

Marketing Management

A Strategic Approach

Anna Freeman

Marketing Management: A Strategic Approach

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**Edited by
Anna Freeman**

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Preface

The purpose of the book is to provide a glimpse into the dynamics and to present opinions and studies of some of the scientists engaged in the development of new ideas in the field from very different standpoints. This book will prove useful to students and researchers owing to its high content quality.

The process associated with the development of strategies and planning for the promotion and advertisement of products or services to reach the desired customer segment is called marketing management. Various tools from competitive strategy and economics are employed to analyze the industry context in which the firm operates. Marketing and market research are crucial for developing a complex analysis of a market. Various observational techniques, qualitative marketing research, experimental techniques and quantitative marketing research are used to conduct market research. Brand audit; marketing strategy; implementation planning; project, process, and vendor management; reporting, measurement, feedback and control systems; and international marketing management are under the focus areas of marketing management. This book outlines the processes and applications of marketing management in detail. It brings forth some of the most innovative concepts and elucidates the unexplored aspects of marketing management. It is a complete source of knowledge on the present status of this important field.

At the end, I would like to appreciate all the efforts made by the authors in completing their chapters professionally. I express my deepest gratitude to all of them for contributing to this book by sharing their valuable works. A special thanks to my family and friends for their constant support in this journey.

Editor

Review of Empirical Studies of Service Quality, Customer Satisfaction, and Loyalty

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ABSTRACT

The purpose of this study is to appraise various concepts and relationship between service quality, customer satisfaction, and customer loyalty to identify issues for future research based on the analysis of literature. The research examines several papers in service quality, customer satisfaction, and loyalty reported in the literature applicable to the banking sector and related fields. The critical review of different literature in service quality, customer satisfaction, and loyalty is intended to obtain linkage between them and highlight the area for future research. The review of various service quality studies revealed that service quality is a multidimensional concept, the outcome and measurements are dependent on the type of service context, need, and so forth. In addition, service quality is a determinant of customer satisfaction, and that customer satisfaction leads to customer loyalty. This paper provides a rich agenda for future research in the subject.

Introduction

Service quality is a multidimensional concept incorporating a number of aspects of both past and present service experience (Titko, Lace, & Kozlovskis, 2013). Despite the extant literature, service quality is a new phenomenon in banking context of Mozambique, and the processes behind service quality are not well understood. Scholars argued that the customers will not be impressed only by the products or services since other banks also provide similar offerings (e.g. Sudhahar, 2010). Improving service quality banks can enhance customer satisfaction and loyalty, and as a consequence, achieve sustainable revenue stream (Titko et al., 2013). Likewise, excellent quality service helps to attract new customer through word-of-mouth recommendation, leads to higher market share, lower operating cost, improves productivity and enhances company's image (Sudhahar, 2010). Many banks across the world understood that apart from introducing innovative products and services, are also focusing on retaining customers rather than acquiring new one all the time (Sudhahar, 2010). The cost of attracting a new customer is much higher than the cost of keeping the existing one (Titko et al., 2013). The longer the customer stays with a firm, the more positive outcome he generates which includes increase in the value of purchase, increase in the number of purchases and the customers' better understanding of the firm and vice-versa and, more positive word-of-mouth (Sudhahar, 2010).

This study aims to investigate the influential factors of service quality in the banking system of Mozambique and its effect on customer satisfaction, subsequently on customer loyalty. In line with this purpose, the literature review is carried out to clarify the underlying concepts in service quality, customer satisfaction, and customer loyalty and to unearth the factors of service quality that have been found to affect customer satisfaction, subsequently on customer loyalty.

Service Quality

The conceptualization of service quality has its basis in the physical goods and customer satisfaction literature (Brady & Taylor, 2001). Parasuraman et al. (1985, 1988) have defined service quality as the difference between customers' expectations and the actual performance of the service. Zeithaml (1988) defined "service quality is the consumer's judgment about a

product's overall excellence or superiority", whereas Grönroos (1984) has defined service quality as an assessment process between perceived service and expected performance.

Researchers have embraced one of two paradigms, regarding the measurement of service quality. The first is the disconfirmation model – performance-minus-expectations (Parasuraman et al., 1985, 1988). The second is the performance-based model of service quality (Cronin & Taylor, 1992). In disconfirmation paradigm (Grönroos, 1984; Parasuraman et al., 1985, 1988) service quality is judged on the basis of the discrepancy between customers' expectations and perceptions. Lehtinen and Lehtinen (1991) have proposed a three-dimensional perspective of service quality, consisting of interaction quality, physical quality, and corporate quality. From a customer standpoint, they suggested two broad dimensions, i.e. outcome quality and process quality.

Grönroos (1984) identified three dimensions of service quality: functional quality, technical quality, and corporate image. Functional quality represents how the service is delivered; that is, it defines the two-way flow that results between the customers and the service providers. Technical quality refers to the outcome of the service act, or what the customer receives in the service encounter. Technical and functional quality, both are preoccupied with psychological and behavioral aspects (Caruana, 2002). For instance, how the service personnel performs their job, what they say and so forth. The model also recognizes that clients have an image about the company (Grönroos, 1984), which has a quality influence in itself and acts as a strainer of customer perceptions (Kang & James, 2004).

Kang and James (2004) contended that a positive and memorable image is valuable for any service firm due to its influence on customer perceptions of service quality. Thereby, perceived service quality is the outcome of the assessment between customers' expectations and perceptions, taking into account the effect of the company image. Bateson and Hoffman (2011) pointed out that "service quality is an attitude formed by a long-term, overall evaluation of performance". They explained that the manner of service delivery, as well as the outcomes,

affects the perceptions of customers about the quality. Kenyon and Sen (2015) have pointed out physical aspects of the service (e.g., equipment, facilities), and the firm's brand image as the factors that has an effect on customer perceptions about quality.

The disconfirmation paradigm is the foundation for Parasuraman et al. (1985, 1988) SERVQUAL model, which compares customer expectations and perceptions regarding a particular service or industry. SERVQUAL consists of 22-items divided into five dimensions: reliability, responsiveness, assurance, empathy, and tangibility. Several researchers have used and extended the 22-item scale to study service quality in different sectors of the service industry. However, the replication of the model raised many concerns both theoretical and psychometric (Caruana, 2002).

First, the conceptualization of customer expectations was questioned (e.g., Cronin & Taylor, 1992). Scholars argued that expectations change over time, and are measured, mostly before receiving the service (Palmer, 2014). Second, Babakus and Boller (1992), Cronin and Taylor (1992) have found that customer perceptions are an excellent predictor of service quality than the disconfirmation approach. Third, a number of researchers have reported a different number of dimensions (e.g., Carman, 1990; Cronin and Taylor, 1992). As a result, Cronin and Taylor (1992) have developed a performance-based measure (i.e. SERVPERF) alternative to the SERVQUAL measure. The performance-based model captures customers' perceptions of the service quality offered by a specific service provider (Cronin & Taylor, 1992). Therefore, this paper uses SERVQUAL scale to measure service quality, customer satisfaction, and customer loyalty in retail banking context of Mozambique.

Customer Satisfaction

Customer satisfaction is "an outcome of purchase and use resulting from buyers' comparison of the rewards and costs of purchase about anticipated consequences" (Churchill & Surprenant, 1982). Oliver (2015) has defined customer satisfaction as "the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provide a pleasurable level of consumption-related fulfillment." Zeithaml et al. (2009) posited that customer satisfaction concerns the evaluation of products or services in meeting consumer expectations or needs.

The basis of customer satisfaction lies in the disconfirmation theory (e.g., Oliver, 1980; Westbrook & Reilly, 1983; Parasuraman et al., 1985), regarded as the difference between customer expectation and perceptions (Yi & La, 2004; Bateson & Hoffman, 2011). Consequently, when customer perceptions exceed expectations (i.e. positive disconfirmation), results in customer satisfaction, positive word-of-mouth, and customer retention. Conversely, when actual customer perceptions do not meet expectations (i.e. negative disconfirmation) leads to customer dissatisfaction, negative word-of-mouth or customer defection (Bateson & Hoffman, 2011). Some researchers view customer satisfaction as a function of expectation and disconfirmation. The greater the discrepancy between expectation and actual performance, greater is the degree of disconfirmation and, lower is the customer satisfaction (Boulding et al., 1993; Churchill & Surprenant, 1982; Oliver, 1980).

Two formulations of customer satisfaction dominate in the literature: transaction-specific satisfaction and cumulative satisfaction (Boulding, Karla, Staelin, & Zeithaml, 1993; Ekinci & Dawes, 2009). Zeithaml et al. (2009) contended that the transaction-specific satisfaction and cumulative satisfaction in service firm are all based on customer experiences. Yi and La (2004) said that transient customer satisfaction, as well as cumulative customer satisfaction, may affect post-purchase expectations and repurchase intentions. Therefore, service firms should understand customer perceptions at transient levels to diagnose service quality problems and make instant changes (Zeithaml et al., 2009).

Customer Loyalty

Customer loyalty is a critical factor in business survival and development in today's competitive environment (Chen, 2012). Studies into customer loyalty have focused mainly on tangible goods i.e. brand loyalty, whereas customer loyalty in the service industry was underexposed (Gremler & Brown, 1996). Gremler and Brown (1996) stated that customer loyalty consists of three distinct elements such as behavioral, attitudinal, and cognitive loyalty. Dick and Basu (1994) have suggested an attitudinal theoretical framework that considers customer loyalty as being composed of relative attitude and patronage behavior. In the service context, Gremler and Brown (1996) have defined customer loyalty as "the degree to which a customer exhibits repeat purchasing behavior from a service provider, has a positive attitudinal disposition towards the supplier, and considers using only this provider when a need for this service arises."

Customer loyalty encompasses repurchase intention, willingness to recommend others a product or service and reluctance to change to another competitor (Cronin and Taylor, 1992). Likewise, it can be manifested in behavior such as repurchase intention or word-of-mouth (Cronin and Taylor, 1992). Chen (2012) contended that customer satisfaction is an essential prerequisite for the emergence of customer loyalty. Oliver (1999) pointed that customer loyalty emerges when a customer shows frequent satisfaction regarding a product or service through repeat patronage, repurchasing, and word-of-mouth behavior. Overall, repurchase intention and word-of-mouth recommendation is a crucial element of customer loyalty and for the successful customer relationship (Berry, 1995; Kotler & Keller, 2012). Thereby, customer loyalty should be examined for the survival of the banking services (Gremler & Brown, 1996).

Service quality and Customer satisfaction

Several researchers have discussed the link between service quality and customer satisfaction. Naik, Gantasala, and Prabhakar (2010) found a significant and positive effect of service quality on customer satisfaction in retail units. Shanka (2012) confirmed a positive effect of service quality on customer satisfaction in private banks operating in Ethiopia. Khan and Fasih (2014) found a positive relationship between service quality and customer satisfaction as well as customer loyalty. Muyeed (2012) found that service quality is the main element of customer satisfaction and an essential tool for increasing bank income and market share in Bangladesh.

Tangibility

Parasuraman et al. (1991) defined tangibility as “the appearance of physical facilities, equipment, personnel, and communication materials.” In the banking industry, the tangibility dimensions refer to the physical condition of facilities, equipment installed, the appearance of the front-line employees, leaflets, and other materials used to communicate with customers. These are the aspects that customers observe before or after entering into the banking branches and create their first impressions about the banking services (Yavas et al., 1997). If these tangible elements are inadequate, unavailable or in poor conditions, customers may probably feel unhappy with the banking service. Leong, Hew, Lee, and Ooi (2015) found that tangibility has a substantial direct effect on customer satisfaction in the airline industry.

Reliability

Reliability refers to “the consistency and dependability of a firm’s performance” (Bateson & Hoffman, 2011). Reliability in the banking industry reflects the ability of the banks to provide accurate and trustworthy service which respond to the customer needs; offer products and services at designated time, keep the record correctly, honor its promises, and guarantee that no problem will occur during the delivery of service to customers. Reliability is an essential attribute of the banking services (Johnston, 1997; Zeithaml, Bitner, & Gremler, 2013). A shortfall in reliability may result in customer dissatisfaction (Johnston, 1997). Conversely, excellent banking services deepen the client trustworthiness toward the delivered service (Kenyon & Sen, 2015). George and Kumar (2014), and Leong et al. (2015) have found reliability as a significant predictor of customer satisfaction.

Responsiveness

Responsiveness is deemed as a company’s commitment, and the willingness of employees to help and deliver prompt service to the customers (Bateson & Hoffman, 2011; Zeithaml et al., 2013). Responsiveness in the banking industry denotes the flexibility or speed of the service and the skill to design the service delivering to meet customer needs (Kenyon & Sen, 2015). This attribute points the importance of attentiveness, readiness, and preparedness of the banks to cope with customer requests, questions, complaints, and problems (Zeithaml et al., 2013). The length of time to which customers have to wait for assistance, a problem resolution, can significantly affect customer perceptions of the service offered (Johnston, 1997). Lee et al. (2000) have found responsiveness as the most important dimension in the “people-based” industries. Leong et al. (2015) confirmed a positive effect of responsiveness on customer satisfaction in the airline industry.

Assurance

Assurance encompasses the competence of the service provider, the credibility, and security of the transactions (Bateson & Hoffman, 2011). In the banking industry, the employees should have the knowledge to perform the service, interact with the client in a polite and friendly manner, conveying trust and confidence. Kenyon and Sen (2015) contended that the bank employees should explain the service, its related costs, and benefits, and ensure the security of

customers' transactions and personal information. Shanka (2012) have found a significant effect of assurance on customer satisfaction.

Empathy

Zeithaml et al. (2013) have described empathy as the caring and personalized attention that the company gives to their clients. Empathy refers to the banks' ability in putting itself in the customer place. Previous studies have found that empathy component poses a significant and positive influence on customer satisfaction (Leong et al., 2015; Shanka, 2012). The bank personnel should have the ability to understand the feelings, needs, and wants of their clients.

Customer Satisfaction and Loyalty

Oliver (1999) pointed that there is an inextricable association between customer satisfaction and customer loyalty. Chen (2012) contended that customer satisfaction is an essential prerequisite for the emergence of customer loyalty. Thus, a higher degree of customer satisfaction influences customer loyalty (Deng et al., 2010). Caruana (2002); Hallowell (1996); Ruyter, Wetzels, and Bloemer (1998) pointed out that customer satisfaction affects customer loyalty in retail banking. Buttle and Burton (2002) stressed that customer satisfaction is the crucial antecedent of client's attitude towards the service firm, and is a core determinant of future customer behavior (Zeithaml et al., 1996). Deng et al. (2010) examining the factors affecting customer satisfaction and loyalty on mobile instant message (MIM) services in China have found that customer satisfaction positively affects customer loyalty.

Conclusion

In summary, service quality is a multidimensional construct incorporating a number of attributes. Most of the research have been carried out to examine the relationship between service quality and customer satisfaction, subsequently customer satisfaction and customer loyalty. A lot of research on service quality and its relationship with customer satisfaction and loyalty has been carried out in developed countries. Therefore, no study in this domain was found in Mozambique context. Having identified this gap in the literature, this study attempts to fill up this void.

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Engagement of Employees in an Over-Supply Shopping Malls Market: Is Professional Training Part of the Solution? A Preliminary Study Among Retail Shops in the Klang Valley, Malaysia

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ABSTRACT

Retail industry main issue has always been the management of its employees, their motivation and their satisfaction. Lots of researches have proven that job dissatisfaction partly linked to an over-supply of Malls, is an endemic problem in this industry. The abundant literature tries to figure out ways to tackle this management issues, through various level of employee commitment and through management efforts with regular soft skills training and a focus on staff self-development. This paper emphasizes the specificities of the Malaysian market and try to find new ways that could improve employees' engagement.

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Introduction

This paper explores the human resources management issue in the retail Industry. This issue is a recurring problem which has brought lots of researchers to study the problem. The dissatisfaction among retail employees in this industry is so high that it impacts the turnover in shops, leading to a lack of qualified staff on the sales floor and plethoric job offers in the industry that are seldom filled.

A preliminary survey on Malaysian retail in the Klang Valley finds that training could improve the issue, but is the management ready to take the risk to train non committed staff?

Malaysian Retail Industry

It is interesting to have a closer look at the retail industry in Malaysia.

We have here a country that prides itself to have among the biggest malls in the world, the most luxurious malls in Asia, and still, they are struggling to attract and to retain employees, with a high employee turnover.

“Employee engagement is the emotional commitment the employee has to the organization and its goals. This emotional commitment means engaged employees actually care about their work and their company. They don’t work just for a pay-check, or just for the next promotion, but work on behalf of the organization’s goals. When employees care—when they are engaged—they use discretionary effort.” (Forbes Magazine, June 2012). Engagement has declined steadily in the past decade, with the arrival on the market of the millennium generation, which is less involved in their daily job, and less concerned with organization goals and objectives. According to Gallup’s report (2016) a worrying 11% of employees in Malaysia are engaged. That represent 89% of Malaysian employees that are not committed to their job.

Still, Boichuk & Menduk (2012) findings state that retail employees who are dissatisfied with their work still remain committed to their organization out of necessity, and that supervisors who are helpful and willing to listen to their staff improves the links between the team and therefore ameliorates commitment. But is that enough to keep the employees in their company?

High turnover in the industry has become a major issue (Rohani Salleh, Mishaliny Sivadasan Nair, & Haryanni Harun, 2012) and lack of staff is in some places critical.

An example on the second week of March 2016, on Jobstreet.com, more than 2490 positions were offered in this industry –to compare with the 1200 positions offered in Logistics, a trendy industry among Malaysian students at the moment-

Try to walk in any shopping mall, you will see at most entrance of stores a recruitment notice. As a consequence, the management accepts and tolerates low level workers, often foreigners, but subsequently, the competencies level of the average sales clerk in a store are a disaster. Sometimes, they do not even smile or take care of the customer, as they prefer to hide behind the counter to play with their smartphone!

So why do we have this problem in Malaysia?

Workforce in the Industry

The retail industry in Malaysia not only represents 20% of the working force employed in this sector but is also the second contributor to the GDP of the country (Teck Hong & Waheed, 2011). Therefore, the retail sector is considered as a major element of economic growth and stability in the country.

Most of the big world retailers are in Malaysia, from Tesco, Giant, Aeon (Hypermarkets). Major global retail players from discounters to luxury brands (Ikea, Gap, H&M, Louis Vuitton, etc.) in all categories of products are present in Malaysia. Regional distributors of international brands such as Valiram or Bonia are also well implanted with lots of branches, in shopping malls, commercial zones and Airports' duty free zones.

Job satisfaction is an emotional state in which an employee perceives and react to its work environment (Dunnette, Campbell & Hakel 1967). Some managers think that a key variable to satisfaction is the love of money (Tang, Luna-Arocas, Sutarso, & Tang, 2004), as a high salary will attract, retain and motivates workers (Robbins, 2001). But this is not enough, as other elements are to be taken in account.

Job security, interesting work and recognition motivates employees at different levels of experience and age, according to the Maslow pyramid (Maslow 1954)

Another fact to take in consideration is the evolution of the market in Malaysia, on par with Singapore: the over-supply of Malls with the consequences that more and more Malls are empty (Shazni, 2016) and therefore the employees in these places face boredom as they seldom see customers in their shop. The findings of Teck Hong and Waheed, (2011) on the retail personnel of Bandar Sunway, Selangor, Malaysia suggest that “any retail organizations

in Malaysia plan to prepare for a reward scheme may need to ensure that they take four significant motivational factors into consideration (working conditions, recognition, company policy and money factor)”

The company policy factor can be translated in the management culture of the company. A weak engagement and motivation comes from a gap between management way of thinking and employees’ expectations. According to Mansor (Abu Mansor & al, 2012) the type of management style (autocratic, democratic, paternalistic and laissez faire) as measured in the study influences the physical, psychological and social health of these employees.

Raveesh et al (2010) noted that employee engagement has become a critical organizational business issue as the world recovers from (HR) the menace of the recent economic recession.

The professional training is a regular training provided by the company, for a duration of 2 to 4 days, usually on the worksite, and that can be subsidized or taken in charge by government funds such as HRDF in Malaysia. It is therefore a cost free operation at the hands of the management.

This professional training falls in the recognition field and the top two needs of the Maslow pyramid, which are Self-esteem and Self-Actualization.

Research Methodology

Our hypothesis is that regular training of employees, thus increasing their skills and knowledge, might help improve their motivation and level of engagement. (Abdul Hakim Ahmad Dadar & Al., 2012)

Social interaction between management and employee is a continual process asserted by the subjectivist aspect of ontology.

We adopted a deductive approach, with the hypothesis that the industry of retail lacks of dedicated training for its workforce. We decided to go for a quantitative method, on a convenience sample.

We conducted a preliminary survey among (convenience sample) of 52 different shops over a 3 days’ period.

We considered that one shop by brand was sufficient as the policy of luxury brands are the same towards all their stores. Our sampling was made among from 15 different categories of shops in the luxury industry (12 shops in Fashion, 10 in Jewels and Watches, 15 in Leather accessories, 6 in decoration and art, 9 in miscellaneous high end products), in 5 major

shopping malls in the Klang Valley, which were Garden Mall, Mid-Valley, Pavilion, Suria KLCC and Sunway. All questionnaires have been submitted directly to the store manager or the second most senior person after the store manager.

Questionnaire

The questionnaire consists of 9 questions, 3 open questions, 6 multiple choices questions. Only 2 questions are numerical questions.

The 1st, 4th and 7th questions are multiple choices with multiple answers possible, which induce 15 different options for the question 1, seven different options for question 4 and question 7.

The question number 2 (how often do you attend training, 1 time; 2 times or more) objective is to validate the number of shop getting at least 1 or 2 training per year.

The question number 3 (how long does a training usually take, 1 day, 2 days, X days to be keyed in) is also taken as an average, here we supposedly assume that the number of days of training seldom exceeds 2 days. Our hypothesis is verified by the answers given

Question 6 is a validation of question number 5 regarding onsite training

Question 8 (Average price for training per day per person) has been replied only by 6 out of 52 persons, it can therefore be considered not relevant, either as people do not know the information or do not want to display it.

Question 9 (What do you expect if we tell you “We train you to sell luxury products”?) aims to capture the understanding of the respondents on the “luxury training” concept.

The questionnaire is found in Appendix A

Analysis

We analyzed the 52 questionnaires using simple data sorting and cross-table comparison.

We found out that at least 88% of the employees are only trained to product knowledge linked with a light sales training (question 1) with trainings between 2 to 3 times a year (answers to question 2). Product knowledge is the essence of the training to get the staff efficient and skilled on the sales floor. A further research might be needed to understand whether the employees feels this training sufficient and whether they are happy with it.

Interestingly, the store manager which is the direct supervisor of the trained employee is the decision maker in terms of training in 38.4% of the cases and has an influence in the decision

in 50% of cases (question 4). As emphasized by Abu Mansor et al. (2012) it all comes back to the management style of the supervisor and their will to improve the competencies of their staff.

Only in 15.7% of the cases are the training sessions organized only for the management, which means that the retail stores want their employees to be regularly trained, with nobody left behind.

Looking into other industries such as IT, “training is also regarded as an important tool for a firm. It helps develop organizational knowledge and skills in order to maintain and enhance a firm’s core competence in the market” (Umar Haiyat Abdul Kohar & Al. 2012)

Findings

It seems that the demand among employees for proper sales and customer behavior training is very high as well as for a deeper training in industry knowledge. A paradox in this industry is that when you talk to most top executives and managers, they refuse to give too much training to their employees, believing that this is a waste of time and money to train people who are used to job hopping. Isn’t it a mistake of management? Indeed, assuming that employees tend to stay in their industry when looking for another job, trained employees from one company will bring their newly acquired knowledge and skills to their new employer, and vice versa. If all retail companies train their employees, then the entire retail industry will benefit from an up-to-date workforce.

It can also help keep motivated employees that are bored and have nothing to do in dying Malls and empty shopping complexes. Indeed, oversupply is reached when you have 5 sq feet per capita, and for instance in Penang we will reach 9.58 sq feet per capita before 2020 (Tan, 2016), and already 7.5 sq feet per capita in the Klang valley today (The Star, February 2016)

These findings still need some further research, as on the contrary, in some countries and industries, it has been found that the relationship between job training and turnover is insignificant, whatever the length or intensity of the training (Abdul Hakim Ahmad Dadar & al, 2012).

It would be interesting also to search whether innovation in the retail industry, which is a driver of sustainable business and customer loyalty, could also be one key element of motivation of the department stores staff (Yu-Shan Liua, 2012)

The retail industry carries today a bad image that can be improved if the industry top executives face their responsibilities. Management style and approach is here a key factor of employee satisfaction, with the Paternalistic management style being recognized as the most suitable for the well-being of the staff, which improves their happiness at work (Mansor & Al, 2012).

To make this industry attractive again, you need to have an image of dynamism, of care for the employees and link it to a dynamic academic training, as universities cannot draw students to retail programs and degrees if they do not have the support of the local leaders of this industry.

Conclusion

We have seen that we get a lot of literature on high turnover of non-motivated staff in the retail industry in Malaysia, specifically in the Klang Valley.

It seems that the demand for more care and concern from the Management would be an important element in the job loyalty and motivation of the staff, training being one of these elements to take in account to improve employees' engagement.

It is interesting to go further and interview key managers on their opinion and whether they would take risk to train their employees, as if they don't train them, they are losing an employee that might switch job out of frustration or non-engagement to his/her current position, but if they train them and they go, they are losing a skilled employee and they have wasted money on training.

An interesting research would be to understand how the management can keep their pool of employees motivated in slow moving and empty Malls. More research need to be done on how to get the employees in the retail sector in Malaysia more committed and engaged, be it with training, higher salary, different management style, more responsibilities in their job or any other element that have not been studied at this time.

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Service Quality and Customer Satisfaction in Mozambique Banking System

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ABSTRACT

Service quality enhances company's performance, and customer's confidence towards the banking services offered, thereby gaining a competitive advantage and, increasing its market share. This study investigates the influential factors of service quality in the banking sector and its effect on customer satisfaction and their loyalty in Mozambique. Multiple regression analysis is used to analyze the data collected from 497 bank customers in Mozambique. The findings of the study show that service quality has a positive and significant effect on customer satisfaction and that customer satisfaction exerts a strong influence on customer loyalty. Additionally, empathy, responsiveness, and assurance were found to be strong predictors of customer satisfaction. Managerial and research implications of the findings are discussed.

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Introduction

Banks are most important for the economic development of a country. This financial sector receives deposits and directs those deposits into loan activities either directly or through capital markets. Additionally, the banks connect customers who have capital deficits to the ones with a capital surplus. The banking industry in Mozambique is witnessing impressive growth, diversification, and modernization (World Bank, 2014), as a result of several reforms in social and economic structure, initiated before the 1990s (BM, 2013). For instance, the reforms strengthened the foreign direct investment regulation and led to the privatization of stated-owned banks (Salgado, 2013). Furthermore, the approval of organic law of Banco de Moçambique (Law no. 1/92, of January 1992) was crucial for the institutional division between commercial functions and central bank and also legitimated Banco de Moçambique to act and behave as a central bank (Salgado, 2013). Similarly, the Law no. 28/91 of 31 December 1991 allowed the entry of foreign and national private banks to operate in the industry (BM, 2013; Salgado, 2013).

The reform of the banking system has leveraged the innovation of banking services and the augment of banks. Since late of 2012, are operating in Mozambique 18 commercial banks (with a total of 505 bank branches), seven micro-banks (with 14 branches), seven cooperatives (with seven branches), and one institution of electronic money (BM, 2013; Salgado, 2013). The sector is also being characterized by the introduction of new technologies such as Automatic Teller Machines (ATMs), Point of Sales (POS), telephone and mobile banking, and credit cards (BM, 2013). Currently, the products and services offered by banks in Mozambique are mainly bank accounts and loans (World Bank, 2014). There are also other product and service offered by banks, namely money transfer services, credits, insurance, savings and time deposits, foreign exchange services, and provision of short- and medium-term loan facilities to clients (World Bank, 2012, 2014).

The financial reforms introduced in the early 1990s enhanced the banking sector stability (Salgado, 2013), and improved considerably the access of banking services, especially among customers of urban areas (BM, 2013). Also, it has boosted the banking sector assets and decreased the ratio of non-performing loans (World Bank, 2014). Despite the economic growth and subsequent augment in new product and services, the banking sector in Mozambique remains underdeveloped. Nearly 90% of adults do not benefit from banking services, and the credit is only available to about 3% of the population (Almeida-Santos et al., 2014). Bank managers argue that the main barriers to provision and expansion of banking

services are due to logistical difficulties, caused mostly by electricity problems, water supply and a shortage of access roads (World Finance, 2015).

For the few clients who have access to banking services, World Bank (2014) survey has found to have a weak support in understanding the usefulness of banking product and services, and low level of trust or confidence to their banks. Furthermore, customers cannot afford to open and maintain a bank account, due to high costs, commission and fees, and the long distance of bank branches from the clients (World Bank, 2014). At the same time, the banking sector is experiencing a substantial degree of customer dissatisfaction when compared with other financial providers, for example, money lenders, microfinance, community savings groups, insurance companies, and brokerage houses (World Bank, 2014). The dissatisfaction might be due to a variety of reasons. Among of them, lower level of customer trust, personnel skills, customer support, waiting time, price, location, product, and services. On the other hand, the banking industry is heavily concentrated on three major banks. Here, the competition is lower, and the clients have fewer options to switch to other banks.

Banks are important players in financial markets operations and keeps a country's economy running smoothly. Delivering superior service quality to customers is essential to achieve sustainable competitive advantage in the marketplace. When service quality becomes the focus of an organization it brings many advantages to the company. Caruana (2002) contended that excellent quality of services improves firm's performance, which may further lead to an increase in market share (Abdullah et al., 2011); and also enhances customers' confidence with the company (Berry et al., 1994). Furthermore, Yavas, Bilgin, and Shemwell (1997) pointed that the attraction of new customers and retention of satisfied clients are a signal of an excellent service quality program in the firm. In this respect, it is assumed that delivering high service quality to customers is a vital strategy to the firm's success and survival (Abdullah et. al., 2011). Equally, service quality is deemed a driver of customer satisfaction (Shanka, 2012); customer retention and customer loyalty (Wong & Sohal, 2003). Therefore, the banks should strive to offer products or services which meet customers' needs (Adil, Al Ghaswyneh, & Albkour, 2013).

Service quality has witnessed growing attention among practitioners and academicians. However, much of these studies were carried out in developed countries. On the account of this considerations, this research investigates the influential factors of service quality in the banking system of Mozambique and its effect on customer satisfaction, subsequently on

customer loyalty. Based on the research objectives, this paper attempts to provide answers to the following questions: Do the service quality dimensions have a relationship with customer satisfaction? What attributes of service quality are most important to clients? What is the effect of customer satisfaction on customer loyalty? Our contribution is two-fold. First, there are scarce studies investigating the relationship between service quality and customer satisfaction, and customer loyalty in banking context of Mozambique. Second, the study sheds light in understanding the customer behavior toward their banks.

Literature Review

Service Quality

The conceptualization of service quality has its basis in the physical goods and customer satisfaction literature (Brady & Taylor, 2001). Parasuraman et al. (1985, 1988) have defined service quality as the difference between customers' expectations and the actual performance of the service. Zeithaml (1988) defined "service quality is the consumer's judgment about a product's overall excellence or superiority", whereas Grönroos (1984) has defined service quality as an assessment process between perceived service and expected performance.

Researchers have embraced one of two paradigms, regarding the measurement of service quality. The first is the disconfirmation model – performance-minus-expectations (Parasuraman et al., 1985, 1988). The second is the performance-based model of service quality (Cronin & Taylor, 1992). In disconfirmation paradigm (Grönroos, 1984; Parasuraman et al., 1985, 1988) service quality is judged on the basis of the discrepancy between customers' expectations and perceptions. Lehtinen and Lehtinen (1991) have proposed a three-dimensional perspective of service quality, consisting of interaction quality, physical quality, and corporate quality. From a customer standpoint, they suggested two broad dimensions, i.e. outcome quality and process quality.

Grönroos (1984) identified three dimensions of service quality: functional quality, technical quality, and corporate image. Functional quality represents how the service is delivered; that is, it defines the two-way flow that results between the customers and the service providers. Technical quality refers to the outcome of the service act, or what the customer receives in the service encounter. Technical and functional quality, both are preoccupied with psychological and behavioral aspects (Caruana, 2002). For instance, how the service personnel performs their job, what they say and so forth. The model also recognizes that

clients have an image about the company (Grönroos, 1984), which has a quality influence in itself and acts as a strainer of customer perceptions (Kang & James, 2004).

Kang and James (2004) contended that a positive and memorable image is valuable for any service firm due to its influence on customer perceptions of service quality. Thereby, perceived service quality is the outcome of the assessment between customers' expectations and perceptions, taking into account the effect of the company image. Bateson and Hoffman (2011) pointed out that "service quality is an attitude formed by a long-term, overall evaluation of performance". They explained that the manner of service delivery, as well as the outcomes, affects the perceptions of customers about the quality. Kenyon and Sen (2015) have pointed out physical aspects of the service (e.g., equipment, facilities), and the firm's brand image as the factors that has an effect on customer perceptions about quality.

The disconfirmation paradigm is the foundation for Parasuraman et al. (1985, 1988) SERVQUAL model, which compares customer expectations and perceptions regarding a particular service or industry. SERVQUAL consists of 22-items divided into five dimensions: reliability, responsiveness, assurance, empathy, and tangibility. Several researchers have used and extended the 22-item scale to study service quality in different sectors of the service industry. However, the replication of the model raised many concerns both theoretical and psychometric (Caruana, 2002).

First, the conceptualization of customer expectations was questioned (e.g., Cronin & Taylor, 1992). Scholars argued that expectations change over time, and are measured, mostly before receiving the service (Palmer, 2014). Second, Babakus and Boller (1992), Cronin and Taylor (1992) have found that customer perceptions are an excellent predictor of service quality than the disconfirmation approach. Third, a number of researchers have reported a different number of dimensions (e.g., Carman, 1990; Cronin and Taylor, 1992). As a result, Cronin and Taylor (1992) have developed a performance-based measure (i.e. SERVPERF) alternative to the SERVQUAL measure. The performance-based model captures customers' perceptions of the service quality offered by a specific service provider (Cronin & Taylor, 1992). Therefore, this paper uses SERVQUAL scale to measure service quality, customer satisfaction, and customer loyalty in retail banking context of Mozambique.

Customer Satisfaction

Customer satisfaction is "an outcome of purchase and use resulting from buyers' comparison of the rewards and costs of purchase about anticipated consequences" (Churchill &

Surprenant, 1982). Oliver (2015) has defined customer satisfaction as “the consumer’s fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provide a pleasurable level of consumption-related fulfillment.” Zeithaml et al. (2009) posited that customer satisfaction concerns the evaluation of products or services in meeting consumer expectations or needs.

The basis of customer satisfaction lies in the disconfirmation theory (e.g., Oliver, 1980; Westbrook & Reilly, 1983; Parasuraman et al., 1985), regarded as the difference between customer expectation and perceptions (Yi & La, 2004; Bateson & Hoffman, 2011). Consequently, when customer perceptions exceed expectations (i.e. positive disconfirmation), results in customer satisfaction, positive word-of-mouth, and customer retention. Conversely, when actual customer perceptions do not meet expectations (i.e. negative disconfirmation) leads to customer dissatisfaction, negative word-of-mouth or customer defection (Bateson & Hoffman, 2011). Some researchers view customer satisfaction as a function of expectation and disconfirmation. The greater the discrepancy between expectation and actual performance, greater is the degree of disconfirmation and, lower is the customer satisfaction (Boulding et al., 1993; Churchill & Surprenant, 1982; Oliver, 1980). Two formulations of customer satisfaction dominate in the literature: transaction-specific satisfaction and cumulative satisfaction (Boulding, Karla, Staelin, & Zeithaml, 1993; Ekinci & Dawes, 2009). Zeithaml et al. (2009) contended that the transaction-specific satisfaction and cumulative satisfaction in service firm are all based on customer experiences. Yi and La (2004) said that transient customer satisfaction, as well as cumulative customer satisfaction, may affect post-purchase expectations and repurchase intentions. Therefore, service firms should understand customer perceptions at transient levels to diagnose service quality problems and make instant changes (Zeithaml et al., 2009).

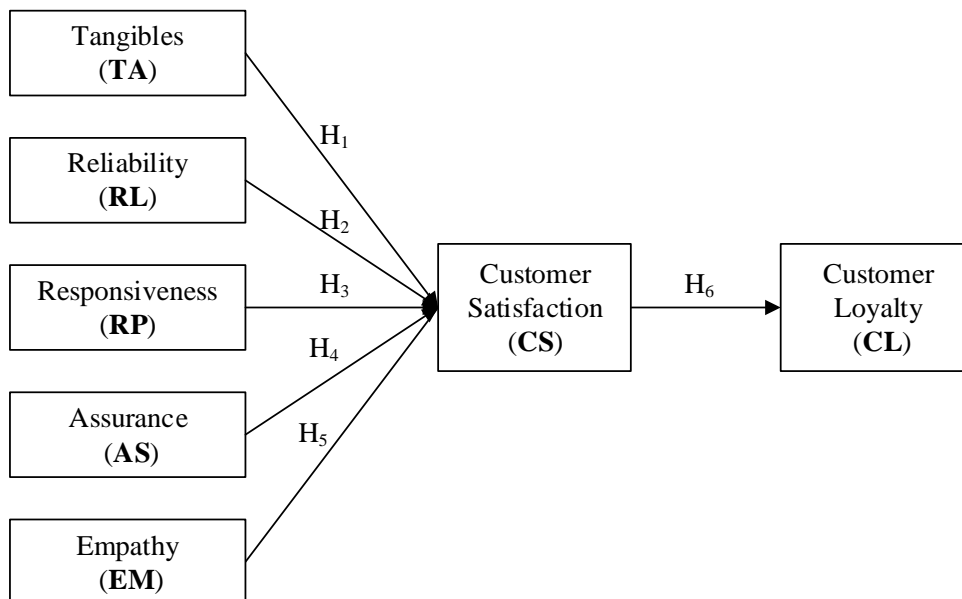
Customer Loyalty

Customer loyalty is a critical factor in business survival and development in today’s competitive environment (Chen, 2012). Studies into customer loyalty have focused mainly on tangible goods i.e. brand loyalty, whereas customer loyalty in the service industry was underexposed (Gremler & Brown, 1996). Gremler and Brown (1996) stated that customer loyalty consists of three distinct elements such as behavioral, attitudinal, and cognitive loyalty. Dick and Basu (1994) have suggested an attitudinal theoretical framework that considers customer loyalty as being composed of relative attitude and patronage behavior. In the service context, Gremler and Brown (1996) have defined customer loyalty as “the degree

to which a customer exhibits repeat purchasing behavior from a service provider, has a positive attitudinal disposition towards the supplier, and considers using only this provider when a need for this service arises.”

