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Aims and scope

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Publisher: Faculty of Management Publishing House, University of Warsaw, Szturmowa Str. 1/3, Postal Code 02-678 Warsaw; Telephone: +48 22 55 34 164; Fax: +48 22 55 34 001; jmcbem@wz.uw.edu.pl

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Customer Perceived Value Towards Convenience Stores in Malaysia: The Influence on Customer Satisfaction, Loyalty and Retention

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Received: 21 June 2016 / Revised: 13 July / 2016 / Accepted: 14 July 2016 / Published online: 6 October 2016

ABSTRACT

Numerous researchers have centred their attention on Customer Perceived Value towards brands but only a few have focussed on CPV towards convenience stores. The main purpose of the research is to measure the CPV dimensions and identify which dimension influences customer satisfaction and as a result leads to customer loyalty and retention for convenience stores in Malaysia. Independent variables such as functional, conditional, social, emotional and economic values were taken into account; the number of 200 customers were sampled, using a blend of explanatory and descriptive research design and a quantitative research method. The reliability was measured ranging from ($\alpha = 0.560-0.966$) using Cronbach’s alpha. The application of descriptive statistics and correlation analysis was intended to explain the relationship between the independent and dependent variables of the research, whereas the inferential statistics and linear regression were used to test the hypotheses; with a significance level $p \leq 0.05$ whereby the findings of the research showed that economic value has a high influence on customer satisfaction as well as loyalty and retention. However, based on the findings customers are highly influenced by the economic value they get from a convenience store. Among the realistic contributions are positioning value pricing, formulating a strategy that encourages convenience value, connects to customers’ emotions during shopping and also creates a diverse approach that sets a convenience

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store apart from another. However, there is a need for future studies to extend the model of this research by adding other perceptions such as demographic features of the consumers.

**JEL classification**: M310, M390

**Keywords**: Customer Perceived Value, customer satisfaction, customer loyalty and retention, convenience stores, Malaysian retail

### 1. INTRODUCTION

#### 1.1. Research Background

Convenience stores’ single best method to increase the service intensity is by recognizing the customer’s views (Zemke and Woods, 1998). However, modern retail outlets are rapidly replacing the unorganized traditional retail outlets, which has in turn led to the pervasive recognition of convenience stores (Goldman et al., 1999). These stores offer customers speed of service and are recognized by customers as a channel of trade for their convenience. Nevertheless over the past few years the convenience store industry in Malaysia has grown speedily, with the lifestyle of consumers’ moving towards modernity and great contribution from market players such as 7ELEVEN, 99speedmart, KK. Furthermore, drivers like urbanization have increased disposable incomes, shifting demographics as well as lifestyle along with FDI in retail having manoeuvred the sector towards development. Nevertheless, the change as a result of ruthless competition, from emerging players in the market, imitation of new characteristics and an increase in the quantity of new offers, customers’ new choices and also sensitivity to pricing, has forced key players in the industry to introduce differentiation and offer customer-oriented formats in order to increase competitive edge (Singh, 2006); for these reasons researchers globally (Reicheld and Sasser, 1990; Ciavolino and Dahlgaard, 2007; Singh, 2006; LaBabera and Mazursk, 1983; Carpenter, 2008) have took notice of the impact of customer satisfaction, retention as well as loyalty.

Nonetheless the perception of ‘perceived value’ comes out as the major business concern of the 1990s, and has persistently obtained widespread study awareness in the current century (Sánchez-Fernández and Iniesta-Bonillo, 2007). Organizations are progressively more recognizing that the perceived value concept is a significant aspect in strategic management (Mizik and Jacobson, 2003; Spiteri and Dion, 2004). Regardless of this wide curiosity, the concept of ‘value’ has frequently not been evidently distinct in studies of the topic; certainly, Khalifa (2004) suggested that the perception had turned into one of the largely worn-out and distorted impressions in the management literature in particular. Nevertheless, it is pragmatic that customer perceived value in terms of convenience stores has been entertained in very wide studies in the developed countries, even though the intense volume of research has been carried out predominantly in the UK and the US (Yang, 2009; Christine, 2011; Desmet, 2014). In the developing nations a substantial quantity of research has been carried out; this covers the Asian countries as well as some parts of Africa (Yu Wu, 2014). However, in Malaysia little research on customer perceived value in terms of convenience stores has been done (e.g. Wahid, 2009).

The researchers in the past used a descriptive and exploratory research design (Sweeney, 2011; Pandza, 2007; Sheth, 1991); conversely, it looks as if the majority of the research frequently applied the explanatory research design predominantly for customer perceived value (Davis, 2012; Christine, 2011). So for that reason, to have outstanding research, the researchers propose to apply both descriptive and explanatory research design in order to arrive at a solid as well as comprehensible conclusion; in terms of research methodology, a quantitative research methodology has been expansively applied to customer perceived value by adopting rating
scale-based questionnaires (Sheth, 1991; Sweeney, 2011). As a result, this research proposes to apply a quantitative methodology to carry out the research. In less ambiguous words, it gives the impression that the use of qualitative research is less accepted as it is obvious that the quantitative research methodology is widely used (Pandza, 2007). In terms of variables, numerous studies have extensively used definite dependent variables to quantify customer perceived value such as price (Yu et al., 2009); this has been the generally extensively utilized variable in comparison to retention (Carpenter, 2008), brand loyalty (Reicheld and Sasser, 1990), and also customer satisfaction (Singh, 2006). Nevertheless, when appraising CPV of convenience stores, customer satisfaction has been referred to extensively (Singh, 2006; Ciavolino and Dahlgaard, 2007); in regard to the polysemy of the theory of perceived value, there are complications in contrasting the results of diverse empirical research and, accordingly, there is a discrepancy in the depth of perceived value (G.-Gallarza and Gil, 2006). In this sense, there is a compromise regarding the multi-dimensionality of the model of value (Sweeney and Soutar, 2001), accommodating the subsistence of quite a few explanatory features that permit the depth of perceived value. In the scale of retailing, Sweeney and Soutar (2001) created a scale to appraise perceived value that they denominate PERVAL. This scale is among the uncommon endeavours to provide a functioning application of measurement of perceived value at the point of sale. This application symbolizes a pace forward in contrast to theoretical methods (Sales and Gil, 2007). The scale of PERVAL classifies three fundamental aspects of value, that is emotional value (sentimental feelings produced by a product), social value (the efficacy gotten from the product’s capability to improve the social perception of consumer) and also functional value, made up of the sub-scopes of price (efficacy gotten from the product as a result of the decline of its supposed short and longer term costs) and value (termed as the performance product). Therefore, since this research is in the range of retailing, the PERVAL scale of measurement will be assumed. However, the increased value of this study is due to the observation that the formation of customer value has to be the reason for the company’s subsistence as well as definitely for its success (Slater, 1997, p. 166). As these words specify, the formation of customer value has turned into a crucial strategy in building and maintaining a competitive advantage (Wang et al., 2004).

1.2. Research Rationale

The atmosphere of Malaysian retailing industry (convenience store sector) has experienced an uncontrollable as well as noticeable alteration over the decades. Ranges of emerging services from supermarkets as well as convenience stores have been added to the retailing environment (Mohd-Said, 1990). In the past, the research commonly tended to scrutinize whether store attributes, service quality, product quality, pricing and environmental location were linked considerably with the customers’ satisfaction and loyalty (Seth et al., 1991; Holbrook, 1994, 1999; Sweeney, 2011). Till now, there has not been adequate research that has been performed to scrutinize the core CPV dimensions and how it influences customers’ satisfaction, loyalty as well as retention in the retail marketing approach in the Malaysian convenience store perspective (Rahman, 2014). Numerous convenience stores in Malaysia now have been operating in an anticipatory method to recognize the customers’ satisfaction with tangibles by means of offering goods or services, except there is a severe lack of confirmation to establish that customers are not completely satisfied (Gomez et al., 2004). The concern now is, as Yuen and Chan (2010) highlighted, that nowadays in the competitive convenience store segment, customers’ demands are bound to rise, time after time due to the growth of service quality comparable with multiplicities of products and implausible progress of service industry in which the retailing segment takes up a momentous position. Nevertheless, the perception of ‘consumer value’ has turned into the essential concern to be concentrated on in all marketing activity (Holbrook, 1994, 1999). It is in some way not easy to
describe convenience in view of the fact that what a single individual distinguishes as convenient possibly will not be entirely that suitable for another individual.

Yale and Venkatesh (1986) projected a framework for comprehending convenience whereby variables like attitude as well as situational context manipulate an individual’s liking and want for a number of the features of convenience. Those features consist of effective time operation, portability, and prevention of conflict in a service. The main factor is that as an individual’s circumstance modifies his /her discernment of what is convenient. Brown (1989) defined convenience in a way that focuses on the service as conflicting to the person, breaking convenience up along the five dimensions of a service: time (functional), place (conditional), purchase (economic), exploit (social), and implementation (emotional). Conversely, Clulow and Reimers (2009) carried out a meta-analysis of reviews of convenience in already existing literature, as well as Yale and Venkatesh and Brown, whereby the findings were that convenience in retail develops from decreasing the expenditures of time, space, and endeavour.

In terms of customer perceived value this research proposes to scrutinize concerns associated with CPV dimensions and how it influences customer satisfaction, retention and loyalty. The rising competition for the increase in business, particularly in the retailing industry (convenience store sector), has at all times been very extreme and competitive, thereby forcing companies to seek for innovative approaches to get better and raise their market shares. Thus, understanding the ways to build up customer satisfaction and the category of features that makes customers satisfied has turned into and is still a major worry in retail management nowadays (Pritchard, Havitz and Howard, 1999). The rising rivalry in the Malaysian retailing industry has manipulated and bestowed demands to retailers such as convenience store business owners to look for innovative approaches to distinguish themselves as well as improve their competitive position in customers’ mind in order to perk up customer satisfaction, retention as well as loyalty (Osman, 1993).

Nevertheless, the majority of the research illustrates that CPV has a positive influence on brand loyalty, retention, satisfaction as well as repeat purchase (Yang, 2009; Vera, 2013; Yu Wu, 2014); but very little focuses on convenience stores. However, it has remained uncertain what the definite relationship linking CPV dimensions and customer satisfaction, retention and loyalty in the retail segment such as convenience stores is. Consequently, the focus of this research is to scrutinize the relationship between CPV dimensions and customer satisfaction, loyalty and retention as regards convenience stores.

However, most of the research on CPV has been predominantly done in the developed countries, mainly in other areas in the retail industry as well as other industries (Park, 2014; Vera, 2013; Seth, 1991; Lasley, 2011; Marketta, 2012). But not many reviews have been done in the sector of convenience stores predominantly in Malaysia (Wahid, 2009), and these have mainly made use of a descriptive and exploratory research design (Sweeny, 2011; Pandza, 2007; Seth, 1991. However, it appears that the majority of the research universally applied an explanatory research design predominantly to CPV (Davis, 2012; Christine, 2011) by means of certain dependent variables to measure customer perceived value such as price (Yu et al., 2009); retention (Carpenter, 2008), brand loyalty (Reicheld and Sasser, 1990), as well as customer satisfaction (Singh, 2006).

Therefore all these variables will be integrated in this research. On the other hand, in closing the gap, this research was carried out among customers by examining the influence of CPV dimensions on convenience stores in Malaysia.

1.3. Scope of Research

The entire research and its findings will be of great significance to convenience stores as the findings will help to increase their customers’ satisfaction as well as loyalty and retention; this is for the reason that the research attempts to explain CPV of convenience stores and also its impact.
in general on which of the CPV dimensions has a higher influence on customer satisfaction, loyalty and retention. On the other hand, substantial quantity of research has been done on Customer Perceived Value in various industries and economic sectors and different brands (Chi, 2011; Park, 2014; Vera, 2013; Sheth, 1991; Lasley, 2011) but not so much has been done on convenience stores in Malaysia (Wahid, 2009). The research findings will also be of great benefit to students and researchers for upcoming research whereby they will serve as a reference for others to use them for academic purposes presently and in the future.

1.4. Research Aim, Research Objectives and Research Questions

The significance of the research objectives are divided into two. Firstly, the research is aimed at analysing the customer perceived value of existing customers of convenience stores, their products as well as service. Secondly, the research aim is to scrutinize how convenience stores can use this awareness and bring about immense satisfaction, loyalty as well as retention of customers. Since most of the research based on CPV has been on brand only, the research objectives were formulated in order to find out if CPV dimensions influence customer satisfaction as well as loyalty and retention in the case of customers patronizing convenience shops.

1.4.1. Objectives

Research objectives are: examining the impact of Customer Perceived Value on customer satisfaction; examining the impact of Customer Perceived Value on customer loyalty; examining the relationship between customer satisfaction and functional value; examining the relationship with customer satisfaction and emotional value, conditional value; examining the relationship with customer satisfaction and social value, economic value; examining the role of customer satisfaction towards customer loyalty and retention.

1.4.2. Research Questions

Research questions corresponding to the objectives are: Does the functional value have an impact on customer satisfaction? Does the emotional value have an impact on customer satisfaction? Does the social value have an impact on customer satisfaction? Does the conditional value have an impact on customer satisfaction? Does the economic value have an impact on customer satisfaction? What is the impact of Customer Perceived Value on customer satisfaction and customer loyalty and retention?

2. LITERATURE REVIEW

For several years the notions of Customer Perceived Value have been scrutinized within the marketing field. Nevertheless, because of the very extensive review of observable facts, no widespread description has been established. As a result, quite a few authors created diverse definitions of CPV; therefore, in an effort to combine these varied definitions, Woodruff (1997) proposes: “Customer value is a customer’s perceived inclination for and appraisal of those product features, feature performances, as well as outcomes occurring from use that make easy (or block) attaining the customer’s objectives and idea in use conditions”. Khalifa (2004) states that CPV can be assembled into three major groupings: utilitarian models (benefits/costs), price components models, and also means-ends models. On the other hand, Yang and Peterson (2004) described customer perceived value as an undeviating determinant of behavioural intensions as well as consumer loyalty. Ziethmal (1988) elucidates customer perceived value as a general economic viewpoint appraisal of product efficacy by the consumers. In the utilitarian view
customer perceived value is an assessment by the customer of two proportions – benefits and costs (Kumar and Grisafe, 2004; Roig et al., 2006; Gounaris et al., 2007). In researching the theoretical customer discernment of price, value and quality, furthermore, Zeithaml (1998) explained value as the relative amount of customer perceived product usefulness (benefits received) alienated by the price paid, and highlighted that customer value is based on biased view.

2.1. Critical Literature Review of Key Models and Theories

An outline of the literature shows two predominant research methods of the functionalization of value. The initial method regards perceived value as single-dimensional. According to this outlook, perceived value is a single general perception that can be defined by a set of items that examine the consumer’s discernment of value (e.g. Agarwal and Teas, 2002; Brady and Robertson, 1999; Chang and Wildt, 1994; Dodds, 1991; Hartline and Jones, 1996; Kerin et al., 1992; Sweeney et al., 1999). In turn, the second method conceives perceived value as a multi-dimensional construct that comprises a number of consistent features that outline a holistic depiction of a multifaceted trend (e.g. Babin et al., 1994; Huber et al., 2000; Mattsson, 1991; Sweeney and Soutar, 2001). The chosen models and theories are generally chosen for research as, in the case of convenience stores, consumer perception of value is evaluated from a single overall concept or several interrelated dimensions, thereby critically reviewing the suitable models as they give a broad explanation by evaluating customers by different approaches. Some of these research streams are discussed in more detail below.

2.1.1. Axiology or value theory:

Hartman (1967, 1973) explained an axiological model of the value sphere in regards to extrinsic value, intrinsic value, as well as systemic value. However, ‘extrinsic value’ replicates the utilitarian use of a meticulous service as a way to a core end, while ‘intrinsic value’ signifies the emotional approval of the consumption. The phrase ‘systemic value’ refers to the reasonable aspects of the inbuilt associations among perceptions in customers’ systematic dealings – for instance, the affiliation between forfeits as well as profits. Mattsson (1991) adjusted the framework of Hartman (1967, 1973) by consigning to three generic value aspects: – emotional (E), which centres on the consumers’ feelings; – practical (P), which centres on the substantial and serviceable features of consumption; as well as – logical (L), which centres on the reasonable and conceptual characteristics of the acquisition. In this adjustment, E was conceived as being better than P, which, in turn, was conceived as being better than L. These aspects have established a link in research from a variety of disciplines, together with values, psychology, education, social psychology, and also business management (Danaher and Mattsson, 1994). Several studies have analysed the three-dimensional structure of value in the service encounter. Danaher and Mattsson (1994) assumed the axiological model of Hartman (1967, 1973) and established that the three value measurements could be comprehended as background to satisfaction, with every value measurement having both an optimistic and pessimistic proclivity. Finally, Huber et al. (2000) made an addition to these models by including the measurement of ‘perceived risk’ in the three-dimensional configuration of value. In terms of CPV related to convenience stores this model fails to identify the dimensions of CPV which are functional value (Seth et al., 1991) conditional, emotional and social value (Sheth et al., 1991), which makes the model unfit for the research.

2.1.2. Consumption–value theory:

Sheth et al. (1991a; 1991b) declare that the comprehensive consumer preference – to purchase or not to purchase or to decide on one sort of product or service over an alternative and to prefer one brand over an alternative – is based on a variety of structures of value. These types of value can be characterized as functional, social, emotional, epistemic, and conditional.

The usefulness of this framework is in appraising diverse features of a product by means of customer view. However, the majority of the research done on CPV pointed out that the
customer tends to buy a product on the basis of benefits (Monroe, 1985). However, the theory of consumption-value proved futile in specifying all the fundamental sources of values. On the other hand, Seth et al. (1991) conquered this concern and outlined a range of features of a product, and the way these features derive customer opinion is extremely appropriate to measure the categories of values that a customer receives prior to and subsequent to the purchase of a product. In the case of appraising CPV linked with a convenience store, five variables like functional value, social value, economic value, emotional value, and conditional value appear to be relatively suitable to appraise CPV of a convenience store (Ehsani and Hashim, 2015).

Sheth et al. (1991a) propose three essential schemes that the theory relies on: (i) that market choice is a utility of numerous values; (ii) that these types of value formulate differential assistance in any particular choice circumstances; and (iii) that the types of value are autonomous. The limitation of the theory is that it only reflects the choice by a person and it merely deals with choices which are methodical and voluntary. Ensuing studies of this theory have fixed attention predominantly on the lack of generalizability of its unusual functionality. As a result, Sweeney et al. (1996) created a process for the three aspects of value in the initial multi-dimensional scale – functional, social, as well as emotional; but epistemic value and conditional value measures were exempted as they were not suitable for their study. On the other hand, Williams and Soutar’s (2000) study was qualitative and also exploratory, and the findings revealed that all of the value groupings of consumption-value theory (Sheth et al., 1991a) – functional, emotional, social, and epistemic – were obvious for the customers in their research. Exploiting the theory, Sweeney and Soutar (2001) formulated the popular ‘PERVAL’ model, which was a dimension scale of consumers’ insights about the value of resilient goods. Nevertheless, all dimensions of perceived value (functional, social, emotional, and perceived sacrifices) were found to have a momentous consequence for customer satisfaction, even though no considerable confirmation was found to sustain the direct control of whichever dimension of value over customer loyalty and retention. However, this research will also adapt this model of Seth et al. (1991) but will include economic value other than epistemic value that concerns individual status which is not relevant in measuring CPV of a convenience store.

2.1.3. Price and Quality (Monroe, 1985): The price-based unidimensional measure of perceived value by Monroe (1985) focuses on the classification as well as examination of price-quality affiliation. As proposed by Monroe (1985), perceived value is an imperative aspect for customers or the process of purchase decision by consumers. Moreover, customers will purchase a product of an elevated perceived value (Chi et al., 2009). Nevertheless, consumers will definitely measure what is given as well as what is obtained in the individual insight of consumers at the very moment a product is being purchased by a consumer (Monroe, 1985). This framework measures the product price perceived by a consumer as a gauge to appraise perceived quality and sacrifice. It further clarifies that consumers obtain perceived value subsequent to making an assessment of perceived quality against sacrifice. Therefore, according to the framework, the consumer perceived value of a product/service is positive when the perceived quality is greater than the perceived sacrifice (Monroe, 1985). On the other hand, the frameworks’ limitation is that it fails to include several constructs that measure perceived value but instead it comprises just price as its construct to measure the customer perceived value, but even as it has just one variable, it appears to be a significant variable in measuring CPV of convenience stores. Other factors of this framework were mulled over for instance in line with Zeithmal (1988) trade-off model which recognized four diverse aspects to measure customer perceived value.

2.1.4. Holbrook’s typology of perceived value: Holbrook (1994, p. 22, 1996, p. 138, and 1999, p. 5) described perceived value as an ‘interrogative relativistic predilection experience’. Holbrook’s (1999) framework is among the main multi-dimensional frameworks that have immensely contributed to the appraisal of customer perceived value. However, about eight variables were used to measure CPV; these are: competence, play, superiority, aesthetics,
prominence, principles, admiration as well as theology (Holbrook, 1999). A critical characteristic of Holbrook’s disagreement is that all eight kinds of perceived value measurement are liable to be ‘compresent’ – this implies that they are liable to take place collectively to changing degrees in whichever given consumption occurrence. In regards to all the unidimensional and multi-dimensional methods in the literature of perceived value, however, Holbrook’s suggestion, based to some extent on the axiology of value, has been, in the opinion of most, one of the methods that have contributed to the study of the history of perceived value. The theory of this framework refers to the product value which consists of the merchandise and also the services.

