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**FACTORS AFFECTING THE CONSUMER BEHAVIOURS  
OF AZERBAIJANI STUDENTS**

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**INTRODUCTION**

We have frequently encountered some of the below questions in different marketing seminars, panels, and conferences:

- Who is the buyer?
- What kinds of factors have an influence on consumer behaviour?
- What types of consumer behaviour exist?

One also encounters marketing axioms and catchphrases such as “the consumer is a king”, “the consumer is always right”, or “customer trust” in today’s global world. Companies do not compete with their rivals only to protect their existence and market share; they also compete to gain customer loyalty, producing the goods and services that satisfy consumer needs and wants, and create new demand in the market. To accomplish all of that, companies must evaluate consumer purchasing behaviours and the factors that affect those behaviours.

Consumer behaviour refers to the selection, purchase and consumption of goods and services for the satisfaction of consumer wants.

**FACTORS AFFECTING CONSUMER BEHAVIOUR**

There are different processes involved in consumer behaviour. Some factors such as cultural and social ones (Reference Groups, Family, Roles and Status), one’s economic situation, and lifestyle factors influence each individual’s purchasing behaviours. Beliefs and attitudes, personal and psychological factors may also be added to the list. In the sections that follow, we analyse and elaborate on these different factors.

## **CULTURAL FACTORS**

Culture is the complex of beliefs of human societies, their roles, their behaviour, their values, traditions, and customs. To understand consumer behaviour, it is essential to examine the culture in which it is occurring. Culture is the sum of a shared purpose among members of society, customs, norms and traditions. The basic reason for a person's desire or determination is culture. The other important concept that should be examined in terms of marketing management is subculture. Individuals who have similar values and have formed smaller groups often make up groups that may qualify as subcultures.

## **RELIGION**

Religion is one of the leading factors affecting consumer behaviours. Each company has to know the religious factors of the country it operates in and has to create its strategy by analysing these factors. Failing to do so may render it incapable of selling its products. In fact, conflicts may even arise. These factors are quite import, especially among a sensitive public. For instance, once upon a time, a confectionery company launched its products with white packaging in India, but the company could not sell them, though the products were of high quality. The company did some market research that revealed to them that white is the symbol of death in India.

Here in Azerbaijan, sales volume of some soft drink companies, such as Coca Cola and Pepsi, decrease in some months, including during the religious month in Islam called Muharram. Because of their religious beliefs, people do not organise any wedding ceremonies or festivals during Muharram, which of course affects the companies' sales volumes.

A Hindu bride wears red, maroon or a bright coloured lehanga or saree, whereas a Christian bride dons a white gown on her wedding day. It is against Hindu culture to wear white on important festive occasions. Muslims, on the other hand, prefer to wear green on important occasions. For Hindus, eating beef is considered a sin, whereas Muslims and Christians are free to absolutely relish the same. Islam forbids the eating of pork, while some Hindus do not mind eating it. One cannot know who minds eating pork and who does not. It is often the case that older individuals prefer things that are sophisticated and simple to things that are too bright and colourful. Teenagers, however, often go in for funky dresses and loud colours. In India widows are expected to wear white, as those who wear bright colours are treated with suspicion.

## **FAMILY FACTORS**

In Azerbaijan, consumer behaviour is strongly influenced by the members of one's family. Marketers therefore try to determine the roles and influence of the parents, husband or wife and children. Culture is very important in the average Azerbaijani family, and so family has an influence on young people's purchasing behaviours. If the product is for all members of the family, this factor is quite important; on the other hand, if the

family member wants to buy a specific product, they are free to make a decision on the product. In Azerbaijan, fathers influence young boys, while mothers young girls. This division can be attributed to the country's prevailing mentality, culture and subcultures.

## **REFERENCE GROUPS**

Reference groups serve as direct (face-to-face) or indirect points of comparison or reference in forming a person's attitudes or behavior. Reference groups to which an individual does not belong often influence him or her. They often also expose people to new behaviors and lifestyles, influence their attitudes and self-concept, and create pressures to conform that may affect individual product and brand choices. Marketers try to identify the reference groups of their target markets.

The importance of group influence varies across products and brands. It tends to be the strongest when the product is visible to those the buyer respects. Manufacturers of products and brands subject to strong group influence must figure out how to reach opinion leaders – people within a reference group who, because of special skills, knowledge, personality, or other characteristics, influence others.

Many marketers try to identify opinion leaders for their products and direct their marketing efforts at them. In other cases, advertisements can stimulate opinion leadership, thereby reducing the need for consumers to seek advice from others.

## **PERSONAL FACTORS**

Personal factors may include such variables as age and stage of lifecycle, occupation, economic circumstances, lifestyle (activities, interests, opinions and demographics), personality and self-concept. These may explain why our preferences often change as our "situation" changes. Decisions and buying behavior are obviously also influenced by the characteristics of each consumer.

## **SOCIAL ROLES AND STATUS IN SOCIETY**

The position of an individual within his family, his work, his country club and his group of friends, to name a few, are also important factors. All this can be defined in terms of role and social status. A social role is a set of attitudes and activities that an individual is supposed to have and do according to his or her profession or position at work, position in the family, gender, etc. and the expectations of the people around him.

## **RESEARCH METHOD AND RESULTS**

We conducted a survey on the purchasing behaviours of 81 students aged 18–22, who attend Qafqaz University in Azerbaijan. As many as 25 respondents (30.9%) were female whereas 56 (69.1%) were male.

Figure 1 presents the age distribution of the student respondents. The highest percent of students – 45.7% – was aged 19, while the lowest percent, at 3.7%, was below the age of 18.

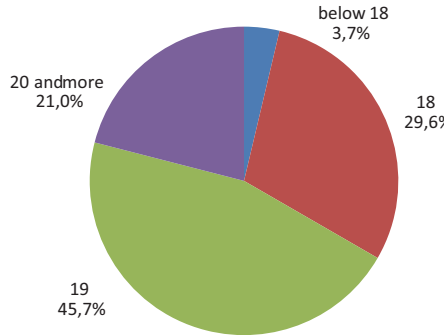


FIG. 1. Age distribution of the respondents

Source: the authors.

Table 1 shows that, among men, 27% rent a flat and live with other students, while 68% live with their family. At the same time, 20% of female students rent and live together with other students, whereas 80% live with their families. Meanwhile, no female students rent and live alone as opposed to 3% of the overall student population who do so.

TABLE 1. Lodging arrangements of respondents (% of answers)

Lodging	Gender		Total
	female	male	
I rent and live with other students	20	27	19
I live with my family	80	68	79
I rent and live on my own	0	5	3

Source: the authors.

About 53% of male students consider brand name when buying technology products, while approximately 60% of female students do so (Table 2). The new brand category has no effect on female students when they are buying technology – only 9% of male students use this criterion into the decision to purchase a product. Male students use their classmates opinion while buying technology more often than female (18% in comparison to 13%). Friends advice is popular with 6% respondents.

Table 3 considers the influence of family on youths' purchasing behaviours. About 32% of male students say that their families have a moderate, and 52% declares high and very high influence of families on their purchasing behaviours. About 28% of female students are very highly affected by their families, and next 32% of them declares high impact of families. A much as 32% of female students say that their family has a moderate on their decision-making process. No female students said that their family had no effect on their purchasing behaviour.

TABLE 2. Decide factors of decision-making while purchasing technology (% of answers)

Buying technology	Gender		Total
	female	male	
Brand	60	53	55
Classmates use	13	18	16
Friend's advice	7	6	6
Always new brand	0	9	6
Internet	20	15	16

Source: the authors.

TABLE 3. Family influence on purchasing behaviours (% of answers)

Family effects	Gender		Total
	female	male	
Family's impact			
doesn't affect	0	5	4
low	12	11	11
moderate	28	32	31
high	32	32	32
very high	28	20	22

Source: the authors.

Mothers have a great influence on students' decisions to buy some home appliances. Table 4 shows that the percentage of students who consider their mother's opinion when buying home appliances was 73%, more often female students than male (84% in comparison to 68%). Fathers, on the other hand, influenced 22% of respondents – 27% of male and only 12% of female. About 2% of respondents follow the advice of neighbours (only male).

According to Table 5, 44% of the total respondents indicated that their mothers exert an influence over their purchasing furniture. At 401%, fewer said the same of their fathers. Again, more female base on their mothers opinion (56%), whereas male more often remain under their fathers influence (43%). The students also indicated that close relatives (5%) and others (2%) also affect their furniture purchasing behaviours. Twice more male than female use only their own opinion while buying furniture.

TABLE 4. Person advising a purchase of home appliances (% of answers)

Advisor	Gender		Total
	female	male	
Mother	84	68	73
Father	12	27	22
Neighbour	0	4	2
Nobody	4	2	2

Source: the authors.

TABLE 5. Person advising a purchase of furniture (% of answers)

Advisor	Gender		Total
	female	male	
Father	36	43	41
Mother	56	39	44
Close relative	4	5	5
By myself	4	9	7
Other	0	4	2

Source: the authors.

Finally, Table 6 compares factors that influence students buying a car. About 51% say that when they want to buy a car, the buyers make the decision by themselves, more often male (55%) than female (40%). Next 36% of students say that they agree with their fathers' advice (40% of female compared to 34% of male). For female respondents it is also important what young generation drives (16%). Friends advices is a decisive factor for 7% of male and for only 4% of female.

TABLE 6. Buying a car (% of answers)

Decisive factor	Gender		Total
	female	male	
Father's advice	40	34	36
Friends' advice	4	7	6
What young generation drives	16	4	7
By myself	40	55	51

Source: the authors.

## CONCLUSION

There are a lot of factors affecting consumer behaviours. This is related to globalization, specificity of the country and the level of needs satisfaction. Taking everything into account, it can be concluded that although Azerbaijani youth are free to make decisions on buying some types of goods, their families also have some influence on their purchasing behaviours. This may be attributed to the culture, subculture, religion, and families to which the students belong.