Customer loyalty encompasses repurchase intention, willingness to recommend others a product or service and reluctance to change to another competitor (Cronin and Taylor, 1992). Likewise, it can be manifested in behavior such as repurchase intention or word-of-mouth (Cronin and Taylor, 1992). Chen (2012) contended that customer satisfaction is an essential prerequisite for the emergence of customer loyalty. Oliver (1999) pointed that customer loyalty emerges when a customer shows frequent satisfaction regarding a product or service through repeat patronage, repurchasing, and word-of-mouth behavior. Overall, repurchase intention and word-of-mouth recommendation is a crucial element of customer loyalty and for the successful customer relationship (Berry, 1995; Kotler & Keller, 2012). Thereby, customer loyalty should be examined for the survival of the banking services (Gremler & Brown, 1996).

Research Model and Hypothesis development



Service Quality and Customer Satisfaction

Several researchers have discussed the link between service quality and customer satisfaction. Naik, Gantasala, and Prabhakar (2010) found a significant and positive effect of service quality on customer satisfaction in retail units. Shanka (2012) confirmed a positive effect of service quality on customer satisfaction in private banks operating in Ethiopia. Khan and

Fasih (2014) found a positive relationship between service quality and customer satisfaction as well as customer loyalty. Muyeed (2012) found that service quality is the main element of customer satisfaction and an essential tool for increasing bank income and market share in Bangladesh.

Tangibility

Parasuraman et al. (1991) defined tangibility as “the appearance of physical facilities, equipment, personnel, and communication materials.” In the banking industry, the tangibility dimensions refer to the physical condition of facilities, equipment installed, the appearance of the front-line employees, leaflets, and other materials used to communicate with customers. These are the aspects that customers observe before or after entering into the banking branches and create their first impressions about the banking services (Yavas et al., 1997). If these tangible elements are inadequate, unavailable or in poor conditions, customers may probably feel unhappy with the banking service. Leong, Hew, Lee, and Ooi (2015) found that tangibility has a substantial direct effect on customer satisfaction in the airline industry. Therefore, we propose the following hypothesis:

H₁: Tangibles have a significant and positive effect on customer satisfaction.

Reliability

Reliability refers to “the consistency and dependability of a firm’s performance” (Bateson & Hoffman, 2011). Reliability in the banking industry reflects the ability of the banks to provide accurate and trustworthy service which respond to the customer needs; offer products and services at designated time, keep the record correctly, honor its promises, and guarantee that no problem will occur during the delivery of service to customers. Reliability is an essential attribute of the banking services (Johnston, 1997; Zeithaml, Bitner, & Gremler, 2013). A shortfall in reliability may result in customer dissatisfaction (Johnston, 1997). Conversely, excellent banking services deepen the client trustworthiness toward the delivered service (Kenyon & Sen, 2015). George and Kumar (2014), and Leong et al. (2015) have found reliability as a significant predictor of customer satisfaction. The following hypothesis is proposed:

H₂: Reliability has a significant and positive effect on customer satisfaction.

Responsiveness

Responsiveness is deemed as a company's commitment, and the willingness of employees to help and deliver prompt service to the customers (Bateson & Hoffman, 2011; Zeithaml et al., 2013). Responsiveness in the banking industry denotes the flexibility or speed of the service and the skill to design the service delivering to meet customer needs (Kenyon & Sen, 2015). This attribute points the importance of attentiveness, readiness, and preparedness of the banks to cope with customer requests, questions, complaints, and problems (Zeithaml et al., 2013). The length of time to which customers have to wait for assistance, a problem resolution, can significantly affect customer perceptions of the service offered (Johnston, 1997). Lee et al. (2000) have found responsiveness as the most important dimension in the "people-based" industries. Leong et al. (2015) confirmed a positive effect of responsiveness on customer satisfaction in the airline industry. Therefore, we hypothesize the following: **H₃**: Responsiveness has a significant and positive effect on customer satisfaction.

Assurance

Assurance encompasses the competence of the service provider, the credibility, and security of the transactions (Bateson & Hoffman, 2011). In the banking industry, the employees should have the knowledge to perform the service, interact with the client in a polite and friendly manner, conveying trust and confidence. Kenyon and Sen (2015) contended that the bank employees should explain the service, its related costs, and benefits, and ensure the security of customers' transactions and personal information. Shanka (2012) have found a significant effect of assurance on customer satisfaction. Thus:

H₄: Assurance has a significant and positive effect on customer satisfaction.

Empathy

Zeithaml et al. (2013) have described empathy as the caring and personalized attention that the company gives to their clients. Empathy refers to the banks' ability in putting itself in the customer place. Previous studies have found that empathy component poses a significant and positive influence on customer satisfaction (Leong et al., 2015; Shanka, 2012). The bank personnel should have the ability to understand the feelings, needs, and wants of their clients. Hence: **H₅**: Empathy has a significant and positive effect on customer satisfaction.

Customer Satisfaction and Loyalty

Oliver (1999) pointed that there is an inextricable association between customer satisfaction and customer loyalty. Chen (2012) contended that customer satisfaction is an essential prerequisite for the emergence of customer loyalty. Thus, a higher degree of customer satisfaction influences customer loyalty (Deng et al., 2010). Caruana (2002); Hallowell (1996); Ruyter, Wetzels, and Bloemer (1998) pointed out that customer satisfaction affects customer loyalty in retail banking. Buttle and Burton (2002) stressed that customer satisfaction is the crucial antecedent of client's attitude towards the service firm, and is a core determinant of future customer behavior (Zeithaml et al., 1996). Deng et al. (2010) examining the factors affecting customer satisfaction and loyalty on mobile instant message (MIM) services in China have found that customer satisfaction positively affects customer loyalty. Therefore: **H₆**. Customer satisfaction has a significant and positive effect on customer loyalty.

Methodology

Data Collection and Samples

The study employs a descriptive and quantitative approach using a self-administered survey questionnaire. Data were gathered from bank customers aged 21 years old and above who reside in five cities of Mozambique, namely Pemba, Nampula, Mocuba, Beira, Maputo, covering the North, Center, and South regions of the country. A convenience sampling method was used to select a total of 493 usable questionnaires (i.e. questionnaire answered). Responses were gathered on service quality, customer satisfaction, and customer loyalty offered by banks. The questionnaires were distributed and collected from customers outside the banking hall. For each questionnaire completed, the researcher paid 25 US cents to the interviewers.

Measures

The measurements items were adopted from previous research and were modified and reworded to fit the banking context of Mozambique. The questionnaire was initially prepared in English and then translated into Portuguese. The Portuguese version of SERVQUAL instrument was adopted from Johnston (1995). Thus, measures of service quality were adopted from Parasuraman et al. (1994) and Shanka (2012). It was operationalized by a 22 item-scale, SERVQUAL in five components namely tangibility, reliability, responsiveness, assurance, and empathy). Customer satisfaction with their banks is measured with four items

adapted from Shanka (2012), Jamal and Nasser (2002). The items were related to the five components of SERVQUAL. Customer loyalty was operationalized by five observable variables adapted from Zeithaml et al. (1996) and Shanka (2012). The respondents were asked, for instance, the likelihood to recommend other or continue to do business with their bank. A five-point Likert-type scale was used to measure each of the items, ranging from 1 = completely disagree, to 5 = completely agree. Equally important, the questionnaire included items regarding the demographic or socioeconomic characteristics of respondents such as gender, age, marital status, educational background, monthly income, and occupation.

Methods

The psychometric properties of the items were evaluated through exploratory factor analysis using principal component analysis. The 22 items that define the SERVQUAL were factionalized to ascertain the underlying factors. Factor loadings greater than 0.5 were retained under the restriction of eigenvalues more than one. The orthogonal procedure, i.e. varimax yielded interpretable results. Reliability analysis was used to assess the dimensionality and reliability of the constructs. The causal order of the service quality and customer satisfaction, and the influence of customer satisfaction on customer loyalty were analyzed. These relationships were examined through multiple regression models. Specifically, we tested each relationship by examining the significance of the regression coefficients estimated. The data were analyzed using a statistical software SPSS version 20.

Analysis and Discussion

The study succeeded in providing respondents who have wide variations in personal characteristics (see Table 1). The Cronbach's Alpha reliability coefficients of the three measures ranged from the lowest 0.769 (customer satisfaction) to the highest 0.821 (customer loyalty), indicating consistency and stability of SERVQUAL scale, customer satisfaction, and customer loyalty (see Table 2).

Tables 3 and 4 summarize the results of multiple regression analysis as well as the findings of the hypothesis testing. All the six hypothesis were supported. The results show that tangibility, reliability, responsiveness, assurance and empathy are significant predictors of customer satisfaction and that customer satisfaction exerts a strong and positive influence on customer loyalty.

Table 1
Profile of the Respondents

| Variable | | Frequencies | Percent |
|-------------------------|----------------------------|-------------|---------|
| Gender | Male | 306 | 61.6 |
| | Female | 191 | 38.4 |
| Age | 21-30 | 262 | 52.7 |
| | 31-40 | 164 | 33.0 |
| | 41-50 | 56 | 11.3 |
| | >50 | 15 | 3.0 |
| Marital Status | Single | 321 | 64.6 |
| | Married | 158 | 31.8 |
| | Separated/Divorced | 18 | 3.6 |
| Education Level | Secondary Lower | 128 | 25.0 |
| | Professional Qualification | 150 | 30.2 |
| | Degree | 194 | 39.0 |
| | Master Degree/PHD | 25 | 5.0 |
| Occupation | Government Servant | 184 | 37.0 |
| | Private Sector Employee | 146 | 29.4 |
| | Self-Employee | 42 | 8.5 |
| | Professional Services | 28 | 5.6 |
| | Retired/Pensioner | 19 | 3.8 |
| | Unemployed | 42 | 8.5 |
| | Other | 36 | 7.2 |
| Monthly Personal Income | Below 15000 MT | 268 | 53.9 |
| | 15001-25000 MT | 114 | 22.9 |
| | 25001-35000 MT | 75 | 15.1 |
| | 35001-45000 MT | 25 | 5.0 |
| | Above 45001 MT | 15 | 3.0 |

Note: MT = Metical (Mozambique currency unit); USD1 \approx 40MT

Table 2
Factor Analysis with varimax rotation of SQ, CS, and CL

| Scale Items | Dimensions | Factor Loadings | Coefficient alpha |
|----------------|-----------------------|-----------------|-------------------|
| Q2 | | 0.775 | |
| Q1 | Tangibility | 0.759 | 0.600 |
| Q4 | | 0.610 | |
| Q3 | | 0.534 | |
| Q6 | | 0.748 | |
| Q8 | Reliability | 0.733 | 0.650 |
| Q5 | | 0.711 | |
| Q11 | | 0.734 | |
| Q12 | Responsiveness | 0.733 | 0.560 |
| Q10 | | 0.646 | |
| Q13 | | 0.502 | |
| Q14 | | 0.754 | |
| Q16 | Assurance | 0.732 | 0.673 |
| Q15 | | 0.727 | |
| Q17 | | 0.623 | |
| Q20 | | 0.781 | |
| Q21 | Empathy | 0.730 | 0.672 |
| Q22 | | 0.730 | |
| Q18 | | 0.590 | |
| SERVQUAL scale | | | 0.821 |
| Q25 | | 0.801 | |
| Q24 | Customer Satisfaction | 0.793 | 0.769 |
| Q26 | | 0.764 | |
| Q23 | | 0.718 | |
| Q29 | | 0.839 | |
| Q31 | Customer Loyalty | 0.825 | 0.824 |
| Q30 | | 0.771 | |
| Q27 | | 0.717 | |
| Q28 | | 0.680 | |

Note. SQ = Service Quality; CS = Customer Satisfaction; CL = Customer Loyalty

Table 3
Results of the Regression Analysis

| Dependent Variable | Independent Variable | R ² | Adjusted R ² | β | <i>t</i> | <i>p-value</i> | F |
|-----------------------|-----------------------|----------------|-------------------------|---------|----------|----------------|---------|
| Customer Satisfaction | Tangibility | .408 | .402 | .104 | 2.906 | .004* | 67.754 |
| | Reliability | | | .121 | 2.938 | .003* | |
| | Responsiveness | | | .184 | 4.106 | .000* | |
| | Assurance | | | .123 | 2.864 | .004* | |
| Customer Loyalty | Empathy | .340 | .339 | .333 | 7.499 | .000* | 255.548 |
| | Customer Satisfaction | | | .584 | 15.986 | .000* | |

* $p < 0.05$ (significance level); β = Standardized Coefficients Beta

Table 4
Results of hypothesis testing

| Hypothesis | | β | <i>p-value</i> | Remarks |
|----------------|--|---------|----------------|-----------|
| H ₁ | There is a relationship between tangibility and customer satisfaction | 0.104 | 0.004* | Supported |
| H ₂ | There is a relationship between reliability and customer satisfaction | 0.121 | 0.003* | Supported |
| H ₃ | There is a relationship between responsiveness and customer satisfaction | 0.184 | 0.000* | Supported |
| H ₄ | There is a relationship between assurance and customer satisfaction | 0.123 | 0.004* | Supported |
| H ₅ | There is a relationship between empathy and customer satisfaction | 0.333 | 0.000* | Supported |
| H ₆ | There is a relationship between customer satisfaction and customer loyalty | 0.584 | 0.000* | Supported |

Note: * $p < 0.05$ (significance level); β = Standardized Coefficient Beta

The conceptualization of the research model (see Figure 1) suggests that service quality is a multidimensional construct and has a positive influence on customer satisfaction. Subsequently, customer satisfaction leads to customer loyalty regarding the banking services. The results suggest that customers create service quality perceptions on the basis of their evaluations of the five dimensions: tangibility, reliability, responsiveness, assurance, and empathy, which conforms to Parasuraman et al. (1988), and positive customer experience with the banking services results in customer satisfaction, and that customer satisfaction leads to customer loyalty. Thus, the research provided empirical support for the existing link between service quality, customer satisfaction, and customer loyalty, which corroborate with studies of Cronin and Taylor (1992), Khan and Fasih (2014), and Shanka (2012). Therefore, banks can gain customer satisfaction and customer loyalty by improving the quality of services.

Interestingly, on the magnitude and order of importance of service quality dimensions, empathy is the strong predictor of customer satisfaction followed by responsiveness and assurance. The findings recognize the importance of service process attributes on customers satisfaction and customer loyalty in retail banks. Levesque and McDougall (1996) contended that the service process elements (i.e. empathy, responsiveness, and assurance) are crucial in the provision of excellent banking services. Previous studies reveal differences in findings regarding the order of importance of service quality dimensions across developed and developing countries. The results of our research are quite similar to studies conducted in other developing countries (see Shanka, 2012; Khan and Fasih, 2014). A possible reason empathy, responsiveness, and assurance was found to have a strong effect on customer satisfaction relative to reliability and tangibility is likely due to the negative perception of customers regarding the bank's ability in performing the service accurately and dependably. Further, a developing country like Mozambique, the concept of service quality is emergent when compared to western contexts. For these reasons, customers may be more concerned with other aspects of services, like an excellent interaction during the service experience in the bank.

Conclusion and Implications

This study investigates the influential factors of service quality in the banking system and its effect on customer satisfaction and their loyalty in Mozambique. As seen in this research, service quality have a positive and significant influence on customer satisfaction, and that customer satisfaction has a strong effect on customer loyalty. Do the service quality dimensions have a relationship with customer satisfaction? The findings demonstrated that service quality dimensions such as tangibles, reliability, responsiveness, assurance, and empathy have a positive and statistically significant relationship with customer satisfaction. What attributes of service quality are most important to clients? The findings indicated that empathy, responsiveness, and assurance, are the most significant attributes of service quality, whereas tangibility and reliability have a little contribution to customer satisfaction. What is the effect of customer satisfaction on customer loyalty? The results suggested that customer satisfaction exerts a positive and significant impact on customer loyalty. Therefore, customer degree of satisfaction in the banking sector in Mozambique affects customer loyalty.

Theoretical implications

The study develops a theoretical framework to investigate the influential factors of service quality on customer satisfaction, subsequently customer loyalty in the banking sector of Mozambique. Although some of the ideas stated in this research model are similar to that of other scholars, the value of the research framework is in testing the GAP model, namely SERVQUAL, in a developing country like Mozambique to provide a comprehensive understanding of the relationship between service quality, customer satisfaction, and customer loyalty.

The study gives a useful basis to academicians about important attributes of service quality that significantly affects customer satisfaction, subsequently customer loyalty with the banking services in Mozambique. Interestingly, the current study has found that empathy, responsiveness, and assurance are significant predictors of customer satisfaction with the banking services. These dimensions clearly are related to the service delivery performance, that is, the manner in which bank services are delivered, for example, responsiveness and professionalism of bank employees.

Most researchers have reported changes in the order of importance of the service quality dimensions, whether in developing or developed countries. The findings of the present study are quite similar to studies conducted in other developing countries. For example, in a study carried out with Ethiopian bank customers, empathy, responsiveness, and assurance were the most important predictors of customer satisfaction (Shanka, 2012). Khan and Fasih (2014) found assurance and empathy as significant predictors of customer satisfaction in Pakistan. Conversely, tangibility and reliability were insignificant. Yavas et al. (1997) have found tangibles, responsiveness, and empathy as significant predictors of customer satisfaction in Turkey. Conversely, the study of Parasuraman et al. (1988) in the USA found reliability as the most critical dimension followed by the assurance, tangibles, responsiveness, and empathy. In Greece, Jamal and Anastasiadou (2009) found tangibility, reliability and empathy as the strongest predictors of customer satisfaction, while responsiveness and assurance were insignificant.

The differences in the order of importance of the dimensions suggest that in developing countries like Mozambique, the provision of the banking services rely mostly on human interaction, e.g., bank branches. Nevertheless, the current study demonstrates the importance

of empathy, responsiveness, and assurance in the increasing of customer satisfaction, in turn, promote a favorable word-of-mouth recommendation to enhance customer loyalty.

Managerial implications

The current research identifies the process performance of service quality (i.e. empathy, responsiveness, and assurance) as the strong predictors of customer satisfaction, and that customer satisfaction exerts a greater effect on customer loyalty. Equipped with this knowledge, banks should take necessary action to improve process or interaction aspects of service quality such as the empathy, responsiveness, and assurance of the banking service to induce increased customer satisfaction and customer loyalty towards their banks. The empathy, responsiveness, and assurance refers how the banking service gets delivered to customers and are essential for quality of interactions in the bank. Excellent interaction between bank employees and customers is crucial to ensure customer satisfaction and to compensate for imperfections. The customer contact employees are often of vital importance for excellent service quality. Utmost care should be taken in recruiting, selecting, training and developing the customer contact employees. Intensive training in interpersonal and human skills among the bank staff would be crucial.

Besides, the banks can adopt some reward programs to encourage their staffs to be helpful, caring, courteous, and friendly when serving the customers. The research also suggests that empathy, responsiveness, and assurance of the service quality is crucial but not sufficient to develop customer satisfaction and customer loyalty. The banks need to ensure that their premises are visually appealing and offer comfort and ensure that services are done properly right the first time. In conclusion, to enhance customer satisfaction and customer loyalty, the bank managers should make improvements on empathy, responsiveness, and assurance (i.e. interaction quality factors). Equally, it is important to note that the study identifies customer satisfaction as a significant predictor of customer loyalty. Thus, retail banks should strive to meet the needs and wants of their clients in order to provide excellent service experience and build customer loyalty.

Limitations of Study

The study has some shortcoming. First, in a strict sense, the study examines only perceptions of bank clients of five cities in Mozambique. Second, the sample units were drawn based on

the researcher judgment (i.e., convenience). So, the generalization of the findings should be made with cautious. Though we found a positive and significant link between the service quality and customer satisfaction, subsequently, customer satisfaction and customer loyalty, should be taken into account that the models explain only a small portion variance. Consequently, it might affect the predictive power of the models. Therefore, bank managers or practitioners should pay attention to attributes other than mentioned in this study.

Recommendations for Future Studies

This study provides some directions for future research. For example, the research was a cross-sectional survey, using self-administered questionnaires to collect empirical data. The work sought to investigate the influential factor of service quality and customer satisfaction, subsequently in customer loyalty in the banking sector in Mozambique. The data were analyzed using descriptive and quantitative methods. Thus, it is recommended for future studies to use methodologies such as critical incidence technique, and also, extend the study to other banks and different service contexts. Further research might also want to work on the effect of service quality, customer satisfaction and customer loyalty from bank staff's perspectives. Also, researchers should consider taking a broader view towards identifying the components of service quality and overall service offering. The attributes should encompass not only the recently identified constructs but also constructs that reflect the service offering. Finally, the impact of cultural factors on customer satisfaction and loyalty could prove to be an interesting area of study. Similarly, measure the impact of trust on service quality, on customer satisfaction or both in Mozambique banking setting.

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Merger of PCIT and PICS: Post-Merger Cultural and Marketing Strategies

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ABSTRACT

Over the last few decades mergers and the acquisitions, both the international and the national ones, have become strategic instruments of growth and development of enterprises. A sensible aspect regarding the merger or the acquisition operations is that of integrating the entities had in view. This case is based on the complexities and problems faced by managers of merging organizations. It requires strong decision-making insights to seamlessly merge the distinct and distant organizations into a single powerhouse. The Punjab Group of Colleges is the largest private network of educational institutions in Pakistan. Over a period of three decades, the Group has grown into the largest educational network in Pakistan providing top quality education from Playgroup to PhD with a student body of more than quarter a million all around Pakistan.

The case illustrates merger of two different colleges into a single faculty of newly established university. Different colleges had different organizational culture and both teams were proud of their cultures and have unflattering opinions of the other's. Each college's students were rather loyal, and their technologies are compatible, so management believes a combined faculty will be even more effective, particularly in a time of rapid change in both technology and competition. Although there was small resistance to merge but the top management was determined to unify the two colleges quickly and enhance the new faculty market image.

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Introduction

The Punjab Group of Colleges is the largest private network of educational institutions in Pakistan. Over a period of three decades, the Group has grown into the largest educational network in Pakistan providing top quality education from Playgroup to PhD with a student body of more than quarter a million.

Within a period of 30 years, the PGC has established over 230 campuses of Punjab Colleges, 350+ campuses of Allied Schools and 3 Chartered Universities include in The Punjab Group. Mohammad Ali Jinnah University in Karachi, The University of Central Punjab in Lahore, and The Capital University in Islamabad are all chartered universities of the Group and are highly rated in their respective domains.

Before Merger

Punjab College of Information Technology (PCIT) and Punjab Institute of Computer Science (PICS) both were part of Punjab Group of Colleges offering degree programs in Information Technology and Computer Sciences respectively. PICS was established in 1993 while PCIT was established in 2000. Both colleges benefited from the boom of Information technology revolution and both looked forward to growth and expansion. PCIT has annual pass out of about 1000 students and employs 95 people. PICS has annual pass out of about 800 graduates and employs about 80 people. PCIT typically reports greater net profits than PICS.

Punjab College of Information Technology (PCIT)

The Principal of PCIT believed that PCIT was the far superior institution. He credited his college's greater effectiveness to his ability to run a "tight ship." PCIT had detailed organization charts and job descriptions. He believed that everyone should have clear responsibilities and narrowly defined jobs, which generates efficient performance and higher profits.

Principal PCIT had a reputation as an administrator who could get things done. He cut the costs by trimming a number of activities such as college picnics and parties, and the training for teachers and staff. Principal PCIT believed that on-the-job training is a waste of time; if teachers/staff don't want to do the work and can't improve themselves, get rid of them and find somebody else who does. He developed a matrix organizational structure which included the subject specialists titled as 'Supervisors' and 'Class-Teachers'. Supervisors were instructed to

establish high performance standards for their subject areas and insisted that people achieve them. A computer monitoring system was in place so that the output of each teacher could be checked closely against the standards. Principal PCIT told his supervisors to give any teacher who had substandard performance one warning, and then if performance did not improve within two weeks, to fire the person. Principal PCIT believed that teachers don't respect a supervisor who is weak and passive. When Principal PCIT observed a teacher wasting time or making a mistake, he would reprimand the person right on the spot to set an example. Principal PCIT also checked closely on the performance of his supervisors. Demanding objectives were set for each department, and weekly meetings were held with each supervisor to review department performance. Finally, Principal PCIT insisted that supervisors check with him first before taking any significant actions that deviated from established plans and policies. Teachers were generally satisfied with their jobs at PCIT, although some managers wished for more empowerment opportunities.

As another cost-cutting move, Principal PCIT reduced the frequency of preventive equipment maintenance, which included more than 500 computers network and 100 plus office equipment, printers, photo-copiers. Since the machines had a good record of reliable operation, Principal PCIT believed that the current maintenance schedule was excessive and was unnecessary. This resulted in the sudden breakdown of equipment during the term time. The situation went worst, exams were not held on the announced schedule due to non-availability of papers and printing facilities. Results were delayed as per schedule and most importantly some parents took their children off from the college. Principal PCIT laid off class teachers from whom classes children were taken off in larger numbers, rather than finding something else for them to do.

Punjab Institute of Computer Science (PICS)

PICS's Principal, did not believe in organization charts. He believed organization charts just put artificial barriers between specialists who should be working together. He encouraged people to communicate face-to-face rather than with written memos. One of his subordinates said, "He spends too much time making sure everyone understands what we're doing and listening to suggestions." The Principal of PICS was concerned with employee satisfaction and wanted everyone to feel part of the organization. Teachers were often rotated among departments so they would be familiar with activities throughout the organization. Although PICS wasn't as profitable as PCIT, they were able to launch new courses and programs more quickly, work out of student problems more accurately, and achieve higher pass out because of superb employee

commitment and collaboration. Principal PICS believed that it was important to treat teachers properly so they would have a sense of loyalty towards the college. He tried to improve attendance and retention rate among staff and teachers and convinced other competent authorities in college that the college could not afford to lose skilled teachers that are so difficult to replace. The teachers knew that if they had a special problem, Principal PICS would try to help them. For example, when someone was injured but wanted to continue working, Principal PICS found another job on the ground floor within the college premises that the person could do despite having a temporary disability. Principal PICS believed that if you treat people right, they will do a good job for you without close supervision. Principal PICS applied the same principle to his subordinates, and she mostly left them alone to run their departments as they saw fit. He did not set objectives and standards for the college, and she never asked her subordinates to develop explicit plans for improving quality. Under Principal PICS had the lowest turnover among the group colleges, but the worst record for cost levels.

Rationale Behind Merger

At the end of 2004, the top management of Punjab Group of Colleges decided to merge the two different colleges under the banner of Faculty of Information Technology and place it in the newly established University of Central Punjab. Both PCIT and PICS management teams were proud of their cultures and have unflattering opinions of the other's. Each college's students were rather loyal, and their technologies are compatible, so management believes a combined faculty will be even more effective, particularly in a time of rapid change in both technology and competition. The PICS Principal resisted the idea of merger, but the top management was determined to unify the two colleges quickly, increase the new college's marketing position, and revitalize degree programs offered, all by year end.

Post-Merger Challenges

The challenges of the integration follow from different cultural values and behavior norms of the players involved in this process and the difference between the two enterprises. In the case of merger operations, the corporate culture reflects an essential aspect for the operation chances to succeed. This analysis allows the identification of the elements specific to each entity and of the risks generated by the too obvious differences or incompatibilities. The more different the cultural characteristics of the two enterprises are, the higher the risks.

It is obvious that the success of a merger or acquisition operation is strongly related to a cultural management of the entities and also to the taking into consideration of the psychological impact of the operation on the members of the acquired enterprise. Corporate culture is considered a lever whose use becomes crucial for the success of the integration period. Corporate culture can be defined as the assembly of attributes and values shared by the employees and which dictate the latter's professional and moral attitudes. The component elements of the corporate culture are represented by its history, its activity, brand, the organization mode, and its ethical norms.

Perhaps the most intriguing question is the development of core values for branding of the newly formed faculty and university. It also require some pointers to develop the future marketing strategy.

TEACHING NOTE

Case Synopsis

This case is based on the complexities and problems faced by managers of merging organizations. It requires strong decision-making insights to seamlessly merge the distinct and distant organizations into a single powerhouse. The Punjab Group of Colleges is the largest private network of educational institutions in Pakistan. Over a period of three decades, the Group has grown into the largest educational network in Pakistan providing top quality education from Playgroup to Ph.D with a student body of more than quarter a million all around Pakistan.

The case illustrates merger of two different colleges into a single faculty of newly established university. Different colleges have different organizational culture and both teams were proud of their cultures and have unflattering opinions of the other's. Each college's students were rather loyal, and their technologies are compatible, so management believes a combined faculty will be even more effective, particularly in a time of rapid change in both technology and competition. Although there was small resistance to merge but the top management was determined to unify the two colleges quickly and enhance the new faculty's market image. The UCP management is also interested to chalk out the bases of future marketing strategy.

Target Audience

This case is written for undergraduate students and intended to be used in a number of courses i.e., Principles of Management, Organizational Behaviour, Negotiation Skills, Conflict Resolution. The case is prepared for undergraduate students taking a course in

business or management discipline probably in their first year of studies. It is more like an illustration of organizational practice and it does not require greater involvement of students for decision making. The case can be used over a period of time and it was not designed as time bound activity.

Learning Objectives

1. To understand the post-merger complexities especially in the instances of varying cultures of merging entities.
2. To understand the concepts like culture types and culture gap in organizational setting.
3. To understand the negotiation styles and conflict resolution techniques in post-merger settings.
4. To understand the marketing and branding strategies in post-merger settings.
5. To provide an experiential learning exercise to students so that they can apply the concepts in real-life case settings.

Limitations of the Case

This case must be considered as experiential learning exercise and is focused on the post-merger cultural issues only. There are many others issues surrounding mergers (like the rationale behind the merger, problems faced before and after) are not part of this case. This complexity level of this case is intentionally kept low and and it is expected that students will learn the culture, conflict-resolution, negotiation and marketing strategies in post-merger settings.

Case Methodology

Authors wrote this case as a teaching case and solely for classroom discussion. This case is written for academic purposes and does not intent to illustrate either effective or ineffective handling of managerial situation(s). All names have been disguised to protect the individual's identity and privacy. Also names of people and designations mentioned in this case do not imply or hold them responsible for anything. Materials or statistics provided cannot be used by third party as evidence. All facts and figures have been taken from the official website of the Punjab Group of Colleges, otherwise cited as secondary source. This strategy has been proved fruitful in describing fundamental concepts through case study design in many other cases (Anjam & Siddiqui, 2013; Fahim & Siddiqui, 2013; Husain & Siddiqui, 2013; Mangi & Siddiqui, 2013; Salman & Siddiqui, 2013; Siddiqui & Anjam 2013a; Siddiqui & Anjam 2013b; Siddiqui & Anjam 2013c; Siddiqui & Fahim 2013).

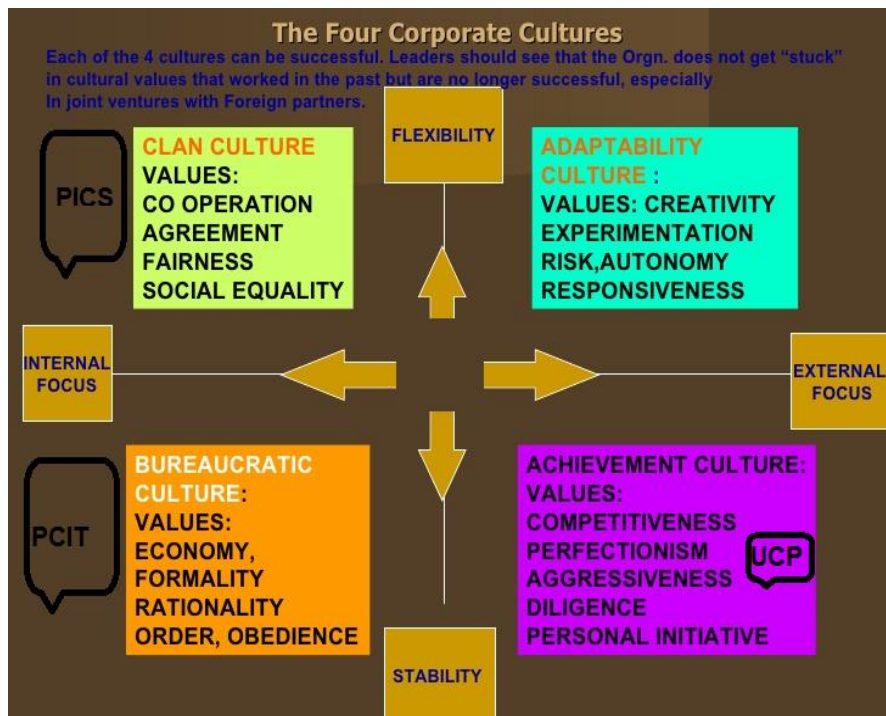
Suggested Class Plan – 75 Minute

- Introductory remarks by the instructor (05 minutes)**

Lacking a well-defined integration policy and a cultural homogenization, any cultural difference between the enterprises may create antagonisms and create dysfunctions affecting the performance of the new group. There are three strategies to approach the cultural differences - Imposing one of the two cultures: this solution is feasible but its success requires a rapid execution and based on tasks with a high symbolical meaning: its immediate adaptation to the working methods, the participation and adaptation to the style promoted by the enterprise. - Creating a new culture: this solution is possible, but risky because it might eradicate two communities and create a new culture, in which none is to be found. - Maintaining the two cultures.

- Using the competing values model, what type of culture (Adaptability, Achievement, Clan, Bureaucratic) would you say is dominant at PCIT ?at PICS? [20 minutes]**

[Hint: The instructor is advised to draw the competing values model on the board and with the help of students place PICS and PCIT in respective quarters i.e., Clan Culture and Bureaucratic Culture. Don't show UCP now]



- **Is there a culture gap? [05 minutes]**

Answer: Yes! There is an obvious cultural gap between two groups.

[Hint: Ask students to spell out the cultural gaps between PCIT & PCIS.]

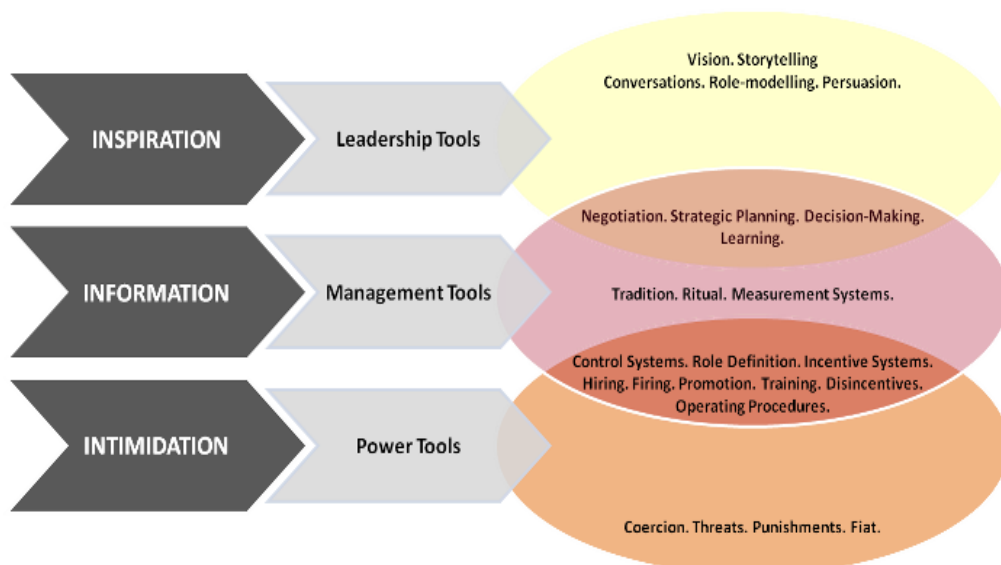
- **Which type of culture do you think is most appropriate for the newly merged university? Why? [05 minutes]**

Students will be divided on this question. In our humble opinion the most appropriate culture type for the newly merged university would be Achievement Culture. Some student might also suggest the Adaptability culture.

[Hint: Students must learn that adoption of culture is highly dependent on the top management's personality, exposure and vision for the company. Now with the help of students place the UCP in Achievement Culture quarter.]

- **If you were the Dean of Faculty of Information Technology of newly established University of Central Punjab, what techniques would you use to integrate and shape the cultures to overcome the culture gap? [10 minutes]**

[Hint: Instructor must draw the different organizational tools for changing minds and with the help of students develop an action plan for this case.]



- **What conflicts you may expect from this merger? [05 minutes]**

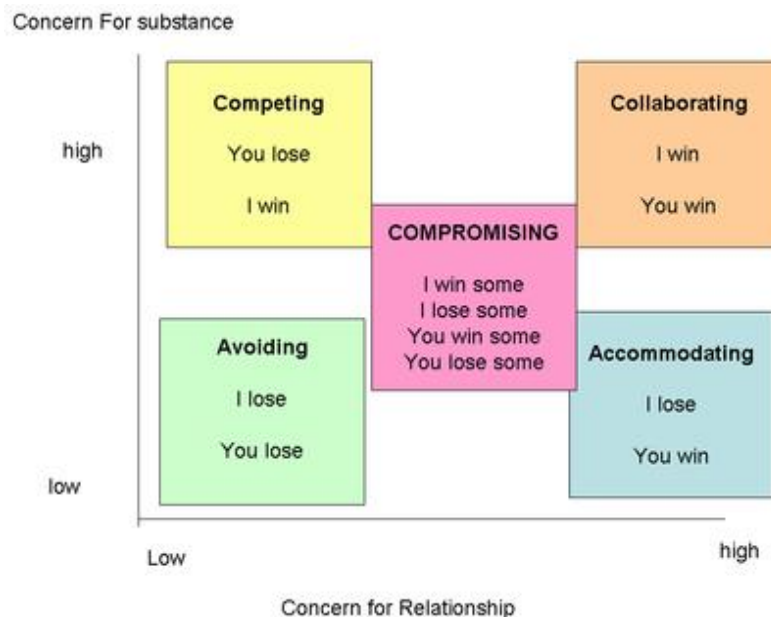
Answers: Conflicts are expected for every work dimension in the newly established faculty. Answers may vary.

- **Identify the major groups and their interests? [05 minutes]**

Answer: Two groups will be old faculty and staff of PCIT and PICS respectively including their Principals. Each group will be negotiating to maximize their values and cultural norms to be part of newly established university.

- **What Negotiation styles may be used by each group? [15 minutes]**

[Hint: Instructor is advised to draw the Negotiation styles figure on the board and with the help of students show how PCIT & PCIS are competing with each other.]



Answer: Most likely both groups will be using competing style of negotiation. Third group will be Dean of the newly established faculty and new staff members. They are required to develop their own strategy.

- **If you were the Dean of Faculty of Information Technology of newly established University of Central Punjab, what conflict resolution techniques would you use to manage the upcoming conflicts? Why? [05 minutes]**

Answer: Students will be divided on this issue and answers may vary. In our humble opinion Dean of the newly established faculty and new staff members must practice Collaborating, Accommodating and ultimately using Compromising style of negotiation.