In respect to this view, perceived value entails relations involving a matter (the consumer) and an entity (the product); it is virtual, private, and conditional (precise to the perspective); and it exemplifies a penchant judgement. Several theoretical indications on the ‘typology of consumer value’ have been around (e.g. Bevan and Murphy, 2001; Kim, 2002) and a number of empirical studies have been carried out (Bourdeau et al., 2002; Mathwick et al., 2001, 2002). Predominantly, Mathwick et al. (2001) formulated an experimental value scale that centres on self-oriented constructs of experimental value – that is, a detachment of Holbrook’s (1999) consumer-value realm. Similar authors (Mathwick et al., 2002) afterwards applied their scale to scrutinize the impact of consumer shopping activities and the customer retention of information exhibited on consumer discernment of experiential value. Correspondingly, Bourdeau et al. (2002) recognized five value features underlying the application of the internet – communal, utilitarian, hedonic, educational, and procuring. Nevertheless, regardless of its sumptuousness and complication, Holbrook’s (1994, 1999) method does have limitations. The densities of its configuration cause difficulties to its operationalization in getting some sort of value – like ethical and spiritual values that are relatively ignored in the CPV literature (Brown, 1999; Holbrook, 1999; Wagner, 1999). Additionally, there is a comparatively restricted function for certain features of surrender in this typology, and all except one grouping – competence – refer principally to remunerations alleged by the consumer. For all these as well as other explanations, the small number of present empirical examinations of this typology have enclosed merely decreased sets of certain groupings (Bourdeau et al., 2002; Gallarza and Gil, 2006; Mathwick et al., 2001, 2002).

However, below is a review of relevant theoretical frameworks that are likely to be suitable for the research; nevertheless, due to the limitations of each model analysed above, certain conclusions have been drawn by the researchers and have led to a firm decision to propose a new theoretical framework that is perfectly suitable for the research and measures CPV of convenience stores.

2.1.5. Review of Relevant Theoretical Models

Consumption value framework (Sheth et al., 1991)
Consumer loyalty to family versus non-family business model (Orth and Green, 2009)

Customer value is deliberated over by utilizing five markers: functional, emotional, social, conditional, and also epistemic value (Sheth et al., 1991). Consequently, customer value in this research is explained as the value of service that is professed by customers subsequent to shopping at a convenience store. Emotional value is associated with the benefits gotten by customers from the atmosphere of a convenience store, whereas social value is a gain associated with the social position of customers of a convenience store. However, the most appropriate model for the research is the consumption-value theory (Sheth et al., 1991), since the research is on convenience stores. Sheth’s model has limitations as economic value is not considered in this model but is significant for convenience stores as convenience stores are generally expensive, making epistemic value less significant as customers do not visit convenience stores for status or curiosity purposes but rather for value for money and satisfaction of present needs. However, it is necessary to propose a model that modifies Sheth’s one slightly in order to provide a suitable model for the research.

2.2. Proposed Conceptual Framework

From the above proposed framework, customer value is a significant factor that is considered by customers in terms of purchase intentions. Improved customer value, as in contrast to what other companies in the industry deliver, will make a customer feel satisfied and as a result will bring about loyalty of consumers. It is established by Kotler (2013) that customers will buy from a firm which they believe to give the maximum value for the customer. In regards to the theory of customer satisfaction, it is the intensity of a customer’s awareness subsequent to evaluating
the tangible performance of a product that a customer recognizes as compared to what he/she anticipated. McQuity et al. (2000) declare that if consumers understand that even the smallest expectation is met, it will boost customer satisfaction. Additionally, Kotler and Armstrong (2004) claimed that consumers constantly necessitate businesses’ offering merchandise or service that is capable of satisfying the requirements of customers. Regarding the affiliation between customer satisfaction and customer loyalty, as Kotler (2013) said, an extremely satisfied customer usually remains loyal for a long period of time, purchases extra as the firm launches new products and improves already existing products, converses positively about the firm and its products, spends less on competing brands, and is not as much susceptible to price, gives ideas of products/service to the firm, as well as costs less than new customers.

2.2.1. Functional Value: is an individuals’ realistic and economic evaluation of the superiority of the product and service (Woodruff, 1997; Sanchez et al., 2006). A variety of functional value characteristics materializes from the widespread review; this includes responsiveness (Parasuraman, Zeithaml and Berry, 1988), suppleness (Lapierre, 2000), dependability (Parasuraman et al., 1988), sympathy (Parasuraman et al., 1988), convenience (Schmenner, 1986) and price (Anderson and Narus, 1998). Sanchez et al. (2006) and Sweeney and Soutar (2001) also projected that functional value is connected to responsiveness, dependability, suppleness, sympathy as well as price. Thus, this aspect replicates the derived compensations from the quality of the product, product performance and derived product’s value for money. Consequently, functional value is however connected to the SERVQUAL model’s second and third dimensions; reliability is the second dimension of the model and also contains two sub-dimensions which are assurance (Dabholkar et al., 1996) and accessibility of goods/services (Westbrook, 1981). The guarantee sub-dimension evaluates the consumer’s perception that the store will keep its promise, while the accessibility dimension concerns the perception of the consumer whether the consumer can rely on the accessibility of goods/services. The third dimension is individual communication. It has two sub-measurements: first – responsiveness and second – politeness. These sub-measurements are in close relation and capture how promptly and how well the customer is taken care of by the staffs of the business. Nevertheless, functional value above all displays how practical a product is, and whether it fulfills the functions expected of it (Smith and Colgate, 2007). These measurements have manipulated on CPV for the consumer, which is an imperative aspect that impacts the satisfaction of the customer (Gill et al., 2007).

2.2.2. Emotional Value: Emotional value includes the belief that a customer derives from the consumption experience of a product and also a service (Sheth et al., 1991). Yu and Dean (2001) disputed that the emotional factor is momentous to determine customer satisfaction. A number of academicians revealed that there is a well-built effect on satisfaction from pessimistic rather than optimistic emotions. Therefore, emotions are dominant in outlining the outcomes and influence of several organizational experiences like: customer satisfaction (Bucuniene et al., 2009; Liljander and Stranvik, 1997; Freemantle, 1998; Youngdahl and Kellogg, 1997). According to Westbrook and Oliver (1991), the perception of consumption emotion is a reply throughout the experiences of consumption. Momentarily they clarified that consumption emotions are characterized by a variety of experiences and terms, such as apprehension, happiness and resentment.

2.2.3. Social Value: Social value has an undeviating relation with social position. These measurements of social capital and the well-being of social citizens make extensive impression on the customers’ mind. This can be the capability of participating in decision making that impacts them. The social factor signifies benefits which may come from referrals of others like friends and family (Tabassum et al., 2013). Therefore, social value is the value gotten from the product’s or service’s capability of improving social self-concept (Sweeney and Soutar, 2001); this can be described as the perceived efficacy obtained as a result of having relations between single or multiple social groups as well as consumer choice (Panda, 2007). However, social values are measured as the majority of imperative multi-dimensional variables which manipulate purchasing
intentions of consumers, which has an undeviating effect on customer satisfaction as well as plays a vital role in encouraging individuals to incessantly utilize convenience stores and stay loyal to the company.

2.2.4. Conditional Value: is defined by Ehsani, Z and Hashim, N. (2015) in assessing the CPV of a customer doing shopping in convenience stores. Nevertheless, conditional value is the perceived benefit derived in a specific situation. According to Sheth et al. (1991), this kind of customer value replicates the condition in which numerous or few market assortments are reliant on the particular circumstances a consumers encounters for a product or services. The point of view given above is an apparent description that restrictive value is suitable to evaluate customer satisfaction which ultimately leads to loyalty resulting from the circumstances at the moment of necessity by customers of a convenience store.

2.2.5. Economic Value (Price): However, the current research challenges the fact that perceived value is a multifaceted dimension that comprises additional simple reasonable appraisal of ‘value’. In addition, ‘price’ is, in itself; an unclear as well as indefinable notion (Dodds et al., 1991; Woodruff and Gardial, 1996). Even though ‘price’ is frequently unspoken as the financial worth of a product, a jam-packed admiration of the perception also adds deliberation of time, endeavour and exploration included in the general cost or sacrifice formulated by the customer in the experience of consumption. It is consequently noticeable that perceived value is a wider and better construct than a simple trade-off between ‘value’ and ‘price’ (Monroe, 1990; Zeithaml, 1988).

Conclusively, Schiffman and Kanuk (2004) state that the general purpose of offering worth to customers incessantly and more efficiently than competitors is to obtain as well as to maintain extremely satisfied customers. However, the concept of satisfaction has been extensively reviewed as an analysis of customer loyalty (Cronin et al., 2000; Fornell et al., 1996; Yang and Peterson, 2004). This general satisfaction has a very firm optimistic influence on customer loyalty intents over a wide range of categories of merchandise and service (Gustafsson, 2005). Furthermore it is an imperative feature for a long-term affiliation between an organization and customer (Anderson and Srinivasan, 2003). Based on the above in-depth review of suitable models and theories, the purpose of the research was to see if CPV dimensions influence customer satisfaction and customer loyalty and retention of convenience store customers, rather than just examining the influence of a brand as in most research; therefore, the research attempted to fill the gap.

3. DATA AND METHODS

Research Philosophy: The projected research notion for this research was the positivist philosophy. The researchers intended to evaluate the research data by employing validity and reliability test to the data analysis. Research Design: As a result of the research type that leans towards a practical technique, the research intended to employ the combination of a descriptive and explanatory research design. Research Methods: The research took on a quantitative research methodology as it planned to assemble data from a huge number of customers so as to quantify how CPV is influenced by customer satisfaction and customer loyalty. Consequently, in connection to the objectives of this research, the consideration of primary research was perceived to be more pertinent to the study aim so as to offer lustre and comprehension of customer perceived value in the retail sector, precisely convenience stores.

Data Collection, Sampling Procedures and Target Population: This research applied a non-probability sampling technique as well as quota sampling. Concerning this research, quota sampling helped to segregate the respondents by gender, and also due to the reality that quota sampling was fundamental as it necessitated the chosen populace to be segregated into subgroups...
in order to ensure significance of the obtainable data and also to estimate a ratio for each chosen group as well as it was connected to the little improvements figured out by Saunders et al. (2010). Data collection was carried out by handing out questionnaires to respondents who gave their consent to the researchers in a signed consent form made available on the first page of each questionnaire. This method of sampling is ideal for the research as it is cost effective and time saving. Furthermore a sample of 200 respondent was selected. The researchers intended to add 25 to the sample size in order to arrive at the sample size of exactly 200 in case of mistakes by certain respondents. Questionnaire: The researchers designed a self-administered questionnaire. The researchers premeditated the questionnaire with 6 questions in 3 sections and 5 questions in 4 sections on a five-point Likert scale (Burns and Bush, 2000) and the questionnaire was reviewed using five foremost customer perceived value dimensions (emotional value, social value, functional value, economic value and conditional value). These are measurement instruments employed in previous studies by Sanchez et al. (2006) and Roig et al. (2006) whereby the questions were designed in a straightforward, less vague manner, with the observance of content, reliability measures as well as construct dependability. Each variable was measured by sub-variables which translate the main variable and questions were derived from the sub-variables. For instance, social value describes the convenience gotten from product or service capability of enhancing self-concept; in order to create the questions a twist was made by the researchers for the measurement to suit convenience stores. As it does not focus on product, 3 sub-variables were used: decision-making, values and attitude (Panda, 2007; Sweeny and Soutar, 2001).

Analysis Tools: A survey Likert-scale questionnaire was the applied data collection tool for this research, as it was the most common tool used by past researchers (Bjorn, 2013; Sandra, 2012); however, it was applied as it is a less expensive approach for the researcher and it permits the respondents to make their responses in an adequate manner. Furthermore, in order to establish a relationship between the CPV dimensions and customer satisfaction as well as customer loyalty and retention, a correlation as well as a multiple regression analysis tools were applied to measure the relationship. This analysis tools helped the researchers to know the extent to which CPV dimensions influence customer satisfaction and customer loyalty and retention. The first step in the analysis was a check of reliability of all collected data and then the final stage of the analysis was the relationship testing using regression analysis. The hypotheses formulated for this research were tested at the level of 5% significance. The regression formula is: $\alpha = a + b\beta + ui$, where; $\alpha = \text{dependent variable}$, $\beta = \text{independent variable}$, $a = \text{intercept}$, $b = \text{slope}$, $ui = \text{error term}$. Ethical issues: Ethical issues were minimized by the researchers in possible ways such as the consent form, the use of straightforward questions in the researchers’ questionnaire and also minimizing the amount of plagiarism in the secondary data collection. But the issue that the researchers could not avoid were untrue answers by respondents in the primary data collection. Limitations of Research: This research is not without its limitations in terms of biasness of respondents which might have an effect on the results. Another limitation is that the research does not focus on a certain brand or product or consumer-but its focus is on the convenience store in general. Nevertheless, the research findings are likely to oppose the findings of previous research. Furthermore, the subjects did not have enough time to answer the questions; therefore, a longer period of time was utilized to collect data as not all the respondents were willing. Another limitation is the language barrier for some subjects and also the sample size as it did not allow a general conclusion to be drawn on CPV of convenience store customers.
4. RESULTS AND DISCUSSION

4.1. Analysis of Demographic

For the demographic section, the respondents are divided into 7 different groups which are gender, age, the level of education, relationship status, total annual household income, socio-cultural background as well as the number of times they visited the establishment (convenience store). However, for the significance of the research, gender, age, total household income and the number of visits to the establishment were analyzed. In terms of gender, 61% of the respondents are males and 39% are females; this lesser share of females can only be attributed to the fact that the researchers are male and have freer interactions with males. In terms of age, 33% of the respondents are in the age range of 18–22 years while 43.5% are 23–30, 16% are 31–40, 5.0% are 41–50 and only 2.5% are 51 and above. The variations in the age percentages show that the age group of 23–40 indicates that they visit convenient stores more, which can be attributed to office hours, school hours and household responsibilities. In terms of the level of household income and the number of visits to convenience stores, among low household income earners: 58 respondents visit convenience stores daily; 36 respondents weekly and 3 respondents monthly. For medium household income earners: 22 respondents visit convenience stores daily, 52 respondents weekly and 4 respondents monthly, and finally for high household income earners: 9 respondents daily, 9 respondents weekly and only 4 respondents monthly. This explains that household income would not influence the number of times individuals visit a convenience shop.

Table 1
Socio-demographic analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Categories</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age Group</td>
<td>18–22</td>
<td>66</td>
<td>33.0</td>
<td>33.0</td>
</tr>
<tr>
<td></td>
<td>23–30</td>
<td>87</td>
<td>43.5</td>
<td>76.5</td>
</tr>
<tr>
<td></td>
<td>31–40</td>
<td>32</td>
<td>16.0</td>
<td>92.5</td>
</tr>
<tr>
<td></td>
<td>41–50</td>
<td>10</td>
<td>5.0</td>
<td>97.5</td>
</tr>
<tr>
<td></td>
<td>51 and above</td>
<td>5</td>
<td>2.5</td>
<td>100</td>
</tr>
<tr>
<td>Gender</td>
<td>Female</td>
<td>78</td>
<td>39.0</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>122</td>
<td>61.0</td>
<td>61.0</td>
</tr>
<tr>
<td>Annual Household Income</td>
<td>Low</td>
<td>100</td>
<td>50.0</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>79</td>
<td>39.5</td>
<td>50.0</td>
</tr>
<tr>
<td></td>
<td>High</td>
<td>21</td>
<td>10.5</td>
<td>10.5</td>
</tr>
<tr>
<td>Number of Visit</td>
<td>Daily</td>
<td>92</td>
<td>46.0</td>
<td>46.0</td>
</tr>
<tr>
<td></td>
<td>Weekly</td>
<td>97</td>
<td>48.5</td>
<td>94.5</td>
</tr>
<tr>
<td></td>
<td>Monthly</td>
<td>11</td>
<td>5.5</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.2. Measure Validation

A pre-test was carried out before conducting the analysis, with a group consisting of twenty customers; so the results allowed us to believe the definitive questionnaire. The researchers used Cronbach’s alpha to measure the reliability of the questionnaire. It is significant as it is the reliability coefficient that indicates how positively all items are correlated (Sekaran, 2000). Therefore, in order for the scale to be consistent it must have a satisfactory value of 0.6 although Cronbach’s value is within the range of 0 to 1 (Cronbach, 1951; Malhotra, 2002); this implies that
the closer to 1, the higher the internal consistency and the research is bias free as well (Bollen, 1989). The reliability evaluation of every dimension is from 0.500 to 0.966. Not all measures reveal a satisfactory psychometric property in terms of the estimates of reliability. As a result it can be stated that the questionnaire of this particular study is reliable as the overall reliability for all dimensions is 0.925 (Table 2).

Table 2
Reliability analysis

<table>
<thead>
<tr>
<th>Main Variable</th>
<th>Sub-variables</th>
<th>Number of Items</th>
<th>Cronbach’s Alpha (α)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Perceived Value</td>
<td>Functional Value</td>
<td>6</td>
<td>0.966</td>
</tr>
<tr>
<td></td>
<td>Emotional Value</td>
<td>6</td>
<td>0.952</td>
</tr>
<tr>
<td></td>
<td>Social Value</td>
<td>5</td>
<td>0.901</td>
</tr>
<tr>
<td></td>
<td>Conditional Value</td>
<td>5</td>
<td>0.913</td>
</tr>
<tr>
<td></td>
<td>Economic Value</td>
<td>5</td>
<td>0.500</td>
</tr>
<tr>
<td></td>
<td>Overall CPV</td>
<td>28</td>
<td>0.925</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>Satisfaction</td>
<td>5</td>
<td>0.822</td>
</tr>
<tr>
<td>Customer Loyalty and Retention</td>
<td>Loyalty</td>
<td>5</td>
<td>0.560</td>
</tr>
</tbody>
</table>

4.3. Sample Competence

In the aftermath of scrutinizing the reliability and also the validity of scale, the researchers decided to test appropriateness of the collected data for the purpose of running a factor analysis. However, the sample size is very significant in the measurement of factor analysis appropriateness; this statement is supported by MacCallum et al. (1999) They conducted a study showing that the lowest amount of sample size depends on other characteristics of the study design. MacCallum et al. (1999) explained further that as communalities turn out to be lower, the significance of the size of the sample increases. Therefore, according to them if each and every communality is higher than 0.5, then a comparatively small samples size such as 100 may be entirely sufficient. Since the current research sample size is 200, it is therefore entirely adequate for factor solution in view of the fact that all communalities are from 0.5-above with the exception of FV6, EV5, SV5 and ECV2. The outcome recommended scrutinizing the sample competence by means of Kaiser-Mayer-Olkin (KMO) method.

Table 3
KMO and Bartlett’s Test

<table>
<thead>
<tr>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</th>
<th>.888</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bartlett’s Test of Sphericity</td>
<td></td>
</tr>
<tr>
<td>Approx. Chi-Square</td>
<td>2991.637</td>
</tr>
<tr>
<td>Df</td>
<td>378</td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>

The variation of KMO statistics is between 0 and 1. According to Kasier (1974), values that are greater than 0.5 are satisfactory. Therefore, values between 0.5 and 0.7 are second-rate, values between 0.7 and 0.8 are superior, and values between 0.8 and 0.9 are outstanding (Field, 2000). The present study factor analysis is outstanding and significant as its values are between 0.8 and 0.9 (Kaiser-Meyer-Olkin = 0.888, Bartlett’s Test of Sphericity was significant at p = 0.000 level). As a result of the above analysis it was recommended that the researchers should retain all variables planned at the beginning in the scale construct.
4.4. Descriptive Analysis

The below descriptive statistic table illustrates all the constructs mean values as well as the standard deviation that depicts the psychological personality of the respondents. High mean values were obtained for all of the constructs except social value which is slightly lower than other constructs.

Referring to the above descriptive statistic table, emotional value has an obvious higher mean of 4.16. Studies have supported the claim that emotions are significant in determining the outcomes as well as influence of several organizational experiences (Buciuniene et al., 2009; Liljander and Stranvik, 1997; Freemantle, 1998; Youngdahl and Kellogg, 1997). Additionally conditional value has shown a high mean of 3.790. This high mean correlates with the study and is considered appropriate by Ehsani and Hashim (2015), who ascertain that conditional value is considered suitable in determining the Customer Perceived Value of a customer connected to convenience stores. However, economic value and functional value mean values 3.686 and 3.650 of both constructs are said to be significant in measuring CPV (Sanchez et al., 2006; Woodruff and Gardial, 1996), while social value has a slightly lower mean than other constructs (3.592), making it the construct with the lowest mean; this mean result of the research contradicts Sweeney and Soutar (2001), Tabassum et al. (2013) and Panda (2007), who explained that social value is one of the most significant constructs in measuring a customers’ CPV.