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**Summary.** Changes in consumer purchasing behaviours have become important, especially to companies operating on a global scale, which must understand the unique cultural qualities of each country and influencing factors of work. Every human being has different physiological, and biological needs. Although social factors have more influence on consumer needs in some countries, there are others in which religious, cultural and economic factors influence consumer needs as well. Hence, if companies wish to succeed, they have to evaluate consumer behaviours effectively and efficiently. There are a number of factors – globalization, national, religious, and family relations, to name a few – working to influence modern youths in the Republic of Azerbaijan. For this paper, we conducted a survey among 81 students at Qafqaz University, a prominent Azerbaijani private university, in order to identify their purchasing power and the factors that influence their decision-making.

**Key words:** customer, consumer behaviour, youth, organization, needs, Qafqaz University

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**EVOLUTION OF THE THEORY OF MARKETING –  
A MICRO- AND A MACROAPPROACH**

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**INTRODUCTION**

The development of theory is not only the basis for the building of knowledge, but also for the academic standing of every discipline. Every discipline creates its own, specific theories and applies them to analysis of a selected sphere of life or economy. In this regard, marketing is often perceived as a discipline [Mruk 2009] based on many theories borrowed from other disciplines, in particular economy, philosophy and psychology [Dietl 1985]. The fundamental challenge for marketing as a developing – although relatively young – discipline is to create its own, distinguishable theoretical basis. The debate on the theoretical basis of marketing has been going on for a long time, and there is no clear consensus among scientists. The main reason for disagreement in defining a common theoretical basis is the varying views of what constitutes and defines this theory. The debate suggests that all of the theoretical foundations of marketing have been partial, focused only on selected characteristics of the object of study while disregarding others [Dietl 2004]. It seems that the research being conducted now in marketing refers more to methodological issues than to establishing a theoretical foundation of this science [Sagan 2005].

**RESEARCH OBJECTIVE AND METHODOLOGY**

The main objective of this study is to do a review and a comparative analysis of marketing theories. Particular emphasis will be placed on presenting the nature and significance of marketing management and macromarketing theories in the structure of the theoretical foundations of modern marketing. Marketing management theory represents the microscale perspective of marketing issues, while the concept of macromarketing represents the macroapproach. The source basis of this study is a critical review of the literature on the development of marketing thought.

## THE MAIN SCHOOLS OF MARKETING THEORY

In this analysis, the schools of marketing have been defined on the basis of three criteria. First of all, a school should represent a substantial resource of knowledge. Secondly, it has been developed by a number of scholars. Thirdly, it describes or explains at least one aspect of marketing activities. The basic task of a school of marketing is thus to define what marketing is and what is decisive for its identity. Identity is a dominant similarity of views, referring to the basic issues characterising the phenomenon of marketing [Bialecki 2010]. One of the longest-lasting topics in this regard, one which is still present in many discussions, is the question of whether marketing is a science [Szumilak 2005], art [Holub-Iwan 2009], or perhaps should be identified somewhere in between the two categories. Scholars have taken up various positions, placing it at either end of the art/science continuum.

Over the years, the continuing debates have spawned many classifications of the main schools of thought in marketing; each of them has had particular implications for theory. Carmen [1980] identifies six (microeconomic, persuasion/attitude change, conflict resolution, generalist system, functional and social exchange). Sheth et al. [1988] list 12 schools (commodity, functional, functionalist, regional, institutional, managerial, buyer behaviour, activist, macromarketing, organisational dynamics, systems and social exchange). Wilkie and Moore [2003] identified the “four eras” of the development of marketing thought. These are: 1900–1920: “Founding the field”; 1920–1950: “Formalizing the field”; 1950–1980: “A paradigm shift – marketing, management and the science”; 1980 – present: “The shift intensifies – fragmentation of the mainstream”.

In “The SAGE Handbook of Marketing Theory”, Maclaran et al. [2010] divided marketing thought into two schools – early and modern (Table 1). As Shaw et al. [2010] wrote, the early schools of marketing thought were established to answer questions that arose in the process of describing and explaining marketing as a scientific field of knowledge. The scholars of the functional school attempted to answer the question “What activities constitute marketing?”. Attempting to find out “How can various types of products and services be organized?”, the scholars devised a classification of goods and correlated them with functions in the goods school. The issue of “Who performs the marketing functions in relation to goods?” was solved thanks to development of the category of marketing institutions – the institutional school. The interregional marketing school answered the question “Where are marketing functions performed with regard to goods?”.

In the mid-20th century, there was a paradigm shift in marketing theory, as a result of which the traditional concepts were replaced by new “modern” ones, including: marketing management, marketing systems, consumer behaviour, macromarketing, social exchange and the history of marketing [Jones et al. 2010]. This shift from traditional to modern was a result of a number of changes, including progress in material production around the time of the second world war. After the war, the shift in capacity from military production to consumer goods spurred economic growth and created supply surpluses, forcing business firms to generate demand. A significant cause for the change in paradigm of marketing

TABLE 1. Early and modern schools of marketing thought

Marketing school type	Main schools of thought
Early	Functional Goods (products) Institutional Interregional marketing
Modern	Marketing management Marketing systems Consumer behaviour Macromarketing Social exchange Marketing history

Source: The author's compilation on the basis of Jones et al. [2010].

science, however, was rooted in the concepts of the most significant scholar of the time – Wroe Alderson. As Tadjewski [2006] has said, numerous articles by Alderson, as well as his work *Marketing Behavior and Executive Action* influenced most of the modern theories, including marketing management, marketing system, consumer behaviour, macromarketing and social exchange theory. Jones et al. [2010] indicate that the first of the modern marketing schools was the theory of marketing management, which introduced the managerial approach to marketing. The marketing systems school, on the other hand, was closely related to Alderson's functional approach. The consumer behaviour school was shaped under the influence of Alderson's argument that behavioural sciences should supplement economics as the basis for academic research.

The birth of marketing management and consumer behaviour theories paved the way for the school of macromarketing, which dealt with the impact and consequences of marketing activity for society and the impact of society on marketing. Another subdiscipline of marketing, introduced by Alderson, was the school of social exchange, which looked at interactions between sellers and purchasers engaged in market transactions, as well as interactions between groups of sellers and purchasers. The school of marketing history gave rise to comprehensive research in the field.

Despite many attempts to classify marketing research within coherent streams of knowledge, most observers point out a lack of progress in formulating a theory of marketing. Saren [2007] attributes the failure to three key causes, the first among them being a failure to attach importance to history. Too often, new generations of marketing theoreticians attempt to re-invent the wheel, ignoring marketing history and its theoretical foundations. Secondly, there is excessive emphasis on qualitative methods. As a result, no new theories start to emerge, since the methods are suited better to testing than to establishing theoretical assumptions. Thirdly, the research specialisation that has been occurring since the early 1980s (reflected by the multitude of new scientific periodicals dedicated to marketing) has resulted in theoretical fragmentation of the scientific mainstream. It has become more difficult for the scientists to join forces due to the theoretical and conceptual differences between them.

## THE MARKETING MANAGEMENT SCHOOL – MARKETING ON THE MICROSCALE

Marketing management attempts to answer the question: How should organisations sell their products and services? The school is focused on marketing practice from the perspective of the seller. The concept initially focused on manufacturers, while at present it takes into account retail sellers, service providers and all other types of business entities as well. When the paradigm was broadened, the category encompassed non-business entities as well. The school has dominated marketing theory despite the fact that it deals with marketing solely on the “microscale”. Studies on the topic treat the marketing mix concept as the starting point. Jones et al. [2010] emphasise that the dynamic development of the new school grew out of the emergence of various concepts in the 1950s and early 1960s. These included, to name a few, the concept of “product differentiation and market segmentation as alternative marketing strategies” by Wendell Smith; Chester Wasson’s idea of the “product life cycle” and Robert Keith’s take on consumer orientation known as the “marketing concept”. Probably the most important concept of this era is Neil Borden’s [1964] “marketing mix”. In his article about its history, Borden credits James Culliton with describing the marketing executive as a “decider”, a “mixer of ingredients”. That notion led Borden, in the 1950s, to the conclusion that the mixer of ingredients decided upon a “marketing mix”. McCarthy [1960] credits A.W. Frey’s *The Effective Marketing Mix* of 1956 with the first marketing mix checklist. In his textbook *Basic Marketing: A Managerial Approach* [1960], which was an essential text in academic teaching for many years, Eugene McCarthy presented the “4 Ps” of marketing mix: product, price, promotion and place, which have become a standard in marketing science, while the term “marketing management” was popularised as the name of a new field of knowledge and the key course in marketing science university curricula. In the following years, the concept of the 4 Ps was developed as that of the 4 Cs or the 7 Ps.

Kotler’s [1967] social response model, referred to as the “fundamental theorem of market share”, provided a logically coherent rationale for the marketing mix. There are two conceptual points. The first is that a firm’s sales are a direct response to the changes in its marketing mix. The second states that a firm’s market share is directly proportional to the effectiveness of its marketing mix and inversely proportional to the marketing mix of the industry (or direct competition). Thus, a firm with an improved product, a reduced price or more effective promotion or distribution, relative to the industry, will experience an increase in its sales response and market share. Hence, the marketing manager’s job is to find the optimum marketing mix relative to competition for a given segment of customers.

The concept was developed further when Kotler and Levy [1969] proposed to broaden marketing (management) by applying marketing mix to non-profit organisations. At the same time, Lazer [1969] sought to broaden the marketing management concept by including its societal impact, noting that “marketing must serve not only business but also the goals of society”. This broadening of the paradigm has led to a radical redefinition of the discipline subject matter, because marketing management for laypeople and many academics is synonymous with marketing. In fact, Kotler’s broadened definition meant a far-reaching expansion, turning marketing into a discipline of science and practice,

which specialises in understanding human needs and specifying what is needed to encourage people to act. This approach is based on the application of marketing management techniques to any organisations or persons who have something to offer and sell. The range of the discipline is broadening also as a result of the application of management methods to non-profit organisations. It seems, however, that in reality, the range of marketing has been reduced as a result of analysis being limited to the perspective of individual profit, without taking into account the social context of market transactions, and limiting the perception of marketing only to issues of sales and promotion.