- **If you were the Dean of Faculty of Information Technology of newly established University of Central Punjab, what core values you may suggest for brand development? Why? [05 minutes]**

Answer: Students will be divided on this issue and answers may vary. In our humble opinion Dean of the newly established faculty may recommend “Achievement Culture” as the bases for new brand. Core brand values may include Competitiveness, Perfectionism, Aggressiveness, Diligence and Personal Initiatives. In order to continue the legacy of the two old intuitions, “Heritage” may also be recommended.

- **If you were the Director Marketing of newly established University of Central Punjab, what pointers you may recommend for future marketing strategy? Why? [05 minutes]**

Answer: Students now have the opportunity to develop marketing pointers for future marketing strategy. Answers may vary. However some pointers are given below for reference only.

1. **Avoid brand failure:** Brands sometime fails when a brand tries to assume a new garb altogether to bring about a fundamental change in its brand identity. This radical swing confuses the customer thus challenging loyalty (Khaqan, Siddiqui, Siddiqui, 2016). This can be mitigated by conducting brand audit at pre-merger stage and brand tracking at post-merger stages (Saeed & Siddiqui, 2015 & Saeed & Siddiqui, 2016). Brand activations (Saeed & Siddiqui, 2016) and endorsements (Naz & Siddiqui, 2012) may also be seen as powerful tools soon after the merger.
2. **Use repositioning as tool to oppress merger challenges:** Mergers normally provide enormous opportunities to marketers for the repositioning of their brands especially the newly formed brands. The repositioning shall be based on the combined strengths of the two merging institutions or altogether a new vacant, strong position in the market place (Siddiqui & Fahim 2014; Sibghatullah, Siddiqui & Siddiqui, 2016, Latif, Sibghatullah, &

Siddiqui, 2016).

3. **Use the intergenerational influence of brand preference in their favor:** Punjab group of colleges has the highest number of alumni in Pakistan as compared to any public and private institution of higher education. Most of the students getting enrolled now are the second or third generation of Punjab group alumni. The Punjab group can capitalize the intergenerational influence of brand preference in their favor (Hussain & Siddiqui, 2016; Hussain & Siddiqui, 2015; Siddiqui, Bashir, Sarki, Jaffari, & Abbas, 2012).
4. **Communication with all stakeholders:** Mergers involve uncertainty and risks. Communications at all levels and to all stakeholders is essential to mitigate risks. This may require a massive advertising campaign. As the Punjab group of colleges have passed through a long way so the advertising industry in Pakistan has also evolved over period of time (Siddiqui & Siddiqui, 2016) with changes in general public perception towards advertising (Fahim, Siddiqui, Anjam, Aziz, 2013). There are many more cost effective and powerful media emerged so far especially the digital marketing techniques bring customers closer to marketers (Khan & Siddiqui, 2013).

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Beauty Premium and Halal Cosmetics Industry

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ABSTRACT

This paper provides some insight on an unexplored most emerging sector of Islamic marketing and economy “halal cosmetics”. Beauty is one of the biggest reality in this world everyone likes to look beautiful and beauty around, that’s why in modern age expense on cosmetics increase. Cosmetics are articles that used to increase beauty. There are many types and categories of cosmetics. Muslims are bound to religious requirements in every sphere of life, including cosmetics, therefore, there is a big scope for halal cosmetics industry to flourish and earn the profit. It is a source of marketing expansion. Non-Muslims also attract towards halal cosmetics for its natural, environmentally friendly and green ingredients. Facts and figures also show evidence that halal perspective of cosmetics is a matter of concerns for consumers, producers, manufacturers, and marketers.

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Introduction

Our bodies and facial appearance play significant roles in present society (Gill, Henwood, & McLean, 2005; Turner, 2008). Physically attractive people can gain more opportunities to have a perfect match. In addition, the physical attraction also helps to gain advantages in all fields of life, it's especially true for women's careers (Hamermesh & Biddle, 1994; Härkönen, 2007; Sarlio-Lähteenkorva, Silventoinen, & Lahelma, 2004). People also feel that more physically attractive people are more intelligent, cooperative, dominant, social and higher in self-esteem (Andreoni & Petrie, 2008; Mulford, Orbell, Shatto, & Stockard, 1998). According to Aristotle,

“Personal beauty is a greater recommendation than any letter of reference”.

Comparative beauty is rewarded. Physically attractive people make more money than less or not attractive ones. This premium to beauty is reflected in Hamermesh and Biddle's (1994) results,) results that plain people earn less than good looking people. It is found that beautiful people are not awarded due to their behaviors, but due to the expectations of other people. Socially, people believe that attractive people are more cooperative. It is a false belief about attractive people that give them beauty premium (Andreoni & Petrie, 2008).

Beauty Premium

Beauty is rewarded in shape of beauty premium. Simply beauty premium means monetary rewards taken on the basis of physical attractiveness. It is a complicated phenomenon based on attractiveness stereotype that more attractive people are more social, more intelligent, warmer, more cooperative and more successful, this stereotype results in extra advantage to attractive people and they gain more money on the same job and same task against less or unattractive people this whole phenomenon is given the name of “beauty premium”. Beauty premium is reality and researchers have consistently supported this, an experiment finds three channels about sizeable beauty premium: (a) attractive people are more confident and confidence increases wages (b) attractive people are more considered by employers due to their confidence; (c) just due to increased confidence physical attractive people have more improved oral skills in turn they gain a wage increment (Mobius & Rosenblat, 2006).

Beauty premium gained as a result of the contribution of multiple traits those are directly or indirectly linked with physical attractiveness as previous researchers show.

- Physically attractive people are more emotionally stable that's lead to beauty premium (Umberson & Hughes, 1987).
- People generally believe that physically attractive people are more intelligent and active (Cialdini, 1984), but experiments show that actually there is no difference in intelligence level between physically attractive and less attractive people (Feingold, 1992).
- Physically attractive people are more social and feel less lonely and depressed (Feingold, 1992).
- Attractive people are more popular than less attractive people and other people like to interact with physically attractive people (Feingold, 1992).
- People like to share their personal information with attractive people (Brundage, Derlega, & Cash, 1976).
- People with more enhanced appearance are more likely to be reinforced than unattractive people (Gallucci & Meyer, 1984).
- Physically attractive people readily cope with psychological disturbances than unattractive people (Cash, Kehr, Polyson, & Freeman, 1977).
- Physically attractive people feel less guilty than unattractive people if both come across with the same crime (Efran, 1974).
- More beautiful offenders in sex related crimes are less dangerous than less beautiful offenders (Esses & Webster, 1988).
- When attractive people encounter a crime they found to receive more generous sentences than unattractive people (Desantts & Kayson, 1997).
- Attractive people always gain an advantage as they are more considerable even babies also prefer more beautiful faces, then less beautiful (Langlois et al., 1987).

On the basis of above social benefits physically attractive people are given more considerations in employee and employer relationship and gain more financial benefits that are called "beauty premium". To gain this reality of the beauty premium expense on beauty products increases (Sarpila & Räsänen, 2011). Men and women both use cosmetics and beauty product to increase their beauty and gain beauty premium (Jones, Kramer, & Ward, 2014).

Meaning of Cosmetics

Definition of cosmetics varies, but in general term cosmetic means “any article intended to be used by means of rubbing, sprinkling or by a similar application to the human body for cleansing, beautifying, promoting attractiveness, altering the appearance of the human body, and for maintaining health of skin and hair, provided that the action of the article on the human body is mild” (Mitsui, 1997).

In current usage, a cosmetic is “any preparation, which is applied to the skin, eyes, mouth, hair or nails for the purpose of cleansing, enhancing appearance, giving a pleasant smell or giving protection” (de Groot & White, 2001).

The Federal Food, Drug, and Cosmetic Act (FD&C Act) defines cosmetics by their intended use, as “articles intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body for cleansing, beautifying, promoting attractiveness, or altering the appearance”.

Purpose of Cosmetics

Cosmetics going to gain more importance day by day and their usage increased in daily life. It's very difficult to state when first cosmetics are used. Archaeological excavations stated that cosmetics are used from the stone age (Pack, 2008). Earlier people used cosmetics for safety and protection from heat sunlight. In past people use oils moisturizing and paints to protect their bodies. Cosmetics also used for religious perspectives. Different types of woods and fragrances are used to make smoke that would defend against evil spirits. Further personal body paints also used to guard against evil. With the change of the era, these types of purposes of cosmetics are disappearing (Mitsui, 1997). In modern societies cosmetics have varying usage from personal to environmental , to prevent aging, and in general to help people enjoy a more full and rewarding life (Mitsui, 1997; Pack, 2008).

Classification of Cosmetics

Cosmetics companies produce and supply varieties of cosmetics products according to customer requirements. Any product that a customer uses for his health care, facial and skin treatment for outside appearance, or to maintain his health by cleaning and even utilization of natural and inorganic ingredients to prevent damage from the encompassing environment are altogether gone under cosmetics. Cosmetics are classified into following categories:

- Skincare
- Body & Oral Care Cosmetics
- Makeup
- Hair care
- Fragrance

Skincare

Facial products are used on the face. Mainly they are used for cleansing, skin balance, and protection (Jain, Jain, & Jain, 2013). Skin cleansers, Moisturizers, Anti-ageing products, Sunscreen products, Liposome's, and Acne are falling in a skin care product category (Mitsui, 1997; Schmitt, 1992). 27% skin care products are used in total global cosmetics (State of the Global Islamic Economy, 2014 Report).

Body & Oral Care Cosmetics

Body care cosmetics include soap, Body shampoo, Sun care Products, Hand care Products, Deodorant and Bath preparations. Oral care cosmetics mainly include toothpaste and products such as mouthwash or mouth freshener (Jain et al., 2013; Mitsui, 1997). The share of a body and oral care cosmetics is 23% in total global cosmetics (State of the Global Islamic Economy, 2014 Report).

Makeup

Makeup mostly used on the face. Other makeup's cosmetic is nail enamel. Face makeups have come into the category of base makeup and point makeups. Foundation, Face powder, Lipsticks, Blushers, Eye Shadow, Eye Liners, and Nail Enamels are falling in makeup product category (Matsuoka et al., 2006; Mitsui, 1997). In the global cosmetic segment, 20% makeup products are used (State of the Global Islamic Economy, 2014 Report).

Hair Care

Hair care cosmetics are divided into categories of shampoos, treatments, and hair styling agents as well as permanent wave agents and hair colors. Other products, hair care includes hair growth supporters and scalp treatments. Shampoos, Rinses, Hair Treatments, Hair Mousses, Hair Liquids, Hair Color, Hair Bleaches, Hair Tonic, and Scalp Treatments are falling in the hair product category (Jain et al., 2013; Mitsui, 1997). In the global cosmetic

segment, 20% share hair products are occupied (State of the Global Islamic Economy, 2014 Report).

Fragrance

Fragrances are mostly used on the body. The typical fragrance is perfume, but there are also Eau de colognes made by varying the amount of fragrance used (Jain et al., 2013; Mitsui, 1997). 10% fragrance, cosmetics have shared in the total global cosmetics industry (State of the Global Islamic Economy, 2014 Report).

Religion Perspective

Many researchers have explored that religion plays important role in consumer purchasing behavior. Delener (1994) find out that different people have a different level of religiosity they are divided into four levels: the extremely religious, the modest, the less religious and the non-religious. Their consumption patterns are affected by their level of religiosity. For third category people, religion factor may have weak influence or no influence on consumption decisions. Religion effects on individual's lifestyle and values. Certain products are banned by Islam, Christianity, and Judaism (Assadi, 2003). For example, Muslims are not allowed to eat pork-based products or non-halal items. Similarly, Jews have to consume kosher products and Christian and Muslim women must dress decently and Christian women are not allowed to wear gold.

Fastest Growing Religion

Muslim is the World's second largest religious group. Pew Research Center (2015) reveals that followers of Islam are 1.57 billion, that makes 23 % of the total world's population. It is estimated that Muslims population going to grow as twice as fast as overall world population from 2010 to 2050 and it will exceed from largest religious group Christian's population in the second half of this century. The world's population is projected to grow 35 % in coming decades, but Muslims will be going to grow by 73 % and becomes 2.8 billion in 2050 against 1.6 billion in 2010.

After four decades, they estimated to be 29.7 % of the world's population. In 2050, Christians and Muslims are near to be equal, but Christian will remain world's largest group with 31.4 percent of the world's population, (Michael Lipka, 2015). The median age of Europeans was 40 years, but Muslims have eight years younger than European with a median age of 32 years in 2010 (Hackett, 2015).

Halal Principle

Halal is an Arabic word meaning “permissible”. In English, it’s mostly used for food that is permissible in Islam. In the Arabic language, it refers to anything that is permissible under Islam (Kamali, 1991). Its antonym is “Haraam”. The term halal and haram will be used to describe food products, meat products, cosmetics, personal care products, food ingredients, beverages and food contact materials. According to Qaradāwī (1994), the term halal means “permissible for consumption and used by Muslims, whereas haram is anything that is unlawful or forbidden”. Halal (lawful) and haram (unlawful) are clearly shown in Islamic law and considered to be serious matters. Halal covers everything and all stages from raw material sourcing to the distribution of end products, and up to delivery to consumer’s (Man & Sazili, 2010).

Halal Requirements

For products to be considered Halal products must fulfill the following requirements

- Should not include any animal or parts of the animal are not permissible in Islam
- Not include any parts or products of Halal animals (such as cattle, goats, sheep, and poultry) that are not slaughtered according to Islamic law (Shariah).
- Do not include any constituents that are Najs (filthy or unclean) according to the Islamic law.
- Are safe (not have any chemical, or biological/ microbial hazards).
- Are not equipped, processed or manufactured using equipment that is adulterated with things that are regarded as Najs according to the Shariah.
- Human flesh and blood are not allowed.
- During all stages of supply chain physically separated from any other items that do not meet the standards stated above or any other things that have been decreed as Najs by the Shariah.

Core Sectors of Islamic Economy

Still following are core sectors of Islamic economic are identified.

- Halal Food Sector
- Islamic finance Sector

- Travel Sector
- Fashion Sector
- Media and Recreation Sector
- Pharmaceuticals and Cosmetic Sector

Demand for Halal Cosmetics

Muslims consumer's behaviors changed in recent years due to increase in Muslim population and increased level of awareness of young Muslims. Muslims population is expected to increase up to 1.6 billion in coming years. Therefore, the global halal cosmetics market will be flourish that meets religious requirements of Muslims. Increased level of education and awareness, increased the need to establish and develop general standards for Halal products including cosmetics (Swidi et al., 2010). It is important for the cosmetic industries to fulfill consumers' needs and make the profit along with fulfilling the social responsibilities to satisfy health-conscious consumer (Teng & Jamaliah, 2013).

Research on Halal products increased awareness as well encourage manufacturers, producers, and marketers should not only think about how to increase the return but also they should understand basics on the preparation about halal to encourage them to produce innovative goods that are truly halal (A. J. C. M. Hashim & Musa, 2013). Researchers indicate that consumers prioritize halal products and they are willing to pay higher for brands those are labeled as halal (Hussin, Hashim, Raja Yusof, & Alias, 2013).

Acceptance of Halal among Non-Muslim Consumers

Choosing halal products are the most and essential requirements for Muslim consumers to fulfill religious requirements and gain soul satisfaction while consuming. Non-Muslim consumers those have no religious obligations, on the other hand, value halal because of its organic nature and health benefits which are a purely mindful individual decision (Mathew, 2014; Rezai, Mohamed, & Nasir Shamsudin, 2012; Rezai, Mohamed, Shamsudin, & Chiew, 2010).

Non-Muslim consumers do have purchasing and positive intentions towards halal cosmetics. This is a vital opportunity for the halal industry to seriously consider the non-Muslim community in halal marketing potential (Haque, Sarwar, Yasmin, Tarofder, & Hossain, 2015; Mathew, 2014).

Halal Cosmetic Covers all Aspects Natural and Eco-ethical

Halal products are an essential need for all Muslims. Halal requirement includes each and every step carefully from raw material to products in a customer's hand. It also embraces the safety of the product make products natural and eco-ethical from all aspects and increases product efficacy that's why non-Muslims also prefer halal products (P. Hashim & Mat Hashim, 2013). Halal-certified products are more ethical, eco-friendly, organic and the green, with a non-exploitive and humanitarian approach. Halal certification and ingredient certification increases ethical standards, and they connect with the concept of social responsibility and the idea of interdependence and sustainability, which includes the environment, community, economy and business management and manufacturing practice. All brands those truly following halal requirements are fighting against cruelty, environmental pollution and establishing towards green marketing (Aoun & Tournois, 2015). It is proved that halal products are more natural and eco-friendly, it's not only fulfilling religious requirements but they are saving the universe as a whole (Chen, 2009; Dweck, 2011; Jain et al., 2013).

Conclusion

The main purposes of this paper are to put light on emerging and full of potential marketing segment Halal cosmetics. Halal market is full of potential even in the phase of decline when other marketing sectors are going down it provide opportunities and return on the turn. Halal has future perspective in other categories than food; it is full of potential in cosmetics, tourism, fashion, media, and pharmaceutical. Halal marketing is a source of attraction not only for Muslims but non-Muslims also has a positive response because it's environmentally friendly, eco-ethical and green marketing values. What makes an idea "big" and separates it from its "not-so-big" peers? The answer is Halal Certification. It is advised both for researchers as well for practical bodies to putt more consideration on the Halal concept to unexplored its advantages.

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Branding by Islamic Banks in Pakistan: A Content Analysis of Visual Brand Elements

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ABSTRACT

This paper aims to present an analysis of brand elements adopted by Islamic Banks in Pakistan. The research uses the content analysis on the branding elements for five established Islamic banks (IBs) and 14 conventional banks offering Islamic Windows (IWs). Data has been taken from SBP and official websites of the relevant banks. The analysis is based on brand names, logos, taglines, color schemes and backgrounds. Some noteworthy trends highlighted in this study are; (a) Arabic script in logos; (b) Islamic emblems in logos (c) Arabic Calligraphy in logos (d) White, black and green colors; (e) Islamic terms in brand names, logos and taglines; (f) Islamic perspectives as USP; (g) Targeting to Muslim Community (h) Touching to religious sentiments of clients (i) Avoidance of statues and images of living creature; (j) Avoidance of female images (k) Avoidance of promises on high return on the basis of investment (l) Avoidance of religious emblem of non-Muslims Communities.

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Introduction

Islamic Banking is one of the fastest growing business in Pakistan. So far, five Islamic Banks (IBs) and 14 conventional banks have opened Islamic Windows (IWs) in Pakistan [1]. Recently like other financial services Islamic Banks have also started giving emphasis to branding especially brand elements. This paper aims to present an analysis of brand elements adopted by Islamic Banks in Pakistan.

Literature Review

Selection of appropriate 'Brand elements' has been considered as most challenging task for any product or company [2]. Names, Logos, Taglines and Colours are commonly used brand elements, while other items that are also counted as brand elements are: URL, Symbols, Characters, Spokespeople, Slogans, Packages [3] Graphics, Shapes, Sounds, Tastes, and Animations. Brief literature review of four commonly used brand elements is appended below:

Brand Name is the foremost important amongst all brand elements [4] in fact there is hardly any product that does not have name [5]. Research shows that 'brand name' should be attention-catching, recallable and pronounceable (Keller, 2008). Brand names are mostly consisted of full names using either one word i.e., 75.1% or two words i.e., 16.4% and sometime an abbreviation i.e., 2.6% [6]

Logo is considered as second most important element of any brand. This is meant for identification and differentiation of any product [7]. Logos are used in variety of styles that ranges from writing of the names of product or company in unique styles to an expression and design of it in abstract form [8].

Colors and backgrounds cast physiological effect on human mind; such as, red color is known to have potential to raise blood pressure and appetite [9] while white and blue are considered as cool colors [10]. Colors and color combinations have characteristics to captivate the mind. From the marketing perspective, colors are meant to make products more pleasant, eye-catching and distinctive [11].

Tagline, also known as catch-phrase, catch-word, slogan or motto is a word or a brief phrase to express the essence of a brand [12]. It is meant to express briefly (1) what the products' goal is, and (2) help the consumer discern the meaning of product [13]

The Holy Quran [14] and Hadith [15] testify that Islam allows branding for the purpose of

identification and differentiation of the products and services. This was the habit of Prophet Muhammad (s.a.w) that he used to name his belongings [16] and changed the names of persons and their belongings if they were un-Islamic, unethical or unpleasant[17][18].

Moreover, branding was also used to create positive competition amongst the people during his time [19]. Some examples of branding and branding elements mentioned in Islamic literature are given below: (1) Naming of domestic animals belonged to Prophet Muhammad (PBUH) e.g., Camel: Qaswa [20]. (2) Naming of the weapons e.g., Sword: Dhulfiqar [21] (3) Awarding of title on remarkable services e.g., ‘Saifullah’ i.e., Sword of Allah, to Khalid bin Walid [22] (4) Offering of swords on account of distinctive services e.g., Offering of sword to Abu Dajana [23] (5) Offering of banner to create completion e.g., offering of banner to Ali (r.a) [24] (6) Selection of colours on different occasions e.g., when Prophet Muhammad (PBUH) conquered Makka, colour of his banner was white [25]; he used yellow and black [26] banners on other occasions (7) Use of ring as stamp e.g., Prophet Muhammad (s.a.w) used to put stamp of Nabuwwat on letters [27] (8) Continuing with the same branding element e.g., Caliphs of Prophet Muhammad (s.a.w) used the stamp of Prophet Muhammad (s.a.w) after his demise [28] (9) Images of date palms e.g., ‘the Land of date-palm’ is Madinah [29]; image of date palms is the national emblem of Saudi Arabia[30].

In the light of above discussion, some noteworthy items that can be gauged as branding elements from the early history of Islam are: (1) Name of products and services; (2) Piece of cloth as a banner; (3) Specific colours of banners such as white, yellow and black etc; (4) Use of stamp; (5) Use of text on stamp; (6) Special format of text on stamp; (7) Use of stamp for special purpose.

Though, by default, Islam is not against branding or brand elements as obvious from above discussion but it puts some restrictions on some items, such as: (a) Use of statues or their images [31]; (b) Images of living creatures, particularly sketching of the face of human or animals [32]; (c) Images or sketches of females [33], particularly their faces and satar (d) any slogan/tagline that is insulting [34]; € Any arrogant slogan / catchword [35] (f) Cheating and false claims [36] (g) Use of immodest / un-ethical / shameful / inhuman words or images [37] (h) Use of the symbols and brands of other religious nations [38].

Methodology

According to the State Banks of Pakistan (SBP), till 30th September, 2013, registered IBs in Pakistan are five, while IWs are 14[39]. Data was collected from secondary sources mainly from official websites and published promotional materials of IBs and IWs. The data including Brand Names, Logos, Taglines and Colour Schemes were analysed using Content Analysis. The reason for using ‘Content Analysis’ in this study as it is commonly used technique in corporate branding [40] [41]. This technique is considered useful due to the reason that it provides opportunity to collect verbal, print and electronic data by both ways qualitatively and quantitatively [42].

Analyses

Four commonly used brand elements (1) Names, (2) Logos, (3) Taglines, and (4) Colours and backgrounds of five IBs and fourteen IWs in Pakistan are taken into account in this paper. These IBs and IWs and their brand elements were analysed using Content Analysis [43].

Findings

Various noteworthy points are available in this paper for academicians and marketing professionals: Branding elements from the early Islamic history are: (a) name (b) colour (c) emblem (d) text © stamp.

Forbidden items for the purpose of branding in Islam are: (a) statues (b) images of living creatures (c) sketches of females (d) immodest words © arrogant slogan (f) false claims (g) images of forbidden items (h) religious emblems of other nations. Almost all the IBs and IWs have taken special care of core Islamic values while naming their brand, designing their logos and adopting others brand elements.

Names adopted by most of the IBs and IWs are multipurpose. Tacitly embedded common themes in the brands are: (1) Arabic origin word: Meezan, Al-Barakah, Burj, Burkat, Aitemad, Emaan, Saadiq, Ameen (2) Some brand names are symbolic, such as: Meezan, Burj; (3) Some brand names are abstracts: Al-Barakah, Burkat, Aitemad, Emaan, Saadiq, Ameen; (3) Most of the names and terms are commonly used in Urdu Language, such as: Meezan, Al-Barakah, Burj, Burkat, Aitemad, Emaan, Saadiq, Ameen; (4) Most of the brand names and used terms are transliterated English forms, such as: Meezan, Al-Barakah, Burj, Burkat, Aitemad, Emaan, Saadiq, Ameen; (5) Prefixing or suffixing of word Bank, such as: BankIslami, Islamic Bank (6) Prefixing or suffixing of word Islam, such as: Burkat Islamic Banking, BankIslami (Table 1)

Table 1
Names and Logos of IBs in Pakistan

| | | |
|---|---|--|
|  Al-Barakah (Pakistan) Ltd. |  Burj Bank Ltd. |  Meezan Bank Ltd. |
|  BankIslami Pakistan Ltd. |  Dubai Islamic Bank Pakistan Lt | |

Study of logos (Table 1) also provides meaningful insights into their alignment with Islamic ideology. Prominently themes adopted by IBs in the logos include: (1) Use of traditional Islamic emblem: e.g., Domes (Qubba), Minarets (Minar), Cap (Qulansuwa), Stamp (Khitamah); (2) Use of modern Islamic emblem e.g., Crescent (Hilal), Beads (Tasbeeh), Grillwork (Shubbak), Door of the House of Allah (Babu-Baitullah), Curtain of the House of Allah (Rida-Baitullah); (4) Use of Traditional Islamic language e.g., Arabic; (5) Use of Muslim dominated language in Pakistan e.g., Urdu; (6) Use of Arabic Calligraphy e.g., Sauma, Fadi.

Important concepts exhibited by the logos are (a) usage of logo as an extension of stamps e.g., originating from the style of Prophet Muhammad's (PBUH) stamp that he used to fix on letters; (b) use of the Muslims legacy e.g., unique style of book covers commonly used by Muslims for Islamic Books during their golden period; (c) Currency and Currency bags commonly used in Islamic glorious period. Study of taglines exhibited an interesting scenario. Most of the IBs have not introduced taglines yet, such as: Al-Barakah (Pakistan) Ltd and BankIslami Pakistan Ltd (Table 2 and 3).

Table 2
IW's without Taglines

| |
|---|
| Burkat Islamic Banking |
| NBP Aitemaad Islamic Banking |
| Emaan Islamic Banking |
| Standard Chartered Saadiq Islamic Bank |
| UBL Ameen Islamic Bank |
| Habib Metropolitan Bank–Islamic Banking |
| HBL Islamic Banking |
| Soneri Bank Islamic Banking |

Table 3

Names and Taglines of IBs in Pakistan

| | |
|----------------------------------|--|
| Al-Barakah (Pakistan) Ltd. | Invest, Save and Protect – the Halal Way |
| BankIslami Pakistan Ltd. | Serving you, the Right ways |
| Burj Bank Ltd. | Shariat mey barkat |
| Dubai Islamic Bank Pakistan Ltd. | World Class Banking – The Islamic Way |
| Meezan Bank Ltd. | The Premier Islamic Bank |

IWs having strong brand extensions, such as: Burkat Islamic Banking, Emaan Islamic Banking and Standard Chartered Saadiq Islamic Banking are without taglines (see Table 4) while IWs without brand extensions are mostly with taglines (see Table 5).

Table 4

IWs as brand extensions

| | |
|------------------------------|---|
| Faysal Bank Ltd. | Burkat Islamic Banking |
| National Bank of Pakistan | NBP Aitemaad Islamic Banking |
| Silkbank Ltd. | Emaan Islamic Banking |
| Standard Chartered Bank Ltd. | Standard Chartered Saadiq Islamic Banking |
| United Bank Ltd. | UBL Ameen Islamic Bank |

Table 5

Taglines of IWs without brand extensions

| | |
|--------------------------|---|
| Askari Islamic Banking | A Heritage of Trust |
| BoK Islamic Banking | Allah has permitted trade and forbidden usury |
| MCB Islamic Banking | Exit from Riba |
| Alfalah Islamic Banking | We invest in your beliefs |
| BOP Islamic Banking | Shari Taqazon se hum ahung bankari |
| Al-Habib Islamic Banking | Rishta Bhasoray Ka |

This seems that IWs having strong brand extension prefer their extension name as a tagline, such as: Burkat Islamic Banking, Emaan Islamic Banking. The taglines used by IBs and IWs are aligned with Quran and Hadith and are mainly focusing on the customer's beliefs, such as: 'Shariat mey barkat' (see Table 3) and Exit from Riba (Table 5). This study provides significant finding of Taglines used by IBs and IWs in Pakistan, such as; (1) Muslims with religious mindsets are targeted by almost all IBs; (2) intrinsic religious sentiments of targeted customers are touched in taglines; (3) statements are either in English or transliterated form of English (4) No claims and promises of high returns on the basis of investments rather persuasion through returns according to Islamic Law is highlighted (Table 6).

Table 6

IWs of CBs as separate brand names

| | |
|------------------------------|---|
| Askari Bank Ltd. | Askari Islamic Banking |
| Bank Alfalah Ltd. | Alfalah Islamic Banking |
| Bank Al-Habib Ltd. | Al-Habib Islamic Banking |
| Habib Bank Ltd. | HBL Islamic Banking |
| Habib Metropolitan Bank Ltd. | Habib Metropolitan Bank–Islamic Banking |
| MCB Bank Ltd. | MCB Islamic Banking |
| Soneri Bank Ltd. | Soneri Bank Islamic Banking |
| The Bank of Khyber | BoK Islamic Banking |
| The Bank of Punjab | BOP Islamic Banking |

IBs and IWs use brand symbols, probably under influence of socio-culture of Pakistan, such as; (1) use of Islamic cultural colors, such as: shades of white, black and green; (2) use of traditional Islamic emblem (shi’ar), such as: e.g., domes (qubba), minarets (minar), decorated door of Ka’bah (Bab-u-Baitullah), decorated curtains of Ka’ba (Rida-u-Baitullah), Cap (qulansuwa); and (3) use of modern Islamic emblem e.g., crescent (hilal), beads (tasbeeh), grillwork (shubbak) (Table 7 and 8).

Table 7

Color Schemes of IBs in Pakistan



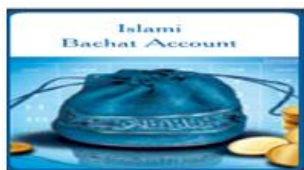
Al-Barakah (Pakistan) Ltd.



Burj Bank Ltd.



Meezan Bank Ltd.



BankIslami Pakistan Ltd.



Dubai Islamic Bank Pakistan Ltd.

Table 8
Color Schemes of IWs in Pakistan



Alfalah Islamic Banking



Al-Habib Islamic Banking



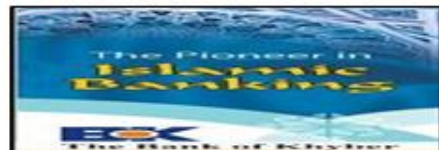
HBL – Islamic Bakin



Askari Islamic Banking



MCB Islamic Banking – Al-Makhray



BoK Islamic Banking



NBP – Aitemaad Islamic Banking



BOP Islamic Banking



Silkbank Ltd. – Emaan Islamic Banking



Faysal Bank – Barkat Islamic Banking



Soneri Bank Islamic Banking



Habibmetro – Islamic Banking Division



Standard Chartered Saadiq



UBL Ameen

Conclusion

This is noteworthy that IBs and IWs have taken special care of core Islamic values in marketing strategy, pertaining to brand and brand elements. Nevertheless, this study suggests some recommendations to IBs and IWs for further enhancement in their branding strategies.

This had been noted that maximum brand elements have been used by IBs and IWs for facilitating in communication, identification and differentiation of their products. However, some of them are still without a suitable tagline. It is recommended to those IBs and IWs to adopt a suitable tagline keeping Islamic values in view, this would help them strengthen their brand equity as well as save their excessive advertisements costs.

Some IWs of Conventional Banks are without brand extensions; it is recommended that they should adopt brand extension for distinction and promotion of their Islamic products.

Newly introduced IBs and IWs are more careful in adopting maximum brand elements. This should also be the approach of older IBs and IWs.

There is also a significant use of Urdu language, its translation or transliteration in English; this reflects that these IBs and IWs have intended to remain confined in Pakistan. This approach may cause problem when they will decide to expand their business globally.

IBs and IWs have touched the religious sentiments of Muslim Community in brand name, logos, taglines and background images. This is very sensitive approach, as unsatisfactory performance of IBs and IWs may shake the confidence of customers with their religion. This is suggested that quotations from Quran and Hadith should be avoided.

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The Mediating Role of Customer Orientation Strategy on the Relationship between CRM Technology and Hotel Performance

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ABSTRACT

Despite being acknowledged as an important element for business success, Customer Relationship Management (CRM) technology there seems to be inadequate study about the link between CRM technology and companies' performance particularly in the Malaysian hotel industry. This paper strives to propagate the study of CRM technology in the hotel industry, by assessing the mediating role of customer orientation strategy on the CRM-performance link. Data for this study was collected through a survey and analyzed using the Partial Least Squares (PLS) method. The results indicate that CRM technology directly influences hotel performance and that the customer orientation strategy mediates the relationship between CRM and hotel performance. Hence it is recommended that hotel managers focus on customer orientation strategy in order to induce CRM technology for favorable business accomplishment.

Introduction

Malaysia's tourist industry has grown steadily, with increase in tourist expenditure from 2006 to 2016; tourist arrivals have increased from 17.55 million in 2006 to 26.8 million in 2016, with receipts of RM 82.1 billion (Tourism Malaysia, 2017). However, the statistics for the average occupancy rate for hotels indicate that the percentage fluctuated between 2006 and 2015 (Tourism Malaysia, 2017).

Therefore, hotels must implement suitable strategies to face the strong competition in the market and consequently improve their performance, increase occupancy rates and achieve profit (Yen & Othman, 2011). In recent times, one of the most important strategies in the hotel industry is how to use their technology resources in marketing, because this enables organizations to make the right decision based on the right information collected from the right customers (Dev & Olsen, 2000). Kasim and Minai (2009) contended that there is a low usage of information technology amongst hotels in Malaysia, which can lead to lower-quality decision making and consequently can influence hotels' performance adversely. In this case, Sigala (2005) asserted that CRM as a competitive advantage strategy becomes a necessity for attracting and improving guests' patronage in the hotel industry. CRM technology can improve an organization's ability to maintain profitable customer relationships through facilitating integration and sharing information that is capable of influencing smooth and efficient organization-customer interactions, effective analysis of customer data, and personalized and customized products and services (Mukerjee & Singh, 2009). Even though CRM technology has been linked to organizational performance, there is a lack of empirical research into the relationship of CRM technology and hotel performance (Fan & Ku, 2010; Wu & Lu, 2012).

Therefore, CRM should receive attention for future research in the hospitality industry. Specifically, it was contended that there is research opportunity in the hospitality industry, and thus scholars can contribute to theory development in that direction (Yoo, Lee & Bai, 2011; Line & Runyan, 2012). Kasim and Minai (2009) confirmed that there are few studies of CRM on hotel performance in the Malaysian context, and there is a need for more research in this area. As additional justification for future research regarding CRM technology and organizational performance, past studies have shown inconsistent results regarding their relationship. Specifically, some of the past studies demonstrated a significant and positive effect of CRM technology on organizational performance (Akroush, Dahiyat, Gharaibeh, & Abu-Lail, 2011; Kasim & Minai, 2009; Mohammed, Rashid, & Tahir, 2014), while others

reported a non-significant association between them (Ernst, Hoyer, Krafft, & Krieger 2011; Jayachandran, Sharma, Kaufman, & Raman ,2005; Yim, Anderson, & Swaminathan, 2004).

Furthermore, some studies demonstrated that CRM technology only had an indirect significant effect on organizational performance through organizational factors (Garrido-Moreno & Padilla-Melendez, 2011). These mixed findings might be the result of lack of understanding of the mechanisms that link CRM with organizational performance (Ernst et al., 2011; Reimann, Schilke, & Thomas, 2010). Consequently, further mediation research has been suggested (Ernst et al. 2011; Chang et al. 2010).

For CRM success, hotels are required to adopt a customer-centred strategy mindset, implying modification and adjustment of organizational culture, organizational structure, and employee performance measures and rewards (King & Burgess, 2008; Minghatti 2003). Wu and Lu (2012) also asserted that CRM is created from the customer-orientation concept and has increasingly been applied to the hotel industry to improve the relationship between hotel enterprises and customers.

Previous studies have confirmed that greater customer-oriented behaviour in organizations has a positive impact on organizational performance (Kim 2008; Yilmaz, Alpkın, & Ergun, 2005). In line with this argument, Zhou, Brown, and Dev (2009) asserted that the more superior a hotel's customer orientation, the more the hotel is able to build up a competitive advantage based on market differentiation and innovation.

Based on the existing research, we can argue that a customer orientation strategy may play a mediating role on the relationship between CRM technology and hotel performance. Thus, the main objective of this study is to empirically investigate the relationship between CRM technology, customer orientation and hotel performance. The remainder of this study is organized as follows. Following the literature review, hypotheses concerning the direct and indirect effects of CRM technology on organizational performance are developed. We then discuss the methodology and empirical results. Finally, we present the implications, limitation and directions for future research.

Literature Review

CRM Technology

According to Rigby, Reichheld, and Schefter (2002), CRM technology involves information technology-based solutions designed to support the CRM process. It includes all computer technologies that are used by organizations to build long-term and strong relationship with their customers (Sin, Alan, & Yim, 2005; Yim et al. 2004; Garrido-Moreno & Padilla-Melendez, 2011). The computer technologies required in CRM include front-office applications supporting sales, marketing and service; and back-office applications facilitating the integration and analysis of data (Greenberg 2004; Jayachandran, Sharma, Kaufman, & Raman, 2005). The CRM front-office components enable the smooth transfer of information from the organization to customers by routing the information to employees working in relevant units, including marketing, sales and service. In other words, CRM implementation allows the smooth passage of customer knowledge within an organization that could lead enhanced decision making (Ryals 2005). Additionally, to achieve effective CRM, organizations need to utilize computer technologies to build and develop long-term relationships with their customers (Harding, Cheifetz, DeAngelo, & Ziegler, 2004).

Hypothesis Development

Direct Effect of CRM Technology

In order to obtain detailed information about customers' profiles and preferences, service organizations must design suitable information systems (Jain & Jain, 2006). Chalmeta (2006) supported this argument, contending that to implement a CRM strategy successfully, it is essential to have the right technology for automating and enhancing the business processes, linked with managing the company's relationships with their customers, mainly in the areas of sales, marketing and after-sales service.

Law, Leung, and Buhalis (2009) concluded that in today's era of the Internet, e-mail enquiries are the primary means of communication between hotels and customers, implying customers' high expectation of receiving an immediate response. They also stressed that having a good website can generate more business opportunities, in addition to enhancing the company's image and supporting the relationship that it creates with institutional as well as individual customers. Furthermore, due to the timeliness and significance of data offered by CRM technology, many hotels are employing it to improve their service quality.

