 and updated in 1998. Stuart has added corporate culture and the structure of internal and external communications to the model. Employees were also considered with key stakeholder groups because their opinion about the identity of the company is
particularly important. However, this model did not include social media, which did not become widespread until the first decade of the 21st-century.

Figure 1. Towards a definitive model of the corporate identity management process (Stuart, 1999, p 206).

This study, therefore, took advantage of a complementary model presented by Glynn Mangold and David J. Faulds (2009), (Figure 2). This model discusses the impact of social media on consumers, as the individual communicates with other consumers about companies and their products. “In the new communications paradigm, marketing managers should recognize the power and critical nature of discussions being carried on by consumers using social media” (Mangold & Faulds, 2009, p 360).

Companies have always been in control of the flow of communication with the target audience. However, the emergence of new media has greatly reduced this control. The new changing communication landscape is, therefore, different from the traditional Integrated Marketing Communications (IMC) model, which was characterized by a high level of communication control by the company. Therefore, companies realized the importance of achieving the requirements of this new form of communication by taking customer discussions into account, thereby benefiting from them in developing their marketing strategies.

Figure 2. The new communications paradigm (Mangold & Faulds, 2009, p 360).
Research approach and data analysis

The current research raises the following question: How do real estate companies in the Kingdom of Bahrain use social media to build and manage their corporate identity. To answer this question, the researchers used a qualitative approach and relied on the semi-structured interview tool for data collection. A semi-structured interview helps to get ideas, opinions, representations, and determinants of behavior by asking good questions (Berger, 2011).

Because of the different representations about the role of social media in building and managing corporate identity, this work adopts an interpretive approach. Both Lindlof and Taylor (2011) believe that the interpretive approach presupposes the existence of multiple facts determined by thinking that constantly changes and evolves. The authors also believe that the use of this approach means that the researcher does not care about what should exist but is interested in understanding what already exists. The research society is comprised of real estate companies operating in the Kingdom of Bahrain. The research sample consists of public relations specialists or supervisors of social media content. Since the objective of qualitative studies is to understand phenomena rather than to measure their dimensions and impact within the research community, this research sought to reach a diverse sample to present different perspectives and monitor differences within the studied society. For this purpose, the Purposive Sample or Judgment Sample was selected, which is a sample of participants who are rich in information about the subject studied.

Based on the above, the research sample included 11 real estate companies (n = 11) from among the companies operating in the Kingdom of Bahrain (some of these companies are expanding in other markets outside of the Kingdom). Accordingly, 11 semi-structured interviews were conducted with a sample of representatives of real estate companies (public relations specialists or supervisors of social media content) during February and March 2017.

In addition to the general questions, the in-depth interview guide consists of 35 questions, which have been divided into several main areas, including Characteristics of social media, social media communication strategy, Social media and corporate reputation. Interviews and observations were also recorded. In the first stage, the emphasis was placed on the content disseminated by these companies through social media. Then, all interviews proceeded based on the interview guide.

The analysis process went through five stages:

Converting the recorded data into digital files (this process was completed manually because the data is recorded in Arabic and, thus, impossible to be analyzed electronically using any of the available qualitative data analysis software, or tools).

Encoding the interviews; this is to identify the codes (words, sentences or syllables) according to their relationship/relevance/match with the research questions.

Defining the matrices/units of analysis/topics/categories, which is meant to compile codes according to their meanings (or their contribution to the meaning).

Naming and arranging the topics/categories and determining the relationship between them, with a focus on those that reflect the problem under investigation.

Identifying the most frequent subjects/categories in relation to the study questions.

Results

Based on the matrix of topics identified after coding the data collected by semi-standard interviews, we present a part of this matrix with the most relevant results. Using the media to introduce the company to its customers and marketing its services. All Bahraini real estate companies rely on traditional media (e.g., newspapers, radio, television, and advertising) to reach target audiences. These companies focus primarily on printed publications and advertisements and then on other media. Some companies also use real estate exhibitions, outdoor advertising, and direct marketing (such as relying on brokers) to build a corporate image and draw the public's attention to it.

“Social media accounts for 20–30% of the business strategy. We still believe in direct marketing (for example, investor visits). We always focus on the written side. We are not able to approach social media at the expense of newspaper advertising. Despite the aesthetics of our website and its interaction, we are not currently able to focus all of our communication activity on it.” (D.L). Most of the real estate companies (8 out of 11) agreed that traditional media, such as newspapers, radio, and television, were...
unable to promote the company's services because of its narrow scope. New media should be used to target wider audiences. Three companies pointed out that the traditional media are sufficient to introduce the company to the target audience and that they do not use new media but might use them in the future.

Companies seek to recruit individuals according to their skills. Therefore, the characteristics of the supervisors of the social media are to be creative in this field and to be able to use the information and communication technology and keep abreast of all developments in this field. This will be reflected in the way the company manages its corporate identity with an excellent team and an electronic content that helps in marketing.

Characteristics of social media

Real estate companies say that the use of the Internet has changed a lot of consumer behavior because the consumers now spend most of their time surfing the Internet. Traditional marketing methods and even its concepts have been influenced by the use of social media (i.e., creating a new environment/market in these media). Social media are easy to use, low cost, almost free, and capable of making an impact. Through this media, companies have been able to communicate with others and have facilitated the access and circulation of information to consumers.

"We have given the Social media a great deal of attention. We have included it in our communication and marketing strategy. When we launch an advertising campaign for our properties, we publish news about them in these media, so that they will be documented as part of our news, events, and announcements. “(H.H.) Companies have been able to identify their reputation through social media. The Internet has helped reach far and wide audiences, attracting foreigners and Gulf investor to invest in Bahrain and creating a dynamic real estate market. Instagram has a high speed of penetration and a significant impact on consumers because of its ease of use on various smart devices. Employment of social media in marketing strategy. Bahraini real estate companies use Instagram to publish photos, videos, and news, and show the stages of development of projects and deals, in addition to responding to customer inquiries. Some companies define how each medium of social media can be used: LinkedIn to market jobs at the company; Instagram and Facebook to showcase projects, communicate with consumers, document articles and news; and YouTube to showcase projects and interviews, and connect the user to the project by tagging.

Some Bahraini real estate companies have used traditional media to promote modern media, such as displaying account names in newspaper advertisements. Some Bahraini real estate companies consider that their presence in Social media enhances social responsibility at the internal level, providing information and increasing content on the site to reach external investors.

"Through the use of social media, we aim to raise awareness among the public about the size, importance, and credibility of our company. The company is also trying to target the largest proportion of potential customers from outside Bahrain. Therefore, the objective is to promote social responsibility internally and to provide information and content through these media to reach investors abroad. For example, our company organizes many competitions and events to make the company continuously visible, even if the public is not interested in real estate at present." (B.F.)

"We are interested in increasing the number of followers because they are our real capital. We understand that the number of followers has now become a kind of trade; many accounts collect their followers to make profits from their advertisers. The greater the number of followers of the company's accounts, the more successful the projects will become. As our brand has become a strong brand in real estate development, our goal is to support this brand to the consumer through social media, and a way of introducing people to our products." (R. O), Some real estate companies emphasize the role of the consumer in changing the strategic marketing plan. The consumers determine which channel they wish to use to communicate with the company. Bahraini real estate companies believe that social media plays a major role in attracting consumers. However, some companies have difficulties in imposing themselves on these media and, therefore, cannot influence potential customers.

Social media and corporate reputation

Bahraini real estate companies agree that social media are credible only if the message is also published in the company's accounts. This is because the information published in these accounts is
accurate and credible. However, if real estate companies rely on real estate brokers, it could result in a negative impact that would harm the company’s reputation.

"You cannot verify the authenticity of the sender’s source in the social media. For example, you receive a message about a building for sale, but you cannot predict whether it is real or fake and whether the sender has sufficient credibility, so we use only the press." (A.W.)

"Not everything that is published, exchanged, or shared in the social media is true, and it may be 70% false. Moreover, this could affect the reputation of the company." (B.A.)

"We have gone through the financial crisis; there are buildings that have not been completed and others that have been late in delivery. The investor is concerned about his investments and must be reassured. Social media is only supportive of the traditional media in improving our reputation." (B.F.)

Seven real estate companies agree that there is no negative impact on the use of social media in communication and marketing because their use enhances the marketing plan, the market position, and the relationship with the consumer. Three companies pointed out that social media had a negative impact, especially on the credibility of the message. Negative comments in these media are not deleted in respect of consumer opinion, which affects the image and reputation of the company.

**Discussion**

Bahraini real estate companies are interested in the emergence of their personality in the Social Networking Sites by highlighting their mission, goals, and values in accordance with the laws in force in the Kingdom of Bahrain. The Bahraini real estate companies have confirmed their commitment to credibility in dealing with consumers, and this is reflected in their values and culture. Companies are also interested in creating a corporate image and ensuring their continuous presence on social networking sites. These companies seek to identify potential audiences and target groups.

Thus, the company’s personality appears in the way it presents itself to customers and stakeholders; this is what distinguishes it from others (Balmer, 2001; Van Riel & Balmer, 1997). This trend is consistent with what Helen Stuart (1999) referred to in the corporate identity management model when she confirmed that the identity of the company is a representation of her personality. This is a clear description of the fundamentals that any company must rely on since its inception. This is naturally reflected in content sent through social media. Bahraini real estate companies have paid attention to social networking. However, this concern varies from company to company depending on how these media are used in communication and marketing strategies. The companies design the project to be marketed, determine the target audience, and adjust the budget, and then determine the optimal marketing medium. On the traditional media level, Bahraini real estate companies have agreed to use the newspapers extensively to promote marketing activities to reach the target groups and considered them the first intermediary to market their products. Bahraini real estate companies are in line with many studies that have confirmed the importance of traditional media in building corporate image and reputation management (Kotler & Keller, 2012; Kaplan & Haenlein, 2010; Kaplan, 2015). Real estate companies praised the characteristics of social media and its role in building a corporate image of the company through its projects and its ability to attract the public. Some real estate companies stressed the need to use traditional media together with new media because they complement each other; traditional media are no longer sufficient for communication and marketing.

The Mangold and Faulds model focus on the characteristics and good use of social media for the benefit of the organization. The interviews revealed that the use of the Internet has changed the behavior of consumers, and the marketing methods of products and services, as it created a new marketing environment in these media. This is because these media have distinctive characteristics (Cornelissen, & Elving, 2003). It has also demonstrated its ability to know users’ views about products and services, making consumers trust each other’s experience and potentially make purchasing decisions based on these experiences. At the same time, these media enabled companies to know their reputation and access various internal and external audience, while the consumer has become more communicative and interactive with companies in contrast to traditional means. The recommendations made by the Mangold and Faulds model support this approach. The authors argue that managers should adapt to the new form of communication and take advantage of the power of consumer chatter in these ways and amplify them to influence other consumers.
Limitations and Scope for Future Research

The present study used the qualitative approach (in-depth interviews as a research tool) to find out the trends of real estate companies on the use of social media in marketing strategies for their services and to communicate with stakeholders. However, future research could be geared towards using a quantitative approach in order to measure the impact of integrating social media and mobile marketing into corporate marketing strategy. Such an approach should lead to significant results in measuring the extent of the use of social media in predicting consumer behavior.

References

The intention to purchase designed fashion product of Vietnamese Designer: The mediator of customer relationship

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Keywords
Designer Reputation Belief, Social Media Communication, Fashion Store Environment, Customer relationship, Intention to purchase, Designed fashion product.

Abstract
Customer relationship management is an essential activity for business because customer relationship becomes a critical concept between business and consumer behavior. The need for fashion is emerging as an essential human need, not only in developed countries but also in developing countries like Vietnam. The purpose of this study is to define the constructs related to the fashion designer, which will impact the customer’s purchase intention under the mediator of the customer relationship. The primary research methodology is a quantitative research method with the survey via a questionnaire. Through a survey of 567 consumers, the research has shown that fashion designer reputation belief, social media communication, and fashion store environment are the antecedents of the customer relationship. Moreover, customer relationship is the mediator of the above factors and the intention to purchase designed fashion product. The study contributed to confirm the relationship theory in the fashion industry, especially in designed fashion products, which is not concerned by the researchers in the past. Furthermore, the study proposed some managerial implications related to the fashion designer reputation belief, social media communication, and fashion store environment for fashion designers.

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1. Introduction
Product competition seems to be no longer in a stage where all businesses can create products of similar quality. The customers choose a business to buy depends very much on their assessment of the care and support from business in all phases of the purchasing process. The concept of customer relationship management (CRM) is gradually becoming popular in a business environment with fierce competition among businesses in the same industry. In addition to practical application by business, CRM is also one of the interesting topics for researchers (Srinivasan and Moorman, 2005). CRM is the work of approaching and communicating with customers, managing customer information, thereby serving customers better and establishing sustainable relationships with them. In other words, based on the data and information collected from customers, the store will devise a reasonable and effective customer care strategy (Brink and Berndt, 2009). Customers are of importance to the businesses; therefore, businesses must focus on building, maintaining and developing long-term relationships with them. Hence, relationships with customers are also objects that need to be managed. CRM is based on four principles, including (1) customers should be managed as an essential asset, (2) all customers are not the same, (3) customers are different in demand, tastes, buying behavior, (4) there is the better understanding the customer behavior to help business supply well, maximize the entire value. The more an enterprise understands customers, the more excellent its opportunity to enter the market and the contribution of customers (Kutner and Cripps, 1997).

Mentioning fashion is about the beauty trend of people. In order to do good business and have a high profit in the fashion industry, the enterprise must first know how to understand the behavior of
target potential customers better. Human life is increasing day by day, so human needs are also growing more and more. One of the increasingly demanding fields of people is the fashion market. Trends in recent years, the shopping needs of consumers increased sharply. In the current volatile environment, human demand is increasing, the demand for fashion is therefore growing. According to the most recent survey of the fashion market, including clothing and footwear in Vietnam in 2018, it was 3.8 billion USD, accounting for a significant proportion in the market of consumer products. Forecast for the coming years is still developing.

In the current fashion and clothing market, if classified into four customer groups according to the pyramid model respectively, from the bottom to up, fashion business will shape customer structure, as follows:

The lowest level (the bottom of the pyramid): The consumption power of this customer group is small. They are fashion buyers with low incomes, or who are entering the late middle age and before seniors. They are the ones who restrict buying clothes, or if they also buy ordinary products, affordable, they do not have much demand for fashion.

The second level: this group includes white-collar customers. The number of consumers in this group is enormous. They like to buy together, or they like promotional products, discounts, or a promotion program. In addition, these customers want convenience, fast, entertaining.

The third level: this group includes the customer with moderate and high-end income. They are office workers, and they have a car or go to work by taxi. These customers are in high demand for high-level fashion.

The fourth level (the top of the pyramid): these are customers of the upper class, which is the rich in society. The fashion products that they use are branded, unique designs, even in the world.

Macintosh and Lockshin (1997) proposed that the positive relationship between the buyer and seller will lead to the purchase intention or repurchase of the customer. The core of CRM creates value for the customer. The purpose of the business is not only to maximize profits through every single transaction but to build a long-term, sustainable relationship with customers through the use of their capabilities. As such, CRM requires the business to understand the process by which customers create value to help customers enhance the value they receive. The designed fashion market is different from the fast fashion market. Designed fashion products are to target specific groups of customers rather than the general public. Therefore, the customer of the designed fashion product will belong to the third and fourth levels of the pyramid. They will choose the fashion product, which is designed the reputation designer, known via social media communication, and attracted them by the store environment when they come to the store. Three above dimensions are essential to affect the buyer decision process. Therefore, the study aims to find out the relationship between reputation designer, social media communication, store environment, and customer relationship, as well as the mediating role of customer relationship in the effect of independent factors on intention to purchase designed fashion products.

2. Literature review
2.1. Fashion design and the Designed Fashion Product

Fashion design is the creation, exploration, and research of man in order to create clothing products that satisfy the beauty needs. Fashion design consists of two directions, including performing art and practical application (Marzo-Navarro et al., 2004).

The fashion clothing business is a fascinating field. However, most of the shops sell the products sourcing from many unknown places, which is leading to poor quality, or similar models. Therefore, the designed fashion product for consumers is the “niche market” that many fashion companies or fashion designers are targeting. Customers will always be able to use the designed products because of good quality, guaranteed materials, new designs, sophisticated seams, and unique. One of the most substantial advantages of designed fashion products is not got duplication with others. Self-designed outfits will always have a unique, fresh, catch uptrend. Notably, customers can order the fashion product according to their size or their personality.
2.2. The theoretical model

The study based on the Theory of Planned Behavior (TPB), which has been widely used in research and successful application as a theoretical framework to predict intention and buying behavior. TPB was developed by Ajzen (1991) based on the Theory of Reasoned Action (TRA) of Ajzen and Fishbein (1975) by adding the construct "perceived behavioral control" to TRA. Perceived behavioral control reflects how easy or difficult it is to engage in behavior, depending on the availability of resources and the opportunities to engage in the behavior. According to TPB, customers' "intention of behavior" is affected by "attitudes," "subjective norms," and "perceived behavioral control." TPB has been widely accepted and used in studies to predict individuals' specific intentions and behaviors. Hansen et al. (2004) tested both TRA and TPB models, and the results showed that the TPB model explained customer behavior better than the TRA model. Moreover, empirical studies have shown the suitability of this model in studying consumer behavior in the many contexts generally, and fashion context (Widyarini and Gunawan, 2017).

In the context of designed fashion products, the customer knows or admires an individual designer. Therefore, the designer reputation belief is an essential factor that influences the customer’s decision to purchase the fashion product. The reputation of designers is formed through the positive attitude of customers due to expertise, or awards in the fashion design area. As such, the belief in the reputation of the design is seen as a consumer attitude in the decision-making process of shopping. In addition, as the internet and social networks have grown, traditional subjective standards have shifted to the online environment. Customers search for information through forums or social networking sites. Social networking sites of fashion brands become the best communication channel to take care of, answer questions for customers, and become a new subjective norm in the modern context. One of the crucial issues affecting the intention to buy fashion in stores is the appropriateness of the size and style of the product to customers. Therefore, besides product quality, designers also invest in the environment of the store in order to increase the purchasing intent of consumers. Consumers often prefer to shop at a store with a consultant for fashion trends, or to have a convenient decor for searching. These factors help in the decision making of the customer. Some customers go shopping for relaxing and reducing the stress in their life. The store environment is considered as the perceived behavioral control during shopping because it makes the customers purchase more efficiently in a store. Therefore, the store environment factor is an essential predictor of customer behavior in the field of fashion. Based on the TPB model; the authors proposed Designer Reputation Belief, Social Media Communication, Fashion Store Environment are the antecedents of the customer’s intention to purchase the designed fashion product.

However, the development of relationship marketing theories has placed customer relationships at the heart of the business organization process and consumer behavior, which is pointed out critically in the Relational Mediator Meta-Analytic Framework (Palmatier et al., 2006). Today, customers make a behavioral decision not only by the influence of the seller but also through the perceived relationship between the seller and the buyer (Brink and Berndt, 2009; Nguyen and Khoa, 2019b). Hence, the authors have assumed customer relationship is a mediator in the relationship between three constructs (Designer Reputation Belief, Social Media Communication, Fashion Store Environment) and the purchase intention of the customer in the fashion industry. Consequently, the theoretical model is proposed in Figure 1.

2.3. Intention to purchase designed fashion product (ITP)

The intention is a construct which used to assess the likelihood of future behavior (Engel et al., 1982), and purchase intention expresses, "What we think we will buy" (Blackwell et al., 2006). Consumers who intend to shop online refer to their readiness to purchase in an online store. Typically, this factor is measured by consumers’ willingness to buy and return to buy more. According to Ajzen (1991), the intention is a motivating factor, it motivates an individual to be willing to perform acts and it is an influential factor in behavior. The intention to purchase a product is also expressed through positive thinking about the future purchase of the product by the consumer (Khoa, 2018). Therefore, the Intention of purchase designed fashion products includes the intention of buying designed fashion products soon, positive thoughts about buying designed fashion products, or buying designed fashion products when they need a fashion product for daily activities.
2.4. Customer Relationship (CR)

Customer relationship is to find, attract, win new customers, maintain existing partners, entice returning customers, reduce marketing costs, and expand customer service (Brink and Berndt, 2009). Measuring and evaluating customer relationships is very important in the strategic implementation goal (Reinartz and Kumar, 2003). Customer information will be updated and stored in the database management system through the CRM system. Thanks to a unique data tracking tool, the business can analyze and form long-term and potential customer lists to devise sensible customer care strategies. Besides, the business can handle customer problems quickly and effectively (Gronroos, 2007).

Morgan and Hunt (1994) also believed the customer relationship is a good starting point in a new relationship between the customer and business. The customer will have the purchase intention or remember the brand when they trust and commit to a fashion business (Kim and Ko, 2010; Nguyen and Khoa, 2019c). Hence, the customer relationship in the fashion business will push the customer to come and shop in the fashion store. Therefore, the study proposed the hypothesis:

\[ H1: \text{Customer Relationship has a positive impact on Intention to purchase designed fashion product} \]

2.5. Designer Reputation Belief (DRB)

In this study, reputation refers to how well someone perceives them to be respected or empowered by participating in the fashion community. An individual creates his/her reputation by demonstrating expertise in fashion design and costume aesthetics (Ou et al., 2012). A good reputation also often accompanies a good physical and spiritual life, as well as a person who may have extraterritorial rights. On the other hand, just as the customer care about their values, reputation is also a core factor affecting business activities (Teece, 1998). A good reputation is not quickly built immediately but must be built up through a continuous process of performing particularly meaningful acts on a variety of occasions (Zinko et al., 2012). Based on the above arguments, the research hypothesizes that reputation also influences connection behavior and ties relationships in the designed fashion shopping community.

\[ H2: \text{Designer Reputation Belief has a positive impact on customer relationship in the designed fashion context} \]

2.6. Social Media Communication (SMC)

The concept of social media was born a few decades ago with the advent of the early internet and the Bulletin Board System. However, it was not until the Web 2.0 platform came along, with technology that helped users build content and connect themselves, that the era of social media exploded. Social media is now understood as the platform that provides internet users based on web 2.0 technology (Edosomwan et al., 2011). Kaplan and Haenlein (2010) define social media as “internet applications built on the technology and ideal platform of web 2.0, which facilitate the creation and exchange of information by users". Murthy (2012) defines social media solely as a means of communication by which the public can create and exchange information on the internet. It is essential to note the difference between social media and social networks. In terms of technology, these two concepts are the same: they are web-based web 2.0
platforms to help users can create and transmit information. However, the term social media has a broader meaning, including media and content, while social media puts more emphasis on the technology platform that creates it.

The marketing activities of fashion brands through social media will have a positive impact on customer relationships (Kim and Ko, 2010). Nguyen and Khoa (2019d) pointed out that perceived social interaction is one of the perceived mental benefits of the customer, and it leads to a long-term relationship with the customer. In particular, fashionistas have many fans in their social network, which becomes the new channel to maintain the relationship with the customer. Hence, a hypothesis is proposed: H3: Social Media Communication has a positive impact on customer relationship in the designed fashion context

2.7. Fashion Store Environment (FSE)

The environment is present for the surrounding space at a particular location. When someone comes to the restaurant's environment, the customer will judge that the restaurant feels comfortable, or that the restaurant is crowded, maybe the restaurant is clean. Usually, the environment is perceived by the senses. The environment of a commercial space performs three functions, including attention, message (communication), and influence (Lovelock and Wirtz, 2008). The environment is the "silent language" in transmitting messages. The environment is a qualitative structure consisting of four of the primary senses, except for taste: sight (seeing), sound (hearing), fragrance (smell), light touch (touch). The environment is the result of the design and creation of space, places to buy, and salesperson to create emotions that affect buyers (Dunne et al., 2013; Jobber et al., 2019). Furthermore, beyond that, emotions affect customers' shopping activities as well as subsequent purchases at a particular store. Therefore, the hypothesis can be proposed:

H4: Fashion Store Environment has a positive impact on customer relationship in the designed fashion context

3. Research methodology

A convenient sampling method, with 586 respondents, was done. Survey respondents are the customers who will go shopping at the fashion stores in Ho Chi Minh City and know clearly about their designed fashion brand. Five hundred ninety pieces of the questionnaire were distributed, but four questionnaire pieces were excluded because the respondent delineated to one number in all the questions. Finally, 586 valid questionnaires and were used for subsequent processing. To make it easier for respondents, the first part of the questionnaire describes in detail the definition of a designed fashion to ensure that respondents understand the concept of the designed fashion field.

The research will adopt the scale in the previous research, which will be modified in the focus group discussion. After screening, modifying, five research constructs will include 20 items. Designer Reputation Belief has four items, including Talent, creativity, innovative designs, consistent style (Kawamura, 2004). Social Media Communication has five items including Customization, Entertainment, Trend, Interactivity, E-WOM Kim and Ko (2010). Fashion Store Environment has four items, including Music, Scent, Salesperson, Light/color (Parsons, 2011; Jobber et al., 2019). Customer relationship has four items, including Commitment, Trust, Relationship satisfaction, Relationship quality (Palmatier et al., 2006). Finally, Intention to purchase has three items, including positive thinking about buying, buying probably, the intention to buy (Khoa, 2018). The 5-point Likert scale will measure all the items in the research with one is the total disagree, and five is the total agree.

The characteristics of the sample were 325 (55.5%), who were female, and 261 (44.5%) of the respondents were male. In which 144 (24.6%) respondents aged from 22 to 30, 139 (23.7%) respondents in the sample were aged from 31 to 35, 172 (29.4%) respondents aged from 36 to 45, the rest of sample (22.4%) aged over 45. Three occupations of respondents in the survey include housewife (31.9%), white-collar worker (35.2%), and businessman (32.9%).

The collected data will be processed by SmartPLS software 3.2.7 to prove the reliability, validity of the constructs in the research, test the hypotheses, and theoretical model.

4. Result

In the first step, the research will assess the reliability and validity (convergent validity, discriminant validity) of the constructs in the research via the criteria including Cronbach's Alpha (CA), Composite Reliability (CR), the Average Variance Extracted (AVE), and Heterotrait-Monotrait Ratio (HTMT).
Table 1. The outer loadings, CA, CR, AVE.

<table>
<thead>
<tr>
<th></th>
<th>CR</th>
<th>DRB</th>
<th>FSE</th>
<th>ITP</th>
<th>SMC</th>
<th>CA</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR1</td>
<td>0.881</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.912</td>
</tr>
<tr>
<td>CR2</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.938</td>
</tr>
<tr>
<td>CR3</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.792</td>
</tr>
<tr>
<td>CR4</td>
<td>0.877</td>
<td></td>
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<tr>
<td>DRB1</td>
<td></td>
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<td></td>
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<td></td>
<td>0.935</td>
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<tr>
<td>DRB2</td>
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<td>DRB4</td>
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<tr>
<td>FSE2</td>
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<td>0.856</td>
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<td></td>
<td>0.813</td>
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<tr>
<td>FSE3</td>
<td></td>
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<td>FSE4</td>
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<td>ITP1</td>
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<td>ITP2</td>
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</tr>
<tr>
<td>SMC1</td>
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<tr>
<td>SMC2</td>
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<tr>
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<tr>
<td>SMC4</td>
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<td>0.856</td>
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</table>

According to Hair et al. (2016), the constructed assessment of reliability, convergent validity, discriminant validity will meet the below criteria:

The reliability of the construct will be measured via Cronbach’s Alpha, which has the threshold is equal to or more than 0.7.

The convergent validity will be proved via the Outer Loading, Composite Reliability, the Average Variance Extracted. In which, the threshold of CR is equal or more than 0.7, the threshold of AVE is equal or more than 0.5, and the threshold of the Outer loading is equal or more than 0.708.

The discriminant validity will be assessed through the Heterotrait-Monotrait Ratio (HTMT), with the threshold of HTMT between two constructs is lower than 0.85.

Table 1 pointed out that the minimum of CA coefficient is 0.813, which is more than 0.7; hence, all constructs in the research archived the reliability. Moreover, the lowest CR of all constructs in the study is 0.886, which is more than 0.7. The minimum AVE is 0.723, which is higher than 0.5. Moreover, the minimum outer loading of each construct in the research is more than 0.708. Consequently, the constructs got convergent validity. Table 2 showed the HTMT value between each pair of the construct in the study. The maximum of HTMT is 0.772, which is smaller than 0.85. From this result, all constructs archived the discriminant validity.

Table 2. The HTMT value

<table>
<thead>
<tr>
<th></th>
<th>CR</th>
<th>DRB</th>
<th>FSE</th>
<th>ITP</th>
</tr>
</thead>
<tbody>
<tr>
<td>DRB</td>
<td>0.409</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSE</td>
<td>0.402 0.409</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITP</td>
<td>0.772 0.629 0.736</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMC</td>
<td>0.423 0.492 0.550 0.684</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
After check the reliability and validity of constructs in the study, the research will test the hypotheses and theoretical model. Hair et al. (2016) suggested the process to test the Partial Least Squares Structural Equation Modeling (PLS-SEM), which has the bootstrap procedure with 5000 random subsamples, including 05 steps below.

Step 1. Assess the VIF value to ensure that there is no collinearity in the research model. The threshold of VIF value is lower than 5. All the VIF value in Table 3 is smaller than 5; hence, the constructs in the research model do not have collinearity with the others.

<table>
<thead>
<tr>
<th>VIF</th>
<th>CR</th>
<th>ITP</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR</td>
<td>1.00</td>
<td>0.225</td>
</tr>
<tr>
<td>DRB</td>
<td>1.291</td>
<td>0.044</td>
</tr>
<tr>
<td>FSE</td>
<td>1.380</td>
<td>0.321</td>
</tr>
<tr>
<td>ITP</td>
<td>0.492</td>
<td>0.036</td>
</tr>
<tr>
<td>SMC</td>
<td>1.499</td>
<td></td>
</tr>
</tbody>
</table>

Step 2. Assess the path coefficient between the two constructs. The p-value of the valid path coefficient is less than 0.05. The path coefficients in Table 4 archived significantly with the p-value is less than 0.05.

<table>
<thead>
<tr>
<th>Beta</th>
<th>STDEV</th>
<th>T Statistics</th>
<th>P Values</th>
<th>H</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR -&gt; ITP</td>
<td>0.701</td>
<td>0.036</td>
<td>19.454</td>
<td>0.000</td>
<td>H1</td>
</tr>
<tr>
<td>DRB -&gt; CR</td>
<td>0.211</td>
<td>0.050</td>
<td>4.222</td>
<td>0.000</td>
<td>H2</td>
</tr>
<tr>
<td>SMC -&gt; CR</td>
<td>0.204</td>
<td>0.053</td>
<td>3.863</td>
<td>0.000</td>
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</tr>
<tr>
<td>FSE -&gt; CR</td>
<td>0.185</td>
<td>0.059</td>
<td>3.164</td>
<td>0.002</td>
<td>H4</td>
</tr>
</tbody>
</table>

Note: Standard Deviation (STDEV), t-statistics (|O/STDEV|), Hypothesis (H)

Step 3. Assess the Coefficient of Determination via R² Value. The Coefficient of Determination is shown the amount of variance in the relationship between all of the exogenous constructs and the endogenous construct. R² values of 0.75, 0.50, or 0.25, respectively, described as substantial, moderate, or weak. The CR and the ITP have been explained by 22.5% and 49.2% by the change of independent variables. According to Hair et al. (2016), the R² value can be accepted with 0.2 in behavioral science.