Table 4
Descriptive Mean Analysis

<table>
<thead>
<tr>
<th>Construct</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functional Value</td>
<td>3.686</td>
<td>.6966</td>
<td>200</td>
</tr>
<tr>
<td>Emotional Value</td>
<td>4.16</td>
<td>.786</td>
<td>200</td>
</tr>
<tr>
<td>Social Value</td>
<td>3.592</td>
<td>.7195</td>
<td>200</td>
</tr>
<tr>
<td>Conditional Value</td>
<td>3.790</td>
<td>.5677</td>
<td>200</td>
</tr>
<tr>
<td>Economic Value</td>
<td>3.650</td>
<td>.6526</td>
<td>200</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>3.606</td>
<td>.6937</td>
<td>200</td>
</tr>
<tr>
<td>Customer Loyalty and Retention</td>
<td>3.657</td>
<td>.5799</td>
<td>200</td>
</tr>
</tbody>
</table>

4.5. Correlation

The correlation table below gives a detailed explanation how highly correlated each construct is; correlation coefficient is in the range of 0.231 and 0.750. Therefore, this implies that all CPV drivers have a positive relationship with customer satisfaction and customer loyalty and retention; the same goes for customer satisfaction having a positive relation with customer loyalty and retention. On the other hand, economic value is highly correlated with customer satisfaction (0.841) and customer loyalty and retention (0.706). This outcome illustrates a very strong relationship to both variables; this affirms that economic value in itself is an indefinite and intangible construct (Dodds et al., 1991; Woodruff and Gardial, 1996). The emotional value depicts the weakest correlation with customer satisfaction and customer loyalty and retention of 0.231 and 0.192 respectively; this result contradicts the claim that emotions are significant in determining the outcomes as well as influence of several organizational experiences such as customer satisfaction (Buciuniene et al., 2009; Liljander and Stranvik, 1997; Freemantle, 1998; Youngdahl and Kellogg, 1997). Correlation coefficients of functional value at 0.530 and 0.537; social value 0.750 and 0.659 as well as conditional value 0.494 and 0.482 show a strong relationship with customer satisfaction as well as customer loyalty and retention.
Table 5
Correlation Between CPV and Customer Loyalty and Retention

<table>
<thead>
<tr>
<th>Factor</th>
<th>Correlation with Satisfaction</th>
<th>P &lt;0.05</th>
<th>Correlation with Customer Loyalty and Retention</th>
<th>P &lt;0.05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functional Value</td>
<td>0.530**</td>
<td>Significant</td>
<td>0.537**</td>
<td>Significant</td>
</tr>
<tr>
<td>Emotional Value</td>
<td>0.231**</td>
<td>Significant</td>
<td>0.192**</td>
<td>Significant</td>
</tr>
<tr>
<td>Social Value</td>
<td>0.750**</td>
<td>Significant</td>
<td>0.659**</td>
<td>Significant</td>
</tr>
<tr>
<td>Conditional Value</td>
<td>0.494**</td>
<td>Significant</td>
<td>0.482**</td>
<td>Significant</td>
</tr>
<tr>
<td>Economic Value</td>
<td>0.841**</td>
<td>Significant</td>
<td>0.713**</td>
<td>Significant</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>1</td>
<td></td>
<td>0.706**</td>
<td>Significant</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

4.6. Multiple Regression Analysis

The researchers performed a multiple regression analysis in order to examine how well the two dependent variables (customer satisfaction and customer loyalty and retention) are explicated by the independent variables – functional value, emotional value, social value, conditional value and economic value. The outcome of the standard regression is shown in Tables 6 and 7.

Table 6
Model Summary in Calculating Customer Satisfaction

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.857a</td>
<td>0.735</td>
<td>0.728</td>
<td>0.3615</td>
</tr>
</tbody>
</table>

The above result depicted in Table 6 proves that R is 0.857a; R square is 0.735 and 0.728 for adjusted R square. This signifies that 0.728 = 72% of the inconsistency in customer satisfaction can be clarified by the adjustment in the independent variables of CPV. However, the outcome of the adjusted R square makes this model a ‘good fit’ as this multiple regression model sufficiently explained more than 60% of the variance in customer satisfaction (dependent variable). This finding is supported by Sweeney and Soutar (2001), Wang et al. (2004) and William and Soutar (2000), who explained that all dimensions of perceived value (functional, social, emotional, conditional and economic) were found to have a momentous consequence for customer satisfaction.

Table 7
Customer Satisfaction Regression Model

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.158</td>
<td>.205</td>
<td>.770</td>
<td>.442</td>
</tr>
<tr>
<td>Functional Value</td>
<td>−.043</td>
<td>.050</td>
<td>−.043</td>
<td>−.866</td>
</tr>
<tr>
<td>Emotional Value</td>
<td>.008</td>
<td>.035</td>
<td>.009</td>
<td>.228</td>
</tr>
<tr>
<td>Social Value</td>
<td>.235</td>
<td>.059</td>
<td>.243</td>
<td>3.992</td>
</tr>
<tr>
<td>Conditional Value</td>
<td>.047</td>
<td>.056</td>
<td>.038</td>
<td>.829</td>
</tr>
<tr>
<td>Economic Value</td>
<td>.701</td>
<td>.067</td>
<td>.660</td>
<td>10.531</td>
</tr>
</tbody>
</table>

Dependent variable: Customer Satisfaction
The above Table 7 result shows that only two drivers of CPV are significant out of the five drivers manipulating customer satisfaction; these are Social Value (SV = 0.000 P < 0.05) and Economic Value (EVC = 0.000 P < 0.05). Therefore, the remaining three drivers are insignificant and as a result do not influence customer satisfaction. The other three variables are not significant in influencing customer satisfaction.

**Customer Satisfaction = 0.243 (SV) + 0.660 (ECV) + 0.158**

The above written model proposes that the modifications in Economic Value (ECV) can create a major influence on the level of customer satisfaction as Economic Value Beta coefficient (0.660) is the highest and also significant.

**Table 8**

<table>
<thead>
<tr>
<th>Model Summary in Calculating Customer Loyalty and Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>2</td>
</tr>
</tbody>
</table>

The above result depicted in Table 8 proves that R is 0.743a; R square is 0.552 and 0.541 for adjusted R square. This signifies that 0.541 = 54% of the inconsistency in customer loyalty and retention can be clarified by the adjustment in the independent variables of CPV. However, the outcome of the adjusted R square makes this model a ‘poor fit’ as this multiple regression model sufficiently explained less than 60% of the variance in customer satisfaction (dependent variable), whereas generally it has to be more than 60% of the variance. This finding is not supported by Sweeney and Soutar (2001), Wang et al. (2004) and William and Soutar (2000), who explained that all dimensions of perceived value (functional, social, emotional, conditional and economic) were found to have a momentous consequence for customer satisfaction but no significant verification was found to support the direct manipulation of any of the CPV dimensions on customer loyalty and retention.

**Table 9**

<table>
<thead>
<tr>
<th>Customer Loyalty and Retention Regression Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>Functional Value</td>
</tr>
<tr>
<td>Emotional Value</td>
</tr>
<tr>
<td>Social Value</td>
</tr>
<tr>
<td>Conditional Value</td>
</tr>
<tr>
<td>Economic Value</td>
</tr>
</tbody>
</table>

Dependent variable: Customer Loyalty and Retention

The above table 9 result shows that only two drivers of CPV are significant out of the five drivers manipulating customer loyalty; these are Social Value (SV = 0.007 P < 0.05) and Economic Value (EVC = 0.000 P < 0.05). Therefore, the remaining three drivers are insignificant and as a result do not influence customer loyalty and retention. The other three variables are not significant in influencing customer loyalty and retention. On the other hand, the constant is significant at (0.000 P < 0.05). Previous research has found that social values are considered to be
the most important multi-dimensional variables which influence consumers and their purchasing intentions (Sweeney and Soutar, 2001).

**Customer Loyalty and Retention = 0.216 (SV) + 0.439 (ECV) + 0.158**

The above written model proposes that the modifications in Economic Value (ECV) can create a major influence on the level of customer loyalty and retention as Economic Value Beta coefficient (0.439) is the highest and also significant.

Table 10
Model Summary in Calculating Customer Loyalty and Retention

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>0.706a</td>
<td>0.498</td>
<td>0.496</td>
<td>0.4118</td>
</tr>
</tbody>
</table>

The above result depicted in Table 10 proves that R is 0.706a; R square is 0.498 and 0.496 for adjusted R square. This signifies that 0.496 = 49% of the inconsistency in customer loyalty and retention can be clarified by the adjustment in the independent variable of customer satisfaction. However, the outcome of the adjusted R square makes this model a ‘poor fit’ as this multiple regression model sufficiently explained less than 60% of the variance in customer loyalty and retention (dependent variable), whereas generally it has to be more than 60% of the variance.

Table 11
Customer Loyalty and Retention Regression Model

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.530</td>
<td>.155</td>
<td>9.818</td>
</tr>
<tr>
<td></td>
<td>Customer Satisfaction</td>
<td>.590</td>
<td>.042</td>
<td>14.018</td>
</tr>
</tbody>
</table>

The above analysis in Table 11 shows that customer satisfaction is a significant and positive driver of customer loyalty and retention (adjusted R square = 0.496, p = 0.000); thereby the findings support the findings of Cronin et al. (2000), Fornell et al. (1996), Yang and Peterson (2004) that customer satisfaction is a significant interpreter of customer loyalty and retention. Generally customer satisfaction has a positive effect on customer loyalty (Gustafsson, 2005).

**Customer Loyalty and Retention = 0.706 (Customer Satisfaction) +1.530**

The above written model proposes that when customer satisfaction is enhanced even as other things stay constant, there will be an improvement in customer loyalty and retention.

5. CONCLUSION AND RECOMMENDATIONS

5.1. Conclusion

The objectives of this research were to scrutinize whether the dimensions of CPV have a relationship that positively influences customer satisfaction as well as customer loyalty and retention. It was based on the psychological CPV dimension drivers of customers who visit 7Eleven stores. Therefore, the findings of the research conclude that despite slight variations, functional value, emotional value, social value, conditional value and economic value considerably
influence customer satisfaction as well as customer loyalty and retention (Sweeney and Soutar, 2001; Wang et al, 2004; William and Soutar, 2000).

1.1.1. Examining the impact of Customer Perceived Value on customer satisfaction

The finding of the research proves that not all drivers of Customer Perceived Value have a positive relationship with customer satisfaction; Table 7 result shows that only social value and economic value have significant influence on customer satisfaction. This finding is supported by Sweeney and Soutar (2001), Wang et al. (2004) and William and Soutar (2000), who explained that all dimensions of perceived value (functional, social, emotional, conditional and economic) were found to have a momentous consequence for customer satisfaction. Therefore, based on the research findings it confirms Sweeney and Soutar (2001, 2000), as there is a possibility for any of the perceived value dimensions to momentously influence customer satisfaction. However, in terms of social value, the authenticity of the findings can be linked to the development of the research questionnaire whereby the questions were created with sub-variables, which is supported by the Theory of Reasoned Action (Ajzen and Fishbein, 1980) that confirms that consumer attitude manipulates consumer purchase actions (decision making), whereby action is determined by goals, which are also influenced by attitudes and individual values.

1.1.2. Examining the impact of Customer Perceived Value on customer loyalty and retention

The finding of this study also validated the formation of customers’ perceived values and loyalty. It was found that customers’ perceived values of a product or a service will influence their satisfaction. Customers who are satisfied with a service will continuously use the service and become loyal customers. But for a convenience store, based on the findings in Tables 5 and 9, two values are highly significant in influencing customer loyalty and retention. However, the customer loyalty variable is measured by five dimensions of CPV, but two variables are more significant. This can be attributed to the ease a convenience store provides, which leads to word of mouth or telling others optimistic things, which is attributed to social value, and the time and effort a convenience store saves can be attributed to economic value. These findings are in line with Jim Novo (2011), who explained customer loyalty as a propensity of a customer to choose a certain brand of business or product to fulfil their needs. In this case customers choose convenience stores to fulfil their needs; therefore, this can be said to be a situational loyalty for convenience store customers.

1.1.3. Examining the relationship between customer satisfaction and functional value

Functional value has been widely used in studies of CPV and has been found to be significant in influencing customer satisfaction (Sweeney and Soutar, 2001; Gill et al., 2007). However, the findings of the research (Tables 5 and 7) proved that functional value is insignificant in influencing customer satisfaction when related to a convenience store. These findings can be explained as the fact that most research has been product or brand based, and thus functional value mainly reveals how functional a product/brand is (Smith and Colgate, 2007). Nevertheless, as regards convenience store customers, the research findings prove that they do not perceive function value like this; therefore, satisfaction is not derived from the responsiveness, flexibility and reliability of a product but rather customers derive satisfaction from the immediate meeting of a need that a convenience store caters for.

1.1.4. Examining the relationship with customer satisfaction and emotional value, conditional value

For emotional value, the findings depicted in Table 4 show emotional value to have a high mean value, but when correlated with customer satisfaction, the relationship is weak (Table 7); thereby the research findings contradict the findings of Yu and Dean (2001), who disputed that
emotional value is vital to determine customer satisfaction. However, some scholars revealed that there is a strong effect on satisfaction from emotions that are negative rather than emotions which are positive. Therefore, consumers who by any means develop emotional responses that are positive for a product or service will in turn obtain a stronger relationship as well as obligation to an organization (Lilijander and Strandevik, 1995); that perception of consumption emotion is a reaction lasting throughout the period of consumption experience (Westbrook and Oliver, 1991). The above discussion reveals that in terms of convenience store experience the emotional factor is not so significant.

1.1.5. Examining the relationship with customer satisfaction and social value and economic value

The research finding in Tables 5 and 7 reveals that social and economic value has a high positive influence on customer satisfaction. Although most past research has found functional value to be significant (Gill et al., 2007), in this research the economic value was found to have a high significance in influencing customer satisfaction. However, a possible reason why economic value is highly significant is that respondents feel that prices and services rendered are important in influencing their purchase intentions in a convenience store. Nonetheless, the research findings indicate that presenting customers with a fair price is a significant part for customers. The customers who are price-perceptive have a preference to buy products at the best-value price. If it is simultaneous with customer satisfaction, then customers who patronise a convenience store will not perceive products purchased from the convenience store as high-priced products if they tend to derive satisfaction comparable to the products.

1.1.6. Examining the role of customer satisfaction towards customer’s loyalty and retention

In this research, customer loyalty and retention was deliberated over from the perspective of customers’ behavioural objective to constantly or progressively buy more in the present convenience shop, and their tendency to recommend the convenience shop to other individuals. This appraisal was confirmed as positive in previous studies (Zeithaml, Berry, and Parasuraman, 1996). However, satisfied customers have a propensity to have a superior usage intensity of a service than unsatisfied individuals (Bolton and Lemon, 1999; Ram and Jung, 1991); on the other hand, they are more likely to acquire stronger repurchase intent and to suggest the product/service to their associates (Zeithaml et al., 1996). A fair number of studies have made known that customer satisfaction positively influences customer loyalty and retention (Bloemer, de Ruyter and Wetzes, 1999; Oliver, 1999; Zeithaml et al., 1996). This correlates with the finding of this research as shown in Table 11 that customer satisfaction is a positive and significant driver of customer loyalty and retention (Cronin et al., 2000; Fornell et al., 1996; Yang and Peterson, 2004). This general satisfaction has a strong positive effect on customer loyalty intents across an ample range of product as well as service groups (Gustafsson, 2005). It is a significant feature for a long-term relationship between a company and a consumer (Anderson and Srinivasan, 2003).

Conclusively, the research findings of the research seem to be in line with most scholars such as Sweeney and Soutar (2001), Wang et al. (2004) and William and Soutar (2000), who believed that CPV dimensions are significant in measuring customer satisfaction and in turn produce loyalty and retention; although these findings have been linked to brand only; therefore, as regards convenience stores, this research has tried to shed light on the extent to which each CPV dimension affects customer satisfaction in a convenience store and how it leads to loyalty and retention, thereby showing and explaining the objectives of the research and seeing that economic value is more significant for a convenience store customer than an emotional factor or social factor as price is what controls consumer perceived value.
5.2. Recommendation

The following recommendations are made after critically analysing the data and arriving at certain findings. However, for convenience stores to increase their customer satisfaction as well as loyalty and retention:

1. It is important that convenience stores need to offer their customers the benefit of membership card. It is an effort to satisfy and retain their customers. Furthermore, it is also evidence that a membership card has encouraged customers to remain loyal. However, when a customer has a membership card, he/she has the possibility to get a special price discount and purchase points in contrast to the situation when he/she does not own a membership card. This can be done by aggregating the functional, conditional and emotional value of a convenience store, thereby maximising profit margin.

2. Convenience stores should be able to allocate resources for sales promotional tools such as price discounts, coupons, bonus packs as many scholars have found this medium to be highly significant in increasing sales (see: Little and Klein, 1983; Bawa and Shoemaker, 1987; Neslin, 1990).

3. Creating perceived value by placing more emphasis on functional, conditional as well as emotional features of convenience stores will create trust among their consumers, which can lead to revenue growth.

4. Product assortment is significant so as to provide a wide range of products for customers and also more focus should be on sales promotion so as to retain customers.

5.3. Managerial Implications

The finding of this study shows that improving social and economic values would develop customer satisfaction, loyalty and retention. Therefore, it is significant to highlight improving economic aspects of convenience stores. Perhaps a reasonable pricing strategy could add to customer satisfaction, loyalty and retention. This could result in an increase in sales.

References


Exploring the Multi-Sensory Based Memorable Tourism Experiences: A Study of Adam&Eve Hotel in Turkey

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Received: 8 February 2016 / Revised: 14 July 2016 / Accepted: 29 July 2016/ Published online: 6 October 2016

ABSTRACT

Tourism business executives should discover critical ways to create a memorable experience by appealing to consumers’ multi-sensory organs emotionally and rationally. From this point of view determining the most successful multi-sensory brand experience concept, which the customers find most satisfying, is becoming a critical marketing strategy. So this study aims to find the sensory based memorable tourism experiences, attributes/specific elements of the hotel business. With this aim, Adam&Eve Hotel, a themed hotel in Antalya, was chosen as the study sample. In this exploratory research, comments which were made electronically on Tripadvisor.com, known as the world’s most visited online social travel information channel about the holiday experience, constituted the search data and the data was subjected to content analysis via Nvivo Software and the critical multi-sensory organs that create memorable tourism experiences were defined. The analysis of the results has been performed on the basis of five sensory stimuli: 1) tactile, 2) gustatory, 3) olfactory, 4) visual, and 5) auditory. The findings also revealed that nearly 70 percent of the recalled emotions and feelings from sensations related to visual stimuli which were detailed with the components like decor, interior/exterior design, etc.

JEL classification: M30, M31, M39

Keywords: Sensory Marketing (SM), Memorable Tourism Experiences (MTE), multi-sensory brand strategies, Nvivo, Turkey.

INTRODUCTION

The businesses, in the midst of change in competitive/dynamic market place, direct their activities from traditional marketing that reveals the nature and benefits of the product through the competitive activities emphasizing the emotions and feelings that will create value for customers. As creating value for customers requires a new way, Tung and Ritchie (2011) offer the concept of the tourism experience which should be created and managed by companies to differentiate their offers (Kotler and Armstrong, 2014). This fact is more intensely perceived in tourism and

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hospitality industry because people visit the tourist destinations in order to satisfy their particular needs including social, emotional, psychological, etc. and the tourism experiences are formed by these visits and environment (Volo, 2010; Chhetri et al., 2004). While the destination experiences, identified by Oh et al. (2007) as enjoyable, engaging, and memorable encounters, are highly idiosyncratic, tourism businesses have to give attention to the realization of memorable tourism experiences for travelers (Tung and Ritchie, 2011; Kim et al., 2010). For instance, Bharwani and Jauhari (2013) stressed the co-creation of memorable customer experience and discussed the role of frontline employees. In the context of destination experiences, this paper will be organized to highlight sensory marketing.

Sensory marketing is one of the main issues of memorable experiences. Businesses that activate multi-sensory bases create memorable experiences for the customer; strengthen the emotional connection between the customers and the business/brand; influence the value perception of product quality/brand value/economic. As Krishna and Schwarz (2014) state, in recent years, the role of sensory experiences in judgment and decision making has increased and there has been a surge of interest in marketing as well as psychology, and as Tung and Ritchie (2011) declared, while academic studies are increasingly examining tourism as a function of memorable experiences (ME), more research must be done to uncover the essence of what exactly makes certain experiences special, spectacular, and memorable. From this point of view, determining the most successful multi-sensory brand experience concepts which the customers find most satisfying has become a critical marketing strategy for ME. Sensory research in consumer psychology has produced a rich body of observations that bear on how sensory attributes of products, advertisements, and retail spaces influence consumers’ thoughts, feelings, and decisions (Krishna and Schwarz, 2014). The themed hotels increasing their consumption capacities are the best examples of the tourism business focusing on sensory marketing contents and use them most effectively. In this context, the starting point of this research is to discover the determinants of MTEs based on the multi-sensory organs for the marketing strategies in hotel business.

1. LITERATURE REVIEW

Experiences, expressing the flows of consumption through fantasy, emotion and entertainment, change people who enter and experience a real, imagined or virtual event (Schmitt, 1999; Holbrook and Hirschman, 1982). Businesses, while creating a consumption environment in the atmosphere designed by sensory stimuli, change emotions of the customers (Güzel, 2013). At this point, memorable experiences could be defined as the changing of behavioral, emotional, sensory, cognitive, relational and functional values, and these experiences take place in the neurological brain areas as a mixture of sensations and emotions evoked by the physical performance (Güzel, 2013; Kim, 2010; Lindstorm, 2007; Shaw, 2007; Schmitt, 1999). Memorable experiences are constructed by travelers based on their individual assessment of subjective experiences (Kim, 2010) as the recollection of pleasurable memories during the holiday and as being emotional, these experiences have a significant relationship with behavioral intentions, which is mediated by satisfaction (Prayag et al., 2013). Therefore, it is vital to contribute to the conceptualization of human senses, which play important roles in consumers’ memorable experiences.

The tourism sector is the main sector in which memorable experiences could be created by provoking the customers’ feelings and emotions by fun and joy and the behavior of the customers could be changed. As tourism establishments get more profit from experiences (Pine and Gilmore; 1999), Hulten (2011) advises tourism establishments to focus on the sensory systems to maximize their profit by producing their own brand experience. At this point, multi-sensory marketing (MSM) is established as a critical marketing strategy (Güzel, 2014). Krishna and Schwarz (2014) define the SM as “marketing that engages the consumers’ senses and affects their perception,
judgment, and behavior” and focuses on the senses, as well. American Marketing Association (AMA) focuses mostly on feelings and emotions, on the sensory marketing’s identification, as it defines SM as “marketing techniques that will drive customers’ feelings in order to influence customers’ behavior and emotions” (Valenti and Riviere, 2008).