Kasim and Minai (2009) also found that the CRM technology dimension has a positive relationship with hotel performance. Therefore, hotels should utilize information technology to improve their performance. In this case, CRM policy development calls for an in-depth knowledge of the needs, behaviour and preferences of customers and, in this context, new technologies are one of the core drivers of change (Minghetti, 2003).

Despite the numerous benefits that can be gained by using CRM technology, the results regarding the influence of information technology on hotel performance are inconsistent. Some studies reveal a non-significant relationship between technology and hotel performance (Karadag, Cobanoglu & Dickinson, 2009; Tavitiyaman, Qu, & Zhang, 2011). Law and Au (1998) found that investment in information technology does not increase hotel performance; hotels can spend significant resources on computer technologies without achieving enhanced performance.

In contrast, some studies reveal a positive role of technology on organizational performance, through its ability to gather, store, refine, analyze and disseminate customer information within the organization, improving organizational ability to attract and retain current and potential customers. Furthermore, without the role of technology many customer-centric strategies fail to achieve their goal (Abdullateef, Mokhtar, & Yusoff, 2010; Eid, 2007; Raman, Wittmann, & Rauseo, 2006; Sigala, 2005; Sin et al., 2005).

The previous discussion and the Resource-Based View (RBV) theory indicate that organizational resources and capabilities (i.e. CRM technology) can lead to superior performance and gaining competitive advantage in the market (Greenley, Hooley, & Rudd, 2005; Ruiz-Ortega & Garcia-Villaverde, 2008). Thus, we offer the following hypothesis:

H1: CRM technology has an influence on hotel performance.

Indirect Effects of CRM Technology

A customer-oriented organization refers to the types of organizational orientation in which customer needs serve as the focus for all the organization's plans and strategies (Dean, 2007; Narver & Slater, 1990; Yueh, Lee, & Barnes, 2010). The literature on the marketing concept generally supposes that the implementation of a customer orientation strategy will lead to better organizational performance (Kennedy, Lassk, & Goolsby, 2002; Piercy, 2002). Several empirical studies found a positive association between customer orientation and organizational performance (Asikhia, 2010; Tajeddini, 2011; Zhou et al., 2009).

According to the RBV, customer orientation strategy is considered as an organizational resource that can enable the organization to improve its performance and achieve a competitive advantage in the market (Zhou et al., 2009). With the knowledge of what customers need, a customer-oriented organization can then make its products or services more appealing by adapting its marketing mix (Miller 1988). Furthermore, because the customer-orientation strategy helps to achieve long-term customer satisfaction, organizations will be highly motivated to provide goods or services that uniquely satisfy the particular needs of their customers (Slater & Narver, 1998).

On the basis of the source positions performance framework (Reimann et al., 2009), we propose a model in which the performance effect of CRM technology (as a source) is mediated by the customer orientation strategy of the hotel (as a position), which in turn yields superior performance. This argument is in line with previous studies (Reimann et al., 2009; Sawhney & Zabin, 2002), who asserted that any assessment of CRM's effect on organizational performance should consider business strategies.

The use of CRM technology in the hotel industry is expected to enhance the hotel's ability to sustain efficient and profitable customer relationships through enabling information integration and sharing, which eventually increases the efficient and smooth organization-customer interactions; comprehensive analysis of customer data, and customization of responses (Mukerjee & Singh, 2009).

Reimann et al. (2009) also indicated that CRM enables the firm to obtain in-depth information about its customers and then use this knowledge to become a customer-oriented organization and consequently, adapt its offering to meet the needs of its customers in a better way than does its competitors. Therefore, CRM technology is associated with customer orientation strategy, which enables hotels to achieve superior performance. Thus, we propose the following hypothesis:

H2: Customer orientation strategy mediates the relationship between CRM technology and hotel performance.

Methodology

Data Collection

The population comprises 447 3- to 5-star hotels listed by the Malaysian Association of Hotels (MAH). Zikmund (2003) stated that when the sample units in the population are limited, the researcher may decide to study the whole population rather than taking a sample. Due to the relatively small number of 3- to 5-star listed Malaysian hotels (447), it was decided to survey the entire population. This category of hotels was selected because it is only within these larger establishments that an interest in CRM is likely to be expected (Kasim & Minai, 2009). In line with this argument, previous studies contended that within this category of hotels the implementation of CRM plays a vital role in enhancing customer value, increasing customer satisfaction and, consequently, achieving a competitive advantage and maximizing profit (Daghfous & Barkhi, 2009; Wu & Lu, 2012). A mail survey was used to cover the wide geographical area. However, this method has the disadvantage of a low response rate, so techniques were employed to increase the rate. These included sending a postage-paid envelope to return the questionnaires, visiting some hotels located in the north region of Malaysia (Penang, Kedah and Perlis) as well as in Kuala Lumpur, using a research assistant to cover some areas (e.g. Sabah, Sarawak, Kuala Lumpur, Johor and Kelantan) and sending with the questionnaire a covering letter from the Malaysian Association of Hotels (MAH). 164 questionnaires were returned, of which nine were from hotels not using CRM and three were incomplete and therefore rejected. The remaining 152 questionnaires were accepted and used for further analysis.

Questionnaire Development and Measures

To test the hypotheses, the study employed a standardized questionnaire as the main data collection instrument. It had two sections. In the first we asked for socio-demographic data (gender, age, position in hotel, and working experience); and hotel-related data (star rating, category, hotel affiliation, years of operation, number of employees, number of rooms, and average occupancy rate). In the second section, items for CRM technology, customer orientation, and hotel performance were presented, to be answered on a five-point Likert scale (1 = "Strongly disagree" and 5 = "Strongly agree").

In operationalizing CRM technology, the study adopted technology-based CRM from Sin et al. (2005) and Garrido-Moreno and Padilla-Melendez (2011) and measurement items for customer orientation from Garrido-Moreno and Padilla-Melendez (2011). For hotel

performance we followed Wu and Lu (2012), adopted from Kaplan and Norton (2004) and Hsin Chang and Ku (2009), measuring organizational performance using the four dimensions of balanced scorecard (BSC). This BSC multi-dimensional construct of performance involves both financial and non-financial aspects and provides a comprehensive and quick view of the business.

Analysis

The study used partial least squares (PLS) for data analysis. PLS is commonly employed in management and marketing (Anderson & Swaminathan, 2011; Luo, Li, Zhang, & Shim, 2010). One of its many important features is its suitability for use with limited sample sizes (Henseler, Ringle, & Sinkovics, 2009), as it exposes more advanced statistical influences than covariance-based SEM when used on complex models with a small sample size (Reinartz, Haenlein, & Henseler, 2009). This was relevant to our study of 152 cases. The study also used the PLS technique because previous studies indicated that structural equation models were found to be better than regressions for measuring mediation (Hair, Ringle, & Sarstedt, 2013; Hayes & Preacher, 2014).

The interpretation and analysis of the model in PLS-SEM takes place in two separate steps (Barclay, Higgins, & Thompson, 1995): (1) analysis of the measurement model; (2) analysis of the structural model. This sequence ensures that the measurement scales are valid and reliable.

Measurement Model Results

Two types of validity (convergent and discriminant) were tested to assess the measurement model. The convergent validity of the measurement is usually determined by investigating the loadings, average variance extracted (AVE) and also the composite reliability (CR) (Gholami, Sulaiman, Ramayah, & Molla, 2013; Rahman, Amran, Ahmad, & Taghizadeh, 2015). The loadings were all higher than 0.708, the composite reliabilities were all higher than 0.7 and the AVE of all constructs were higher than 0.5, as suggested in the literature (see Figure 1 and Table 1).

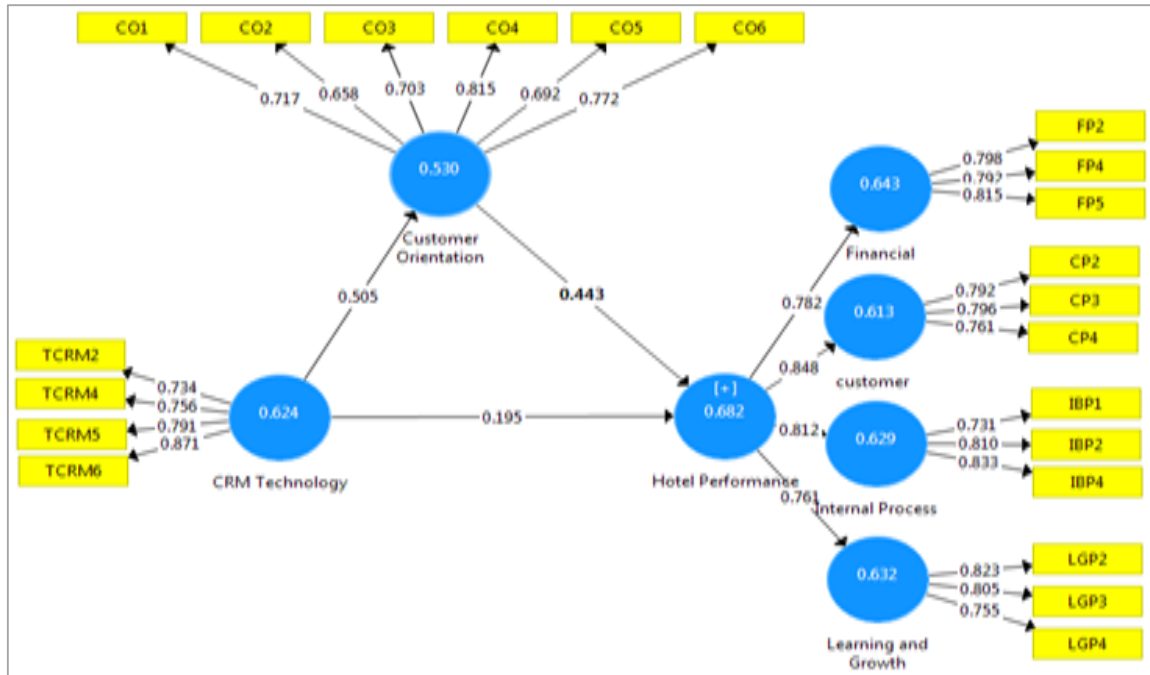


Figure1
Measurement model

Table 1
Convergent validity

| Latent variable | Items | Loading | Composite Reliability (CR) | AVE |
|----------------------|--|---------|----------------------------|-------|
| Customer orientation | Organization’s business objectives are oriented to customer satisfaction | 0.717 | 0.871 | 0.530 |
| | Organization closely monitors and assesses its level of commitment in serving customer needs. | 0.658 | | |
| | Organization’s business strategies are driven by objective of increasing value for customers. | 0.703 | | |
| | Organization frequently measures customer satisfaction. | 0.815 | | |
| | Organization pays great attention to after-sales service. | 0.692 | | |
| | Organization offers personalized products and services for key customers. | 0.772 | | |
| CRM Technology | The hotel has the right hardware to serve its customers. | 0.734 | 0.868 | 0.624 |
| | Organization’s information systems are integrated across the different functional areas. | 0.756 | | |
| | Individualized information about each customer is available at all contact points. | 0.791 | | |
| | Organization is able to consolidate all information acquired about customers in a comprehensive, centralized, and up-to-date database. | 0.871 | | |
| | | | | |

| | | | | |
|---------------------------------|---|-------|-------|-------|
| Financial performance | | | 0.844 | 0.643 |
| | The unexpected losses in hotel have reduced. | 0.792 | | |
| | The rate of sales growth has increased. | 0.792 | | |
| | The return on assets of hotel has increased. | 0.815 | | |
| Customer Performance | | | 0.871 | 0.613 |
| | The needs of various types of customers have been satisfied | 0.972 | | |
| | Customer's repeat purchase has increased. | 0.796 | | |
| | Customer satisfaction has increased. | 0.761 | | |
| Internal Process Performance | | | 0.835 | 0.629 |
| | The operating efficiency of hotel has increased. | 0.731 | | |
| | Customer complaints have decreased. | 0.810 | | |
| | The ability to confirm target customers has improved. | 0.833 | | |
| Learning and Growth performance | | | 0.837 | 0.632 |
| | The quality of employees' service has improved. | 0.823 | | |
| | The intention of employees to learn has improved. | 0.805 | | |
| | The corporate culture has been promoted effectively. | 0.7 | | |

The indicator loadings, CR and AVE of the constructs are shown in Table 1. Most of the loadings exceeded the recommended value of 0.708 (Hair, Hult, Ringle, and Sarstedt 2017); others above 0.6 were also accepted if leading to AVE larger than 0.5. Items TCRM1, TCRM3, CO2, CO3, FP1, CP1, IBP3, and LGP1 with low loadings were subsequently dropped. All three constructs met the minimum cut-off values for CR (greater than 0.7) and VAF (greater than 0.5) (Hair et al., 2017). Therefore, the constructs met reliability and convergent validity requirements at this stage.

To measure discriminant validity, the Fornell and Larcker criterion was used: we calculated the square root of the AVE; for each construct this was greater than the correlations among the constructs in the model, indicating that discriminant validity was well established (Hair, Hult, Ringle, & Sarstedt, 2014; Chin, 2010; Fornell & Larcker, 1981) (see Table 2). Regarding hotel performance, the study also used the overall construct rather than the individual dimensions of BSC in the analysis to reflect the overall performance of the organization (Hsin Chang & Ku, 2009; Jusoh, 2008) Based on the results in Tables 1 and 2, the measurement model was considered satisfactory from the evidence of reliability, convergent validity and discriminant validity, and it was used to test the hypotheses.

Table 2

Discriminant Validity using Fornell and Larcker criterion

| | CRM Technology | Customer Orientation | Hotel Performance |
|----------------------|-----------------------|-----------------------------|--------------------------|
| CRM technology | 0.790 | | |
| Customer Orientation | 0.505 | 0.728 | |
| Hotel Performance | 0.419 | 0.541 | 0.826 |

Assessment of Structure Model

After establishment of the validity and reliability of the measurement model, the hypothesized associations were assessed by running the PLS algorithm and bootstrapping in SmartPLS 3.0. The structural model shows the causal relationships among constructs in the model (path coefficients and the R² value). The R² and the path coefficients (beta and significance) indicate how well the data support the hypothesized model. According to Hair et al. (2014), the most critical standard for assessment of the structural model is R², as the purpose of the prediction-oriented PLS SEM technique is to explain the endogenous latent variables' variance, and hence R² as one of the core target constructs has to be high. According to Hair et al. (2014), in marketing research, an R² value of 0.75 is substantial, 0.50 is moderate, and 0.25 is weak. Based on the results from running a PLS algorithm, R² was found to be 0.311, indicating that CRM technology and customer orientation strategy accounted for 31.1 percent of the variance in hotel performance, which is between moderate and weak. Table 3 presents the results of the structural model from the PLS output.

Table 3

Hypothesis testing (direct and indirect effect of CRM technology on hotel performance)

| | Relationship | Std. Beta | Std. Error | t-value | p-value | CI | | Decision |
|----------------|---------------------|------------------|-------------------|----------------|----------------|-----------|------------|-----------------|
| | | | | | | 5% | 95% | |
| H ₁ | CRMT → HP | 0.195 | 0.094 | 2.07 | 0.039 | 0.009 | 0.379 | Support |
| H ₂ | CRMT → CO → HP | 0.224 | 0.061 | 3.670 | 0.000 | 0.108 | 0.334 | Support |

These results indicate that CRM technology has a positive and significant influence on hotel performance ($\beta = 0.195$, $p < 0.05$), thus H₁ is supported. To assess the mediating influence of customer orientation strategy, the study used bootstrapping because it is accurate and more powerful than other techniques (Zhao, Lynch & Chen, 2010; Hayes, 2013; Hair et al., 2014). Specifically, the bootstrapping technique with 5,000 samples and 95% confidence intervals (CI) was used in assessing the indirect effects, following the strategy of Preachers and Hayes (2008) as recommended by Zhao et al. (2010), Hayes (2013) and Hair et al. (2014). The outputs of PLS provide the CI values of the indirect effect $a*b$; when a 95% CI excludes zero,

there is evidence of an indirect effect linking X and Y via the mediator with 95% confidence, establishing the mediation.

The criterion suggested by Zhao et al. (2010) is also utilized to decide the type of mediation, whether full or partial. The indirect effect $a*b$ must be significant as the necessary condition for mediation; when the path c' is not significant, there is full mediation. However, when the entire paths a , b and c' have similar signs, there is complementary partial mediation and when the paths a , b and c' have different signs, there is competitive partial mediation.

The results of bootstrapping regarding the mediating effect of customer orientation on the link between CRM technology and hotel performance are shown in Table 3. They demonstrate that the CI of the indirect effect of CRM technology on hotel performance with the mediator variable customer orientation is ($\beta = 0.224$, 95% CI= 0.108 to 0.344); this does not include zero. Thus, the results indicate that customer orientation mediates the relationship between CRM and hotel performance. The results also show that the direct effect c' was significant and the signs of the paths a , b , and c' were positive, indicating that customer orientation is a partial mediator (complementary) on the relationship between CRM technology and hotel performance.

Discussion

The results indicate that CRM technology has a positive and significant impact on hotel performance ($\beta = 0.195$; $p < 0.05$). This is in line with previous studies which stated that CRM technology can help organizations to improve their performance (Akroush et al., 2011; Dutu & Hålmåjan, 2011; Kasim & Minai, 2009, Mohammed et al., 2014), Furthermore, the current finding is consistent with the findings of Tavitiyaman et al. (2011) and Camisón (2000), that information technology creates added value within a firm.

Hence, the hardware and software of CRM technology can assist organizations to serve their customers in an effective manner and consequently improve customer satisfaction, loyalty and retention, which in turn can lead to improved financial performance (Alkroush et al., 2011). In this respect, CRM technology can enable hotels to incorporate the related information on each customer within the enterprise in order to smooth the progress of more effective planning, marketing and services, which in turn helps to create a competitive advantage. With current advances in information technology, a new system can be used to enhance the power of the organization toward reduction of internal costs and better

relationship with the environment, which may consequently lead to economic profit in the long run.

The results also show the partial mediation of customer orientation strategy on the relationship between CRM technology and hotel performance. Therefore, hoteliers should have a customer orientation strategy in their establishments to actualize CRM technology performance and consequently improve their organizational performance.

Thus, CRM technology can help service organizations to obtain detailed information on customer profiles and preferences, consequently becoming customer-oriented hotels by offering service as agreed with customers, and continuously putting customers' requests and interests ahead of the organization's own (Kim & Cha, 2002). Thus, in today's volatile business environment, hotels have to continuously accumulate intelligent information about the market's current and future needs, as well as disseminating this information to all the organization's departments, thereby responding to changes promptly. Since the employees of customer-oriented hotels offer high service quality as representatives of the hotel, the performance of the hotel will be enhanced accordingly (Fan & Ku, 2010). This result is also supported by Tajeddini (2010), who contended that hotel owners and managers who place the needs and satisfaction of the customer as the priority of their organization are capable of achieving their sales, profit, and return on investment (ROI) objectives.

Generally, in the hotel sector the face-to-face connection between customers and employees is very important for delivering products and services; therefore, the service provider must have a customer-orientated manner to provide high-quality service. As a result of the customer-oriented behaviour of hotel employees, the relationship with customers will be maintained and, consequently, customer satisfaction, loyalty and overall hotel performance will be improved.

Implications, Limitations and Directions for Future Research

This study helps to fill a gap in the literature by looking at the influence of CRM technology on hotel performance. It contributes to an understanding of the influence of CRM technology on hotel performance, which is still ambiguous (Akroush et al., 2011; Sin et al., 2005).

The study contends that customer orientation strategy plays a vital role in improving hotel performance. Therefore, managers in 3- to 5-star hotels should orientate both the firm and its workers to make the needs and wants of customers their top priority. By sufficiently understanding the needs and wants of customers, hotel managers can provide products and

services agreeable to them, and must continuously put the customers' requests and interests ahead of those of the organization. For those hotels (usually 4- and 5-star) currently using sophisticated technology and implementing processes to acquire, maintain, manage and share customer information, improving their employees' skills and ability to deal with this sophisticated technology, as well as to identify their customers' needs and wants, should increase efficiency. On the other hand, hotels that have limited resources to implement sophisticated technology and face difficulties regarding investment in technology, might consider outsourcing. Contracting or renting information technology systems can offer another option for this type of hotel to enhance amenities and facilities that can be used to build and maintain long-term relationships with the customers and consequently improve their performance.

Despite insights gained through our results, this study is not without limitations. It relied on samples drawn specifically from 3- to 5-star hotels in Malaysia. Thus, it is not certain whether the results obtained can be generalized to other sectors. The study only examined the relationships between CRM technology, customer orientation strategy and hotel performance. Future studies should investigate other variables that may influence the relationship between CRM technology and hotel performance, such as hotel attributes and external environmental variables. According to previous studies (Becker, Greve, & Albers, 2009; Boulding, Staelin, Ehret, & Johnston, 2005), the impact of CRM on the performance of an organization depends on the situation of the organization and the market environment. Future studies might also explore the influence of CRM technology and customer orientation strategy in the hotel sector from the customer's point of view.

Conclusion

In conclusion, the aim of this study was to investigate the relationship between CRM technology and hotel performance in light of the mediating role of customer orientation strategy. It is hoped that it contributes to both academics and business practitioners by expanding their understanding of CRM technology's role in hotel performance. By assessing the holistic model which reveals the relationship among CRM technology, customer orientation strategy and hotel performance, this study helps hoteliers to know what to do in order to realize CRM technology performance. It is evident that customer orientation strategy plays a vital role in translating CRM technology into business outcomes in the hotel industry.

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Waterlink Pakistan: Developing a long-term strategic plan

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ABSTRACT

Waterlink Pakistan is a fast growing International Freight Forwarding Company. In 2004 the war on Afghanistan started and this brought in new business ventures for Pakistan's shipping industry. The American army invaded Afghanistan and there was need of logistic services in order to provide the transportation service to the different companies that catered to the American Armies' need. Waterlink Pakistan recognized this opportunity and expanded their business by entering into the Afghan Transit. Afghan Transit brought in a lot of business for Waterlink Pakistan and the company grew. Today Afghan Transit accounts for about 60% of Waterlink Pakistan's Trade. Captain Ghulam Mustafa (Entrepreneur) now faces a problem as majority of the company's business depends on Afghan Transit and in the near future the American Army is planning to move out of Afghanistan. This will bring the business down to a great deal. The moving out of American Army will take about 4-5 years but the company has to look at the future aspect of its business

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Introduction

Waterlink Pakistan (Pvt.) Ltd. was established in 2003, is a fast expanding International Freight Forwarding Company. The company provides the following services: Air Freight, Afghan Transit, Chartering, Project Cargo, Supply Chain, Sea Freight, Road Transport and Warehousing. The company has grown and reached new heights as its subsidiaries and sister concerns have evolved over the years. Waterlink Pakistan (Pvt.) Ltd. is one of the leading and active Afghan Transit Trade company with its presence in Kabul and Kandahar.

Furqan International came into existence in 2003, a subsidiary of Waterlink Pakistan (Pvt.) Ltd., a well established custom house agent in Pakistan, facilitating its customers with prompt and efficient custom clearance services at all major ports and airports in Pakistan. FastTrack established in 2008, a subsidiary of Waterlink Pakistan (Pvt.) Ltd., and specializes in projects and warehousing with a bonded facility in Karachi being one of its main strongholds. MultiModal Transport service established in 2010, a subsidiary of Waterlink Pakistan (Pvt.) Ltd. is exclusively focused on the road transportation sector and has a fleet of more than 500 trucks of owned/leased vehicles. Globex Link in 2010, a subsidiary of Waterlink Pakistan (Pvt.) Ltd., it deals in commodity brokerage for all the products offered on NCEL.

Having started on a small scale with only 15-20 employees (*Exhibit 3 & 4 for Employees*), Waterlink Pakistan (Pvt.) Ltd. now has national and international offices covering a large network that it's over 200 employees have worked hard to build. Waterlink Pakistan (Pvt.) Ltd. has its headquarters in Karachi with offices in Islamabad, Lahore, Faisalabad, Sialkot, Peshawar, Torkham, Quetta and Chaman. Internationally, Waterlink Pakistan (Pvt.) Ltd. has offices in New York, Mississauga, Dubai, Kabul and Kandahar. ¹

The Entrepreneur

Capt. Ghulam Mustafa, a young boy from the outskirts of Sialkot got his basic education in a small village of Sialkot. He started his journey with big dreams and moved to Karachi for his higher education. At the age of 15, he started his career with selling milk and newspaper all around Karachi, as he had the responsibility of his family on his shoulders. He went to United Kingdom for his education in shipping and from there he started his career in Pakistan

¹<http://www.waterlinkpak.com/>

Merchant Navy in the year 1976. He started off as a cadet and by 1993 he sailed as a Captain under various companies.

From year 1993 to 2001, he worked in the Head Office of Pakistan National Shipping Corporation as a General Manager in the commercial and marketing department. He decided to take an early retirement and with over 30 years of maritime and commercial shipping experience started his own business as he thought his experience would provide service to the shipping community. He started on a small scale with only 15-20 employees. Gradually with hard work and strong determination the company grew and now has national and international offices covering a large network. ²

Core Values³

- Regard for the employees
- Ethics and Integrity
- Quality and Continuous Improvement
- Leadership
- Individual Growth and Development
- Teamwork and Partnership

Departments

LOGISTICS

- The department of Logistics efficiently handles cargoes of militaries, government organizations, NGO, commercial traders, oil companies, construction companies etc.
- The department offers a number of services of Inland distribution, Custom clearance, Satellite tracking
- Security, logistics, management and consultancies.

Waterlink Pakistan (Pvt.) Ltd. deals in non-commercial clients and has business of 15000-20000 containers per year.

² Interview with Capt. Ghulam Mustafa

³Waterlink employee handbook

FINANCE

The finance department performs the following tasks

- Preparation of financial statement
- State of affairs
- Results of operation
- Implementation of financial and monetary policies
- Ensure compliance of rules and regulation by SECP
- Manage accounts of employees in the company

EXPORT

The export department performs the following tasks

- Indicate sale Booking
- Coordination with carriers and shipping lines
- Follow – up with the clearing agent
- They hire empty containers and load it for clearance at the vessel
- Follow – up till containers reach to consignee

Waterlink Pakistan (Pvt.) Ltd. does business of about 10,000 TEU (Twenty equal units) per year in the export department.

IMPORT

- The import department performs the following tasks:
- Book Freight from shipping companies
- Custom clearance from the country of origin
- Sea Freight
- Custom clearance at the country of delivery
- Delivery to the consignee

Waterlink Pakistan (Pvt.) Ltd. does business of about 4,000 – 5,000 TEU (Twenty equal unit) per year in the import department.

ADMINISTRATION DEPARTMENT

The administration department⁴ looks after the day to day routine work of the company and also looks after the Human Resource work, some of the tasks done by admin department are to look after:

- The application for appointment
- Complaints for misconduct or efficiency
- Personnel Data
- Attendance registers
- Repairs/maintenances of company's/vehicles
- Monthly report on expenditure of telephones
- Daily electric meters reading
- Prepare monthly attendance report for deduction of salary
- Daily attendance report

Competitors

Waterlink Pakistan (Pvt.) Ltd. is a fast growing company in the field of shipping. During the past few years it has made its way to the top 5 companies in the business, and till today it strives to grow and move up the ladder. Waterlink Pakistan (Pvt.) Ltd. has faced a number of competitors in its time of struggle and till today it competes with other companies. Different departments have different competitors.

a) Import & Export

In import and export department Waterlink Pakistan (Pvt.) Ltd. deals with local as well as foreign clients and it faces competition from the following companies

- GML
- Dynamic ship
- Servotech ship
- AMI
- Globlelink Pak

⁴ Interview with Mr. M.A. Aleem

- Sea Hawk Ship
- CKO
- Seagold Limited

Waterlink Pakistan (Pvt.) Ltd. falls among the top 5 companies in the import and export business, with a business of 10,000 TEU (Twenty Equal Units) in exports and 4,000 – 5,000 TEU (Twenty Equal Units) in imports.

b) Logistics

Waterlink Pakistan (Pvt.) Ltd. performs a number of services under the logistics department, Afghan Transit being a major part of the business. In logistics the company has the following competitors: Waterlink Pakistan (Pvt.) Ltd. ranks among the top 3 companies in the Afghan Transit.²

Raaziq Group⁵ is one of Pakistan's largest logistics and auxiliary services provider established since 1974. It has more than 600 people working in the organization and has a nationwide network. Raaziq provides its customer with complete solutions to their business supply chain. Raaziq Group provides a worldwide network for all of your airfreight needs, with time-defined and guaranteed services supported by preferred carriers. They offer competitive rates for all time and cost requirements. Another service provided by Raaziq Group is ocean freight; ocean transport is a vital part of shipping industry in the world today. They offer multi model shipping, global tracking and worldwide logistic capabilities all at competitive rates. There are number of other services provided by the company such as supply chain management, transportation, warehousing, custom clearance, Afghan land bridge etc.

E2E⁶ is one of the leading providers of end to end logistics service in Pakistan. It specializes in international and local Air/Ocean freight and other associated supply chain management solutions that also include the warehousing facility. E2E also offer the carriage of their consignment by road to almost any part of Pakistan. E2E ensures to get its customers goods to market quickly and economically providing them cost effective ways. E2E provides the

⁵<http://www.raaziq.com/>

⁶<http://www.e2escm.com/overview.php>

following services supply chain management, air freight, sea freight, transport, warehousing etc.

Dynamic shipping⁷ has experienced over 300% growth in the last 5 years. That is a startling 60% sustained growth on yearly basis. The company offers the following services global consolidation, air freight services, road transportation, Afghan Transit Trade, Warehousing and Distribution.

Agility Pakistan⁸ is a Kuwait based organization that was established in 1979 and by 2004 it had grown to be the largest logistic provider in the Middle East. The services it provides are as follows freight forwarding and logistics and other special services.

Afghan Transit Service

Afghan Transit Service is part of the services provided by the Logistics department of Waterlink Pakistan. This service started in 2004 and now makes almost 60% of the company's net revenue. Because of its major contribution in the earnings for the organization, it has been given special attention by the management and Captain Ghulam Mustafa takes final decisions pertaining to all dealings in Afghan Transit Service.s

Afghan Trade service started after the start of the Afghan war in Afghanistan. Few global associates, who wanted to forward their shipment to Afghanistan, contacted the company for their shipment. Realizing the potential of the business, the company started a separate service dedicated for the Afghan Trade only. Mr. Furqan Ali Mustafa was appointed as the Director for the Afghan Transit Service. Along with him, Mr. Mohsin Malik (General Manager) and Mr. Rizwan Yousuf (Manager) have also been actively involved in this service and are the main leads that have made the business a success. The department also then consists of an assistant manager and 25 other staff members for clerical tasks.

Under this service, the company is responsible for shipment of goods destined for Afghanistan passing through the territories of Pakistan. As per the State laws of Afghan Trade Transit policy, no custom duty or other taxes are applicable for goods bounds to Afghanistan. The department handles cargoes of militaries, government organizations, NGO, commercial traders, oil companies and construction companies operating in the Afghanistan.

⁷<http://www.dynamicshipping.com/>

⁸http://www.agilitylogistics.com/EN/Pages/Agility_About_Us.aspx

The service in details contains Documentation of all papers, since this is a shipment in highly sensitive countries involved, documentation is very important. Finance and accounting of payments and invoices, making sure about the security provisions, custom clearance procedures, delivery of the goods and guarantee of the service provisions for which a contract is signed between both parties. Waterlink provides it's customers with transportation of 20 feet and 40 feet containers .

With regards, to the shipment services, the department offers services including Inland distribution, Custom clearance, Satellite tracking, and Security, logistics, management and consultancies services to its customers (*Exhibit 7 for all overall process flow diagrams*).

Current Problems

Afghan Transit being the supplier of shipment services to inland Afghanistan faces a lot of issues. Firstly, availability of the proper trucks strikes as a major issue as many transporters are not willing to carry the shipment to inland Afghanistan, and even if they do, charge a higher margin as compared to local transport charges, which makes it difficult for profit margins as a whole for the whole deal of the shipment.

Another issue is the in-route theft and pilferages since at times the trucks are attacked and looted by the militants and the whole loss comes upon the company. This is covered by the insurance companies, but at times the organization faces difficulties transporting to certain areas of Afghanistan and also the delay in shipment causes a major setback in credibility of services by the company. This is one of the major reasons that proper trucks are not available and that truck drivers and transport dealers are worried about more than the amount of earnings.

Other issues for Afghan Transit at current are the involvement of Government regulations, slow procedure of customs clearance at Pakistan ports and involvement of NLC (National Logistic Cell) due to which strict measures are taken to deal with American Army's shipments.

Physical Environment: Waterlink Pakistan has been operating its Afghan Transit services from its headquarters situation in Clifton. In order to support the overall process of the Afghan Transit Services, the company has its bases also in Afghanistan (Bagaram, Kundus, Kandahar, Hirat and Camp Bastion).

To facilitate the customer, the company provides details of its shipment through regular emails to its clients. With that procedure, the clients are aware of the process of their shipments and the client is sent the vessel schedules to keep abreast and send quotations accordingly.

Waterlink also has branded some delivery trucks, and loading/unloading equipment at the port. These products help make the service tangible. The vehicles take a route from Karachi to Quetta or Peshawar and from there to the border of Afghanistan. The trucks go to Afghanistan through two borders Chaman or Torkham and from there to other cities in Afghanistan.

Promotions: Waterlink is in the B2B industry where the traditional media activities do not work. In order to reach out to the industrial customers for the service, the company relies a lot on Personal Selling. Since most of the clients in this Afghan Transit are high profile government and political people, Mr. Ghulam Mustafa or Mr. Furqan Mustafa personally contacts the clients and takes the orders for shipments and signs contracts. Since many of the clients have long term based contracts, the company dedicates each of the clients to individual personnel in the organization. The communications is mostly handled by Furqan Mustafa.

Besides, personal selling, the company promotes itself through organizing a number of conferences, seminars, and sponsoring university events. It also participates in the trade exhibitions that take place across the world. Around the year, either Furqan Mustafa or Capt. Ghulam Mustafa attends conferences around the world, on logistic services and its developments and also showcasing Waterlink Pakistan for its services in the Afghan Transit. In order to promote the company, they distribute the promotional brochures (Exhibit 6) of Waterlink Pakistan at the trade shows that they attend and sponsor.. It is also considering employer branding to attract young and fresh blood in the organization by sponsoring events such as HR SUMMIT 2010 in IBA and Captain Ghulam Mustafa attending as Chief Guests in Entrepreneurial sessions in IBA.

For promotions other than the above, Waterlink distributes its branded T-shirts, brochures, Cups, desk calendars and stationery material at all conferences, seminars they organize and attend. Even in IBA's events, one of the promotional objects was handed out to students.

Pricing: Waterlink follows a cost plus and value based pricing strategy. The company adds up its cost on the processes that are to be followed from delivering a shipment from the USA to Afghanistan (including Air Freight and Logistics), and applies certain percentage over the costs for its pricing strategy. At all times, it is not just the cost plus strategy, Waterlink also analyzes the amount of value it provides to its clients as being one of the few companies in this kind of service, and adds that certain percentage to its overall cost plus pricing model to come up with a final quotation which it gives to its clients. Also, since it's in the B2B business, the price is not fixed and after negotiations the deal is finalized with the final price in the deal. The negotiations are conducted either by Furqan Mustafa or Capt. Ghulam Mustafa but final decision is always under the Chairman's authority.

Insurance services: Waterlink Pakistan provides its customers with full insurance service for their products and that are transported from the port to different places in Afghanistan. They provide full insurance for (a) Theft and pilferages; (b) Fire and (c) Damage. If any problem occurs during the transportation of the goods to the different places Waterlink Pakistan takes full responsibility of it and pays the damage to its client.

Problem at Hand

Waterlink has invested heavily on its business in the Afghan Transit services, which is also its major source of revenue, but this source of revenue doesn't seem like lasting longer. Afghan Transit services are for the International forces present in Afghanistan and as long as they are present, the business can flourish. However, if the forces are terminated or removed from Afghanistan (which is being planned in the next 3-4 years) can pose several problems for Capt. Ghulam Mustafa and his organization.

Waterlink has had difficulties in the past with the economic and political conditions in Pakistan deteriorating and investors not ready to set up business in Pakistan, due to which imports from several countries have stopped functioning. Also due to the same conditions exports have also gone to a downturn and since the Pakistani image is declining, people do not trust or rely working with the Pakistani based organization.

TEACHING NOTE

Case Synopsis

This is a real life case study and it aims to prepare students for a managerial role in corporate sector especially senior positions in marketing and branding assignments. This case study also illustrates how to develop a long term strategic plan.

Case Objectives

1. To illustrate the concepts of Strategic Management.
2. To illustrate application of marketing tactics in highly competitive market.
3. To appraise the importance of unconventional marketing tactics.
4. To appraise marketing skills needed steering a brand with strong legacy.

Target Audience

This case was written for undergraduate students taking course(s) in any one of the subject area namely Principles of Marketing and/or Marketing Management. However, it may be used for discussion in Strategic Marketing courses as it highlights various concepts of strategic marketing. It provides an excellent opportunity to students to see how managers can develop a strategic plan for an obvious business problem.