Analysing the marketing management sphere, Webster [1992] also placed emphasis on the need to expand this area in a different direction than Kotler. He wrote of an “expanded view” which would take into account the “role of marketing in firms that go to market through multiple partnerships [channels, strategic alliances and relationships]”. Webster’s expansion retains the conventional business context of marketing, linking marketing management to the institutional school. Nevertheless, Kotler’s version of the concept has become much more popular. In the 11<sup>th</sup> edition of the *Marketing Management* textbook, he has added many new concepts and ideas. He has provided, for instance, a detailed analysis of the issues of the new economy, Internet-based and virtual marketing, technologically advanced products, convergence between trades etc. [Kotler 2005].

Research in the field of marketing management, despite the popularity of the paradigm expansion concept, have remained business-oriented and focused mainly on marketing strategy, segmentation and the designing of objectives or on the components of the marketing mix – that is, product, price, place and market research. In 2010, Kotler et al. developed this concept in his study *Marketing 3.0: From Products to Customers to the Human Spirit*, while in 2013, in the book *Market your way to growth*, Philip Kotler and Milton Kotler provide examples of the main strategies that have lead in modern times to the growth of firms.

## THE SCHOOL OF MACROMARKETING

In response to the schools focused on micromarketing, and wishing to revive Alderson’s school of systems, some researchers attempted to return to the macroscale (the school of macromarketing). The representatives of these schools asked general questions, such as: How does the marketing system impact society?; What is the capacity of the overall marketing system?

Unlike micromarketing, which is focused on individual firms or households, macromarketing aggregates these units – Fisk [1967]. Lazer [1969] sought to increase the impact of marketing management on society. He believed that marketing should not be limited to the narrow perspective of individual profit, but should fit within the broader concept of social benefits. On the other hand, Bartels and Jenkins [1977] indicated that “marketing... has meant marketing in general... the marketing process in its entirety, and the aggregate mechanisms of institutions performing it. It has meant systems and groups of micro institutions, such as channels, conglomerates, industries and associations in contrast to their individual units... it has meant the social context of micromarketing...”.

As Jones et al. [2010] point out, the first conference on macromarketing was held in 1976 – and during the conference, the macromarketing association was established. Five years later, in 1981, the Journal of Macromarketing (JMM) came into being. Scientific conferences and the association's activity have increased awareness of the concept, allowed for the exchange of views and opinions, while the journal has provided space for scientific publications dedicated to the new field of macromarketing. A significant component of macromarketing is the concept of marketing systems. It allows for differentiation between macromarketing, applicable to groups and networks of enterprises, from micromarketing, as the study of individual firms.

Probably the most widely accepted definition of macromarketing was that of Hunt [1981], who referred to macromarketing as a study of marketing systems, their impact on society and society's impact on them. A thorough analysis of issues which belong or should belong to the field of macromarketing, and not micromarketing (marketing management), was conducted by Hunt and Burnett [1982]. On the basis of the definition they applied, they decided that macromarketing should encompass one or many of the following issues: social perspective, a high level of aggregation, the effects of marketing for society, the impact of society on marketing, as well as anything associated with marketing systems (according to the aggregated approach). At present, JMM publishes articles on competition, markets and marketing systems; global policy and environment; the history of marketing; quality of life, the ethics of marketing and distribution justice<sup>1</sup>.

Perhaps research on marketing systems should play the main role in the discipline of macromarketing. The concept of the marketing system was developed in the literature by Fisk, who indicated that marketing systems develop in response to the need for the peaceful exchange of surplus goods [Fisk 1967]. Dowling [1983], relying on the general systems theory, defined the marketing system as a complex social mechanism for coordinating production, distribution and consumption decisions. Other authors have suggested that the marketing system is a diversified subsystem of society, which influences other systems: social, cultural and material [Dixon 1984]. Layton develops the marketing system concept, defining it as a network of persons, groups and/or units connected directly or indirectly by sequential or simultaneous participation in economic exchange, which creates, assembles, transforms and renders access to assortments of products, tangible and intangible, delivered in response to demand among customers [Layton 2007].

It seems that the popularity of such subdisciplines of micromarketing as marketing management limits the development of analysis of social and economic effects of marketing activity of firms and other economic entities. In my opinion, this area is too significant to be overlooked, focusing research solely on the managerial perspective. Others agree: Wilkie and Moore [2003], analysing the position of marketing science from the historical perspective, state that the “questions, insights, principles and discoveries that constitute marketing and society should not be left out of the minds of future marketing thought leaders”.

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<sup>1</sup> <http://jmk.sagepub.com/> [accessed: 10.03.2015].

## CONCLUSION

In the early 20th century, the pioneers of marketing theory attempted to define the scope of the content of the new academic discipline of marketing. They looked at such concepts as functions, institutions, goods and later interregional trade. These approaches were considered an integral part of marketing as a whole. The paradigm shift which took place in the 1950s gave rise to many other schools: marketing management, marketing systems, consumer behaviours, macromarketing, social exchange and the history of marketing. A result of the growing fragmentation of the discipline was the increasing independence of individual schools, which focused mainly on their own narrow perspectives, neither attaching importance to the achievements of the remaining ones nor caring to integrate them into a coherent whole.

Marketing management is focused on the activity of individual companies, consisting of the profitable sale of products and services. Macromarketing, on the other hand, deals with the correlation between marketing as an institution and the social system. Marketing systems are a hierarchical superstructure, integrating companies and households in their activity, focused on achievement of their objectives through the creation of stable market transactions within the framework of the institutional structure of the entire marketing system and social sanctions.

A review of research studies on marketing theory indicates that the popularity of such micromarketing subdisciplines as marketing management limits the development of analysis of social and economic effects of marketing activity of firms and other economic entities (macromarketing). Further development of marketing theory requires research focused not only on the managerial perspective, but taking into account the broader social and economic context.

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**Summary.** In the early 20th century, the pioneers of marketing theory attempted to define the scope of content of the new academic discipline of marketing. They looked at such concepts as functions, institutions, goods and, later, interregional trade. These approaches were considered an integral part of marketing as a whole. The paradigm shift that took place in the 1950s gave rise to many other schools: marketing management, marketing systems, consumer behaviour, macromarketing, social exchange and the history of marketing. A result of the growing fragmentation of the discipline was the increasing independence of individual schools, which focused mainly on their own narrow perspectives, neither

attaching importance to the achievements of the remaining ones nor caring to integrate them into a coherent whole. Further development of marketing theory will require research focused not only on the managerial perspective, but taking into account the broader social and economic context.

**Key words:** micromarketing, macromarketing, the development of marketing theory

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**THE INTERRELATIONSHIPS BETWEEN A COMPANY'S  
MARKETING AND FINANCES**

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**INTRODUCTION**

Marketing and finance constitute functional subsystems of any company. Generally speaking, marketing is responsible for the relationships between a company and its environment, the creation of its competitive advantage, the protection and strengthening of its market position and the growth of its value in the long-term perspective. Corporate finance deals with the accumulation of financial resources and their allocation for the company's purposes. The data generated by corporate finance enable the company to make optimal decisions concerning the use of its resources. Therefore, the company's operation requires mutual interdependence and close interrelationships between the company's finance and marketing divisions. Achieving a predetermined level of profit and profitability enables the company to protect and strengthen its market position. On the other hand, profit and profitability are determined by the appropriate preparation and execution of the company's marketing strategy. The range and intensity of the company's marketing activities, in turn, depend on the level of the company's profitability and profit. In consequence, all of the company's marketing decisions have a financial aspect since they involve certain costs and bring in profits in form of the company's revenue.

In both practice and theory, however, independence and increasing autonomy between marketing and finance can be observed. Publications that take up the interrelations between the two areas are rare and in scientific papers and coursebooks each of them is discussed separately. It is also common for authors in both fields to present the viewpoint that it is their own academic discipline that plays the leading and superior role in management processes [Niestrój 2002, Adamska and Dąbrowski 2007, Grzegorzczuk 2009].

The aim of this article is to try to determine the subject matter and the scope of mutual relationships between finance and marketing in a company.

## THE SUBJECT MATTER OF THE RELATIONSHIPS BETWEEN A COMPANY'S MARKETING AND FINANCE

The interdependence between marketing and financial decisions in a company is primarily related to creating the company's marketing budget, which determines the marketing costs and estimates the efficiency of marketing decisions. It is also essential to establish the relationships between controlling/management accounting and marketing.

The budget for marketing activities can comprise a statement of the costs (expenditures) related to marketing activities within a given period and the revenues generated from these activities. The budget for marketing activities can include either all the marketing activities undertaken within a given period of time or only selected ones. It can also be prepared separately for the company's business units (e.g. its branches or the regions of activities it covers). In order to evaluate the importance of marketing in a company's management processes, it is necessary to prepare a budget for marketing activities for a given financial reporting period.

The first budget element to be determined is marketing expenditures that constitute marketing costs. One of the extremely important elements of the marketing budget, apart from the costs of marketing activities, are the revenues generated from the sales resulting from a specific marketing activity. It is therefore necessary to estimate market potential and forecast revenues generated from the sales of particular products. However, it is difficult to clearly define the extent of marketing costs because it is difficult to determine the scope of marketing activities and, as a result, the scope of marketing costs. According to some practitioners and scholars in the field of management, marketing solely involves promotional activities supporting the sales of products, so marketing costs include mainly the costs of advertising and other promotional activities [Niestrój 2002, Karasiewicz 2014]. In this approach other marketing activities are largely ignored.

The opposite approach to marketing costs, in contrast, takes into account, apart from expenditures on promotion, all costs incurred in the process of preparing and implementing any marketing activities undertaken in a given period of time resulting from the marketing strategy being implemented. These costs go to market research, product and price policies, delivering a product to market and promotional activities. Some of these costs go to classical marketing activities, while others are incurred while the company's other functions are being performed. One criterion used to make a distinction between them is where they occur; however, they can be distinguished in a relatively simple way on the basis of the company's organisational structure, as well as the production and commercial processes it implements (e.g. the costs of materials, raw materials, energy, production and sales).