In tourism marketing, multi-sensory dimensions were discussed by many researchers, with varied methodologies. Accordingly, the role of human senses, as part of sensory information and sensory marketing, in designing and enriching tourist experiences and marketing communications (Pan and Ryan, 2009; Agapito et al., 2012), advertisement effectiveness (Krishna et al., 2016) and innovative product design (Raz et al., 2008), was investigated. Apart from this literature, the present paper aims to find the sensations heavily contributing to memorable tourism experiences. Therefore, it will be proper to review sensation marketing literature deeply.

The visual (eyesight) component has often been the focus of the empirical research on tourist experiences (Agapito et al., 2013). That literature indicates that natural and muted colors increase good feelings, intense and artificial lights affect the customer’s dynamism and powerful lighting creates a live/warm and friendly environment (Güzel, 2013; Ballantyne et al., 2011; Valenti and Riviere, 2008; Heide and Gronhaug, 2006).

Based on the research related with the auditory sensory stimuli, the easiest/cheapest/strongest factor of creating emotions and feelings, it has been found that specific music evokes memories and emotions, increases sales and time spent in the shopping areas, affects what places customers like; slow music creates positively loaded emotions (Güzel, 2013; Hulten et al., 2009; Valenti and Riviere, 2008; Lindstrom, 2007; Shaw, 2007; Turley and Chebat, 2002; North and Hargreaves, 1996; Yalch and Spangenberg, 1990; Millman, 1986).

Findings on the olfactory stimuli suggest that pleasing aromas make customers spend more time at the shopping areas and make them feel good (Slatten et al., 2011; Bowie and Buttle, 2009; Hulten et al., 2009; Lindstrom, 2007; Shaw, 2007; Hirsch, 1995).

The presentation and taste of food and beverages is another sensory content that strengthens the experience, attracts customers’ attention and persuades the customers (Hulten et al., 2009; Valenti and Riviere, 2008). The disappointing experiences related to gustatory stimuli have negative consequences, as well. Son and Pearce (2005) stressed that, as being an important part of total sensory experience, food should be mentioned clearly by marketing strategies.

Also, businesses/brands going beyond the product should not ignore the tactile stimuli in order to make the products more realistic and different (Lindstrom, 2007). As the emotions are set in the center of the consumptions, Lasalle and Britton (2003) claim that customers’ emotional needs are the hardest to satisfy. Within this realm, all the sensory contents have many positive effects if they are used in an effective way. Consequently, Ditoiu et al. (2012) highlight that the way to create a link between the identity elements of a destination and a tourist’s feelings and to gain a place in his mind is designing experiences by stimulating the consumer from a sensory point of view.

2. METHODOLOGY

The present study aims to explore the following research questions:

*RQ1* – Which sensation is further used to express the memorable tourism experiences of a themed hotel visit?

*RQ2* – What are the detailed sub-dimensions of each sensory stimulus that contributed to memorable tourism experiences?

In order to find answers to these questions, a qualitative approach was preferred. Content analysis, a qualitative approach, was chosen to explore the multi-sensory based memorable tourism experiences. The data was taken from Tripadvisor.com, which is a popular online social travel site. TripAdvisor, the world’s largest travel site, has reached 340 million individual monthly
visitors, enables travelers to plan and book a perfect trip with 350 million reviews and opinions covering more than 6.5 million accommodations, restaurants and attractions. TripAdvisor offers advice from millions of travelers and a wide variety of travel choices and planning features with seamless links to booking tools that check hundreds of websites to find the best hotel prices (www.tripadvisor.com, 24.05.2016). From this travel community, the Adam&Eve Hotel was chosen as the sample hotel which has a special class category with designing awards such as Turkey’s Leading Honeymoon Hotel, Europe’s most Romantic Hotel, Europe’s Leading Design Hotel, World’s Luxury Hotel Awards Winner, World’s Leading Design Hotel, Europe’s Leading Couples Resort. The 299 travelers’ – all English and Turkish – comments dated from 30th May 2007 to 23rd May 2014 were analyzed. Other languages such as French, German, etc. were eliminated because of the limitation of the language. Some descriptive results were gathered to mine more detailed explorative inferences related to emotions and feelings. 299 reviews were investigated based on five sensations and all coded sensual contents were assigned to the categories (sensations) to which they belong. As a result of the analysis, the contents were gathered on five sensory stimuli (tactile, gustatory, olfactory, visual, and auditory), the number of emotions and feels remembered was presented and some examples of the reviews were displayed. All the consumer reviews were imported to and analyzed by QSR NVIVO 10, software used to analyze unstructured large data sets.

3. FINDINGS

In the present study, a qualitative study has been performed to explore the sensory based memorable tourism experiences attributes. The analysis of the results was based on five stimuli categories: 1) tactile, 2) gustatory, 3) olfactory, 4) visual, and 5) auditory. Nearly 70 percent of the recalled emotions and feelings from visual stimuli were detailed with the components like decor, interior/exterior design, etc. The other ranges are shown in Table 1.

### Table 1
The Sensory Stimuli Distribution

<table>
<thead>
<tr>
<th>Sensory stimuli</th>
<th>The Recalled Emotions and Feelings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tactile</td>
<td>9</td>
</tr>
<tr>
<td>Visual</td>
<td>209</td>
</tr>
<tr>
<td>Gustatory</td>
<td>65</td>
</tr>
<tr>
<td>Auditory</td>
<td>14</td>
</tr>
<tr>
<td>Olfactory</td>
<td>2</td>
</tr>
</tbody>
</table>

In the next Tables from 2 to 6, all the themes gathered from the reviews will be illustrated in five sensory categories.

### Table 2
The Recalled Emotions and Feelings vs. Tactile Stimuli

<table>
<thead>
<tr>
<th>Sensory Contents</th>
<th>The Recalled Emotions and Feelings</th>
<th>Emotion and Feeling Statements</th>
<th>Memory Based Customer E-reviews</th>
</tr>
</thead>
</table>
| Tactile          | 9                                 | amazing freshening, relaxing, fantastic | (1) “The room is amazing and very comfortable”  
(2) “It also has comfortable lounge chairs in the pool which help keeping you fresh on a very warm sunny day”  
(3) “If you like the sea you can also relax on the pontoon in very comfortable beds”  
(4) “The room was so very comfortable, a fantastic memory of foam bed” |
The memories related to tactile stimuli focused on the components of the room. Mostly mentioned statements frequently described the emotions associated with the comfortableness of the bed, chairs etc. A review says:

“The room was so very comfortable, a fantastic memory of foam bed”

The reviews clearly revealed that if a tactile based memorable experience is targeted, the room and its components should reflect the sense of comfort.

Next, the sensation that influences creating memories most, as it was mentioned in 209 reviews, namely visual stimuli, is addressed. The feeling statements range from some soft expressions like romantic, love, happiness to some extreme like phenomenal, wow, just to die for as shown in Table 3.

Table 3
The Recalled Emotions and Feelings vs. Visual Stimuli

<table>
<thead>
<tr>
<th>Sensory Contents</th>
<th>The Recalled Emotions and Feelings</th>
<th>Emotion and Feeling Statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visual</td>
<td>209</td>
<td>(1) “Full jacuzzi bath in the bedroom and three beds for ‘sleeping’ including one on the balcony, added to the impression that this hotel was really designed for one purpose and that the people most likely to appreciate its surreal attributes are those on honeymoon or other ‘romantic’ reasons”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(2) “The room is amazing and very comfortable, it has a Jacuzzi and near it there is a bed on which you can lay even if you are wet, one meter away there is the actual bed which is very spacious and comfortable”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(3) “The room was so very comfortable, a fantastic memory of foam bed, with another ergonomic day bed and a full-size double day bed on the balcony. In the room there is a Jacuzzi bath, and a flat screen TV on the wall.”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(4) “Concept of the hotel is very interesting and geared towards the party scene”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(5) “The rooms are definitely sexy”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(6) “As I stepped in this fabulous hotel I felt like I walked into heaven. From floor to ceiling, it looks spectacular”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(7) “There were mirrors everywhere, we loved it”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(8) “…somewhere so aesthetically pleasing”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(9) “It’s not just mirrors, it’s lights, and furniture, and the way it’s organized that makes it so amazing.”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(10) “The rooms are spacious and big where you’ll be happy to even spend some time therein”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(11) “It is the single most impressive modern interior space I’ve ever seen.”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(12) “The Adam and Eve Hotel has a special design that fascinated me from the first moment”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(13) “Hotel concept is great and you always see this design that makes you special”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(14) “What attracted us to the hotel is its stellar design. We love it”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(15) “It is definitively a magnificent design-wise place.”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(16) “… great design that you may not have experienced yet”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(17) “…chic contemporary architecture as well as a romantic atmosphere.”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(18) “A resort designed for pleasure”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(19) “Lovely pools…”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(20) “A relaxing pool which is just to die for”</td>
</tr>
<tr>
<td>Sensory Contents</td>
<td>The Recalled Emotions and Feelings</td>
<td>Emotion and Feeling Statements</td>
</tr>
<tr>
<td>------------------</td>
<td>-----------------------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td>(21) “The room also offers the possibility of changing the color of the light to which color you may like and it really helps to create a romantic, relaxing and joyful atmosphere”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(22) “The rooms are very sexy, with… cool lighting features”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(23) “It gave me so much refreshing feeling that made me about to cry when we were checking out, mirrors are all over the room and the lighting system is so much of fun”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(24) “The white and mirrored theme was impressive and certainly has a wow factor”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(25) “…sea facing large rooms does have fantastic scene of Mediterranean”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(26) “everything is white and all the walls are mirrors; nice concept”</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

All reviews related to visual stimuli were arranged in seven subgroups: (1) decor, (2) interior design, (3) exterior design, (4) pool, (5) lighting, (6) color and (7) view. Generally, decor and interior design generate some romantic emotions and feelings all together as a review reveals:

“Full jacuzzi bath in the bedroom and three beds for ‘sleeping’ including one on the balcony added to the impression that this hotel was really designed for one purpose and that the people most likely to appreciate its surreal attributes are those on honeymoon or other ‘romantic’ reasons”

Some components of interior and exterior design like mirrors and color, as the distinctive features of the hotel, were emphasized positively. They can be seen as the main highlight of the review, alone:

“There were mirrors everywhere, we loved it”
“The room also offers the possibility of changing the color of the light to which color you may like and it really helps to create a romantic, relaxing and joyful atmosphere”

or guests remembered the multi-visual stimulus, also mentioning their memorable emotions:

“It’s not just mirrors, it’s lights, and furniture, and the way it’s organized that makes it so amazing.”
“The room also offers the possibility of changing the color of the light to which color you may like and it really helps to create a romantic, relaxing and joyful atmosphere”
“It gave me so much refreshing feeling that made me about to cry when we were checking out, mirrors are all over the room and the lighting system is so much of fun”
“The white and mirrored theme was impressive and certainly has a wow factor”

By that, the hotel management seems to have achieved the goal. One review totally reflects the concept of the hotel by using the heaven metaphor:

“As I stepped in this fabulous hotel I felt like I walked into heaven. From floor to ceiling, it looks spectacular”

While some of the others highlight the specialty of the design:

“The Adam and Eve Hotel has a special design that fascinated me from the first moment”
“Hotel concept is great and you always see this design that makes you special”
“What attracted us to the hotel is its stellar design. We love it”
“It is definitively a magnificent design-wise place.”

In these reviews, it is understood that people create positive memories, mostly through the visual sensory stimuli. According to this research, finding some distinctive specialties and associating them with visual components may make the customers pay attention and take interest in some facts shaping their memories which are recalled more easily.
The gustatory stimulus is the second most mentioned sensory stimulus that makes customers recall positive emotions and feelings. The reviews concerned the flavors of food & drinks and buffet as well.

Table 4
The Recalled Emotions and Feelings vs. Gustatory Stimuli

<table>
<thead>
<tr>
<th>Sensory Contents</th>
<th>The Recalled Emotions and Feelings</th>
<th>Emotion and Feeling Statements</th>
<th>Memory Based Customer E-reviews</th>
</tr>
</thead>
</table>
| Gustatory        | 65                                | relaxing, nice, gorgeous, fantastic, amazing, fabulous, wonderful, funny, awe, inspiring, perfect, extraordinary, enjoy, impressive | (1) “...relaxing on one of the bed cubes with a nice cup of herbal tea.”
(2) “...freshly squeezed orange is gorgeous”
(3) “...The blind restaurant was a fantastic experience.”
(4) “Drinks are also still amazing, fabulous cocktails, frozen ice drinks and delicious fresh coffee”.
(5) “...the wonderful and varied dining options.”
(6) “The one restaurant that I will actually mention is the ‘Blind’ restaurant in which you can eat in absolute dark... very funny!”
(7) “The food buffet in the main restaurant was awe inspiring”
(8) “We tried the Turkish and seafood restaurants and the food and service were excellent.”
(9) “...food and drinks perfect”
(10) “...foods are extraordinary”
(11) “The buffet was of relatively good quality and we enjoyed most of the food choices”
(12) “...the buffet was impressive but I would recommend paying the extra 10 euros service charge and eating in the A’la carte restaurants which were very nice”

As in the reviews below, hotel guests mention the quality and flavor of the foods & drinks mostly and the assessments were made in a more utilitarian context.

“Drinks are also still amazing, fabulous cocktails, frozen ice drinks and delicious fresh coffee”.
“The food buffet in the main restaurant was awe inspiring”
“The buffet was of relatively good quality and we enjoyed most of the food choices”

The way the meals were served to the guests also seems to lead to the hedonistic experiences.

“...The blind restaurant was a fantastic experience.”
“The one restaurant that I will actually mention is the ‘Blind’ restaurant in which you can eat in absolute dark... very funny!”

As in these examples, the blind restaurant experience was qualified as fantastic and funny. The customers’ eyes are closed to create a dark atmosphere and to make them focus only on the food’s flavor. That is why it is called blind restaurant. This was, for instance, a strategy for hotels to enhance the utilitarian feature of food and drinks by adding some hedonist patterns.
Table 5  
The Recalled Emotions and Feelings vs. Auditory Stimuli

<table>
<thead>
<tr>
<th>Sensory Contents</th>
<th>The Recalled Emotions and Feelings</th>
<th>Emotion and Feeling Statements</th>
<th>Memory Based Customer E-reviews</th>
</tr>
</thead>
</table>
| Auditory         | 14                                | enjoy, cool, fantastic, just to die for, perfect, fun, peaceful, amazing, attractive | (1) “The night shows and parties are very enjoyable.”  
(2) “The parties were cool”  
(3) “And the shows are also fantastic.”  
(4) “And yet I haven’t told you about the party itself which was just to die for. The food, the show, the music, everything was perfect and overall it was such a fun night”  
(5) “Noise isolation is perfect. You will have a quiet room and a peaceful sleep at all times.”  
(6) “…but there were lots of people around and amazing music, parties, and entertainment”  
(7) “Night shows at the bar are attractive usually” |

Auditory stimuli clues were also mentioned by a certain number of guests. In this theme, guests mostly came up with items related to entertainment. In this case, night shows, party music were primary elements. The comments below describe the impact of auditory stimuli on entertainment.

“The night shows and parties are very enjoyable.”

“And yet I haven’t told you about the party itself which was just to die for. The food, the show, the music, everything was perfect and overall it was such a fun night”

“…but there were lots of people around and amazing music, parties, and entertainment”

Apart from the hedonistic aspect of the sense of sound, silence is another important issue for a calming holiday experience. But given the fact that only 1 guest mentioned the noise isolation, it can certainly be said that the hedonistic effect of sound is by far more vigorous than its utilitarian effect.

“Noise isolation is perfect. You will have a quiet room and a peaceful sleep at all times.”

Table 6  
The Recalled Emotions and Feelings vs. Olfactory Stimuli

<table>
<thead>
<tr>
<th>Sensory Contents</th>
<th>The Recalled Emotions and Feelings</th>
<th>Emotion and Feeling Statements</th>
<th>Memory Based Customer E-reviews</th>
</tr>
</thead>
</table>
| Olfactory        | 2                                 | nice, marvelous               | (1) “…nice, very well scented, everywhere”  
(2) “…the marvelous apple scent at the entrance of the hotel effaces everything” |

The findings surprisingly reveal that guests did not value the sense of smell as an essential part of their experience, although the hotel in question has some arrangements appealing to this sense, namely the smell that welcomes guests in the lobby. Only in one review, the effect of smell on experience was commented.

“…the marvelous apple scent at the entrance of the hotel effaces everything”

Finally, the results of the content analysis show that the sensations of the tourists were used to express their tourism experiences and the detailed sub-dimensions of each sensation contributed to these memorable experiences. The response scores of each sensation and the sub-dimensions are presented in Figure 1. As seen in Figure 1, of the total 299 reviews the sense of sight came forward as the most frequently mentioned sensation, while the sense of smell as the least.
CONCLUSION

Tourists tend to make biased choices based on their past experiences, as emotional stimuli, including both positive and negative valence, lead to the strong memorability of an event (Kim, 2014). So, business management should discover the ways to be able to appeal to consumers’ multi-sensory organs emotionally and rationally by generating a relationship between tourism and psychology. Similarly, Hulten (2011) states that sensory strategies differentiate the brand, approaching the consumer’s mind and senses both from a cognitive point of view and from an emotional one. As experiences have become a significant concept of tourism, it is crucial to acknowledge the components of experiences (Çetin and Bilgihan, 2014). As an attempt to answer the research questions, the results of the study show the detailed sub-dimensions of each sensation that contributed to the memorable experiences.

The customers’ multi-sensory based memorable tourism experiences revolve around five sensory stimuli: tactile, 2) gustatory, 3) olfactory, 4) visual, and 5) auditory. The sense of sight came forward as the most frequently mentioned sensation in explaining the emotions and feelings in the context of the ME. This result is compatible with the results of Ditoiu and Caruntu (2014). Visual stimuli (design, lighting, mirror theme, white color, etc.) of the sensory experiences were mostly identified with emotions and feelings such as refreshing, relaxing, romantic, sexy, happy, joyful, fun, fascinating. The sight sense is followed by taste content and sensory experiences related to this sensory stimulus were mostly associated with emotions and feelings such as relaxing, fantastic, extraordinary, and fabulous. Hearing content, the third most commonly mentioned stimulus, is linked with the emotions and feelings such as fun and peaceful. And finally, the sense of smell was the least mentioned sensory stimulus, contrary to expectations. As Krishna and Schwarz (2014) emphasize that not all stimulations will exert an influence through the same pathways, in this study sight has been the most dominant sensory content for creating emotions and feelings.

Sensory contents could be referred to the esthetic dimension of the experience economy. In the related literature, a relationship between esthetic dimension and memory has been detected (Ali et al., 2014; Güzel, 2014; Güzel, 2013; Hosany and Witham, 2010; Oh et al., 2007). It has been noticed that guests share their memories with emotions and feelings through sensory experiences. These emotions and feelings could be seen as the antecedent of the post-experience behaviors. Some past research from the tourist experience literature (Ali et al., 2014; Loureiro, 2014;...
Prayag et al., 2013; Güzel, 2013; Kastenholz et al., 2012; Tung and Ritchie, 2011; Hosany and Witham, 2010; Yuksel and Yuksel, 2007; Turley and Milliman, 2000), stressing that emotional reactions affect post-experience behaviors like intention to recommend/buy, satisfaction, loyalty or remembering the experience positively, supports this argument.

Themed resort hotels are increasing in number and paying attention to the customers who are willing to have a unique experience and to collect memories. Ali et al. (2014) state that resort hotels are preferred by the guests who want to escape their daily routine. Creating memorable experiences is the essence of the tourism industry and significant sensory themes may lead to some conclusions for the hotel management to optimize the environment and enhance the profitability of the sensory ambient. In this manner, hotel managements may have a chance to plan, design and differentiate the overall experience of guests and to make this experience more memorable with more qualified sensory channels. Positive memorable experiences should be created with an amazing service area and positive values. This study could offer to managers a suggestion that sight and taste sensory contents should be mostly taken into account. But as emphasized by Ditoiu and Caruntu (2014), alongside the sight sensation, the other sensations also complete the experience and make it more memorable.

Although this study offers a review of the sensory profile of tourism experiences, as being an exploratory study, the results presented could not be generalized. Because of the language limitations, as stated before, only Turkish and English comments were analyzed. For further studies, a big language analysis team may be formed to have a holistic view. The findings should be investigated in different contexts to reach a more general result. Moreover, sensory channels have not only positive outcomes, but also negative ones. This paper takes only the positive aspects of sensations into consideration. As the concept of the tourism experience has become a focal point for current tourism research and management (Tung and Ritchie, 2011), future studies may include negative reviews on sensations to represent the whole picture of sensory based tourism experiences. Moreover, some recommendations could be made on the methodology section like analyzing the data through the experience model (4Es-model – educational, esthetic, entertainment, and escapist) of Pine and Gilmore (1999) or integrating qualitative and quantitative studies to identify the factors that drive consumers’ emotional responses.

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Economic Analysis of Charitable Donations

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Received: 5 March 2016 / Revised: 17 June / 2016 / Accepted: 8 August 2016 / Published online: 6 October 2016

ABSTRACT

This paper examines the effect of message characteristics on donation behavior using an economic model of giving. The utility of giving can come from one’s own contribution and possibly from the combined contributions of others. Donors are assumed to be constrained utility maximizers, and the message attributes affect the degree to which they react altruistically or egoistically. The model is estimated with data from an incentive-aligned study of South Korean consumers, and implications for message optimization and donor targeting are explored.