Case Methodology

All facts and figures have been taken from the official website of the Waterlinks; otherwise all other secondary sources are mentioned and appropriately acknowledged. Principally this case is a teaching case and written solely for class room discussion and academic purposes only. It doesn't intent to illustrate either effective or ineffective handling of managerial situation. Materials or statistics provided cannot be used by third party as evidence. This strategy has been proved fruitful in describing fundamental concepts through case study design in many other cases (Anjam & Siddiqui, 2013; Fahim & Siddiqui, 2013; Husain & Siddiqui, 2013; Mangi & Siddiqui, 2013; Salman & Siddiqui, 2013; Siddiqui & Anjam 2013a; Siddiqui & Anjam 2013b; Siddiqui & Anjam 2013c; Siddiqui & Fahim 2013). More recently the marketing concepts in Pakistan have been illustrated through a single case study

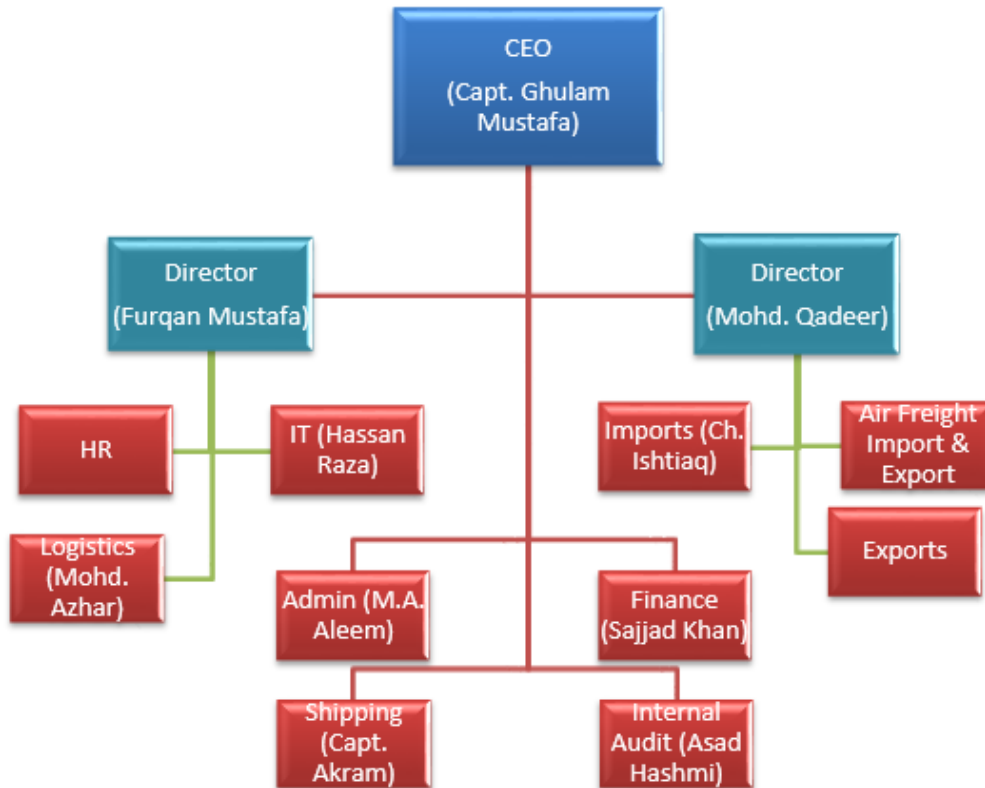
design in services sector (Siddiqui & Fahim 2014; Sibghatullah, Siddiqui & Siddiqui, 2016, Latif, Sibghatullah, & Siddiqui, 2016).

Suggested Class Plan – 75 minute

What strategic alternatives can be exercised successfully in this case?

Capt. Ghulam Mustafa and his team is currently thinking on different avenues to look for, apart from continuing to service Afghan Transit for the next 3-4 years.

- a) As mentioned, Waterlink has already divested into commodity brokerage dealing in all products offered on the NCEL through its Globex Link subsidiary. It is building its own warehouses near Port Qasim, which they plan to give out on rent to get in different streams of revenue. Since they have been in the Logistics function for a long time and have gained quite some experience, the organization is now looking to expand into supply chain management services for other organizations. They also intend to look into the tracking department where there are not many players in the Pakistani industry.
- b) Waterlink can look into is moving operations out of Pakistan and moving it to either Canada or Dubai from where they can do similar services for other nations and still not be a Pakistani organization to get out of that view of the Pakistani image.
- c) The other recommendation was to establish warehouses in Dubai, since they are already planning to establish warehouses here in Karachi at Port Qasim, they can also do the same in Dubai and earn foreign currency which can also serve as an alternate source of revenue for the organization.

Exhibit 1**Mission Statement**

“At Waterlink, we pledge to provide distinctive quality and unparalleled customer service as we strive to gain the respect and trust of our customers, suppliers and partner vendors.

Our aim is to escalate the shipping business of Pakistan at least at par with other countries of the region as well as going further up, to Europe and USA and be recognized as their competitors.

Pakistan strings with under-developed countries. To make ours a prosperous and developed one, everyone should play his/her due role. To whatever business one belongs to, one must treat him/herself as a member of a team, rather a crowd, where the goal of all is mutual i.e. TO ACHIEVE UTMOST PAYBACK SINCERELY FOR SELF AND FOR THE COUNTRY.

The success of Waterlink is determined by our success in operating as a unified team. We have to earn the trust and respect of our customers every day in order that the customers make the decision to choose our services. We sell service and service is provided by people. There are no magic formulas.

Our success is built by creative, productive employees who are encouraged to make suggestions while thinking "outside the box." Your job, every job, is essential to fulfilling our mission everyday to the people who trust and respect us. The primary goal of Waterlink, and yours, as one of its employees, is to live our mission statement and continue to be an industry leader. We achieve this through dedicated hard work and commitment from every employee. It is the desire of Waterlink to have every employee succeed in their job, and be part of achieving our goals.”⁹

Exhibit 3

| Number of Employees Remained On Payroll of WLP | |
|--|------------------|
| Year | No. of Employees |
| 2005 | 64 |
| 2006 | 79 |
| 2007 | 98 |
| 2008 | 117 |
| 2009 | 182 |
| 2010 | 212 |
| January 2011 | 230 |

Exhibit 4

| Current Number of Management Staff Members & Their Educational Qualification | | | | |
|--|-----|-----------|--------------|---------------|
| Departments/ Qualification | MBA | Bachelors | Intermediate | Matriculation |
| Logistics | 1 | 12 | 6 | 6 |
| Export | 1 | 8 | 6 | 1 |
| Import | | 6 | 7 | 3 |
| Administration | | 1 | 4 | |
| Finance | | 10 | 2 | 1 |
| IT | | 2 | 1 | |
| Documentation (Import + Export) | | 5 | 5 | 6 |
| Special Project (Common) | 2 | 1 | | |
| Client Service (Import + Export) | | 3 | 1 | |

⁹Waterlink brochure

SISTER COMPANIES

| | | | | |
|--------------------------------|---|---|---|---|
| Globex Link (Pvt) Limited | 2 | 1 | | |
| Fast Track Project & Logistics | | 2 | 1 | |
| Multimodal Transport Services | | 3 | 1 | 1 |
| Furqan International | | | 2 | 1 |

Exhibit 5

| YEARS | TURNOVER | GROSS PROFIT | EBIT |
|--------------|-------------|--------------|------------|
| June 20 2004 | 119,676,712 | 13,866,309 | -156,230 |
| June 20 2005 | 273,502,157 | 30,322,515 | 1,104,843 |
| June 20 2006 | 299,367,707 | 38,754,236 | 2,013,652 |
| June 20 2007 | 310,135,387 | 54,828,979 | 4,980,699 |
| June 20 2008 | 415,699,158 | 74,441,947 | 5,659,525 |
| June 20 2009 | 730,070,422 | 92,577,726 | 13,297,356 |
| June 20 2010 | 635,563,623 | 119,575,933 | 28,575,365 |

Exhibit 6

WATERLINK PAKISTAN (Pvt.) PAMPHLET

The pamphlet pages include the following content:

- Introduction:** Waterlink is a leading logistics company in Pakistan, with a strong network of employees who provide logistical solutions to meet client needs globally. The services offered include air, road, rail, and sea transport.
- Key Advantages:**
 - One set up operational and fully bonded 24/7/365
 - Dedicated staff with in-house physical presence at various locations
 - A network of offices across Pakistan
 - Provisioning of warehouses and fleet management of assets
 - Customize Ship Charters Agency
 - Special Charter dedicated department
 - WFP fleet tracking solution for Afghanistan border with electronic border clearance and vehicle permit system ensuring the cargo at every step
 - Border body located in Afghan border movements both dry and water crossings
 - Tracked WOOD (operator Pakistan) with well established procedure supply chain electronic and operational procedures
 - Cost saving Client professional staff for efficient handling of goods, medicines etc.
- Reconstruction Logistics Services:** Post-conflict reconstruction activities focused for social and economic development. WFP provides logistic services for these activities. WFP provides logistic services for these activities. WFP provides logistic services for these activities.
- Govt. & Defense Logistics Services:** Waterlink provides specialized services including a full range of logistic management and logistic solutions for the Govt. & Defense. Our services are designed for being a logistic partner in the Govt. & Defense. Our services are designed for being a logistic partner in the Govt. & Defense.
- Contact Information:**
 - Waterlink Pakistan (Pvt.) Ltd., 4-A, Khatikhah Town, Block-6, G-9/2, Sector 7, F-7/2, Islamabad.
 - Phone: 011-351 5511, 011-351 5512, 011-351 5513, 011-351 5514, 011-351 5515, 011-351 5516, 011-351 5517, 011-351 5518, 011-351 5519, 011-351 5520, 011-351 5521, 011-351 5522, 011-351 5523, 011-351 5524, 011-351 5525, 011-351 5526, 011-351 5527, 011-351 5528, 011-351 5529, 011-351 5530, 011-351 5531, 011-351 5532, 011-351 5533, 011-351 5534, 011-351 5535, 011-351 5536, 011-351 5537, 011-351 5538, 011-351 5539, 011-351 5540, 011-351 5541, 011-351 5542, 011-351 5543, 011-351 5544, 011-351 5545, 011-351 5546, 011-351 5547, 011-351 5548, 011-351 5549, 011-351 5550, 011-351 5551, 011-351 5552, 011-351 5553, 011-351 5554, 011-351 5555, 011-351 5556, 011-351 5557, 011-351 5558, 011-351 5559, 011-351 5560.

Exhibit 7a (Operations Process Flow – Imports)

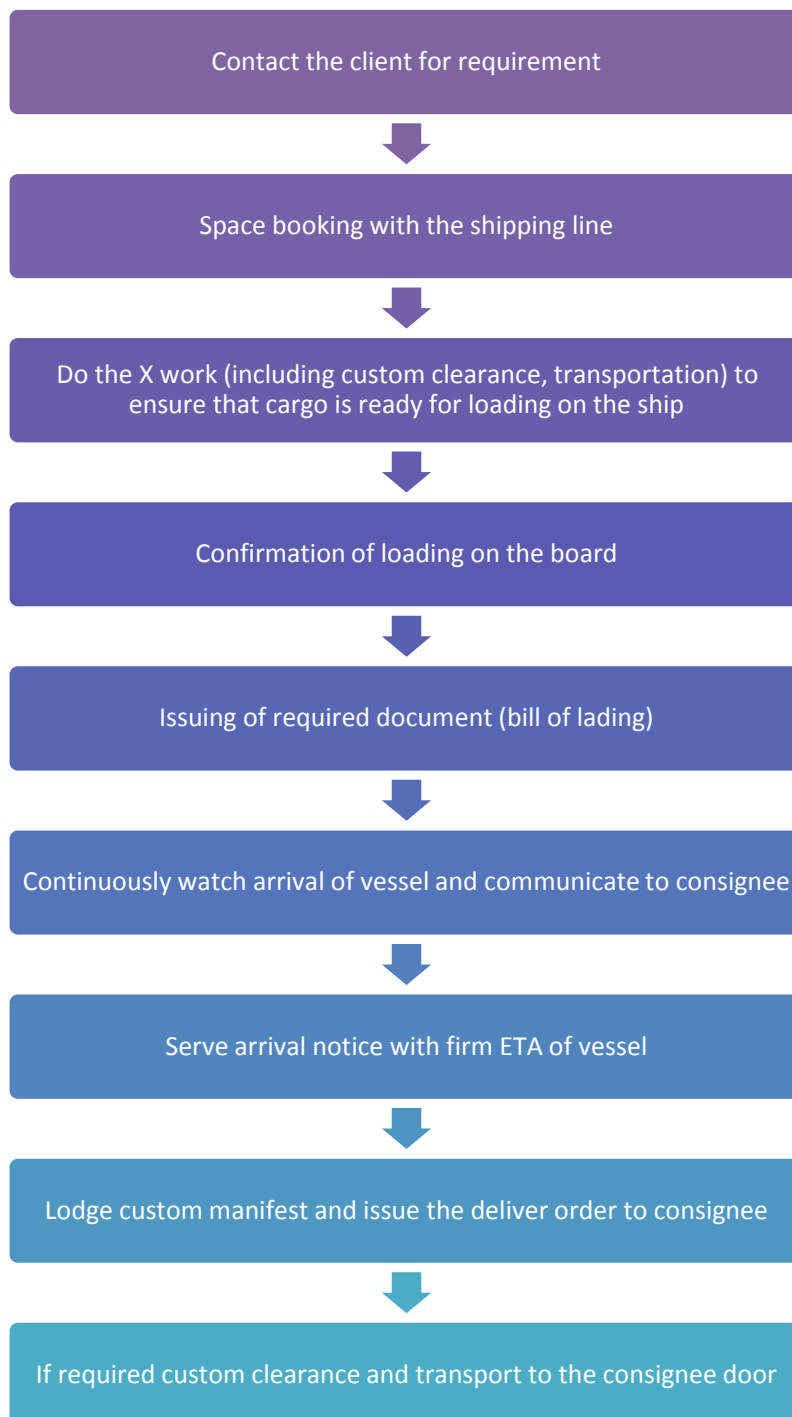


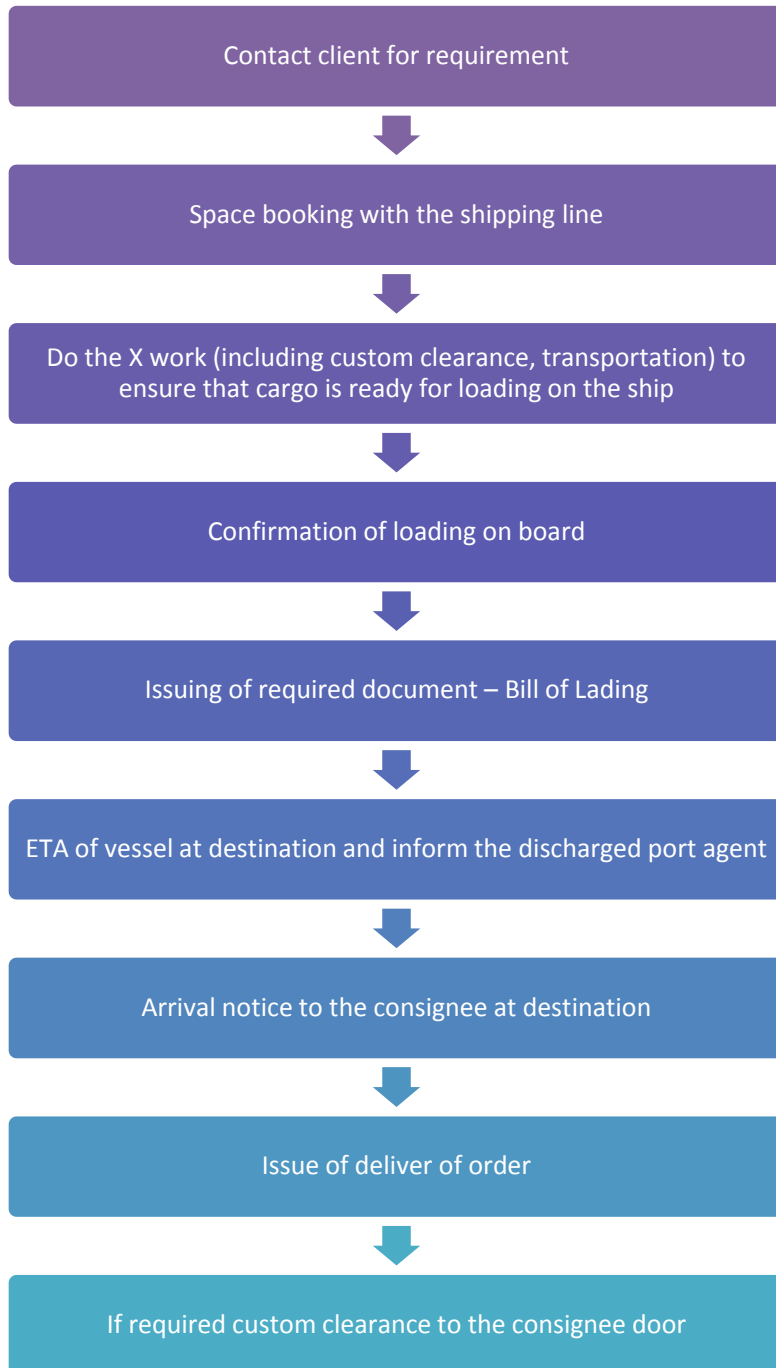
Exhibit 7b (Operations Process Flow – Exports)

Exhibit 7c (Operations Process Flow – Logistics)

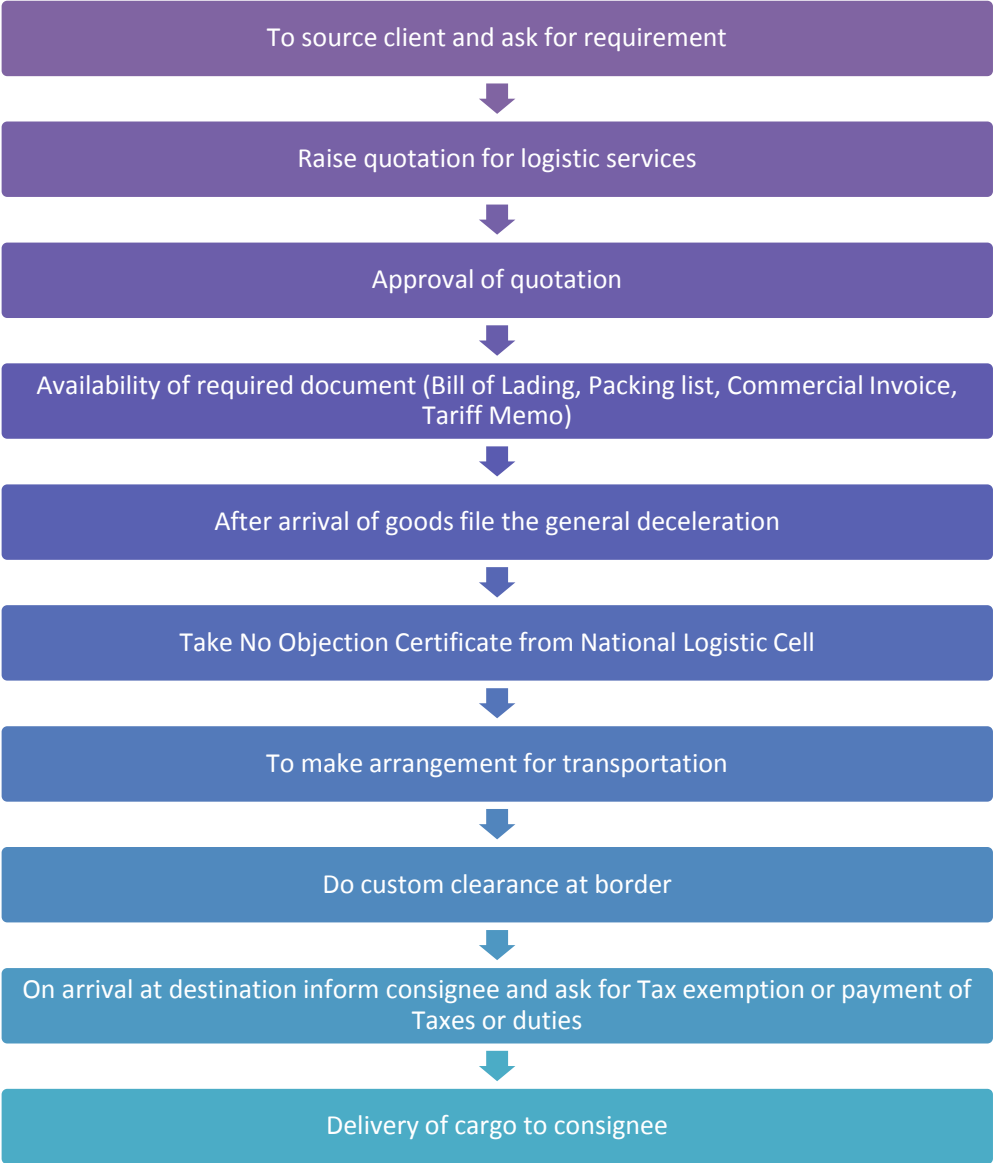
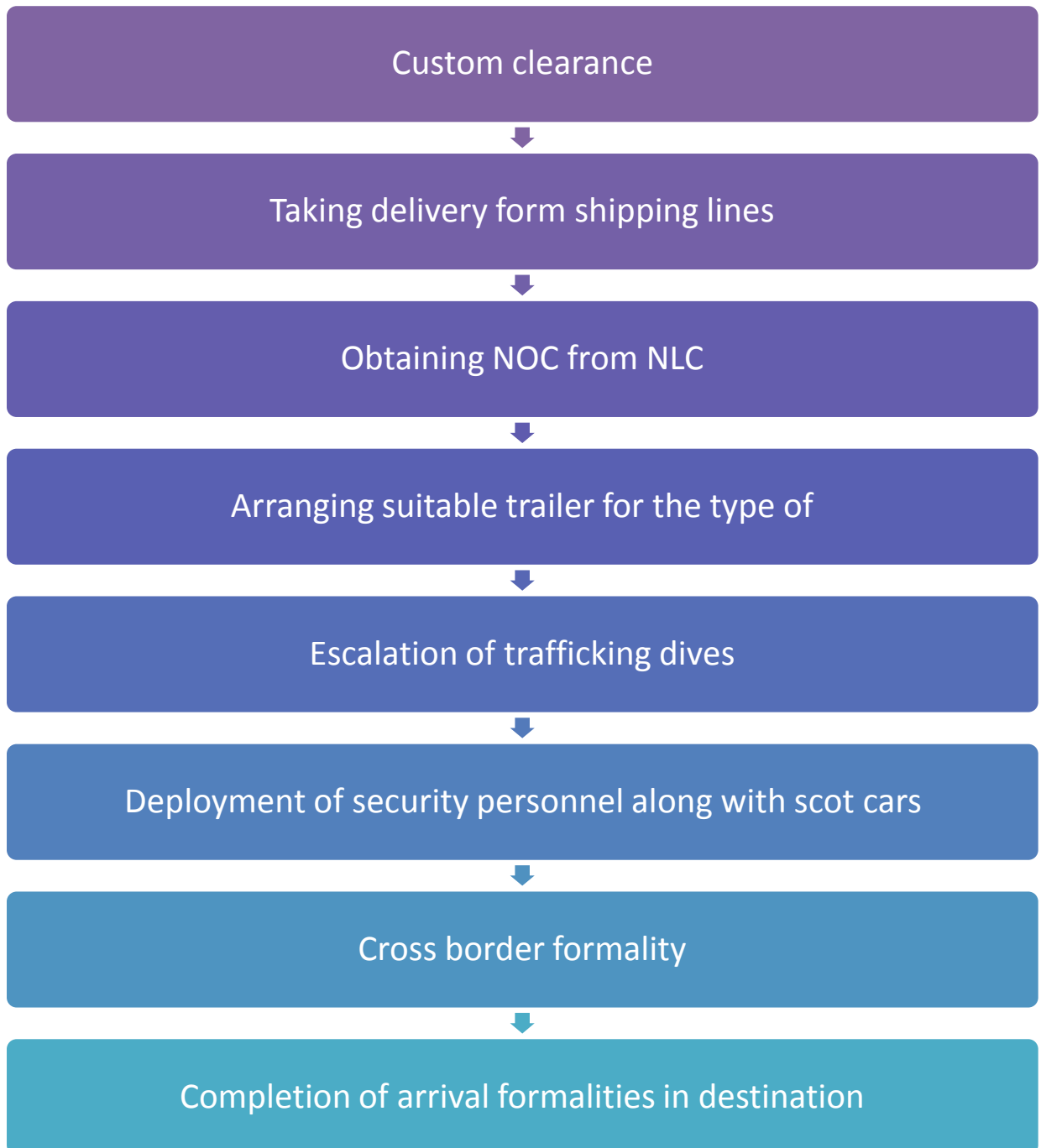


Exhibit 7d – (Operations Process Flow – Afghan Transit)

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Effectiveness of Animated Spokes-Character in Advertising Targeted to Kids

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ABSTRACT

The purpose of this study is to find the effectiveness of using animated characters in advertising targeted to kids. The research design is quantitative and its research type is causal. The respondents of the study are ‘Pre-primary school going kids’ from nine different schools belonging to different areas of Karachi, Pakistan. Data is analyzed through Classification Regression Tree (CART). The findings of this research study reveal that liking of the animated spokes character has a significant effect on product and brand character recognition, Product-Brand Character Association and brand preference. The majority of earlier related studies have been descriptive in nature. This study has used relatively advanced measurement technique like CART thereby making a methodical contribution. It is especially useful considering the paucity of research studies on advertising targeted at kids in Pakistan.

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Introduction

Kids are innocent and easily gullible, but a very important consumer segment (Soni Swati & Upadhyaya Makarand, 2007). The trend of making commercials targeted at kids is increasing. The concept of content marketing in this digital era is fading, and children find animations more attractive and entertaining to them (Callot & Lee-Na-Lee, 1994). These brand characters have been found to attract children's attention, improve product recognition and create positive brand attitudes (Connor, 2014). The idea of animated spokes-character advertisements is highly admired in today's advertising industries. It is believed to be one of the most effective and valuable marketing strategies nowadays (Sabrina & David, 2004).

Children seem to be in love with the animations and they usually imitate such cartoon characters from which they are inspired (Hassan & Daniyal, 2013). It is noticeable that when children wake up in the morning, they are usually seen wearing their favorite Disney character pajamas, their bed sheet containing cartoon pictures, toothbrushes with full of lively cartoon character designs and in many cases their breakfast cereals packed in cute cartoon boxes and then heading towards their respective schools wearing their favorite cartoon character school bags (Solanki Sandip & Sheth Bhagyashree, 2016). The emotional bond of children with their favorite brand characters shows that commercialization of animated spokes-character has entered the school boundaries (Tanvir & Arif, 2012).

The role of animation has evolved in the last few decades (Callot & Lee-Na-Lee, 1994); but there are very few researches targeted directly towards animated spokes-characters; though there are many researches that provide evidence for their appeal (Lutz, Scott, MacKenzie, & Belch, 2003). Despite the widespread use of characters to market products to children, little is known about how the presence of a familiar character influences children's evaluations of advertising messages (Danovitch & Mills, 2014). In Pakistan, marketers of food products, confectionery items, anti-germs soaps are already using cartoon characters in commercials designed for children. The use of animated spokes-character advertisements in Pakistan television commercials pops up the need for academic research on this subject, especially considering the paucity of local research studies. In addition to it, earlier studies were mainly descriptive just limiting the analysis to correlation. This study has made a pioneering attempt

to draw causality between independent and dependent variables and state magnitude of the impact of using animated characters to persuade kids.

Research Objectives

The primary objective of this research is to analyze the effectiveness of using animated spokes characters in advertising targeted toward kids. This study aims to study the effect of animated brand character likeness on:

- (1) Product and animated brand character recognition
- (2) Association between product and animated spokes characters
- (3) Brand Preference

Literature Review

Animated Spokes Character

Numerous companies are using innovative techniques to influence children in the form of creating unique spokes-characters for their brands (Chiu, Lin, & Liu, 2009). The purpose of the animated spokes-character is to speak up for the products or services that they are representing through providing visual demonstrations to consumers (Stout, 1990). A spokes-character is defined as “a virtual or living stuff that is created by companies for the accomplishment of their marketing objectives” (Phillips, 1996; Philips & Gyoeck, 1999). The word “spokes-character” is an alternative term for the word “advertising character” (Callot & Lee-Na-Lee, 1994).

Characteristics of Animated Spokes Characters

The first characteristic of animated characters is their physical appearance. Advertisers prefer such spokes-characters in their advertisements which are pleasant, lovely, attractive in appearance and physically more appealing to the children (Hassan & Daniyal, 2013; Singer, 1983). Children are usually attracted towards the colors, appearances, gestures/postures, logo and designs of these sparkling characters in the advertisements (Shah, Khan, & Habib, 2015).

The second characteristic is the element of humor. Adding humor refers to putting in ‘silly behaviors’, ‘attractive voices’, and ‘unusual faces’. This significantly contributes to the

spokes-character 'likability factor' (Callcott & Phillips, 1996). These humor techniques facilitate the consumers to keep in their mind the character for a long time (Chiu, Lin, & Liu, 2009). In addition to it, adding humor serves as a fun-seeking element. The third characteristic is attention seeking element. This can be done by adding various features within the advertisements such as 'action & movement'; 'rapid pacing in the images', 'effective sound & attention-grabbing music effects' (Calvert, 2008).

The fourth characteristic is the use of voice. The research shows that children are more attracted to 'audio' and 'sound systems' in the advertisements as compared to the images, because 'interesting sound effects' grab instant attention of children to television screen (Calvert, 2008) but it doesn't have major effects on encoding storage on the long term basis in the minds of children (Schwartz, 2003). The effects of 'voice' in the advertisements shown on television have a considerable effect on the learning; and it increases the motivational level in children's attitude and behavior (Baylor, Ryu, & Shen, 2003). Children feel more motivated when human voices in animated spokes-characters are used as compared to that of computer machines generated voices (Baylor, Ryu, & Shen, 2003).

The fifth characteristic is the connection between the distinctive product features and animated spokes-character that the consumers are to be familiar with (Garretson Ja, 2004). These lovely animations form a direct link between the product features, its packaging and advertising in the minds of consumers (Phillips, 1996). These incredible brand characters are made and designed for brands by marketing companies to be served as professional experts in terms of explaining and demonstrating the products to children through advertisement (Garretson Ja, 2004). These lively cartoon characters win more confidence and respect (Callot & Lee-Na-Lee, 1994) from kids compared to other non-animated spokes-characters.

Influence of Animated Spokes-Characters on Children

It is very obvious that children are the soul of their families; therefore, it is very difficult and challenging for parents to reject their children's preferences. The impact of cartoon characters extends to product packaging as well. The packaging content having printed cartoon character picture catches child's attention, thereby affecting their purchase decision (Ulger, 2009). The

animated spokes-characters not only influence children's attitude, but also other consumers besides kids (Chiu, Lin, & Liu, 2009).

Animated Brand Character Liking

A child's attitude toward the product is moderated by his emotional evaluation of the brand character (Acuff & Reiher, 1997) and thus leads to purchase intention (Callcott & Alvey; 1991; Callcott & Phillips; 1996). The consumers hold more optimistic views on the background and experiences of animated spokes-characters (Callcott & Alvey; 1991; Callcott & Phillips; 1996). The animated spokes-characters build trust in kids and ultimately to the products they represent (Wen-shin & T.H.S., 2011).

Many past studies, including Roberto Ca (2010), Neely Sm (2002), MC (1994); concluded that children's attention, product recognition and children's liking of products can be boosted by the presence of animated cartoon character in advertising. However, children purchase intention or product preference is not always dependent on liking and recognition of animated spokes-characters present in product advertising (Roberto CA, 2010)

Product Recognition

According to Horgan Sheena (2005), Children can recognize brands in 18 months' age, draw them when they are 2 years old, develop consumer preference when they turn 4 years and purchase products when they grow as old as 5 years. The use of dazzling cartoon characters is useful for increased product recognition as well as product liking among kids (Keillor, 2007). It is also reported that the children's liking of the animated spokes-characters is significantly correlated with recognition of product (Fischer, Schwartz, Jr, Goldstein, & Rojas, 1991). During the child-development stages, brand-characters play an important role in communicating the brand insights and instilling positive brand attitudes in the children (Lawrance, 2003). Many children identify the products in stores and can request for purchase (McGinnis, Gootman, & Kraak, 2006). Therefore, it is assumed that:

H₁: Likeness of animated character significantly affects the animated brand character recognition.

H₂: Likeness of animated character significantly affects product recognition

Product-Brand Character Association

Young children have limited reading skills, but animated spokes-characters serve as a marketing strategy in storing visual brand in their minds. Prior research shows a strong link between brand character and product recognition in the minds of children (Mizerki, 1995). As the age of the child increases, recognition of brand character increases simultaneously. This increased level of recognition in the child towards any particular brand is therefore associated with the age factor positively (Mizerki, 1995).

One challenge faced by companies in the use of animated characters is ensuring the correct and acceptable association between the character and the brand. It is necessary to match the appropriate brand character with the correct product in the advertisements (Huang, Hsieh & Chen, 2011). When the characteristic of ‘animated spokes-character’ is highly associated with the product features, customers easily remember product features (Garretson and Burton, 2005; Mizerki, 1995). Bahn (1986), involving 4-5 years old children, found that children assumed that the cereals having cartoon characters were sweet and meant for them, whereas; the cereals without cartoon characters, were perceived to be the adult’s cereals, healthy and not-so sweet. In a study by Fischer, Schwartz, Jr, Goldstein, & Rojas (1991), 3-6 years old kids were able to recognize varieties of brand symbols/logos and pair the brand logos to respective products. Therefore, it is hypothesized that:

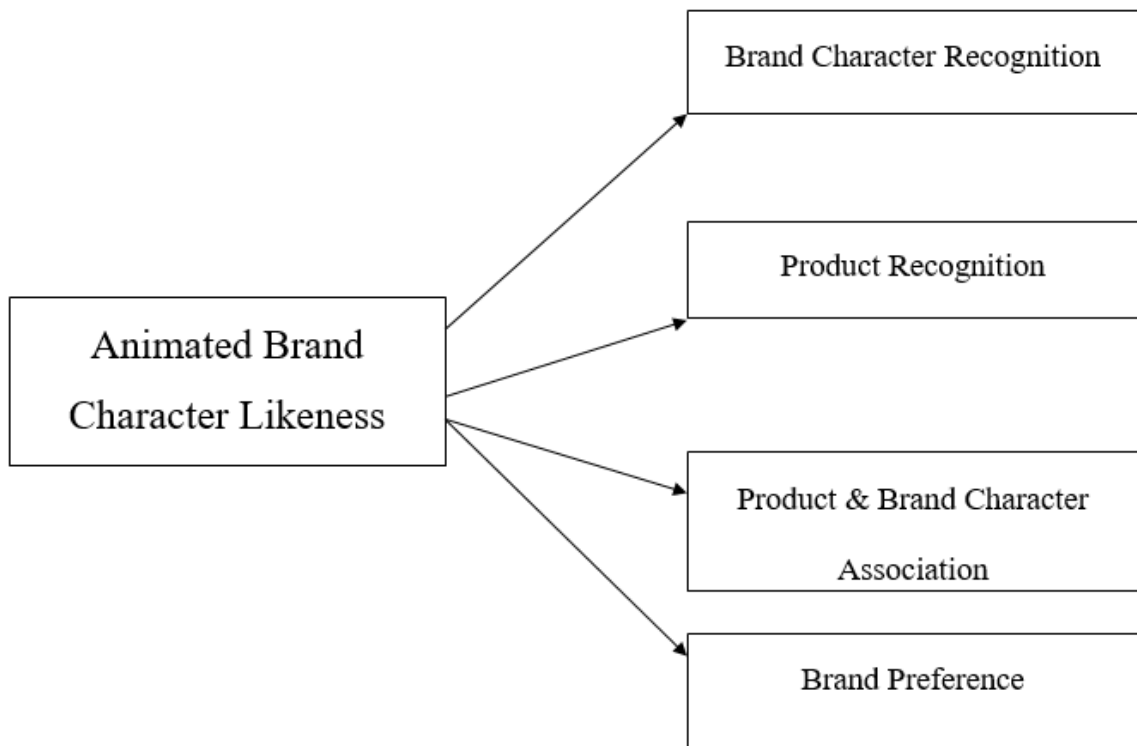
H₃: Likeness of animated character significantly affects the product-animated brand character association

Brand Preference

Children lack the ability to comprehend the persuasive component of commercials (Wilcox, Kunkel, Cantor, Dowrick, Linn, & Palmer, 2004). Conveying information through cartoon is better than any other mean of information (Garretson JA, 2005). It is obvious that children are fond of the cartoon characters and they can spend maximum time in watching them. Credibility of the cartoon characters among kids is likely to extend to products (Baker & Churchill, 1977; Callcott & Phillips, 1996), which can affect their priorities in buying products (Hassan & Daniyal, 2013; Neley & Schumann, 2004)

The animated spokes-character advertisements promote favorable appraisal on the attitudes and purchase intention of targeted kids (Heiser, Sierra, & Torres, 2008). Findings of Lapierre, Vaala and Linebarger (2010) concluded that children highly liked the taste of the products with animated cartoon characters, compared with the same products without characters. Therefore, we may assume:

H₄: Likeness of animated character significantly affects the brand preference



Methodology

The research design was quantitative and its research type was causal. The respondents of the study were 'Pre-primary school going kids' of nine different schools from different areas in Karachi. The following conditions were considered when selecting the sample:

- (a) Children age group between 4 to 6 years old.
- (b) Children who view television regularly.
- (c) Children's acceptance to participate.

Research Instrument and Data Collection

A graphical questionnaire was constructed with dichotomous questions which included pictures of different brand characters that are shown on the television screen regularly. The questionnaire is adapted from the study of Sabrina & David (2004). All these brands under study used animated characters to promote their products. The questionnaire consisted of graphic pictures of eight known Pakistani brand characters and their respective products. Dichotomous scale for each variable was used in our questionnaire. Variables were measured by a 2-point scale where 1 stands for 'YES' and 0 stands for 'NO'. As our target population was children aging between 4 to 6 years old, so it was difficult to measure their responses through the likert scale. Primary data for the study was collected from 330 pre-primary students from nine different schools belonging to different areas of Karachi. Pilot testing was done with 30 students.

Procedure

The survey was conducted by calling out students one-by-one. The questionnaire was shown to them on the laptop screen to retain image quality. Students were questioned separately to avoid the possible impact of kids on each other. (1) For Product recognition, students were shown the pictures of products without product names and asked names of products to check their product recognition.(2) For Animated Brand Character recognition, students were shown animated characters without pictures of products and asked names of animated brand characters to check their recognition.(3) For product and animated brand character association, students were shown the pictures of brand characters on left side and products on the right side of the laptop screen and asked to cross match both of them. These kids were used to similar exercises in their classes. (4) For brand character likeness, students were shown animated characters on the laptop screen and asked whether they like them or not. (5) For brand preference, students were shown pictures of products with animated characters on the left side of the laptop screen and same products without animated characters on the right side and asked which of the two they would choose to buy.

Data Analysis

There were 8 existing Pakistani brands analyzed for each variable. While computing responses, the results of each variable were summed up on the scale of 0-8. If the sum was greater than 5, the response was considered as positive and coded as “1”, if the sum was less than 5, the response was considered as negative and coded as “0”. For instance; if a student successfully recognized 5 brands out of 8, it would be recorded as successful recognition. Likewise, if a kid was able to correctly cross match brand characters with products 5 or more times, it would be recorded as a correct association. In case of brand preference, if a kid preferred 5 or more products with brand character pictures over exactly same products, but without brand characters, it was considered as brand preference and was coded as 1, otherwise response was coded as 0 (brand with cartoon picture not preferred)

Hypotheses were checked in two stages. In the first stage, cross tab analysis was conducted to analyze the association between independent and dependent variables. All null hypothesis of no association between the variables were rejected because all the P values were less than 0.05.