The problem of the diverse character of marketing costs has been addressed by R. Niestrój, who proposes dividing them into two categories. The first includes the costs that go into running the marketing system, while the other category comprises the costs sunk into developing the marketing system. The costs of running the marketing system consist of fixed and variable costs. Fixed marketing costs include the costs that go towards running the marketing department on a day-to-day basis (e.g. employee salaries, providing equipment and purchasing professional literature and trade press for the marketing department, conducting research surveys, etc.). Variable costs are those incurred

TABLE 1. The costs of marketing activities

Marketing activities	Marketing costs
Marketing research	Developing the Marketing Information System Creating a customer database Market research: independent secondary research, independent primary research, research outsourced to a marketing company and the purchase of reports on the market and its elements
Product policy	Developing the product concept: independent design of a new product, product design commissioned to a designer, packaging design, packaging development, designing the brand Trial production of a new product Product testing on the market
Promotional policy	Design and preparation of the company's documents, signboards, marking the company's headquarters Designing and preparing informational materials about the company (newsletters, folders) Independently prepared press advertisements published in daily newspapers and periodicals Radio advertisements (designing, recording, broadcasting) Direct marketing (costs of travel, telephone calls, faxes, etc.) Advertisements sent by post, postage and print costs TV commercials Billboards, posters, leaflets Sponsoring Public relations Other forms of promotional activities: fairs, exhibitions and advertising gifts and exhibits related to those events; competitions and lotteries for customers; preparation of materials for product presentation at points of sale (e.g. in retail shops or wholesalers); promotional materials for retailers and wholesalers; sales promotion activities; costs of sales department staff training)
Distribution policy	Distributional activities in the area of domestic distribution, including deliveries to: individual buyers, manufacturing companies, other institutions, the company's own stores, independent stores and retail networks Direct distribution, including deliveries to: wholesalers, retailers, independent agents Freight forwarding (foreign markets) Loading, unloading, storage (combined deliveries for foreign markets) Goods-in-transit insurance (supplies for foreign markets) Obtaining documents representing the goods (transport, storage, insurance, banking, etc.) Customs duties (supplies for foreign markets) Return of damaged or faulty goods

Source: W. Grzegorzczuk, Finansowe aspekty marketingu (Financial aspects of marketing), Wydawnictwo Uniwersytetu Łódzkiego, Łódź 2009, pp. 95–96 and W. Wrzosek (ed.), Efektywność marketingu (Marketing efficiency), PWE, Warszawa 2005, p. 31.

in implementing particular undertakings as determined by the marketing strategy that has been adopted. Sample marketing costs are listed in the Table 1.

The vast majority of the categories in the above list are variable marketing costs related to specific marketing activities undertaken in the process of implementing the marketing strategy. As it also follows from the above list, some marketing costs are incurred in the production process (e.g. the costs of preparing the trial production concept and the costs of the trial production itself). The costs of market testing can also be classed in the category of costs related to production. The remaining costs result from promotional and distributional (sales-related) activities. If an enterprise also conducts its activities on foreign markets, the marketing costs should include promotional and distributional activities conducted on those markets as well. The above list does not include all the variable marketing costs, the quantity and types of which depend on the particular marketing mix instruments being applied.

Another extremely important element of the marketing budget, in addition to the costs of marketing activities, are the sales revenues generated from particular undertakings. It is thus necessary to determine the market potential and prepare revenue forecasts from the sales of particular products. Depending on the required accuracy of the sales forecast, sales projection, prediction and forecast terms can be used. A sales projection involves transferring past and present conditions into the future – extrapolation, in other words. A sales prediction seeks to determine future sales volume on the basis of the relations discovered between sales and factors affecting sales performance. A sales forecast is drawn up on the basis of projections and prediction and also anticipates the factors that are not measurable; it can be prepared with the use of both qualitative and quantitative methods [more: Dębski 1998, Dittman 2008].

The other category of marketing costs encompasses the development of marketing activities and the marketing system in an enterprise and is generated as a result of long-term decisions. It may include, for example, a change or development of the company's IT system, development or expansion of the company's distribution networks on the domestic market and abroad (building storage and warehousing facilities, wholesale outlets, retail stores). The costs incurred in the process of marketing development as well as expenditures on current marketing activities should be treated as a marketing investment that raises an enterprise's business value and the value of its assets, both tangible and intangible. These assets include modern IT systems, company distribution networks, market share, brand awareness among consumers and the company's brand image.

## THE EFFICIENCY OF MARKETING ACTIVITIES

The fact that marketing outlays are treated as marketing investments means that they have to be measured and that their effectiveness and efficiency have to be determined. The predominant conviction in the marketing literature for many years was that measuring marketing activities was not possible due to their unique character and mutual interrelations between the applied marketing instruments. In consequence, such an approach did not allow the interdependence between the company's marketing strategy and its finance to be determined. It was only at the beginning of the 1990s, when the debate concern-

ing efficiency of marketing strategies and the interdependence between marketing and finance could be observed.

The process of managing marketing involves analysing an enterprise and its environment, determining marketing objectives, marketing strategy and the applied marketing instruments and then implementing the marketing strategy. The last stage of this process refers to marketing control; this is where the extent to which the assumed marketing objectives and efficiency have been achieved are examined. Comparing the objectives achieved in relation to particular undertakings with those being planned will make it possible to determine the extent to which the assumed plans have been realised, and thus their effectiveness. Efficiency, on the other hand, is gauged by comparing the outlays on marketing undertakings with the effects that they have brought. Marketing efficiency can be measured in relation to different aspects, including [Karasiewicz et al. 2006]:

- the enterprise's market position – e.g. its sales volume, market share;
- buyers – e.g. customer satisfaction, product image;
- marketing assets – e.g. brand value, customer value, distribution network.

The literature on marketing efficiency still continues to address the difficulties involved in examining the individual impact of each of the applied marketing instruments on the realisation of the assumed objectives, which is fully justifiable, as they are applied jointly. Moreover, the effects of activities undertaken are very frequently postponed in time.

There are various kinds of indicators used to measure the efficiency of marketing activities, including those undertaken in the areas of product policy, pricing, distribution and promotion [Kozieński 2006]. The indicator most frequently used to measure both the short-term and long-term results of marketing activities, however, is the rate of return on marketing investment, a standard indicator of financial character. Some publications on the subject have even said that it is the primary indicator used to evaluate investment undertakings in marketing [Lenskold 2004]. It enables us to relate the total costs of a particular marketing investment to the total profit that it generates. A marketing investment, therefore, includes all the costs of a given undertaking resulting from a marketing plan, which are subject to risk, whereas the whole financial surplus that can be assigned to this investment is the return on this investment. If an investment concerns a new product market launch, the gross margin is calculated by deducting the costs directly related to sales from the revenues. The costs strictly related to marketing fall under the category of investment involved in a given undertaking. In relation to the development of a new product, these costs involve personnel costs necessary to prepare a marketing plan for the product, prototype development costs, trial production and new product testing, the costs of promotional activities and the costs of getting the new product onto the market (distribution).

The return on a marketing investment is thus a fraction in which the difference between the gross margin and the marketing investment is the numerator, while the marketing investment is the denominator. The gross margin is the difference between the sales revenues and the costs of the products sold including additional costs. The costs of the products sold include both fixed and variable costs of production (materials, raw materials, energy, labour) as well as overhead. Here is a simplified formula presenting return on investment [Lenskold 2004]:

$$\text{return on marketing investment} = \frac{\text{sales revenues} - \text{sales costs} - \text{marketing costs of the undertaking}}{\text{marketing costs of the undertaking}}$$

As mentioned earlier, the use of the rate of return on a marketing investment corresponds to the principle of treating marketing outlays as an investment. The rate of return on a marketing investment can also be defined as the rate of marketing expenditures (outlays). It can be calculated for different time periods (e.g. months, quarters or years), depending on the requirements of the marketing analysis. It stands to reason that the break-even point of an investment in an enterprise needs to be determined before any strategic decisions are made; after that, the return on particular marketing investments needs to be estimated. Doing so will enable the company to select the right variant of the marketing undertaking – the one that will either meet or exceed the assumed break-even point level. Of course, the rate of return on a marketing investment should also be determined after a given undertaking has been realised, primarily in order to compare the quantities planned with the ones realised.

Some marketing activities in an enterprise are constantly implemented over a long period of time and support many other marketing undertakings. They are related to the fixed costs of running the company's marketing system. Such activities include placing online advertising messages informing users about the company or its product offer and maintaining marketing databases, to name two. The costs related to such activities should be allocated in proportion to either all subsequent marketing undertakings or to the most important ones – those that generate the highest proportion of the company's gross margin.

As also mentioned earlier, the last stage of marketing management is marketing control. Recently, this stage has been commonly referred to as marketing controlling [Sławińska 2004]. However, questions arise as to the meaning of this term. In marketing publications, the last stage of the marketing management process called marketing controlling is limited to examining the extent to which the assumed objectives have been reached and analysing the efficiency of marketing undertakings. The results of these examinations are supposed to be used to adjust the content of particular stages of marketing management in subsequent periods of time.

In the literature on marketing controlling itself, however, the notion is defined in much broader terms. Functionally, controlling is defined as a data-feeding system which supports the process of the company's management through coordination, planning, control and analysis [Godziszewski 1990, Nowak 2011]. Institutionally, it is equivalent to management accounting, a process which collects, processes and reports the company's data for the purposes of the company's management process [Nowak 2000]. According to the International Federation of Accountants (IFAC) definition management accounting is a process of collecting, analysing, interpreting and communicating financial and non-financial information [Nita 2008]. Controlling, therefore, involves acquiring information from accounting and creating an information system supporting the processes of planning, controlling and analysing within an enterprise based on this information.