Step 4. Assess the effect size through f² value. This criterion is a criterion that is encouraged by journal editors and reviewers in the recent period. The f² value will evaluate whether the omitted construct has a substantive impact on the endogenous constructs. The f² values of 0.02, 0.15, and 0.35, respectively, represent small, medium, and large effects of the exogenous latent variable. The CR has the large effect size on the ITP (0.967); DRB, FSE, SMC have the small effect size on CR with f² value, respectively, are 0.044, 0.032, 0.036 (Table 3)

Step 5. Assess of Predictive Relevance via Q² value. Predictive Relevance predicts the model’s out-of-sample. Q² values larger than 0 pointed out that the model has predictive relevance for a certain endogenous construct. Table 3 also pointed out all Q² value are more than 0 (Q²CR = 0.165, Q²ITP = 0.321)

Moreover, Table 5 showed that the customer relationship is also a partial mediator in the relationship between its antecedents and intention to purchase in the designed fashion context. The customer relationship is satisfied with four criteria (Andrews et al., 2004):

Criterion (1): DRB, SMC, FSE have significantly impact on CR
Criterion (2): CR has significantly impact on ITP
Criterion (3): DRB, SMC, FSE have significantly impact on ITP (Table 5)
Criterion (4): The impact of DRB, SMC, FSE on ITP decrease in the relationship with CR.
Table 5. The four criteria for proving the mediator

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Criterion 1</th>
<th></th>
<th>Criterion 2</th>
<th></th>
<th>Criterion 3</th>
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<th>Criterion 4</th>
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<tr>
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<td>P Values</td>
<td>Beta</td>
<td>P Values</td>
<td>Beta</td>
<td>P Values</td>
</tr>
<tr>
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<td>0.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMC -&gt; CR</td>
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<td>0.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSE -&gt; CR</td>
<td>0.185</td>
<td>0.002</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>CR -&gt; ITP</td>
<td></td>
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<td>0.701</td>
<td>0.036</td>
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<td></td>
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<tr>
<td>DRB -&gt; ITP</td>
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<td></td>
<td></td>
<td></td>
<td>0.183</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSE -&gt; ITP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.310</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMC -&gt; ITP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.204</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DRB -&gt; CR -&gt; ITP</td>
<td>0.085</td>
<td>0.001</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSE -&gt; CR -&gt; ITP</td>
<td>0.074</td>
<td>0.004</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>SMC -&gt; CR -&gt; ITP</td>
<td>0.083</td>
<td>0.000</td>
<td></td>
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</tr>
</tbody>
</table>

5. Discussion

The results of study have made a positive contribution to building the buying intent of customers in the field of fashion. Maintaining close relationships with customers is an essential factor for successful business growth. In the Age of Automation and Innovation, customer relationship has been more critical.

Firstly, the intention to purchase of designed fashion product will be effect by the customer relationship. Customer relationships will create customers’ positive thoughts and impressions about a brand. Sometimes customers will only buy after a trial or create a relationship with the seller before the shopping behavior. The research result pointed out the customer relationship has the positive impact on the purchase intention (beta = 0.701, p-value = 0.000). Therefore, hypothesis H1 is accepted. This result affirmed the important role of CRM strategies in today’s context, which has been confirmed through previous studies (Sheth and Parvatiyar, 1995; Palmatier et al., 2006; Kim and Ko, 2010). Stay in touch, and give customers something valuable to exchange with time, attention. These values do not need to be excessive. The customer can be an offer, announcements about a special event, insights, and helpful advice or customer information that can be used by all customers. Especially, the mental benefits as shopping enjoyment, the perceived control in shopping are significant for the fashion business to gain success (Nguyen and Khoa, 2019a).

Figure 2. The result of the research model
Secondly, the result showed that the designer reputation belief has a positive impact on the customer relationship (beta = 0.221, p-value = 0.000). The hypothesis H2 is accepted. Fashion design depends a lot on the personality and characteristics of the designer. A famous designer can be reputable enough to create trust and engage with that designer in the process of buying fashion products (Hilton et al., 2004; Sterlacci, 2019).

Thirdly, marketing media communication effect positively on the customer relationship (beta = 0.204, p-value = 0.000). The hypothesis H3 is supported. Today's media is not only practiced in media such as newspapers, television but also extends to social media such as social networking tools. Kim and Ko (2010) also demonstrated that social media would impact customer relationships. Relationships have a short lifespan. One of the biggest mistakes is not keeping track of their customers after the sale (Khoa, 2020).

Finally, the store environment is one of the key factors effect on the customer relationship (beta = 0.185, p-value = 0.002). Hence, the hypothesis H4 is supported. The difference in the store environment will lead to different customer behaviors (Scarpí, 2006). Most businesses claim to offer customers a unique experience, but very rarely do they do that. Others can do quite well, but they do not come from defining what the customer wants. Only when the business truly understand what the customer wants and try to meet it fully or exceed expectations, is it when the business creates valuable customer experiences.

6. Contribution and Implication
6.1. Contribution of the study
This research has discovered customer behavior in the field of fashion, specially designed fashion, a limited research field. Through quantitative research with 586 survey participants, the results have contributed that the designer reputation belief, social marketing communication, and the store environment have a positive impact on the customer relationship. Besides, customer relationship is the mediator in the relationship marketing between the designer reputation belief, social marketing communication, the store environment, and intention to purchase. Relationships are an indispensable element in branding. Even if the business has a well-defined target audience, it ignores the basic needs and does not need to satisfy its customers' needs, and they will leave. Customers know what they want, and if they do not get it, they will choose competitors of business to buy products or services. Do not let customers leave the business. Instead, dig a little deeper and give them something unique, which means a close customer relationship.

6.2. Managerial implications
Belief plays a significant role in business. Designer reputation belief can add value, save time, cut costs, and increase profits for both sellers and customers. However, to build trust, one thing is often forgotten that “customers will never trust young designers easily.” The designer should be open and honest or should know and put in the customers to better understand them. Fashion designers should learn how to create idea boards and product ranges to build a reputation. Designers need to be good at researching fashion trends and finding inspiration from social networking sites, comparing prices and quality of various brands and trade shows. In addition, designers should be willing to spend much time perfecting their skills. A little practice every day will help the designer gain in-depth knowledge in the long run to create a reputation for himself.

There are many solutions to improve marketing media communication. Fashion businesses should immediately connect with customers through signing up for the newsletter via the fan page by clicking "like the page." At the same time, businesses should take time to turn designers' networks with connected fans into customers. The salesperson can give the customers advice about the fashion style through social networking sites or forums to create an enjoyable and long-term relationship.

The relationship between the customers and the fashion designer can improve through the store environment. Enterprises need to train professional fashion salespeople with counseling skills, communication skills. Besides, the arrangement of fashion products should also enhance the science so that customers can easily choose the products they need. In addition, the use of color lights, music at the store should be appropriate to the age, and social class of customers.
7. Limitations and direction for future research

For research on the field of design, fashion is still relatively new in Vietnam, so the topic still has some limitations, which are the directions for further studies. First, customer relationship research can be implemented as a multi-dimensional concept to understand better and conceptualize this concept. Also, the consequences of a relationship can be discovered at specific behavior after the first purchase is an acquisition, word of mouth, or customer loyalty. At the same time, the scope of research can be expanded in countries with developed fashion industries to understand better the orientation of the relationship between fashion customers and designers.

Reference


Effects of Seasonal Variation Driven Price Disparity on Fresh Flower Business: Evidences from Bangladesh

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Keywords  
Flower business, Channel members, Seasonal variation, Profitability.

Abstract  
As an emerging sector, the commercial cultivation of flowers is gaining popularity in Bangladesh and creating a new competition of high-quality flower production. This paper examines the price differences practiced by growers and other channel members of the industry which is affected by seasonal variation. Using the evidence collected from 220 respondents of growers and channel members like local traders, wholesalers and retailers, the study finds that the market price of flowers usually remains uncertain and unstable in Bangladesh, and it is mainly associated with its demand and supply in the market during different seasons. Higher price is observed for Rose, Tuberose, Gerbera, and Gladiolus in rainy season when the supply and wastage of perishable flowers fail to match the demand of those flowers. On the contrary lower price is observed in spring when the supply of flowers increases due to favorable weather for production. However, flower traders get more prices by selling Marigold in winter, the time which is suitable for cultivating and harvesting. Nevertheless, they obtain lower price in summer. Moreover, they receive elevated price in winter for trading Jasmine and poorer in rainy season. This overall market price difference, in turn, affects the profit of the traders. In favorable weather, profits of flowers are found lower due to the additional supply of flowers compared to the demand whereas in adverse weather, extra cost of wastage or post-harvest loss makes the profit lesser again.

This study aims to provide useful policy insights to the policy makers as well as researchers for reducing the seasonal effects on flower trading in Bangladesh. In this way this study will also help the government to realize the importance and develop ways of solving the effects of seasonal variation driven price disparity on fresh flower business.

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1. Introduction
In Bangladesh flower cultivation has emerged as a worthwhile business ensuring higher potential to earn money. Demand for flowers is increasing in domestic as well as in international market which is worth of $16.58 million, and different countries including India, Pakistan, Italy, Portugal, Saudi Arabia, the United States of America, South Korea, the Philippines, Singapore, Japan, Germany, Britain, Denmark and France constitute the international market. The country’s export earnings from flower and foliage for FY 2018-19 touched $3.98 million, up from just $0.02 million in FY 2017-18 (Export Promotion Bureau, 2018). Besides, according to Dhaka Chamber of Commerce and Industry the country’s local market for flowers and cut foliage has reached $14.121 million per annum and growing at 10 per cent per annum (Dhaka Tribune, 2019). The employment generation for both men and women are rising under floriculture industry at about 15.79% every year (Rakibuzzaman et al., 2018). Furthermore, around 200,000 people are directly and indirectly depending on this sector and more than 25,000 families are engaged in cultivating fresh flowers  

1. $1=83.20 Taka by Bangladesh bank, (2019)
(Hossain, 2019). In 2016-17 the total flower area, yield and production of flowers have been increased to 23000 tons of flowers in total land of 3000 acres from where per acre yield (kg) was 767 (Bangladesh Bureau of Statistics, 2018). The annual turnover of the country’s flower and foliage industry increased to BDT 15 billion in FY 2018 from about 2.0 billion a decade back (Labony et al., 2019).

Though the flower business is extended throughout the country, but this still is not enough to meet the market demand. To satisfy the market demand, Bangladesh requires importing flower and ornamental plants costing up to BDT 2-3 million from abroad (Rakibuzzaman, 2018). Among the locally produced flowers being traded regularly in commercial scale, the following are common: different varieties of Rose (Rosa), Gladiolus (Gladiolus), Marigold (Tagetes), Tuberose (tuberosa), Gerbera (gerbera jamesonii), Jasmine (jasminum), Dolanchampa (Hedychium coronarium), Lotus (Nelumbo nucifera), Orchid, and Chrysanthemum (Chrysanthemum coronarium). Although major production areas are concentrated in the rural area and the consumption is concentrated in the cities, the success of commercial flower business depends largely on well-developed distribution system as flowers are perishable in nature requiring careful handling and quick marketing. By developing sophisticated distribution system Netherlands became the largest supplier (59 percent) of flowers in the international flower market (Griffin, 1995). But in Bangladesh marketing and distribution of flowers is not organized. The marketing channel of flower business in the country operates through some middlemen like local traders, wholesalers, and retailers to the final consumers. Farmers and channel members are found deprived of getting expected profit due to the price difference occurring in different seasons of the year. In addition, no marketing policy on flowers business has been developed in Bangladesh yet. As the demand in the market is increasing day by day, there exists a threat of competition for producing high quality flowers. Considering the potentiality and growing demands for flowers, there is an urgent need for generation of information of price difference of flowers as affected by seasonal variation in Bangladesh.

However, no systematic study has so far been found to explore the effects of seasonal price differences on flowers business in Bangladesh. The focus on growers’ and channel members’ perspectives will provide a better insight with respect to the effects of price difference in the flower business of the country. Investigating this topic would provide both the academics and practitioners ideas about expanding flower trading in the country and taking actions to satisfy local demand further as well as advancing the business in international market. The present research study is focused on how various actors are related to the flower business from production to selling process. This study has tried to utilize the accumulated information gathered from 220 respondents of growers and channel members of Savar, and Dhaka metropolitan area to measure the effects of season on price disparity practiced by the channel members for trading fresh flowers. Additionally, the research examines the effects of different season on profitability for flower business. In this way, the study aims to help flower traders to analyze and understand the effects of seasonal variation driven price and profitability disparity in the country. The information will be beneficial to understand the present situation of flower marketing system in Bangladesh. Since the number of flower growers and traders are rising rapidly in the country and more traders are also feeling interested to this industry following research questions are coming up which were not addressed by the past studies:

1. Which types of marketing channels are prevalent in the fresh flower industry in Bangladesh?
2. How much price difference is practiced by the different channel members?
3. How profitability differs with different channels members during different seasons of the year?
4. What are the effects of seasonal variation driven price differentials on the trading pattern of fresh flower business in Bangladesh?

To answer the questions, the objectives of this study have been stated below-
1. To examine the fresh flower channel system in Bangladesh,
2. To estimate the price differences practiced by growers and other channel members during different seasons, and
3. To explore the effects of seasonal disparity driven price disparity on profitability of fresh flower business in Bangladesh.

Answering the research question will help in developing pertinent policy recommendations focusing on identifying the ways to manage the effects of seasonal difference on price and profitability of
fresh flower trading in Bangladesh. This paper is organized in six sections: the first section presents Introduction; the second section deals with Literature Review. Thereafter, the third section contains Methodology. Findings are provided in section four; Discussions and Conclusion are in section five, and Limitations and Direction for future Research in section six.

2. Literature Review

Due to high market potentiality of flower business in Bangladesh, many researchers explored the practice of production, marketing system, and post-harvest loss of flower business in their studies. Mohiuddin (2016) indentified floriculture as a cash cow crops for the farmers and found the good potentials in the production of cut flowers in the country due to favorable environment and fertile land. According to him, flowers as business item came being into the market of Bangladesh before 1983 and over the years, this flower business has taken a good shape in domestic market (2016). From the study of Khan et al. (2017) it is found that the flower business is increasing in developing countries such as Pakistan, Bangladesh and India mainly for the escalating pressure on flower cultivation and that the cut flowers occupied a significant place in the life of human beings due to their involvement in social, cultural and religious activities. According to Labony et al. (2019), the rising income of middle-class people along with rapid socioeconomic development as well as introduction of modern technology, supply of quality seeds, and setting up of some warehouses and cold storages have largely helped raising the flower production. She also showed that flower production surpassed 3.2 billion pieces in FY 2018 from 3.0 billion in FY 2017 and 2.98 billion in FY 2016 (2019). Moreover, Yeasmin (2009) observed a remarkable positive impact of commercial floriculture on increasing the total household income by sharing 0- 24.47 percent of the total household income, which is also supported in a study by Omar, et.al (2014). According to Rakibuzzaman et al (2018), flower demand is increasing day by day simultaneously with the land under flower cultivation and the total yield of flower is also increasing. Among the fresh flower species and their market share, in the FY 2013-14, rose contributes the maximum and the cultivation of rose occupied an area of 281 acres increasing from 189 acres in FY 2013-14. He also found, Gladiolus coming into play in recent times occupied the top position with market share of 31.11% with the highest level of return followed by Gerbera and Rose (2018).

But Stable price and profit are crucial for growing long-term relationships with customers and in sustaining profitability of flower traders. However due to the relative novelty of the sector, few studies have examined the flower trading and distribution practices among traders and profitability of flower production in Bangladesh. Few researchers have considered profitability or net return from fresh flower business in Bangladesh. For example, Jahan (2009) explored the highest net return from selling rose followed by tuberose, gladiolus, and marigold and found net margin to be the highest with retailers and lowest with wholesalers; Mou (2012) compared the profit and production of some selected flowers with other competing crops and explored higher margin in flower (BDT 1,359,824.20 per ha) than vegetables (BDT 46,362.14 per ha) and discovered that the marketing margin of wholesaler-cum-retailer is higher than retailer. Haque et al. (2012) in their article pointed out the net return from flower cultivation are 81% higher than lentil, 85% higher than mustard and 6% lower than potato cultivation. The benefit-cost ratios are 2.57 and 1.80 on variable cost and full cost basis (2012).

A small number of researchers have considered various factors influencing marketing efficiency in fresh flower business in Bangladesh. Omar et al. (2014) found the Marketing Efficiency and Producer’s share in Consumer’s Price to be higher for Rose (White), Marigold, Jasmine (Yellow) and Tulip (Purple) before excluding post-harvest loss. On the contrary, price spread for Rose (White), Marigold, Jasmine (Yellow) and Tulip (Purple) is higher after excluding post-harvest loss. They also explored the highest post-harvest losses at the retail level (39.82%) followed by wholesaler (27.52%), producer (18.87%) and local trader (13.78%) in Jessore and Dhaka city of Bangladesh (2014). Begum (2015) found in her study that, the marketing cost (BDT per 100 Flower) is found highest for Gerbera followed by Gladiolus, Marigold and Rose.

However, few studies have examined the price difference practice and the causes behind the price discrimination of flower trading in Bangladesh. Hossain et al. (2015) found the price of different flowers as varied in different days, different months and different special days of the year and the cost of production varies in different kinds of flower. This is also evidenced in the study of Begum (2015) that, though
everyday sale of flowers is nearly BDT 35-40 lakhs on average in the whole country, but during the eves of different festivals, the amount climbs too high. According to Financial Express (2019), daily sales by flower traders across the country are worth BDT 20,000-Tk 25,000 during normal days but are expected to be the highest in February which is considered as the peak business season. Customers place orders for rose, gladiolas, hyacinth and lily on the occasion of Valentine's Day; for gerbera, daisy, calendula, crecenthimum, small marigold and others in Pohela Falgun (spring festival) and Marigold and tuberose for celebrating Ekushey February (International Mother Language Day). Therefore, in FY 2019 traders expected sales surpass of BDT 0.25 million per day in February due to favorable weather and stable political environment (2019).

Many researchers in India identified important marketing channels for different flower namely Sangeetha (2005) for Anthurium; Sing et al. (2008) for Marigold; Haridas (2010) for Anthurium; Steephan (2011) for Orchid; Singh & Pumitha (2012) for Anthurium and Mohanan (2015) for Orchid. As we know that, marketing channels are made of a set of interdependent organizations involved in the process of making a product or service available for use or consumption (Kotler & Keller, 2014), but only a few researchers explained marketing channels of flower business in Bangladesh. Raha & Sultana (1995) investigated in their study of different channels of flowers with reference to Dhaka market, where the Channel members are Growers, Bepari, Sarder, Retailer cum Wholesaler, Farmer cum Bepari, and Retailer. Laboni et al. (2019) also examined the supply chain of flower market and the opportunities, challenges and constraints in production and marketing of flower industry in Bangladesh. The paper revealed that the participants of the supply chain of flower business are farmers/growers, wholesalers, wholesalers cum retailers, farmers cum wholesalers cum retailers, stockiest and customers. According to them, various factors that are hindering local production and marketing such as weak research activities, unorganized market, lack of post-harvest management, dependency on import, poor knowledge of farmers, underdeveloped machineries, lack of cold value chain and air-conditioned vehicles, lack of promotion, high air freight, no permanent market, limited government’s initiative etc. (2019).

This study attempts to depict the marketing channel practice as well as assess the effects of seasonal price differentials on flowers business in Bangladesh. By searching the literature, a striking imbalance is found where relative or little attention has given to identify the effects of seasonal variation driven price and profit disparity in Bangladesh. As we noticed the flower business as one of the growing industries in Bangladesh, it is important to the growers and other channel members of the industry to realize the effects of seasonal variation on price and profitability. Lastly, the research tries to help in developing significant policy recommendations focusing on identifying the ways to manage the effects of price disparity on flower trading in different seasons to uphold customer satisfaction. In this context, the present study is an endeavor to fill the above-mentioned gaps and analyze the prevailing seasonally varied price and profit differentials of flower business of Bangladesh.

3. The Methodology
3.1 Research Design

This is a descriptive research where primary data have been gathered by field survey method using a questionnaire, apart from the use of secondary sources of information. For a better understanding of the research problems, and to explore literature, secondary data were collected from different sources for instance articles, books, newsletters, annual reports, government reports, newspapers, websites etc. In-depth interview sessions were conducted involving 5 flower growers and traders in savar. They were selected based on good knowledge and experiences with trading flowers like rose, tuberose, marigold, gerbera, gladiolus, and jasmine in Bangladesh. Information gathered from them helped the researchers to understand the price and profit disparity in different seasons of the year. After refining, categorizing and comparing the information with relevant theoretical and empirical evidence, the content of the survey questionnaires for pilot survey has been developed. Moreover, personal interviews with 20 respondents (5 growers, 5 local traders, 5 wholesalers and 5 retailers) were conducted to finalize the questionnaire format, wording and to address any comments or suggestions they had. Then the responses obtained from the pre-test were coded and analyzed. In this way the final questionnaire was designed with close-ended and open-ended questions for survey. However, to analyze the seasonal variation driven price and profit disparity in flower business, four seasons were considered namely winter (November to January);
spring (February to April); summer (May to July) and rainy season (August to October). Data collected from different respondents were analyzed and presented using statistical tools like table, graphs, and charts to illustrate the whole picture of analysis.

3.2 Sampling Method
To fulfill the objectives of the study, Convenience sampling technique has been applied for collecting data from 220 samples which include 65 farmers, 47 local traders, 53 wholesalers, and 55 retailers in Manikganj, Birulia, Shyampur, Katlapur of Savar, and Dhaka metropolitan area. Traders having more than five years of experience and actively involved in commercial flower production and marketing were selected for the study. Dhaka Division is considered for the field survey as it is one of the leading flowers producing zones in the country. In addition, Dhaka metropolitan city was selected as the consuming center because 45% of retail flower shops are located in Dhaka district while Chittagong and Sylhet having 25% each and the remaining 10% of shops are situated in other district towns (Labony, 2019). Respondents were personally interviewed by using structured and pretested questionnaire about their socio-economic background, marketing channels, marketing costs, price and profits in the business of selected flowers. The survey was conducted during May to September in the year of 2019.

3.3 Data Analysis
This study used the tabular technique to illustrate the whole picture of analysis. To describe the socio-economic characteristics of respondents, descriptive statistics like frequencies, mean etc. was used as a supplement to the tabular technique. The data gathered from the survey were analyzed with the software Microsoft Excel and SPSS 22.

4. Findings
4.1. Results
4.1.1. Demographic Profile of Traders
The age group, gender, education status, family members, family farm workers and total farm workers of the flower growers, local traders, wholesaler and retailers have been presented in table 1 where the sample was made up of mostly male respondents (99.5%) except one female grower (0.5%). The table also shows that highest representatives of the growers (23.5%) are from the age group of above 50 years followed by 40-44 years (21%) and 35-39 years (20.5%). However, most of the local traders (25.5%) are from the age group of 35-39 years, wholesalers (22%) are from 40-44 years and retailers (22.5%) from 25-29 years. The study reveals that the flower trading business has attracted mainly the middle-aged people who are usually energetic and responsive to improved farming and possess risk taking ability. The findings also observed many of the growers being literate. The findings also indicate that comparatively literate young people are also involved in trading flowers in Bangladesh. Furthermore, literate youths (44.5% with education below SSC) are found more interested in fresh flower industry. Besides, majority (40%) of the local traders has the primary level of education but majority of the wholesalers (40%) and retailers (25%) have secondary to above secondary level of education. Thus, it is observed from the study that, they are capable of adopting improved production technology in flower cultivation.

<table>
<thead>
<tr>
<th>Demographic Variables</th>
<th>Categories</th>
<th>Grower</th>
<th>Local Trader</th>
<th>Wholesaler</th>
<th>Retailer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Age group (in percent)</td>
<td>15-19 years</td>
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<td>.5</td>
<td>.5</td>
<td>.5</td>
</tr>
<tr>
<td></td>
<td>20-24 years</td>
<td>0</td>
<td>1.0</td>
<td>2.5</td>
<td>13.5</td>
</tr>
<tr>
<td></td>
<td>25-29 years</td>
<td>4.5</td>
<td>3.0</td>
<td>11.5</td>
<td>22.5</td>
</tr>
<tr>
<td></td>
<td>30-34 years</td>
<td>18.5</td>
<td>14.0</td>
<td>20.0</td>
<td>17.5</td>
</tr>
<tr>
<td></td>
<td>35-39 years</td>
<td>20.5</td>
<td>25.5</td>
<td>21.0</td>
<td>19.5</td>
</tr>
<tr>
<td></td>
<td>40-44 years</td>
<td>21.0</td>
<td>24.0</td>
<td>22.0</td>
<td>13.5</td>
</tr>
<tr>
<td></td>
<td>45-49 years</td>
<td>12.0</td>
<td>13.0</td>
<td>12.5</td>
<td>7.5</td>
</tr>
<tr>
<td></td>
<td>50 and above years</td>
<td>23.5</td>
<td>19.0</td>
<td>10.0</td>
<td>5.5</td>
</tr>
<tr>
<td>2. Gender (in percent)</td>
<td>Male(percent)</td>
<td>99.5</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>.5</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>
As flower business is labor-intensive, the scope for employment in this sector is very high. It has been observed in the study that 1 to 5 family members are found working in their farms. Majority (87.5%) of them are involved in growing level followed by 81.0% in retailing, 78.5% in local trading, and 77.5% in wholesaling. Women are found mainly involved in plucking, sorting and packing flowers. It is also found that not only the family members are involved with the business. They also employ 1-5 workers from outside. More and more flower traders are now involved in growing and trading of flowers for long term. Most of the growers (73%) and local traders (74%) are found doing fresh flower business for more than 10 years. Moreover, none of them produces other crops in their lands like previous times except for 1 local trader who was found to produce jute instead of flowers in 2 bigha previously. Flowers are perishable in nature, and are damaged during harvesting, plucking, assembling, packing, loading and unloading for various reasons like delay in harvesting, pressing during wholesaling process, multiple handling and transportation. From the study it has been found that all the growers, local Traders and wholesalers destroy these unsold flowers. Although 75% retailers used to destroy the unsold flowers, 22% resale those in forms of bouquet, garland, basket etc. and the rest 3% of them distribute at free of cost.

4.1.2. Marketing channels of the fresh flower trading in Bangladesh

In fresh flower business of Bangladesh, many players deal in different levels of marketing channels which is known as Multichannel Marketing System. Here a single firm uses two or more

Table: 1 Socio-economic data of respondents in different channel members (n=220)

Source: Field Survey, 2019
marketing channels to reach one or more customer segments, lower channel cost, and increase more customized selling (Kotler & Keller, 2014). From the field survey it has been found that, growers cultivate flowers in their fields throughout a season and harvest mature flowers early in the morning and place them in buckets of water to remove the field heat. Then while packing water is sprinkled to maintain high humidity. No specific standard is followed in grading flowers in the country rather it is merely based on size, color and defect. As a result, screening out quality flowers and maintaining standard pricing is often found to be difficult. It has been observed from the field survey that for distributing the flowers to final customer, they follow multichannel distribution system which comprises of six generic types of channels and this has been shown in figure 1. Here, in channel 1, growers deal directly to the local wholesale market or they may sell their flower to the middlemen like local traders who purchase the flowers from the field directly and after aggregating, packing and transporting flowers to local marketplace.

![Fig 1: Marketing channels in flower business of Bangladesh, Source: Field Survey, 2019](image)

Due to lack of permanent market place the growers sell their flowers in the field or in the wholesale market which deprives of getting better price. From the local wholesale market, packed flowers are sent to different wholesale markets situated in Dhaka and other parts of the country. Buying from there retailers bring to their retail shops, sort, and arrange those in different forms like flower bouquet, garland, baskets etc. for selling to final customers. In channel 2, growers have direct communication with the wholesalers who buy the produce directly from the field and bring those to the wholesale market for selling to retailers. In channel 3, growers communicate directly with some wholesalers who act as both local traders and wholesalers to buy the flowers directly from the field and bring those to the local wholesale market for selling to retailers. Sometimes growers sell their flowers directly to such a local trader who acts as wholesaler and retailer at a time. This makes the channel type 4. In channel 5, growers directly bring the flowers to the wholesale market and sell those to the wholesaler who is a local trader cum retailer as well. In channel 6, some final customers like event management firms or catering service organizations purchase directly from the growers at field or from the local wholesale market. Here they act as both the wholesaler and retailer. Here to mention, like most of the other agricultural commodities, the channel members also get larger portion of profit in flower business.

### 4.2. Price disparity practiced by flower channel members

From the field survey it has been found that the market price of flowers usually remains uncertain and unstable in Bangladesh which is mainly associated with its demand and supply in the market during different seasons. The price difference of different flowers during different seasons of
the year is presented in table 2. It is observed from the research that in rainy season all the growers, local traders, wholesalers and retailers receive higher price by selling roses. However, the peak season of rose is the winter and the lean period is summer season and a transitional period is also observed in between the peak and lean periods. During the rainy season as production of rose decreases and post-harvest loss is also occurred, consequently it makes the price higher due to low demand. But the demand of rose is more in both winter and spring due to increasing demand for celebrating festivals. In winter, growers sell a rose for BDT 3.53, and in rainy season BDT 4.50. A retailer also sells a rose at lower price of BDT 5.97 in winter season compared to BDT 8.50 in rainy season.