Table 1

Chi-Square Test (Brand Character Liking & Brand Character Recognition)

| | Value | df | P Value |
|---------------------------------|---------|----|------------|
| Pearson Chi-Square | 55.079a | 1 | .000 |
| Likelihood Ratio | 48.309 | 1 | .000 |
| Linear-by-Linear Association | 54.913 | 1 | .000 |
| N of Valid Cases | 330 | | |

Table 2

Chi-Square Test (Character Liking & Product Recognition)

| | Value | df | P Value |
|---------------------------------|---------|----|------------|
| Pearson Chi-Square | 17.551a | 1 | .000 |
| Likelihood Ratio | 15.271 | 1 | .000 |
| Linear-by-Linear Association | 17.497 | 1 | .000 |
| N of Valid Cases | 330 | | |

Table 3
Chi-Square Test (Brand Character Liking & Product-Brand Character Association)

| | Value | df | P Value |
|---------------------------------|---------|----|------------|
| Pearson Chi-Square | 36.663a | 1 | .000 |
| Likelihood Ratio | 31.731 | 1 | .000 |
| Linear-by-Linear Association | 36.552 | 1 | .000 |
| N of Valid Cases | 330 | | |

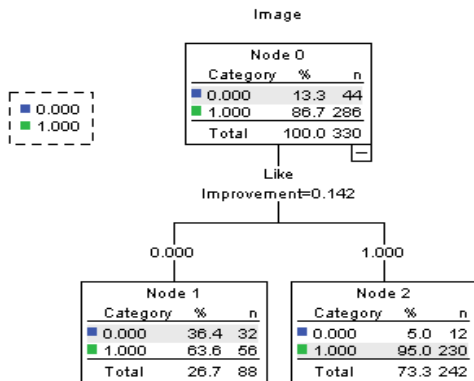
Table 4
Chi-Square Test (Brand Character Liking & Brand Preference)

| | Value | df | P Value |
|---------------------------------|---------|----|------------|
| Pearson Chi-Square | 31.262a | 1 | .000 |
| Likelihood Ratio | 27.046 | 1 | .000 |
| Linear-by-Linear Association | 31.167 | 1 | .000 |
| N of Valid Cases | 330 | | |

The above statistics show a significant relationship between Animated Brand Character Likeness with brand preference, product and brand character association, product recognition and brand character recognition. But this relationship doesn't necessarily mean a causal relationship. It may be just limited to correlation. Therefore, in the second stage, Classification Regression Trees (CART) were analyzed to find the magnitude of animated character liking influence on brand recognition, product association and brand preference.

Animated Brand Character Recognition

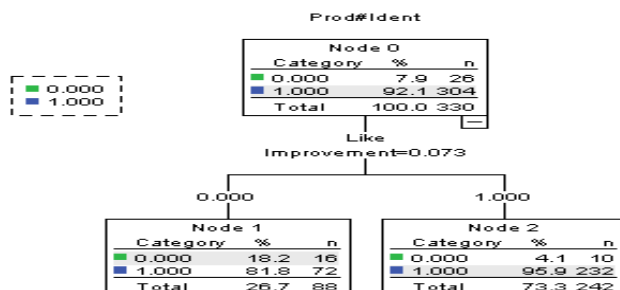
Our first hypothesis is that Likeness of animated character significantly affects the animated brand character recognition. Classification Regression Tree (CART) was used to verify this hypothesis. The output of CART is as under:



CART Model of Character Recognition explains that 286 i.e. 86.7% of sample size recognized the product and 44 kids i.e. 13.3% of the sample size did not recognize the product. The intervention of independent variable-likeness- brings improvement in the results by 14.2%, which split the results into two categories: Dislike and Like. 32 kids who disliked the cartoon character could not recognize the brand character, 56 kids who disliked the brand character still recognized the animated cartoon character. Out of 242 kids who liked the character, only 12 kids did not recognize the product with animated characters, while remaining 230 kids recognized the animated cartoon character. Based on the above test result, we fail to reject the hypothesis H_1 for the given sample; hence we can conclude that likeness of animated brand character has a significant effect on character recognition.

Product Recognition

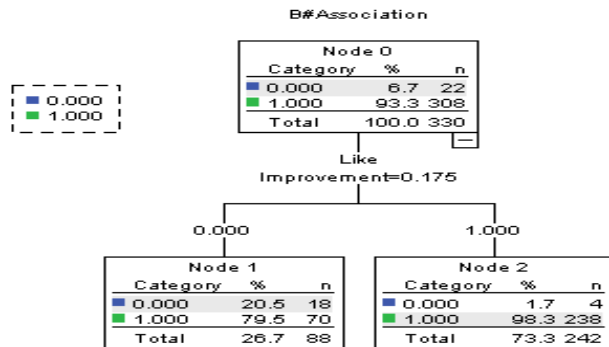
Our second hypothesis is that Likeness of animated character significantly affects product recognition. Classification Regression Tree (CART) was used to verify this hypothesis. The output of CART is as under:



CART Model of Product Recognition explains that 304 i.e. 92.1% of sample size identified the product and 26 kids i.e. 7.9% of the sample size did not identify the product. The intervention of independent variable- Animated Character Likeness -improved the results by 7.3%, which split the results into two categories: Dislike and Like. Among kids, 16 kids who disliked the cartoon character did not identify the product; 72 kids who disliked the brand character, still identified the product. Out of 242 kids who liked the character, only 10 kids could not identify the product while remaining 232 kids successfully recognized the product. Based on the test result, we fail to reject the hypothesis H_2 for the given sample; hence we can conclude that likeness of animated brand character has a significant effect on product recognition.

Product-Animated Brand Character Association

Our third hypothesis is that Likeness of animated character significantly affects the product-animated brand character association. Classification Regression Tree (CART) was used to verify this hypothesis. The output of CART is as under:

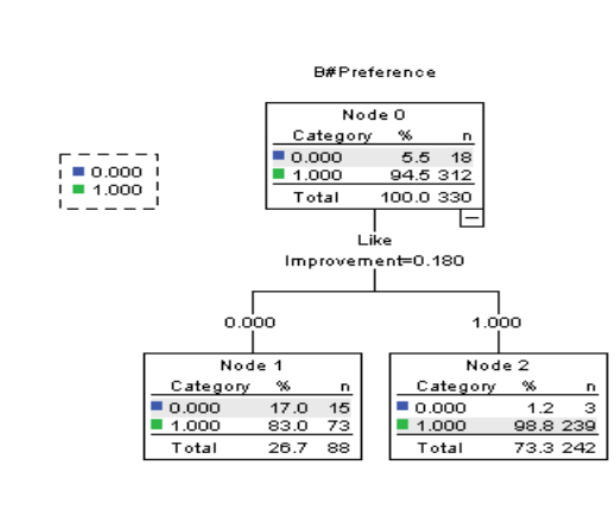


CART Model of Product-Character Association explains that 309 kids i.e. 93.3% of sample size associated product with the animated band character, while 22 kids could not associate the product with the brand character. The intervention of independent Variable-Animated Character Likeness-improved the result by 17.5%, which split the results into two categories: Dislike and Like. 18 kids who disliked the cartoon character did not associate the character with the product, 70 kids who disliked the character still associated the character with the product. Out of 242 kids who liked the brand characters, only 4 kids could not associate the

product with the brand character while remaining 238 were able to associate the brand character with the product. Based on above tests, we fail to reject the hypothesis H_3 for the given sample, hence we can conclude that likeness of animated brand character has a significant effect on the product-brand character association.

Brand Preference

Our fourth hypothesis is that Likeness of animated character significantly affects the brand preference. Classification Regression Tree (CART) was used to verify this hypothesis. The output of CART is as under:



CART Model of brand Preference explains that 312 i.e. 94.5% of sample size preferred the product with animated cartoon character and only 18 kids i.e. 5.5% of the sample size did not prefer the product with the animated cartoon character. The intervention of independent variable - Animated Character Likeness -brought the improvement in the results by 18%, which split it into two categories: Dislike and Like. Only 15 kids, who disliked the cartoon character, did not prefer the product; 73 kids who disliked the character still preferred the product with the animated cartoon character. Out of 242 kids who liked the character, only 3 kids did not prefer the product with the animated character, while remaining 239 kids preferred the product with the animated cartoon character. Based on above tests, we fail to reject the hypothesis H_4 for the given sample, hence we can conclude that likeness of animated brand character has a significant effect on product preference.

Discussion and Conclusion

The trend of using the sparkling cartoon characters in the advertisements is highly admired by viewers; these lively creatures are being adopted by an increasing number of companies to grab children's attention instantly (Garretson & Niedrich, 2004). Children have a big say in their families and parents find it much difficult to ignore their children's preferences.

The purpose of this study was to evaluate the effectiveness of animated cartoon characters in the advertisement. The findings of our research reveal that liking of the animated spokes-character has a significant effect on product and brand character recognition. Our findings are supported by Sabrina & David, (2004); Ajay Jose, (2014), Mizerki, (1995) and Fischer, Schwartz, Jr, Goldstein, & Rojas, (1991). The kids who liked the animated brand characters recognized the product better as compared to those kids who didn't like the brand character. Several studies conducted in past like Mizerki (1995), Callot & Lee-Na-Lee (1994) showed that children find animations close to their hearts and these lovely cartoon characters leave a strong mark in the minds of children, which increases with the age.

This study manifests that the likeness of brand character has a significant effect on brand preference of the kids; these results are consistent with the findings of researches conducted by Huang, Hsieh and Chen (2011) and Luo et. al (2006), which state that higher level of brand character liking significantly affects children's purchase decisions. However, our results are conflicting with Roberto (2010) who argued that children's product preference is not always dependent on the likeness of animated spokes-character.

There were some surprising aspects in the results of our research study. A small portion of kids disliked brand characters, but still recognized and preferred brands without cartoon characters. There may be some other factors responsible for brand recognition and brand preference other than liking of brand characters; which may be investigated in future studies.

Managerial Implication

The effectiveness of advertising is determined through the achievement of marketing objectives (Ali, 2016). Marketers of products having kids as their primary target market

ought to employ animated characters in commercials to achieve marketing objectives such as brand liking, brand recognition and brand preference. It is recommended that companies should use such animated cartoon characters that are attractive and appealing to children's segment. It helps in brand recognition and recall. Marketers should opt for animated commercials or small cartoon films to build an emotional bond between children and animated cartoon characters to develop the brand preference among kids.

Areas for Further Study

This study focused only on limited variables that are likeness of animated character, brand recognition, product association and brand preferences. However, there are many variables that can be part of future researches such as purchase intention, product choice, attitude towards brand characters and kids buying behavior.

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Launching Pompei Station – A case of Entrepreneurial Marketing

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ABSTRACT

This case is based on the complexities and problems faced by entrepreneurs and managers of small fast food restaurants in Pakistan. It requires strong decision making insights and strategies to make sure that the new start-ups must survive in the fiercely competitive fast food industry.

Pompei Station, located at a strategic location is a high end restaurant catering to the elites of Karachi. With emphasis on high quality food supply chain, distribution channels, customization and superior customer service, Pompei Station has created a premium place in the industry. In order to expand its operations, increase the sales and customer base, Pompei decided to launch its delivery system with the name 'Pompei Station'. Even though Pompei has increased its market penetration with its home delivery service, it has also faced many new challenges that require Pompei to come up with innovative solutions to ensure the sustainability of its home delivery service.

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Introduction

Pompei, located in the Shapes Health Club compound, is a rustic and a high end restaurant catering to the elites of Karachi. With emphasis on high quality food supply chain, distribution channels, customization and superior customer service, Pompei Station has created a premium place in the industry. In order to expand its operations, increase the sales and customer base, Pompei decided to launch its delivery system with the name 'Pompei Station'. Even though Pompei has increased its market penetration with its home delivery service, it has also faced many new challenges that require Pompei to come up with innovative solutions to ensure the sustainability of its home delivery service.

Industry

The restaurant industry of Pakistan is moderately mature and highly competitive. The economic downturn has significantly impacted the industry as consumers are becoming more price-sensitive. However due to limited amount of entertainment available in Pakistan, consumers have consistently opt for dining out as a mean of entertainment, thus contributing towards a positive growth in this sector. The restaurant industry is an important component of our nation's economy, and employment opportunities in this sector should continue to grow in the future as a direct result of the demographic changes taking place. The number of restaurants in Karachi is rapidly increasing as a result of the changes in demographic and economic factors which have a significant impact on the restaurant industry in Pakistan. Increasing urbanization and rising disposable incomes are some of the factors that are contributing to this growth. In addition, higher disposable incomes among consumers particularly in the urbanized cities such as Karachi, Lahore and Islamabad the trend towards eating out are combining with growth in organized retailing to fuel growth in the foodservice sector. According to Dawn Newspaper, in the recent years Pakistanis have resumed their spending habits, as a result of increasing income and awareness levels. People are less concerned with economic difficulties and are willing to spend more on food and luxuries while having greater awareness about what they buy and how they entertain themselves.

The restaurant industry can be divided into 3 segments: (1) Full Service, (2) Fast Food or Quick Service, and (3) Managed Service. Full service is when the waiter service is provided, and the order is taken while the patron is seated. In a fast food or quick service, the patron generally orders at a cash register and pay before he/she eats. Managed service involves an on-site food service or a food contractor.

One of the greatest challenges facing the restaurant industry is creating differentiation and maintaining a distinct image in the minds of the consumers. There exist hundreds of restaurants in a single locality offering the same kind of food, ambience and entertainment at similar price points. Successful Customer themes are easy to imitate and therefore consumer demand is often short lived for such a service. In an attempt to successfully differentiate themselves, restaurants opt for unique themes, variations in the menu offering, or exploring new distribution channels or promotional activities.

Competition

A number of restaurants compete fiercely for market share and customer traffic. The industry is moderately concentrated. Leading restaurants such as Arizona Grill, Roasters, Pompei, Fuschia, and Okra, have captured significant market share with their superior quality of food, unique product offering and immaculate customer service.

The restaurant industry is highly competitive with respect to price, value and promotions, service, location, and food quality. There are a substantial number of restaurant operations that compete with one another for customer traffic. However, it is very difficult to assess the total number of restaurants in Pakistan as a large amount of unorganized setups also exist. Restaurant establishments in semi-urban and rural areas, which may also include road-side restaurants and dhabas on inter-city roads and highways, all compete for the same consumer traffic. Therefore, in order to be successful, it is important for a restaurant to constantly provide value for the amount of money that the consumers are spending in the restaurant. This is done by incorporating high quality products, superior customer service and satisfaction. Since consumers are highly focused on value and if the restaurants are unable to promote and deliver a higher degree of value, the customer traffic levels suffer, thus impacting revenues. There is a growing trend of road side cafes and dhabas. People enjoy long drives and drive to far off places such as sea view or high way to enjoy road side food. Another factor contributing to the road side dhabas is the economic value that they offer. The high end restaurant chains are facing stiff competition from this segment of market as well.

Specific Trends

Emerging trends in the restaurant industry include an increase in awareness levels, the popularity of healthy food, use of fresh and authentic ingredients, acceptance of new fusion concepts and use of marketing tools for promotion. The changing lifestyles of Pakistani consumers have also contributed to the robust growth in the restaurant industry. The

awareness level of consumers has increased due to the exposure to western culture and cuisine. Urban families consisting of working professionals with higher income levels and busy schedules prefer ready to eat and takeout food, thus resulting in a growing fast food sector in Pakistan. Along with that, an increase in number of working women, higher disposable incomes, shrinking household sizes, rising young working population and the need for convenience has resulted in a boost in the eating out culture thus increasing the demand for dine out restaurants. Other leading trends include the expansion of quick service restaurants, fusion concepts with a diverse range of cuisines, restaurants with a focus on entertainment, and ethnic and regional cuisine restaurants.

The increase in buying power of Pakistani consumers is driving the growth in the foodservice sector. Pakistan reported a 3.6% growth in the expenditure on food from 2007 to 2010. There is a growing trend of menu diversification as high-income Pakistani consumers are seeking variety in their choice of food. Urban consumers are aware of various international cuisines (Continental, Chinese, Mexican, Italian, Thai and Japanese) and an increasing number are willing to try new foods. The number of dual income households where both husband and wife work is also increasing. Over 13 percent of the population of Pakistani women work full-time and spend most of their time away from home; this has been an important factor influencing the trend towards more meals away from home. - The size of the Pakistani household has declined over the last few years (from 7.3 people per household in 2000 to 6.8 people in 2010), These households have higher disposable income per member and have a greater propensity to spend on food.

Moreover, there is limited amount of entertainment available for Pakistanis, majority of Pakistanis consider dining out as a form of only entertainment. Dining out on weekends compensate for the lack of entertainment options in the country. Pakistanis celebrate all occasions - including birthdays, anniversaries, graduation, religious festivals, etc by dining out. Therefore there exists tremendous opportunities for entrepreneurs in this industry. Pakistanis today consider dining out as a form of recreational activity. This gap represents an important market and growth opportunities for entrepreneurs. Restaurants are trying in every way to differentiate themselves and create a distinct position in the minds of the consumers. This is done by spending a large sum on the physical evidence, the food quality, and location, role of convenience and ambience of the restaurants. Restaurants are also incorporating Pakistani tastes in their dishes and adding more spicy items in their menus in order to woo the desi - palate.

Pompei Restaurant

Pompei, located in the Shapes Health Club compound, is a rustic and a high end restaurant catering to the elites of Karachi. Located in the historic railway club, Pompei Station offers a casual atmosphere with warmth and character. As one would expect, the dishes are prepared using the finest ingredients and the recipes have been created with the experience and discerning taste of one of the leading and much loved restaurants of Karachi. Pompei has already won the hearts of Karachiites. The place is small with a maximum capacity of 41 individuals at one time. One need to make a reservation before the visit as the place is quite famous amongst the Karachiites.

Pompei Station only the highest quality ingredients are used and meals are freshly prepared when ordered. No MSG (Chinese salt) or any flavor enhancers are used. The recipes are designed to be low sodium and heart healthy. And only naturally brewed soy sauce and non-synthetic imported vinegar are used in the recipes.

Cleanliness and proper hygiene practices are of utmost importance. Pompei follows the US health and safety code for restaurants, as well as basic hygiene and employee guidelines. The general manager at Pompei is extremely qualified and US trained with a great deal of hospitality experience. The kitchen staff has received their PITHM diploma and certificate for basic sanitation and food preparation. In addition, all employees are required to undergo a health screening before employment and are trained adequately on maintaining and caring for the restaurant.

Pompei has a casual ambiance for a enjoyable meal any time of the day. Whether you're in the neighborhood after a workout at Shapes, need some tasty food delivered to your home or just want to dine in a unique place where the parking is plenty and the vibe is relaxed, Pompei has just what you need. We look forward to serving you at Pompei.

In 2003 when Pompei first opened, it was decided that Pompei would focus on Italian cuisine. In staying true to the concept over the years, there were often many dishes and recipes which could not be added to the menu. Over the years, many customers had requested continental and Asian inspired cuisine, which brought the idea of establishing another outlet closer to reality. It was decided that it would have many different types of cuisine but all done right way, using the best ingredients and authentic recipes. When a space became available in the historic colonial era building of the Shapes Health Club, the concept finally became a reality. As homage to the Old Railways Club that once flourished on these premises, it was

decided to name the restaurant Pompei Station. You can expect the high standards, superior quality food and immaculate customer service from Pompei. Simple, authentic recipes made with only the finest ingredients and delivered in unique take-away containers. Anticipate great tasting food, innovative menu items, and prompt delivery combined with real value for money. The dishes may be simple, but there is actually a wide range of choices, whatever you are in the mood for.

Pompei Station: The Target Market

With emphasis on high quality food supply chain, distribution channels, customization and superior customer service, Pompei has created a specific mark in the industry. It caters to the top elite of the society, however due to its pricing Pompei's customer base is pretty limited. In order to expand its operations, increase the sales and revenue, Pompei decided to launch its delivery system. Pompei is confident that the delivery channel would increase its sales. Pompei has been focusing on delivering value to the customers at the same time maintaining its premium image. The delivery system was launched by taking into consideration the growing trend of take away meals, the boom in the fast food industry and the possibility of catering to the huge customer base of Karachi. The objective was primarily to increase Pompei's customer base along with providing convenience to its customers. The changing lifestyle of consumers is demanding restaurants to come up with innovative and convenient ways of serving the consumers. Pompei Station's home delivery system is a step towards this innovation and an attempt by Pompei to increase its customer base by bringing Italian cuisine to the customer's doorstep. However, Pompei Station's home delivery service has been recently inaugurated and is already facing a plethora of challenges that is increasing costs for the restaurant and is eroding its profit margin. With customers demanding fresh hot food at their homes or offices, restaurants are striving hard to sustain their delivery promises. Due to these factors, Pompei delivery system has not received the expected response and is showing a fickle reaction on part of the customers.

Keeping in mind the above trends, there exist a tremendous business opportunity in the restaurant industry of Pakistan. There is a great future for regional Pakistani cuisine restaurants. It is, however, important to note that the Pakistani consumer wants a mix of international and desi food incorporating a certain level of spices. Pompei should modify its dishes and add more flavor and seasonings to its dishes while ensuring that the original flavors dish remains intact. So in order to be successful in the market, Pompei must take into account this factor before designing their menu and product offering. An increasing trend of

international cuisine restaurants serving Italian, Mediterranean, Thai, Spanish, Korean, and other exotic cuisines also exist.

Pompei Station: Marketing Mix

Product: Pompei is an Italian restaurant that attempts to bring the Italian cuisine to the Pakistani food enthusiasts. The dishes on the menu are mostly Italian however; the menu has been modified to give the Italian food a local touch so that it can have a broader appeal in terms of the number of people who prefer to dine out. Pompei early entry into the high end restaurant segment has enabled it to establish itself as the premier Italian restaurant in Karachi. This early entry into the high end restaurant segment has also enabled Pompei to develop strong brand name recognition in the industry. The menu has exotic Italian dishes and the menu contains brief descriptions of each food that help customers make a better decision when ordering. The menu has a wide range of offerings, from soups such as the Caprese to the traditional stuffed mushrooms. Pastas, Zeppoli and Bruschetta are also traditional Italian dishes that are preferred by most visitors. Hence, Pompei has positioned itself as a restaurant that brings a flavor of Italy to Karachi.

Price: Pricing is an important strategic issue for any restaurant because price determines the type of customers a restaurant wants to attract. Pricing also determines the positioning of the restaurant and has a major impact on the cost structure of the restaurant. For a consumer, price is the monetary expression of the value to be enjoyed or benefits of consuming a service, as compared with other available choices. Pompei, being a high end restaurant, has positioned itself accordingly and therefore charges high prices for its food. The average price for every food item is above Rs. 600 to Rs. 700, which is considerably expensive as compared to other restaurants in the area. Most cafés and restaurants in Zamzama have a price range of Rs. 350 to Rs. 450, but Pompei has chosen to target the higher income customers. Therefore prices of Pompei are perceived to be higher compared to other restaurants and hence only people with high disposable income usually visit this restaurant.

Place: Pompei is located in Shapes Health Club compound and Old Railway Club in Cantt, Karachi. It is located in a slightly secluded and old Karachi area which adds to the mystic vibe of the restaurant. The historic railway club compliments the ambiance and décor of the restaurant and makes the dining experience more pleasurable. Even though the restaurant is located in popular dining destinations such as Zamazama, boat Basin or Tariq Road, it's somewhat secluded location adds to its appeal of being exclusive and upscale. People who

are not residents of Karachi may find it difficult to locate the restaurant, since they are not familiar with old railway club in Cantt area. The secluded location of Pompei is viewed as a favorable characteristic by its diners since the location provides the privacy as well as the tranquility that one experience, when one is away from the noise of road traffic and the hustle bustle of the streets. Thus diners can enjoy their meal in peace and the location of Pompei compliments the cozy and comfortable atmosphere that the restaurant endeavors to deliver.

Promotion: Pompei is a high end restaurant and thus it endeavors to promote itself as a fine dining experience through the use of traditional as well as new media. When Pompei was initially launched, it invited local celebrities and television personalities along with news channels to cover the event and televise the launch. Celebrities such as Pakistani models actors, television hosts and music personalities were present at the launch. Reporters from local magazines and newspapers were also present to cover the event. Pompei also placed its billboard advertisements in Defence, Zamzama, Clifton and Tariq Road to promote its restaurants. Initially there were ads in the life style section of Dawn Newspaper where Pompei was advertised as the premier Italian restaurant in Karachi. The print ad was also run in local magazines and in other English newspapers such as the Express Tribune. Pompei also made its presence known on the internet by being on karachisnob.com, a popular local website, as well as having its own facebook page, where users could write reviews or even suggest new Italian dishes. But perhaps the best form of promotion for Pompei has been its positive word of mouth advertising by people who have visited Pompei.

The captivating ambiance and décor, well-mannered staff, seating arrangement and most of all the food, act as a forceful promotional tool for Pompei. According to most customers, the most impressive aspect of the restaurant after its menu is the ambiance of the restaurant. With its mud-plastered walls, it is a cool sight for tired eyes, especially in the heat of summer. Two palm trees compliment the exterior backed with more greenery as the restaurant has seating arrangement both inside and outside. Most visitors at night prefer to dine outside where the patio opens up to a huge, lush green lawn. Low lightings and slightly secluded booths offer privacy to diners and help create a very romantic atmosphere. With minimal decoration, including a few lighted candles set on a single shelf slowly giving the walls a darkish brown hue, the restaurant spells simplicity, romance and privacy. Light wooden chairs, set along with a few cream sea-green colored comfy sofas, make for a hearty welcome.

People: It is vital for restaurateurs to have a good understanding on what exactly the customers want. Identifying the specific expectations of customers, the dimensions of the service quality, and their relative importance for customers for each specific segment of the restaurant helps the restaurant in the challenge of improving the service quality. Therefore it is not surprising to note that Pompei places high importance on the quality of service that it provides to its customers. Pompei has a training program for its entire staff including the waiters, busboys managers and chefs. The waiters and managers are trained in important areas such as dining room service preparation, awareness, understanding, communication, food and beverage knowledge, customer service and sales technique plate handling, computer systems run-through, food service sanitary and safety guidelines plus an overall review of restaurant customer service understanding. The chefs are trained to season specific Italian dishes that are not prepared in other Italian restaurants and how to maintain hygiene and safety standards in the kitchen. The managers are also trained in how to deal with difficult customers and handle and problems that may compromise the dining experience of the customer.

Processes: In order to assure best food quality Pompei wanted to develop a strong supply chain and distribution network. The restaurant has selected local suppliers to supply them with quality ingredients. Some ingredients such as exotic herbs are imported from Dubai since they are not available in Pakistan. The suppliers have been trained by the Pompei management and have to follow strict quality standards that are practiced by the restaurant. In order to ensure that the supplies reach the restaurant on time, Pompei has developed a strong distribution system in collaboration with its distributor, who manages the supply chain process for Pompei. Superior quality meat and other perishable ingredients are obtained by the suppliers and delivered promptly to the restaurants or are stored in the cold rooms for future use. The supplier is also responsible for quality control, inventory management, deliveries to restaurant, data collection, and recording and reporting. The cold chain also helps the restaurant to reduce waste as meat and other perishable items can be easily stored in cold rooms for future use. The restaurant also has a cold van that is used to transport meat and vegetables so as to maintain its freshness and taste. Furthermore, the use of refrigerated vans and cold room has helped the restaurant lower its food wastage as well as maintain the freshness and quality of ingredients. Pompei also has an efficient billing system and accepts cash as well as credit cards from their customers.

Physical Evidence: A fusion of rustic and contemporary elegance and complimenting it with unparalleled service is what makes Pompei truly unique from its competitors. The atmosphere and décor are relaxed, focusing on comfort while maintain a sense of elegance and sophistication. The dining booths are located on the west side of the restaurant, and are perfect for people seeking a more private dining experience. Long tables are located at the centre of the restaurant to accommodate large parties and small tables are located to the east of the main room for small families. Visitors can also choose to eat outside on the patio, which opens up to a vast lush green lawn of the old railway club. The restaurant is infused with soft lighting and Italian music is played in the background, which is loud enough to create a pleasant atmosphere. The walls are splayed with modern as well as traditional art and tables are decorated with candle lights and flowers. The beautiful ambience of Pompei enhances the dining experience of the customers.

The Way Forward

After being hugely successful among its target audience, Pompei Station has decided to start its home delivery service to cater to customers who want Italian food but are unable to go to the restaurant itself. But with customers demanding fresh hot food at their homes or offices, restaurants are striving hard to sustain their delivery promises. The objective behind introducing Pompei delivery service was to provide quick service and convenience to customers, at the same time expanding Pompei customer base. There are large numbers of people who find it difficult to travel so home delivery allows Pompei to serve these customers along with increasing its market penetration. To place an order the customers have to dialing (92-21) 3-200-2104, 3-206-8642 from any phone and the order will be directly received by the restaurant personnel at the restaurant. The restaurant has trained and allocated separate staff to take these calls and these calls are recorded and the agent records the order on a computer. The order is then forwarded to the kitchen where the meals are then prepared. Pompei does not charge extra for its home delivery as free delivery is made out to be an extra benefit of ordering from Pompei. The delivery timings are from 12 noon till 11 pm in the evenings with no minimum order amount. The delivery areas are Clifton, Defence, I.I. Chundrigar and Shahrah-e-Faisal and the customer is asked to wait 45 minutes from the time of the placement of the order to receive it.

The changing lifestyle of consumers is demanding restaurants to come up with innovative and convenient ways of serving the consumers. Pompei Station's home delivery system is a step towards this innovation and an attempt by Pompei to increase its customer base by

bringing Italian cuisine to the customer's doorstep. However, Pompei Station's home delivery service has been recently inaugurated and is already facing a plethora of challenges that is increasing costs for the restaurant and is eroding its profit margin. One of the challenges is that with increasing urban population and deteriorating law and order situation, the traffic jams in the city have increased which in turn cause a delay in the time it takes to deliver the order. Delay in order translates into poor customer service and the cumulative effect of delayed orders can cost Pompei its valued reputation. Another challenge facing Pompei is their lack of promotion after the initial successful launch. Pompei has not invested in advertising activities and relies mostly on word of mouth advertising and expects its satisfied customers to promote Pompei Station. While positive word of mouth reviews are very effective in convincing others to visit Pompei Station, the ability of word of mouth to reach a vast customer base is less. Therefore Pompei Station needs to advertise using billboards and give print ads in newspapers and magazines so that more people can be targeted and greater brand awareness can be generated. The third challenge for Pompei Station involves tailoring its menu to meet local flavors and tastes. Critics of Pompei Station have complained of its food being too bland and spice less. Therefore Pompei Station needs to develop a serious strategy to meet the challenges facing its brand.

In order to make the home delivery service more efficient, Pompei Station must narrow down the areas where it can deliver food. For instance Pompei Station should only deliver food in parts of Shahrah-e-Faisal that will be relatively closer to the restaurant. Also special hot units (boxes placed on the motorcycle carrying food) should be used to deliver food to ensure the food remains hot when it is delivered to the customer. To promote its restaurant and increase brand awareness, Pompei Station should to advertise using billboards and give print ads in newspapers and magazines so that more people can be targeted and greater brand awareness can be generated. And finally, Pompei should modify its dishes and add more flavor and seasonings to its dishes while ensuring that the original flavors dish remains intact. Pakistanis are used to spicy food and do not like bland food, therefore Pompei Station needs to add more seasonings and flavors to its dishes but at the same time Pompei Station must ensure that the integrity of the dish is maintained and people get a true Italian experience, every time they walk into Pompei Station.

Exhibit: Pompei Station Delivery Menu

Soup - Salad - Starters

| | |
|--|-----|
| Tomato Cream Soup | 200 |
| Chicken Potato Soup | 250 |
| Tom Kha Gai)) | 250 |
| <i>(Chicken coconut soup)</i> | |
| Laksa)) | 250 |
| <i>(Thai soup with noodles)</i> | |
| Hot and Sour Soup)) | 250 |
| Chicken and Vegetable Clear Soup | 250 |
| Cream of Chicken Soup | 250 |
| Chicken Corn Soup | 250 |
| Chicken Caesar Salad | 275 |
| Caesar Salad | 200 |
| Grilled Chicken Salad | 250 |
| <i>Iceberg lettuce, tomatoes and boiled egg tossed in light italian dressing</i> | |
| Greek Salad | 200 |
| <i>Iceberg lettuce, black & green olives, tomatoes, cucumber and feta cheese tossed in citrus vinaigrette dressing</i> | |
| French Fries | 100 |
| Cheese Fries | 125 |
| <i>Imported premium quality, cheese sauce</i> | |
| Chicken Nuggets With Fries | 200 |
| Spring Roll (4 Pcs) | 200 |

Burgers & Sandwiches

| | |
|--|-----|
| Chicken Salad Sandwich | 225 |
| <i>Brown bread, mayo, celery and pickles</i> | |
| Classic Cheese Burger | 275 |
| <i>½ lb pure beef on toasted sesame bun</i> | |
| Chicken Burger | 275 |
| <i>½ lb pure chicken on toasted sesame bun</i> | |
| Philly Cheese Steak Sandwich | 275 |
| <i>Beef tenderloin, mushrooms, onions, & cheese sauce</i> | |
| Tuna Salad Sandwich | 250 |
| <i>Tuna, mayo, celery & capers on toasted brown bread.</i> | |
| Station Club Sandwich | 275 |
| <i>Chicken breast, roast beef, cheddar cheese & egg</i> | |
| Chicken Tikka Sandwich | 275 |
| <i>Chicken breast, cheddar cheese on brown bread</i> | |
| Chicken or Beef Hot Dog With Fries | 150 |
| Chicken Burrito | 250 |
| <i>Roast chicken, iceberg, cheese, salsa & sour cream</i> | |

)) Spicy

Main Courses

| | |
|---|-----|
| Pan Seared Snapper | 275 |
| <i>Seared snapper served with baked potato</i> | |
| Fish & Chips | 275 |
| <i>Homemade tartar sauce</i> | |
| High Protein Platter | 275 |
| <i>Grilled chicken, boiled egg, fresh tomato slice, fresh cucumber, cheese & baked potato & brown bread</i> | |
| Beef with Broccoli | 400 |
| <i>Stir fried beef tenderloin with onions, carrot and broccoli</i> | |
| Beef with Spring Onions)) | 400 |
| <i>Stir fried beef tenderloin with green chilli and spring onions</i> | |
| Thai Beef Curry (Red))) | 375 |
| <i>Coconut based curry with basil, lemongrass night shades and baby corn.</i> | |
| Thai Chicken Curry (Red))) | 325 |
| <i>Coconut based curry with basil, lemongrass & red curry paste</i> | |
| Thai Chicken Curry (Green))) | 325 |
| <i>Coconut based curry with basil, lemongrass & green chillies</i> | |
| Stir fried beef noodles | 325 |
| <i>Rice noodles and oyster sauce</i> | |
| Thai Beef with Basil | 350 |
| <i>Stir fried tenderloin with garlic & chillies</i> | |
| Thai Chicken Basil | 350 |
| <i>Stir fried chicken with garlic & chillies</i> | |
| Fish with Tamarind Sauce | 450 |
| <i>Crispy red snapper in thai tamarind sauce</i> | |
| Beef Mushroom with Oyster Sauce | 400 |
| <i>Beef tenderloin, mushrooms, onions & carrots</i> | |
| Chicken With Vegetables | 350 |
| <i>Chicken with carrots, peppers & onion</i> | |
| Sweet & Sour Chicken | 325 |
| <i>Tangy sauce with fresh vegetables</i> | |
| Chicken Chow Mein | 300 |
| <i>Noodles, chicken & vegetables</i> | |
| Sesame Chicken | 325 |
| <i>Crispy chicken in sweet & spicy sauce</i> | |
| Orange Chicken | 350 |
| <i>Crispy chicken in zesty orange sauce</i> | |
| Beijing Beef | 350 |
| <i>Crispy beef, green onion and special sauce</i> | |
| Kung Pao Chicken)) | 350 |
| <i>Chicken with roasted peanut & vegetables</i> | |

)) Spicy

| | |
|--|-----|
| Sweet & Sour Prawn <i>Tangy sauce with french vegetable</i> | 550 |
| Chicken Karahi)) <i>Served with 2 nans</i> | 375 |
| Chicken Tikka Masala)) <i>Chicken in creamy tomato served with 2 nans</i> | 375 |
| Chicken Fried Rice | 375 |
| Prawn Fried Rice | 375 |
| Vegetable Fried Rice | 275 |
| Steamed Rice | 175 |

Pastas

| | |
|--|-----|
| Farfalle with Mushroom <i>Alferdo sauce with mushrooms & Spinach</i> | 350 |
| Pene Bolognese <i>Minced Beef with Marinara sauce</i> | 300 |

Pompei Station Lunch Box Offer

1. Chinese Lunch Box 250

Includes vegetable fried rice + chicken spring roll + soft drink + your choice of any one item

Items

- Chicken with Vegetables
- Sesame chicken
- Sweet & sour chicken
- Kung Pao Chicken
- Orange Chicken
- Beijing Beef

2. Thai Lunch Box 250

Includes steam rice + chicken spring roll + soft drink + your choice of any one item

Items

- Thai beef with basil
- Thai Chicken with basil
- Thai Chicken Coconut Curry (Red)
- Thai Chicken Coconut Curry (Green)

)) Spicy

Wood Oven Pizza

| | Regular 9" | Large 11" |
|---|------------|-----------|
| Margherita <i>Tomato sauce, fresh basil and cheese</i> | 350 | 500 |
| Italian Sausage <i>Homemade beef sausage, fresh mushrooms and black olives with tomato sauce and cheese</i> | 450 | 600 |
| Grilled Chicken <i>Chicken cubes, marinated peppers and onions with tomato sauce and cheese</i> | 425 | 575 |
| Pepperoni <i>Imported beef pepperoni with tomato sauce and cheese</i> | 500 | 650 |
| Extra Topping <i>Cheese, mushrooms, jalapeno peppers, olives green peppers, onions</i> | 50each | |

Buffalo Style Chicken Wings

| | | | | |
|---------------------|--------|--------|--------|---------------------|
| Regular | 10 pcs | 20 pcs | 30 pcs | 50 pcs (Party Pack) |
| Hot)) | 200 | 375 | 525 | 800 |
| Hot B.B.Q)) | | | | |

Beverages + Deserts

| | |
|--|----------------------|
| Coke, Sprite, Fanta, Diet Coke, Diet Sprite | 40 |
| Nestle Mineral Water | Small/Large 30/80 |
| Chocolate Fudge Brownie | 150 |

Please inquire for any additional menu

All Prices are exclusive of 17% G.S.T. / 1% SED

Launching Pompei Station – A case of Entrepreneurial Marketing

A. TEACHING NOTE

B. Target Audience

This case is written for undergraduate students taking course(s) in any one of the subject area namely Marketing Management, Services Marketing, Entrepreneurship.