According to the definitions presented above, the content of controlling/management accounting largely overlaps with the content of the Marketing Information System (MIS), a coordinated system of teams of people and their activities as well as tools and pro-

cedures to collect, process, analyse and store the information necessary to take marketing decisions [Kotler 1994, Kędzior and Karcz 1997]. The MIS consists of four subsystems: archive resources, marketing intelligence, marketing research and marketing decisions support. The MIS functions thus overlap with the functions of controlling with respect to marketing. Marketing managers who use MIS are able to evaluate and interpret the financial information acquired. Gaining a permanent competitive advantage, however, requires cooperation between the enterprise's controlling/management accounting and marketing specialists. Cooperation of this kind should involve providing marketing managers with the financial information generated from the analysis of financial records (balance sheets, profit and loss accounts, cash flow statements) of a company and its competitors. This information is used, among other things, to determine the position of a company and its biggest competitors in a given industry and to indicate the need for potential changes in the company's marketing strategy.

The problem of overlap between the MIS and controlling/management accounting can be solved by putting controlling/management accounting functions in the right place in the company's organisational structure. That is because here we are dealing with the Information Management System, which, according to the functional approach, consists of the systems of marketing, production, research and development, personnel and finance information as well as the flow of information from outside of the Information Management System [Kaczmarczyk 1999]. Thus, it can be assumed that the information system created by management accounting/controlling is part of the Information Management System under the name of the financial information (or management information) system. We can also assume that it is a new and additional element of the Information Management System along with the existing system of financial information. Adopting such an approach means that all the functions in an enterprise are equally essential and heavily involved in the realisation of its strategic objectives. This is important in the light of the recent use, in the accounting literature, of the term business partner to describe a specialist in management accounting. This profession should occupy a place in the centre of organisational processes and the activities of these specialists should constitute the ultimate form of business partnership. This kind of business partner is regarded as a financial leader capable of guiding company managers to help them achieve the company's long-term financial objectives [Sobańska and Kabalski 2014].

## CONCLUSIONS

The mutual interrelations between marketing and finance in an enterprise are present at the stage of marketing strategy development, in the course of its implementation and during the evaluation of its effects. Thanks to the use of financial information, it is possible to determine the target audience, to estimate competitors and to select appropriate marketing instruments. Similarly, the efficiency of a company's strategy is evaluated on the basis of financial indicators and gives the company an opportunity to review its strategy in future periods of time. To gain a permanent competitive advantage, enterprises must foster cooperation between controlling/management accounting and marketing specialists. This cooperation should involve providing the marketing department with information

acquired by analysing the financial reports (balance sheets, profit and loss accounts, cash flow statements) of the company itself and its competitors. The problem of overlap between the range of the Marketing Information System and controlling/management accounting can be solved by including the financial information system and possibly the system of management accounting information in the Information Management System.

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**Summary.** Marketing is responsible for the relationships between a company and its environment and corporate finance deals with the accumulation of financial resources and their allocation for the company's purposes. The mutual interrelations between marketing and finance in an enterprise are present at the stage of marketing strategy development, in the course of its implementation and during the evaluation of its effects. All of the company's marketing decisions have a financial aspect since they involve certain costs and bring in profits in the form of the company's revenue. To gain a permanent competitive advantage, enterprises must foster cooperation between controlling/management accounting and marketing specialists. This cooperation should involve providing the marketing department with information acquired by analysing the financial reports (balance sheets, profit and loss accounts, cash flow statements) of the company itself and its competitors.

**Key words:** marketing, controlling, marketing investments

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**(NOT) USING PRIVATE LABELS – THE DILEMMA  
OF INDEPENDENT AFTERMARKET COMPANIES  
IN POLAND**

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**INTRODUCTION**

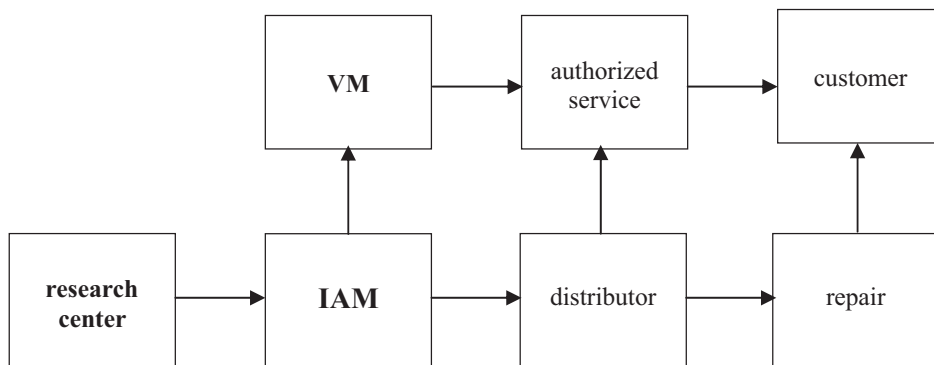
The marketing conception of sales is based on the paradigm of a customer who, through their buying decisions, participates actively in creating the volume of goods on the market. Retailers' private label products have ultimately been well-received by consumers, despite their initial mistrust. A new reseller's era began, treated exclusively as a link in the goods supply chain before. New resellers now play an essential role according to the rules equal to NB manufacturers. The role of consumers has also transformed. Thanks to the introduction of more affordable generic products onto the market, meeting the *ceteris paribus* conditions, customers now have more choices [Lovelock 1999, Baruk et al. 2012, Hys 2014a, b, Hys 2015]. Having obtained the right of choice, customers gained greater independence from producer brands [Chétochine 1992]. Retailers diversified their offerings. Apart from producer brands, they offer their own products, which provide them with a competitive advantage over manufacturers [Pettijohn et al. 1990, Grewal et al. 1998, Grönroos 1999]. That is why it is essential for the decision-makers in retail to develop a proper strategy which will install favourable conditions for selling private labels and producer brands.

The issue of private labels in IAM circles in Poland is familiar, nevertheless the knowledge on the subject is insufficient. Moreover, there is a perceptible lack of good practice, implementation methodology and profitability calculations, which could provide arguments "for" or "against" using private labels in one's business. PL goods are the domain of trade networks. No comprehensive studies on PLs for other businesses have been done. Decision-makers make intuitive decisions to use or forgo private labels.

The automotive market features two mutually dependent, yet simultaneously different segments: the independent aftermarket (IAM) and vehicle manufacturers (VM). The IAM market includes spare parts manufacturers, their distributors, and autonomous garages.

Although the traditionally shaped leadership position in the automotive business is taken by automotive concerns, the role of the independent aftermarket concerning spare parts production and distribution cannot be overestimated. Automotive concerns' outsourcing of spare parts production and distribution has shaped the unique reality of this market. Poland has had long-standing traditions in the automotive industry. With regard to the production of automotive components and spare parts, Poland is defined by many world brands as the European centre [Poland 2011].

In Poland, the share in parts production and distribution is subject to the Pareto principle: 80% belong to the independent aftermarket, while the automotive concerns contribute the remainder (Fig. 1). Parts are supplied both to distributors and for the needs of automotive concerns.



IAM – Independent Aftermarket

VM – Vehicle Manufacturing

FIG. 1. The process of automotive parts production regarding distribution chains

Source: The automotive industry in Poland. The report 2012. Manufacture, sale and service. SDCM 2012, p. 15.

The figures do not leave any doubt that the independent aftermarket plays the leading role in parts production and trade. The value of spare parts produced in Poland and exported amounted to over 53.8 billion PLN. The exports was added up to 27.5 billion PLN. 229 thousand people are employed in the independent aftermarket [SDCM 2013].

The remaining parts of this article are structured as follows. The next section reviews the literature on the subject and provides an overview of the results of pilot interactive research conducted among managers of the Polish IAM. The section that follows that describes the research methodology and the assumptions The next part develops the conceptual framework based on the issue of private labels and their components. As the result the research questions will make an implication. The article concludes with a look at the directions of future research.

## STATUS OF THE RESEARCH

The category of private label includes all goods which are intended for sale under a retailer's brand. This brand can be owned by a particular retailer or a group which the reseller is a member of.

The increase in sales and in the share of private labels on the market has been one of the most spectacular and significant phenomena regarding the theory and practice of distribution management [Veloutsou et al. 2004, PLMA 2014a] and one of the most important strategies developed by retailers over the last 30 years [Bergçs-Sennou 2006]. The development dynamics indicate that this trend is significant for the economy, whose value, invariably, increases. The observation of the market, on the other hand, indicates that the temporal development is accompanied by a spatial one [Hys 2015].

Numerous studies have taken up the issue of private labels in various contexts, while numerous researchers have shown that the appearance of private labels has implications in the supply chain and its influence on the prices of goods [Narasimhan and Wilcox 1998, Ailawadi and Keller 2004, Scott-Morton and Zettelmeyer 2004]. Changes in the market structure have also been observed. The key role has begun to be played by the retailer who, as the owner of the brand, manages it. The retailer decides the supply and structure, creates trends, and acquires customer loyalty – whose consequence can be taking control of a particular market or sector. This means that using private labels is examined in the context of market success factors [Dhar and Hock 1997, Batra and Sinha 2000, Corstjens and Lal 2000]. Thus, the role of manufacturers undergoes reassessment while retailers strengthen their bargaining position over what they had with previous suppliers.

Finally – creating private labels leads to intense competition between manufacturers and retailers, who try to acquire their own customers [Quelch and Harding 1996]. By delivering goods which meet customers' expectations, they also acquire their trust – and loyalty, which decides the value of their profits [Steiner 1985]. The literature on the subject takes up the issue of private labels in terms of:

- customer perception and loyalty [Fitzell 1992, Steenkamp and Dekimpe 1997, DelVecchio 2001, Semeijn et al. 2004, Ngobo 2011];
- perceived value [Cudmore 2000, Kumar and Steenkamp 2007];
- the relation between price awareness and customers' income [Gabor and Granger 1979];
- customers' buying behavior and product positioning [Baltas et al. 1997a, Kalyanam and Putler 1997, Sayman et al. 2002, Soberman and Parker 2004];
- price competition between private and national labels [Ashley 1998, Sethuraman et al. 1999, Salma and Guiomar 2009, Choi and Fredj 2013];
- advertising strategy for national labels in comparison with private labels [Putsis 1997, Choi and Coughlan 2006, Amrouche and Zaccour 2007, Manzur et al. 2011];
- the effectiveness of competition [Putsis and Dhar 1998];
- company risk connected with introducing and adding new product categories to their private labels [Semeijn et al. 2004], or profitability [Keller 1993, Ailawadi 2001].