<table>
<thead>
<tr>
<th>Flower traders</th>
<th>Winter</th>
<th>Spring</th>
<th>Summer</th>
<th>Rainy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growers</td>
<td>3.53</td>
<td>3.17</td>
<td>3.48</td>
<td>4.50</td>
</tr>
<tr>
<td>Local Traders</td>
<td>3.1</td>
<td>2.51</td>
<td>4.14</td>
<td>6.00</td>
</tr>
<tr>
<td>Wholesalers</td>
<td>4.4</td>
<td>4.26</td>
<td>5.2</td>
<td>7.00</td>
</tr>
<tr>
<td>Retailers</td>
<td>5.97</td>
<td>6.17</td>
<td>6.37</td>
<td>8.50</td>
</tr>
</tbody>
</table>

### b. Tuberose (*BDT Per stick*)

<table>
<thead>
<tr>
<th>Flower traders</th>
<th>Winter</th>
<th>Spring</th>
<th>Summer</th>
<th>Rainy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growers</td>
<td>2.9</td>
<td>2.75</td>
<td>4.75</td>
<td>5</td>
</tr>
<tr>
<td>Local Traders</td>
<td>4.15</td>
<td>4.02</td>
<td>6.50</td>
<td>6.76</td>
</tr>
<tr>
<td>Wholesalers</td>
<td>5.16</td>
<td>5.1</td>
<td>7.80</td>
<td>8.80</td>
</tr>
<tr>
<td>Retailers</td>
<td>6.31</td>
<td>6.88</td>
<td>10.00</td>
<td>11.00</td>
</tr>
</tbody>
</table>

### c. Marigold (*BDT per mala*)

<table>
<thead>
<tr>
<th>Flower traders</th>
<th>Winter</th>
<th>Spring</th>
<th>Summer</th>
<th>Rainy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growers</td>
<td>8.09</td>
<td>3.88</td>
<td>3.60</td>
<td>4.77</td>
</tr>
<tr>
<td>Local Traders</td>
<td>10.69</td>
<td>8.1</td>
<td>3.45</td>
<td>5.71</td>
</tr>
<tr>
<td>Wholesalers</td>
<td>8.73</td>
<td>8.73</td>
<td>6.3</td>
<td>7.75</td>
</tr>
<tr>
<td>Retailers</td>
<td>15.99</td>
<td>15.92</td>
<td>13.81</td>
<td>14.72</td>
</tr>
</tbody>
</table>

### d. Gerbera (*BDT Per stick*)

<table>
<thead>
<tr>
<th>Flower traders</th>
<th>Winter</th>
<th>Spring</th>
<th>Summer</th>
<th>Rainy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growers</td>
<td>12.0</td>
<td>10.45</td>
<td>14</td>
<td>18</td>
</tr>
<tr>
<td>Local Traders</td>
<td>20.53</td>
<td>15.50</td>
<td>21</td>
<td>28</td>
</tr>
<tr>
<td>Wholesalers</td>
<td>27.52</td>
<td>19.11</td>
<td>28</td>
<td>35</td>
</tr>
<tr>
<td>Retailers</td>
<td>33.00</td>
<td>26.00</td>
<td>39</td>
<td>43</td>
</tr>
</tbody>
</table>

### e. Gladiolus (*BDT Per stick*)

<table>
<thead>
<tr>
<th>Flower traders</th>
<th>Winter</th>
<th>Spring</th>
<th>Summer</th>
<th>Rainy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growers</td>
<td>10</td>
<td>8</td>
<td>14</td>
<td>18</td>
</tr>
<tr>
<td>Local Traders</td>
<td>18</td>
<td>12</td>
<td>19</td>
<td>23</td>
</tr>
<tr>
<td>Wholesalers</td>
<td>22</td>
<td>18</td>
<td>24</td>
<td>29</td>
</tr>
<tr>
<td>Retailers</td>
<td>30</td>
<td>23</td>
<td>35</td>
<td>38</td>
</tr>
</tbody>
</table>

### f. Jasmine (*BDT per mala*)

<table>
<thead>
<tr>
<th>Flower traders</th>
<th>Winter</th>
<th>Spring</th>
<th>Summer</th>
<th>Rainy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growers</td>
<td>5.00</td>
<td>6.20</td>
<td>1.51</td>
<td>2.60</td>
</tr>
<tr>
<td>Local Traders</td>
<td>9.00</td>
<td>8.00</td>
<td>6.00</td>
<td>5.50</td>
</tr>
<tr>
<td>Wholesalers</td>
<td>12.56</td>
<td>12.18</td>
<td>10.00</td>
<td>9.00</td>
</tr>
<tr>
<td>Retailers</td>
<td>28.00</td>
<td>30.00</td>
<td>12.00</td>
<td>10.50</td>
</tr>
</tbody>
</table>

Table 2: Season wise price difference of selected flowers of the channel members (in *BDT per stick*), Source: Field Survey, 2019

By selling Tube Rose in different seasons, growers, local traders, wholesalers and retailers receive higher price in rainy season in contrast they receive lower price in winter due to higher production during favorable weather. And according to the law of demand and supply, in a market economy when supply is more than the demand the market price of any product decreases. The flower market is also run by this
mechanism. Supply of tuberose remains high during the months of February and March, despite January experiences a comparatively low supply. Lowest supply of tuberose is in April, September and October. Therefore, all the growers, local traders, wholesalers and retailers receive lower price in winter as of BDT 2.90, BDT 4.15, BDT 5.16 and BDT 6.31 respectively but higher price in rainy season as of BDT 5.00, BDT 6.76, BDT 8.80 and BDT 11.00, respectively. The data of price difference of marigold in different seasons indicates that growers sell marigold at higher price of BDT 8.09 in winter season, but at lower price of BDT 3.88 in spring and BDT 3.60 in the summer. On the other side, local traders receive lower price in summer season and higher prices in winter season. Wholesalers receive the same price BDT 8.73 in winter and spring and earn lowest in summer, BDT 6.30. This is because the pick season for supplying marigold is October to April. Hence, the lean season for supplying marigold starts from May and continues up to November. In rainy season, retailers receive the higher price of gerbera (BDT 43) but growers receive lower price (BDT 18). Moreover, Gerbera is sold at lower price by all the traders in spring. It is observed that the gladiolus is more expensive one of the lists. The data presented in the table indicates that growers sell Gladiolus at a higher price of BDT 18 in rainy season. Local traders, wholesaler and retailer receive lower price in spring season. In winter, the retailers receive BDT 30 whereas wholesalers receive BDT 22, the local trader receives BDT 18 and the grower receives BDT 10. So, the difference between the grower and retailer is BDT 20. Hence, in the spring season they receive lowest price than the other season. The channel members earn more profit by selling jasmine in the winter season. But the price becomes lower in summer and rainy season as more Jasmines are grown due to favorable weather.

4.3. Profitability Analysis for different flowers in different channel members

The present section analyzes how different growers and traders are affected by season because of the price differentials of flower. To identify the profitability of flower production, total revenue has been compared to the total cost which is composed of fixed and variable cost. The variable costs are the cost of using the variable inputs like labor, irrigation, fertilizer, seed and fixed cost are the interest on operating capital and land preparation cost. For channel members, other variable costs like transportation, assembling, storage, cleaning, sorting, and wastage are added also. Based on these costs season wise profitability from selling different types of flowers in different channel members has been analyzed in following section.

<table>
<thead>
<tr>
<th>Rose</th>
<th>Winter Total Revenue</th>
<th>Winter Total Cost</th>
<th>Winter Profit</th>
<th>Spring Total Revenue</th>
<th>Spring Total Cost</th>
<th>Spring Profit</th>
<th>Summer Total Revenue</th>
<th>Summer Total Cost</th>
<th>Summer Profit</th>
<th>Rainy Total Revenue</th>
<th>Rainy Total Cost</th>
<th>Rainy Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growers</td>
<td>810,000</td>
<td>460,000</td>
<td>450,000</td>
<td>850,000</td>
<td>400,000</td>
<td>450,000</td>
<td>900,000</td>
<td>500,000</td>
<td>400,000</td>
<td>650,000</td>
<td>300,000</td>
<td>300,000</td>
</tr>
<tr>
<td>Local Traders</td>
<td>400</td>
<td>350</td>
<td>50</td>
<td>400</td>
<td>350</td>
<td>50</td>
<td>420</td>
<td>550</td>
<td>130</td>
<td>650</td>
<td>450</td>
<td>200</td>
</tr>
<tr>
<td>Wholesalers</td>
<td>450</td>
<td>300</td>
<td>150</td>
<td>400</td>
<td>320</td>
<td>180</td>
<td>600</td>
<td>500</td>
<td>100</td>
<td>700</td>
<td>600</td>
<td>100</td>
</tr>
<tr>
<td>Retailers</td>
<td>500</td>
<td>400</td>
<td>100</td>
<td>700</td>
<td>300</td>
<td>300</td>
<td>600</td>
<td>500</td>
<td>100</td>
<td>900</td>
<td>700</td>
<td>200</td>
</tr>
</tbody>
</table>

Table 3: Profit of channel members by selling rose in different seasons, Source: Field Survey, 2019

It appears from the above table that by trading rose, growers and traders earn more profit in spring when the demand of rose is found higher than the supply for using decoration in many occasions like marriage, birthday, corporate programs, trade fairs or government programs. Moreover, in the Valentine’s Day, the demand of rose is mostly sky-scraping compared to other days. Nevertheless, as both the production and quality of rose are uppermost in this season, these are bought at lower price, which consequently lessen the profit of traders. Although traders receive the maximum revenue in rainy season as the price is charged higher due to supply shortage, but they need to bear more wastage or post-harvest loss during this season which shrinks the profit.

It is evident from table 4 that by selling Tuberoses growers, wholesalers, and retailers receive additional profit in the summer when the demand is found higher than the supply but lower profit in winter season when the supply is found superior than the demand due to more production in favorable
weather conditions. Conversely, local traders earn additional profit in winter season but a lesser amount of in summer season.

(\textit{per hector cost for growers, BDT Per100 sticks for local traders, wholesalers and retailers})

<table>
<thead>
<tr>
<th>Tube rose</th>
<th>Winter</th>
<th>Total Revenue</th>
<th>Total Cost</th>
<th>Profit</th>
<th>Spring</th>
<th>Total Revenue</th>
<th>Total Cost</th>
<th>Profit</th>
<th>Summer</th>
<th>Total Revenue</th>
<th>Total Cost</th>
<th>Profit</th>
<th>Rainy</th>
<th>Total Revenue</th>
<th>Total Cost</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growers</td>
<td>300,000</td>
<td>250,000</td>
<td>50,000</td>
<td>300,000</td>
<td>250,000</td>
<td>150,000</td>
<td>390,000</td>
<td>300,000</td>
<td>190,000</td>
<td>400,000</td>
<td>350,000</td>
<td>150,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Traders</td>
<td>470</td>
<td>250</td>
<td>220</td>
<td>500</td>
<td>290</td>
<td>210</td>
<td>650</td>
<td>550</td>
<td>100</td>
<td>800</td>
<td>600</td>
<td>200</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesalers</td>
<td>550</td>
<td>400</td>
<td>100</td>
<td>700</td>
<td>400</td>
<td>300</td>
<td>900</td>
<td>400</td>
<td>500</td>
<td>800</td>
<td>690</td>
<td>210</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retailers</td>
<td>600</td>
<td>500</td>
<td>100</td>
<td>700</td>
<td>500</td>
<td>200</td>
<td>1,000</td>
<td>800</td>
<td>200</td>
<td>1,100</td>
<td>900</td>
<td>200</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4: Profit of channel members by selling Tube rose in different seasons Source: Field Survey, 2019

From the table 5 it is clear that by selling Marigold, growers earn added profit in spring as the demand of the flower lovers hit the highest point for celebrating different events like Pahela Falgun (spring festival), Ekushey February (International Mother Language Day), Valentine’s Day and month-long Ekushey Book Fair in February. But they take home lesser profit in winter season because of additional production in favorable weather. Alternatively, local traders, wholesaler, and retailers earn more profit in winter season due to the towering demand of use in wedding ceremony which is typically held from October to January in the country but they earn a reduced amount of profit in summer season due to lesser supply in adverse weather.

(\textit{per hector cost for growers, BDT Per100 mula for local traders, wholesalers and retailers})

<table>
<thead>
<tr>
<th>Marigold</th>
<th>Winter</th>
<th>Total Revenue</th>
<th>Total Cost</th>
<th>Profit</th>
<th>Spring</th>
<th>Total Revenue</th>
<th>Total Cost</th>
<th>Profit</th>
<th>Summer</th>
<th>Total Revenue</th>
<th>Total Cost</th>
<th>Profit</th>
<th>Rainy</th>
<th>Total Revenue</th>
<th>Total Cost</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growers</td>
<td>240,000</td>
<td>140,000</td>
<td>100,000</td>
<td>245,500</td>
<td>140,000</td>
<td>155,000</td>
<td>200,000</td>
<td>140,000</td>
<td>140,000</td>
<td>280,000</td>
<td>160,000</td>
<td>120,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Traders</td>
<td>1,050</td>
<td>309</td>
<td>750</td>
<td>850</td>
<td>320</td>
<td>530</td>
<td>630</td>
<td>350</td>
<td>320</td>
<td>750</td>
<td>320</td>
<td>420</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesalers</td>
<td>1,000</td>
<td>320</td>
<td>780</td>
<td>900</td>
<td>300</td>
<td>600</td>
<td>700</td>
<td>320</td>
<td>380</td>
<td>750</td>
<td>300</td>
<td>450</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retailers</td>
<td>1,500</td>
<td>600</td>
<td>1,100</td>
<td>1,500</td>
<td>830</td>
<td>670</td>
<td>1,300</td>
<td>630</td>
<td>670</td>
<td>1,800</td>
<td>800</td>
<td>1,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5: Profit of channel members by selling Marigold in different seasons, Source: Field Survey, 2019

From the table 6 it is visible that by trading Gerbera, growers and local traders receive more yields in rainy season but growers earn fewer in summer due to increased cost of bearing post-harvest loss, local traders earn less in spring because of high demand as flowers have become integral part of the celebration of the Pahela Falgun (spring festival), Valentine’s Day, and month-long Ekushey Book Fair in February. However, both wholesalers and retailers take home more in spring, but they receive comparatively less in summer and winter, respectively.

(\textit{per hector cost for growers, BDT Per100 sticks for local traders, wholesalers and retailers})

<table>
<thead>
<tr>
<th>Gerbera</th>
<th>Winter</th>
<th>Total Revenue</th>
<th>Total Cost</th>
<th>Profit</th>
<th>Spring</th>
<th>Total Revenue</th>
<th>Total Cost</th>
<th>Profit</th>
<th>Summer</th>
<th>Total Revenue</th>
<th>Total Cost</th>
<th>Profit</th>
<th>Rainy</th>
<th>Total Revenue</th>
<th>Total Cost</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growers</td>
<td>3,061,977</td>
<td>659,133</td>
<td>3,000,700</td>
<td>2,402,844</td>
<td>0</td>
<td>600,200</td>
<td>0</td>
<td>2,400,500</td>
<td>2,099,000</td>
<td>859,133</td>
<td>2,239,867</td>
<td>7,045,500</td>
<td>2,445,500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Traders</td>
<td>2,053</td>
<td>1,200</td>
<td>835</td>
<td>1,550</td>
<td>1,008</td>
<td>538</td>
<td>2,100</td>
<td>1,488</td>
<td>612</td>
<td>2,800</td>
<td>1,808</td>
<td>992</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesalers</td>
<td>2,752</td>
<td>2,050</td>
<td>702</td>
<td>2,600</td>
<td>1,550</td>
<td>1,150</td>
<td>2,800</td>
<td>2,190</td>
<td>610</td>
<td>3,500</td>
<td>2,860</td>
<td>640</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retailers</td>
<td>3,300</td>
<td>2,760</td>
<td>540</td>
<td>3,600</td>
<td>1,990</td>
<td>2,510</td>
<td>3,900</td>
<td>2,860</td>
<td>1,040</td>
<td>4,300</td>
<td>3,560</td>
<td>740</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 6: Profit of channel members by selling Gerbera in different seasons, Source: Field Survey, 2019

From the table 7 it is evident that by trading Gladiolus, growers receive higher profit during summer but lesser in winter due to elevated demand for celebrating wedding and cultural events. Channel members like local traders make additional profit in spring but lower profit in summer. Besides,
wholesalers and retailers get more by selling at higher prices in rainy season but get a reduced amount of in spring as more flowers are supplied compared to demand. So, the profitability of Gladiolus is found to be diverse in the different seasons.

(\textit{per hectar cost for growers, BDT Per100 sticks for local traders, wholesalers and retailers})

<table>
<thead>
<tr>
<th>Gladiolus</th>
<th>Winter Revenue</th>
<th>Winter Cost</th>
<th>Winter Profit</th>
<th>Spring Revenue</th>
<th>Spring Cost</th>
<th>Spring Profit</th>
<th>Summer Revenue</th>
<th>Summer Cost</th>
<th>Summer Profit</th>
<th>Rainy Revenue</th>
<th>Rainy Cost</th>
<th>Rainy Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growers</td>
<td>800,000</td>
<td>500,000</td>
<td>300,000</td>
<td>850,000</td>
<td>500,000</td>
<td>350,000</td>
<td>900,000</td>
<td>500,000</td>
<td>400,000</td>
<td>950,000</td>
<td>600,000</td>
<td>350,000</td>
</tr>
<tr>
<td>Local</td>
<td>1,800</td>
<td>1,000</td>
<td>800</td>
<td>2,000</td>
<td>900</td>
<td>1,100</td>
<td>2,000</td>
<td>1,400</td>
<td>600</td>
<td>2,400</td>
<td>1,800</td>
<td>600</td>
</tr>
<tr>
<td>Wholesaler</td>
<td>2,200</td>
<td>1,900</td>
<td>300</td>
<td>2,000</td>
<td>1,800</td>
<td>200</td>
<td>2,500</td>
<td>1,900</td>
<td>600</td>
<td>3,000</td>
<td>2,300</td>
<td>700</td>
</tr>
<tr>
<td>Retailers</td>
<td>3,000</td>
<td>2,300</td>
<td>700</td>
<td>2,300</td>
<td>2,400</td>
<td>100</td>
<td>3,500</td>
<td>2,430</td>
<td>960</td>
<td>4,000</td>
<td>3,000</td>
<td>1,000</td>
</tr>
</tbody>
</table>

Table 7: Profit of channel members by selling Gladiolus in different seasons, Source: Field Survey, 2019

It is apparent from table 7 that by selling Jasmine, growers make more profit in rainy season through elevated production and a reduced amount of post-harvest loss, but local traders earn more profit in winter season when the demand is higher than the supply. On the contrary, growers and local traders receive not as much of in winter and summer, respectively. Though the wholesalers earn similar profit throughout the seasons, retailers make added profit in spring and lesser profit in rainy season when the supply is found to be more than the demand. Retailers earn more profit than other channel members as we know that in every market, channel member in the last stage earn more than the others.

(\textit{per hectar cost for growers, BDT Per100 mula for local traders, wholesalers and retailers})

<table>
<thead>
<tr>
<th>Jasmine</th>
<th>Winter Revenue</th>
<th>Winter Cost</th>
<th>Winter Profit</th>
<th>Spring Revenue</th>
<th>Spring Cost</th>
<th>Spring Profit</th>
<th>Summer Revenue</th>
<th>Summer Cost</th>
<th>Summer Profit</th>
<th>Rainy Revenue</th>
<th>Rainy Cost</th>
<th>Rainy Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growers</td>
<td>60,000</td>
<td>45,000</td>
<td>25,000</td>
<td>60,000</td>
<td>48,000</td>
<td>22,000</td>
<td>40,000</td>
<td>30,000</td>
<td>10,000</td>
<td>50,000</td>
<td>10,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Local</td>
<td>900</td>
<td>400</td>
<td>500</td>
<td>800</td>
<td>430</td>
<td>470</td>
<td>600</td>
<td>200</td>
<td>300</td>
<td>700</td>
<td>400</td>
<td>300</td>
</tr>
<tr>
<td>Wholesalers</td>
<td>1,200</td>
<td>900</td>
<td>300</td>
<td>1,200</td>
<td>900</td>
<td>300</td>
<td>1,000</td>
<td>700</td>
<td>300</td>
<td>900</td>
<td>600</td>
<td>300</td>
</tr>
<tr>
<td>Retailers</td>
<td>2,800</td>
<td>1,500</td>
<td>1,300</td>
<td>3,000</td>
<td>1,500</td>
<td>1,500</td>
<td>1,200</td>
<td>1,000</td>
<td>200</td>
<td>1,000</td>
<td>950</td>
<td>50</td>
</tr>
</tbody>
</table>

Table 8: Profit of channel members by selling Jasmine in different seasons, Source: Field Survey, 2019

So, it is obvious from the study that, profits earned by different types of traders in fresh flower business are dissimilar in different seasons. In this way, in the flower industry, different traders are benefitted in different way.

5. Discussions and Conclusions

Although with the increased demand for flowers in Bangladesh there is ample opportunity for earning more profit from flower production, the price and profit of different flowers seasonally varies with the different channel members. Higher price is observed for Rose, Tuberose, Gerbera, and Gladiolus in rainy season due to additional cost of wastage or post-harvest loss, but the price is lower in spring because of favorable weather for production. On the contrary, by selling marigold they receive higher prices in winter season which is suitable for cultivating and harvesting marigold and lower price in summer. By trading Jasmine, they receive higher price in winter and lower in Rainy season. The study also finds that, by selling these flowers growers and traders are benefitted in a different way, earning varied profits in different seasons. Overall, market price is found uncertain and unstable which, in turn affects the profit of the grower, local trader, wholesaler and retailer. The authors also witnessed the seasonal disparity in profitability of different kinds of flowers. In favorable weather of a season, profit of flowers is found lower due to additional supply of flowers compared to the demand and in adverse weather of a season, extra cost of wastage or post-harvest loss also makes the profit lesser. As the price and profit are found varied with different seasons, Government and NGOs should help the farmers and traders to establish modern storage facility in wholesale market area; arrange special vehicles with air conditioning facility for transportation; initiate soft loan; organize training on modern harvesting and

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post-harvest management; and arrange the availability of quality planting materials, fertilizers, pesticides at reasonable cost in the industry. In addition, Government of Bangladesh should help eliminate unnecessary interventions of local leaders, law enforcing agencies like police, and different groups of toll collectors and should pay attention to the mass media campaign and arranging fairs and exhibitions that can add to the marketing opportunity of flower industry in the country.

Consistent with the research (Hossain et al., 2015) this study shows that price of flowers in Bangladesh varies as a result of seasonal effects. The study also explores the damage of flower trading or postharvest losses which corroborate the works of (Mou, 2012; Balamuruganet, 2014). But the study is different from others in flower business context where it has been showed that different seasons of a year affect the price and profit of different flowers in the country. A very few authors like Hossain et al. (2015) found the variability of market demand, supply and price of different genotypes of Gladiolus among different months of the year, special days of the year and even different days of the week in Bangladesh. This study contributes to the existing literature on flower business where the seasonal disparity is specifically studied in the context of flower trading in Bangladesh. Even though, several research studies on flower trading in Bangladesh have been done, this study is one of the first attempts to compare the price and profit differentials during different seasons. In this way, study provides insights on the factors that lead to price differences in flower business in the country.

Accordingly, the findings of this study can be used as valuable reference for developing an efficient flower market in Bangladesh that will subsequently contribute to the affordable flower trading system in the country where the price and demand from buyers should be assessed continuously. As this study is the first one that analyses the seasonal disparity on price spread of flower business in Bangladesh, it will therefore provide useful policy insights to the policy makers as well as researchers for reducing the seasonal effects on flower trading in Bangladesh. In this way this study will also help the government to realize the importance and develop ways of solving the effects of seasons on price and profitability with the channel members in Bangladesh.

6. Limitations and Direction for Future research

The flower is an important ornamental plant which gives high return to the growers as well as channel members, generates employment and can earn foreign exchange also. The present study investigates the variation in price and profitability of flower trading in Bangladesh. But like other studies, this study has some limitations also. Due to unavailability of data about the total number of flower growers and traders in the country, a smaller sample size through adopting convenient sampling method is considered for the study, which may affect the validity of findings to some extent. As only Dhaka division was selected purposively, future research should also assess the seasonal effects of price disparity on flower trading in other flower producing districts which could provide a wider representation of the fresh flower trading in Bangladesh. In the study selected flowers are considered which might not explore the total picture of the flower industry of the country. In addition, future research can use different methodologies like trend analysis to observe what will happen in the future. Finally, the study can be replicated in different countries to review whether the effects of seasons on price disparity and profitability of flower trading operate across diverse national markets as well.

References
Image management and competitive advantage of manufacturing firms in South-East, Nigeria

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Keywords
Image Management, Competitive advantage, product Differentiation, Public Trust, Reputation and Social responsibility

Abstract
The key to acquire a favourable image and reputation is the management of an organisation’s identity. The study examined the effect of corporate social responsibility on organisations’ productivity, it also sought to ascertain the effect of corporate reputation on organisations’ growth, as well as assess the effect of product differentiation on strategic advantage. The study adopted the survey research design which was conducted through the administration of a structured questionnaire designed on a five-point Likert scale format for ten selected manufacturing firms in South East, Nigeria. The sample size of 563 was derived from the population of 9038 employees of junior and senior category of the manufacturing firms. Findings from the logistic regression revealed that corporate social responsibility positively affected organizations’ productivity; corporate reputation had a positive effect on organisations’ growth; and product differentiation positively affected strategic advantage. The study affirmed that corporate image management is an essential key for obtaining and maintaining public trust. And that manufacturing firms in Nigeria should carry out corporate social responsibility to gain public trust and better image, which in the long run will increase patronage and profitability.

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1. Introduction
Corporate image can be traced back to the era of the evolution of the theory relating to corporate identity management since the 1950s (Balmer, 1998). Essentially, corporate image can be explained as the general notion consumers create as a result of accumulated feelings and involvement with an organisation which are stored in memory, transformed into a positive or negative meaning and recalled when the name of the organisation is mentioned (Hatch, Schultz, &Williamson, 2003). The key to acquire a favourable image and reputation is the management of an organisation’s identity and this explains the importance of corporate image and its management. It has been recognized that images have direct and clear links with money, value, and profitability (Christensen & Askegaard, 2001). No company can ignore corporate image since every organisation has an image (Bernstein, 2008). Whether the image is created consciously or unconsciously, it affects the behaviour of people, hence, knowledge of the corporate image helps managers direct their communication effort in a more efficient way (Bernstein, 2008). Corporate image is the eye of the receiver. It is simply the picture that an audience has of an organisation through the accumulation of all received messages. It is determined by all the company's actions. Corporate image is the combined impact made on the mind of an observer by all of a corporation's planned and unplanned visual and verbal communications as well as by outside influences (Gregory & Wiechman, 2010). When a
customer regards a company as a good community player, with honorable stakeholders, an innovator or added value creator, then your outgrowth is trusted, you have achieved a successive level of image (Gregory & Wiechman, 2010).

In today’s competitive environment, there is a competitive pressure and the desire to be recognised and supported; corporations invest millions every year to strengthen their corporate images and reputations. Led by the best strategic thinking on the matter, business managers select those attributes of the organisation that is unique, authentic, and non-imitable, and look for alluring ways to project this image to the outside world as into the hearts and minds of their own employees (Hatch and Schultz 2004). Nowadays also, the notions of images, identities, and brands are gaining renewed attention among scholars and managers (Olin, 2005). It is more and more difficult to gain competitive advantage nowadays when products and services are becoming more similar. In those circumstances’ companies, wanting to gain it, must utilize intangibles such as corporate identity, corporate branding, corporate image and corporate reputation (Balmer and Greyser, 2003). From a practitioners’ point of view, as products and competitors proliferate, the most repeated names and images will dominate (Melewar and Saunders, 2000).

Again, corporate image is the sum of expectations and impressions stakeholders have built up in their minds. The visual design of outputs is only one of several factors contributing to an organization’s corporate image. Corporate identity is mainly under the control of the host organisation, corporate image, on the other hand, is formed within the minds of target audiences as a result of different received messages. Images can only be influenced by host organisations; it is exceedingly difficult to control of focus an image (Tomalin, 2003). Corporate image is a good competitive advantage tool used by organisations to achieve set out goals. Competitive advantage according to Porter (1996) is the ability of a company to achieve economic benefits in respect to the profits that can be achieved by a competitor in the market in the same industry. Companies that have a competitive advantage always had the ability to understand the changes in the structure of the market and is able to choose an effective marketing strategy. The corporate image is very important as it determines the success of an organization (Kapferer, 2008). People rather buy products or make use of services of an organisation that has ‘a good name’ and is well known, than an organisation they do not know or that has a bad reputation. Reputation is a sort of capital which is manageable and measurable, and it is part of the market value of the firm (Fombrun, 2002; Nyárády and Szeles, 2004). Consequently, corporate image management is to achieve a favourable image and reputation which leads to competitive advantage or “strategic advantage”. Balmer (2005) asserts that a strong and favourable corporate image offers an organisational number of distinct benefits. Corporate image management is of crucial importance for an organisation that strives to achieve success. By clear and structured management, organisations are able to create an adaptable corporate identity, which means an identity that can manage to survive the environmental changes that have been going on in the past decades (Balmer & Gray, 2000). Apparently, corporate image is not just a discriminating factor in a progressively rising market competition, it enables consistency in consumer demand, value addition of product and services, higher financial margins or profitability, greater market visibility as well as attraction of high-quality personnel to the organization.

In the global and local markets, the necessity of adding value to products or services is being constantly emphasized, thus, building a positive corporate image is definitely an asset. However, unethical practices such as environmental pollution, the offering of substandard products, poor qualitative services, poor involvement in corporate social responsibilities, giving of misleading information, profiteering as well as dishonest services are some of the misconducts that can devalue organisations’ image. These sharp practices have caused the customers to develop a negative image about manufacturing firms which on the long run affects the operations of these organizations, resulting in a high turnover of staff, low productivity, low patronage, reduced profitability and reduced interest of stakeholders. These issues trigger the following research questions: i. What is the effect of corporate social responsibility on organisations’ productivity? ii. What effect has corporate reputation on organizations’ growth? iii What is the effect of product differentiation on competitive advantage? Therefore, this study focuses on image management and competitive advantage of manufacturing firms in Southeast, Nigeria
2.0 Literature Review

2.1 Corporate Social Responsibility (CSR) and Organisations’ Productivity

Holme and Watts (2000) define corporate Social Responsibility (CSR) as the continuing commitment by businesses to behave ethically in business processes and contributes to socio-economic development while furthering the quality of life of the employees as well as the local or host community and the society at large. Corporate Social Responsibility simply refers to the obligations of companies to society, more specifically, obligations to stakeholders and those who influence corporate policies and practices (Khanifar, Nazari, Emami & Soltani, 2012). Companies participate in CSR in order to look better, feel better, do better and live longer (Kotler & Lee, 2005). These explanations imply that, by participating in CSR, firms, companies or organisations will look good in the view of potential customers, business colleagues, investors as well as the media.