JEL classification: C110, D640, C510, M300

Keywords: direct utility model, hierarchical Bayes, altruism, non-profit marketing

1. INTRODUCTION

The desire to help others is a naturally occurring trait of human behavior. Helping others and doing good is revealed when we make charitable donations, volunteer for community service and assist the elderly. Helping behaviors are important to non-profit organizations operating for the benefit of public welfare, education, health care, disaster relief and other social services.

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Voluntary donations in the form of money, time and expertise are essential resources that allow charitable organizations to achieve their goals and mission.

The factors affecting giving behavior have been extensively studied in marketing, psychology and economics where the concept of altruistic, or selfless, motivation is contrasted with egoistic motives for giving (Becker, 1974; Bendapudi et al., 1996). This characterization of the motivation for giving is often described as a trait-like aspect of one’s personality (Reed et al., 2007), or assumed to be dependent on situational factors that promote empathetic identification with recipients (Small et al., 2007). In reality, it is doubtful that donors act for purely altruistic or purely egoistic reasons during any specific instance of giving. It is also doubtful that donors are consistently altruistic or egoistic in response to appeals for help. The degree to which donors identify with the recipient, for example, is dependent on aspects of the appeal. In this paper we employ a heterogeneous model of giving that represents donors as having a mixture of altruistic and egoistic motivations, referred to as “warm-glow” giving by Andreoni (1989).

Our interest is in understanding aspects of an appeal for donations that drive more altruistic versus more egoistic responses from respondents. Appeals that prompt altruistic giving are more likely to be useful early in a donation campaign when it is uncertain if a fund-raising effort will reach its goal because altruistically motivated people give selflessly, and not because others have given or because they want to be associated with a winning campaign. Appeals that prompt egoistic motives will likely be more effective later in a campaign when a large portion of the goal has already been achieved. The timing and nature of appeals for donations are important aspects of campaign management.

We employ an economic model to study the impact of communication content and timing on individuals’ tendencies to act egoistically. Our model relates aspect of an appeal, such as the visual portrayal of the need, to the marginal utility of egoistic versus altruistic giving. The model is similar to the impure altruistic model (Andreoni, 1989, 1990) where donations are viewed as an economic outcome arising from an individual’s decision to give or not. However, our focus is on understanding factors that influence egoistic versus altruistic giving, and using this information to maximize campaign contributions. In contrast to studies in economics that focused on aggregate giving and policy implications using cross-sectional data (DellaVigna et al., 2012), our analysis focuses on intra-individual variation in donor behavior for the purpose of optimizing appeals at the individual level.

We conducted an incentive-aligned experiment (Ding et al., 2005) where donors are exposed to multiple appeals. Our model allows for corner and interior solutions in the data, whereas the extant models allow for either interior solutions or corner solutions only. Sieg and Zhang (2012), for example, examine donation decisions, but not donation amounts, by assuming that a single decision is made each quarter of the year. We find large intra-individual variation in giving due to aspects of an appeal, and that our economic model for giving outperforms other, more descriptive models. We find that recipient-focused appeals, coupled with the absence of happiness and high arousal levels, result in the highest donation amounts, and that the value of an appeal depends on when an individual is contacted. We show that appeal customization and timing lead to a 7–8% lift in expected total donations in our data.

The rest of the paper is organized as follows. In the next section, we briefly discuss literature related to communication attributes shown to influence charitable donations. We then present our model and an empirical analysis involving experimental data. Implications of our model for communication timing are discussed, and we conclude with a discussion of issues requiring additional research.
2. LITERATURE REVIEW

Research on effective advertising attributes for prompting giving behavior is briefly summarized in Table 1. Variables identified as often affecting donating behavior that we explore in our study are i) the presence or absence of the person receiving the benefit (recipient-focused); ii) whether the advertisement makes an emotional appeal (emotional); iii) the presence of appeal elements that attempt to arouse the donor (arousal); and iv) the presence of information indicating the donating behavior of others (donation by others). Each of these attributes can be embedded into an advertising campaign and used to appeal to donors.

<table>
<thead>
<tr>
<th>Studies</th>
<th>Recipient-Focused</th>
<th>Emotional Appeal</th>
<th>Arousal</th>
<th>Donations by Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andreoni (1990)</td>
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<tr>
<td>Bagozzi and Moore (1994)</td>
<td>✓</td>
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<td>Brunel and Nelson (2000)</td>
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<tr>
<td>Cialdini et al. (1987)</td>
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<tr>
<td>Dickert et al. (2011)</td>
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<td>Fisher et al. (2008)</td>
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<tr>
<td>Hollander (1990)</td>
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<tr>
<td>Kogut and Ritov (2005)</td>
<td>✓</td>
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<tr>
<td>Small and Verrochi (2009)</td>
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<tr>
<td>White and Peloza (2009)</td>
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The effect of each factor in Table 1 has been shown to be largely significant for the donation decision. Although we elaborate more on the extant literature in the following sections, it is obvious from Table 1 that any research aimed at bringing proper policy guidelines for campaigns or communications should have these four message characteristics at the same time.

2.1. Recipient-Focused

There has been considerable debate in the literature on whether the motivation of donation is purely altruistic (Batson, 1990; Dovidio et al., 1990; Davis, 1994b) or partly egoistic (Piliavin et al., 1981; Batson, 1987; Batson et al., 1988; Fultz et al., 1988; Martin, 1994; Cialdini et al., 1997; White and Peloza, 2009). Advertisements for donations can focus on the benefits provided to the recipients, or alternatively to the donor himself/herself (Brunel and Nelson, 2000; Cialdini et al., 1987; Fisher et al., 2008; White and Peloza, 2009). For example, an advertisement for the Africa Food Crisis can be designed to highlight the plight of African children to promote higher levels of empathy and prosocial behavior in the form of donations (Bagozzi and Moore, 1994; Small and Verrochi, 2009). Alternatively, an advertisement could focus on the pride and happiness of the donors themselves as they identify with, and support, the mission of the organization. In this case, the motivations for charitable giving may also depend on the donors’ mood (Smith et al., 1989), self-esteem (Batson, 1987) and their image conveyed to others (Arnett et al., 2003; Baumeister, 1982). While the effectiveness of any advertisement is dependent on personal aspects of donors, a substantial body of research has shown that consumers make more donations in response to a recipient-focused campaign than non-recipient-focused appeals (Goffrnan, 1959; Leary and Kowalski, 1990; White and Peloza, 2009).
2.2. Emotions

Negative emotions (e.g., anger, sadness, fear, and tension) associated with the recipient of a donation have been shown to lead to sympathtic responses (Loewenstein and Small, 2007) and helping behavior in many studies (Coke et al., 1978; Bagozzi and Moore, 1994; Batson et al., 1997). Previous studies have also found that charitable giving can be increased by increasing the level of sympathy for the recipient (Small and Loewenstein, 2003; Kogut and Ritov, 2005; Small and Simonsohn, 2008). We therefore investigate the effect of emotions on giving behavior (Small and Verrochi, 2009). The positive emotion of empathic joy has also been found to be a key driver in establishing helping relationships. Smith et al. (1989) show that empathic persons are more likely to engage in helping behavior when they anticipate that the recipients’ plight will be alleviated and that they will share their joy. Fisher et al. (2008) propose that the effectiveness of a recipient-focused advertisement is enhanced by the recipients’ positive emotions, and that this effect is not present in non-recipient-focused advertising.

2.3. Arousal

Arousal is generally seen as an important factor in human psychology. Reviewing a large body of literature, Lang (2000, 2006a, 2006b) proposes a model of human information processing in which arousing content evokes more cognitive resources that can be allocated to information processing, resulting in increased attention and improved memory of the subject. Arousal is also linked to immediate behavioral inclinations, backed by emotional responses and an increase in reaction speed (Metcalfe and Mischel, 1999). The effect of arousal on helping behavior in emergency conditions is reported in multiple studies (Krebs, 1975; Gaertner and Dovidio, 1977) and conceptualized in a model by Piliavin et al. (1981). However, a large portion of this literature tends to refer to arousal in terms of an intense emotion, which includes other emotions in certain contexts.

While there exist many studies establishing the relationship between arousal, cognition, and behavior in general, there are fewer studies that relate to the effects of arousal on giving behavior. Kogut and Ritov (2005) report that people have greater willingness to help identified victims than anonymous ones, with identified victims evoking increased arousal and a greater tendency to donate. Dickert et al. (2011) show that mood is an important aspect of donation behavior, with people who experience strong negative arousal from information related to the victim being more likely to donate money.

2.4. Donations by Others

Many of our decisions are influenced by others. Herd behavior posits that individuals in a group imitate others’ behaviors by observing their decisions (Banerjee, 1992). Silverman et al. (1984) find herd behavior in donations in their analysis of a 20-hour national telethon that announced the names of individuals pledging money and the total amount of money pledged. They found that contributions to the campaign were greater when contribution information was announced than when it was not provided. In economics, models of altruism incorporate the donations of others by admitting the possibility that utility can be obtained by one’s own donation and also by the donations of others. These models are based on the assumption that people care about what others do and may alter their behavior based on this information (Hollander, 1990; Andreoni, 1990).
3. MODEL

In this section we propose an economic utility model for donation behavior and develop the model likelihood using the Kuhn-Tucker conditions associated with constrained optimization.

3.1. Direct Utility Specification

Utility from individual $i$’s donation decision is defined as:

$$ u(g_i, G, z_i) = \gamma_1i \ln(g_i + 1) + \gamma_2i \ln(G) + \gamma_3i \ln(z_i + 1) \tag{1} $$

subject to

$$ g_i + z_i = w_i $$
$$ g_i + G-i = G $$

where $g_i$ is the amount of money donated by person $i$. $z_i$ is the amount of money not donated by person $i$. $w_i$ is the charitable donation budget for person $i$. $G-i$ are the donations given prior to the donation by person $i$, assumed exogenous. $G$ denotes the total donations. The relative strength among the utility parameters ($\gamma_1i \geq 0$, $\gamma_2i \geq 0$, and $\gamma_3i \geq 0$) influences the donation amount, with donations increasing in $\gamma_1i$ and $\gamma_2i$ over the outside good ($\gamma_3i$) of private consumption.

Equation (1) allows for the possibility that utility is affected by the giving of others through $G$. If $\gamma_1i > 0$ and $\gamma_2i = 0$, the utility function reflects egoistic behavior as the utility from the donation does not depend on others. If $\gamma_1i = 0$ and $\gamma_2i > 0$, then the utility function reflects purely altruistic behavior as the utility from making a donation arises entirely from the total donation amount $G$, and not the individual’s donation $g_i$. For $\gamma_1i > 0$ and $\gamma_2i > 0$, the function represents warm-glow utility that is a mixture of both egoistic and altruistic sources.

3.2. Incorporating Message Variables

We investigate the influence of variables identified as potentially influencing effectiveness of an appeal for a donation by relating them to parameters of the utility function. We denote the advertising attributes given at $t$ as $d'_t = (d_{1t}, d_{2t}, d_{3t})$, with $d_{1t} = 1$ if an advertisement is focused on the recipient, $d_{2t} = 1$ if the advertisement has positive emotional valence (e.g., displays happy individuals), and $d_{3t} = 1$ if the advertisement attempts to induce some form of arousal in the respondent, and zero otherwise. The advertising variables are incorporated into the model specification to allow for 2-way interactions:

$$ \ln(\gamma_{1it}) = \beta_{0i} + \beta_{1id_{1t}} + \beta_{2id_{2t}} + \beta_{3id_{3t}} + \beta_{4id_{1t}d_{2t}} + \beta_{5id_{1t}d_{3t}} + \beta_{6id_{2t}d_{3t}} $$
$$ \ln(\gamma_{2it}) = 0 $$
$$ \ln(\gamma_{3it}) = \alpha_{0i} \tag{2} $$

Positive $\beta_i$ coefficients in (2) indicate an increased tendency to be egoistic, and negative coefficients indicate that the advertisement leads to an altruistic response. Since $\gamma_{2i}$ is set to one, the utility specification is technically a warm-glow specification in that no respondent can be purely egoistic in their response. However, as $\gamma_{1i}$ and $\gamma_{3i}$ become large, the utility function converges to a pure egoistic model of behavior. Larger values of $\alpha_{0i}$ indicate that the respondent obtains greater utility from consuming the outside good (non-giving), holding the other coefficients fixed.
3.3. Likelihood

The marginal utilities associated with charitable giving \((g_{it})\) and non-giving \((z_{it})\) are:

\[
 u_{g_{it}} = \frac{\partial u}{\partial g_{it}} = \frac{\gamma_{1it}}{g_{it} + 1} + \frac{\gamma_{2it}}{g_{it} + G_{it}} (3)
\]

\[
 u_{z_{it}} = \frac{\partial u}{\partial z_{it}} = \frac{\gamma_{3it}}{z_{it} + 1} (4)
\]

The KT conditions associated with constrained utility maximization are:

\[
 u_{g_{it}} = u_{z_{it}} \text{ if } g_{it} > 0 \text{ and } z_{it} > 0
\]

\[
 u_{g_{it}} < u_{z_{it}} \text{ if } g_{it} = 0 \text{ and } z_{it} > 0
\]

\[
 u_{g_{it}} > u_{z_{it}} \text{ if } g_{it} > 0 \text{ and } z_{it} = 0
\]

We associated the error with the marginal utility of a donation, i.e., \(u_{g_{it}}\exp(v_{it})\), with \(v_{it}\) assumed i.i.d. Normal\((0,1)\). Taking logarithms results in the likelihood:

\[
 \ln(u_{z_{it}}) - \ln(u_{g_{it}}) = v_{it} \text{ if } g_{it} > 0 \text{ and } z_{it} > 0
\]

\[
 \ln(u_{z_{it}}) - \ln(u_{g_{it}}) > v_{it} \text{ if } g_{it} = 0 \text{ and } z_{it} > 0
\]

\[
 \ln(u_{z_{it}}) - \ln(u_{g_{it}}) < v_{it} \text{ if } g_{it} > 0 \text{ and } z_{it} = 0
\]

Therefore, the likelihood \(l\) of the data is:

\[
 l(g_{it}, z_{it}) = I(g_{it} > 0, z_{it} > 0) \phi(\ln(u_{z_{it}}) - \ln(u_{g_{it}})) \mid J \mid
\]

\[
 + I(g_{it} = 0, z_{it} > 0) \Phi(\ln(u_{z_{it}}) - \ln(u_{g_{it}}))
\]

\[
 + I(g_{it} > 0, z_{it} = 0) (1 - \Phi(\ln(u_{z_{it}}) - \ln(u_{g_{it}})))
\]

where \(|J|\) is a Jacobian to transform the density of the error term \(v_{it}\) to the density of the observed data \(g_{it}\):

\[
 J = \frac{\partial v_{it}}{\partial g_{it}} = \left[ \frac{\gamma_{1it}}{(g_{it} + 1)^2} + \frac{\gamma_{2it}}{(g_{it} + G_{it})^2} \right] + \frac{1}{(z_{it} + 1)} (8)
\]

Heterogeneity is introduced through a continuous random effects distribution:

\[
 \theta'_{it} = (\alpha_{0i}, \beta_{0i}, \beta_{1i}, \ldots, \beta_{6i}) \sim N(\mu, \Sigma) (9)
\]

Estimation was carried out using a Bayesian MCMC algorithm (Rossi et al., 2005) with non-informative priors. We ran the Markov chain for 20,000 iterations and used last 5,000 draws for summarizing posterior distributions.

4. EMPIRICAL ANALYSIS

Data were collected as part of an incentive-aligned lottery experiment (Ding et al., 2005) in South Korea. Respondents were recruited from a campus population, representing a typical ‘20-something’ population of young adults. Sixty percent of the participants were male with an
average age of 22.5 years. Participants were provided with a probable windfall of KRW 100,000 (South Korean Won), about $100, and invited to make a donation to a charity. They were told that if they won the lottery, all money not given to the charity would be paid directly to them at the end of the study. Each of 206 respondents were provided with 16 descriptions of charities, described below. Results of the lottery for each round were announced after the respondents indicated the amount of their intended donation ($d_t$).

“In case you win this round, you may donate money to the organization above. The amount you commit to donate does not affect the chance of winning. Should you win this round, how much of the KRW 100,000 would you like to donate? If you don’t want to donate, please enter ‘0’ in the box.”

Participants were informed about winning the lottery after each of the 16 rounds of the experiment. For each round, we assume that $w_t = KRW 100,000$. All money not donated to a charity ($\sum z_{it}$) was paid directly to the respondent at the conclusion of the study. Each participant won the lottery four times.

4.1. Attributes and Levels

Table 2 provides a summary of the manipulated attributes in the study. In addition to the three attributes discussed above coded as dummy variables, i.e., recipient-focused, positive emotional valence and arousal, the amount of donations by others was used as the fourth design variable and included as a continuous variable in the model specification ($G_{-it}$). The amount donated by others took on either high or low values plus some random error in order for the amount reported to be different over the $2^4 = 16$ design points.

<table>
<thead>
<tr>
<th>Attribute Levels</th>
<th>Recipient-Focused ($d_1$)</th>
<th>Emotional Appeal ($d_2$)</th>
<th>Arousal ($d_3$)</th>
<th>Donations by Others ($G_{-i}$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recipient-focused</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-recipient-focused</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Present</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Absent</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Present</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Absent</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>~ KRW 1,000,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>~ KRW 500,000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 1 is an appeal that is not focused on the recipient and is not emotionally charged, but does attempt to arouse the reader in the lower right portion of the figure with the use of optimistic statements and exclamation points. In contrast, Figure 2 is recipient-focused and makes a positive emotional appeal by showing a happy school child. This appeal does not attempt to arouse the reader. The attributes levels displayed in Table 2 were systematically varied across the 16 experimental conditions, with half reporting a high level of donations by others and the other half reporting lower levels.
4.2. Descriptive Statistics

206 individuals participated in the experiment, each providing 16 responses to charitable appeals for a total of 3,296 observations with which to estimate the model. Approximately 16% of the observations were corner solutions where respondents donated either nothing or all of their budget to the charity. Respondents mostly allocated their budget as a mixture of donation ($g_{it}$) and non-donation ($z_{it}$), i.e., an interior solution. Figure 3 displays the distribution of donations in our data. The average donation was KRW 27,400, or about $27.00. The maximum and minimum
were KRW 100,000 and 0, respectively. On average, participants elected to make a donation 84% of the time.

The marginal utility of giving, \( u_{git} \), in equation (3) decreases when donors are informed of high donation amounts by others, \( G_{-it} \). Table 3 displays donation amounts in our data for high and low values of \( G_{-it} \). We find that the experimental data agree with this property, providing evidence in line with our utility specification.

**Figure 3**
Distribution of Donations (\( g_{it} \))

![Distribution of Donations](image)

**Table 3**
Donations by Others’ Giving (\( G_{-it} \))

<table>
<thead>
<tr>
<th>Condition</th>
<th>Total Donations (KRW 1,000)</th>
<th>Mean Donations (KRW 1,000)</th>
<th>Median Donations (KRW 1,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>( G_{-it} ) low</td>
<td>46,642</td>
<td>28.3</td>
<td>20</td>
</tr>
<tr>
<td>( G_{-it} ) high</td>
<td>43,909</td>
<td>26.6</td>
<td>15</td>
</tr>
</tbody>
</table>

**4.3. Alternative Models**

Fourteen observations per respondent were used to estimate the model and two observations were reserved for predictive testing. We compared our proposed model to four alternative specifications. The first two models are nested within our proposed model. The first (M1) is a model of pure altruism where the utility function is specified as:

\[
\begin{align*}
    u(g_i, G, z_i) &= \gamma_{2i} \ln(g_i + G_{-i}) + \gamma_{3i} \ln(z_i + 1)
\end{align*}
\]

(10)

The second model (M2) reflects pure egoistic behavior in that the contribution amount of others does not factor into one’s giving behavior:

\[
\begin{align*}
    u(g_i, z_i) &= \gamma_{1i} \ln(g_i + 1) + \gamma_{3i} \ln(z_i + 1)
\end{align*}
\]

(11)

For the first two alternative models, message attributes were used to allow for variation in the marginal utility parameters.
The third (M3) and fourth (M4) models are purely descriptive models of the data and employ a regression specification that does not distinguish corner from interior solutions. The third alternative model specifies a log-linear model of the data with a slight offset added to the dependent variable so that the logarithmic specification is valid:

\[ \ln(g_{it} + 0.01) = \beta_0 + \beta_1d_{1t} + \beta_2d_{2t} + \beta_3d_{3t} + \beta_4d_{1t}d_{2t} + \beta_5d_{1t}d_{3t} + \beta_6d_{2t}d_{3t} + \beta_7d_{1t}d_{2t}d_{3t} + e_{it} \] (12)

The fourth alternative model is a saturated log-linear model that allows for a three-way interaction:

\[ \ln(g_{it} + 0.01) = \beta_0 + \beta_1d_{1t} + \beta_2d_{2t} + \beta_3d_{3t} + \beta_4d_{1t}d_{2t} + \beta_5d_{1t}d_{3t} + \beta_6d_{2t}d_{3t} + \beta_7d_{1t}d_{2t}d_{3t} + \beta_8\ln(G_{it}) + e_{it} \] (13)

All models employed a Normal distribution of heterogeneity and were estimated with Bayesian MCMC using the same default priors.