Keller estimates the value of the obtained profit margin to be between 25 and 50%. The margin level results most of all from effective marketing activity, and the reduction of intermediaries in the supply chain, which, in consequence, results in customers perceiving goods. They obtain quality goods at a competitive price, and reward companies with their loyalty.

The examples presented above draw attention to the fact that researchers' interests concerning the PLs are considerably focused on consumers. Questions regarding the creation of attitudes and customer relations are taken up – the proper ones from the point of view of resellers achieving profits [Nandan and Dickinson 1994, Dunne and Narasimhan 1999]. Comprehensive marketing activities were adopted and transferred from the space typical for manufacturers onto the ground of retailers. Since that time, retailers have expressed their engagement in the active marketing of goods sold as PLs. They find the position of a passive distributor of producer brands insufficient [Richardson et al. 1994].

Given the above, many companies, when making their benchmarking process of the PL strategies in trade networks, consider whether to introduce private labels in their business or not. The IAM is underestimated on the market. Despite its quantitative advantage in supplying automotive parts onto the market (80%), it is still perceived in the industry as an undersupplier, not a partner for automotive manufacturers. The following sections analyse the opportunities and challenges of the IAM in creating private labels. The basis of the analysis consists of the literary research and interactive research of the IAM sector in Poland, thanks to which the PL model has been identified.

## METHODOLOGICAL ASSUMPTIONS OF THE SURVEY

When discussing private labels, it is first necessary to break down their constituent categories. They include: National or Manufacturer Brand, Private Label (Brand), Distributor brand, House or Store brand and Generic Brand. The primary notion of brand is defined as “a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers”<sup>1</sup>. The evolution of brand has seen it develop in numerous contexts. Their diversity makes it difficult to get to the essence of the particular kinds. Therefore, a definition of each of them is here provided.

An article that is the property of a particular manufacturer, and is sold on the national market, as opposed to only a local or regional market, is defined as a national or manufacturer brand (NB). Private label (private brand), on the other hand, has a more complex construction. It is regarded in two standard situations. Firstly, when it is understood as “a brand that is owned by the product's reseller rather than by its manufacturer (in rare instances, the reseller may be the manufacturer as well)”. Secondly, PL means “a brand name or label name attached to or used in the marketing of a product other than by the product manufacturers, usually by a retailer”. A distributor brand is one which is the property of the reseller–distributor, i.e. a retailer or wholesaler. These brand goods are controlled by the distributor. This term concerns exclusively the brand itself, not the goods.

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<sup>1</sup> American Marketing Association dictionary, available at: <https://www.ama.org/resources/Pages/Dictionary.aspx?dLetter=P> and [dLetter=P](https://www.ama.org/resources/Pages/Dictionary.aspx?dLetter=P) [accessed: 4.06.2014].

It is often called a private brand or private label. There are also the notions of house and store brands. The former relates to private brands joint with the retailers. The latter is a private brand which belongs to the reseller. Generic brand products, the final category, are often thought to be unbranded, but their producer or reseller name is usually associated with the product, too. This indicates, apart from the type of product it is, the individual product name.

According to the Private Label Manufacturers Association – PLMA [2014a], manufacturers of store brand products fall into four general classifications:

- large national brand manufacturers that utilise their expertise and excess plant capacity to supply store brands;
- small, quality manufacturers that specialise in particular product lines and concentrate on producing store brands almost exclusively. Often these companies are owned by corporations that also produce national brands;
- major retailers and wholesalers that own their own manufacturing facilities and provide store brand products for themselves;
- regional brand manufacturers that produce private label products for specific markets.

In Poland, in the case of manufacturers and distributors of IAM automotive parts, all four types of the general classification are present. Significantly, these distributors supply parts, first and foremost, of the national or manufacturer brand, distributor's brand, house or store brand and generic brand. The IAM market has only begun to operate in the private labels market.

The PLMA has been doing trend analysis in the United States since 1980, in Europe since 1986, and in Asia since 1994. One thing their analysis shows is that private labels are becoming more popular with Europe's customers (Fig. 2).

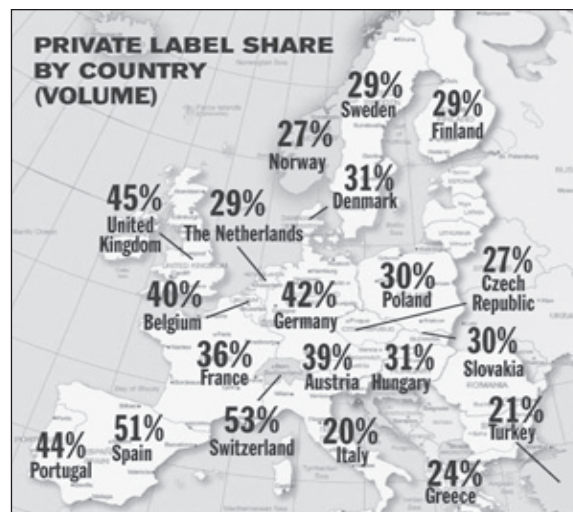


FIG. 2. The percentage of PL customers in Europe

Source: PLMA [2014b].

The PLMA analysis shows that the private label plays a fundamental role in the lives of customers across Europe, and the market share will continue to expand [PLMA 2014b]. Forty-six percent (46%) purchase them “frequently”. In the following year, every fourth person believes that they will buy a larger amount of private brands than currently. Even when the economy gets better, consumers say that they will stick with private labels: eight in ten said that after the economy has improved, they will not stop purchasing private brands. The facts included in the figures, concerning the evolution of the PL sector, show invariably increasing tendencies. Private label’s international success means that IAM decision-makers are considering entering the market, as the trends suggest there is a chance for them to develop their products.

## RESEARCH METHOD

The crux of this article is to present a PL model, taking into consideration the conditions and the environment of the IAM business in Poland. The article presents the results of interactive pilot research conducted among 80% of the IAM management in Poland as well as the results of the literature analysis (of the biggest distribution companies).

The real-time research was conducted on 28 November 2013, during the 8<sup>th</sup> conference organised by Stowarzyszenie Dystrybutorów i Producentów Części Motoryzacyjnych (The Association of Automotive Parts Distributors and Producers) in Warsaw. The interactive research embraced over 200 representatives of manufacturers and distributors of automotive parts. This event was held under the patronage of the Ministry of Transport, Construction and Marine Economy, the Ministry of Economy and the Polish Agency of Information and Foreign Investment.

The hosts prepared a package of questions, which the participants answered in real time by means of an integrated voting system and tests. All participants were divided according to the business they represented, i.e. the group of manufacturers and the one of distributors of automotive parts on the Polish market.

## CONCEPTUAL FRAMEWORK

Figure 1 presents the conceptual framework of the automotive parts production and distribution process in Poland. Seven units, making up the subject of the production and distribution process, were identified. The flow of parts between them is systematised. In the analysed case, special emphasis is placed on manufacturers and distributors of automotive parts who create the independent automotive market.

During the interactive research, the first question, which all the respondents answered together, concerned their associations with the notion of “private labels” (Table 1).

The differences in how the manufacturers and distributors regarded the PLs are of great significance. From the distributors’ point of view, the most essential PL issue is the opportunity to obtain a high profit margin. Note that the respondents at the same time expect an increase in sales volume, which is determined by the products’ low price. Also, they are worried that PL product quality may be lower than that offered by both automotive concerns and brand part producers.

TABLE 1. Private labels perception

Specification	Low price	High profit margin	Low quality	Problems with product availability	Fall in turnover	Growth in sales
	% answers					
Distributors	22.2	38.9	16.7	0	0	22.2
Producers	53.3	23.3	16.7	0	6.7	0

Source: the authors.

Another point of view is expressed by managers representing the group of manufacturers of automotive parts which are sold on the VM market and for the independent distributors. They associate PL products first and foremost with low price, which is not compensated by growth in sales. Producers perceive the advantages of the profit margin level being shaped, however, in their assessment they are more careful than distributors. Note that exactly the same percentage of the manufacturers voting associate private labels with low product quality. This is rather surprising given that the improving PL sector share worldwide [PLAM 2014b] shows that the customers of trade networks evaluate PL product quality on a par with producer brand products.

While it may be true that in the first years in which PLs were created, there were discrepancies in the quality of goods, this problem does not exist today. By creating their private labels, chain stores made the benchmark and analysed consumer needs. As a result, they developed strategies which take into consideration all the aspects of delivering goods on a competitive level. Perhaps manufacturers and distributors, expressing their anxiety concerning quality level, showed caution. Whether the anxiety expressed will be justified in reality or not depends on them exclusively. The problem, however, is not new in the literature on the subject, as many researchers used to take up the issues of potential disproportions in PL goods quality [Bellizzi et al. 1981, Hoch and Banerji 1993, Cudmore 2000].

Another question which only the distributors were asked was: What is the most important reason that distributors introduce private labels? (Table 2).

Distributors, conducting activities aimed foremost at profitability [Steiner 1985, Keller 1993, Ailawadi 2001, Ailawadi and Harlam 2002], indicated that the most essential issue is the level of profit margin obtained. Introducing the PL is, thus, a chance for the distributors to achieve more effective financial results. Moreover, distributors note the right for exclusive PL distribution as well as the possibility to create the brand independently. It can therefore be observed that distributors consider the issue of private labels in the context of market success factors, which is not as much a novelty, but rather the consequence of a rational approach to company management [Dhar and Hock 1997, Batra

TABLE 2. The reasons for introduction by manufacturers introduce PLs

Specification	Exclusive rights for distribution	Higher profit margin than on other products	Possibility of creating the brand independently	Most of the major distributors have PLs	Customer expectations	Eliminating packaging company from the supply chain
	% answers					
Distributors	33.3	38.9	22.2	5.6	0	0

Source: the authors.

and Sinha 2000, Corstjens and Lal 2000]. It is nevertheless surprising that distributors do not treat PLs as the basis for eliminating intermediaries (packaging companies) in the supply chain. This may be due to the fact that the vast majority of distributors possess packaging departments themselves, which leads them to not regard the packaging companies as a business threat. It is interesting, though, that customer participation is not among the factors that bring about the appearance of PLs. The reality of the B2B market is different from that of the B2C one. On the IAM market a different company usually plays the role of the customer: repair or authorised services. There is no direct communication between the final purchaser and distributor. The customer can negotiate at the repair or authorised service, in any case, the price will be paid by an individual customer.