While some researchers state that CSR improves the brand, others believe that organisations with a strong reputation for CSR will last longer. For instance, Chakraborty (2010) affirms that CSR performs its role as an internally embedded and self-regulating policy that help firms evaluate and maintain adherence to the law, ethical benchmarks or standards as well as international best practices. However, Moon (2011), posits that businesses are motivated to engage in CSR from self-preservation perspective, thus, superficial altruism. According to Forbes (2010), corporate social responsibility works in two ways, hence, the company gives back to society in turn while the people or consumers get to know about the company who helped them most and cater to their products and services — a symbiotic relationship. The practice of CSR is not uniform among all business entities but its objective of giving back to society is resonated across the various models employed by organisations. Consequently, Assadourian (2006) affirms that businesses have begun to accord high value and importance to responsible behaviour.

Corporate social responsibility initiatives have the potentials to benefit firms and organisations by enabling conditions which can raise the commitment and motivation of employees to become increasingly productive. On the other hand, it can also motivate the society and enhance patronage. Firms that engage in CSR activities tend to be more successful than those that fail to employ the tools and perspectives to enhance employee and consumer commitment. The benefits of these engagements cut across employee retention, better opportunities in recruitments, cost reduction, reduction of absenteeism, better skill development and of course motivation for continuous learning and self-development. Kramer and Porter (2006) describe the reasons for participating in CSR as including — moral obligation for businesses, desire for sustainability, need for license for continued operation, and value of reputation for any business outfit.

Most importantly, Kotler & Lee (2005) have an explicit economic view of the reason/s why companies participate in CSR described as — increased sales and market share, brand image and positive feeling from customers, enhanced image and clout (positive publications from business reports and magazines), improved brand positioning, increased ability to attract, motivate and retain employees, decreased operation costs and, increased interest for investors and financial analysts.

Methaq (2016) established that CSR promotes performance. Similarly, Bernstein (2008) posits that corporate social responsibility significantly enhances employee performance. Thus, the following hypothesis is presented H1: Corporate social responsibility positively affects organisations’ productivity.

2.2 Corporate Reputation and Organizations’ Growth

Reputation is the reflection of an organisation over time as seen through the eyes of its stakeholders (Saxton, 1998). Reputation is a stakeholder’s overall evaluation of a company over time (Gotsi & Wilson, 2001). According to Bensiali (2011), corporate reputation is based on intangible aspects of an organisation’s performance, culture, marketing and quality of products and services and takes time to spread. Basdeo, Smith, Grimm, Rindova & Derfus (2006), explained that reputation formation is a communication process in which industry context and actions of rivals influence how signals of focal firms affect its reputation. Since reputation is an intangible asset, external constituents may not fully observe the activities that may lead them to form the impression of a firm. Reputation is formed on perceptions, that it is an aggregate perception of all stakeholders, and that it combines a firm's past actions, current state, and prospects (Walker, 2010).

Moreover, there could be threats to a firm if it does not pay attention to build its reputation. The threats include bad behavior by executives, unsafe or defective products, customer complaints, employee
complaints, poor treatment of employees, poor handling of layoffs and/or termination (Burke, 2011). Notably, consumers have a low opinion of organisations especially in developing countries (Nigeria inclusive). In addition, there are more threats to a company’s reputation today than previously (Burke, 2011).

Thus, corporate reputation is becoming more and more important in Nigeria where there is even more competition, poor product differentiation strategies, and pricing concerns in the service sector. Thus, building a highly regarded corporate reputation or corporate brand had become even more important.

Paul & James (2014) affirm that corporate reputation significantly affects organisational productivity. Also, Burke (2011) established that corporate reputation increases company’s sales and profit. Thus, the second hypothesis is proposed $-H_2$: Corporate reputation has a positive effect on organisations’ growth.

2.3 Product Differentiation and Strategic Advantage

Product differentiation is a category of the two kinds of competitive advantage that may be available to a firm. Porter (1980) states that cost advantage and differentiation are the two strengths of a firm which can be applied in either broad or narrow scopes resulting in three generic strategies i.e. cost leadership, differentiation, and focus strategies. An organisation can differentiate itself from its competitors if it can offer something that is unique and valuable to its customers. Differentiation is about creating uniqueness and the principal uniqueness drivers according to Porter’s viewpoint include policy choices, supplier and value chain linkages, timing, location, interrelationships, learning and spillovers, integration, scale, and institutional factors.

Cole (2008) posits that potential strategies for product or service differentiation include: product features and benefits, location(s), staff, operating procedures, price, customer incentive programs, guarantees and warranties, brand name recognition, goodwill, value-added product/services, extended growing/ operating season, soils, buildings, location, and landscape, water, access to irrigation and wetlands, weather, plants and animals, organisation and alliances, customer experience and quality. Deductively, a venture’s most effective differentiation is the one that will bring the venture the greatest advantage. Porter (1990) affirms that it is important for a firm to differentiate itself among more than one dimension in order to reach the desired results.

One way of achieving competitive advantage is through competency-based approaches in which an organisation tries to build differentiation as its core competence, which if peculiar to the organisation will be difficult for competitors to imitate. These strategies have a long-term benefit to the organisation especially if they are not easily duplicated. Differentiation builds competitive advantage by making customers more loyal, less price sensitive and less willing to consider other product alternatives (Johnson & Scholes, 2002). According to Rao (2011), the firm pursuing a high differentiation strategy along some key product's attribute or buyer need, can earmark its own strategic group within the industry in such a scenario, destructive price war can be avoided. Product quality helps the firm build its own reputation and demand that often gets translated into higher market share as well differentiation arises, and competition increasingly occurs on the bases of product improvements. This also causes the marketer to look at the user’s preferences, the use’s mode or choice of purchase and usage of products (consumption system or pattern), as well as related services. Each improvement adds cost, however, the improvement advantages soon become expected benefits and very crucial points of consideration in the process. For instance, today’s hotel guests expect cable, satellite television with remote control and high-speed internet access or two phone lines, this means competitors must search for these other features and benefits (Jaquier, 2010).

As competition intensifies, product design offers a potential way to differentiate and position a company’s products and services. Therefore, the rising prices, breakthroughs in technology and swift-paced markets are not adequate! Product design or redesign may just be a factor that could offer a firm or an organisation its competitive advantage or edge over competitors. Design itself involves all the distinct characteristics or traits which affect the way a product appears, appeals, feels and fits its role (functions) with regards to customer needs. This aspect is exceptionally significant in the making and marketing goods and services. The designer must figure out how much to invest in form, feature development, performance, durability, reliability, reparability, and style (Jaquier, 2010).
According to Kotler (2009), sellers may face abundance of differentiation possibilities including form, features, customization, performance quality, conformance quality, durability, reliability, reparability and style and when a physical product cannot easily be differentiated, the key to competition success may lie in adding valued services and improving their quality. The main service differentiation is ordering, ease delivery, installation, customer training, customer consulting, maintenance and repair. Noticeably, when customers perceive a product or service as better than the rest offered, they become more willing to pay a premium price relative to the price they will pay for competing offerings. Ade (2012) posits that the firm’s ability to maintain rivals to imitate and outperform. Thus, sustainable competitive advantage that differentiates a firm from its rivals has become an intangible asset along with corporate image.

Stuart (2010) posits that product differentiation increases a company’s profitability. Balmer and Gray (2000) established that product differentiation encourages and project a good company image. Accordingly, the third hypothesis is presented. \(H_3. \text{Product differentiation positively affects strategic advantage.}\)

![Fig 2.1 Conceptual Model of Image Management and Competitive Advantage](image)

3. Previous Work

Okocha, Otika and Osuagwu (2019) conducted a study on the relationship between corporate image and competitive advantage in Mobile Telecommunication Industry in Nigeria. The objectives were to ascertain the relationship between corporate image and firm’s competitive advantage, determine the relationship between corporate identity and the firm’s competitive advantage, and assess the relationship between corporate reputation and competitive advantage. The cross-sectional survey design was adopted. Spearman rank correlation coefficient analytical tool was used for hypotheses testing. The results revealed that there was a significant relationship between corporate image and firm’s competitive advantage, there was a strong relationship between corporate reputation and competitive advantage, and there was also a significant relationship between corporate identity and the firm’s competitive advantage. The study concluded that corporate image provides access to customer satisfaction and loyalty.

4. Research Methodology

The study adopted the survey design. The survey involves the use of questionnaire that is administered to a sample. The questionnaire was structured on five-point Likert scale format. Secondary data were collected from books, journals, and internet sources. The target population consists of 9038 employees of junior and senior category of the manufacturing firms in southeast, Nigeria. A sample size of 563 was derived using Cochran’s formula at 5% error tolerance and 95% level of confidence. The validation of the instrument was undertaken by five experts, three from the academia and two from the industry. The test-retest was carried out for reliability test and thereafter subjected to test with Spearman rank order correlation technique which yielded a correlation coefficient of 0.83 indicating a high degree of items consistency. Out of 563 copies of the questionnaire that were distributed, 506 copies representing
(89.88%) were returned while 57 copies representing (10.12%) were not returned. The hypotheses were tested with ordinal logistic regression on Statistical Package for Social Sciences (SPSS, version 20.0) software. Ordinal logistic regression was suitable for testing the hypotheses because of the use of questionnaire that provides ordinal data which represent people’s opinion, and which cannot be predicted.

### Table 1: Analyses of Respondents’ Responses

<table>
<thead>
<tr>
<th>S/N</th>
<th>Options</th>
<th>A</th>
<th>SA</th>
<th>D</th>
<th>SD</th>
<th>U</th>
<th>Total</th>
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</thead>
<tbody>
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<td>1</td>
<td>To determine the effect of corporate social responsibility on organisations’ productivity.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i</td>
<td>Organisations’ productivity could be enhanced by corporate social responsibility</td>
<td>100</td>
<td>387</td>
<td>10</td>
<td>5</td>
<td>4</td>
<td>506</td>
</tr>
<tr>
<td>ii</td>
<td>Corporate social responsibility can attract community support which encourages productivity in the organisation</td>
<td>200</td>
<td>276</td>
<td>20</td>
<td>7</td>
<td>3</td>
<td>506</td>
</tr>
<tr>
<td>iii</td>
<td>Customers patronise companies that carry out their corporate social responsibility and hence increase their profitability</td>
<td>191</td>
<td>300</td>
<td>10</td>
<td>4</td>
<td>1</td>
<td>506</td>
</tr>
<tr>
<td>iv</td>
<td>Corporate social responsibility can improve better life and standard of living within the community which patronise companies’ products</td>
<td>200</td>
<td>301</td>
<td>3</td>
<td>2</td>
<td>0</td>
<td>506</td>
</tr>
<tr>
<td></td>
<td>Grand Total/ Percentage</td>
<td>1955(96.59%)</td>
<td>61(3.01%)</td>
<td>8(0.40%)</td>
<td></td>
<td>2,024</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>To assess the effect of corporate reputation on organisations’ growth.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i</td>
<td>Corporate reputation can affect organisations’ growth</td>
<td>404</td>
<td>75</td>
<td>20</td>
<td>4</td>
<td>3</td>
<td>506</td>
</tr>
<tr>
<td>ii</td>
<td>Good workplace environment can improve firms’ productivity</td>
<td>300</td>
<td>166</td>
<td>21</td>
<td>10</td>
<td>9</td>
<td>506</td>
</tr>
<tr>
<td>iii</td>
<td>Adherence to ethical standards boosts profitability</td>
<td>45</td>
<td>447</td>
<td>9</td>
<td>2</td>
<td>3</td>
<td>506</td>
</tr>
<tr>
<td>iv</td>
<td>Good product and consumer relations enhance productivity</td>
<td>12</td>
<td>490</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>506</td>
</tr>
<tr>
<td></td>
<td>Grand Total/ Percentage</td>
<td>1939(95.80%)</td>
<td>69(3.41%)</td>
<td>16(0.79%)</td>
<td></td>
<td>2,024</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>To ascertain the effect of product differentiation on strategic advantage.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i</td>
<td>Product differentiation procures strategic advantage on the firms.</td>
<td>310</td>
<td>134</td>
<td>27</td>
<td>30</td>
<td>5</td>
<td>506</td>
</tr>
<tr>
<td>ii</td>
<td>High product quality enhances competitive edge</td>
<td>400</td>
<td>95</td>
<td>7</td>
<td>4</td>
<td>0</td>
<td>506</td>
</tr>
<tr>
<td>iii</td>
<td>Improved design of products maximizes competitive advantage</td>
<td>94</td>
<td>392</td>
<td>11</td>
<td>6</td>
<td>3</td>
<td>506</td>
</tr>
<tr>
<td>iv</td>
<td>Product innovation and unique product enhance sales growth</td>
<td>400</td>
<td>93</td>
<td>6</td>
<td>2</td>
<td>5</td>
<td>506</td>
</tr>
<tr>
<td></td>
<td>Grand Total/ Percentage</td>
<td>1918(94.763%)</td>
<td>93(4.595%)</td>
<td>13(0.642%)</td>
<td></td>
<td>2,024</td>
<td></td>
</tr>
</tbody>
</table>


5. Analyses of Results

**H1:** Corporate social responsibility positively affects organisations’ productivity.

The responses obtained from the questions asked to determine the effect of corporate social responsibility on organisations’ productivity reveals that 1,955 (96.59%) of the respondents agree that corporate social responsibility affects organisations’ productivity. Thus, 61 (3.01%) of the respondents disagree while 8 (0.40%) of the respondents are undecided.
The parameter estimates in Table 4 reveal that product differentiation positively affects strategic advantage. With an increase in the probability of increased advantage at the odds ratio of 62.620 (95% CI, 62.620 to 64.365), Wald $\chi^2 (1) = 43.113$, $p = 0.013 < 0.05$. Therefore, the alternative hypothesis which states
that product differentiation positively affects strategic advantage is hereby accepted and the null hypothesis is rejected.

6. Discussion of Results

According to our first objective which examined the effect of corporate social responsibility on organisations’ productivity, the result from the ordinal logistic regression revealed that corporate social responsibility positively affected organisations’ productivity ($\beta = 63.452$, $p = 0.022 < 0.05$). Thus, the alternative hypothesis which states that corporate social responsibility positively affects organisations' productivity was accepted and the null hypothesis was rejected. This indicates that sustained corporate social responsibility is pivotal to optimal productivity in organisations. Methaq (2016) established that corporate social responsibility promotes performance. Bernstein (2008) posits that corporate social responsibility significantly enhances employee performance.

Moreover, the study also ascertained the effect of corporate reputation on organisations’ growth which is our second objective. The result revealed that corporate reputation had a positive effect on organisations’ growth ($\beta = 69.171$, $p = 0.007 < 0.05$). This implies that corporate reputation plays an integral role in the growth of organisations. Paul & James (2014) affirmed that corporate reputation significantly affects organisational productivity. Burke (2011) states that corporate reputation increases company’s sales and profit.

Finally, the study examined the effect of product differentiation on strategic advantage. The result from the ordinal logistic regression test revealed that product differentiation positively affected strategic advantage ($\beta = 62.620$, $p = 0.013 < 0.05$). Therefore, the alternative hypothesis which states that product differentiation positively affects strategic advantage was accepted and the null hypothesis was rejected. This finding relates to the fact that organisations could procure strategic advantage by leveraging on the many beneficial dimensions of product differentiation such as product innovation and improved product design. Stuart, (2010) posits that product differentiation increases a company’s profitability. Balmer and Gray (2000) established that product differentiation enhances the image of a company.

Conclusion

Corporate image management is an essential key for obtaining and maintaining public trust. It involves actions taken with the intention to create, maintain, and gain public trust. Every organisation has its own image when it is properly developed and managed, could reflect in the firm’s level of commitment to quality, excellence and good relationship with its stakeholders including current and potential customers, present employees and future employees, competitors and investors, governing bodies and the general public at large. Corporate image is a tool which an organisation uses in gaining strategic advantage. Companies that are successful, invest heavily in creating sustainable competitive advantage as it is the single most dependent contributor that gives an above-average level of profitability.

Recommendations

The study proffers the following recommendations

i. Manufacturing firms should carry out corporate social responsibility so as to engender public trust, which in the long run will increase customers’ patronages and profitability of the firms.

ii. Manufacturing firms should create a corporate reputation that will attract customers to patronize their products with the belief that the products have superior quality.

iii. Manufacturing firms should adopt product differentiation as a competitive strategy for winning customers over from rivals in the market.

Limitations

The study had a limitation for having not explored the following relevant topics: goodwill, corporate window dressing and the danger of ‘Greenwashing’ organisation living off old reputation, and the role of confirmation bias. Future researchers should explore the listed topics in researches on corporate reputation and organisation’s growth, product differentiation and strategic advantage.
References


Exploring electronic -loyalty antecedents in Egyptian commercial banks; 
Electronic customer relationship management and banking electronic satisfaction

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Keywords
Electronic Customer Relationship Management, Electronic Communication Channels, Customization Strategy, intentions to repeat electronic transactions, positive words of mouth, Electronic Banking Satisfaction.

Abstract
Identifying factors that influence customer's e-loyalty is paramount for commercial banks to develop successful marketing strategies to form a broad base of customers that practice online transaction. So, this study aimed to investigate the impact of Electronic Customer Relationship Management (E-CRM) dimensions (customization strategy, electronic communication channels) on Electronic loyalty of customers through electronic banking satisfaction as a mediator Variable in Egyptian commercial banks. A quantitative approach was followed using questionnaire, the sample consisted of 370 customers practicing online transaction. Data were collected from a convenience sample; a questionnaire was pretested using confirmatory factor analysis to assess the measurement model. Structural equation modeling was performed to examine the relation between latent variables. The study concluded: that the changing customer dynamic in Egyptian commercial banks is being driven by the move away from physical bank branches a phenomenon drive by the need to reduce costs, a significant correlation between the of E-CRM and intention to repeat electronic transactions and providing positive words of mouth, thus achieving electronic loyalty, and the electronic banking satisfaction is not a mediator in influencing the relationship between E-CRM dimensions and providing positive Words of mouth and intention to Repeat electronic transactions. So, managers will likely increase E- loyalty of customers by improving contact with customers and balancing their needs and Services customization to them, predisposing positively customer's attitudes towards the banks.

1. Introduction
Electronic customer relationship management helps to improve the relationship between the banks and their customers in order to achieve customer satisfaction and loyalty, thus increase profits (Abu-Shanab and Anagreh, 2015). In addition to reducing costs because of decreasing the cycle times of implementing activities and increasing marketing knowledge, For customers, e-CRM improves customer service through enhancing the efficiency of customers’ processes and bringing down the transaction costs for customers (Azila and Noor, 2011) In terms of speed and accuracy in the processing of banking transactions, convenience in electronic dealing with the bank, reduced response time and the availability of the latest online banking Information (Dhingra and Dhingra 2013).

Electronic Customer relationship management is a comprehensive marketing strategy that integrates technology, people and processes for attracting and retaining customers through Electronic Communication Channels such as the mobile phones and internet (Azila and Noor, 2012).and Banks use electronic communication channels such as SMS, online banking, free numbers, online reminders, bank account updates to speed up transactions with customers, and keep in contact with them 24 hours a day, seven days a week (Abu-shanab etal. 2015). Since customer loyalty is the key, particularly in the highly
competitive commercial banking environment (Mang’unyi, Khabala and Govender, 2017), So Commercial banks are shifting their business strategies from product-oriented to being customer-oriented. This enables banks to achieve higher returns on investment and provide investment opportunities by understanding their customer desires (El Essawi and Abd El Aziz, 2012).

The relationship between e-CRM and customer loyalty lead to the more customers are satisfied, they repurchase and providing positive word-of-mouth about the services (Azila et al. 2012). and these goals will be realized through the concentration of commercial banks on individual customers and customize of services to them in order to establish a long-term relationship, and eliminate the obstacles and damage that prevent the provision of added value to the customer, these goals will be realized in the digital environment by using the E-CRM (Farnad and Afghah, 2017), where E-CRM works to achieve E-loyalty of customer in commercial banks (Noor, 2018), by making customers receive exclusive personal services (Alim and Ozuem, 2014; Harrigan, Ramsey and Ibbotson, 2012), access to relevant information (Michal and Stverka, 2001), quickly and appropriately response to customer requests (Mogharabi, Akbarabadi, Mirnezhad and Kariznoee, 2014).

The customization dimension can be also understood as refers to the degree to which information or service to meet the needs of the individual customer (Lee, 2005). This dimension has become an essential part of online service quality (Zeithaml, Parasuraman and Malhotra, 2002). The concept of customization divided into four parts in an e-commerce system: understanding the specific desires of customers, preferences, and information of the products modification, personal attention (Kassim and Abdullah, 2010). And customers who have a personal relationship with the bank are more satisfied and loyal (Ski, 2016). therefore Banks should look for strong strategies for excellence in banking services to overcome competitors, enhance customer confidence in the Bank’s ability to meet their needs, and persuade them to move from Traditional banking services to electronic banking services, and customer access to loyalty stage to the service provided by the Bank (Al-Hawary and Hussien, 2017).

Moreover, Technological advances have increased opportunities for customers, making them more demanding and aware and thus increasing their bargaining power (Abu-Shanab et al. 2015). Thus, Customization and Responsiveness may not be alone enough to improve customer loyalty (Kassim et al. 2010). Consequently, e-customer satisfaction has been identified as an important factor to achieve E-loyalty of customer (Amin, 2016). Additionally, Mang’unyi, Khabala and Govender (2018) explain that there is a significant relationship between the dimensions of e-CRM (Communication platforms, Customization) and customer loyalty. This situation Make banks do more marketing efforts and improve Internet banking technologies for upgrading the relationship with customers (Amin, 2016). In the light of the aforementioned, this paper explores how Egyptian commercial banks may use e-CRM dimensions (Electronic Communication Channels, Customization Strategy) to achieve customer E-loyalty through customer satisfaction for electronic banking services?

2. Literature review
2.1 Electronic communication channels and their impact on electronic loyalty

E-CRM has helped commercial banks to interaction with customers through E-mail, banking Service Automation and Call center which leads to increased customer e-loyalty (Miremadi, Ghalamakri and Ramezani, 2012). So E-CRM has become a more Interactive communication tool and relationship creating platform with customers (Lam, Cheung and Lau, 2013). When banks applies e-CRM initiatives, their customers expect accurate, more complete, and up-to-date information through using communication channels, ability to contact their banks from anywhere through more various channels (Abu-shanab et al. 2015), So banks compete for applies of advanced electronic channels to meet customers’ needs after understanding their desires and determine what is the most and favorable for them (Keshvvari, 2012). Because Poor communication between banks and customers leads to the inability of banks to interact well with customers, thus, it is difficult to understand the needs of customers who prefer to electronic transactions with the bank (Poon, 2008).

The business press abounds with articles concerning of e-CRM (Sivaraks, Kairit and Tang 2011; Zeithaml et al. 2002; Khaligh, Miremadi and Aminilari, 2012; Levy, 2014; Alim et al. 2014; Lam et al. 2013) suggest that there a relation between Electronic communication channels and E-loyalty. Where Sivaraks
et al. (2011) believed that when an organization depended on electronic communication channels such as the Web, e-mail, fax and phone, its ability to measure, manage and develop customer relationships increases. That is not unlike with Khaligh et al. (2012) they proved that electronic communication channels (mobile phone applications, e-mail, use of ATMs) as one of the dimensions of E-CRM affect the loyalty of customers mobile phone companies in Iran. And when the internet banking fails to provide communication channels which the customers need, they will not be developing good relationship with their customers (Levy, 2014). Because personal communication works to improve the relationship with customers (Romano and Fjermestad, 2003). Similarly, the weakness of electronic communication channels in terms of making inaccurate or inflated promises about the website generates negative perceptions of customers about the quality of e-service and hence low intentions to revisit the site again (Zeithaml et al. 2002). Even more important is Alim et al. (2014) stresses that contact interactivity is a key feature of E-CRM that affects customer loyalty in UK mobile phone companies. And disagreed with them Kassim et al. (2010) who proved that responsiveness to customers needs does not affect customer E-satisfaction. And Rahimiparvar, (2012) believes that there is a weak relation between Electronic communication channels and customer loyalty for online shopping in Thailand, This may be due to the continued pressure on the server led to slow down the loading of programs and applications, thus increasing the effort exerted by the customers to completing transactions, which negatively affected their satisfaction and then E-loyalty.

The Literature differed in determined the dimensions of the electronic communication channels affecting on the E-loyalty of customers. This may be due to the difference in the nature of the research problem and the different scope of application. Where some studies have been applied on the Sample of customers of mobile phone companies such as (Khaligh et al. 2012) (Sunny and Abolaji, 2016) and others have been applied to the banks such as (Miremadi et al. 2012) Which rely more on web-based communication channels, SMS, email, fax to interact with customers and receive suggestions and complaints. While study of Hosseinianzadeh (2015); Pensiri, (2011) was adopted in measuring the dimensions of electronic communication channels on the technology used. Where the scope of application was the managers of different departments and branches, especially IT managers, which required measuring the compatibility of the technology used with the objectives of the work and making sure the extent of availability an effective infrastructure for managing electronic communication channels. Mogharabi et al. (2014) has relied on the measurement the electronic communication channels (Web Effectiveness and personal communications systems). We show the measurement method is appropriate to a certain extent because this study was applied to online shopping customers who have the ability to determine effectiveness of these channels in the interaction with them.

According to studies conducted by different researchers (Miremadi et al. 2012; Zeithaml et al. 2002; Liu, Tseng, Chuang and Huang, 2012; Sunny et al. 2016; Lam et al. 2013) Researchers differed in determining electronic communication channels is the most effective in influencing the E-loyalty of customers. Where Miremadi et al. (2012) found that E-mail is the most communication channel used by banks to interact with customers. Where the rapid response to the website through hot e-mail was a key indicator of the quality of service provided through the Internet (Zeithaml et al. 2002). Similarly Liu et al. (2012) found E-mail and online banking services are the most effective communication channels compared to ATM in communicating with customers, because the ATM platform is designed In a different way from other banks, which cooperate with different operators, that Led to inability customers to access To service When they were in desperate need of it, in addition to the low number of these channels the customer became use other alternatives (low loyalty). While (Belás, Chochoľáková and Gabčová (2015) emphasized that an effective communication and developed network of ATMs are the most important determinant of customer satisfaction. And disagreed with these previous findings Sunny et al. (2016) who found that there are no significant differences between the dimensions of electronic communication channels (mobile phone applications, e-mail, communications via internet) used to achieving loyalty For customers in three leading telecommunications companies in Nigeria, we see This is probably due to the desire of telecom companies Maintain the competitive level and to provide a comparable services level. We concluded from the previous presentation that electronic communication channels are the most important dimensions of E-CRM that affects the electronic loyalty, and that electronic communication channels dimensions include e-mail, internet banking, and ATMs. Therefore, in this study it is hypothesized that:
H1 There is a significant relationship between the electronic communication channels as one of the dimensions of E-CRM and E-loyalty of customer. This hypothesis is divided into the following sub-hypothesizes:

H1/1 There is a significant relationship between the electronic communication channels as one of the dimensions of the E-CRM and intentions to repeat electronic dealing.

H1/2 There is a significant relationship between the electronic communication channels as one of the dimensions of E-CRM and providing customers with positive words of mouth for others.

2.2 Customization and its impact on e-loyalty

Compliance with the needs and requirements of different customers is at the heart of the researchers' attention as they represent important marketing variables for banks, especially those operating in more competitive markets. Zeithaml et al. (2002) Emphasized that Customization is a feature in which desires differ among customers. And conclude in his study customize of information and services affects the perceptions of customers of the quality of e-service, which is reflected in the intentions of customers to repeat e-dealing and provide positive recommendations to others about e-dealing. Effective E-CRM is concerned with different individual preferences for customers (males and females) in order to create E-loyalty of customers (Mang'umyi et al. 2018). Dhipima et al. (2013) Confirmed that the Dimensions of e-CRM that achieve customer satisfaction is enhance one-on-one relationship between banks and customers. And satisfaction is critical to loyalty and must be considered in all electronic service relationships (Mang’umyi et al. 2017). strategic role of E-CRM in banks is Meet the diversity of needs of different customers(Abu-shanab et al. 2015).because personalized web pages, detailed information that provides transparency, customer assistance, and individually Designed services (Rialti, Zollo, Pellegrini, and Ciappei, 2017). These increase the Customer’s trust, and their satisfaction (Faraoni, Rialti, Zollo and Pellicelli, 2018).

Electronic Customer Relationship Management (CRM) has led to the emergence of new market structures and different categories of customers, so the way business is done and how relationships are created and managed with customers will change (Romano et al. 2003). Where Focusing on the client and having a personal relationship with the customer leads to a stronger relationship. Miremadi et al. (2012) suggested that E-CRM enables banks to provide one to one marketing or Personalized services which helps to establish long-term relationships with customers. Peikari (2010) who concluded that the formulation of E-CRM strategy affects the improvement customer relationship, where the strategy is focused on what customers want (such as product Customization, selection Appropriate of communication channels, and facilitation of the site map). While Ismail and Safa, (2014) emphasized that an Organizational factor which include customer segmentation and product Customization affect customer loyalty with taking e-satisfaction as a mediator variable. Mang’umyi et al. (2017, 2018) confirmed that Customization is the most dimensions of E-CRM which effects on customer loyalty. We believe that this is due to the fact that this study was applied on the Sample of customer of commercial banks in Kenya. And Commercial banks are characterized by effective customization because they offer multiple and diversify services. And customize these services to specific customers, leads to reducing the pressure on the server and branches which provides convenience to customers and profitability of the bank.

The customization strategy has come into the spotlight when commercial banks became operate in more competitive markets. So Alim et al. (2014) Prove that the Customization has a significant impact on satisfaction and customer loyalty, because mobile phone companies in the UK provides special offers to the most valuable customers only, which improves their satisfaction and encourage them to renew the intention to repeat e-dealing. Personalization makes customers feel convenience, and banks can get information about their customers, and when the banks knowing more about variety segments of customers, makes customization efficiently utilize Programs advertising and promotion (Abu-shanab et al. 2015). Palmer (2002) proved that There is a significant associated between customization and website success. While Rahimiparvar, (2012) concluded that there is a moderate correlation between Personalization and customer loyalty through customer satisfaction.

While other studies have found different results with the previous results for example (Amin, 2016; Kassim et al. 2010; Faraoni et al. 2018; Saini and kumar, 2015; Hosseinianzadeh, 2015; Liu et al. 2014) where Amin (2016) proved that providing personal needs to customers does not positively affect the e-
loyalty of customers. Faraoni et al. (2018) proved that there is no significant relationship between relational investment with customers and e-satisfaction. And Kassim et al. (2010) proved that Customization of services does not affect customer E-satisfaction. Because of lack of attention to the needs of personal customers and the low level of service Customized to them via the Internet. While Liu et al. (2014) confirmed that dimension of knowledge of customers does not affect customer satisfaction with product or service as well as customer loyalty. And disagreed with him Hosseinianzadeh, (2015), who believes that strategies of Customization of relationships are the least important factors when implementing Electronic customer relationship management. While Saini et al. (2015) confirmed that there is not a significant relationship between personalized offers and consumers satisfaction toward online shopping compared to the Convenience and security expected.