C. Teaching Objectives

1. To understand the seven Ps of services marketing
2. To understand the process of differentiation and its importance in higher end resultants.
3. To understand the segmentation and targeting for restaurants in Karachi.
4. To appreciate the importance of word of mouth as compared to expensive advertising media.
5. To analyze the need for changing life style and the speed of change

D. Case Methodology

Case based teaching is one of the areas he practiced for over a decade. All facts and figures used in this case have been taken from the secondary sources and all sources are mentioned and appropriately acknowledged. This case is a teaching case and written solely for class room discussion and academic purposes only. It doesn't intent to illustrate either effective or ineffective handling of managerial situation. Materials or statistics provided cannot be used by third party as evidence. This strategy has been proved fruitful in describing fundamental concepts through case study design in many other cases (Anjam & Siddiqui, 2013; Fahim & Siddiqui, 2013; Husain & Siddiqui, 2013; Mangi & Siddiqui, 2013; Salman & Siddiqui, 2013; Siddiqui & Anjam 2013a; Siddiqui & Anjam 2013b; Siddiqui & Anjam 2013c; Siddiqui & Fahim 2013). More recently the marketing concepts in Pakistan have been illustrated through a single case study design in services sector (Siddiqui & Fahim 2014; Sibghatullah, Siddiqui & Siddiqui, 2016, Latif, Sibghatullah, & Siddiqui, 2016).

E. Opportunity for student analysis (Board Plan)

Difference between Entrepreneurial Marketing & Intrapreneurial Marketing

Marketing Management Practice

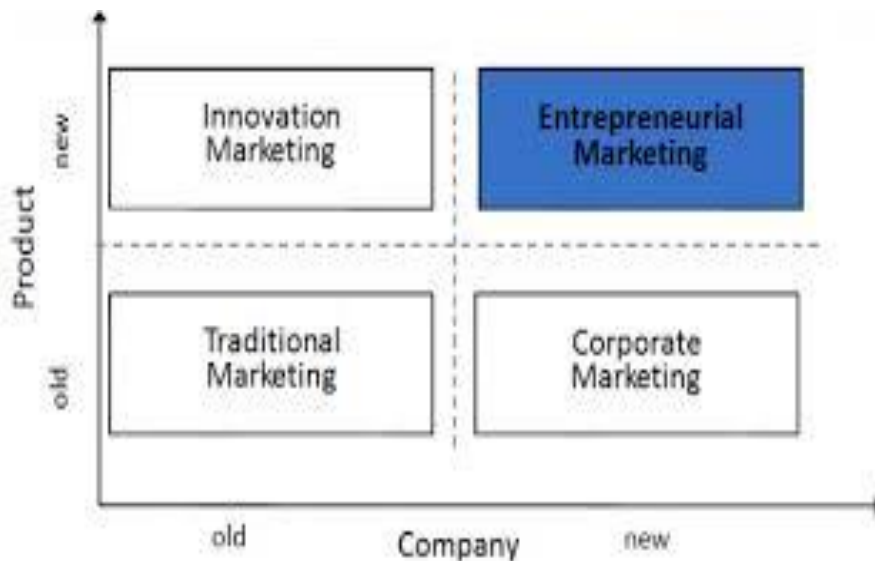
- **Entrepreneurial marketing:**
 - Businesses started by individuals
 - Creativity, drive, and perseverance are keys to success
 - The origins of “guerilla” marketing
- **Formulated marketing:**
 - Professional, disciplined approach
 - Achieving a market orientation
- **Intrapreneurial marketing:**
 - Encouraging initiative at the local level
 - Putting creativity and passion back into the marketing effort

Major Themes in Entrepreneurial Marketing

Entrepreneurial Marketing: Major Themes



Entrepreneurial Marketing as strategic tool



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Repositioning Horlicks in Pakistan

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ABSTRACT

This research presents the concepts of positioning, re-positioning and de-positioning through a nutritional drink Horlicks; which is a malted milk-based drink fortified with vitamins and calcium. Single case study methodology was adopted. The paper reviews the journey of Horlicks since its introduction in Pakistan, its target market, positioning, promotional strategy, competitive situation and future outlook.

Even though Horlicks is a famous and successful global brand, it hasn't had smooth sailing since its launch in Pakistan. First of all, the product itself was not well received by the masses in Pakistan due to its malt based flavor. GSK did not conduct any pre-launch research, post launch study or marketing at the time of launch which resulted in lower sales and consumer response than expected. The product was repositioned to new market segment and proved to be a success story.

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Introduction

The purpose of this paper is to illustrate the concepts of positioning, de-positioning and repositioning with the help of single case study. It starts with the theoretical definitions of the embedded concepts, explains the process of repositioning in-depth and at the end provides marketing insights into the subject area.

Literature Review

Positioning concept is defined as how potential buyers see the product, and is expressed relative to the position of competitors. It's a first concept to deal with the problems of communication with over communicated society. It's a concept in which a company creates a position in the prospects mind, one that reflects the company's own strengths and weaknesses as well as those of its competitors (Al-Ries, 2000). Leading manufacturers are offering new trial samples to users of competing brands for creating a positive image in the customer's minds. These are the examples of new ways to communicate with their customers that capitalize on and leverage the long-term relationship between the advertiser and consumer (Copulsky and Wolf, 1990). In the UK, small UK-based computer company implementing the theory and practice of positioning strategy and achieved tremendous success (Brooksbank, 1994).

Re-positioning refers to the major change in positioning for the brand/product. To successfully reposition a product, the company has to change the target customers understanding of the brand or product. It involves changing the identity of a product, relative to the identity of competing products, in the collective minds of the target market. Repositioning is usually done due to declining performance of the brand or product (Vashist, 2005). It is changing consumers' perception of a brand in relation to competing brands (Lamb, 2012). Accenture in the US was transformed from merely good to truly great in a relatively short time because of its reincarnation strategy of repositioning, rebranding and restructuring after experiencing loss compared to its competitors (Kaikati, 2003). The mass markets of previous decades have splintered into smaller market segments or niches, in which companies could be safer from cut-throat competition and explore new market opportunities. Although part of a positioning strategy, niche marketing may be used as a deliberate marketing strategy to create "safe havens" and business opportunities for many companies (Tevfik, & Maarten, 1994).

De-positioning involves attempting to change the identity of competing products, relative to the identity of your own product, in the collective minds of the target market. For example a company can inform the audience with a message in the minds of consumer by stating that we are number two and try harder to be in that position, to make the consumers forget about who was number one and also make some philosophical point about being "hungry" for business (Sachiensharan, 2011). Some believe if you are number one you should never look back and deposition the competition. It can be viewed as a ploy only for companies trailing the market leader. If you are a market leader but find yourself seeing a competitor rally in a way that could become a threat, then a preemptive strike may be acceptable.

Methodology

Data for the research was collected through primary and secondary sources. Single case study design was selected for this case (Yin, 2009). There are few commonalities in case methodology of study; a) The case study ought to have a “case” that is the object of study; b) The “case” should be a fancy functioning unit; c) be investigated in its natural context with a number of ways; and d) be modern (Yin, 2009). This strategy has been proved fruitful in describing fundamental concepts through single case study design (Anjam & Siddiqui, 2013; Fahim & Siddiqui, 2013; Husain & Siddiqui, 2013; Mangi & Siddiqui, 2013; Salman & Siddiqui, 2013; Siddiqui & Anjam 2013a; Siddiqui & Anjam 2013b; Siddiqui & Anjam 2013c; Siddiqui & Fahim 2013). More recently the concept of re-positioning in Pakistan has been illustrated through a single case study design in services sector (Siddiqui & Fahim 2014) and using print advertisements as major tool for repositioning (Sibghatullah, Siddiqui & Siddiqui (2016).

This paper answers to the demanding question about the positioning, de-positioning and re-positioning concepts from corporate point of view. It could also be valuable for less-experienced marketing managers who would like to have some rule of thumb to decide upon. By contributing to the body of knowledge in this area, this research adds significant value.

Case Study

Horlicks is a nutritional drink made from wheat, malted barley and milk. It is a famous global malt beverage fortified with iron and essential vitamins. One serving of Horlicks is said to

contain twice the calcium content as compared to a glass of fresh milk. Horlicks is promoted with the slogan 'The Great Family Nourisher' in most of the countries. It is a subsidiary of Glaxo-SmithKline (GSK), UK, one of the largest pharmaceutical companies in the world.

Horlicks was being imported by private importers in Pakistan till 2004. After GSK officially launched Horlicks in Pakistan, they cancelled the licenses of private importers who were previously supplying the product to the local market on an individual basis.

GSK consider Pakistan as a potential market for food and drink items. Horlicks was launched in order to tap into this market and take advantage of the nutritional foods niche which only had limited competition with two major players operating in the sector at that time. Horlicks production is based in Rajahmundry, India and is imported into Pakistan by GSK Consumer Division. Some other importers also independently import the product directly to utilize the price difference between India and Pakistan.

Official launch of Horlicks in Pakistan was intentionally kept low mainly due to the grey import issue. It was also attributed towards roller-coaster political rides between Pakistan and India. Grey import problem has been curtailed to a large extent by putting the pricing parity in India and Pakistan. Uncertain political relations with India still adversely affect consistent supply of Horlicks in Pakistan.

The launch in Pakistan was done without much pre-launch research, which also contributed to the lackluster performance of Horlicks. Only informal research was done before launch comprising analysis of retail audit data bought by GSK in order to gain some knowledge about the retail market for edible items and health drinks. No post launch surveys were conducted on consumer perception of Horlicks in Pakistan since its launch.

Poor promotion and distribution methods were used for the launch of Horlicks. This was one of the main reasons for the initial failure. The way Horlicks was promoted in the market by GSK was similar to any pharmaceutical product. They used direct selling and word of mouth to promote the product¹. Doctors would recommend Horlicks to mothers and children as part of a balanced and healthy diet. This method is common for medicines but it did not work well for Horlicks.

¹ Interview with Nida Zubair, Senior Brand Manager – GSK, conducted on 9th Jan, 2011.

Muller and Phipps was the sole national distributor for Horlicks in Pakistan. The presence of only a sole distributor greatly limited the reach of the brand to small cities. Since, GSK targeted it to only in Pakistan three cities i.e. Karachi, Lahore and Islamabad, so availability to small cities and rural areas was not of much concern, however, when the product is imported, the quantity is never sufficient to cater to all part of these cities

Horlicks is globally positioned as a drink for all times and all events. In the UK, Horlicks is used as a night time drink to help people sleep. It also serves as a substitute for solid food for people with digestive problems. The key regional market of Horlicks in the sub-continent is India where along with the traditional malt based formula, there is also a special preparation for lactating mothers and children aged up to two. In India, Horlicks primarily caters to three market segments which include kids, breast-fed children and the elderly. Horlicks also developed variants such as Elaichi and Za'afraan flavors to cater to the local tastes.

In Pakistan, the initial market of Horlicks served mainly by grey imports, were the elderly people who were prescribed Horlicks as a food supplement by doctors. After official launch in Pakistan, Horlicks is targeting mothers of growing children because the market is relatively educated about children and their energy needs. Horlicks has lately focused on children from 7 to 14 years as well. GSK expects the market for Horlicks to grow around 15% per annum. GSK intended to offer a Horlicks alternative for lactating mothers, however, was constrained by the limited production of this variant in India which was struggling to meet its own local demand. In Pakistan, malt flavored Horlicks is available in packaging (a) 350 gm glass bottle; (b) 200 gm pouch; and (c) 500 gm plastic bottle.

Competition: Horlicks was facing mild competition in the nutritional market which was relatively young and growing. The future of Horlicks in Pakistan however, may be full of tough competition due to arrival of new products such as Ready to Drink (RTD) brands. Currently, the competing brands in the nutritional foods segment are as follows:



4.1.1 **BOURNVITA:** Bournvita is a chocolate beverage food drink manufactured by Cadbury-Schweppes. This cocoa based drink targeted towards children 2–14 years of age is very popular among parents for its flexibility to be mixed with water or milk. It is also perceived as a chocolate drink full of vitamins and minerals necessary for growing children. In Pakistan, it only caters to a limited market and is imported into the country.



4.1.2 **OVALTINE:** Owned by British Wander AG, a subsidiary of Twinings, Ovaltine (Figure 3) is the earliest nutritional drink in Pakistan and it currently holds a major chunk of the Pakistani market. However, its market share eroded after arrival of Milo on the scene.



4.1.3 **MILO:** A milk beverage from food giant Nestlé, Milo (Figure 4) comes with chocolate and malt flavors. Milo was launched after Ovaltine but with superb marketing techniques, solid distribution channels quickly captured Pakistani market.



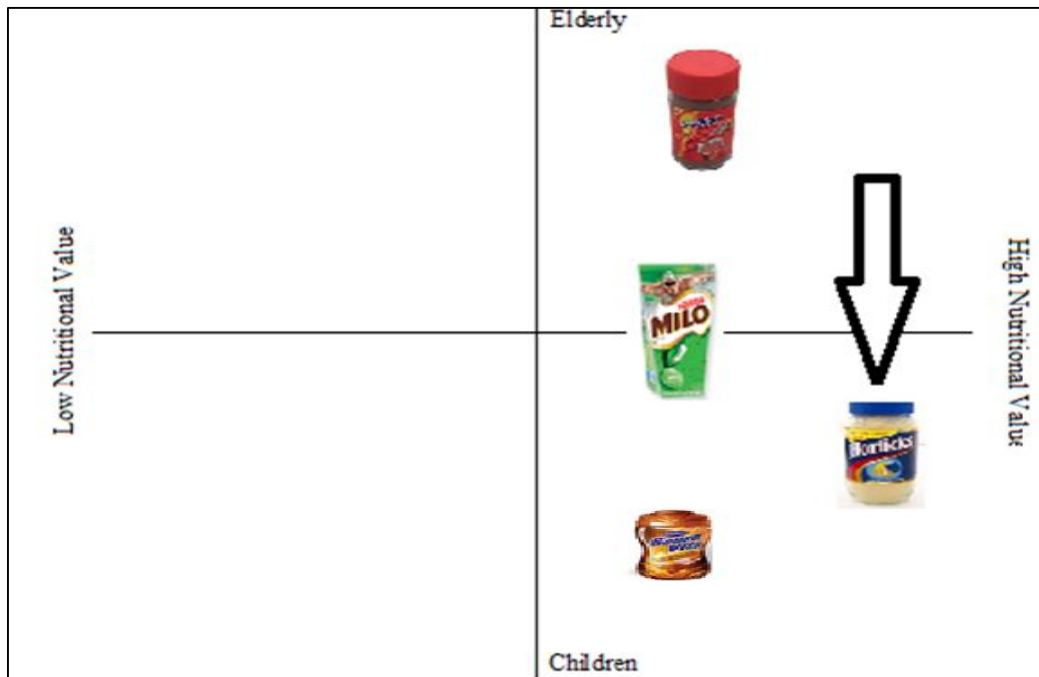
Repositioning: Before official launch in Pakistan, Horlicks was positioned as a medicinal drink for the elderly people due to the limited scale of grey imports and lack of awareness among common people about its true use. This perception was developed because doctors used to prescribe it to elderly people as a food supplement due to its high energy content.

GSK is now trying hard to scrub off this perception and reposition Horlicks as a family nourishment drink targeting growing children and young people (Figure -1). GSK wants to differentiate Horlicks on the basis of Malt flavor and high nutritional value as well. However, the promotional strategy will have to go far beyond direct selling and word of mouth

marketing and move towards mass marketing. It also has to keep an eye on competition which is moving ahead into the “Ready to Drink” market which is poised to be the next big thing in nutritional drinks.

The reason of initial perception as food supplement to elderly was also contributed to its almost non-existent taste. The current malted drink is tasted like drinking crushed barley and wheat with water. In Pakistan, taste does matter a lot to children and young adults and even up to middle age people. It is largely perceived that any kind of energy drink with unpleasant taste is for elderly (age above 50 years). GSK sensed this problem soon after the launch and planned for a tastier variant of Horlicks. The flavor they have launched is Chocolate. It was a low risk venture as most people like the taste of chocolate and for a product like Horlicks, which is a nutritious drink, chocolate flavor, would be preferred. Competitors (Ovaltine and Milo) also launched their malted drinks in chocolate flavor.

Figure 1
Repositioning Horlick from elderly drink to children’s drink



Repositioning of Horlicks was intelligently placed in an unoccupied place in perceptual map of consumers (Figure 5). Ovaltine and Milo were optimal in their nutritional values but clearly targeted to adults (35 – 50) and young (18 – 30) people respectively. So, there was an unclaimed territory i.e. high nutritional energy drink for growing children. The previous perception of Horlicks i.e. for elderly was creating direct competition with the Ovaltine.

Promotion: Horlicks has had limited promotion in the media after launch in Pakistan with virtually nonexistent advertising effort. Public relations campaign was successful to a limited extent and also there was minimum awareness of Horlicks' presence as compared to that of Milo and Ovaltine.

A recent public relations effort was the Inter-school talent competitions for “Horlicks Wizkids” held in 2010 in Karachi, Lahore and Islamabad which witnessed participation of more than 50,000 students from 210 schools. For Horlicks Wizkids 2010, Horlicks India had invited countries like Pakistan, Sri Lanka and Nepal. Dawn news was activity partner in their campaign. However, Horlicks needed mass media promotion to compete effectively in Pakistan.

Discussion

Horlicks is now changing its positioning from elderly customers to children. In the west, Horlicks was targeted towards elderly who had digestion problems and needed a healthy diet. In Pakistan, people like their diet to be tasty and fun rather than just healthy and nutritious. Therefore, instead of doctors promoting it to elderly, GSK is now trying to focus on reaching children through various marketing channels.

Horlicks is also planning to involve children in a 360 degree marketing campaign which will include school visits, where children can get free samples, participate in games and appear on television. There will also be inter-school competitions to involve the audience and create a positive image. In India, Horlicks already has a very successful game show on TV, and in Pakistan, they are also planning to start something similar For creating awareness advertising initiative will be taken and the main vehicle will be TV and Print.

Horlicks is currently facing few threats in Pakistan; (a) Shift to ready to drink (RTD) energy drinks. Milo and Pakola have already made progress in this segment; (b) Heavy import and custom duties; (c) Sourcing issues from India for line extensions (Political situation between two countries); and (d) Grey imports through different channels provide immense

competition to official products. In order to tackle these problems management has decided a multi-leg strategy.

Malt based drink was a novelty in Pakistan and was not preferred by the local market. For this reason, Horlicks is planning to launch line extensions in the form of new flavors in order to cater to the local audience. Future line extensions could include Elaichi and Zafran as was the case in India where these were launched successfully.

Conclusion

Before the official launch in Pakistan, Horlicks was positioned as a medicinal drink for the elderly people due to the limited scale of imports, pharmaceutical direct selling approach and lack of awareness among common people about its true usage. This perception was developed because doctors used to prescribe it to elderly people as a food supplement based on its high energy content.

GSK tried hard to scrub off their earlier launch perception and repositioned Horlicks as family nourishment drink targeting growing children and young people in Pakistan. The original work on positioning was not consumer marketing oriented, and was not as much focused on the relativity to competitive products and consumer marketing needs. Horlicks is establishing a moment of real contact with the intended consumer through line extensions by keeping in mind the preferences of local market.

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Social Marketing and Public Health

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ABSTRACT

The objective of the current paper is to provide the concept of social marketing and public health through the intensive literature review. This study focuses on the discussion and justification regarding the social marketing and public well-being. It explains the integration between these two disciplines through the literature review. Given that, this research illuminates an individual's perceptions regarding public health awareness and disease early diagnosis using social marketing approach. Considering this, Theory of Planned Behaviour, Social Cognitive Theory, Protection Motivation Theory and Health Belief Model are applied to understand the behavioural change and intention towards the intended healthy behaviour. Furthermore, Model of Communication is used to ensure an effective communication process and the target audience decodes the intended healthy behaviour message.

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Introduction

Over the intervening 20 years, the society worldwide is facing severe unfavourable health behaviour. Voluminous researches reviewed the decline in health concern and ineffective social marketing campaigns in promoting healthy behaviour. Additionally, the education systems less emphasise in promoting health awareness especially in developing and under developed countries. Stressful working conditions and hectic lifestyles have significantly contributed to the rise of health issues among the city dwellers. Hence, these issues have prompted social marketers seek to create awareness and motivate behavioural change for social good.

Health behaviour theories have been widely used for decades to understand and enhance the health-related behavioural studies and programmes (Bilir & Ozcebe, 2014; Chen, Liu, & Chuang, 2015; Soraghan, Thomson, & Ensor, 2016). However, recent studies suppressed that very little conceptual framework is reported about public health social marketing, for example, scarce of physical activities, vaccinations, illicit drugs, injury and violence preventions (Domegan et al., 2016; Krutkowski, 2017; Kubacki, Rundle-Thiele, Pang, & Buyucek, 2015; Schmidt, 2013). Accordingly, the impact of diseases towards the individuals is still far under researched. Therefore, the purpose of this study is to provide the researchers a better platform of literature review in predicting a person's intended behaviour that contribute towards the understanding of behavioural change.

To further identify a person's perceptions and subsequently, to motivate an intended healthy behaviour, Theory of Planned Behaviour, Social Cognitive Theory, Protection Motivation Theory and Health Belief Model are used in this research. By utilising these literature reviews, a person's attitude can be better predicted. In addition, the researchers will be able to further understand the cognition process, encourage the person by explaining the benefits accrued from healthy behaviour and eventually, reach to the target audience using the Model of Communication.

Social Marketing

Definition of Social Marketing

Social marketing can be traced back to the source of marketing, which is referred as a specific sub-area that is long rooted in marketing mainstream. For example, religious

marketing and industrial marketing (also known as business-to-business marketing (B2B)) are also sub-areas of the marketing (Gavra, Constan, Taru, & Ȃţ, 2016; Kartal, Tepeci, & Atlı, 2015). Therefore, social marketing is defined as the marketing tools implementation in a community or society. Yet, the salient difference between social marketing and all other sub-areas of marketing is that, social marketers' objectives are the wellbeing of the society whilst other marketers' aims are stakeholders' maximum wealth (Duane, Domegan, McHugh, & Devaney, 2016; Schmidt, 2013).

With that being said, marketing techniques have been widely applied in every business and concurrently, showing success of this technique used (Biroscak et al., 2014; Key & Czaplewski, 2017). In this sense, marketing applications have been utilised by the social marketers and social change practitioners in social marketing campaigns to accomplish common good. Reflecting this, if proper marketing techniques are being used, it could be summarised that marketing is more than just a tool bag to conduct social wellbeing for the community (Donovan and Henley, 2010; Przhedetsky *et al.*, 2017).

The early incarnation of social marketing was defined as “the design, implementation and control of programmes calculated to influence the acceptability of the social ideas and involving considerations of product planning, pricing, communications and market research” (Kotler and Zaltman, 1971, p. 5). Likewise, social marketing also termed as “the adaptation and adoption of commercial marketing activities, institutions and processes as a means to induce behavioural change in a targeted audience on a temporary or permanent basis to achieve a social goal” (Dann, 2010, p. 151). Generally, the quoted sentences explained that social marketing is the marketing applications used to accomplish socially desirable goals, rather than commercial profit or achieving particular organisational goal.

On the other hand, it is aptly captured on the saying that “social marketing is the application of commercial marketing technologies to the analysis, planning, execution and evaluation of programmes designed to influence the voluntary behaviour of target audiences in order to improve their personal welfare and that of their society” (Andreasen, 1995, p. 110). This explanation was argued that the term of “voluntary” was inconsistent in the individual

behavioural change. Given that, the definition was further extended and revised as: “social marketing is the application of commercial marketing technologies to the analysis, planning, execution and evaluation of programmes designed to influence the voluntary or involuntary behaviour of target audiences in order to improve the welfare of individuals and society”.

To our best knowledge, social marketing focuses in both enhancing desirable social change and countering undesirable social change. Little knowing on the undesirable side, social change can be occurred from the negative or devastating effects. Due to the changes of economy and technology such as the case of drug abuse and hazardous chemical usage in Australia and United States, it became detriment to the entire society’s wellbeing (Hughes, Bolar, & Kennison, 2016; Pilgrim, Dorward, & Drummer, 2017; Stewart, Cao, Hsu, Artigiani, & Wish, 2017; H. Zhang et al., 2017).

In essence, social marketing encapsulates the marketing techniques and practices in pursuit of social good rather than commercial gain. Social marketing distinguishes itself from the marketing mainstream with its own “marketplace”. This could be illustrated that social marketers need to understand who is their target audience and which society category they should target per se. Reflecting this point, it is a necessity for social marketing to parallel with marketing literacy as well as proper usage of marketing tools in social marketing campaigns. Subsequently, behavioural change position could be enhanced and eventually, achieves desirable social good (Cates, Diehl, Crandell, & Coyne-Beasley, 2014; Cherrier & Gurrieri, 2014; Nolan & Varey, 2014).

History of Social Marketing and Its Development

Back to the origins of social marketing, it was developed and established from public education campaigns for its primary main purpose of social change in 1930s. Kotler and Roberto (1989) reported that governments had been trying to educate and influence the society towards health related interventions and early disease preventions. In 1940s, social marketing concept was developed comprehensively and finally was applied in United States in anti-smoking campaigns, cardiovascular disease, HIV/AIDS campaigns, illicit drugs abuse and many more. Never cease evolving, social marketing was more intensively applied particularly in developing countries during 1970s. In the ensuing years, social marketing has been constituted progressively and focused more on public health related campaigns such as obesity, breastfeeding, healthy diet intake and injury preventions.

Today, throughout all the effort exerted, social marketing has been featured prominently among academia and society (Domegan et al., 2016; Krutkowski, 2017; Kubacki et al., 2015; Schmidt, 2013). Given that, social marketing researches exhibited robust evidence in the success influence of health related behavioural change (Anda & Temmen, 2014; Duane et al., 2016; Gregory-Smith, Wells, Manika, & Graham, 2015; Hall, 2016; Haq, Cambridge, & Owen, 2013).

In the case of public health aspect, retrospective and prospective researches suppressed that social conditions are the influential factors in influencing overall public health and the individual's health. Hence, understanding in depth of social marketing and behavioural change is necessary for the social good for both individuals and the community.

Social Marketing in Health and Wellbeing

Most recently, majority parts of the globe are characterised by the economic turbulence and drastic social change such as employment redundancy, high living standards and hectic lifestyles. Give that, these situations directly influence citizens' income and governments' cost reduction on funding to non-governmental organisations (NGO), public health associations and subsequently, affects social well-being in the society.

Against these backdrops, public health experts expressed that the consequences of social upheaval have entitled the increase of health related issues in the society. For instance, due to the workload and the sedentary living styles, many researches revealed the decline in the exercising frequency and early disease precautions (Leyk, Witzki, Willi, Rohde, & Ruther, 2015; Mannion, Muller, Rolli, Tamcan, & Elfering, 2015; Mcguire, Seib, & Anderson, 2016). These outcomes showed significant rise of diseases and cancer morbidity rates globally. Consequently, challenges start to occur for social change practitioners to assume and predict the attitudes and behaviour of the individuals.

As noted above, social change practitioners might not be expert in communicating and transferring the information regarding behavioural change in an effective way. Being the major contribution to the behavioural change in current society, social marketing is able to narrow the gap by integrating and facilitating social change through many methods such as developing social marketing campaigns, particularly in creating awareness and adopting into a new desired behaviour (Lindgreen & Di Benedetto, 2017; Salo, 2017). Best social marketing does not mean the best social marketing programs or campaigns, but the best use of marketing techniques to achieve the desired goals through these programs.

Viewed in this light and it becomes clearer that, social marketing is considered a success only if, the target audiences “buy” the message, say aware of importance of disease prevention. As such, social marketers need to position the benefits of early precaution to the target audiences; demonstrate to them on how they can adopt this new behaviour without undue effort; and show them the favourable outcomes of the behaviour adoption.

In contrast, misinterpretation of social marketing primary goals and inappropriate application of marketing techniques have been constraining its effectiveness in shackling away from the traditional marketing silo. In other words, scholars’ studies showed few emphases on the conceptual framework regarding public health issues and little reports on the impact of the perceived severity of diseases (Kubacki *et al.*, 2015; Domegan *et al.*, 2016). Subsequently, many questions arouse with social marketing’s legitimacy and thus, misleading some of the social marketers to be confused with the concept and misuse marketing techniques.

In conclusion, social marketing is the key role in understanding the target audience’s behavioural change, positioning the health awareness in them and eventually, to achieve social good. Given that, the literature review below provides intensive insights to predict a person’s intention in adopting a health awareness behaviour.

Literature Review

Theory of Planned Behaviour

Recent published articles have been proposed that Theory of Planned Behaviour (TPB) is widely used in deriving the likelihood towards a person’s intended health related behaviour. Accordingly, it is evident that TPB is generally applied in the context of public health social marketing. The profound application of TPB has significantly contributed to the policy makers, non-governmental organisations (NGO), social marketers and academia through the social marketing approach in the society. Back to the root of this theory, TPB is the extension version of Theory of Reasoned Action (TRA), with the addition of third core factor, perceived behavioural control. The theory has been enhanced and renamed as the reasoned action approach by Ajzen and Fishbein (1985).

In order for public health social marketing to have better prediction towards the target audiences’ behaviour, it is crucial to identify the psychological determinants that influence a person’s in engaging a healthy behaviour. For clearer view point, TPB is used to explain the health related behaviour from the predictor (intention); and the intention is determined by three core constructs: attitude towards the behaviour (behavioural beliefs), subjective norms

(normative beliefs) and perceived behavioural control (control beliefs). In fact, voluminous social change scholars share a common belief that, the best prediction of a person's health related behaviour is by understanding his/her intention from the core constructs towards the suggested behaviour (S. Kim, Kim, & Nam, 2017; Livi, Zeri, & Baroni, 2017; Röttger et al., 2017).

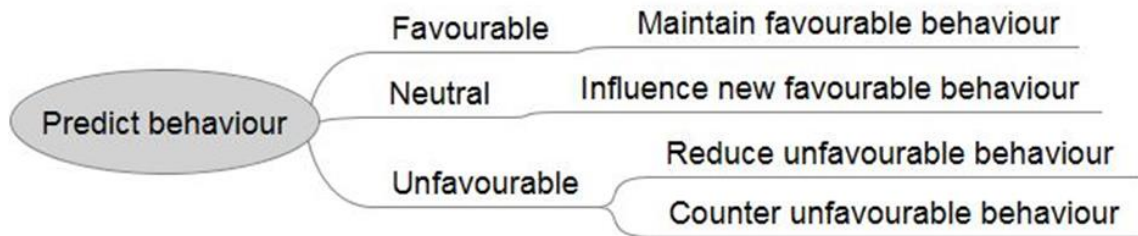


Figure 1
Social Marketing Behavioural Change Model (SMBCM)

Aligned with the scholars' belief, Figure 1. above clearly illustrated the importance of predicting the intention in order to determine the development of a behaviour. As mentioned earlier, there are three core constructs that directly influence the behavioural intention of a person: attitude, subjective norms and perceived behavioural control.

TPB is well-known in the social marketing behavioural context to identify social cognitive factors that could influence a person's intended behaviour. To further understand the first construct (attitude towards the behaviour), it explains that a person will more likely to perform a disease early diagnosis when he/she has a favourable "feelings/evaluation" towards the suggested behaviour and vice versa (H. Kim, Kim, & Nam, 2017; Mazloomymahmoodabad, Navabi, & Ahmadi, 2017; Rahmati-Najarkolaei et al., 2017). In this sense, effective social marketing approach is needed to alter the target audience's existing perceptions and reposition a new favourable attitude (disease prevention awareness) that influences the person's intention towards an early diagnosis behaviour (Esposito, van Bavel, Baranowski, & Duch-Brown, 2016; Mangla & Singla, 2017).

Secondly, subjective norms explain that a person is susceptible to the influence of external parties' supports such as family members, friends and community. With the approval, agreement or support gained from the external parties, the person is more likely to carry out

the suggested behaviour. As such, the influencer's opinion resides in the fact that it is the key role in strengthening a person in engaging an early precaution or dissuade him/her from unhealthy behaviour (Röttger *et al.*, 2017). Likewise, advice or opinion from health experts in the health care industry significantly contribute to the impact of subjective norms towards a person's behavioural change in going for disease prevention check-up (Shi, Wang, & Zhao, 2017; Thorlton, 2015). Thus, the more individual is adopting a healthy lifestyle, the more other people will try to emulate.

According to TPB, perceived behavioural control (control beliefs) represents a person's perception on his/her self-ability to execute the healthy behaviour. Past experience of a person towards the adoption of an intended behaviour plays a significant part in shaping his/her control beliefs (Han & Hyun, 2017; Yadav & Pathak, 2017). In short, control beliefs relate to a person's self-efficacy, the possible hurdles or obstacles, and the expectancy of success to engage into early diagnosis behaviour. Additionally, external resources or information in promoting the disease early precautions and the benefits accrued after adopting this favourable behaviour plays an influential factor as it is generally derived by observing the outcomes of others (AL-Dossary, 2017; Ho, Lwin, Yee, & Lee, 2017). Hence, a person will be motivated and more likely to overcome his/her perceived behavioural control when he/she believes that he/she possess reliable information regarding the specific disease diagnosis and, without undue effort to foster into this precaution behaviour.

Social Cognitive Theory

Social Cognitive Theory (SCT), the extension version of social learning theory, was developed by Bandura in 1977. It has been widely used to understand human's behavioural change particularly in the health related field. By utilising SCT, human's behaviour could be motivated and able to maintain the healthy habits. SCT shows the emphasis in maintaining a certain favourable behaviour as every newly cultivated behaviour faces the risk of reverting back if it is not properly practised. According to SCT (Figure 2), there are three main factors which are conducted as a reciprocal triadic determinism: person (cognition), behaviour and environment (Clark & Zimmerman, 2014; Ko, Turner-McGrievy, & Campbell, 2014; Wallin *et al.*, 2018).

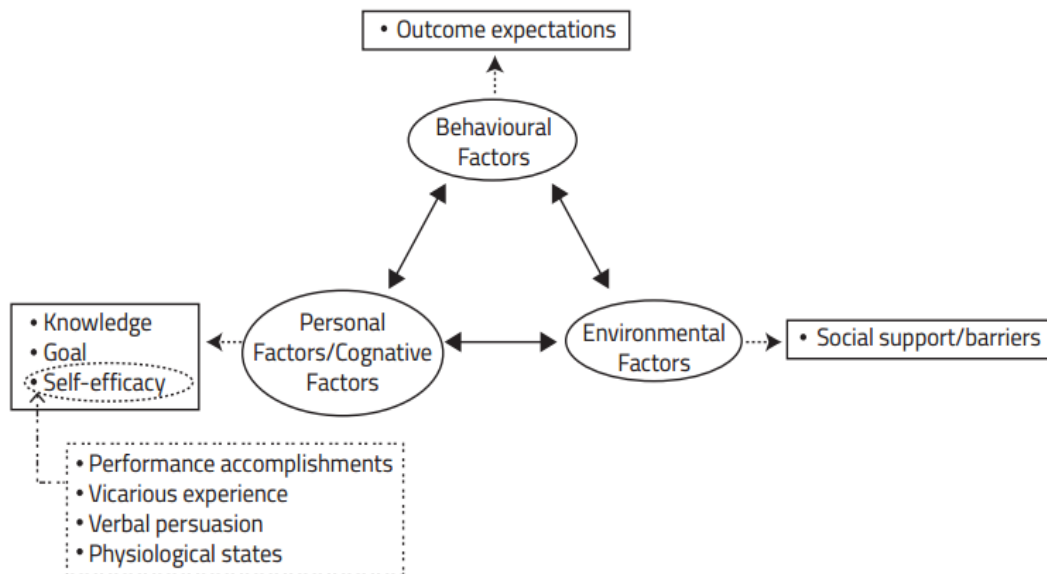


Figure 2
Determinants in Social Cognitive Theory

In the personal factors, self-efficacy is illustrated as an individual's ability to overcome his/her self-belief and perform the early prevention behaviour. To strengthen self-efficacy, it can be influenced by four determinants: performance accomplishments (social modelling), vicarious experience (mastery experience), verbal persuasion and physiological states.

As for behavioural factors, an individual will be motivated by outcome expectations if he/she perceives that a similar reward (able to prevent a disease from happening) will be derived by imitating other party's behaviour. Environmental factors (family members' supports/convenience during the process to go for check-up) can also either motivate an individual to go for disease early diagnosis or hindering him/her from engaging into this suggested behaviour. Furthermore, SCT takes account of an individual's past experience as it acts as an influential component that could influence his/her motivations, reinforcements and expectations to execute into early precaution behaviour. Generally, SCT takes into the consideration of social influence towards healthy behaviour including both internal and external social reinforcement in the process of adopting and maintaining a healthy habit (Ahn et al., 2016; Naslund et al., 2017; Scullin, Le, & Shelton, 2017).

Given that, to be motivated and execute the disease early diagnosis behaviour, a person needs to have the knowledge about the benefits accrued from the intended behaviour. In addition, his/her goal (wants to stay healthy) needs to be parallel with the outcome expectations (able to prevent a specific disease) as this alignment will synergise an increase in that person's self-

efficacy and thus, more likely to perform this healthy behaviour (Lee, Jeong, Ko, Park, & Ko, 2016; Lough, Pharr, & Geurin, 2016; Zechner, Gill, Zechner, & Gill, 2016).

As it has been acknowledged that health related social marketing's goal is to create, promote and maintain healthy behaviour in the society, SCT is the major contribution in all these factors as it provides intensive understanding in human behavioural change (Paech & Lippke, 2017; Patterson, Umstatted Meyer, Beaujean, & Bowden, 2014; Smith, 2016).

Protection Motivation Theory

Protection Motivation Theory (PMT) was originally developed by R. W. Rogers in 1975. This theory was based on the fear arousal or fear appeal from the behavioural learning theory. However, in 1983, Rogers further modified and revised it in the form of more persuasive communication. As such, PMT encapsulates that physical, psychological and social threats will stimulate the people's responses to protect themselves.

Today, PMT is frequently applied in the health issues to understand the responses of the people involved. There are two main appraisals in PMT: threat appraisal and coping appraisal. Based on PMT, threat appraisal comprises perceived severity and perceived vulnerability (Bui, Mullan, & McCaffery, 2013; Ghahremani, Faryabi, & Kaveh, 2014; Williams, Rasmussen, Kleczkowski, Maharaj, & Cairns, 2015). Perceived severity can be illustrated as the possible seriousness if an event occurs. With perceived severity, social marketers or health expertise can explain to the target audience on the possible negative impact from the preventive diseases. Similarly, perceived vulnerability refers to probability of someone to get a certain disease if the person does not adopt the early diagnosis behaviour.

One the other hand, coping appraisal encompasses response efficacy and self-efficacy. To explain further, response efficacy is the effectiveness in preventing a disease on a person after adopting a healthy behaviour (early precaution behaviour). As for self-efficacy, it states a person's ability and belief to overcome his/her own control and thus, performs the suggested behaviour. Mindful of all, PMT is mainly applied in social marketing health related context as this theory motivates a person to execute healthy behaviour and explains the effectiveness in preventing the threat of a diagnosed illness (Devlin & Dillard, 2016; Menard, Bott, & Crossler, 2017; L. Zhang et al., 2015).

Health Belief Model

Health belief model (HBM) was developed by U.S. public health service departments in 1950s to investigate the reasons of an individual does or does not leap into action on disease prevention. During 1970s, HBM became one of the first among behavioural science theories and it is widely applied in the health related researches nowadays.