Manufacturers also responded to the question: What consequences does the distributors' launching of private labels carry? Table 3 breaks down how they responded.

TABLE 3. Consequences of distributors' launching of PLs for manufacturers

Specification	Fall in sales of the established products	Need to reduce prices of the established products	Increased expenditure on promoting established brand	Organised courses pay off for PLs, too	Growth in sales
	% answers				
Manufacturers	48.3	27.6	6.9	6.9	10.3

Source: own study.

Manufacturers approach the issue of private labels with greater anxiety. They observe a threat coming from a fall in sales of established products, which prompts them to lower their own prices. This is a new situation for manufacturers, where the lack of experience arouses a lot of fear, especially concerning PL product competition, and particularly new advertising costs which would compensate for the fall in sales. Another crucial issue the manufacturers raised is the fact that the recipients of dedicated training can apply their new knowledge in the field of private labels, though it is designed to be used with the established brands. PL suppliers achieve extra benefits in this way, even if they do not bear any additional costs.

In the light of the above results, the following theses for the PL model in the IAM conditions may be put forward:

1. Private labels are a chance for IAM companies to obtain greater cost-effectiveness and a guarantee that they will not be limited in parts distribution.
2. Private labels make up a special value for customers, which determines the company's brand value.
3. Private labels can be studied in many dimensions.

## THEORETICAL DEVELOPMENT: MODELS AND QUESTIONS

The theoretical models presented in Figures 3, 4 and 5 were developed in accordance with the defined conceptual assumptions for the PL model in the IAM conditions. These models also grew out of the literature review and interactive research done among managers representing IAM in Poland.

So far, manufacturers of automotive parts have been, in a way, invisible to VM manufacturers. They are treated merely as the undersuppliers of parts, with a weaker bargaining position, not as partners participating in creating a ready-made vehicle. History bears this out: manufacturers or distributors are treated exclusively in the category of primary manufactures or intermediaries in the spare parts trade (Fig. 3). History also shows that producers are treated merely as primary producers.

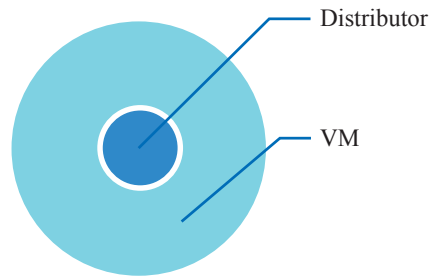


FIG. 3. The direction of the IAMs production and distribution of automotive parts  
Source: the authors.

Another aspect we analysed is the PL value for customers and companies (Fig. 4). In the case of the IAM, the independent repair and authorised service are done by the customers. An essential issue for them is the elements that create the following associative sequence: satisfaction – trust – loyalty.

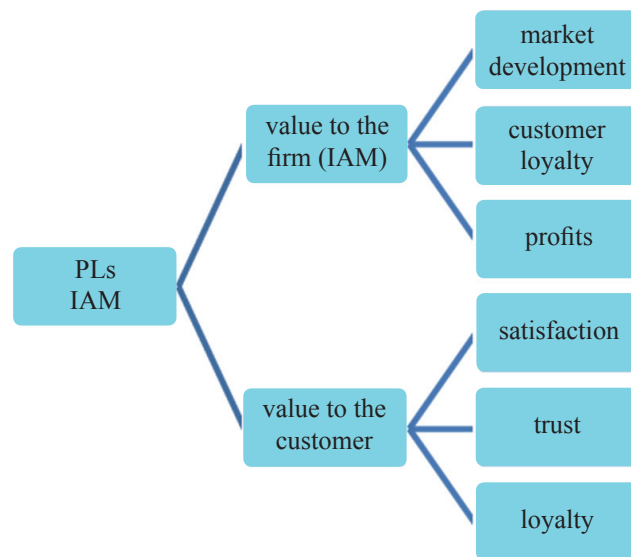


FIG. 4. Private labels in the context of value for customers and the IAM companies  
Source: the authors.

In this context, it is important to look at the internal structure of the private label. Because PLs can be studied in many dimensions, their composition should be defined, which we have done in Figure 5. Based on the analysis of the results of interactive research and the literature on the subject, the following PL components may be defined:

- promotion attitude [Burton et al. 1998, Garretson et al. 2002, Goldsmith 2010];
- identity [Batra and Sinha 2000, Baltas 1997b];
- loyalty [Jacoby and Kyner 1973, Richardson et al. 1996, Cortsjens and Lal 2000, Ailawadi et al. 2001, Ailawadi and Harlam 2004, Arce-Urriza and Cebollada 2012];
- price [Burger and Schott 1972, Gabor and Granger 1979, Lichtenstein et al. 1993];
- risk [Roselius 1971, Jacoby and Kaplan 1972, Dunn et al. 1986, Narasimhan and Wilcox 1998];
- quality depends on the technology used [Bellizzi et al. 1981, Hoch and Banerji 1993, Omar 1994, Sethuraman and Cole 1999, Corstjens and Lal 2000];
- value [François and MacLachlan 1995, Broyles et al. 2009].

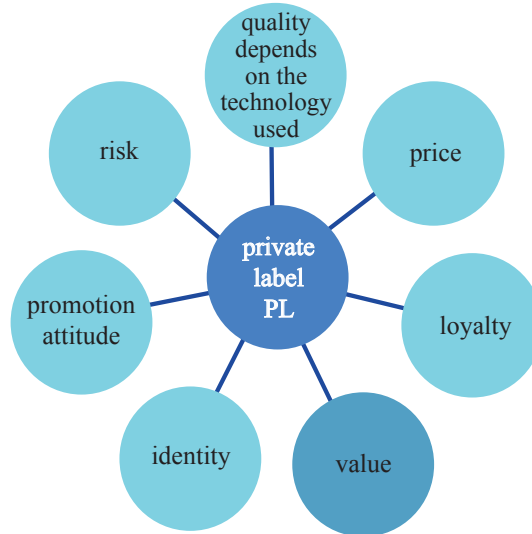


FIG. 5. Private label components for the independent automotive market

Source: the authors.

All of these component factors enjoy increased interest among the IAM representatives as they search for arguments in the fight for competitive position on the market.

Analysis of the models (Figs 3, 4, 5) allows the following questions to be raised:

1. What are the challenges and chances of introducing the private label by the IAM companies comprehensively?
2. Will the IAM products under the private label deliver value for the company and the customer?
3. What makes the PL construction?

Arguments were gathered for the questions raised, the following is a discussion of the subject and a definition of the PL model for the IAM.

## PRIVATE LABEL THREATS AND OPPORTUNITIES

For the manufacturers and distributors of the IAM automotive parts, there are many threats connected with launching new products under the private label. In the case of the PLs, retailers employ the umbrella brand strategy. That is, they use the brand which embraces various categories of a distinct product, in order to avoid the cannibalisation effect. The basic threat for the IAM companies is the negative experiences customers have when purchasing PL goods. Negative experiences with one product of a given brand can result in a reluctance to buy other products of this brand, or, worse, it can lead to unsettling customers' trust in all products of a particular brand [Thompson 1999]. The decision to launch goods under a private label should be preceded by an in-depth analysis. This can be done through the study of consumer opinions [Dick et al. 1996, Sethuraman and Cole 1999] and the assessment of whether and what factors influence the effectiveness of activities connected with launching goods under the private label [Richardson et al. 1994, Batra and Sinha 2000].

The following are fears companies introducing PLs may have:

- cannibalisation of private labels (e.g. Coca-Cola, Cadbury, Colgate and Kellogs have all written in their strategies: “We do not produce private labels!”);
- whether they will have the ability to meet customers' requirements on quality, logistics, techniques and technology, and finance (audit of a production plant);
- improper analysis of customers' preferences and the positioning of the PL products.

In response to these fears, the arguments supporting the comprehensive launch of private labels by the IAM manufacturers and distributors should be analysed. According to the literature [Keller 1993, Dhar and Hoch 1997, Corstjens and Lal 2000], they include:

- seller's increased bargaining power on the market;
- achieving the position of an equal market partner;
- diversification of activities;
- becoming independent from the VM;
- high gross profit margins: 25–50% higher than the established brands [Keller 1993, Corstjens and Lal 2000];
- differences in prices between the PLs and brand products (NBs) are more beneficial for the former;
- achieving better sales results;
- technical, technological and organisational development;
- initiating solutions;
- a limited number of national manufacturers operating within the private label category;
- exclusive rights for distribution;
- low advertising outlays;
- reating brand perception;
- quality of goods comparable with the NBs;
- low variability in PL quality.

So far, manufacturers and distributors of automotive parts have been, in a way, invisible to the VM manufacturers (Fig. 6). They are treated merely as the undersuppliers of parts, and have weaker bargaining power. From the VM manufacturers' point of view, there are also substantial reasons for the existing situation. Although the IAM delivers

80% of the parts onto the VM market, it happens on the basis of huge fragmentation, usually under the auspices of the VM brand.

From the IAM point of view, this situation is not comfortable. IAM companies deliver goods which meet the required standards, which is why they expect their market position to strengthen. Therefore, the IAM decision-makers see their chance for success in their own company's development. On account of this, a change was suggested by the authors concerning the standards of the production and distribution of automotive parts realized by the IAM (Fig. 6).

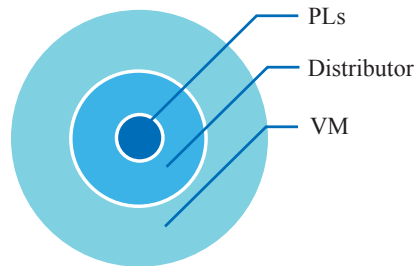


FIG. 6. The suggested model of production and distribution of automotive parts realized by the IAM

Source: the authors.