We find that the results reached by (Saini et al. 2015) is a logical result because the customer seeks from the electronic deal to protect privacy of transactions and provide convenience in the use of the website. We also believe that there is a weak relationship or no relationship between the strategy of customization and customer loyalty may be due to the Difficult to understand the needs and desires of customers and their expected value. Which made the customization strategy not focused on the Actual customer needs, thus the Customization strategy does not affect satisfaction of customer and then their loyalty.

We conclude from the previous presentation that the Customization strategy is one of the dimensions of the E- CRM that affects the electronic loyalty, and that the Customization strategy dimensions include the (Customization of relationships and Customization of services). Therefore, the next hypothesis is assumed:

H2 There is a significant relationship between the Customization strategy as one of the dimensions of E-CRM and E-loyalty of customer.

This hypothesis is divided into the following sub- hypothesis:

H2/1 There is a significant relationship between the Customization strategy as one of the dimensions of E-CRM and intentions to repeat electronic dealing.

H2/2 There is a significant relationship between the Customization strategy as one of the dimensions of E-CRM and Provide customers with positive words of mouth for others.

2.3 Electronic satisfaction as a mediator variable between E-CRM dimensions and E-loyalty

Customer satisfaction is a complex process and forms habits of consumers and their attitudes of customers towards a bank (Belás et al. 2015). E-CRM is a management strategy that includes marketing with information technology to attract customers’ satisfaction (Rao, 2013). Customer satisfaction with e-services helps to develop the behavioral side of customers in terms of the intention of repeat e-dealing, and the emotional side in terms of providing customers with positive words of mouth to others. Previous research has confirmed that there are various Determinants of Electronic Banking Satisfaction (Kassim et al. 2010). Where Amin (2016) suggests that Personal Need, Site organization, and Efficiency of websites are the driver of e-customer satisfaction, Valvi and West (2013) proved that Perceived Value, Convenience Motivation, have significant impact on satisfaction of customer online. Dimensions of e-satisfaction such as (Internet accessibility, network setup and previous experience of perceived IT usage with the bank) explains the relation between e-CRM and loyalty (Mang’unyi et al. 2017).

There are some studies that proved the relationship between e-CRM and e-loyalty via E-Satisfaction such as (Rahimiparvar, 2012; Zatalini and Pamungkas, 2017; Alhaoui, 2011; Farhadi, Ghartemani, Ghartemani and Wastegany, 2012) Where Alhaoui (2011) confirmed that The dimensions of electronic CRM, which include (website design, time delivery and demand tracking) have a significant relationship with electronic loyalty through electronic satisfaction in mobile phone companies in Britain. While Rahimiparvar (2012) concluded that the dimensions of the electronic CRM, which include (customization and electronic communication channels) have a significant relationship with e-loyalty through electronic satisfaction for three international sites for online shopping in Thailand. Zatalini et al. (2017) emphasized that the dimensions of E-CRM, which include (access to information and services and the availability of security and trust in the website) have a significant relationship with e-loyalty through electronic satisfaction of online shopping customers in Indonesia. On the other side Amin (2016) was proved that
internet service quality in terms of Meet the personal needs of customers has an indirect effect on e-loyalty of customers via e-satisfaction of customers in the banking sector in Malaysia.

While (Khan and Khawaja, 2013; Mang’unyi et al. 2018; Shastri, Rathore and Sharma, 2018; Mulyono and Situmorang, 2018) proved that The direct relationship between the dimensions of e-CRM and e-loyalty is stronger than the indirect relationship between them Through electronic satisfaction, where Shastri et al. (2018) found The dimensions of the E-CRM, which include (accuracy of information, trust in the website and the simplicity of e-transactions) have a significant relationship with the intentions of repeat e-dealing and provides words of mouth for others about E-dealing with commercial banks in India. While Mulyono et al. (2018) confirmed that The dimensions of E-CRM, which include (the effectiveness of electronic communication channels and the provision of specialized services to customers) have a positive and important impact on the Intentions to repeat the electronic deal and defend the organization in front of other customers and provide positive words of mouth for them about online transactions in Indonesia. While Mang’unyi et al. (2018) confirmed that Customer satisfaction does not mediate the relationship between the dimensions of e-CRM (Customized promotions, Communications) and customer loyalty.

On the other side literature proved that e-satisfaction is the most influential factor on the relation between the dimensions of E-CRM and e-loyalty, where Farhadi et al. (2012) found that customer satisfaction affects the relationship between the dimensions of E-CRM and E-loyalty more than the empathy that attracts customers. While Mulyono et al. (2018) found that E-satisfaction affects the relationship between the dimensions of E-CRM and E-loyalty more than previous experiences of e-dealing customers. While the study Rosário (2015) found that E-satisfaction effects on E-loyalty of customers more than choose a brand. Valvi et al. (2013) found that E-satisfaction effects more than E-trust on E-loyalty of customers. While Peikari (2010) found Customer satisfaction with e-commerce affects e-loyalty more than the impact of security policy and the provision of technological protection. Therefore, in this study it is hypothesized that:

H3: Electronic satisfaction as a mediator variable between the dimensions of E-CRM and E-loyalty."

This hypothesis is divided into the following four sub- hypotheses:

H3/1: Electronic satisfaction as a mediator variable between the electronic communication channels and the intention to repeat e-dealing.

H3/2: Electronic satisfaction as a mediator variable between electronic communication channels and Provide customers with positive words of mouth for others.

H3/3: Electronic satisfaction as a mediator variable between the Customization strategy and the intention to repeat e-dealing.

H3/4: Electronic satisfaction as a mediator variable between Customization strategy and Provide customers with positive words of mouth for others.

Although the framework presented in this section (see Figure 1) shares the elements of E-Satisfaction and Customization, Electronic communication channel models and their relationships with customer E-loyalty in the literature, this one differs from the current literature in two aspects. First, this study seeks to explain how customer e-loyalty may be demonstrated separately through emotional loyalty such as Provide customers with positive words of mouth for others and behavioral loyalty (intention to repeat e-dealing and preferring the website). Second, the framework seeks to explain how electronic communication channels and customization strategy effect on Provide customers with positive words of mouth for others and intention to repeat e-dealing through the E-satisfaction, and these effects are barely shown in other models. This inclusion is justified because this is the main focus of this research as discussed above.

3. Methodology

This research uses structure equation modeling (SEM) to empirically test the proposed conceptual model (Arbuckle, 2013), Figure 1 illustrates The Proposed research framework of the study.
Figure 1. Proposed research framework
Notes: E-CRM = Electronic customer relationship management, repa = intentions to repeat e-dealing, Words = words of mouth.

3.1 The questionnaire designs
In the survey, consideration should be given to having at least three items of each construct to ensure internal reliability (Cook, Hepworth, Wall, and Warr, 1981). The content of the questionnaire (clarity of formulation and meaning) was verified by ten university professors who specialize in marketing. Then, a pilot-test was conducted of 30 banks customers who prefer electronic dealing to improve the structure and content of the questionnaire. The five-point Likert scale was used to measure study dimensions from “Strongly Disagree” (1) to “Strongly Agree” (5). A total of 384 questionnaires were distributed and 370 were returned. Six questionnaires were considered invalid because customers did not complete the answer. According to the characteristics of the sample, Males account for 65.6% and Females 34.3% percent of the online banking customers. It is a logical result where the contribution of women to the labor force reached 20.9% of the total labor force compared to 79.1% for men, according to the report of the Central Agency for Public Mobilization and Statistics year 2019. Interestingly, most of customers were in the age group 30-40 years old (80.8% total respondents). In the context of e-banking, the younger generation favors the use of online banking compared to older age category (30-40 years above). The number of years online dealing with commercial banks websites ranges between (4 years to 6 years). Customers with the highest qualifications are the most prefer electronic dealing with the bank. Each variable consisted of multi-items based on scales used in previous literature, Electronic communication channels was measured using tool (Ribbink, van Riel, Liljander and Streukens 2004; Ocker and Mudambi, 2002; Abu-Shanab et al. 2015; Al-Hawary et al. 2017; Rao, 2013). The customizing strategy was based on (Herington and Weaven, 2009; Ho and Lin, 2010). Banking Electronic Satisfaction (six related items) the measurement was based on (Herington et al. 2009; Ribbink et al. 2004), E-loyalty (ten related items) included measures from a scale by (Ribbink et al. 2004; Gremler, 1995; Zeithaml, Berry and Parasuraman, 1996; Ramseook and Naidoo, 2011).

3.2 Sampling and data collection
Data were collected by using an organized questionnaire to measurement study variables. A convenience sampling method was used in data collection. The researchers distributed the questionnaires by themselves to the customers inside the bank. Customers were selected among those customers who prefer online banking transaction. Diverse controls were put to ensure credibility of the survey. The purpose of the study was explained, and that the respondents have experienced with online banking transaction. This study was conducted in three different cities in Egypt during January 2019 - April 2019 period. The commercial banks were chosen because they represent one of the services sectors which contribute to the promoting of economic growth in Egypt.

3.3 Measurement model
The measurement elements used in this study were based on measurements that proved reliable and Credibility in the previous literature. Confirmatory factor analysis (CFA) model for the structural model of the study was estimated to test the measurement model using AMOS 24. The first-order CFA result explained that the goodness of fit was satisfied. The NFI value is 0.96, RMSEA value 0.02, and CFI value 0.99. To test the reliability of Electronic Communication Channels, Customization Strategy, e-
banking satisfaction, intention to repeat e-dealing and Provide customers with positive words of mouth, the (Cronbach’s α) coefficient was estimated. The coefficient α exceeded the minimum standard of 0.70 (Nunnally, 1979), which showed a good estimate of internal consistency. The (Cronbach’s α) achieved acceptable value 0.89 and 0.93 respectively for the Electronic Customer Relationship Management dimensions (Electronic Communication Channels and Customization Strategy). Meanwhile, e-banking satisfaction, intention to repeat e-dealing and providing customers with positive words of mouth. The coefficient α obtained values achieved acceptable values (0.91 and 0.94, 0.95 respectively). The factor loadings were used to assess the convergent validity for each variable (Hair, Black, Babin, and Anderson, 2010). Convergent validity was achieved when the factor loadings are greater than 0.5 and the AVE is greater than 0.5 (Fornell and Larcker, 1981), composite reliability greater than 0.7 (Hair et al. 2010). The findings show that factors loading ranged from 0.74 to 0.99 and exceeded the recommended level of 0.50. the convergent validity for each variable(Electronic Communication Channels, Customization Strategy, e-banking satisfaction, intention to repeat e-dealing and Provide customers with positive words of mouth) were estimated, therefore providing additional evidence of construct validity for all the variables in this study (Hair et al. 2010). In addition, average variance extracted (AVE) was established for assessing discriminant validity for the structural model (Hair et al. 2010), and the AVE ranged from (0.71 to 0.85).

<table>
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<tr>
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Table 1: exploratory factor analysis, Confirmed Factor Analysis, Composite Reliability, Cronbach’s Alpha, and Average Variance Extracted

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<th></th>
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<td>words</td>
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</table>

Table 1: exploratory factor analysis, Confirmed Factor Analysis, Composite Reliability, Cronbach’s Alpha, and Average Variance Extracted

canl= Electronic Communication Channels, spec=Customization Strategy, sati= banking Electronic Satisfaction, repa= intention to repeat e-dealing, Words= Provide customers with positive words of mouth. AVE: Average Variance Extracted; CR: Composite Reliability.

4. Data analysis

The data analysis process involves two stages, (Anderson and Gerbing 1988). First, the measurement model is analyzed, the collection of items of each construct must well measure the construct related to them, that is ensure the accuracy of the indicators. In the second stage of the model, the structural relationships between the Latent variables are investigated, and then the hypotheses are tested.

4.1 Testing of hypotheses

Figure (2) the structural model of the study
Measures | Fit Indices | Threshold Values
---|---|---
CMIN/DF | 1.2 | Less than 3
CFI | 0.99 | 0.90 and above
IFI | 0.99 | 0.90 and above
RFI | 0.96 | 0.90 and above
TLI | 0.99 | 0.90 and above
NFI | 0.96 | 0.90 and above
RMSEA | 0.025 | 0.90 and above

Table 3 Results of the quality indicators of conformity of the structural model of the study (model fit)

Regression Weights: (Group number 1 - Default model)

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<th>Label</th>
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<th>S.E.</th>
<th>C.R.</th>
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<td>repa</td>
<td>.009</td>
<td>.045</td>
<td>.195</td>
<td>.845</td>
</tr>
</tbody>
</table>

Table 4 Regression Weights: (Group number 1 - Default model)

The results shown in the previous table can test the study hypothesis:

The hypothesis (H1/1) was supported, as CR = 2.137 (i.e. more than 1.96) that indicate to the effect of independent variable on the dependent variable is significant, and (Estimate = .078) with a positive sign indicating there is a positive relationship between the electronic communication channels and the intentions of E-dealing with the bank, the greater of the level of availability of electronic communication channels by one, increasing the intentions of dealing with the bank by (.078) and the value of (P = .033) This indicates the relationship between the electronic communication channels and intentions of repeated e-dealing is significant.

The hypothesis (H1/2) was not supported, as CR = .421 (i.e. less than 1.96) that indicate to the effect of independent variable on the dependent variable is not significant, and the value of (P = .674) this indicates the relationship between the electronic communication channels and provide customers with positive words of mouth to others about dealing with the bank is not significant.

The hypothesis (H2/1) was not supported, as CR = .195 (i.e. less than 1.96) that indicate to the effect of independent variable on the dependent variable is not significant, and the value of (P = .845) this indicates the relationship between the customization strategy followed by the bank with customers and intentions of repeated e-dealing is not significant.

The hypothesis(H2/2) was supported, because a value of (CR = 3.074), which is more than (1.96) that indicate to the effect of independent variable on the dependent variable is significant, and (Estimate = .329) with a positive sign indicating that there is positive relationship between customization strategy, and providing positive words of mouth, the more customization in website by one, the more customers offer positive words of mouth to others about the electronic deal with the bank( by .329), and the value of (P = .002) Indicates the relationship between the customization strategy, and provide customers with positive words of mouth to others about dealing with the bank is significant.

5. Standardized Direct Effect and Standardized Indirect Effect by Using the Bootstrap method

To test hypothesis H3, Mediator variable test through Bootstrap method
Table 5 Results of the direct, indirect and total relationship of the study variables

The previous table shows the results of the direct and indirect impact of the dimensions of e-customer relationships and the intentions of repeat e-dealing through the banking Electronic Satisfaction.

The previous table Show that: There is a significant effect between the (electronic communication channels) and the intention repeat E-dealing. Where the value of the beta coefficient was p= (.033). And the relationship between customization strategy and the intentions of repeat E-dealing is not significance, where the value of the beta coefficient was more than (0.05).

Found a direct impact between (electronic communication channels, customization strategy) and intentions of e-dealing. Greater than the indirect effect between (electronic communication channels, customization strategy) and Intentions to repeat e-dealing. Indicating that E-banking Satisfaction does not play the role of mediator in influencing on the relationship between E-CRM dimensions (electronic communication channels, customization strategy) and intention to repeat e-dealing. And thus, reject the sub- hypothesis’s (the first and the second) of the third main hypothesis.

Table 6 Results of the direct, indirect and total relationship of the study variables

The previous table Show that: There is not significant effect between (electronic communication channels) and providing positive words of mouth for others. Where the value of the beta coefficient was p= (.674). There is a significant effect between (customization strategies) and providing positive words of
mouth for others. Where the value of the beta coefficient was less than (0.05). The direct effect between (electronic communication channels, customization strategy) and providing positive words of mouth to others was found to be greater than the indirect effect between (electronic communication channels, customization strategy) and providing positive words of mouth to others. Which shows that banking e-Satisfaction does not play the role of mediator in influencing the relationship between E-CRM dimensions and providing positive words of mouth to others. And thus, reject the sub- hypothesis (the third and the four) of the third main hypothesis.

**Discussion and Conclusion**

Electronic communication channels such as Internet Banking have helped customers reduce the cost of obtaining information about the Bank’s services, inquiring about bank balance, conducting transactions via bank phone, using e-mail to receive any urgent notices, various schemes and policies of the Bank (Abu-Shanab et al. 2015), Enable customers to connect to their banks from anywhere, anytime and get complete and up-to-date personal information and services quickly, easily and at low cost (Darabi, Maroofi, and Torabi, 2012).

Although there are much literature on the relationship between e-CRM and customer E-loyalty, but academic researchers did not give enough attention to the role of Customer satisfaction for electronic banking services as a moderating variable between e-CRM and customer E-loyalty. Building customer E-loyalty still a vital strategy to continue and success of commercial banks in current highly competitive .our study has found that Customer satisfaction for electronic banking services does not mediate the relationship of dimensions E-CRM (electronic communication channels, customization) and providing positive words of mouth to others. And intentions to repeat e-dealing, which corroborates with previous research (Mang’unyi et al. 2018) unlike in previous studies (Alhaiou, 2011) that sees that E-satisfaction mediated the relationship between e-CRM and e-loyalty. We conclude that the loyal customers are not necessarily satisfied (poon, 2008).

Also, the study found that there is a significant relationship between the provision of commercial banks electronic channels of communication and the intent of repeated electronic transactions. supports the seminal research (Alim et al. 2014), who emphasized that contact interactivity is one of the key features of E-CRM that affects customer loyalty in UK mobile phone companies, and (Mogharabi et al. 2014) shows that the most dimensions of E-CRM for attracting new customers via the Internet is electronic communication channels. The study found that there is not significant relationship between the provision of commercial banks electronic channels of communication and provide customers with positive words of mouth on the deal with the bank. Similarly, Rahimiparvar, (2012) who deems there is a weak correlation between online communication channels and customer loyalty for online shopping in Thailand. Therefore, the first contribution to research is that The effectiveness of the electronic channels of communication in terms of enabling the customer to choose the electronic communication channels which he preferred to deal Through it (e-mail, SMS on mobile phone, personal messages on the customer’s page via the Internet) and knowledge of the new information and services and policies followed by the bank, leads to providing customers with positive words of mouth about electronic transactions.

The study also found that there is not significant relationship between the Customization strategy followed by commercial banks and the intentions repeated to using online transaction and there is a significant relationship between the Customization strategy followed by commercial banks and provide customers with positive words of mouth about the electronic dealings with the bank. Thus, achieving customer E- loyalty, which corroborates with previous research (Mang’unyi et al. 2017) who stressed that customization, is the most influential factor of E-CRM pre-service customer loyalty. Similarly like in previous studies (Kassim et al. 2010) There is no relation between Customization and customer loyalty, so the second contribution to research is that the effectiveness of the customization strategy, in terms of (services customization or customization of relationships), in terms of summarizing user-related information (account balance, Debit and deposit operations, Time of installment payment, Deposits balances), and display this information on the customer's personal page. In order to enable the customer to complete the transactions, and Access to the Customized services for them according to their personal preferences, which leads to attracting customers to the website and then increase their satisfaction. The
field study conducted by the researchers through interviews with customers of commercial banks that the arrangement of banking services available through the site of the bank leads to the completion of transactions easily and quickly, because increasing customer access on the bank's page causing pressure on the server, and thus slow the speed of the process of browsing. According the previous presentation, we can say the main contribution of the research is to enable commercial banks to create a large base of customers through the direct effect of E-CRM dimensions on customer E-loyalty.

Managerial implications

Customers are the factors which the banks are concentrating on them to success of online banking (Miremadi et al. 2012). So, this research study developed an understanding of the behavior of commercial banks customers who prefer electronic transactions. Through the study of e-loyalty precedents such as electronic communication channels and strategy of customize. In order to assess the importance of these precedents in enhancing the intentions of e-dealing with the bank and spread positive words of mouth to others. And Because of we have shifted from a transaction-based economy to a relationship-based economy, this study highlights the role of customization of relationships and services in achieve e-loyalty, the study concluded that commercial banks should customize online banking According to individual preferences to customers To promote e-loyalty. Similarly, Abu-Shanab et al. (2015) stressed that the allocation of e-banking services provides customers with convenience and reduced transaction costs, which has led customers to e-deal with the bank. For this reason, Rialti et al. (2017) are focused on that bank managers must be customize services according to the requirements of customers, and not to the advantages that managers believe that affect the satisfaction of customers. This finding agrees with the view that online marketers must be developing marketing offers suitable for a complex and diverse market (Kassim et al. 2010). However, it will not be enough for commercial bank managers to pay attention to designing marketing strategies that meet the needs of different customers to encourage them to repeat the e-transactions (behavioral aspect), or move their emotional aspects to urge others to experience the e-dealing, but also managers Continuous attention should be paid to the development of programs provided through various channels of communication, and the interest in the existence of continuous communication with customers through different channels of communication to find out the needs of customers and the extent of utilization of provided services. Since the use of electronic CRM techniques helps banks to communicate and interact with their customers, reduce the costs of reaching the right customer and provide the right banking service at the right time through the appropriate communication channels (Abu-Shanab et al. 2015). So This study contributes to the development of commercial banks’ awareness towards the development of electronic communication channels in terms of increasing the number of ATMs and providing them with sufficient cash, minimizing the breakdowns of the current ATMs, in addition to activating the role of e-mail in terms of informing customers of the latest information, policies and new schemes that the Bank will achieve.

Limitations and Trends of Future Research

The research was limited to commercial banks only and therefore there is a need to confirm the results by future studies on investment banks and other financial institutions. The research was also limited to customers of commercial banks that deal electronically. Because it is widely believed that e-CRM performance should be measured in terms of customers Perceptions and behaviors as they are key source of value (Azila et al. 2012). And did not address the users and employees within the banks. Therefore, there is a need for further studies on the impact of CRM on e-loyalty from the perspective of Bank employees. The study was limited in the measurement dimensions of customization (customize of services and customize of relationships) and therefore must conduct future research to study the changing and different patterns of customer needs and desires.

References


Appendix A

<table>
<thead>
<tr>
<th>NO</th>
<th>Questionnaires</th>
<th>references</th>
</tr>
</thead>
</table>
| Electronic communication channels: | Internet banking:  
- The online banking is prompt in replying to queries  
- The online banking is prompt in replying to requests.  
- The customers can access their account and order service information via Internet.  
ATMs:  
- The spread of ATMs in several geographical areas.  
- ATM platform designed to enable the completion of banking transactions easily.  
- Adequate cash is always available at ATMs.  
- Service not available for long periods in ATMs.  
e-mail:  
- You receive new advertisements for the bank by e-mail.  
- Through e-mail you can know the new policies and plans of the bank.  | (Ribbink et al. 2004; Ocker et al. 2002)  
(Al-Hawary et al. 2017) |
| Customization: | - I feel my personal needs have been met when using the site or doing transactions with the online banks.  
- I feel the online banking has the same norms and values as I have.  
- This site provides me with information and products according to my preferences.  
- This site provides me with information on how to do the products modification according to my preferences. | (Al-Hawary et al. 2017. Lam et al. 2013. Rao, 2013)  
(Herington et al. 2009. Ho et al. 2010) |
| Electronic Banking Satisfaction: | - I am generally pleased with the Banking’s online services.  
- I am very satisfied with the Banking’s online services.  
- I am happy with the online Banking.  
- The website of the online Banking is enjoyable. | (Herington et al. 2009. Ribbink et al. 2004) |
- The website of online banks is simple to use.
- I am satisfied with overall online bank’s products and services.

E-Loyalty: Intentions to Repeat E-dealing:
- I seldom consider switching to another Web site.
- If the present service continues, I doubt that I would switch Web sites.
- I try to use the Web site whenever I need to make a purchase.
- When I need to make a purchase, this Web site is my first choice.
- I like using this Web site.
- I intend to continue using the online Banking.
- I prefer the online Banking above others.

Provide positive words of mouth to others:
- I would recommend the Bank’s website to others
- I would like to say positive things about online banking to other people
- I would recommend online banking to someone who seeks advice

(Gremler, 1995; Zeithaml et al. 1996; Ribbink et al. 2004)

(Ribbink et al. 2004, Ramseook et al. 2011; Zeithaml et al. 1996)
Development of multi-channel marketing strategies for developing markets for low-cost consumer product goods

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Key words
Developing market; distribution channels; emerging markets; marketing; multi-channel; online.

Abstract
This study has examined the development of multi-channel marketing strategies and solutions that are intended for emerging or developing markets. The specific focus of the research has been on these multi-channel marketing strategies in support of low-cost consumer product goods or CPGs meant for developing economies. Consequently, the research objectives of this research study were to determine the optimum approach to multi-channel marketing strategies for CPG firms entering developing markets. Additionally, the study also worked to analyze the effect of multi-channel marketing solutions and they might affect the composition of the supporting distribution channel for CPGs in developing markets. The illustrative market that has been relied upon for this study is Jordan. Jordan is a developing economy in the Middle East that has significant room for positive growth both economically as well as socio-culturally because of its location next to major areas of conflict. For Jordan, the expectation is that the multi-channel marketing strategy for a CPG retailer entering the market is going to focus on on-ground, traditional marketing channels with an emphasis on print and television while online marketing channels will be included but not yet fully developed.

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Introduction
This study examines the issue of the development of multi-channel marketing strategies designed for emerging and/or developing economies, hereafter referred to as developing economies, with a focus on low-cost consumer product goods (CPGs). Multi-channel marketing initiatives are an essential element in the contemporary marketplace regardless of the economics of the targeted market. However, for a developing economy, multi-channel solutions could very well be synonymous with success even in the short-term. Multi-channel marketing relates to the use of several different marketing channels that span both online and on-ground distribution pathways such as internet retailing solutions combined with bricks and mortars retail outlets but multi-channel also includes pathways such as the inclusion of cataloguing, texting, blogs, direct mailings, television, magazines or print and so on (Yu et al., 2018). Multi-channel marketing provides transaction opportunities for CPG marketers to move products across a range of different channels.

Of special relevance then to this study is the region being examined which is the Middle East. The Middle East consists of an enormous variety of both developing and developed markets. Furthermore, is a diverse retail marketplace characterized by countries that are stable politically, follow the rule of law and that have sound economic platforms. In contrast, the Middle East also has developing economies that are subject to extreme economic fluctuations, are unstable politically and that lack sound infrastructure. In general, the Middle East is a region that includes countries lying within the Asian continent with the exception of Egypt which is on the African continent and part of Turkey which is within the European continent (Goldschmidt, 2018). Additionally, the Middle East is just as often characterized as a region predominated by Islamic religious and cultural elements. Hence, the Middle East is a region that is
considered to rest between the Far East and Eastern Europe for the most part and the region is often subject to political, cultural and military discord.

One market within the Middle East that can be considered developing in character is Jordan. Jordan lies just to the east of Israel with an extensive border shared with Saudi Arabia to the east and a smaller border shared with Iraq to the northeast and a large border to the north shared with Syria. Of course, it is an established country having been formally established as a semiautonomous market following the end of World War I when it was governed by Britain but at the conclusion of World War II, Jordan won its independence from Britain and acquired its current form (Ryan, 2018). Despite its established borders and long historical presence in the region, Jordan as a market has remained in development economically for all of its modern existence. Therefore, Jordan offers an ideal market with which to explore how multichannel marketing for CPGs can, or cannot, be effectively leveraged with respect to developing markets.

**Literature Review**

**The Developing Market—Jordan**

Developing markets are primarily characterized as markets in which the consumers are described as low-income or having relatively little in the way of disposable incomes. While individually such emerging and developing markets may be characterized by consumers that are low income, collectively, the dense populations within these developing markets represent a rather significant market. Within the Middle East as a region, Jordan is one of the countries that can be considered to be a developing market. Thus, because of its status as a developing economy as well as its relative stability in a region otherwise troubled by socio-political upheavals, Jordan makes an ideal target for further study.

Jordan is not the largest country in the portion of the Middle East nor is it the largest in terms of population or economy. Additionally, Jordan has had ongoing political and geopolitical issues that have ensured that it has been unable to emerge from developing to developed status. The population of Jordan is roughly 10.5 million individuals with almost 70% of those being Jordanians, 13% being Syrian, almost 7% being Palestinian and another 7% being Egyptian and of course 97% of the population is Islamic (Ryan, 2018 and Jordan, 2019). Islamic culture unites the population under the veneer of homogeneity but in fact it is quite a diverse culture considering large segments of the population are not from Jordan or do not trace their lineage directly to Jordan originally. The table below offers some glimpse into the economy of the country where it is evident that gross domestic product or GDP is fairly small and stagnant while GDP per capita remains low and unemployment rates remain high:

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</tr>
<tr>
<td>2016</td>
<td>$87b</td>
<td>2.0%</td>
<td>$9200</td>
<td>15.3%</td>
</tr>
<tr>
<td>2015</td>
<td>$85b</td>
<td>2.4%</td>
<td>$9300</td>
<td>13.08%</td>
</tr>
</tbody>
</table>

*All monetary values are shown in US dollars **% are estimates, averages or compilations of different sources (ibid)

Table 1: Jordan Economic Data

Considering the fact that GDP growth has remained in the 2% range in the recent past and GDP per capita has remained completely unchanged at $9200 for years, it is apparent that Jordan is a developing market.

Its unemployment rate is likely understated with real unemployment rates, once on factors in issues such under-employment and part-time work without living wages and so forth, presenting significant problems for the government. Other characteristics of the country affirm its status as a developing market as well. For instance, the Jordanian economy is identified as being the smallest economy in the Middle East region while it simultaneously lacks sufficient supplies of fresh water, petroleum and a host of other natural resources that many other Middle Eastern countries have (Ryan, 2018). Furthermore, Jordan also faces other pressing issues that present a drain on its already insufficient state resources. The Civil War in Syria has led to the presence of more than 600 thousand refugees within its borders and it is 100% reliant on imported energy sources which account for an estimated 30% of all imports into the country (Fabbe et
al., 2019). Clearly, Jordan is a country that has largely been in a continue state of development since its inception in 1946.

**Multi-channel Marketing**

The development and application of multi-channel marketing initiatives is conceived of somewhat differently by different parties depending on their purpose or function. However, generally speaking, multi-channel marketing typically describes the links between CPG manufacturers or retailers and their targeted consumers. Specifically, multi-channel marketing involves the use of direct, indirect, and online, offline communication or distribution channels for products or services with the objective being a purchase decision being made by the targeted consumers (Banerjee and Bhardwaj, 2019). Where once it might have been sufficient to purchase ad space on a single large mass communication platform such as a magazine or television channel in order to achieve sales goals, this is hardly the case anymore. The result is the elevation in importance of multi-channel marketing.