Overall, HBM refers to an individual's perceptions towards the perceived risks concerning a disease, the benefits over barriers for taking prevention and the influential stimulations of leaping into action (Y. J. Kim & Yoon, 2017; Lynch & Jackson, 2018; Siddiqui, Ghazal, Bibi, Ahmed, & Sajjad, 2016). To further support this model, the core constructs are (1) perceived severity, (2) perceived susceptibility, (3) perceived benefits, (4) perceived barriers, (5) cues to action and (6) self-efficacy.

Perceived severity (perceived seriousness) refers to an individual's belief towards the impact of the severity from a disease such as affecting his/her routine life or work. Reflecting this view point, HBM posits that if a person perceives the possible disease is getting worse, and it might affect his/her physical activities or emotions stability; Also, supported by PMT above, saying that if a health specialist advises the person regarding the possible seriousness of the preventive disease, he/she most likely will engage into the early diagnosis behaviour to reduce its severity.

As for perceived susceptibility (perceived vulnerability), it is interpreted as the risk of developing a disease on a person. If the person perceives that he/she is susceptible to a particular disease, that person will highly likely prompt to action to reduce the risk of developing the disease and vice versa (Das E.M., 2014; Lipman & Burt, 2017; Salari & Filus, 2017; Wang, Wu, & Lau, 2016).

In HBM, perceived benefits act as one of the main proximal contributors to the health behaviour change. This can be explained from the perspective of an individual's value appraisal in adopting into suggested behaviour. Given that, if the individual sees the efficacy of benefits accrued from the recommended prevention behaviour, he/she most likely will carry out this behaviour.

On the other hand, perceived barriers are the attitudes conceived in preventing a person from adopting or pursuing a desirable healthy behaviour such as going for a body check-up or disease screening. Therefore, if the perceived barriers outweigh perceived benefits, it will cease the person from performing the healthy habit. Based on HBM, cues to action is

necessary in leading or triggering a person to leap into action. When a person feels discomfort, pain (internal perspective) or supported by his/her friends and family members (external perspective), he/she is prompted to execute the related disease diagnosis. As being the most well-known among health behaviour theories, HMB is used in a wide range of health issue context and illness diagnosis programmes.

Model of Communication

Communication is essential in transmitting information to the receiver (target audience), particular in health related social marketing. The Model of Communication (MOC) plays an integral role in providing the right public health message to the right target audience to share the same understanding in order to motivate the receiver to engage a healthy behaviour. Thus, social marketers and social change practitioners need to understand in detail about the communication process to reduce the noise.

MOC flow starts with a source (sender, a person/group), trying to go through the entire communication process to reach to the receiver (Dobele, Fry, Rundle-Thiele, & Fry, 2017; Lim & Ashing-Giwa, 2013). A source can be a social marketer trying to communicate with the target audience about the benefits gained by going for regular body check-up.

During the communication process, social marketers need to encoded the message (coding process) through pictures, words or symbols, representing the same intended message and deliver to the target audience. Early experimental studies have shown that a more persuasive coded message such as the benefits obtained from early disease precaution is more likely to encourage the target audience to carry out the intended healthy behaviour.

It is a crucial and challenging process for social marketer to select an appropriate communications channel (transmission media) because the coded message might reach to the wrong target audience (Dobele et al., 2017; Guidotti, 2013). Given that, effective coding process (encoding) is necessary to ensure the health intention message is delivered and decoded in the exact same meaning as intended by the target audience.

During the decoding process, if the receiver does not decode the intended message exactly the same as what it supposed to be, noise begins. According to MOC, noise is interpreted as a distortion that hinders and reduces the accuracy of the communication. With noise exists, health related social marketing campaigns might face challenges in positioning the healthy ideas or concepts into the target audience. To further clarify, common noise that occurs in social marketing is inappropriate marketing tools and techniques are applied during health

campaigns. Furthermore, cultural barriers and differences among nations, social beliefs and myths highly influence the message encoded from the social marketing campaigns as well. In addition, as the campaigns target a wide range of audience, it is inevitable that certain individuals misinterpret the information.

Subsequently, it is important for social marketers to select an appropriate channel that suits the encoded message with minimal noise. To ensure the effectiveness of social marketing campaigns, social marketers have to conduct market survey regularly to understand if there is any occurrence of healthy behavioural change among the target audience. As such, feedback from the survey will be sent back to justify the communications channel selection as well as previous coded message (to motivate/adopt early diagnosis behaviour).

Conclusion and Discussion

Without doubt, to provide the opportunities of behavioural change and successfully hold a social marketing health related campaign, Theory of Planned Behaviour, Social Cognitive Theory, Protection Motivation Theory, Health Belief Model and Model of Communication is the critical first step to understand in depth on social change. However, challenges in social marketing are the limited researches along with the untapped potential of social marketing especially in the academic field. The theories above have their strengths in explaining the human behavioural change yet, has limited evolution on conceptual framework.

Thus, social marketing legitimacy should be further established so that it can be implemented in the society and eventually, becomes the major contribution to the marketing mainstream applications. To achieve this goal, a progressive approach is a necessity for social marketing to transform in this current stage. Borrowing more theories, building up more conceptual frameworks with the integration of interpretive structural modelling (ISM) is the next step to attain a deepening social marketing approach on health related issues.

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The Citizens Foundation – A Case of Social Entrepreneurship

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ABSTRACT

The Citizens Foundation (TCF) was established by a group of social entrepreneurs with a vision to remove barriers of class and privilege through provision of quality education to the poorest children of Pakistan, especially girls. TCF was started in 1996 with only 5 schools in the slum areas of Karachi, and has now evolved into one of the largest network of privately owned formal low cost schools for underprivileged communities in the world. TCF currently operates 1,000 purpose built school units with 145,000 students in slums and villages across 100 towns and cities of Pakistan. More than 10,000 people are provided employment across Pakistan, with 7,700 female teachers earning livelihoods from TCF schools. The non-profit is operated on the highest standards of professional excellence, registered in Pakistan and audited by leading chartered accountants firms. TCF has been recognized regionally and internationally for the high caliber of work.

Establishment of The Citizens Foundation¹

The Citizens Foundation (TCF) came into being in 1995 as a group of six friends, all entrepreneurs and Chief Executive Officers (CEOs) of their own companies decided to build five schools in Karachi for the most disadvantaged living in urban slums who had no access to any form of education (public or private) whatsoever. Their desire was to take children off the streets and put them into schools. Out of this evolved the aim to provide quality education for the poor.

The founding board directors agreed at the start that education was at the root of any change. The socio-economic and political backdrop of the mid 1990s in Pakistan was particularly salient. Karachi was experiencing a dire law and order situation. The founders decided they wanted to help create a body of people across the country who would lead honourable and good lives, people who would know the difference between right and wrong and who could make responsible decisions – i.e. good citizens. Education and schooling was a way to take children forward in that direction as education is the foundation on which a structure of good citizenship could be built. Children would be equipped with a value structure and develop ownership of their surroundings. This is where in hindsight the vision of agents of positive change was born, the banner under which TCF operates today. It was also hoped that change would not only flow downwards to the children, but that they in turn would bring back home some of what they had learnt and in this way help develop their families and the wider community.

The founders agreed to create a large project – hence the goal of 1000 schools – which would be meaningful enough and create a new model on how to deliver education that could be emulated by others. This was not to be a single founder driven institution – but a project on a much wider scale covering the whole country. A hope which has evolved through the history of TCF's development is that by showing the Pakistani government that it is possible to deliver good quality education to the poorest sections of society some parts of this model would ultimately be adopted nation-wide.

Beyond visions of taking children off the streets and putting them into schools, a fundamental part of TCF's origin is to create a platform whereby those who have the means can give to those who have not, knowing that the money will be well spent and not wasted.

¹ Creating agents of positive change – TCF in Pakistan – Marie Lall

TCF as of Today²

It is now one of Pakistan's leading organizations in the field of formal education. As of 2011, TCF has established 730 purpose-built school units nationwide with an enrollment of 102,000 students. TCF encourages female enrollment and strives to maintain a 50% female ratio in most of its campuses. TCF has a full female faculty of 5,400 members. TCF also has a dedicated Teacher Training Center in Karachi and Mansehra for the ongoing training of its faculty and provides logistical support to all its teachers. About 8,000 jobs have been created in communities in which TCF operates.

The vision of TCF is to remove barriers of class and privilege and to make the citizens of Pakistan Agents of Positive Change. We believe that access to basic education is the right of each individual and not a privilege. Apart from following the regular curriculum, we focus on the character building of students to equip them with high moral values and confidence.

To achieve these goals, TCF is constantly surveying education-deprived locations in Pakistan to extend its network. Each new location is appraised through an extensive land survey, assessment of population, income level, number and standard of existing schools in the area, demand for new school units, availability of an accessible site to build a school, qualified teachers in the area and a number of other criteria.

Operations at TCF

The operations at TCF are divided amongst the head office, regional offices, and the schools.

Head office is responsible for collecting donations through resource mobilization, designing policies with respect to scholarship, setting the curriculum, marketing the cause of TCF, constructing buildings, and human resource development. Regional offices have been assigned the duties of administering the schools in their areas, ensuring service quality and consistency, and giving an above average performance. A TCF School is responsible for the providing the actual service, education. Each school has to maintain its building and results in order to be judged in terms of performance.

² www.thecitizensfoundation.org/Story

Providing Education

Taking on the duty to educate Pakistan, this basic right is given to every child irrespective of caste, color or creed. The socio-economic background of these children is not a determining factor in the type of schooling system that is provided.

The education department in coherence with the board of education, designs the curriculum to be followed. It is a formalized education system that uses Oxford University Press's text books unlike the government and other private schools in these communities. Generally In IX and X students are prepared and tutored to give Board Examinations. Recently, the success of some TCF students has led the organization towards providing them higher secondary education as well. The "pay as you need" model in place also admits domestic staff's offspring and grandchildren in school for as little as Rs. 10 per month. Whereas other students financial stability is assessed and then are granted scholarships that are funded through the donations made to the school.

People Behind TCF

TCF being a service organization has people running the show both on the front as well as backstage.

Front End

Front end refers to the people who are present at the school and directly interact with the students and their parents. These people include:

- **Principal**
 - ❖ Female
 - ❖ Minimum Post Graduate
 - ❖ Management skills to run the school
 - ❖ Emotionally strong to make rational decisions on spot
- **Teachers**
 - ❖ Females
 - ❖ Matriculation, Intermediate, Graduate or Post Graduate
 - ❖ Varying pay scales with the level education level
 - ❖ Dedicated and committed to the cause of TCF

- **Accountant**
 - ❖ Male
 - ❖ Graduate with basic accounting knowledge
 - ❖ Ability to handle multiple transactions at a time
- **Other Staff**
 - ❖ Males and females
 - ❖ Locals of the community

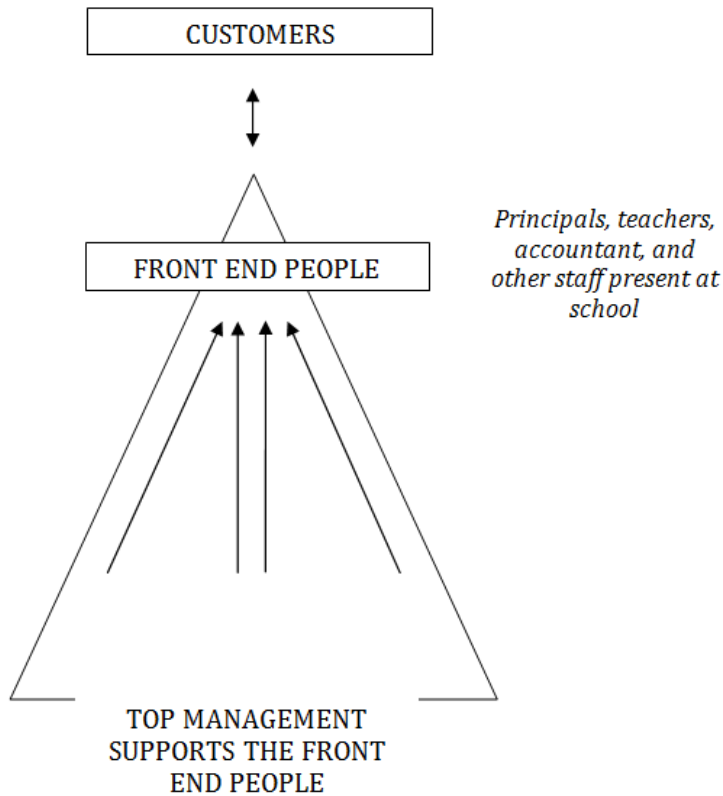
Currently, they have on-board 5,400 female faculties who have all been given initial training along with refresher courses at the time of their induction. An all female faculty is maintained because this way the locals of the community can feel safe in sending their daughters to schools. The dedication of the staff is displayed through its commitment of imparting quality educating at the forefront, directly interacting with students, parents, and community influencers hence playing their role in making the difference. They are patient and tolerant while understanding where each child comes from and they go beyond the call of duty to help the child emotionally deal with his current hostile conditions while he struggles to survive at school. They need to uncover the reasons that affect their children's performance and attend to their silent call for help.

To facilitate the teachers, free transport is provided in the TCF vans. Moreover, their efforts towards the cause of TCF are rewarded yearly.

Back End

At the backend, the Head Office has a host of professionals in the fields of Human Resources, Marketing, Resource Mobilization, Education, Information Technology, and Administration as well as in the Procurement and Engineering unit. These individuals are responsible for creating awareness, generating funds, designing the curriculum, and building schools making them backbone of the schools operations. The general structure of the backend office includes:

- Head Office:
 - ❖ Board of Directors
 - ❖ CEO/President
 - ❖ Vice Presidents
 - ❖ Head of Departments
 - ❖ Managers and Assistant Managers
- Regional Offices:
 - ❖ Regional Managers
 - ❖ Area Managers
 - ❖ Education Specialists

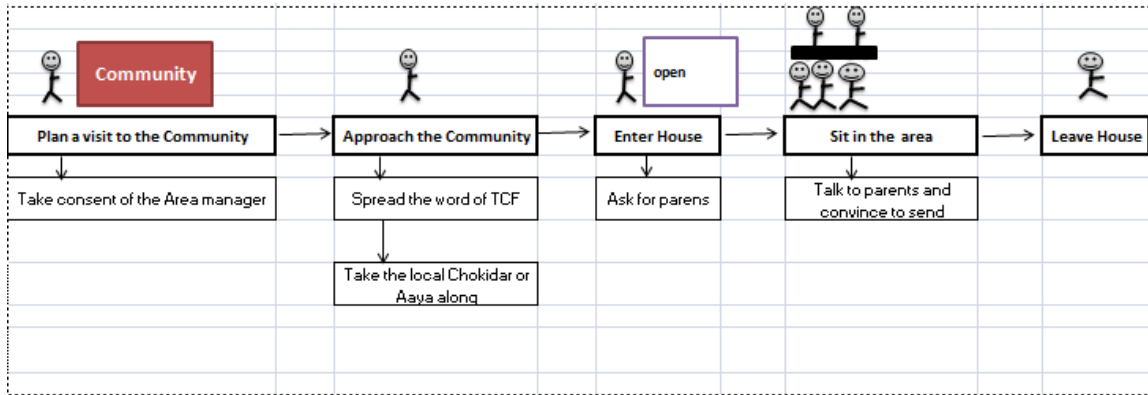


This entire team works together to make their vision possible. Without cooperating and seamless integration, the business model would fail to work.

Process at TCF

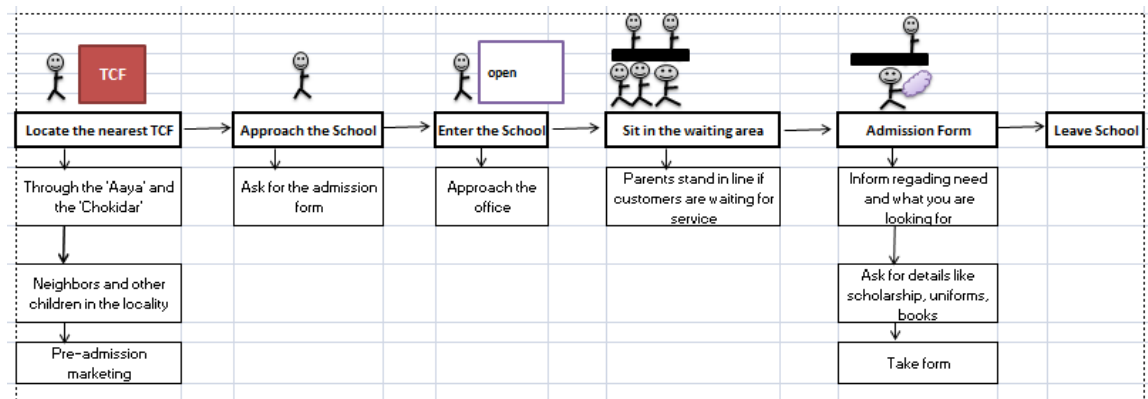
The process of reaching out to communities, encouraging them to enroll their children into TCF Schools and furthermore, generating funding is a rigorous process that encompasses all divisions working towards one goal.

Pre-Admission Marketing

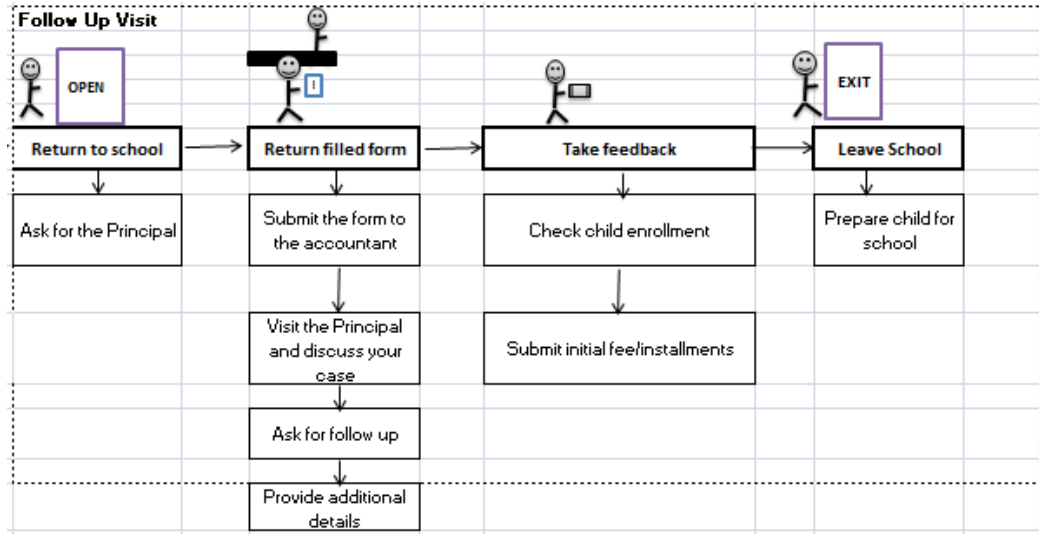


Admission and Enrollment Process

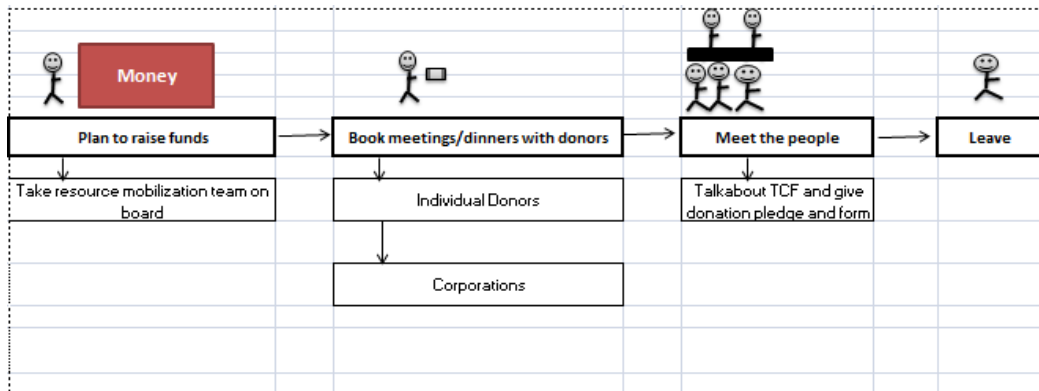
- First Visit



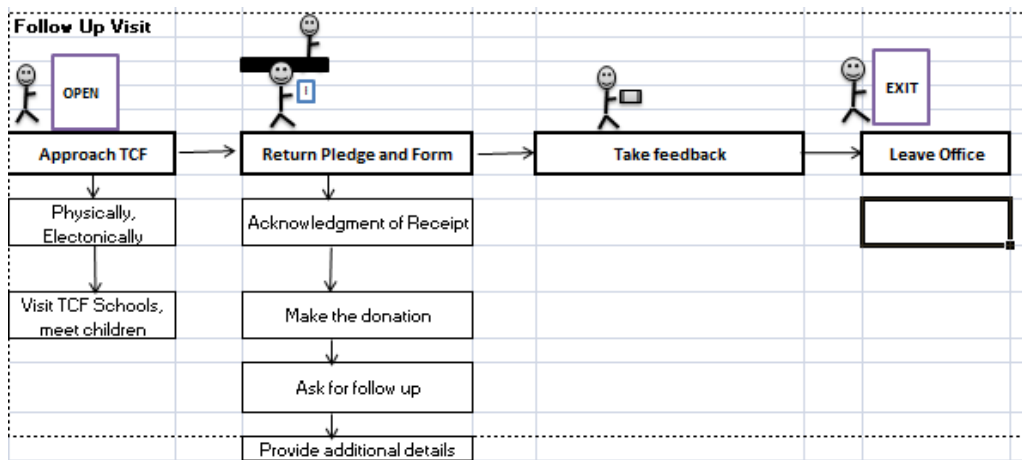
- Follow up Visit



Resource Mobilization



Donor's Visit for Donation



Placement and Distribution Model

TCF has held control of the management of all its schools. It does not agree with franchising and expanding the name of TCF everywhere. This is because the directors and founders wanted to maintain consistent quality of education, and standard policies and procedures to be followed which they believed would not have been possible with the increasing number of schools, each being managed differently.

Therefore, all TCF schools are managed by TCF itself. They just have different names which are based on their donors.

Pricing³

It is difficult to imagine an NGO working for the under privileged children and charging them a monthly fee, in addition to the cost of uniforms, stationary, and books. TCF's applies a unique model of "Pay as much as you can" allowing the people to afford their children's education at an amount that well suits their socio-economic profile. Although TCF charges money for its services, it has a different philosophy of doing so. It believes that by paying a little amount, the child develops this sense of security towards his/her family that they can afford to send him to school. The fee structure for TCF is highly subsidized and precisely, the costs are as given below:

- Primary Schools

| Category | Monthly Tuition Fee Range | Authority | Books | Uniforms | Copies |
|------------|---------------------------|------------------|-------|----------|--------|
| Category 1 | 10-49 | Regional Manager | Free | Free | 100% |
| Category 2 | 50-89 | Area Manager | Free | 50% | 100% |
| Category 3 | 90-175 | Area Manager | 50% | 50% | 100% |
| Category 4 | 175-225 | Principal | 100% | 100% | 100% |

- Secondary Schools

| Category | Monthly Tuition Fee Range | Authority | Books | Uniforms | Copies |
|------------|---------------------------|------------------|-------|----------|--------|
| Category 1 | 10-49 | Regional Manager | Free | Free | 100% |
| Category 2 | 50-89 | Area Manager | Free | 50% | 100% |
| Category 3 | 90-175 | Area Manager | 50% | 50% | 100% |
| Category 4 | 175-450 | Principal | 100% | 100% | 100% |

³ TCF's Scholarship Policy

Majority of the students in TCF Schools are on scholarship and following the above mentioned fee structure. Although in comparison to government schools, and other NGO's TCF charges a fee but the quality of education leads them ahead.

Other than their scholarship program, TCF has a donation segment detected to the education of a child by either paying his one month's fee, or by buying the relevant books or uniform for him.⁴

| | |
|--|-------------------|
| Cost of educating a child | |
| Per Month | PKR 833 |
| Per Year | PKR 10,000 |
| Cost of donating text books and uniforms | PKR 10,000 (year) |

Physical Evidence

TCF's physical evidence is again divided based on its operations. The 7th floor of NIC building, Karachi, belongs to TCF where at one side the Head Office is managed, and the other side is that of administration and 2 regional divisions, South and South West. For the other 2 divisions of North and North-West, offices are set up in Lahore and Islamabad respectively.

The most important of physical evidence are the red bricked buildings of TCF in every community. All schools across Pakistan are made in the same way so that the exterior and interior looks the same. Broadly, a typical TCF school will have a playground, ample classrooms, laboratories, and libraries, computer labs in some areas, teachers' staff room, principal's office, and proper hygienic bathrooms. Further details of the school as the physical evidence is given below:

- Tasteful in design, strong in structure and purpose built.
- Courtyard is in the center.
- Naturally well lit classrooms with windows for cross ventilation.
- Huge ground surrounding the campus.
- Purpose Built- all those facilities provided by private schools – computer labs, libraries , physics and chemistry labs.

⁴ www.thecitizensfoundation.org

- Proper seating arrangement with chairs and tables for 30 students.
- Blackboard in every classroom with the date, subject and attendance, thought of the day.
- Uniformity in classes conducted in every area - through training can impart the same quality of education.
- Art work done students displayed all over the school- in classrooms, corridors, libraries and on soft boards.
- Plantation across corridors.

Promotion⁵

| Marketing Mix | Marketing Mix Breakdown | Description |
|-------------------------|--------------------------|--|
| Advertising | Broadcast | 30 seconds TVCs aired during Ramadan for Zakat campaign |
| | Print | Advertisements in several English and urdu newspapers specially in Ramadan |
| | Internet | Different chapters use internet for spreading TCF's cause |
| | OOH | Billboards throughout the year at strategic locations |
| Publicity and PR | Special events | Director funded dinners in Pakistan and international |
| | Specialty Programs | Rahbar Program for corporate leadership and management |
| | Media initiated coverage | Several documentaries aired by CNBC, Geo, Dawn News |
| Instructional materials | Websites | Own website, website of chapters, facebook, and other social media |
| | Brochures | Brochures and newsletters printed semi-annually |
| Corporate Design | Signage | Leaf of TCF across cities |
| | Vehicles | TCF vehicles market TCF on the road |
| | Uniforms | Students are marketers of TCF themselves as the leaf is on their uniform |
| Word of Mouth | | Staff at TCF, or parents whose children study at TCF |

⁵ TCF's Marketing Department

Majority of the promotion is targeted towards those people who are potential donors for TCF whether in the international community or in Pakistan. For the final end customers of TCF's services, promotion is generally through word of mouth that starts when the construction of the school begins. Further it is spread through the TCF vans roaming in the area, and children dressed in TCF uniforms.

TEACHING NOTE

Case Synopsis

The Citizens Foundation (TCF) was established by a group of social entrepreneurs with a vision to remove barriers of class and privilege through provision of quality education to the poorest children of Pakistan, especially girls. TCF was started in 1996 with only 5 schools in the slum areas of Karachi, and has now evolved into one of the largest network of privately owned formal low cost schools for underprivileged communities in the world. TCF currently operates 1,000 purpose built school units with 145,000 students in slums and villages across 100 towns and cities of Pakistan. More than 10,000 people are provided employment across Pakistan, with 7,700 female teachers earning livelihoods from TCF schools. The non-profit is operated on the highest standards of professional excellence, registered in Pakistan and audited by leading chartered accountants firms. TCF has been recognized regionally and internationally for the high caliber of work.

Case Objectives

1. To illustrate the concepts of Entrepreneurship and Social Entrepreneurship.
2. To illustrate application of marketing tactics to set-up a new organization.
3. To appraise the importance of unconventional marketing tactics.
4. To appraise marketing skills needed in launching a new setup.

Case Methodology

A case study is a common research methodology in social science and it may be descriptive or explanatory in nature. It is based on an in-depth investigation of a single individual, group, or event (Yin, 2009). All facts and figures have been taken from the official website of the university (umt.edu.pk) otherwise all other secondary sources are mentioned and appropriately acknowledged. Principally this case is a teaching case and written solely for class room discussion and academic purposes only. It doesn't intent to illustrate either effective or ineffective handling of managerial situation. Materials or statistics provided cannot be used by third party as evidence. This strategy has been proved fruitful in describing fundamental concepts through case study design in many other cases (Anjam & Siddiqui, 2013; Fahim & Siddiqui, 2013; Husain & Siddiqui, 2013; Mangi & Siddiqui, 2013; Salman & Siddiqui, 2013; Siddiqui & Anjam 2013a; Siddiqui & Anjam 2013b; Siddiqui & Anjam 2013c; Siddiqui & Fahim 2013). More recently the marketing concepts in Pakistan have been illustrated through a single case study design in services sector (Siddiqui & Fahim 2014; Sibghatullah, Siddiqui & Siddiqui, 2016, Latif, Sibghatullah, & Siddiqui, 2016).

Target Audience

This case was written for undergraduate students taking course(s) in any one of the subject area namely Entrepreneurship, Principles of Marketing, Marketing Management, and/or Services Marketing. However, it may be used for discussion in Brand Management, Integrated Marketing Communications courses as it highlights various concepts of marketing as well. It provides an excellent opportunity to students to see how managers can use the entrepreneurial spirit while turning around a sick unit.

Concepts Illustrated

Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change.

Entrepreneurship is the process of starting a business, a startup company or other organization.

Entrepreneurs develop business plans, acquire the human and other required resources, and are fully responsible for its success or failure.

Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change.

Difference Between Social Entrepreneur & Business Entrepreneur

A social entrepreneur is someone who recognizes a social problem and uses entrepreneurial principles to organize, create, and manage a venture to make social change. Whereas a business entrepreneur typically measures performance in profit and return, a social entrepreneur focuses on creating social capital. Thus, the main aim of social entrepreneurship is to further social and environmental goals. However, whilst social entrepreneurs are most commonly associated with the voluntary and not-for-profit sectors, this need not necessarily be incompatible with making a profit.

Entrepreneur & Social Entrepreneur

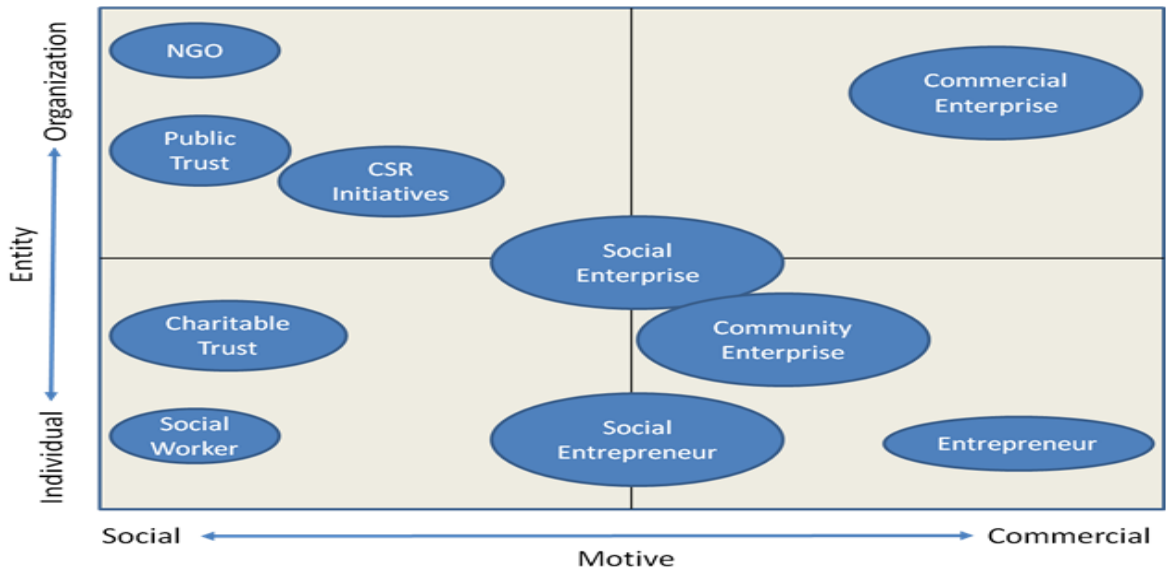
Entrepreneur

- Exceptional ability to see new opportunities
- Determination to take those opportunities
- Unflinching willingness to take inherent risk
- Sees that a **suboptimal equilibrium = OPPORTUNITY**
- Outcome focused – **creative destruction**

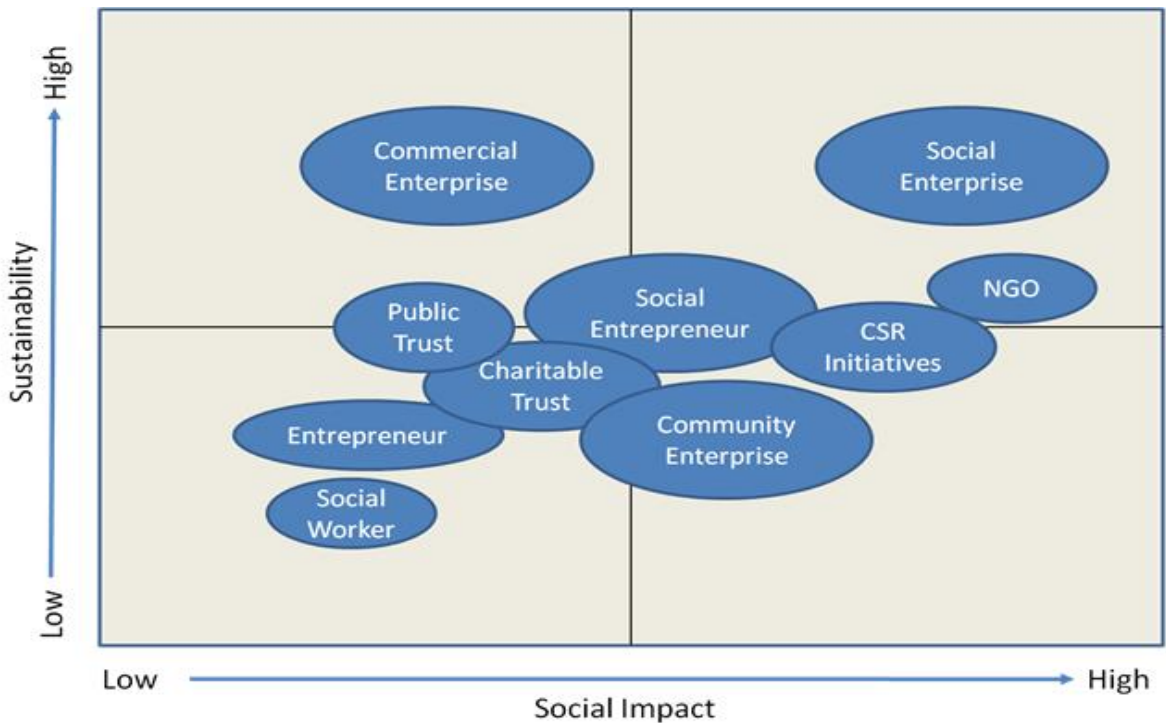
Social Entrepreneur

- Targeting under-served / disadvantaged / broken markets
- Large scale and transformative change
- Ethical process to reach that change (beyond compliance)
- Sees a stable but unjust equilibrium (not just suboptimal)
- Is able to take the opportunity to reach new equilibrium

Difference Between Social Work, Social Enterprise, Commercial Enterprise



Difference between Social Worker, Social Entrepreneur & Social Enterprise



Problems and Recommendations

Despite its dedication and fervor with which it advocates its cause, TCF faces many roadblocks on this difficult path towards the accomplishment of its mission. This change goes deeper than merely raising the bar of education; it involves changing mindsets of the communities in which it operates.

People belonging to these basti's oppose the idea of enrolling their children who are free to then earn the additional income to supplement their own meager earnings. Girls specially are discouraged and even forbidden to receive schooling and at times have been taken out of school in the middle of the academic year owing to objections raised by neighbors, family members and community members who are unaware of the benefits of education and choose to remain in the darkness of the unknown. To help these parents overcome the fears of education and enlightenment, poses as a great challenge. Also, families who cannot afford more than one basic meal per day do not find it financially viable to tie up their child in education, for they see no future they have no hope they live each day at a time, whereas investment in education is long-term. Its benefits cannot be reaped in the shorter run.

There is a need to tangiblize the intangible by bringing out a physical change in the lifestyle of these people. Giving these children a childhood, honing them into honorable young law abiding citizens and giving them hope for a way out of their dismal present into a beautiful future. This can only be achieved through counseling students and parents are every stage, motivating them and extending their support towards the betterment of their child's life.

To better understand the communities, it is suggested that TCF should conduct a nationwide socio-economic survey that would help the management identify the socio-economic classes, needs, and wants of the people. This would further help in refining the scholarship policy and ensuring that the least privileged of the under privileged comes to TCF.

On the HR side, the major challenge is high employee turnover. Teachers getting slightly better salaries or opportunities at schools within their residential vicinity often leave TCF. However finding resources in the middle of the year often harms the education of children. Therefore, it is suggested that TCF should make an effort in finding out the reasons for such a high turnover and take relevant measures to stop this.

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The contributors of this book come from diverse backgrounds, making this book a truly international effort. This book will bring forth new frontiers with its revolutionizing research information and detailed analysis of the nascent developments around the world.

We would like to thank all the contributing authors for lending their expertise to make the book truly unique. They have played a crucial role in the development of this book. Without their invaluable contributions this book wouldn't have been possible. They have made vital efforts to compile up to date information on the varied aspects of this subject to make this book a valuable addition to the collection of many professionals and students.

This book was conceptualized with the vision of imparting up-to-date information and advanced data in this field. To ensure the same, a matchless editorial board was set up. Every individual on the board went through rigorous rounds of assessment to prove their worth. After which they invested a large part of their time researching and compiling the most relevant data for our readers.

The editorial board has been involved in producing this book since its inception. They have spent rigorous hours researching and exploring the diverse topics which have resulted in the successful publishing of this book. They have passed on their knowledge of decades through this book. To expedite this challenging task, the publisher supported the team at every step. A small team of assistant editors was also appointed to further simplify the editing procedure and attain best results for the readers.

Apart from the editorial board, the designing team has also invested a significant amount of their time in understanding the subject and creating the most relevant covers. They scrutinized every image to scout for the most suitable representation of the subject and create an appropriate cover for the book.

The publishing team has been an ardent support to the editorial, designing and production team. Their endless efforts to recruit the best for this project, has resulted in the accomplishment of this book. They are a veteran in the field of academics and their pool of knowledge is as vast as their experience in printing. Their expertise and guidance has proved useful at every step. Their uncompromising quality standards have made this book an exceptional effort. Their encouragement from time to time has been an inspiration for everyone.

The publisher and the editorial board hope that this book will prove to be a valuable piece of knowledge for researchers, students, practitioners and scholars across the globe.

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