The results of the model fit for the proposed model and benchmark models are summarized in Table 4. The proposed model and the first two benchmark models (M1 and M2) are based on likelihoods that are a combination of mass points and density contributions. We report the log marginal densities (LMD) for these models. The two descriptive models (M3 and M4) have likelihoods that only involve densities, and therefore cannot be directly compared to the other models in terms of in-sample fit. However, a comparison of all models is possible using the holdout data, which we compare using the mean squared error (MSE).

### Table 4
Model Fit

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients per Respondent</th>
<th>In-Sample LMD</th>
<th>Out-of-Sample LMD</th>
<th>MSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>M0: Proposed Model</td>
<td>8</td>
<td>-10,992</td>
<td>-1,996</td>
<td>1096.3</td>
</tr>
<tr>
<td>M1: Pure Altruistic</td>
<td>7</td>
<td>-29,373</td>
<td>-14,439</td>
<td>7979.0</td>
</tr>
<tr>
<td>M2: Pure Egoistic</td>
<td>7</td>
<td>-11,081</td>
<td>-2,204</td>
<td>1084.0</td>
</tr>
<tr>
<td>M3: Log-Linear</td>
<td>8</td>
<td>–</td>
<td>–</td>
<td>2008.1</td>
</tr>
<tr>
<td>M4: Saturated Log-Linear</td>
<td>9</td>
<td>–</td>
<td>–</td>
<td>5631.0</td>
</tr>
</tbody>
</table>

The proposed model outperforms all the benchmark models in both in-sample and out-of-sample log marginal density (LMD). Comparison of M0 to M1 indicates that an individual’s donation decision cannot be explained entirely by the purely altruistic model. Comparison of M0 to M3 and M4 supports the use of the proposed economic framework relative to a flexible model for predicting donations. We note that the fit of the proposed model M0 to the pure egoistic model M2 is similar, with M0 favored using the out-of-sample LMD, but not favored using the MSE fit criteria. We further examine the benefit of employing the proposed model in the discussion section below.

### 4.4. Parameter Estimates

Posterior estimates of parameters for the proposed model are reported in Table 5. Reported are the posterior mean of the mean of the random-effects distribution (\( \mu \)) along with the
random-effects covariance matrix ($\Sigma$). The posterior standard deviation of all coefficients is approximately 0.10. Covariances (off-diagonal elements) in the random-effect distribution are near zero, indicating that the model is well-identified. Diagonal elements of $\Sigma$ are approximately equal to one, indicating heterogeneity in all model parameters.

Estimates of the mean of the random-effect matrix ($\mu$) indicate the following. First, the estimate of $\beta_1$ and $\beta_3$ are both positive, indicating that main effects for advertisements that are recipient-focused and attempt to arouse the respondent lead to more egoistic responses and greater giving. The positive effect of recipient-focused advertising is consistent with existing literature (Goffrnan, 1959; Leary and Kowalski, 1990; White and Peloza, 2009), although its distinction as egoistic has not been made.

### Table 5

<table>
<thead>
<tr>
<th>Parm.</th>
<th>Mean</th>
<th>$\alpha_0$</th>
<th>$\beta_0$</th>
<th>$\beta_1$</th>
<th>$\beta_2$</th>
<th>$\beta_3$</th>
<th>$\beta_4$</th>
<th>$\beta_5$</th>
<th>$\beta_6$</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\alpha_0$</td>
<td>–0.56</td>
<td>1.44</td>
<td>0.01</td>
<td>–0.02</td>
<td>–0.07</td>
<td>–0.22</td>
<td>–0.06</td>
<td>0.08</td>
<td>–0.05</td>
</tr>
<tr>
<td>$\beta_0$</td>
<td>–2.41</td>
<td>1.44</td>
<td>–0.04</td>
<td>0.09</td>
<td>–0.03</td>
<td>0.00</td>
<td>–0.02</td>
<td>0.06</td>
<td></td>
</tr>
<tr>
<td>$\beta_1$</td>
<td>0.55</td>
<td>0.95</td>
<td>–0.02</td>
<td>–0.11</td>
<td>–0.17</td>
<td>–0.04</td>
<td>–0.03</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$\beta_2$</td>
<td>0.09</td>
<td>0.94</td>
<td>0.05</td>
<td>–0.17</td>
<td>–0.07</td>
<td>–0.15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$\beta_3$</td>
<td>0.50</td>
<td>0.87</td>
<td>0.04</td>
<td>–0.21</td>
<td>–0.12</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$\beta_4$</td>
<td>–0.42</td>
<td>0.95</td>
<td>–0.09</td>
<td>–0.12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$\beta_5$</td>
<td>–0.14</td>
<td>0.98</td>
<td>–0.05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$\beta_6$</td>
<td>–0.74</td>
<td>0.90</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Two of the two-way interaction terms ($\beta_4$ and $\beta_6$) are estimated to be negative. The coefficient $\beta_4$ is associated with the interaction between a recipient-focused advertisement ($d_1$) and it being positively valenced ($d_2$). The negative coefficient means that the relative marginal utility for making a donation, $u_{git}$, becomes more altruistic when these effects are present. Thus, recipient-focused advertisements lead to greater egoistic giving, primarily in the presence of non-positive emotional valence (e.g., showing recipients in distress) but not in the presence of positive emotional valence (e.g., showing happy or thankful recipients).

The coefficient $\beta_6$ is also negative and associated with the interaction between positive emotional valence ($d_2$) and arousal ($d_3$). The presence of arousal in an advertisement is only effective, on average, when emotional valence is not positive. In other words, a call to immediate action in an advertisement is more effective when showing recipients in distress. This finding is consistent with previous research showing that the effectiveness of a recipient-focused advertisement is enhanced by a recipient’s negative emotions (Fisher et al., 2008; Small and Verrochi, 2009), and that empathic arousal leads to altruistic helping (Davis, 1994a).
Table 6 displays the estimated contribution of the altruistic to egoistic sources of marginal utility for each of the experimental conditions. From equation (3) we see that the marginal utility of making a donation has two terms – an egoistic term not dependent on the amount that others have given, $G_{it}$, and an altruistic term that is dependent on the contributions to date. The entries in Table 6 are the median values of marginal utility calculated over the posterior distribution of individual-level parameters. As expected, we find that for high values of $G_{it}$, the altruistic motivation for making a donation is near zero. Respondents with an altruistic motivation can already see that the need depicted in the appeal is already taken care of when $G_{it}$ is high, reducing their incentive to make a donation. However, when contributions to date are low, the altruistic motive becomes more pronounced, producing a contribution to marginal utility that is similar in magnitude to the egoistic effect.

5. POLICY EXPERIMENTS

Our economic model for donation behavior fits the data best and yields results that are consistent with previous findings in the literature regarding effective attributes for increased giving, egoistic and altruistic behavior. The advantage of our model, however, is that it provides individual-level estimates of the effects of appeal attributes on these aspects of giving behavior. In this section we explore use of these individual-level estimates to improve donations. We examine three issues of interest to campaign managers: i) configuring the best message; ii) message timing; and iii) determining optimal targeting of donors to maximize receipts.

5.1. Message Configuration

We find in our analysis that the focus of the appeal (recipient or non-recipient), its positive emotional appeal (present or absent) and arousal factors (present or absent) had an effect on the marginal value of egoistic utility. We define the best advertisement as the one that generates the greatest contribution amount across respondents ($\argmax_d \sum_i g_i(d_1, d_2, d_3)$) over different combinations of these effects:

$$\argmax_d \sum_i g_i(d_1, d_2, d_3)$$ (14)

We calculate the expected contribution of each individual assuming that donors are contacted in descending order of contribution. That is, the first person contacted at $t = 1$ is identified as
having the greatest value of $g_i$ for $G_{-i,t=1} = 0$. The second person has the greatest value of $g_i$ for the remaining respondents with $G_{-i,t=2} = g_1$, where $g_1$ is the contribution of the first respondent. The third person has the greatest value of $g_i$ among those not yet contributing when we set $G_{-i,t=3} = g_1 + g_2$, and so on.

Table 7
Optimal Campaign Message

<table>
<thead>
<tr>
<th>Campaign</th>
<th>Recipient-Focused ($d_1$)</th>
<th>Emotional Appeal ($d_2$)</th>
<th>Arousal ($d_3$)</th>
<th>Total Donations (KRW 1,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4,317</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>5,773</td>
</tr>
<tr>
<td>3</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>4,779</td>
</tr>
<tr>
<td>4</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>5,736</td>
</tr>
<tr>
<td>5</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>5,092</td>
</tr>
<tr>
<td>6</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>7,798</td>
</tr>
<tr>
<td>7</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>4,625</td>
</tr>
<tr>
<td>8</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>5,200</td>
</tr>
</tbody>
</table>

Campaign message six is found to produce the greatest total donation. This message is focused on the recipient, has non-positive emotion and has elements of arousal that call respondents to action. In general, we find there are large differences among the different campaigns, and that the coefficient estimates reported in Table 5 result in large variation in the expected donations of respondents. In addition, we find that the optimal campaign message six is the campaign that has the lowest ratio of altruistic to egoistic marginal utility (see Table 6). This advertisement graphically shows the plight of malnourished and neglected children.

5.2. Timing

Our analysis of the source of marginal utility in Table 6 indicates that altruistic motivations for giving are diminished as it becomes known that others have already made contributions to a charitable cause. This raises the issue of the value of sequencing a series of appeals to prospective donors that first appeals to altruistic individuals, and then later to egoistic individuals so that altruistic people do not feel that people have not already contributed enough to cause.

We value the altruistic component of utility by comparing campaign contributions from a sequence of appeals that either begin with an advertisement that is relatively more appealing to an egoistic motive versus an altruistic motive as measured in Table 6. Table 8 displays results for alternative sequences and comprises two altruistic campaigns (1 and 3) and two egoistic campaigns (2 and 4). For each sequence, the respondent with the highest contribution amount, $g_1 = g^*$, is considered to be the first contributor, and we set $G_{-i,t=2} = g_1$ as before. The values of $g^*$ are recalculated for each remaining respondent, with the highest contribution amount set equal to $g_2$ and $G_{-i,t=2} = g_1 + g_2$, and so on. When the number of respondents with the highest contributions equals half the sample, the appeal for donations is changed to that of the second campaign and associated contributions are determined for each respondent.
Table 8
Optimal Campaign Timing

<table>
<thead>
<tr>
<th>First Campaign</th>
<th>Second Campaign</th>
<th>Total Donations (KRW 1,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High $\gamma_1$:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>5,248</td>
</tr>
<tr>
<td>2</td>
<td>3</td>
<td>5,382</td>
</tr>
<tr>
<td>4</td>
<td>1</td>
<td>5,274</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
<td>5,373</td>
</tr>
<tr>
<td>Low $\gamma_1$:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>5,322</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
<td>5,456</td>
</tr>
<tr>
<td>1</td>
<td>4</td>
<td>5,406</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
<td>5,578</td>
</tr>
</tbody>
</table>

The top portion of Table 8 displays results for the first campaign having relatively higher marginal utility from egoistic motives (high $\gamma_1$) than from the second campaign (see Table 6). We note that the average differences of the ratio of altruistic to egoistic marginal utility among the campaigns are relatively small. Yet, these differences translate into consistently higher total donations when the campaign is led with a less egoistic appeal, ranging from 1–4%. These results are due to heterogeneity in the population, and people selected for inclusion in a campaign when their contribution $g_i$ is high. The results are also dependent on aspects of the appeals and will vary depending on their quality. Our goal, here, is to demonstrate the value in leading campaigns with an altruistic-oriented versus an egoistic-oriented appeal.

5.3. Targeting

A more aggressive estimate of the value of knowing the underlying motivation for making a contribution is revealed when it is possible to fully customize others to the individual. This may occur when a firm has a history of interaction with respondents and can use past information to calibrate our model.

Table 9 reports results from using each of the various campaigns for the entire population, and the fraction of the population for which each campaign is best. The results are reported for two strategies – one in which the donations of others ($G_{it}$) are accumulated by first approaching people with the highest contributions $g_i$ and another where appeals are first made to those with the smallest contributions. As reported in Table 8, we again find value in approaching people with smaller donation amounts first so that their altruistic motive is not diminished by the donations of others.
Table 9
Donations from a Fully Customized Campaign

<table>
<thead>
<tr>
<th>Campaign Number of Respondents as the Best Campaigns</th>
<th>Descending Order in g_i (KRW 1,000)</th>
<th>Ascending Order in g_i (KRW 1,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1 (.5%) 4,162</td>
<td>4,317</td>
</tr>
<tr>
<td>2</td>
<td>14 (7%) 5,597</td>
<td>5,773</td>
</tr>
<tr>
<td>3</td>
<td>7 (3%) 4,625</td>
<td>4,779</td>
</tr>
<tr>
<td>4</td>
<td>13 (6%) 5,509</td>
<td>5,736</td>
</tr>
<tr>
<td>5</td>
<td>18 (9%) 4,944</td>
<td>5,092</td>
</tr>
<tr>
<td>6</td>
<td>138 (67%) 7,598</td>
<td>7,798</td>
</tr>
<tr>
<td>7</td>
<td>10 (5%) 4,408</td>
<td>4,625</td>
</tr>
<tr>
<td>8</td>
<td>5 (2%) 5,019</td>
<td>5,200</td>
</tr>
<tr>
<td>Fully Customized</td>
<td>8,221</td>
<td>8,371</td>
</tr>
</tbody>
</table>

We find that the best campaign (6) is not uniformly favored among all respondents. Sixty-seven percent of the respondents are predicted to have maximum donation when exposed to this campaign, with the remaining 33% spread over the other seven campaigns. The total amount of giving is increased to about 8,300 (KRW 1,000) under full customization, or about a 7–8% increase over campaign six alone.

6. CONCLUSIONS
6.1. Summary and Discussion

In this paper we present an economic analysis of charitable donations that nests altruistic and egoistic aspects of giving. We relate characteristics of appeals to model parameters and investigate the effect of these appeal attributes on the aspects of giving behavior. The findings are as follows:

First, an advertising message for donation becomes more persuasive and contributes more to the propensity for giving when it is recipient-focused than non-recipient-focused. Second, an ad message with higher arousal also leads to an increase in donation. Third, we find no significant effect of the presence (absence) of emotional appeals in the message on the giving decision. Finally, it is important to note that there are significant interactions among the message attributes. We find that recipient-focused appeals with elements of arousal lead to heightened levels of giving, consistent with past research. We also find that the emotional aspect of an advertisement plays an interactive role with being recipient-focused and arousal so their effects are primarily present in advertisements with non-positive valence.

The results of our study serve to validate the use of the proposed utility function (equation 1) for understanding donation behavior. We find that it fits better than descriptive models, being able to better capture altruistic giving where donations decline when respondents know that other donors have already given to a cause. This effect is difficult to capture in a descriptive linear model without including all possible interactions, where we find that parameter estimates become unstable. We find that the altruistic giving effect (reduced giving when others are known to have already given) is more efficiently captured with our utility-based model.

We also find substantial within-respondent variation in giving, which can be attributed to variation in altruistic versus egoistic sources of utility. While prior research has documented the presence of situational factors influencing altruistic giving (Small et al., 2007), effects due to the campaign message have not previously been measured in a way that separates within- from...
across-respondent variation in response. We find coefficients associated with aspects of the
campaign to be large and heterogeneous among respondents (see Table 5). Our model allows us to
show value in the customization and timing of different appeals for donations.

Coupling with the heterogeneity across the potential donors in the message effects, various
policy guidelines can be explored for non-profit organizations. Based on the estimation results
of our utility model, we summarize managerial implications in the area of timing, targeting, and
customization.

First, in designing the sequence for different campaigns (i.e., more appealing to egoistic
motives versus altruistic motives), a campaign manager gets better off by offering a less egoistic
campaign first and moving on to a more egoistic campaign later. This is because the altruistic
motivations for giving are diminished as people learn that others already made donations to
a charitable cause. Therefore, total donations are expected to be higher when the campaign uses
a less egoistic appeal.

Second, regarding the targeting decision on whom and when to target, it is better to follow
the ascending order (i.e., targeting individuals with smaller donations at an early stage) than to
implement the descending order. We find that donors with relatively high altruistic motives tend
to give smaller amounts, and that there is economic value in first soliciting donations from them
than from egoistic donors who tend to give more. We note that this strategy is counter to many
donation campaigns that first attempt to line-up big donors before reaching out to others. An
interesting topic of future research would be whether the decision to go after big donors first is
driven by demand-side considerations of giving by the donors or by supply-side considerations of
the firm that wants to ensure success of the campaign during its early stage.

Finally, considering the substantive amount of heterogeneity, we find no single campaign that
works best for every individual in our analysis. This offers an opportunity for additional donations
 gained by offering a customized campaign, i.e., matching the best campaign for each individual.
Under the full customization, the total amount of giving is increased by 7–8% over the best single
campaign alone.

6.2. Limitations and Future Research

There are some limitations in the current study. First, the analysis is based on the survey
data from a conjoint experiment. Thus subjects are samples from university students, not able to
perfectly represent all of the potential donors in the market. Replication of the study with actual
donation data would be desirable to evaluate external validity of the effects learned in this paper.
Secondly, our empirical analysis is based on consumer reactions to appeals requiring a one-
time, immediate response. We believe that appeals for forming an on-going relationship with the
recipient (e.g., World Vision http://www.worldvision.org) are likely to be more successful with
stimuli showing the recipients happy and smiling rather than sad and starving. Our empirical
findings may not translate to settings where the nature of the interaction with the donor is long-
term, and additional research is needed in applying the model to other settings.

There are many other extensions to our model that can be addressed in future research. One
avenue is exploring the variation in the social environment of giving behavior, and comparing the
size of this effect to those associated with the appeal. Our data came from an experimental setting
where this variation was not observed, and the effects of year-end giving during the holidays, or
alternatively at the end of the tax year, are interesting extensions to the model.

Another extension is the issue of complementarity in a person’s utility of donation behavior.
Complementarity reflects synergistic effects among different donation opportunities. Given that it is
not surprising to see individuals who donate to different charities, or volunteer across multiple activities;
modeling the complementarity among giving behaviors is an important contribution to campaign
management by identifying likely prospects based on their contributions to related campaigns.
ACKNOWLEDGEMENTS

The first two authors appreciate 2012 and 2013 KAIST Business School Faculty Research Grant. Jaehwan Kim is grateful for the research grant from Korea University Business School.

References


Effects of Motivating to Sustain Commitment 
of the Sales Professionals

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Received: 20 June 2016 / Revised: 8 August 2016 / Accepted: 18 August 2016 / Published online: 6 October 2016

ABSTRACT

Motivation is an important tool which can have a significant impact to improve the performance of employees in any organization and in the current competitive world, employees’ commitment is crucial in achieving the organizational goals. The current research is aimed at examining the role played by motivation in sustaining the commitment of sales professionals. Primary data has been collected among 100 sales professionals using the close-ended questionnaire. For the analysis purpose both descriptive and inferential analysis has been conducted. The findings from the analysis show that most factors included in the model to measure the motivation show a significant and positive impact. Similarly the coefficient for organizational support, psychological support and financial support shows a positive and significant impact. In examining the impact of increased motivation on employees’ commitment, the results were also statistically significant and positive. On the basis of the findings it can be concluded that the motivation has a significant and positive impact on employees’ commitment so organizations should focus on motivating their employees; however, the method used for motivation can differ from one organization to another.

JEL classification: M10, M12, M14, M19, M50, M54, M59

Keywords: motivation, employee commitment, sales professionals, organizational support, financial support, psychological support.

1. INTRODUCTION

In this goal oriented world each and every organization wants to pursue its goal and vision, which is only possible with the help of employees working in an organization. It is quite important for employees to have a clear vision of what the organization wants to achieve. To make these employees familiar with the organization’s goals, motivation plays a major role. Without motivation an employee would not be disciplined to achieve the organization’s goal (Hackman & Oldham, 1976). Due to fast changing demand of the consumer world, it is very important to deliver products and services in an effective and efficient manner. Sales workforces play a significant role for the effective delivery of such products and services, and for this they are charged with handing over the products and services to the market (Restubog et al., 2006). However, the environment in which the personnel work is very complex, and also due to this it also becomes difficult for the sale person to achieve and improve the industrial sales targets as
well as market performance (Nikolaou & Tsaousis, 2002). Hence, it is very important to create motivation in order to improve the productivity by bringing significant changes in sales labour’s compensation, performance and goals (Obikeze, 2012).

Motivation is that tool of management which helps develop effective performance of the employees of the company to achieve steady growth and also to face market competition (Sharma & Patterson, 2000). There are various positive outcomes of motivating a salesperson. It is motivation which helps to create enthusiasm in the salesperson related to his job. Through motivation it is possible to regenerate the interest of the salesperson. Motivation helps salespersons to work in a group so that they will not feel pressure alone, so it helps to maintain a cooperative work environment (Mak & Sockel, 2001). Motivation provides a sense of inspiration and visualization in their mind so that they could take up their work and do it in a positive way (Burton, 2012). Upon understanding the significance of motivation in influencing effective performance of the organizational workforce, the concerned study aims to evaluate the effect of motivation on the sustenance of commitment of sales professionals. Perennial objectives of the broader aim are:

1. To explore various factors affecting motivation of salespersons.
2. To understand the relationship between motivation and commitment and the former’s impact on the latter.
3. To gain insight on increased sales productivity due to increased motivation and commitment.
4. To deduce a model based on the understanding of the concerned issues.

2. REVIEW OF LITERATURE

i. Factors affecting motivation of sales professionals: an empirical review

Motivational factors play a key role to evaluate the change in the behaviour of salespersons and also to verify the performance of the same in an organization. There are two factors which affect the motivation of sales professionals and these are financial and non-financial factors (Meyer et al., 2004).