In effect, the use and implementation of multi-channel marketing solutions is intended to unify a firm’s marketing efforts across a range of different sales channels as it were. Without the presence of a unifying marketing plan a CPG manufacturer or retailer has to develop multiple marketing plans for the same products or product classes. This is summarized in the assertion that multi-channel marketing is the development of a unifying marketing strategy. A strategy that integrates several marketing channels, online and offline, that allows the firm to reach its targeted consumers with a single unifying message and to reach these targeted consumers when they want to make a purchase and where they want to make a purchase (Kimpel and Friedrich, 2015). Failure to understand this characterization of multi-channel marketing will leave a firm with little sense of the behavior of its targeted segments. Consequently, an appropriate planning technique to develop a multi-channel marketing strategy might include the following elements seen in the table below (Shahid and Ayaz, 2018):

<table>
<thead>
<tr>
<th>Form of Media</th>
<th>R(each)E(engage)A(activate)N (nurture)</th>
<th>Advertising Cost</th>
<th>Target Market Reach</th>
<th>Specialization</th>
<th>Advertising Complexity</th>
<th>Credible/Not Credible</th>
<th>ROI vis-à-vis ad spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Print collateral</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Media</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Search/Ad words</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Video Streaming</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Press Releases</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Multi-channel Planning Table

As the information in this table aptly illustrates, each potential channel in a multi-channel marketing initiative must be accurately assessed in order to determine if its cost is justified through expected returns.

Basically, regardless of the specific channels that are integrated into a firm’s multi-channel marketing strategy, there are specific benefits for utilizing a multi-channel marketing strategy. These benefits all increase the return on investment or ROI of the firm’s marketing investment. And in developing markets such as Jordan, these cost-savings and cost-efficiencies can make an enormous difference on the success or failure of the firm’s products within that developing market. The four primary advantages gained through the development and implementation of a multi-channel marketing strategy are (Manser, et al., 2017):

1. Expanded CPG awareness in the consumer through the integration of multiple potential touchpoints for the targeted consumers and consumer segments
More consistent and unified CPG messaging in which the brand identity and brand reputation are retained across multiple marketing channels.

Supporting consumer channel preferences by offering purchase opportunities on the channels that the consumers are known to inhabit or frequent whether online or offline

Acquisition of expanded datapoints where these expanded channels increase the consumer touchpoints which provide vital data with each interaction by the consumer

Hence, it is apparent that multi-channel marketing is an approach that offers great latitude for the firm seeking to enter into a developing market. Of course, developing markets have certain inherent constraints, such as poor technology infrastructure, that may inhibit certain marketing channels but in general, multi-channel marketing solutions are quite promising in character.

Multi-channel marketing is one of the most important aspects of any competitive CPG retailer’s activities when entering a new market whether developed or developing. Multi-channel marketing strategy may not be the sole factor that decides whether a product or service will be completely accepted by the target market. However, multi-channel marketing strategies do directly influence how customers tend to perceive their respective needs and wants with regard to the product or service being marketed. In this fashion, multi-channel marketing strategy works to define for the customer the market entry messages formulated by the CPG retailer. These messages are then relayed to the customers’ own network of contacts and acquaintances. Thus, when provided with this market entry message, customers act on the multi-channel marketing market entry message given them by making a purchase decision or, alternatively, offering some sort of market referral (McIntyre et al., 2016). Many CPG retailers and multi-channel marketing managers insist that multi-channel marketing relies on the wants and desires of the customer.

These consumer needs that form the nucleus of the market entry message are the messages that focus on the target market whether on-ground or online. And yet, the insistence that this is the overall rule tends to ensure that a CPG retailer misses significant marketing opportunities in either on-ground channels or online channels depending on the composition of their multi-channel operations. The effort is, or should be, to create the CPG retailer’s own market opportunities and this is especially true for developing markets. The opportunities then, among others, are those such as development of an entirely new CPG in order to respond to an identified need in the market. Furthermore, it is often the case that the market, especially the developing market, has no idea what it even needs vis-à-vis a new product or service targeting consumers in its borders.

A perfect illustration of this multi-channel principle of telling the customer what the customer actually wants can be found in Apple. Marketing messaging at the time of market entry based on the creation of a multi-channel marketing strategy at market entry reflects this sentiment of identifying a need in the consumer that the consumer did not even recognize. For instance, Apple is recognized as one of the world’s most innovative electronics CPG retailers. This is because it has managed to develop and then introduce a retinue of unique products that many international markets were not even aware, they wanted or needed. This marketing case is clear in the iPod, the iPhone (all iterations) and of course the iPad. Evidence of this marketing strategy and unique capacity of multi-channel marketing to direct customer tastes can be found in a comment by Apple’s former and late CEO Steve Jobs who commented that customers do not really know what they want but they recognize it when they see it (Tian and Da, 2016). Hence, as Apple first introduced the iPod, for instance there existed numerous MP3 digital music players.

The fact is that the market was not necessarily demanding a new MP3 player. Rather the consensus was that the market for MP3 players was a niche market and that the MP3 market was already overcrowded. Yet, by convincing the customer that digital music played on portable handheld devices were not just a luxury but rather a necessity like the Walkman had been, Apple’s marketers managed to create consumer demand where none had previously existed. The market entry message that Apple’s marketers created and then used to enter virtually every global market worked to convince customers that they did not just want an iPod but that they actually needed one in order to organize their musical files, desires and tastes (Zhang, 2019). This market entry message resonated with global markets whether
developed or developing. The outcome has been what virtually all researchers determine to be a complete marketing success and a highly effective multi-channel marketing strategy for Apple.

Part and parcel of an effective multi-channel marketing strategy targeting developing markets such as Jordan is understanding what the objectives are for the strategy with respect to the distribution of the CPGs in the channel. This aspect of multi-channel marketing strategy is partially dependent upon the specific characteristics of the products as well as the characteristics of the particular marketplace being distributed in. The fact is that specific CPG characteristics have to be an integral part of the market entry considerations while developing a multi-channel marketing strategy. The implication is such that the multi-channel strategy has distribution objectives that align with the overarching marketing strategy of the producer, distributor, or retailer responsible for the multi-channel effort. Hence, for developing markets, distributors entering the developing market work to minimize costs while maximizing throughput activities across the channels selected (Dadzie et al., 2017):

- CPG unit values: in general, if a CPG per-unit value is low, the supporting distribution channel will tend to be longer in character which results in smaller operating margins for the distributor with the observation being that high-value per-unit CPGs are typically supported through a firm salesforce rather than through supply chain intermediary firms.

- CPG standardization: the more standardized a CPG is in both form and function, are much more suitable to multi-channel distribution because less adaptation from one channel to the next is required whole less standardized CPGs typically require more representative resources across every channel.

- Size/weight: the fact is that large, bulky and/or heavy CPGs incur much higher per-unit shipping and handling costs as a ratio of their overall per-unit cost with the multi-channel effect being that such CPGs benefit from shorter supply chains within the multi-channel strategy.

- Complex CPGs: CPGs with higher degrees of product complexity benefit from or require a more direct-to-consumer distribution channel because they almost mandate a salesforce to support their distribution to consumers in the targeted marketplace and therefore complexity is a factor in selecting which channels to integrate into a multi-channel marketing strategy for developing markets.

- CPG lifecycle: the specific position of a CPG on the product lifecycle also affects the character of the multi-channel marketing strategy because CPGs that are relatively early in their lifecycle require greater representation and support in the target market.

These factors must all be considered when identifying which specific marketing channels to include in a multi-channel distribution strategy. The distributing firm has to balance the necessities of each channel with the available resources of the firm regardless of how desirable a particular channel is. For instance, those individual channels that merit greater support such as a direct salesforce must be viewed in relation to the human capital and finance constraints of the CPG distributor entering the market. Failure to make such considerations a central element in the planning process for entering a developing market can leave the CPG distributor lacking sufficient resources post-entry.

Finally, the multi-channel marketing strategy for a developing market and, for that matter, any sort of market, must also have an effective way to revise the multi-channel strategy post-entry. There are certain assumptions that must be accepted which influence how, when and in what way individual channels are adjusted in the post-entry environment as a CPG distributor’s marketers receive feedback from the multi-channel marketing solution. This includes assumptions such as the recognition that direct forms of CPG distribution are more readily adjustable and adaptable because the CPG distributor retains a higher level of control over the operators within the respective channels selected (Bang et al. 2016). In contrast, if all the channels in the multi-channel effort depend upon 3rd party operators up and down the supply chain supporting each channel, then introducing, and making adjustments quickly is problematic.

Furthermore, there are market related factors that also affect the character of how the multi-channel marketing strategy is managed. If there are seasonality or seasonal buying considerations for the CPGs in question, then intermediaries within each supporting supply chain in the target market that have more flexible CPG storage facilities/solutions are much more desirable because storage capacity works to flatten variations in the supply chain due to over-production, under-production, shifts in demand and CPG returns for example (Rauch et al., 2016). All of these multi-channels and supporting supply chain considerations must be integrated into the framework for the CPG multi-channel strategy.
Research methodology

The marketing framework within which a multi-channel marketing strategy is created involves segmentation activities as a matter of course. Furthermore, any marketing strategy developed for market entry incorporates some elements of segmentation, target market development and so forth just to determine which channels reach each particular audience. One of the most important aspects then within any marketing segmentation strategy is the move to narrow down the individual consumer markets into distinct groups of CPG customers. This process of target market identification can be achieved in different ways to be sure. However, it is the final outcome that must result in a set of different market segments that are simultaneously measurable, uniquely identifiable, and strategically distinct from one another while still unifying around a common CPG theme (Bang et al., 2016). Should this marketing process around segmentation be undertaken haphazardly or inaccurately, then at the very least, the resulting multi-channel marketing strategy will not be cost effective. Therefore, multi-channel marketing strategies must be fundamentally derived from proper segmentation formulas.

In order fully explore the subject of the multi-channel in developing markets vis-à-vis CPGs, this study incorporates a series of three core hypotheses. These hypotheses are formulated in order to either confirm the efficacy of a multi-channel solution or to affirm the ineffectiveness of a multi-channel solution. The three hypotheses that guide this study through the research process are detailed below:

H1 Off-line marketing channels are the most effective in developing markets
H2 On-line marketing channels are the most effective in developing markets
H3 A multi-channel incorporating both off-line and on-line marketing channels is the ideal solution for developing markets

The affirmation or disaffirmation of these hypotheses provides the chief value in this study. The supposition being that depending on which hypotheses are affirmed or disaffirmed, a CPG marketer can thereby formulate the most effective marketing solution for a given developing market.

The research model developed for this study is based on a threefold process in which each of the three elements contribute to the substantiation of the other two. This is a triangulation design that is meant to result in more reliable findings based on a higher level of validity with respect to the data. The research model is displayed in the figure below:

Figure 1: Research Design Model

This research design is a triangulated approach to data collection, data analysis and data validity. The emphasis in this design is the characterization of the data in each of the three pillars: 1) data triggers involve elements such as consumer behavior such as buying decisions, 2) data measures indicating how transactions are recorded and presented, and 3) ensuring that the data actually reflects the phenomenon that it is supposed to reflect (Hulland et al. 2018). Triangulation is an effective way to elevate a study’s overall reliability and validity.

This research project has analyzed the primary data through descriptive statistics. This is an analytical process that represents the mean, the standard deviation, modality. The analysis also includes inferential statistics analysis utilizing factor analysis and path analysis in order to make predictive
statements regarding the data. The study’s hypothesis testing resulted in a confidence level of 95%. This confidence level was arrived at through a Z-test that made use of SPSS. SPSS was used to analyze factors such as the Structure Equation Model or SEM. This process ensured that the research study model was able to effectively deal with the empirical data within the study. This analytical approach was based on the following assumptions where P-Values > 0.05, GFI > 0.8, AGFI > 0.8, CFI > 0.8, RMR < 0.1 and the Chi Square < 2. This approach was based on the understanding that the multi-channel marketing strategies offer unique utilities for developing markets that can be leveraged in those markets based on the following points:

1. On-ground traditional retail channels ensure that firms entering developing markets focus on factors of convenience for consumers such as access/mean = 4.6, service times = 4.5 and transportation = 4.8.
2. On-ground/on-line linkages should exist with the firms expecting on-line informational support = 4.4, adequate informational resources for CPGs = 4.3 and service speed for consumers = 4.2.
3. Online marketing channels for firms entering the developing market must have relatively fast data transfer times = 4.6, data accuracy = 4.6, and rapid service time support = 4.5.

The data indicates that there is not, in the developing market context, a significant amount of difference in these factors between on-ground and online channels with significance levels at 0.05. And yet, having online support does speed up the on-ground service times. Consequently, there is a significance level that differs markedly when firms entering developing markets have greater resources to leverage with significance measuring at levels above 0.07 and similar.

Findings/results

The development of a multi-channel marketing market entry message that actually informs customers about themselves and their needs is vital. It is a critical aspect of multi-channel marketing messaging for either developing or developed markets. Additionally, a market entry message in the multi-channel context targeting developing markets, is often more effective in on-ground channels due to the control that the CPG firm’s marketers retain over the messaging process (Ailawadi and Farris, 2017). Additionally, it is also or can be indicative of how CPG retailers can design and mold their research and development activities around new concepts. These concepts being based not necessarily on specific market-driven research but rather on identifying what it is that the target market customers are actually not discussing. This approach is generally reflected in the marketing literature. For instance, some market analysts hypothesize that some consumer products or services can be developed not on customer tastes or preferences per se but rather on certain identified values and socio-cultural value systems which customers may not even be conscious (Bahadir et al., 2015). The point being made is that few if any customers tend to consciously think of their own particular value systems and what factors may influence them. Therefore, consumers may not even be able to anticipate their own sociocultural desires in the first place. The result being that a CPG firm initiating a market entry strategy in a developing market may utilize multi-channel marketing to create a need where none exists. Attempting to merely buy one’s way into a developing market by performing market-based research specific to a given developing market does not necessarily identify a need.

Among the more important observations that can be made relative to this perspective that multi-channel marketing drives customer tastes, preferences and desires is trend related. The idea is that multi-channel marketing that is focused on established customer trends in a given market is still necessary as well but that current trends do not necessarily translate into real opportunities. Thus, CPG retailers and their respective multi-channel marketing strategies should not immediately latch onto completely on-ground marketing solutions or completely online marketing initiatives. Rather, marketing activity directed at the established customer preferences in the targeted market should form a baseline of marketing activity from which multi-channel solutions are then developed. This outcome arises because established CPGs must constantly be revised and have their messaging reinforced. Such revision and reinforced messaging works to maintain or achieve sales targets. These sales targets occur throughout the product life cycle. This can be maintained through multi-channel marketing efforts that target word-of-mouth advertising or, alternatively, social media referrals (Manser et al., 2017). Additionally, CPG retailers learn to create market opportunities through guiding customer tastes and preferences. These in
turn also work to maintain sales through identifying customer desires. Multi-channel marketing is not a strategy that can be designed based on a predetermined formula. In contrast, multi-channel marketing targeting developing markets especially is more art that science meaning that marketers have to approach each one independently.

The study’s analytical model looked into the correlation relating to the study’s independent variables. The intention has been to ensure that factors such as multi-collinearity did not adversely affect the statistical analysis of the data. The research analysis relied on the following approaches in which several observations regarding distribution can be made. These include the observation that univariate distributions among the data integrated kurtosis as well as skewness with an average spread of +/- 3.0 while the Kolmogorov analysis integrated interval and ratio testing where statistical values including mean shown as $X$, standard deviation shown as SD, skewness shown as SK, and kurtosis shown as KU. This analysis is displayed in the table that follows:

<table>
<thead>
<tr>
<th>Marketing Channels</th>
<th>Developing Markets</th>
<th>Developed Markets</th>
<th>KU/SK</th>
<th>t-test</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-ground Marketing Channels</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. OnG1</td>
<td>4.52</td>
<td>604</td>
<td>4.56</td>
<td>727</td>
</tr>
<tr>
<td>2. OnG2</td>
<td>4.62</td>
<td>661</td>
<td>4.42</td>
<td>0.725</td>
</tr>
<tr>
<td>3. OnG3</td>
<td>4.20</td>
<td>1000</td>
<td>4.56</td>
<td>727</td>
</tr>
<tr>
<td>4. OnG4</td>
<td>4.32</td>
<td>780</td>
<td>4.72</td>
<td>695</td>
</tr>
<tr>
<td>5. OnG5</td>
<td>4.80</td>
<td>493</td>
<td>4.44</td>
<td>727</td>
</tr>
<tr>
<td>On-ground and online Marketing Channels</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. ONL/ONG1</td>
<td>4.22</td>
<td>604</td>
<td>4.58</td>
<td>725</td>
</tr>
<tr>
<td>2. ONL/ONG2</td>
<td>4.02</td>
<td>1000</td>
<td>4.59</td>
<td>735</td>
</tr>
<tr>
<td>3. ONL/ONG3</td>
<td>4.02</td>
<td>780</td>
<td>4.48</td>
<td>650</td>
</tr>
<tr>
<td>4. ONL/ONG4</td>
<td>4.32</td>
<td>493</td>
<td>4.59</td>
<td>720</td>
</tr>
<tr>
<td>5. ONL/ONG5</td>
<td>4.42</td>
<td>493</td>
<td>4.72</td>
<td>697</td>
</tr>
<tr>
<td>Online Marketing Channels</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. ONL1</td>
<td>4.62</td>
<td>489</td>
<td>4.73</td>
<td>705</td>
</tr>
<tr>
<td>2. ONL2</td>
<td>4.60</td>
<td>660</td>
<td>4.72</td>
<td>695</td>
</tr>
<tr>
<td>3. ONL3</td>
<td>4.52</td>
<td>669</td>
<td>4.56</td>
<td>727</td>
</tr>
<tr>
<td>4. ONL4</td>
<td>4.51</td>
<td>675</td>
<td>4.56</td>
<td>727</td>
</tr>
<tr>
<td>5. ONL5</td>
<td>4.51</td>
<td>680</td>
<td>4.55</td>
<td>730</td>
</tr>
</tbody>
</table>

Table 3: Statistical Values of All Variables

The data in the table results in $1.85 <$ SK, 2.85 for SU and a standard spectrum SEM for the text of concordance. Likewise, the differential examination of the data indicated that firms in developing markets produced $n=235$ while those in comparable developed markets resulted in $n=165$, respectively. The result is such that firms in developing markets tend to rely more on on-ground marketing channels with statistical significance being shown at $p<0.05$ across most of the data points. The assumption being that on-ground channels in developing markets generally produce faster service times.

In turn, the most appropriate consumer segmentation of a broader group of CPG customers will then lead to actual targeted marketing material. The marketing collateral designed for developing markets is ultimately developed for each individual market segment that is identified in the consumer segmentation effort of a CPG firm. Consequently, consumer targeting for a CPG retailer entering a developing market depends upon the marketing collateral developed for each consumer segment that is identified. Hence, the consumer segmentation solution in which each of the target markets identified reflects CPG customer desires who share have in common or share certain traits that the CPG firm determines are a reflection of the firm’s product qualities (Pansari and Kumar, 2017). This developing market targeting process for specific consumer segments is much more involved just differentiating a group of CPG customers. Instead, each consumer group and related sub-group of CPG targeted
consumers must be measured or quantified in some way. This quantification should include factors like size as well as the market’s growth potential, evaluated and reevaluated for potential shared values and if there are any existing competitor CPGs followed by pairing the CPG firm’s core market objectives, its specific mission and long-term vision (ibid). The conclusion is such that the marketing firm should, so that it can develop and execute on more meaningful consumer targeting solution, have a good understanding of its own resources, the current position of the product’s lifecycle and, finally, the level of variability in the developing country’s marketplace. Thereafter, the CPG firm and its marketers can, once these factors are accomplished, begin to market in the country based on a more informed multi-channel marketing mix.

The outcome of the relativity tests indicate that the study’s variables are reliable and valid with respect to the analytical paradigm being applied in the study. This relativity test is undertaken through the use of a structural equation model or SEM test (Jackson, 2015). The SEM results are displayed in the table that follows. Included is the fitness of the study’s paradigm which is deemed to be appropriate to the topic being examined:

<table>
<thead>
<tr>
<th>Appropriateness of Framework</th>
<th>Targeted Levels</th>
<th>Developing Markets</th>
<th>Developed Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>( \chi^2 ) / degree of movement</td>
<td>0 - 3 Target</td>
<td>&lt; 3</td>
<td>2.207</td>
</tr>
<tr>
<td>Root Mean Error Estimate</td>
<td>2 - 0 Target</td>
<td>&lt;0.05</td>
<td>0.045</td>
</tr>
<tr>
<td>Goodness of Fit</td>
<td>0.02 - Target</td>
<td>&lt;0.05</td>
<td>0.025</td>
</tr>
<tr>
<td>Adjusted Goodness of Fit</td>
<td>2 - 0 Target</td>
<td>&gt;0.9</td>
<td>0.890</td>
</tr>
</tbody>
</table>

Table 4: SEM Relativity Test for Multi-channel Strategies in Developing Markets

The data results indicate that the study’s datapoints are reliable and valid in nature. The differences between developing markets and developed markets with respect to multi-channel marketing strategies upon market entry are significant. This indicates that greater consideration must be given to on-ground marketing solutions for developing markets versus developed markets.

Another aspect of the analysis, the descriptive and inferential statistics involves the utility of the hypothesis. In order to determine if the hypothesis actually questions the specific element that it should question vis-à-vis multi-channel marketing in developing markets, a hypothesis testing must take place. This hypothesis testing and its results is displayed in the table below:

<table>
<thead>
<tr>
<th>Study Hypothesis</th>
<th>( \beta )</th>
<th>St. Dev.</th>
<th>S.E.</th>
<th>P</th>
<th>SMC/R-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing Markets</td>
<td>Inflection</td>
<td>0.573</td>
<td>0.380</td>
<td>0.043</td>
<td>0.000***</td>
</tr>
<tr>
<td>OFF</td>
<td>Inflection</td>
<td>0.392</td>
<td>0.236</td>
<td>0.052</td>
<td>0.006***</td>
</tr>
<tr>
<td>ON</td>
<td>Inflection</td>
<td>0.532</td>
<td>0.345</td>
<td>0.045</td>
<td>0.000***</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>( \beta )</th>
<th>St. Dev.</th>
<th>S.E.</th>
<th>P</th>
<th>SMC/R-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed Markets</td>
<td>Inflection</td>
<td>0.825</td>
<td>0.420</td>
<td>0.042</td>
<td>0.000***</td>
</tr>
<tr>
<td>OFF</td>
<td>Inflection</td>
<td>0.498</td>
<td>0.335</td>
<td>0.034</td>
<td>0.000***</td>
</tr>
<tr>
<td>ON</td>
<td>Inflection</td>
<td>0.226</td>
<td>0.224</td>
<td>0.022</td>
<td>0.026*</td>
</tr>
</tbody>
</table>

Table 5: Data Outcome of the Hypothesis Test

The data outcome from the table above indicates that developing markets benefit more from on-ground multi-channel marketing solutions. The identified coefficient makes this clear with its 0.757 outcome. Conversely, the web-based multi-channel marketing solutions are inflected at 0.728 and 0.626
each revealing that developed markets just benefit more from more sophisticated infrastructure and more sophisticated consumer behaviors.

Likewise, developed markets do benefit from on-ground multi-channel solutions as well. It is important that operational factors such as how consumers will actually pay for a purchase of a given product in a developing market is actually an important consideration. For instance, with respect to credit related transactions, the coefficient of 0.903 demonstrates an inflection point favorable to positive credit reliance. The fact is that if a developing market lacks the sophisticated technology infrastructure to support with any degree of reliability, a digital purchase framework, then the inclusion of online related multi-channel solutions must be tempered with a healthy dose of reality.

The critical area that should inform a CPG company’s market entry marketing strategy is the area of market segmentation and consumer targeting. This marketing area is critical for the CPG firm because it will depend on targeting developing markets and sub-markets in order to penetrate those marketplaces efficiently and effectively. Market segmentation involves a multi-channel effort that focuses on a large, broadly arranged group of potential CPG customers and then divides them into more condensed groups, develops more easily targeted consumer segments and identifies specific consumer traits (Maina, 2015). Therefore, it becomes incumbent on a CPG retailer interested in developing markets to understand that segmentation of the broader target market is vital. The fact remains that for any CPG retailer, the recognition should be made that each consumer is going to want or desire the same general types of products. Hence, through the process of consumer segmentation, a CPG retailer can isolate specific sub-groups of CPG customers in any given developing market. This is how the decision to include specific on-ground or online marketing channels are made in that each identified consumer segment is going to be reached more optimally by specific marketing channels.

**Discussion and conclusions**

The research project demonstrated that the P-values in the analysis are at 0.06 in which the implication is such that the data in the SEM framework. The result is such that project’s methodology aligns with the study’s conceptual design. Developing markets and developed markets provide the relative sample groups of the research project. The findings indicated that all the best fit indexes from the SEM analysis. This was applied to both developing markets and developed markets. The findings manifested study criteria expressing a 0.65 factor load based on a target value of 0.40 loading expression. In the case of developed markets, all the best-fit indices from the SEM analytical framework integrate the study’s criteria that express a 0.40 or higher loading factor. Both developing markets and developed markets had on-ground marketing channels that influence the adoption of both on-ground and online marketing channels supported by a coefficient greater than 50% within the analysis. Additionally, the research project confirms the fact that developed markets used and rely on online channels somewhat less than 50% found in the coefficient of 47.4%. Therefore, considering that Jordan’s economy has a gross domestic product or GDP of just $89 billion and fairly low sustained growth rate of 2% year on year along with a per capita income of about $9,200, there is little room in a marketing mix for heavy emphasis on online marketing channels. The population is simply not in a position to be fully segmented along economic lines in the online forum. Certainly, certain segments can be adequately targeted online, but these would be the exception rather than the rule.

In this way, from a multi-channel marketing perspective, consumer segmentation is fundamental to the development of an effective market entry plan. The multi-channel marketing mix is a series of differently arranged marketing channels that a CPG firm will use to target its segmented CPG customers. Thus, in order to segment a developing marketplace effectively, the CPG firm must be able to identify specific kinds of characteristics and consumer traits of each group of CPG customers. CPG consumer characteristics and traits should be measurable within each consumer segment and this allows a segmented multi-channel marketing solution to accompany the market entry plan (Andaleeb, 2016). If all of these various factors have been met, then the CPG firm and its marketing team can be reasonably confident that its multi-channel marketing strategies will be effective.
Effective implies that the multi-channel strategy targets those CPG customers who are most likely to be involved in making a purchase transaction decision. Typically, proper market and consumer segmentation first requires the CPG firm to select the most appropriate consumer segmentation approach. There are generally four segmentation methodologies from which a CPG firm focused on a developing market can segment its intended consumers on: a) those including demographic elements, b) those including psychographic qualities c) those based on behavioral factors, and/or d) those such as geographic factors (Maina, 2015). Selecting one of these developing market segmentation solutions over another will have a profound effect on the types of consumer segments for a given CPG firm. Thus, in the case of a developing market like Jordan, its relatively small labor force at about 2.2 million along with its industrial production output of some 1.4% per annum implies that the multi-channel marketing strategy that a CPG retailer should adopt must be more subdued. That is, such a CPG retailer’s multi-channel marketing strategy should integrate a more traditional marketing mix rather than online channels that many if not most of its consumers would not be able to access.

The correlation of distribution channels influencing market penetration suggested that on-ground channels represented the most marketing channels. These being the channels that firms in developing markets used for market penetration seen in the 75.6% data outcome. The on-ground channels benefit from factors such as product convenience, sufficient inventory, consumer accessibility and the overall rapidity in market distribution. Likewise, developed markets preferred online channels for market penetration with 90.2% outcome. This result emphasizes the importance of on-ground marketing channels in which developing markets and developed markets have focused for the main marketing channels for market entry. Hence, CPG firms tend to cancel the on-ground channels especially following product acceptance. Consequently, the analysis of market entry strategies relying on multiple marketing channels should be seen as a market necessity. The result is that the firm entering both developing and developed markets is able to identify a better distribution strategy. Additionally, there is strong data that indicates that Jordan promises to be a growth market in the mid to long-term despite its relatively weak economic position in the region. Several reports indicate that, insofar as the retail sector is concerned, growth and consumer opportunities are on the horizon. For instance, GDP has begun to creep up towards a 9% benchmark over the last quarter, there are a host of major new shopping centers and retail outlets scheduled to open up on the country over the next several years and its customs import fees have been kept below 20% with an 8% sales tax on all products and services (???). Essentially, Jordan is well-positioned to support the introduction of a range of new CPGs from international and regional retailers. These new entrants can capitalize on Jordan’s continuing reliance on traditional media channels as a way to gain market share following market entry.

In order to support this type of multi-channel marketing strategy relying on more on-ground marketing channels, a CPG retailer can benefit from the continuing dependence on newspapers, television and magazines as a primary way to communicate with various segments. One specific multi-channel segmenting strategy that CPG marketers rely on is a psychographic oriented solution. Psychographics for a unified approach to marketing strategy development that seeks to produce a psychographic map of all of a CPG’s targeted consumer groups. It is this process of producing a psychological map of the target consumer groups that allows CPG marketers entering a new market to isolate specific traits, value systems and consumer lifestyles which can then be utilized to select the most appropriate marketing channels. This type of approach basically lumps the different CPG customers together into assorted subgroups. Then, while having in common some elements of the particular CPG consumer traits, these sub-groups can be themselves singularly targeted by differentiating elements. The outcome is a series of market subgroups that each have consumer traits that the CPG firm believes make them open to multi-channel marketing solutions.

**Limitations and direction for future research**

There are limitations and delimitations in every research study. In this instance, several key limitations exist with respect to the study’s sample, selection process and design although these have largely been overcome through the study’s methodology. One of the core limitations of this study relates to the sample size and selection relative to the CPG firms examined. The fact is that there is a certain amount of researcher bias to be overcome because the selection criteria for determining which firms actually merit inclusion is somewhat subjective in character (Archibald, 2016). Likewise, in relation to the
size of the study’s sample, there are of course geographical, access and authority related factors that must be considered. These are factors that prevented or limited the level of researcher access to firms that are or have expressed interest in entering developing markets with a new CPG or brand extension. Hence, in terms of the limitations, the following three factors merit further explanation and discussion:

The research project indicates that market entry strategies for developing markets and developed markets requires the consideration of specific factors. These are factors such as access to consumer credit, finance structures in order to fund inventory buffers and transportation services for the distribution channels. Likewise, a follow-on research project might examine both marketing and distribution channels rather than threads in the multi-channel marketing framework.

The study also revealed that the study’s focus should be on the design of the multi-channel marketing strategy of firms entering developing markets. This is vital because there are some issues and impediments that CPG firms must understand and resolve before developing a full multi-channel marketing strategy.

This research project concentrates only on developing markets and developed markets, according to the more traditional market entry framework. The resulting strategies should incorporate both online social media channels along with community base on-ground channels. The outcome is that more appropriate marketing channels can be targeted by CPG firms entering developing markets.

Given this discussion of limitations then, some mention must be made of the ways in which they have been mitigated. First and foremost, these limitations have been mitigated through the study’s methodology and, in part, its design. The use and application of descriptive statistics in tandem with inferential statistics allows the researcher to offset any bias in the sample selection criteria and process by utilizing the data to improve the goodness of fit and the confidence interval in the data. Finally, in relation to delimitations, this too is accomplished through the data selection criteria. It is important in providing delimiting factors to a study to first identify what type of firms are not included in the selection criteria process. Thus, the selection process clearly articulates what types of firms are excluded from consideration in the study either in relation to developing markets or developed markets.

Appendices

The data in the study was collected through the use of a targeted survey of CPG firms that are entering developing markets. The respondents were instructed to complete the following form. The instructions ask that respondents rate each individual response according to a numeric scale. This is based on a Likert scale which allows study respondents to basically rate their levels of agreement to the given statements (Joshi et al., 2015). This allows the data to carry a greater level of subjectivity without sacrificing objectivity. The Likert scale that has been developed for this survey is as follows: CPG Firm Expectation Levels:

- 5 indicates complete product success expectation
- 4 indicates majority agreement with product success expectation
- 3 indicates a medium level of product success expectation
- 2 indicates some level of product success expectation
- 1 indicates that there is minimal to no expectation of product success

<table>
<thead>
<tr>
<th>Multi-channel Marketing Channels</th>
<th>CPG Firm Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>On-ground channels for credit application</td>
<td></td>
</tr>
<tr>
<td>1 On-ground product distribution rapidity</td>
<td></td>
</tr>
<tr>
<td>2 On-ground marketing channel elevating consumer convenience</td>
<td></td>
</tr>
<tr>
<td>3 On-ground marketing channels that support stable data exchange in the marketplace</td>
<td></td>
</tr>
<tr>
<td>4 Sufficient multi-channel marketing solutions</td>
<td></td>
</tr>
<tr>
<td>5 On-ground marketing channel supporting easy of physical product access</td>
<td></td>
</tr>
</tbody>
</table>

On-ground and Online Marketing Channels CPGs
Table 6: Respondent Survey

| 1 | On-ground and online marketing channels supporting product distribution |
| 2 | On-ground and online marketing channels that support product information access and accuracy |
| 3 | On-ground and online multi-channel marketing data that informs distribution channel rules and procedures |
| 4 | On-ground and online solutions that provide CPG information for consumers to make more informed decisions |
| 5 | On-ground and online data sources that are used to improve market performance |

Online Channels for Consumer Access

1 Online multi-channel marketing that expands consumer availability
2 Online multi-channel supports consumer access to product information and data
3 Online CPG multi-channel marketing support consumer purchase decisions
4 Online provision of data, marketing rules and marketing procedures
5 Online access for consumers to financial support, credit services and product research

References


ibid


Some attitudinal predictors of fair-trade buying behavior in the United States

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Key Words  
Attitudes, Buyer Behaviour, Cultural Intelligence, TORA/TOPB, Fair Trade, SEM,

Abstract  
The purpose of this research was to determine which attitudes predict the propensity of individual consumers in the United States to purchase fair trade products. In doing so, drivers of fair-trade growth and implications for marketing strategy were identified.

Previous research regarding attitudes that predict fair trade consumption had been conducted primarily in Europe. In contrast, few attitudinal studies utilizing a probability sample had been conducted within the context of the United States. This effort replicated a study previously conducted in Belgium in 2007 by De Pelsmacker and Janssens utilizing their model for fair trade buying behavior, which found a connection between positive attitudes and level of fair trade knowledge, perception of fair trade information quality, degree of product interest, degree of product likeability, and price perception. Similar empirical studies conducted in the United States have been limited (particularly those involving a probability sample), providing marketers with little understanding of the American fair-trade consumer (Pharr, 2011). In addition, few studies have been replicated in multiple markets, limiting an understanding of the global fair-trade consumer.

Using an online survey facilitated by a panel provider, data was collected from consumers in the United States ages 18 and older. Structural equation modeling was employed to examine attitudes and their relationship to fair trade purchase levels. Results indicated that knowledge of fair trade, skepticism, information quality, and product likeability are important attitudes when considering fair trade buying behavior of consumers in the United States. Knowledge levels of fair trade and information about fair trade that is of high quality had a direct impact on fair trade buying behavior. While reduced levels of skepticism impacted attitudes toward fair trade products, positive attitudes toward fair trade products did not produce fair trade buying behavior.

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1. Introduction  
Despite the growth trajectory of the market for fair trade goods in the United States, there is a limited body of research explaining why individual consumers in the United States purchase fair trade products (Andorfer & Liebe, 2012; King, 2013). In particular, there have been few empirical studies utilizing a probability sample that focus on which consumer attitudes facilitate fair trade buyer behavior (Doran, 2009; Pharr, 2011). The purpose of this study was to determine which attitudes predict the propensity of individual consumers in the United States to buy fair trade products. By identifying these
attitudes, marketers can better identify drivers of growth and make better strategy decisions for marketing fair trade products.

This paper is organized as follows. First, an introduction to the present research is provided, followed by a discussion of the problem and research hypotheses. An overview of the methodology and key findings are then presented, and the paper concludes with a discussion of professional significance, research limitations and suggestions for additional research.

De Pelsmacker & Janssens (2007) developed a model for fair trade buyer behavior based on the Theory of Reasoned Action and Planned Behavior (TOPB). This model specifically explored the attitudes that impact fair trade buying behavior in Belgium and found that positive attitudes related to fair trade knowledge, fair trade information, interest in fair trade products, and general attitude toward fair trade impacts fair trade buying behavior. The current research replicated the study conducted by De Pelsmacker & Janssens to determine attitudes that impact fair trade buying behavior in the United States. Other research that has explored fair trade buying behavior based on the TOPB has allowed for additional predictors (Shaw, Shiu, & Clark, 2000). Given this, the current study also explored the possible link between fair trade buyer behavior and cultural intelligence.

The study conducted by De Pelsmacker & Janssens’ (2007) in Belgium and an additional study conducted by Ozcaglar-Toulouse et al. (2006) found support for hypotheses suggesting consumers who understand what fair trade is about typically have positive attitudes toward the issue and are more likely to buy fair trade products. Based on these results, research hypotheses for the current study are identified in Table 1 below.

<table>
<thead>
<tr>
<th>Notation</th>
<th>Hypothesis Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a, b, c, d</td>
<td>Individuals with a higher level of fair-trade knowledge will have positive attitudes regarding (a) fair trade, (b) fair trade information, (c) fair trade products, and (d) will purchase more.</td>
</tr>
<tr>
<td>H2a, b</td>
<td>Individuals with positive attitudes towards fair trade will have (a) positive attitudes toward fair trade products and will (b) purchase more.</td>
</tr>
<tr>
<td>H3a, b, c</td>
<td>Positive perception of fair-trade information quantity will result in positive attitudes towards (a) fair trade, (b) fair trade products and (c) higher levels of buyer behavior.</td>
</tr>
<tr>
<td>H4a, b, c</td>
<td>Positive perception of fair-trade information quality will result in positive attitudes towards (a) fair trade, (b) fair trade products and (c) higher levels of buyer behavior.</td>
</tr>
</tbody>
</table>

Table 1: Research Hypotheses

2. Methodology
The research was completed using a stratified probability sample of consumers in the United States ages 18 and older in the year 2014. Qualtrics, Inc. administered the online survey, which included the original questionnaire developed by De Pelsmacker & Janssens to measure knowledge, information quantity, information quality, skepticism, concern, product interest, product likability, price acceptability, and convenience. Demographic data were also collected.

The relationships between consumer attitudes toward fair trade and fair-trade buying behavior were examined utilizing structural equation modeling, including exploratory factor analysis, assessment of measurement model validity, and specification of the structural model. It was anticipated that a positive relationship between levels of fair-trade knowledge, perception of fair-trade information, general attitudes toward fair trade and attitudes toward fair trade products and levels of fair-trade buying behaviour would be identified. As such, support was expected for H1, H4, H3b, H5c, and no support was expected for H5a. Results of the study can be used by fair trade marketers to make strategy decisions that enhance attitudes that most impact levels of fair trade buying behavior.

3. Discussion and Implications of the Research Results
Results of the current research are discussed in this section. Additionally, the relationship of the current study to previous research is explored. The section continues with comments regarding theoretical implications, professional significance, and marketing strategy.
3.1 Results Interpretation

Based on the research hypotheses, this section describes the outcomes of the study, identifying the factors that contribute to fair trade buying behavior in the United States.

H1: Individuals with a higher level of fair-trade knowledge will have positive attitudes regarding (a) fair trade, (b) fair trade information, (c) fair trade products, and (d) will purchase more.

The study supported research hypotheses H1a, a portion of H1c, and H1d. Results indicated that consumers who know more about what fair trade is and how it benefits producers in marginalized economies are less skeptical of the ability of fair trade to achieve its goals. Additionally, consumers that know more about fair trade are more likely to have a positive perception of the quality of fair-trade products in relation to “normal” products. Lastly, consumers that know more about what fair trade is and its benefits to producers were found to buy more fair-trade products.

Contrary to the Belgian study, the results did not reveal significant support for a positive relationship between knowledge of fair trade and perception of fair-trade information quantity and fair-trade information quality. Additionally, high levels of fair-trade knowledge were not indicative of positive perceptions of fair-trade pricing levels.

H2: Individuals with positive attitudes towards fair trade will have (a) positive attitudes toward fair trade products and (b) will purchase more.

Consumers that were less skeptical about the fair-trade issue were found to perceive fair trade products as priced at an acceptable level. This supports the idea that consumers who believe that the fair-trade process works do not mind paying more for the products. Unexpectedly, consumers with lower levels of skepticism towards fair trade were found to have a negative view of fair-trade products in terms of their quality. It was anticipated that lower levels of skepticism would result in higher levels of fair-trade product likeability.

The direct relationship between a consumer’s general attitude toward fair trade and fair-trade buying behavior was not significant. Therefore, H2b is not supported.

H3: Positive perception of fair-trade information quantity will result in positive attitudes towards (a) fair trade, (b) fair trade products, and (c) higher levels of buyer behavior.

The quantity of information available to consumers regarding fair trade and the fair trade behavior of companies did not impact attitudes toward fair trade and fair-trade products. Additionally, a consumer’s perceived level of information quantity was not a good predictor of fair-trade buying behavior as the relationship was not significant. Therefore, H3b, c is not supported.

H4: Positive perception of fair-trade information quality will result in positive attitudes towards (a) fair trade, (b) fair trade products, and (c) higher levels of buyer behavior.

When the information presented regarding fair trade is perceived as professional, controllable, and credible, consumers had lower levels of skepticism toward the fair-trade issue. However, higher levels of information quality did not result in consumers perceiving fair trade products to be likeable and priced at an acceptable level. Higher levels of information quality resulted in consumers purchasing more fair-trade products. Therefore, while H4b and H4c are supported, H4a is not.

In summary, knowledge of fair trade, skepticism, information quality, and product likeability are important factors when considering fair trade buying attitudes of consumers in the United States. Knowledge levels of fair trade and information about fair trade that is of high quality have a direct relationship to fair trade buying behavior. It should be noted that the relationship between knowledge and buyer behavior is stronger than the relationship between information quality and buyer behavior. While reduced levels of skepticism impact attitudes toward fair trade products, positive attitudes toward fair trade products do not produce fair trade buying behavior. Figure 1 shows the significant paths of the estimated model for fair trade buying behavior.
3.2 Relationship of Current Study to Previous Research

The findings in this study both support and negate findings from earlier empirical studies on attitudes and motivations toward fair trade products. First, earlier studies found that attitudes toward the fair-trade concept have a direct and indirect effect on buyer behavior (De Pelsmacker & Janssens, 2007; Peregal & Ozcaglar-Toulouse, 2001). The current study does not support the direct effect of attitudes toward the fair-trade concept and buyer behavior but does support indirect effects. The challenge in the current study is that there is not a direct path from the indirect effects to buyer behavior. Also, De Pelsmacker & Janssens’ (2007) finding that attitude toward fair trade products impacts fair trade buyer behavior directly is not supported in the current study.

Earlier studies conducted in Europe supported the premise that consumer knowledge of fair-trade impacts fair trade buying behavior (Becchetti & Rosati, 2007; Carrigan, et al., 2007). Results of the current study aligned with the findings from these European studies.

The current study also supported earlier findings that the quality of fair-trade information has a positive impact on fair trade buyer behavior (Carrigan, et al., 2004; d’Astous & Mathieu, 2008; De Pelsmacker & Janssens, 2007). In this study, the availability of high-quality fair-trade information had a direct and indirect impact on fair trade buying behavior. One difference was identified, however. In De Pelsmacker & Janssens’ 2007 study, high quality information increased the level of skepticism toward fair trade in general. Results were opposite in the current study where high quality information resulted in reduced skepticism. Also, in the current study, a relationship between high quality information and attitudes toward fair trade products was not identified. This opposes the findings of earlier studies. Overall, the present study gives strength to findings that quality information plays an important role in fair trade buyer behavior over the long-term.

This research effort revealed the attitude/behavior gap identified in earlier studies where positive attitudes and purchase intentions for fair trade products and fair trade in general did not necessarily translate to fair trade buyer behavior (De Pelsmacker, et al., 2006; Nicholls & Lee, 2006; Uusitalo & Oksanen, 2004). While the current study revealed significant paths toward skepticism (reduced), price acceptability, and product likeability, results did not reveal a significant path from these attitudes to buyer behavior. One study suggested that reducing the barriers of lack of information, high price, and difficulty
in finding the products would move consumers from purchase intention to buyer behavior (Shaw, et al., 2006). Others suggested that the gap could be filled when consumers feel they can make a difference (Carrigan, et al., 2004; Wright & Heaton, 2006). Brand building was also identified as a way to close the gap (Nicholls & Lee, 2006).

Concerning the model for fair trade buying behavior developed by De Pelsmacker & Janssens (2007), fewer factors appear to impact fair trade buying behavior in the United States in comparison to Belgium. The Belgian study revealed several direct and indirect paths to buyer behavior. Three of the original factors included in the Belgian study: convenience, concern, and product interest were removed from the current model as the data did not fit the model. Convenience also did not provide adequate model fit in the Belgian study but was retained in that study for its perceived importance to the model. Additionally, in this study, information quantity did not prove to be a relevant part of the model.

While studies found that positive attitudes toward fair trade knowledge and information quality resulted in reduced skepticism, acceptance of fair trade pricing, and likeability of fair trade products, these paths did not result in the same fair trade buyer behavior as they did in the Belgian study. Only fair-trade knowledge and quality of fair-trade information directly translated to fair trade buying behavior in the United States. In the Belgian study, the relationship between knowledge and attitudes toward fair trade products was removed because it did not result in a well-fitting model. This path was modeled in the U.S. study, however, and the path proved to be important.

The differences found in the two studies are supported by the research of Adams and Raisborough (2010) that suggested the balance between consumption and ethics (i.e. fair trade) is complex and often uneven in practice. Consumers often support the fair-trade concept, but buyer behavior can be difficult given obstacles such as perception of the role of big business in the distribution chain, pricing issues, lack of ability to check fair trade claims, etc. Some of these obstacles may be overcome by marketing solutions, which will be discussed in the professional significance section.

In summary, findings of this research in relationship to prior studies affirm the impact of knowledge and quality of information on fair trade buyer behavior across markets. Additionally, the present study affirms the presence of an attitude/behavior gap where positive attitudes and purchase intentions toward fair trade and fair-trade products do not always result in fair trade buying behavior.

3.3 Theoretical Implications. Results of the current study support the role of the Theory of Reasoned Action (TORA) and the Theory of Planned Behavior (TOPB) as the foundation for the fair-trade buying behavior model. While many of the factors in De Pelsmacker & Janssens’ model for fair trade buying behavior were retained in the current study, some factors were not. As a result of cross-loading in the exploratory factor analysis (EFA), the Convenience factor (and related item) was eliminated from the model. Problems were noted in regard to the Concern factor in the EFA. One item was not significant, and another loaded low.

When examining the Concern factor in the measurement model, the decision was made to remove it as it presented several challenges in terms of cross-loadings and fit of the final item (the one item that loaded well in the EFA). The Product Interest factor was also eliminated in the measurement model as its inclusion in the model did not fit the data well. Reasons for the differences between the two models include (but are not limited to) differences in the targeted audience at a different point in time as well problems of understanding/clarity in terms of the survey questions.

As noted in Table 2 below, while the Fair-Trade Information Quantity and Fair-Trade Information Quality constructs were retained in the U.S. model, Fair Trade Information Quantity did not play a significant role in the U.S. market in terms of fair-trade buying behavior. Knowledge, Skepticism, Price Acceptability, and Product Likeability were retained in both models. Buyer Behavior was also retained in both models, with the inclusion of an additional item in the U.S. model.

While the overarching dimensions of De Pelsmacker and Janssens’ model of fair trade buying behavior (Knowledge, Information About Fair Trade, General Attitude Towards Fair Trade, Attitude Towards Fair Trade Products, and Fair Trade Buying Behavior) seem to be relevant across markets, the individual factors associated with each dimension may not be relevant in every market. As this model is
utilized in other markets, researchers should expect all dimensions of the model to be present, but individual factors should be tested for validity.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Factor</th>
<th>Belgian Model</th>
<th>U.S. Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge</td>
<td>Knowledge</td>
<td>Included, Relevant</td>
<td>Included, Relevant</td>
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<td></td>
<td>Quality</td>
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<td></td>
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<tr>
<td>Attitude Towards Fair Trade Products</td>
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<td></td>
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<td>Buyer Behavior</td>
<td>Buyer Behavior</td>
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</table>

Table 2. A Comparison of De Pelsmacker and Janssens’ Model for Fair Trade Buying Behavior: Belgium vs. United States

3.3 Professional Significance

Results of this study offer many insights to marketers of fair-trade products and researchers that study fair trade buyer behavior. First, greater understanding of consumer attitudes that impact fair trade buyer behavior in the United States has been achieved. The ability of consumers to accurately define fair trade as well as the perceived degree of quality of information available to them had a direct impact on the number of fair-trade products that they purchase. Reduced levels of skepticism toward the fair-trade concept (belief that it can work) were found to create positive attitudes towards pricing levels and product quality. However, they did not translate to increased levels of buyer behavior. Knowledge and quality information also reduced consumer skepticism.

This study also presented an opportunity to generalize findings across markets. As discussed earlier, the role of knowledge and quality of information were important this study as well as in prior studies conducted in Europe. Given this, from a global perspective, consumers that have the information and ability to accurately define fair trade and have access to fair trade information that is professional, controllable, and credible are more likely to purchase fair trade products. Additionally, across markets there is evidence of an attitude/behavioral gap. In other words, consumers may have positive attitudes toward fair trade in general and fair-trade products but may not buy them.

This leads to the next point in terms of suggestions for drivers of growth for fair trade in the United States. Marketers in the United States should work to close the gap between attitudes & buyer behavior to stimulate market growth. Based on prior research, these barriers can be overcome by consumers feeling like they can actually make a difference in the lives of producers from developing economies. Also, brand building (awareness and image) was identified as a way to close the gap.

Given the direct link between knowledge of fair trade and buying behavior, marketers of fair trade should work to increase knowledge levels of fair trade across the United States. While the U.S. market for fair trade product is growing, it is still rather small (approximately $2 billion USD) (King, 2013; Satran, 2012). Perhaps if more understood fair trade and what it can do for producers in developing economies, more consumers will buy the products. Various regions of the country that have lower knowledge levels could be exposed to selective high-quality fair-trade information.

As marketers work to create awareness of what fair trade is, they should seek to do so in a manner that is professional, controllable, and credible. Given that quantity of information was not relevant in this study, marketers should continue to choose quality over quantity. As stated by De Pelsmacker and Janssens (2007), consumers that perceive that the quality of information is high are more likely to perceive that there is a sufficient amount of it.
3.4 Marketing Strategy

Keeping in mind the drivers of growth in the United States, marketers should make adjustments to fair trade marketing strategies. In terms of product strategy, marketers of fair-trade products should continue to make sure that the products are of high quality. Consumers are asked to pay a higher price for fair trade products, so product expectations (in terms of taste, health, and quality) should be met. It is not enough only to satisfy altruistic needs. Also, in an effort to close the attitude/behavior gap, fair trade marketers should work to build their brands. Part of this strategy should involve creating an understanding of fair trade (knowledge) and providing information about the brand/product that is of high quality. When choosing a branding strategy, marketers should be aware that niche consumers are often wary of branding strategies that look and feel like big company branding. Efforts should be made to choose branding strategies that appeal to the niche, i.e. making a connection to fair trade principles and certification as well as providing evidence that consumers can (and do) make a difference.

Fair trade brands should continue to select their channels of distribution carefully. While fair trade products are becoming more widely distributed in the United States, marketers should select channels whose practices align with fair trade principles. For example, consumers tend to be wary of Walmart’s practice of demanding low wholesale prices often at the expense of members of the distribution chain. In this regard, Walmart’s reputation may be a stumbling block for a fair-trade brand looking to expand its reach from a distribution standpoint.

Pricing strategy will continue to be important for marketers of fair-trade products. Consumers that accurately understand the fair-trade concept are generally less skeptical and accepting of higher prices that accompany fair trade products. Studies have been conducted across several markets to consider how much consumers are willing to pay for fair trade products. Given the results of the current study, marketers that work to help consumers accurately understand fair trade by providing information that is of high quality will encounter less price resistance in the marketplace. In general, positive attitudes towards fair trade translate to a willingness to pay more for fair trade products (Arnot, et al., 2006; Becchetti & Rosati, 2007; Hustvedt & Bernard, 2010; Yang, et al., 2013). However, pricing will continue to be an issue when marketing fair trade products in the United States and marketers will need to work to find a balance between profitability and affordability. The current study also revealed a gap between positive attitudes towards the price of fair-trade products and the act of actually purchasing fair trade products. As noted in the product strategy section, marketers should continue to work on brand building and reinforcement of the message that buying fair trade makes a difference for marginalized producers in developing economies in an effort to close the gap.

From a promotional strategy perspective, marketers should focus on creating awareness among consumers (current & prospective) in terms of the tenets of fair trade. This should be done in a manner that projects professionalism and credibility. Also, special care should be taken to carefully target consumers versus a mass marketing approach. Messages should be consistent and should demonstrate that fair trade works and makes a difference in the lives of producers around the globe. Social media strategies should be considered as word of mouth promotion and have been deemed an important promotional strategy for fair trade products (Wright & Heaton, 2006). Additionally, product labels and point of purchase materials should be of high quality and should be utilized to convey fair trade knowledge, information, and certification. Increased opportunities for in-store product trial should be considered in an effort to strengthen product likeability attitudes in an effort to stimulate buyer behavior.

Finally, this study also strengthens the theoretical base for similar studies. As discussed in an earlier section, the current study supports the role of the Theory of Reasoned Action (TORA) and the Theory of Planned Behavior (TOPB) as the foundational theories for the fair-trade buying behavior model. Also, as a conceptual model, the study supports the main dimensions of the fair-trade buying behavior model: Knowledge, Information About Fair Trade, General Attitude Towards Fair Trade, Attitude Towards Fair Trade Products, and Buying Behavior. As discussed previously, the factors of main dimension should be tested for validity before testing the model in other countries.
4. Research Limitations

The study presented limitations in terms of De Pelsmacker & Janssens’ survey. In an effort to account for translation difficulties, a pre-test was conducted. Minor changes were made to the instrument based on the results of the pretest to improve clarity. However, it is anticipated that there were still some translation issues that may have led the sample to respond in a manner that was contrary to what was expected (misunderstood the question). Efforts to translate the original Dutch/French survey to English or implementation of a full pilot study may have been more beneficial in terms of maintaining original question intent/understanding.

A second limitation of the study relates to the sample. In the original Belgian study, 615 individuals responded to the survey. This is substantially more than the 250 responses obtained for the current study. Perhaps a larger sample would provide a greater cross section of U.S. consumers. Also, the stratification process placed controls on the probable nature of the sample.

5. Suggestions for Additional Research

In an effort to strengthen the findings of this study, future research could include retesting De Pelsmacker & Janssens’ fair trade buying behavior model with a second sample from the U.S. excluding the cultural intelligence factors. The cultural intelligence items included the largest standardized residuals, which caused issues in terms of model fit. Also, as noted, there was a clerical error with one of the price acceptances items. A second look at the fair-trade buying behavior model would include the corrected price item. Perhaps this would make a difference in terms of closing the attitude/behavior gap between price acceptability and buying behavior. Additionally, it is recognized that there may be issues related to translation. The items in De Pelsmacker and Janssens’ model could be obtained in the original languages. These items could then be translated into English again to check for translation accuracy.

Also, findings regarding which attitudes impact fair trade buying behavior (including cultural intelligence) could continue to be generalized if the model for fair trade buying behavior were tested in other developed economies. An Asian economy would be of particular interest and give insight into the transferability of attitudes that impact fair trade buying behavior between the East and West. In terms of the U.S. market, findings might be strengthened by comparing results from samples from a variety of geographical areas. For example, do the attitudes of consumers on the West Coast impact fair trade buying behavior in the same manner as attitudes of consumers in the Mid-West? If so, is the strength of the relationships similar or different?

This study also identified the attitude/behavior gap that often accompanies fair trade purchase decisions. Additional research is needed to determine why consumers do not purchase fair trade products in the United States and what activities may help to close the attitude/behavior gap.

6. Summary

This research adds to the body of empirical literature on fair trade buying behavior by identifying predictors of fair-trade buying behavior in the United States. A consumer’s ability accurately to define fair trade and the degree of quality of information available about fair trade had a direct impact on fair trade buying behavior. Positive attitudes toward knowledge and information quality also reduced levels of consumer skepticism in terms of their perception of the ability of the fair-trade system to work. Increased levels of knowledge and reduced levels of skepticism created positive attitudes toward price acceptability and product likeability. Acceptance of fair-trade pricing and likeability of fair-trade products did not translate to fair trade buying behavior, however.

Finally, this study

- Adds to the generalizability of the findings from many attitudinal studies conducted in Europe.
- Demonstrates the degree of quality information available about fair trade impacts the number of fair-trade products that consumers purchase.
- Helps fair trade marketers eliminate the gap between positive attitudes and buyer behavior regarding fair trade products.
- Signals that positive attitudes may translate to buyer intention, but not buyer behavior.
References
The influential factors of business development among SMEs in the Food Industry of the GCC Region

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Keywords
Small and Medium-sized Enterprises (SMEs), Business Development, Business models, Business Model Canvas (BMC), Gulf Cooperation Council (GCC), the Food sector

Abstract
SMEs are the core engine of most economies around the world. Empowering SMEs with the right tools, especially those tools utilized to formulate business models would help the ventures to thrive more successfully. This study aims to provide such business development support tools to the food sectors SMEs of the GCC. This paper presents the results of an on-going research, part of which is investigating the factors influencing business development decision making, among SMEs operating in the food industry of the Gulf Cooperation Council (GCC). To that end, the paper conducts an extensive literature review on the topic, which is followed by an industrial field study, and analysis of the data obtained. The field study involved 36 companies within the food industry of the GCC region.

The findings from this study show that the SMEs in the food industry in the GCC region will need to have an effective business model in order to successfully run or grow their businesses. The initial result of this research shows that the business model canvas is the most suitable for SMEs in the GCC food sector. Furthermore, from the field study, a total of eleven influential factors have been identified, and these factors influence the approach to the business development process and the eventual success of such business development activities. Finally, from the eleven factors, three themes were established. These themes showed the relationship between the influential factors and the BMC; the themes were the value proposition design, customer segmentation and business planning.

In conclusion, it was identified that the major challenge the food SMEs face is that of establishing a product-market fit in the development of their products and services. Product market fit as a challenge in the GCC is associated with the rapid geopolitical and social changes being experienced in the region. Hence, leading to changes in the demand and delivery of food products. Product market fit challenge is also linked to the fundamental weakness of the BMC identified in the study. Therefore, further research is required to see how the BMC can be enhanced, to make it more effective to the specific needs and structure of the GCC market environment. To do this will require to capture and incorporate the knowledge from this study and those from successful food SMEs into a single enhanced BMC.

Introduction
The study seeks to identify the influential factors affecting business development among SMEs operating in the food industry of the Gulf Cooperation Council (GCC). Most businesses in the GCC are now looking to innovation-led strategic transformations as well as the adoption of the latest and simplest business models to help them improve their business processes (The World Bank, 2015). This shift in approach and the demand for a more effective business model is mainly motivated by an ever-increasing global competition in the food sector, as well as advancements in technology. Consequently, it has become necessary to understand the influential factors that affect business development, together with similar other factors that guide the design of a business model. The identified factors can then be considered by the SMEs in the GCC to achieve their desired growth and sustainability.
The environment in the GCC region is considered unsuitable to agricultural and food production due to its extreme climatic conditions. As a result, more than 90% of the region’s food and beverage needs are imported to meet its domestic demand (FAO, 2002). Additionally, the GCC region has been experiencing a change in lifestyle over the past few decades, mainly due to urbanisation and busy working families, and this has also contributed to an increase in demand for high-value processed food. Furthermore, the region has the fastest-growing tourism industry in the world, and this has also caused a higher demand for food and its consumption. Consequently, the local food industries are having to play catch-up and need to reconsider their strategies to meet such increasing demands.

The main aim of this research is to identify the key factors that should be considered by Food sectors SMEs, so as to develop a more effective business model. These factors can then be further investigated by capturing the relevant pieces of related knowledge, and which can then be presented as a model that can be used to guide the SMEs with their business development. Such a model should be able to help the SMEs achieve growth, profitability, and expansion to new markets. This paper presents the results from the ongoing research describing the influential factors that significantly impact the decision making of SMEs in their business development. The paper identifies such influential factors through extensive literature review and the data analysis of industrial field study in the GCC region. The authors believe that these influential factors are also the source of the knowledge that should be captured, to make up a holistic business model that will aid SMEs to plan for business sustainability and growth accurately.

Research Methodology

The analysed data were collected in three phases. Phase one was a review of the existing literature on the influential factors and challenges of business development. In phase two, a questionnaire survey was developed to collect primary data from an industrial field study on SMEs operating in the food processing sector in the GCC, this is followed by phase three, where an analysis of the data captured from the industrial field study was analysed. Finally, a list of all the key influential factors and detailed explanation of each of them is presented. These factors are further grouped into themes, to identify the main area to focus on, so as to help the Food sector SMEs in the GCC improve the effectiveness of their business development activities.

The sample of the field study consists of 36 companies, whose owners and top directors were interviewed through utilising a semi-structured questionnaire. The questionnaire was developed based on the finding from the literature review. Sampled companies serve as a representative of the food sector across different states in the GCC region, and with employees ranging between 50 to 200 only. The study was conducted via face-to-face interviews. In each case, the participants had experience ranging between 5 to 20 years in the sector.