Financial factors

Financial factors are conditioned financial rewards that are attractive and motivate behaviour of employees, but are not pleasurable (Eshun & Duah, 2011). According to the studies of Kubo and Saka (2002), Griffin (2006) and Havaldar and Cavale (2007) the main financial award methods that must be implemented within an organization are: incentive schemes, compensation and cash prize winning contests. Following their definition an empirical investigation has been conducted here, showing the variance in effectiveness of various financial factors for employee motivation.

Kubo and Saka (2002) defined Incentive Scheme as a satisfactory appraisal given to the employees by respective organizations based on their performance, which even increases the chance of earning several salaries as lump sum. Incentive schemes must be organized in the industries so that it would also give a sense of motivation in the employees to work more and hence more. According to the quality of work done by the sales professional, industries must provide incentives and bonuses to them. This would create an excitement in them to work efficiently so that they could earn more (Kubo & Saka, 2002).

According to Griffin (2006), Compensation, as a financial motivating factor, is the method used within an organization to recruit and retain qualified employees and increase their morale. On the basis of this observation, his study stated that, to build motivation among the sales professional, provision of compensation to them through stocks is an effective way. Company managers purchase stocks at a fixed price. The main idea behind this is to build high performance
of the company and this practice will increase the stock price and hence consequently the market price value decreases (Griffin, 2006).

However, according to another study conducted by Havaldar and Cavale (2007), cash prize winning contests are the methods employed within an organization to present to employees a token of appreciation for their achievement or for obtaining a desired goal of an organization. According to their study, cash prize winning contests should be organized in companies for sales professionals, so that there would be excitement among salespersons to win such contests. These contests will be close-ended within a company and hence are an excellent way to motivate and evaluate the commitment of sales professional towards their work (Havaldar & Cavale, 2007).

**Non-financial factors**

Non-financial factors are unconditioned rewards that are attractive and motivate behaviour because they are inherently pleasurable. These factors are the integration of a system of reward and recognitions that does not involve giving money directly to the employee (Neagu, 2014). According to the studies of Parker (2003), Deeter-Schmelz and Sojka (2003), Smith, Rupp and William (2003), Armstrong (2008), Marchingston and Wikison (2008) and Wen-Bao Li (2008), the main motivating non-financial award methods that must be utilized within an organization are recognition, organization climate, organizational structure, management and motivational skills, professional development and achievements. Following their definition an empirical investigation has been conducted here, showing the variance in effectiveness of various non-financial factors for employee motivation.

According to Parker (2003), recognition is nothing but an encouragement given to the employees working within an organization. The organization creates motivation through non-financial recognition schemes like praise, voucher and nomination based schemes. It is an important non-financial method that must be adopted within an organization. Recognition is a form of gratitude given by an organization to its employees. The motive behind this is to create the encouragement among the employees working in a team as well as other employees. It is a cheap way to increase the performance of an organization and it is possible by employing verbal, such as rewards, praise, and non-verbal recognition methods like expressions, gestures, etc. (Parker, 2003).

But contrary to this, the study of Thomas B. Wilson, titled “Innovative reward systems for the changing work place” suggests that recognition cannot improve the performance of an organization alone but also helps to create a sense of motivation in an employee working in a particular organization (Wilson, 2003).

According to the study of Deeter-Schmelz and Sojka (2003), another non-financial factor that affects the motivation of sales professional is the organization climate. According to the study organization climate is the way in which different employees within an organization treat each other. Some of the strategies of developing organizational climate involve establishing a friendly attitude among employees, irrespective of their position, thereby motivating their performance and work done by them in the organization. However there are other types of employees who demotivate the performance of employees by making vague comments about their performance, which totally distracts a person from work and thus has a negative impact on the overall performance of an organization (Deeter-Schmelz & Sojka, 2003).

The structure of an organization also affects the working way of an employee according to the research of Smith, Rupp and William (2003). It is the method that must be developed in an organization to evaluate the nature of work, performance and employee attitude in an organization. It all depends upon the organizational structure that evaluates the performance of the industry. Sometimes it is the nature of work or the type of work that influences the employee to do it. An employee’s positive attitude motivates him to do the work and provides him with positive energy; if an employee finds the work exciting and challenging then it would also motivate him (Smith & Rupp, 2003).
Based on the definition given by Armstrong (2008), motivational skills are those which must be employed within an organization in order to energize people to do what comes from their inside. Basically management skills must be utilized within an organization to build the motivational skills of the company, and these skills can be used by the sales professionals to improve the performance of the company (Armstrong, 2008).

According to the study of Marchingston and Wikison (2008) regarding the importance of adopting non-financial factors to motivate employees in an organization, professional development and achievement plays an important role in the development of motivational skills of the professionals working in an organization because it is this workforce who provides skills to other employees in turn, consequently impacting the work performance of employees.

It is not necessary for managers to motivate employees or sales professional but it is required that they should provide opportunities to employees so that they could improve their performance (Marchington & Wilkinson, 2008).

A similar study was conducted by Wen-Bao Li (2008), finding that professional development and professional achievements are other factors that motivate sales professional in an organization. It is the professional people who motivate employees in an organization. A professional person provides employees with skills which will help them to make an impact on their work in the organization to attain a good position in an organization by achieving success (Lin, 2008).

ii. Outcomes of motivation

Motivation helps to improve the performance of a business organization. Two main outcomes of motivation are: organizational commitment and increased productivity (Sujan et al., 1988).

Organizational commitment

Commitment is an art that reflects the loyalty of an employee towards an organization. This commitment comes only if the employees of the organization are motivated. Employee motivation plays a crucial role to build employee commitment toward work in a particular organization (Dagne et al., 2015). Commitment in an organization is determined through three factors: personal factors, organizational factors and non-organizational factors. Personal factors include age, pay, internal, external attributes, and others. Organizational factors include job design and supervisor’s style of leadership, so motivation can be built by focusing on these factors. Non-organizational factors include various business alternatives (Lai et al., 2012). There are three features by which employees are motivated to work in an organization and these features are visibility acts, the extent to which the outcomes are derived and voluntary action of an employee in an organization (Ellis, 2000). There are three components that define the motivation and commitment of an employee in an organization and these are: willingness of an employee to represent himself from the organization side, strong employee desire to serve in an organization and to identify with the organization values etc. There is a direct relation between motivation and commitment. The greater the motivation, the greater the commitment of an employee to work in an organization (Sange & Srivastava, 2012).

Increased productivity

Motivation plays an important role to increase the productivity of an organization (Murphy, 2004). Whatever may be the size of an organization, either big or small, the common aim is to achieve success in today’s fast growing world. The success of an organization is possible only if the employees are highly motivated. This success is measured by the degree of productivity. So to succeed in a competitive market it is important to formulate the goals and objectives in an organization and to formulate these goals, motivation regarding the vision and goal should be built.
among organization employees; otherwise this dream would be difficult to turn into reality (Little, 2012). Companies cannot ignore the factors which contribute to arousing the most important factor that is motivation. The activities which are involved in the productivity of an organization comprise capital, entrepreneur, land and last but not the least labour. The entrepreneur and labour are the most important factors among which there is a great need to motivate employees so as to increase productivity (William, 2010). The more the employees of a company are motivated towards achieving the vision of the enterprise, the higher the overall productivity.

3. RESEARCH METHODOLOGY

Research methodology will enable the researcher to study the effect of motivation on sales professionals and to sustain their commitment in an organization, through an analysis of first-hand data. But before discussing the various methods applied and their implications in the study, the conceptual framework highlighting the major concepts of exploration and understanding related to the issue at hand has been presented:

Figure 1
Conceptual framework based on the insights gained from the review of literature

From this figure it can be evaluated that motivation has a direct impact on a sales professional’s way of working which will in turn sustain commitment and thereby the tendency to work in an organization or get involved in the job also changes. The more the sales professionals and employees are motivated, the greater their commitment, and hence, the tendency to get involved in the job will be, meaning increased productivity.

Motivational Impact on Sales: It is the motivation of sales professionals that directly impacts the overall sale of the products in an industry. It is very important that the employees serving in industries should be highly motivated with a clear focus and vision to improve the economic growth of the country. It can either have a positive or negative impact on an industry’s performance. Various factors should be taken into consideration within an industry to motivate sales professionals. These factors can be financial or non-financial.

Commitment of Sales Professionals: As stated earlier commitment is nothing but a promise of an employee towards his organization. Commitment is important because without commitment success is not possible. Hence it is very crucial that employees must be committed towards their work. Their commitment depends upon the nature of the work given to them, so it must be made sure that work is in line with the interest of an employee. It is the desire of an employee that makes the employee loyal towards his work. Commitment and motivation terms are linked to one another.
Tendency to get involved in the job: Both commitment and motivation are important to evaluate the overall performance of an organization. If the employees or sales professional are highly motivated towards their job and are highly committed towards the task they are assigned then this would surely increase the productivity, which would further lead to an economic development of a company. An employee’s tendency to get involved in the job depends upon financial and non-financial factors. Financial factors (incentive schemes, compensation, cash prize, etc.) are conditioned financial reward methods that are attractive and motivate behaviour of employees, but are not pleasurable. Non-financial factors are unconditioned rewards that are attractive and motivate behaviour because they are inherently pleasurable. Non-financial methods that must be utilized within an organization are recognition, organization climate, organizational structure, management and motivational skills, professional development and achievements.

Upon identifying the key elements within the conceptual framework, the following null hypotheses were proposed for further examination and interpretation:

H1: Employee’s engagement strategies within an organization positively influences employee motivation;
H2: Factors affecting employee’s motivation and commitment are unidimensional;
H3: Increased employee motivation and commitment has an effective impact on skill enhancement and organizational performance.

3.1. Research Design: Exploratory design is used to gain insight on the effect of motivation and also its impact on the performance of sales professionals in an organization as per the literature. Descriptive design has been used in order to collect the data from the demographic profile and personal background of the respondents (Vance, 2004). Furthermore, the explanatory design has enabled the researcher to ascertain the triangular relationship between motivation, organizational commitment and increased productivity of sales professionals.

3.2. Sampling Plan: In this study the respondents were the sales staff of three multinational companies of a metro city of India. About 200 sales professionals were chosen on whom a survey was conducted using a close-ended and structured questionnaire. The survey was conducted personally by the researcher, distributing the questionnaires to the respondents randomly, following the probability random sampling plan. An appropriate prior permission was obtained from the Human Resource (HR) department and the Office of the Country Manager of the companies upon explaining to them the aim and purpose of the study. Besides, informed consent forms were also collected from the respondents before initiating the survey.

3.3. Data Analysis Procedure: Data gathered from the survey through a quantitative approach has been analysed deductively, by coding the views numerically using MS Excel. Under the descriptive analysis, the frequency technique was applied to get an overview of the data and a brief profile of the respondents. A linear regression analysis was conducted to measure the level of motivation provided by the organization through various engagement strategies. Following the identification of the engagement strategies and employee motivation, a factor analysis was carried out to identify the major factors influencing the motivation and consequent commitment of the employees towards the organization. Lastly, a linear regression analysis was again performed to examine the casual relationship between these factors and the outcomes of increased motivation of employees. Later, statistical results were obtained by transferring the data into SPSS software (v21.0), which data was then interpreted. The representation and analysis of the results are presented in tables, graphs and figures under the findings section.
4. FINDINGS

The current research is aimed at examining the impact of motivation on the commitment of sales professionals. For the analysis purpose data has been collected among 100 sales professionals in various organizations. Both descriptive and inferential analysis has been conducted to obtain the results.

4.1. Descriptive analysis

A descriptive analysis has been conducted to get an overview of the data and a brief profile of the respondents. Results from the demographic profile show that 41% of the respondents were in the age group of 31–40, which was followed by 35% in the age group of 21–30. The proportion of the respondents who were more than 40 years of age was just 24%, which indicates that most of the respondents were young.

Figure 2
Age of the respondents

Similarly the sector-wise distribution of the respondents shows that 55% of the respondents were engaged in the public sector whereas the remaining 45% were in the private sector. In terms of experience the results show that most (47%) respondents have 1 to 5 years of experience.

Figure 3
Sector and total work experience of the respondents

On the other hand, only 18% of the respondents had worked for more than 10 years in the current organization and 19% of the respondent had less than one year of experience.

Similarly, to know the current scenario of employee’s motivation and employee commitment towards the organization, the respondents were asked to respond on various aspects of motivation in their organization. As shown in the figure below the majority of respondents think that commitment of employees towards the organization depends on employee motivation.
When asked whether their organization offers reward and opportunities for their employees to motivate sales staff, only 47% said “yes”, 41% responded “no” and the rest of them were not sure. Similarly 57% of the respondents think that their current job provide them with a chance to develop and 53% of the respondents agree that they are able to find personal meaning in their current work. In terms of the role played by the management in motivating employees, 49% of the respondents get help from their managers in sales planning and for 53% of the respondents their company provides self-management activities to motive the employees in the organization.

4.2. Inferential analysis

The inferential analysis has been conducted with the help of correlation and multiple regression analysis with an aim to examine the impact of motivation to sustain commitment of sales professionals.

**Employee engagement within organization**

To measure the level of motivation provided by an organization to improve employee commitment, a multiple regression analysis was conducted. Employee engagement in the organization was taken as the dependent variables and the various aspects of employee motivation were taken as the independent variables. Prior to conducting the regression analysis the Pearson correlation analysis was conducted and the results showed that most of the variables are correlated significantly at 5%.
### Figure 5
Regression results for employee engagement in the organization

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coef</th>
<th>Standardized Coef</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-0.180</td>
<td>0.049</td>
<td>-3.649</td>
<td>0.000</td>
</tr>
<tr>
<td>A positive attitude toward the organization</td>
<td>0.061</td>
<td>0.029</td>
<td>2.137</td>
<td>0.035</td>
</tr>
<tr>
<td>Willingness to behave altruistically</td>
<td>0.122</td>
<td>0.030</td>
<td>3.985</td>
<td>0.000</td>
</tr>
<tr>
<td>Going beyond the requirements of the job</td>
<td>-0.010</td>
<td>0.027</td>
<td>-0.382</td>
<td>0.703</td>
</tr>
<tr>
<td>I am proud to work for my organization</td>
<td>0.133</td>
<td>0.036</td>
<td>3.691</td>
<td>0.000</td>
</tr>
<tr>
<td>Great place to work</td>
<td>0.399</td>
<td>0.049</td>
<td>8.173</td>
<td>0.000</td>
</tr>
<tr>
<td>To go “above and beyond” expectations</td>
<td>0.048</td>
<td>0.034</td>
<td>1.406</td>
<td>0.163</td>
</tr>
<tr>
<td>Put in a great deal of effort beyond normal expectations</td>
<td>0.111</td>
<td>0.032</td>
<td>3.436</td>
<td>0.001</td>
</tr>
<tr>
<td>Organization’s overall goals, objectives and direction</td>
<td>0.043</td>
<td>0.027</td>
<td>1.587</td>
<td>0.116</td>
</tr>
<tr>
<td>Inspiration</td>
<td>0.148</td>
<td>0.034</td>
<td>4.346</td>
<td>0.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee engagement within organization

Adjusted R square: 0.90
F statistic: 0.000
Durbin Watson: 2.002

Results from the regression analysis show that 90% of the variation in the dependent variable is due to a change in the independent variable as the value of adjusted R square is 0.90. Since the F statistic is significant the cumulative effect is also significant and the result from Durbin-Watson test rejects the possibility of autocorrelation in the variables.

Results from the regression coefficient show that among nine independent variables included in the model eight of the variables, that is “Willingness to behave altruistically”, “I am proud to work for my organization”, “Great place to work”, “Put in a great deal of effort beyond normal expectations”, “Organization’s overall goals, objectives and direction”, “Inspiration”, “To go ‘above and beyond’ expectations” and “A positive attitude toward the organization”, show positive and significant impact on the dependent variables whereas the results for the remaining three variables were not statistically significant.

The coefficient of great place to work (0.399) can be interpreted as such that, with a one unit increase in this feeling of an employee, the engagement of the employee in the organization increases by 0.399 unit, holding all other things constant. All other regression coefficients can also be interpreted in a similar way. The coefficient of inspiration (0.148) can be interpreted as such that, with a one unit increase in the inspiration in an employee, the engagement of an employee in the organization increases by 0.148 units, holding all other things constant. Similarly the coefficient of an employee feeling proud to work for the organization (0.133) can be interpreted as such that a one unit increase in the employee’s feeling to be proud increases his engagement in...
the organization by 0.133 unit, holding all other things constant. The coefficient of willingness of employees to behave altruistically (0.122) can be interpreted as such that, with a one unit increase in the willingness of an employee, the engagement of the employee in the organization increases by 0.122 unit, holding all other things constant.

A study conducted by Markos and Sridevi (2010) exhibited an employee’s engagement in an organization as being affected by many factors which involve both emotional and rational factors, that is employees’ willingness and ability to help their company succeed, largely by making an effort on a sustainable basis relating to work, and also revealed that the overall work experience affects an organization’s performance. A similar study was conducted by Vance (2004), according to whom organizations employ several engagement strategies that have a significant impact on employees as well as the organization. Through the study it was inferred that the more the employees are committed towards their work, the greater the organization’s productivity will be (Vance, 2004).

As per the above results, the null hypothesis “Employee’s engagement within an organization is positively affected by employee’s motivation” has been proved and justified.

Factors affecting motivation and commitment of employees

Three main factors were identified on the basis of literature reviews which influence the motivation and commitment of employees towards the organization. Three main factors include organizational factor, psychological factor and financial support. The impact of each factor for the current study has been presented in the following table.

The first factor is the organizational culture and the results show that the adjusted R square is 0.89, which means that 89% of the variation in the dependent variable is due to the independent variables and the cumulative effect is also significant. Similarly, the results show that training, performance appraisal, skill development and reward have a positive and significant impact in the organizational culture.

Figure 6
Regression results for factors affecting the motivation and organizational commitment

<table>
<thead>
<tr>
<th>Factors affecting motivation and commitment</th>
<th>Organizational Support</th>
<th>Psychological Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted R square: 0.89 F statistic: 0.000</td>
<td>Durbin Watson: 1.824</td>
<td>Adjusted R square: 0.83 F statistic: 0.000 Durbin Watson: 1.52</td>
</tr>
<tr>
<td>B coefficient</td>
<td>Standard error</td>
<td>T – value</td>
</tr>
<tr>
<td>Training</td>
<td>0.341</td>
<td>0.071</td>
</tr>
<tr>
<td>Performance Appraisal</td>
<td>0.229</td>
<td>0.062</td>
</tr>
<tr>
<td>Skill Development</td>
<td>0.211</td>
<td>0.082</td>
</tr>
<tr>
<td>Reward</td>
<td>0.210</td>
<td>0.084</td>
</tr>
<tr>
<td>Future Relationship</td>
<td>0.051</td>
<td>0.033</td>
</tr>
<tr>
<td>Availability of resources</td>
<td>0.347</td>
<td>0.077</td>
</tr>
<tr>
<td>Staff participation</td>
<td>0.204</td>
<td>0.066</td>
</tr>
<tr>
<td>Interaction among staff</td>
<td>0.314</td>
<td>0.076</td>
</tr>
<tr>
<td>Safety measures, risk assessment, norms</td>
<td>0.173</td>
<td>0.059</td>
</tr>
</tbody>
</table>
The second factor included in the analysis is the psychological factor and results show that the independent variables included in the regression model are able to explain 83% of the variation in the dependent variable and the cumulative effect of independent variables in the dependent variable is also significant as indicated by the F statistic. Similarly, available resources, staff participation, interaction among staff and various safety measures show a significant and positive impact on the psychology of employees so an organization should focus on these factors to motivate its employees.

The third and last factor is the financial factor and the results are also statistically significant, as the adjusted R square is 0.89 and F statistic is also significant at 1%. The regression coefficients of independent variables are also positive and statistically significant.

However, according to the Dobre’s (2013) study, employees within an organization can also be motivated through proper leadership, as leadership is all about getting things done the right way. To achieve an organization’s goals, the leader should gain the trust of employees. Nevertheless, in order to make employees trust leaders in the organization, the employees should be motivated. Also according to the study proposed by Danish and Munir (2012), a major factor that impacts motivation and commitment of employees is the financial support given by an organization to its employees and it was noted that it has a significant and positive impact on employees’ performance. Also, an increase in motivation from the organization shows a positive and significant impact on commitment of the employees to the organization (Danish & Munir, 2012).

Hence, as per the above results, hypothesis “Factors affecting employee’s motivation and commitment has a positive influence on an organization’s performance” has been proved and justified.

**Outcome of increased motivation and commitment**

The impact of increased motivation on commitment of employees towards the organization has been examined and the results are shown below. To assess the impact, a separate regression analysis was conducted by taking increased motivation as the independent variable and the possible outcome as the dependent variable so that the impact of increased motivation can be realized.