Review of the related literature

Overview of business development and business models

"Business development is defined as the creation of long-term value for an organisation, from its customers, markets, and relationships” (Sørensen 2012). This is achieved by intentionally pursuing strategic opportunities for the organisation, such as by cultivating partnerships or other commercial relationships, or by identifying new markets for products or service (Rainey, 2010). ‘Value’ to an organisation, in this context, refers to more than just assets, revenue or shareholders value; it also includes other elements such as human capital, knowledge, prestige, image, business relationships, social involvement and social responsibilities.

Therefore, in this paper, business development is considered as the strategic process of identifying ongoing and future opportunities, minimising risks, creation of a flexible environment for success, and being prepared for continuing changes.

A typical business development process is a challenging decision process, as various conflicting factors need to be considered at the same time. For example, how to find a balance between issues relating to competitive advantage and those relating to new business opportunities. Such decision making and processes as they relate to business development factors are known as the ‘business model design’ (Kajanus et al., 2014).
A business model offers a structured approach to business development. It offers a comprehensive framework that addresses all the necessary business elements of that particular business context; at the same time, it shows how to manage the interrelations of the elements (Osterwalder & Pigneur, 2010).

Simply put, a business model is a tool that reflects the business development activity of a firm (Drakulevski and Nakov, 2014). The business model helps to address how the various elements of business development activities are strategically selected, aligned, and communicated to the relevant stakeholders (Sørensen 2012). Business models can also be used by an organisation to fulfil various other functions. Some of these functions include the understanding and communication of the business logic. Business models can also be sued to analyse, manage, prospect and even patent such business logic (Osterwalder et al., 2005). By using a business model, even new players in a sector can expertly be guided in business development (D'Souza, 2016).

It is essential to point out that business development activities sometimes even transcend the focal firm and spans beyond its boundaries, encompassing other firms and players (Zott and Amit, 2010). Thus, despite a firm’s centric view of its business model, the firm’s business development approach has to deliberately integrate with other associated third parties’ activities into its business model. Consequently, the business model, in this sense, can be used to adequately appropriate a share of the value captured to the other partners in the activity system (value-creating activity).

‘Activity’ in the context of business model, refers to ‘the engagement of human, physical and/or capital resources - of any party to the business model (the focal firm, end customers, vendors, etc.), to serve a specific purpose towards the fulfilment of the overall business objective’. Likewise, an activity system in this context refers to ‘a set of interdependent organisational activities, centred on the focal firm, including those activities conducted by its partners, vendors, customers, etc.’ (Zott and Amit, 2010).

Presently, several business models are available; In the author’s opinion, it is essential to compare the available business models and identify the most suitable for the food processing SMEs in the GCC. The main reason for this is to identify the best model that will help the SMEs to capture, understand, communicate, design, analyse and (if necessary) change the business logic of their firm towards growth and sustainability.

Various authors in the literature have suggested different types of business models. These models differ in terms of their building blocks, which are also called elements or components. Combining components helps to define the logic of how a business creates value for its customers, and also how it captures value for itself. Given the vast difference in the types of elements in the available models, it is also necessary for this study to identify what elements should belong to a business model. The matrix in Table 1 shows the various available business models in literature with their authors, and also the types of components or elements these authors have considered. The matrix further illustrates how high or low each component has been adopted generally in business model literature. The authors were selected based on a search on business model components in different journals from 2000 to 2017. The most highly cited were considered, and a review was further carried out to ascertain their suitability for this purpose. This resulted in the selection of the final 14 studies for this research.

From Table 1, it can be seen that the components most referred to by the various authors are those regarding value proposition, market offerings and resources. In light of the most important components and bearing in mind the key aim of the business model required for this study, four of the models put forward are considered as the best that fit the criteria for this study. They are the Business Model Canvas of Osterwalder & Pigneur (2010), Kaplan (2012), Chesbrough and Rosenbloom (2002), Johnson et al., (2008) and Osterwalder et al., (2005).
<table>
<thead>
<tr>
<th>Component Author</th>
<th>Strategy</th>
<th>Resources</th>
<th>Network</th>
<th>Customers</th>
<th>Market Offering (Value Proposition)</th>
<th>Revenue</th>
<th>Key activity</th>
<th>Procurement</th>
<th>Finances</th>
<th>The spectrum of the Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hamel (2000)</td>
<td>Core Strategy, Strategic Resources</td>
<td>Value Network</td>
<td>Customer Interface</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Low</td>
</tr>
<tr>
<td>Chebrough and Rosenberg (2002)</td>
<td>Competitive Strategy</td>
<td>Value Chain</td>
<td>Value Network</td>
<td>Market Segment</td>
<td>Value proposition</td>
<td></td>
<td></td>
<td></td>
<td>Cost</td>
<td>High</td>
</tr>
<tr>
<td>Morris (2005)</td>
<td>Model of differentiation, Investors’ intentions</td>
<td>Internal capabilities</td>
<td>Market segments</td>
<td>Offering</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Economic</td>
<td>High</td>
</tr>
<tr>
<td>AI-Debei et al., (2008)</td>
<td></td>
<td>Value Network</td>
<td>Value Proposition</td>
<td>Value architecture</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Value</td>
<td>Low</td>
</tr>
<tr>
<td>Johnson (2008)</td>
<td>Key Resources</td>
<td>Customer Value Proposition</td>
<td>Profit Formula</td>
<td>Key Process</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Moderate</td>
</tr>
<tr>
<td>Study</td>
<td>Key Resources</td>
<td>Key Partners</td>
<td>Customer Relationships, Channels, Customers Segments</td>
<td>Value Proposition</td>
<td>Revenue Streams</td>
<td>Key Activities</td>
<td>Cost Structure</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Osterwalder and Plgneur (2010)</td>
<td></td>
<td></td>
<td>Value Delivery</td>
<td>Value capture</td>
<td>value creation</td>
<td></td>
<td>High</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kaplan (2012)</td>
<td></td>
<td></td>
<td>Value Delivery</td>
<td>Value capture</td>
<td>value creation</td>
<td></td>
<td>Low</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baden Fuller and Mangetmatin (2013)</td>
<td></td>
<td></td>
<td>customers</td>
<td>customer engagement</td>
<td></td>
<td></td>
<td>Moderate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Erwin Fielt (2014)</td>
<td></td>
<td></td>
<td>customer, value proposition, economics</td>
<td>value delivery</td>
<td>value creation</td>
<td></td>
<td>Moderate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reim et al., (2015)</td>
<td></td>
<td></td>
<td>value network, value proposition, value capture</td>
<td>Value creation</td>
<td></td>
<td></td>
<td>Low</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roome and Louche (2016)</td>
<td></td>
<td></td>
<td>value network, value proposition, value capture and delivery</td>
<td></td>
<td></td>
<td></td>
<td>Moderate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intensity of use</td>
<td>Low</td>
<td>Moderate</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Low</td>
<td>Moderate</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Previous authors have compared the business models on different effectiveness and efficiency factors. Some of such studies include Lucassen et al. (2012), Hoffmann (2013), and Aarntzen (2016). In these studies, authors considered the effectiveness of these models as ‘the extent to which they successfully communicate and captures the entirety of the business models.

The most common criteria used by the authors for assessing the effectiveness of business models include:

1. Acceptance: the degree of utilisation of the framework in business and academia
2. Explicit Modelling Method: provides instructions that are explicitly defining the approach
3. Method Efficacy: the instructions are easily translated into practice.

Different authors also use several other criteria.

In this study, some of these are selected to compare the most common business models in the literature, as shown in Table 2. The criteria are assessed as High, Medium and Low comparative to each other, according to the number of components they have, or based on how they are used in the industry. Again, they are labelled as ‘yes’ or ‘no’ depending on if they measure up to the criteria.

In the end, the best business model is highlighted based on how well they satisfy the various criteria compared to the others (spectrum of effectiveness).

Table 2: Comparative analyses of business models

<table>
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<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Number of Components</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>2</td>
<td>Include key components</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>3</td>
<td>Visual representation</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>4</td>
<td>Method of Evaluation</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>5</td>
<td>used for all industries or in all sectors</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No (Mainly technical innovations)</td>
</tr>
<tr>
<td>6</td>
<td>Guide for implementation</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>7</td>
<td>Adoption in industry</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>8</td>
<td>Applicable to SMEs</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>9</td>
<td>Ease of use</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>10</td>
<td>Simulate creativity</td>
<td>medium</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>

Spectrum of effectiveness

As can be seen from the analysis in Table 2, the Business Model Canvas is the most encompassing of the key criteria, when compared to the other frameworks. Its key weakness is in stimulating creativity. However, this as can be seen to be low within all the frameworks.

Not surprisingly, the business model Canvas is now the most widely used business model tool in both industry and academia. It has also been adopted in a wide variety of industries around the world (Hoffmann, 2013).

Different applications of the business model canvas

The Business Model Canvas (BMC) created by Osterwalder and Pigneur (2010) is presently the most popular business model available, and it has become standard amongst practitioners in the design (or redesign) of business models (Kajanus et al., 2014). The BMC’s popularity has made it the focus of many academic studies (such as Coes, 2014; Goltam et al., 2014; and Gutiérrez and Borreguero, 2016). Several reasons are pointed to as the reason for its wide appeal among practitioners; key among them include the graphic representation it offers (Hoffman, 2013; Massa and Tucci, 2013), its focus on value (Coes, 2014) and its simplicity and ease-of-use (Gutiérrez and Borreguero, 2016).
In Wrigley and Straker’s (2016) assessment of the BMC, they used BMC to investigate innovation practices within a range of diverse companies. The BMC formed both parts of the research methodology and the research outcome. They concluded that the BMC was a tool that can be used as a “methodology for identifying and developing opportunities for business model innovation”. Hoffmann’s (2013) study, specifically observed the importance of the ‘visualisation of business development elements’ that is offered by the BMC. He explained that the visualisation effect helps to effectively communicate knowledge and stimulate creativity. It can also help in managing ongoing developments efforts, as the organisation have a snapshot view of its business model at any instant and can see any area that needs to be improved. Aarntzen (2016) studied the use of business model frameworks, especially among SMEs. He observed that the BMC is also the most widely used among industries of all sizes, including SMEs.

Despite the wide use of the BMC, other scholars have identified and criticised the limitations of the BMC (such as Chesbrough and Rosenbloom, 2002; Solaimani and Bouwman, 2012; Kraaijenbrink, 2012; Ching and Fauvel, 2013; and Jukova et al., 2019). The BMC is criticised for existing in isolation, and for lacking a detailed definition towards implementation. Other authors also recommended that the BMC should also consider strategy at the same time as the other business model elements, jointly integrated, as one holistic business development approach.

Therefore, for this study, the BMC needs to be further assessed, to see if it needs to be modified or customised, to make it more suitable to the needs of the food industry SMEs in GCC.

SMEs business development and business performance (Growth)

Scholars such as Achtenhagen et al. (2017) and Kumar (2017) have used different approaches to identify the factors affecting the performance and growth of small firms. However, there are considerable variations in the results of previous researches. As early as the 1950s, researchers started studying business development and business growth. They suggested that business performance can be assessed in terms of an increase in sales, numbers of employees, assets and/or profit (Kor et al., 2016). This provided an early theorization of business development. O’Cass and Sok (2013) defined business development and business growth, particularly as they relate to SMEs; they explained that business development and growth refers to a firm meeting or exceeding its performance goals. These can be financial goals (such as profitability, sales, revenue, and financial goals) and non-financial goals (such as intensified customer satisfaction).

Some scholars have attempted to list the factors that affect the growth of SMEs (Storey, 1994; Hsu et al., 2013). Some of the factors identified include the characteristics of the entrepreneur, available resources, and the firm’s strategy. However, there appears to be no unified pattern, and rather, the evidence points towards a complex set of interrelated factors that affect small business growth. Furthermore, all of these factors need to be taken into account holistically.

Consequently, various authors have attempted to identify the growth paths among SMEs. Table 3 summarises the findings as reported in the literature.
Table 3: Growth paths among SMEs

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</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Market penetration/Increased sales</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>High</td>
</tr>
<tr>
<td>2.</td>
<td>Increased in number of employees</td>
<td>+</td>
<td></td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>High</td>
</tr>
<tr>
<td>3.</td>
<td>Introducing new products and services to the market</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td></td>
<td>+</td>
<td>+</td>
<td>High</td>
</tr>
<tr>
<td>4.</td>
<td>Improving efficiency</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td></td>
<td></td>
<td>+</td>
<td>Medium</td>
</tr>
<tr>
<td>5.</td>
<td>Entering international markets</td>
<td>+</td>
<td></td>
<td>+</td>
<td></td>
<td>+</td>
<td></td>
<td>+</td>
<td>Medium</td>
</tr>
<tr>
<td>6.</td>
<td>Entering new markets domestically</td>
<td>+</td>
<td></td>
<td>+</td>
<td></td>
<td>+</td>
<td></td>
<td>+</td>
<td>Medium</td>
</tr>
<tr>
<td>7.</td>
<td>Tapping into new distribution channels</td>
<td>+</td>
<td></td>
<td>+</td>
<td>+</td>
<td></td>
<td></td>
<td>+</td>
<td>Medium</td>
</tr>
<tr>
<td>8.</td>
<td>Collaboration/joint venture</td>
<td>+</td>
<td></td>
<td>+</td>
<td></td>
<td></td>
<td></td>
<td>+</td>
<td>Low</td>
</tr>
<tr>
<td>9.</td>
<td>Starting a new venture</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>+</td>
<td>Low</td>
</tr>
<tr>
<td>10.</td>
<td>Taking over another venture</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>+</td>
<td>Low</td>
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</tbody>
</table>

The authors have all reported varying degree of influence of the different growth paths on SMEs business development. Nevertheless, Market penetrations/increase in sales and number of employees are considered by most authors as the most important type of growth. According to Nason and Wiklund (2015), an increase in sales is the most common performance indicator among entrepreneurs.

According to Achtenhagen, et al., (2017), market penetration or increase in sales is defined as the ability of the company to successively expand its sales, through in-house resources and activities, without necessarily having to engage in other growth modes such as acquisitions of other firms.

In order to achieve the desired growth of their businesses, SMEs in the food sector need to have a business development model to help with balancing the different business elements, especially as different types of the business model are available for different purposes. In this research, the business model needs to help the firm to achieve whichever of the growth paths mentioned in Table 3 that a firm desire to pursue. Presently, there is no available business model that is good enough for all of them. Therefore, there is a need to modify the business model canvas so that it can be more suitable as a business model so that it can guide SMEs in the food sector of the GCC to meet their growth aspirations.

However, other factors also affect the ability of a firm to grow. Before an organisation can successfully use business modelling tools, they also need to be aware of these different internal and external influential factors. These factors are the focus of the next section.

Influential factors on business development in SMEs

Table 4 has been arranged as a matrix of literature/references published between 2008 to 2019. It includes the key influential factors mentioned in the literature, such as value proposition, profit and market size. Among these factors, those that are mentioned more than four times are considered high, while those below four and up to two factors are considered medium. Those mentioned two times and less are among the authors considered as low.

As can be seen from Table 4, the most highly cited factors include a value proposition, profit, competition, market size, and entrepreneurial competencies. These make up the most important factors to consider in business development.

For example, profitability, which is considered one of the most influential factors for SME growth, can be explained to offer the base for a stable, resilient company, which can develop over
time, generating value with which it can finance its expansion, from its accumulated profits (Achtenhagen et al., 2017).

Nevertheless, some factors from Table 4 are considered worth exploring, despite having a low mention in the literature reviewed. For example, the author believes the following are also important factors but have not been well explored by the literature:

- **Networks Partners**: networks are crucial in the international expansion of SMEs, especially internationally and can, in turn, overcome the liability of smallness (Wang, 2016).

- **Technological capacity**: For any business model to be viable and support growth, it has to be technologically viable (D’souza, 2016). Therefore, technical capability can be a necessity to support business growth, especially in mechanised food processing.

- **Market regulations**: for instance, high tax rates, can reduce firms’ internal finances. This can discourage SMEs from growing to become visible to governmental officials, as this can likely lead to an increase in the cost of operating (Bouazza et al., 2015).

Therefore, a field study is conducted that will also further explore the importance and effectiveness of such a factor in business development success.
Table 4: Matrix of influential factors on business development in SMEs.

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</thead>
<tbody>
<tr>
<td>Value proposition</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Market penetration/sales</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>High</td>
<td></td>
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<tr>
<td>Cost</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Profit</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Competition</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Market size</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Entrepreneurial competencies</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Financing</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Network partners</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Barriers to entry</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Market regulations</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
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<td>+</td>
<td>+</td>
<td>+</td>
<td>Medium</td>
<td></td>
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<tr>
<td>Business abilities</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
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<td>Medium</td>
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<tr>
<td>External environment</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
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<td>+</td>
<td>+</td>
<td>+</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Human resource capacities</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>Medium</td>
<td></td>
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<tr>
<td>Suppliers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Technological capacities</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Delivery time</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>Low</td>
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<tr>
<td>Innovation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>+</td>
<td>+</td>
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<td>Low</td>
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<tr>
<td>Lean manufacturing</td>
<td></td>
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<td>Low</td>
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</table>
The Gulf Cooperation Council (GCC) market situation

The GCC is an economic and political alliance which was formed to strengthen cooperation and reinforce the links between its member countries (Martini et al.; 2016). Its countries represent nations with fast-growing populations. However, the GCC nations import the majority of the food which they consume (Alpen Capital, 2015). Even food products made locally rely heavily on foreign employment (Yaqoob, 2011). What is more, the tourism sector of the GCC countries is also growing significantly. The increase in tourists visiting the GCC region is also causing a parallel growth in its hospitality sector, and indirectly, also causing the growth of the GCC’s food and beverage sector (Nagraj, 2013; Al Masah Capital, 2014; Algethami, 2015). Furthermore, other factors also contribute to the increasing food consumption in the GCC region, such as population growth, rising disposable income levels, and changing consumption patterns (Malek, 2014; Napier, 2014).

Presently, it is considered impossible for the GCC to grow all the food it needs, primarily due to its weather conditions and the limited water resources available in the region (Al-Farra, 2015; FAO, 2015). Consequently, this lack of water affects the amount of agriculture which can be done in the region. In 2012, approximately 30 million metric tons of food was imported into the GCC region as compared to the approximately 10 million metric tons of food that were locally produced (Alpen Capital, 2015). As a result, focusing more on local agriculture for all types of crops, to minimize imports, does not seem like a plausible option, as that will also have a detrimental effect on the water supply of these nations.

It is therefore evident that the market in the GCC area is subjected to rapid change, and this will require companies also to adapt their businesses, to meet the growing demands and competitions. Furthermore, if such companies are to succeed in exploiting the opportunities provided by the changing environment and at the same time cope with its threats, their strategies must be aligned with the new market realities. With minimal research on business development in the GCC food sector, this paper aims to fill the gap by researching factors affecting business development in the region.

Given the advantages of the BMC, the next section will review the particular characteristics of this studies' target market (GCC), in order to develop a suitable business model canvas for the region's food and beverage industry SMEs.

The industrial perspective of influential factors on business development: Analysis and findings

This section presents the data analysis of the findings from the industrial field study. It mainly focuses on the questions that relate to the influential factors of business development, challenges in business development, and business development models, as they relate to the GCC food sector.

For each survey item presented, the questions were used to evaluate the perceived effectiveness and importance of each activity. These were presented as an activities list, with a five scale Likert type response representing importance and effectiveness. So, any score from 3.5 to 5 indicate relative importance or effectiveness, while less than 3.5 indicates not unimportance or not effective.

Influential factors affecting the decision to grow your business or expand to new market

During the field of study, the researchers observed several issues that influence business development among the SMEs of the GCC region. Firstly, it was observed that all the identified drivers from the literature review are considered important by practitioners in the industry. Nevertheless, the most important drivers for business development were shown to be ‘increasing sales’ and ‘entering new markets.’

It is good to see the companies are aware of these drivers; however, executing these activities to achieve business growth has several challenges. One of such key challenges identified is ‘access to finance’. The next research item investigated how the companies address this issue.

Main challenges in access finance to support business growth

Access to finance is one of the most significant factors reported both in the literature review and by the business, as a barrier to their growth and expansions. This field study specifically asked what challenges the business faced with accessing finance. The result showed that the only challenge they have, stopping them from access finance is their lack of formal ‘business planning capability’.
Key activities currently undertaken as part of business development

The field study also showed that most of the companies were not aware of the importance of some key activities, while these are activities that they should be carrying out in their business development. It was evident from the way the majority of the respondent responded, where they rated some important activities as having low importance—only making a new product, increased rate of production and ‘new market research beyond the typical commercial area’ were identified of having high importance in the region.

In regard to how they view the effectiveness of the listed key business development activities, only new product development and ‘new market research beyond the typical commercial area’ were considered effective in helping their business grow.

Influential factors affecting the execution of business development

Figure 1: Market factors influencing business development among food SMEs in the GCC

The results also showed that all the business modelling elements were considered of high importance. Specifically, marketing and market size were considered to be of the utmost importance. On the other hand, Tax and Zakat were considered insignificant. Except for Tax and Zakat, all the elements were considered to have a high impact on business performances. Marketing and market size were specifically, reported to have the most significant impact on business development activities.

Influential capabilities needed for business development

Figure 2: Factors affecting growth and business development among food processing companies
The results also showed that most of the respondents were not aware of the other key elements that are involved in business development apart from market study, loan as an investment, and online growth which were considered as important capabilities, in which they needed to grow their business.

In terms of effectiveness, only market study and ‘investment as a loan’ were considered to have the most significant impact on their business growth.

**Discussion of findings of Influential factors of business development**

The following is an analysis and discussion of each of the influential factors identified from the field study, describing how they will have an impact on business development, business sustainability and growth of SMEs in the food sector of the GCC.

Specifically, the factors observed from the field study are listed below.

1. Increasing sales
2. Lack of a framework or a process for business development
3. Identifying the needs in the market
4. Meeting demand for more of the same product
5. Making new products
6. Newmarket research beyond the typical commercial area
7. Marketing
8. Market study
9. Loan as investment
10. Business planning capability
11. Availability of competitively priced raw agricultural products

As the aim of this study is to offer a business development framework or business model, which can guide the SMEs of the food sector in the GCC to carry out their business development, the factors are thus further analysed as they relate to the BMC, and then grouped into similar themes for ease of understanding.

1. Increasing sales: this aspect is considered the key goal of business development activities among most firms; it is the results of various other activities including improvement of the production process, increased access to key resources (including the raw materials used in production), or due to an increase in the number of product lines from new product developments. It is, therefore related to key activities, resources, and value proposition elements of the BMC.
2. Identifying the need in the market: this is related to the value proposition and customer segment of the BMC. It requires the firms to identify who are their key customers and also how best to satisfy them.
3. New product development: this aspect is also associated with the value proposition aspect of the business. It involves identifying demands and gaps in the market, by means of research and development, so as to introduce new products to the market. Therefore, this will also involve customer segmentation to identify the key customers and then defining the value proposition, so as to provide products that satisfy the customers.
4. Market study: this is also similar to ‘new market research’ and is related to the customer segmentation and value proposition elements; it involves researching and documentation of established markets for the business products.
5. Meeting demand for more of the same product: this is chiefly associated with the key resource’s element of the BMC; it requires access to finance so as to acquire increased production capacity, and also to help in acquiring more raw materials. This factor is also associated with the distribution channel that is needed to make the products available to the customers.
6. Newmarket research beyond the typical commercial area: this is also associated with key activities and customer segmentation elements of the BMC. It involves scanning the market to establish more customer base - both locally and internationally, so as to increase the sales from the business.
7. Marketing: this is also associated with the customer relationship’ element of the BMC. It requires the business to promote the company’s product to the customers.
8. Loan investment: this refers to access to finance to support all of the business growth activities. It is also needed to access raw materials and other key resources required by the business. It is therefore related to the key resources’ element of the BMC.

9. Business planning capability: this aspect is unique to the business model, as it encompasses all elements of the BMC. It is the final documentation of all the elements of the BMC and their interaction. It is carried out before the onset of a business or at the onset of a business’s new activity, so as to ensure that the business succeeds. In this context, it is an activity carried out as a key requirement to access investment, loan and other financial instruments, to allow the business to access the needed resources and capabilities to start-up or grow.

10. Availability of competitively priced raw agricultural products: This is one of the most important ‘key resources’ of the business. The availability of raw materials at competitive prices allows the business to provide lower prices to the customers as well as earn more in revenue and profit. It also helps the company meet increased demand and an increase in sales.

From the analysis of the results and findings, as elaborated above, three common themes are identified.

The first two relate to the elements of the BMC, which includes customer segmentation and developing the right value proposition. The last part is related to the entire BMC elements, as it relates to documenting it as a business plan. Customer segmentation stands out here, as it was NOT one of the most highly cited in the literature in Table 1, and even far less in Table 4.

In regard to the first two themes, they are the key starting points of any business modelling activity (Osterwalder et al., 2015). The responses within the themes show that there is a hardship defining the value concept required. This implies that they have a challenge of establishing a ‘product-market fit’. This supports previous findings that the value proposition and customer segmentation interact mainly in developing the product-market fit (Osterwalder et al., 2015).

Product market fit can be defined to be: the fit between the offering and value provided, to the market requirements created by the needs of customers; and this fit creates the first step in formulating a successful business model (Andressen, 2007).

If no fit is achieved at any level, then the product or service offered is not going to satisfy the market, and ultimately the business will not survive or thrive.

It’s understandable that the results will show product-market fit as a challenge in the GCC; as has been identified in the study, the region is experiencing rapid changes in customer demand as a result of tourism, change in tastes and lifestyle (Algethami, 2015; Malek, 2014; Napier, 2014). This will also mean changes in the type of food customer’s desire, as well as how they would like to access their food. All these changes have several implications on the SMEs in terms of ‘what’ products or service to offer, and ‘how’.

Lastly, business planning here as a theme relates to the instrument used to access to finance. As can be seen, access to finance (or loan) as a key factor in business development, is linked to the ability to conduct market research and develop a business model. The business plan is the final product of the business modelling activity, which documents the overall business model, including what it seeks to achieve and how (Türko, 2016).

For new or cash strapped companies, the business plan is what they use to apply for a loan and other financial instruments. In the case of established companies seeking to grow, the business plan is the basis of decision making, with which management can inject finance to new activities (Jukova et al., 2019).

However, despite being a popular and widely used tool for business development, the BMC still has its limitations and criticism, as was highlighted previously. As regards its effectiveness to support SMEs in the GCC, so that they can achieve product-market fit, the key weakness as identified in this study needs to be addressed. Firstly, is the BMC’s lack of explicit modelling method, whereby, there are no instructions explicitly defining the approach to developing the BMC elements (Aarntzen, 2016). As such, it cannot easily be translated into practice by a new or inexperienced manager (Solaimani and Bouwman, 2012). This is more critical in regard to the development of the value proposition among SMEs.
Therefore, the BMC must be complemented with more information, so that even a novice SME manager can be guided through step by step process of what to do in developing their business model. This supports previous studies of Ching and Fauvel (2013).

Secondly, as the business development process using the BMC is not a linear process, but goes back and forth, until the right product-market fit is achieved, among the shortcomings of BMC is that it mixes different levels of abstraction among different elements. Level of abstraction is one of the reasons that business owner with no business development experience or education, cannot understand how to go about developing their business model, or how to fill up the various boxes of the BMC (Kraaijenbrink, 2012). This makes it more imperative that a step by step guide be provided to support decision making in developing the BMC for SMEs in the GCC.

Conclusion
Contribution of this paper

The findings from this study have made it obvious, that SMEs in the GCC food sector need to have a clear business model as the basis of their business development, in order to start up their business or to grow it. They also need a business model to run their businesses. This paper has highlighted the importance of the influential factors of business development among the GCC food SMEs, and how they impact the decision-making process of the business owners, in seeking to meet their business development objectives. Such factors have been identified through extensive literature review and subsequent analysis of the data captured from the industrial field study. The understanding of these influential factors would provide a knowledge base for SMEs in the food sector of the GCC, so they can know what the most important considerations and activities required to help them achieve their growth targets are. It will also enable them to identify the pitfalls and challenges they should watch out for.

However, despite having identified the influential factors of business development, such factors need to be presented in a way that shows how they interrelate with other business activities, and how they can be communicated so that even a novice in the business or the organisation can apply it. This is what business models such as the business model canvas (BMC) are intended for. It was highlighted that the BMC is the most suitable to be adopted for this purpose, especially for the SMEs of the GCC food sector. Therefore, the identified factors have also been explained as they relate to the various elements of the BMC.

Managerial Implications
This study has provided some fascinating insights into the factors that influence business development among the food SMEs of the GCC.

All the factors identified are shown to be related to the market research phase, the product development phase, and subsequent documentation of the business model and plan. So, the most important factors affecting business development success among the food SME in the GCC are the actual customer identification, and the requirements definition, towards the development of the right value proposition.

From a practical perspective, the key influential factors are a reflection of key BMC elements. Two key elements were identified within which the influential factors were mostly associated with. These are the elements of the value proposition and customer segmentation. The interplay of the two elements helps a business achieve ‘product-market fit’.

The findings have managerial implications in a practical sense. It shows that the business model is of high relevance when it comes to the business development of the food SME in the GCC, however, in applying the BMC to the SMEs, it needs to be improved, so that it offers a guided step by step instructions, to how they can segment their customer and develop their value propositions; thereby achieving a product-market fit.

Therefore, to enhance the usefulness of the BMC, what is needed is subtitles within the various elements, and these should describe issues the manager should consider, in making product development decisions to fit the available market demands.
However, these details need to be presented in a way that shows how they interrelate with other business activities, as this will help maintain the visual representation strength of the BMC so that it can be communicated to even novice business managers.

Limitation and Suggestion for Future Research

Regarding the limitations of this study, firstly, the sampling was judgmentally selected, where some biases may have existed. The fact that most of the subjects are based in the KSA may be considered such a bias, yet this cannot be confirmed because of the nature of the study. One rationale to explain this would be the fact that the KSA has a very developed SMEs ecosystem, compared to other countries in the GCC, second only to the UAE.

The second limitation is related to the representativeness of the sample. The sample size was small due to the exploratory nature of the first part of the research. Nevertheless, when the findings are proposed based on the collected data, the representativeness issue is a limitation of this study, binding the academic and industrial parts of this research together.

Furthermore, further research is required to see what knowledge can be captured from experienced practitioners in the industry, which can form the subtitles to guide even novice business owners and managers. Further studies should also seek how this knowledge can be presented, in such a way to make it effective for business development. In order words, further studies should assess how the BMC can be integrated with the knowledge into a holistic model.

Reference


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Yaqoob, T., 2011. Imports raise food security flag in UAE. Retrieved from: The National:
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