<table>
<thead>
<tr>
<th>Financial Support</th>
<th>Adjusted R square: 0.89</th>
<th>F statistic: 0.000</th>
<th>Durbin Watson: 1.753</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary increment</td>
<td>0.430</td>
<td>0.050</td>
<td>8.540</td>
</tr>
<tr>
<td>Bonuses and wages provided in company</td>
<td>0.298</td>
<td>0.047</td>
<td>6.283</td>
</tr>
<tr>
<td>Profit sharing practices</td>
<td>0.294</td>
<td>0.047</td>
<td>6.219</td>
</tr>
</tbody>
</table>
Figure 7
Regression results for outcomes of increased motivation and commitment

<table>
<thead>
<tr>
<th>Outcomes of increased motivation and commitment</th>
<th>Adjusted R square</th>
<th>F statistic</th>
<th>D-W</th>
<th>B coefficient</th>
<th>Standard error</th>
<th>T – value</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>To face competitive market</td>
<td>0.673</td>
<td>0.000</td>
<td>1.370</td>
<td>0.891</td>
<td>0.062</td>
<td>14.313</td>
<td>0.000</td>
</tr>
<tr>
<td>Build enthusiasm in sales staff</td>
<td>0.721</td>
<td>0.000</td>
<td>1.515</td>
<td>0.834</td>
<td>0.052</td>
<td>16.025</td>
<td>0.000</td>
</tr>
<tr>
<td>Regenerate the sales staff interest in work</td>
<td>0.517</td>
<td>0.000</td>
<td>2.301</td>
<td>0.736</td>
<td>0.071</td>
<td>10.340</td>
<td>0.000</td>
</tr>
<tr>
<td>Helps to maintain cooperative work environment</td>
<td>0.469</td>
<td>0.000</td>
<td>1.752</td>
<td>0.723</td>
<td>0.077</td>
<td>9.412</td>
<td>0.000</td>
</tr>
<tr>
<td>Sense of building positive attitude in staff</td>
<td>0.689</td>
<td>0.003</td>
<td>2.576</td>
<td>0.836</td>
<td>0.056</td>
<td>14.849</td>
<td>0.000</td>
</tr>
</tbody>
</table>

As the results show increased motivation has a positive and significant impact on employees’ commitment as all the independent variables show a significant impact. The regression coefficient of enthusiasm (0.721) can be interpreted as such that, with a one unit increase in the motivation, the enthusiasm of the sales staff increases by 0.721 unit, holding other things constant. All other coefficients can also be interpreted in a similar way. The regression coefficient of sense of building positive attitude in staff (0.689) can be interpreted as such that a one unit increase in the motivation, the attitude of sales staff increases by 0.689 unit, holding other things constant. Similarly, the regression coefficient of facing competitive market (0.673) can be interpreted as such that, with a one unit increase in the motivation, the competition faced by sales staff increases by 0.673 unit, holding other things constant.

Similar results were proven by Muogbo (2013), according to whom motivation has a positive impact on an organization’s performance. The study inferred that creating motivation and winning the hearts of employees help an organization to regenerate the sales in meeting customer demand and hence making profit (Muogbo, 2013). A similar study was proposed by Nguyen et al. (2014), who recommend commitment-based organizations to continue and reinforce organizational support for their staff.

As per the above results, hypothesis “Employee motivation positively impacts employees’ commitment towards the organization” has been accepted and justified.

6. DISCUSSION AND CONCLUSION

In the competitive world the main aim of every organization is to achieve its organizational goals and the engagement and commitment of the employees is an important factor in achieving the goal and there should be enough motivation for the employees. In this light, the current research is aimed at examining the impact of motivation to sustain commitment of sales professionals. For data analysis primary data was collected among 100 sales professional and both the descriptive and inferential analysis was conducted to obtain the results. Findings from the analysis show that among various factors which were included to measure the motivation for employees in the organization, most of them show significant results. Similarly all three major
factors (organizational support, psychological support and financial support) have a significant and positive impact on motivation and commitment of the employees. Also, an increase in motivation from the organization shows a positive and significant impact on commitment of the employees to the organization.

7. ACKNOWLEDGEMENT

I take this opportunity to express my deep sense of gratitude and profound thanks to Mr. Krzysztof Cybulski (Ph.D.), Faculty of Management, University of Warsaw, Poland for his kind guidance and support. I am also grateful to University of Warsaw and Erasmus Mundus Action 2 IBIES Programme for giving me the opportunity to pursue my Ph.D. I would also like to thank Mr. Rajesh Pahurkar (Assistant Professor, Department of Management Sciences – PUMBA, SavitribaiPhule Pune University – Formerly University of Pune) for his timely help and support.

References


APPENDIX: 1 – QUANTITATIVE QUESTIONNAIRE

The following questions are addressed to define the effects of motivation to sustain commitment of sales professionals. The goal of the study is to gain insight on increased sales productivity due to increased motivation and commitment. With regard to the study following are the survey questions distributed among various level employees of the Sales Department.

Your participation is deemed to be voluntary and your identity, as well as your answers to the questions, will remain confidential.

Thank you.

Respondent’s Name: ________________________________

Section A: Demographic profile and general background of the respondents

<table>
<thead>
<tr>
<th>1. What is your age?</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>21–30</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>41–50</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Which sector does your enterprise belong to?</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>☐</td>
</tr>
<tr>
<td>Private</td>
<td>☐</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. How long have you been working with your current enterprise?</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0–1 year</td>
<td>☐</td>
</tr>
<tr>
<td>1–5 years</td>
<td>☐</td>
</tr>
<tr>
<td>6–10 years</td>
<td>☐</td>
</tr>
<tr>
<td>More than 10 years</td>
<td>☐</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4. What is your position in the enterprise?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager (Sales Department)</td>
</tr>
<tr>
<td>Middle Management Executive</td>
</tr>
<tr>
<td>Junior Management Executive</td>
</tr>
<tr>
<td>Team Leader</td>
</tr>
<tr>
<td>Others</td>
</tr>
</tbody>
</table>

Section B: Respondent’s perception about motivation and commitment

<table>
<thead>
<tr>
<th>5. On your professional front, do you think commitment towards organization is dependent on employee motivation?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>Can’t say</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6. Does your company organize contests and reward opportunities to boost up or motivate sales staff?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>Not sure</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7. Does your current job provide chances to grow and develop?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>Not sure</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>8. Do you find personal meaning and fulfillment in work?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>Not sure</td>
</tr>
</tbody>
</table>
9. Does your sales manager help to do work planning along with you?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Not sure</th>
</tr>
</thead>
</table>

10. Does your company provide any self-management activities and resources for motivating salespersons?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Not sure</th>
</tr>
</thead>
</table>

11. Employee engagement within organization (Measurement of level of motivation)

The following questions are based on a 5 point scale (strongly agree), where 5 denotes most important and 1 denotes strongly disagree, with 3 being neutral. All questions are divided into 3 sub-sections delving into various sectors, bringing out the factors that have an impact on small and medium enterprises.

<table>
<thead>
<tr>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>A positive attitude toward, and pride in, the organization</td>
<td></td>
<td></td>
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<tr>
<td>Willingness to behave altruistically and be a good team player</td>
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<tr>
<td>An understanding of the bigger picture and willingness to go beyond the requirements of the job</td>
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<td></td>
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<tr>
<td>I am proud to work for my organization</td>
<td></td>
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<tr>
<td>I would recommend my organization as a great place to work</td>
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<tr>
<td>I am motivated to go “above and beyond” what is expected of me in my job</td>
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<td></td>
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<tr>
<td>I am willing to put in a great deal of effort beyond what is normally expected to help my organization succeed</td>
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<td></td>
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<tr>
<td>I understand how my role in my organization is related to my organization’s overall goals, objectives and direction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My organization inspires me to do my best work</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Section C: Factors increasing motivation and commitment

12. The following questions are based on a 5 point scale (strongly agree), where 5 denotes most important and 1 denotes strongly disagree, with 3 being neutral. All questions are divided into 3 sub-sections delving into various sectors, bringing out the factors that have an impact on small and medium enterprises.

<table>
<thead>
<tr>
<th>Factors</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training provision within the organization</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Performance appraisal programmes in the organization</td>
<td></td>
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<tr>
<td>Skill development programmes</td>
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<tr>
<td>Reward based programmes in the organization</td>
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<tr>
<td>Future employment relationship within the organization</td>
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<td></td>
<td></td>
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<tr>
<td>Psychological Support</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Availability of resources to carry out tasks</td>
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<tr>
<td>Staff participation in decision making</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Interaction between staff and work</td>
<td></td>
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</tr>
</tbody>
</table>
### Factors

<table>
<thead>
<tr>
<th>Organization safety measures, risk assessment, norms provided for staff</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Support</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Salary increment</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Bonuses and wages provided in the company</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Profit sharing practices</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

### Section C: Outcomes of increased motivation and commitment

The following questions are based on a 5 point scale (strongly agree), where 5 denotes most important and 1 denotes strongly disagree, with 3 being neutral.

<table>
<thead>
<tr>
<th>Outcomes</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>To face competitive market</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Build enthusiasm in sales staff</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Regenerate the sales staff interest in work</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Helps to maintain cooperative work environment</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Sense of building positive attitude in staff</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

### Any other comments

_____________________________________________________________________________
_____________________________________________________________________________

**Thank You for your time**
Media Credibility Perception Among Millennials in Slovakia

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Received: 13 September 2016 / Revised: 19 October 2016 / Accepted: 25 October 2016 / Published online: 20 December 2016

ABSTRACT

Communication professionals have been facing various challenges and one of them is how to win the audience. Past studies suggest that credibility could be the key. Therefore, credibility can be suggested as one of the key factors driving the traffic of individuals to certain media. By gaining a better understanding of how Millennials perceive credibility, companies can more appropriately plan and execute successful media campaigns directed to this very important public. A survey with 190 respondents – Millennials – was conducted to determine how they perceive the credibility of various media types. To measure the perception of media credibility, 12 characteristics like objectiveness, activity, intelligence, professionalism, etc. were examined. The results of the study revealed general moderate credibility of newspapers and television. The most credible medium for the Millennials is the Internet, especially because of its activity, ability to act fast, independence and objectivity. On the other hand, this cohort sees both television and newspapers as better presented than the Internet. The worst rated feature of television and newspapers was their passivity and political background. When examining statistically significant difference in overall perception, based on the results from the Wilcoxon signed-rank test, we can conclude that the difference in perception of television, newspapers and the Internet was unlikely to occur by chance and the Millennials perceive the Internet as significantly more credible than television and newspapers.

JEL classification: M310; M390

Keywords: media, credibility, Millennials

1. INTRODUCTION

The media credibility construct is a complex and multidimensional concept. Source, receiver and message – they all interact in the assessment of credibility of media. It is clear that information providers should pay attention to aspects of the source of information if they want to ensure that users see their information as credible and therefore useful. Hence, the perception of credibility varies according to age. Young consumers are a particularly interesting group to consider with regard to credibility. The generation born around 1980 is different from any before in its relationship to information technology, and also in its relationship to information sources.
Millennials are identified as those born from 1980 or 1981 to the year 2000 and they are seen as a generation with significant purchasing power and influence. Therefore, they are the target group of our research.

2. LITERATURE REVIEW

Nowadays, people have a vast choice of information sources. But in many cases, certain information appears to be “better,” or “more trustworthy” than other information. The challenge that most people then face is to judge which information is more credible (Hilligoss and Soo Yung, 2008). O’Keefe (1990) defined credibility as “judgments made by a perceiver (e.g., a message recipient) concerning the believability of a communicator”. Wathen and Burkell (2002) define credibility as ‘believability’. In general, credible information sources may be described as trustworthy and therefore credibility is closely related to a general concept of trust. Communication researchers measure the media trust by exploring the source credibility and the message credibility.

Media credibility

Media credibility research traditionally follows either the medium or the source approach. Medium credibility research focuses on the medium through which a message is delivered as a key predictor of audience evaluation. The source credibility approach focuses on the actual source of the message (Golan and Baker, 2012). Gunther (1992) identified an alternative approach to the study of media credibility, shifting away from the properties of the source and focusing on the properties of the audience. Eveland and Shah (2003) added that research of individual level predictors of media credibility is now emerging as a prominent subfield within media credibility.

Perceptions of the reliability and trustworthiness may be significantly affected by the selection of information sources. In particular, the significance of these criteria is emphasized when information seekers encounter conflicting information. In these situations, they have to assess the credibility and cognitive authority of alternative sources (Savolainen, 2013).

The concept of credibility is not new and has been studied in the ancient Greece – how the speakers persuade audience members. However, studies of the credibility of mass media began interesting in times when the rising number of people started turning to the radio for news instead of newspapers. Another change was brought by television and in the last decade of the 20th century, rise of the Internet led to recent credibility studies comparing traditional sources with this emerging medium (Davood et al., 2010). In sum, since the late 1990s, when the Internet began providing new information interaction environments that allowed users to seek for information and communicate with others in ways never before possible, the concept of credibility has received considerable attention (Hilligoss and Soo Yung, 2008).

The Internet is an environment full of uncertainty and various types of players (Smolková and Smolka, 2016), and an online user always experiences some level of risk. Thus, trust has become the strategy for dealing with uncertain outcomes or future and it is considered one of the most reliable predictors for online behaviors (Gefen, 2000).

The assessment of credibility in the online environment is often much complex than in previous media contexts due to “the multiplicity of sources embedded in the numerous layers of online dissemination of content” (Sundar, 2008). Stavrositu and Sundar (2008) concluded that using one platform (e.g. newspapers) can actually affect how people perceive the credibility of a different medium (e.g. the Internet). They also determined that news credibility perceptions are based on the reason why an individual is using the one specific platform.
Millennials

Generational cohort theory is based on the idea that populations can be grouped into generations based upon placement in the historical cycle because specific historic events shape the attitudes and behaviors of members within each cohort. Though this theory comes from the USA, global homogenization supported by technology drives the development of cross-border cohorts (Schewe and Meredith, 2004). Generational cohort theory is commonly applied to market analysis because of its ability to target the market efficiently and effectively. The cohort analysis methodological approach has been present in the literature for over thirty years and continues to be strategically relevant in today’s data-intensive market environment.

Young consumers are a particularly interesting group to consider with regard to credibility (Olšavský, 2013). The generation born around 1980 is different from any before in its relationship to information technology, and also in its relationship to information sources. Known variously as “The Millennials,” the “Net Generation,” “Digital Natives,” members of this generation share the feature of having been born to an environment of digital technologies (e.g., computers and the Internet) and they have been using them for their entire lives. Their experience with digital media has led them to have new and different expectations about how to gather, work with, translate, and share information (Flanagin and Metzger, 2008).

The Millennial generation has grown up with technology and considers social media and the Internet an integral part of their lives. This, along with their sheer number and buying power, makes them an ideal public for companies and their marketing activities (McCorkindale, DiStaso and Sisco, 2013).

Millennials and media credibility

It has been found that the Millennials differ from other generations in terms of their media usage. Gangadharbatla, Bright and Logan (2014) confirmed the popular notions in trade press that young adults are increasingly turning to social media for news rather than using traditional media such as print newspapers, magazines, and radio. Interestingly, however, despite their preference for using social media for newsgathering, young adults still perceive traditional media as more credible news sources than social media. This apparent disconnect between perceived credibility and actual choice of a medium for news is indicative of the complex nature of newsgathering. A study among Turkish and New Zealand respondents indicated that the Millennials rate print media as important information sources (Ashill and Yavas, 2005). In Taiwan, compared with the Internet, print media, along with television, are less reliable sources (Calisir, 2003). According to Berndt (2007), the Millennials find television more credible than print media. Tsang et al. (2004) confirm the attitudes of Millennials towards traditional media (especially television and magazine advertisements) are negative in comparison with attitudes towards new media, such as cell phones and the Internet.

Millennials pose a challenge for marketers because they do not seek their entertainment and information from traditional media. Estimates of newspaper readership by this age group indicate low interest since the Millennials are one-third less likely to read newspapers than older cohorts. This represents only 7% of the total newspaper readership. In contrast, in light of their requirement for faster, more immediate sources, the Internet is certainly their medium of choice (Luo et al., 2005).

In the context of e-commerce advertising campaigns, Choi and Rifon say that the more consumers perceive that an online campaign is credible, believable, and/or trustworthy, the more likely they will engage in e-commerce, they have a higher probability of buying online (Choi and Rifon, 2002). According to Aiken and Boush (2006), an important criterion for perceived credibility of e-commerce websites is transaction-related privacy or security, and significant cues
for trust are third-party certifications or “trustmarks”. On the other hand, some researchers (Paek, Hole and Cole, 2013, Strážovská, Suliková and Olvecká, 2016) also suggest that communication campaigners are likely to have limited results if they rely predominantly on social media, especially if they are focusing on a specific age group like Millennials.

3. DATA AND METHODS

The sample of this study consists of 190 Slovak Millennials who were chosen based on principles of convenience sampling. It is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher. It is a fast, inexpensive and easy technique. Respondents were presented a questionnaire with semantic differential scales, which is a “type of a rating scale designed to measure the connotative meaning of objects, events, and concepts or attitudes” (Darnell, 1970). To measure the perception of media credibility, 12 characteristics like objectiveness, activity, intelligence, professionalism, etc. were examined. The characteristics were in the form of adjectives and the respondents were asked to choose where their position lay, on a 7 point scale between two bipolar words. This method was used because semantic differentiation is a procedure that involves rather standard scaling practices and offers a variety of analytical methods.

The data was evaluated in SPSS, software for statistical computing and graphics. By assigning a set of integer values, such as +3, +2, +1, 0, –1, –2, –3, to the seven gradations of each bipolar scale, the responses could be quantified under the assumption of equal-appearing intervals. These scale values were averaged across respondents in order to develop semantic differential profiles for all three examined media types. To test for the median differences, Wilcoxon signed-rank tests were used. The hypotheses for the test are: H0: if one observation is made at random from each population (call them x0 and y0), then the probability that x0 > y0 is the same as the probability that x0 < y0, and so the populations for each sample have the same medians. H1: the populations for each sample do not have the same medians. These hypotheses were tested on a 95 percent significance level.

4. EMPIRICAL RESULTS

The results of the study revealed moderate credibility of both newspapers and television. The highest overall credibility was perceived for the Internet. When examining statistically significant difference in overall perception, based on the results from the Wilcoxon signed-rank test we can conclude that the difference in perception of television and the Internet was unlikely to occur by chance (p=0.03). The same result (p=0.03) was measured in comparison of the Internet and newspapers. Testing the significant difference of means for television and newspapers showed no difference in credibility perception (p=0.21). Therefore we can conclude that the Millennials perceive the Internet as significantly more credible than television and newspapers.

The strengths of the Internet are telling the whole story, its activity and ability to act fast, objectivity, independence and interesting content. On the other hand, both television and newspapers are seen by the Millennials as better presented than the Internet. The worst rated feature for television and newspapers was their passivity and political background.
In general, the Internet is perceived as a relatively credible medium which is very active, objective and interesting. The Millennials find it believable, with moderate credibility and rather neutral level of fairness. Television is perceived by this cohort as very well presented with high level of professionalism and moderate objectivity, believability and credibility. On the other hand, it is also quite passive and with political background. The Millennials’ attitudes towards newspapers can be described as neutral, with relatively high level of professionalism and intelligent content, rather passive and with political background.

When examining statistically significant difference in the independence of media, we can conclude that the difference in perception was unlikely to occur by chance (p = 0.02 for Internet vs TV and p = 0.028 for Internet vs newspapers) and therefore we can say that the Internet is perceived as independent in comparison to the TV and newspapers.

Since the p-values for activity are smaller than 0.05, we conclude that the means are significantly different (we reject the null hypothesis H0) and the Internet is significantly more active than the traditional mass media.

Based on the results from the Wilcoxon signed-rank test, Millennials perceive the Internet as significantly more interesting than TV and newspapers (p = 0.04 for newspapers vs the Internet and p = 0.023 for TV vs the Internet). In all other criteria, no statistically significant differences were found.

5. DISCUSSION

The Millennials are seen as a generation with significant purchasing power and influence, it is important to understand how they behave and what media they trust. By gaining a better understanding of how Millennials perceive credibility, companies can more appropriately plan and execute successful media campaigns directed to this very important public.
Marketers might be worried that Millennials see the world in a different way since the news is just one of many sources and their discovery of events is rather incidental and passive. It is true that Millennials consume news and information in strikingly different ways than previous generations but their knowledge is anything but passive or uninterested. Their paths to discovery are more nuanced and varied than some may have imagined. Based on the research results we can say that new media are more credible than the traditional and the Millennials find the Internet significantly more active, with more interesting content and more independent than television and newspapers. The results also indicated that a significantly higher level of credibility was associated with new media than with traditional media. This concurs with previous findings by other researchers (Tsang et al., 2004; Luo et al., 2005; Calisir, 2003; Gangadharbatla, Bright and Logan, 2014).

These findings are valuable to communication specialists since this very important public is easy to address through the Internet. The advantage for organizations in using the Internet is that they can better target and improve their communication. Nevertheless, using this kind of media as a communication tool involves more than just delivering a message. It is important to listen and participate in conversations with the target audience.

Millennials consume more information than any other generation in history. The ability to process huge amounts of content is typical for this cohort. To make an impact, or even just get noticed, brands need to understand that Internet is the right channel. But the marketers cannot forget that the Millennials are very demanding and it must be taken into consideration that relevance and content is everything.

Generally speaking, the rules of communications have not changed, but the channels may vary according to the target audience. The Internet seems to be the most appropriate channel to address the Millennials. To succeed among Millennials means following the classical rules of communication while being mindful of the new media channels they trust the most.

Implications and limitations of the study

The findings of the current study provide both marketing researchers and practitioners with important implications. First, theoretically, the framework for investigating the matching effect of media credibility and Millennials established in this study provides a theoretical foundation for researchers who are interested in this topic. By using the same methodology performed in this study, researchers can accurately and appropriately examine behavior of Millennials and their attitudes toward media and their media consumption.

The presented study makes contributions to understanding how Millennials perceive credibility of various types of media. However, a number of important limitations need to be considered. First, the current research was not specifically designed to evaluate all the factors related to media credibility. Second, the research is not representative because of the sampling method and clearly the sample may not represent any definable population larger than itself. Non-probability sampling is a good method to use when conducting a pilot study; therefore, further research is required to obtain representative results. Thirdly, the generalizability of these results is subject to certain limitations. A number of possible future studies using the same experimental set-up would be a contribution to this topic.

6. REFERENCES