The authors suggested that a transformation of the definition of the market should be changed, it takes into account the appearance of the PLs onto the global scale. Private labels can become a chance for IAM companies to achieve a stronger position on the market.

## VALUE FOR THE COMPANY AND THE CUSTOMER

IAM customers expect PL products to be of a high standard that will meet their expectations on quality, price, risk and brand identification (recognition). This makes them feel satisfied and secure, strengthens their trust and, in consequence, to break barriers – to create a stable framework for cooperation. In turn, from the point of view of the IAM representatives, it is essential to further develop the market and customer loyalty. If the PLs are seen by customers to represent value, the result for the company will be brand value in the form of profits (Fig. 7).

The focus on establishing value for customers and the company must be preceded by planning as well as activities on organisation, motivation and controlling on the strategy level. Strategy, included in the company's policy, can be used as an element of communication with the market. Only the holistic approach of the private label, which makes the integration link between the strategy and the components of value for the customer and the company, makes it possible to apply the PL attributes. A consciously planned strategy aimed at the creation of customer value should be preceded by an analysis of market needs and expectations. Similarly, in the case of company value components, the internal

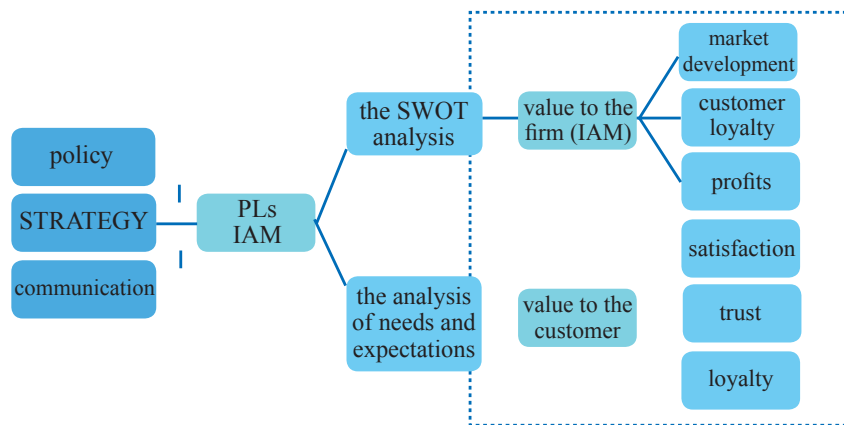


FIG. 7. Private label model in the context of values for the IAM customers and companies – holistic approach

Source: the authors.

and external potential of the organisation should be analysed. The analyses will allow for the optimisation of processes and the achieved effects.

## THE STRUCTURE OF THE PRIVATE LABEL

Using the analogy of the model of product structure [Levitt 1980, Kotler 2000], the authors of the article suggested the structure of the PL (Fig. 8). Decision-makers must realise that, like the product, the private label has a layered structure. The basis, or product core, is made by the leading benefit for the purchaser and the reseller. The next layer is made by the actual product, defined as a set of elements that a particular product is perceived through. The augmented product is created by the set of added values.

In both cases, the leading value is created by functional features which make a given product be bought and sold. In the case of the PL, the augmented product in the customer's view is created through the lens of usability value, quality, brand, trademark, packaging and price. The augmented layer is made by all the elements which stimulate

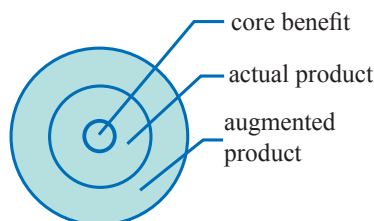


FIG. 8. Private label's product internal structure

Source: the authors.

customers to choose products of a specific brand. They include: proper information about the PL product, sales and after-sales services, manner of delivery, length of warranty, way of payment, quality of contacts with a potential purchaser, CRM systems.

For the reseller, on the other hand, the elements of the augmented value are made up of: identity, loyalty, price–costs, risk, quality depending on the technology used, and the PL's estimated value<sup>2</sup>. The augmented layer is created by a set of sensory incentives, which are used by the decision-makers in order to strengthen the PL products' potential. They include, among others: promotion attitude, flexible systems of payment, discount strategies for price and extra-price elements (warranty and CRM, to name two). The elements which make the augmented layer of the PL product, if properly composed, can provide the company long-term benefits and competitive advantage in the market.

## CONCLUSIONS

The research done by Raju et al. [1995] and Scott-Morton and Zettelmeyer [2000] showed that private labels are more likely to be launched if there is a large number of brands on the market. Diversification causes the market to become fragmented, and customers find the identification of particular goods difficult. From this point of view, it is profitable to launch goods or a group of goods under a homogenous brand, which, when promoted properly by marketing specialists, is recognised by customers. Customers identify with a given product, they gain trust for the brand and become loyal purchasers. Simultaneously, distributors manage the price policy, which, after eliminating the links of indirect distribution, is much more attractive than in the case of the established brands and NB goods.

In connection with the above, one should consider the argument of the consolidation of the IAM companies' position on the market. This is not an easy task, as the research results show that some PLs happen to be very effective, nevertheless, there are cases where PL strategy is ineffective [Hoch and Banerji 1993, Dhar and Hoch 1997, Batra and Sinha 2000]. This is likely attributable to the decision-planning processes concerning the launch of the PL and the realisation of the preparatory, executive and monitoring activities.

When discussing the dilemma IAM companies in Poland face when deciding whether or not to use private labels, one should pay attention to the arguments for doing so. They are, above all: independence from brand producers, and in the case of suppliers (manufacturers) for the VM it is independence from the VM, optimisation of costs, the use of spare capacities, optimisation of the relation between the price and quality and the optimisation of marketing costs, especially the support of sales. It is possible to achieve these effects through the realisation of a well thought out PL strategy, supported by effective communication with the environment.

The diversified brand portfolio can become a valuable source of positioning and competitive advantage on the IAM market. The deepening concentration processes in trade and the stronger market competence support the increase of the PL's share of the sales. Meeting customers' expectations requires unprecedented changes, realised by means

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<sup>2</sup> Interbrand – best global brands website [accessed: 21.03.2014].

of new models of creativity, cooperation and leadership. These models usher in a new reality. The notion of private labels has unblocked a wider potential in organisations. A change in the perception of what is possible has taken place.

The proposed PL model presents the elements which constitute the framework for an effective strategy for using private labels by IAM companies. We have called for a model which would take into consideration new factors accompanying the process of creating the PL strategy. At the same time, we have confirmed the legitimacy of the defined components revealed by other authors in their research. Note, however, that this model exists only in a form which has not been verified in practice by the industry. Nonetheless, it could form the basis for further scientific discussion in this area.

Moreover, our analysis has proved the existence of a number of areas which require additional analyses. They include: the development of marketing strategies for launching and developing private label goods, the estimation of PL value, and monitoring the effectiveness of implementing PLs on the Polish IAM market. In this way, further directions of research will be conducted in the future works.

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**Summary.** In the present study, we discuss the role of private label (PL) in the context of the development of the independent automotive market (IAM) in Poland. We also seek to define a structural model for PLs, with regard to the IAM market in Poland. The article presents the results of the analysis of the literature on the subject as well as of interactive pilot research conducted among 80% of the IAM market in Poland. The research was conducted on 28 November 2013, during the 8<sup>th</sup> conference organised by the Association of Automotive Parts Distributors and Producers in Warsaw. In Poland, private labels are used most of all by trading companies. Independent aftermarket companies represent the sector of production and distribution. This difference is the result of decisions concerning the implementation of private labels in the automotive industry. Although the notion of private labels is known in the automotive industry there are barriers to introducing them nationally. The article presents the challenges and limitations of developing PL among Polish IAM entrepreneurs and proposes a PL strategy model. The overview and research results will allow IAM decision-makers to analyse the possibilities and threats that implementing private labels into their structures carries. As far as we know, the analysis and research presented here are among the first empirical explorations aimed at filling the IAM knowledge gap. Moreover, there is no comparative international research in this field, suggesting the need for further in-depth research. The analysis and research material makes the paper an original contribution to the development in this field.

**Key words:** Independent Automotive Aftermarket (IAM), SDCM in Poland, private label (PL), national brand (NB) – called in the automotive business “established brands”, possibilities and barriers of development

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**ON MOTIVATION AND ENTERPRISE EDUCATION –  
ENSURING MANAGEABLE GOALS AND OBJECTIVES**

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**“The only place where success comes before work is in the dictionary” –  
Vidal Sassoon**

**INTRODUCTION**

No discussion of entrepreneurship education can be said to be complete without the concept of motivation being addressed. Motivation is central to the drive and success of any entrepreneur or business start-up; sans a suitable motivational environment the potential for success of student enterprises become questionable at best and total failure at worst. Further poorly designed and delivered entrepreneurial education structures can act as future inhibitors to entrepreneurial drive and engagement. Poorly executed enterprise education could also result in disincentives for embracing entrepreneurial careers and causing students to see formal employment as their only route to success and economic opportunity. In times of low labour market absorption the implication of ineffective student enterprise activities has the potential to act as a social “bad” in terms of the waste of public and/or private finance and impact negatively on student aspirations. Consequently, when planning enterprise education, student business start-up and other entrepreneurial support activities, those who are entrusted with the responsibility must recognise their importance to the individual student and their life chances and the wider social context of these activities. These factors point solidly to the need to address motivation from both sides of the student enterprise and entrepreneurial education coin viz. the student motivational mosaic and the institutional strategic imperatives.

## MOTIVATION AND ENTERPRISE EDUCATION

The enterprise education challenges facing contemporary higher education institutions and the education system are myriad, one of the most telling is the need to create a more fecund environment for nurturing and develop of lifelong learning capabilities of students with is a significant skill for addressing and traversing rapidly changing global contexts and environments. The inherent entrepreneurial motivation is where “the intention of an individual to behave entrepreneurially arises because the entrepreneur perceives self employment... to be utility maximizing, and thus forms the motivation to behave entrepreneurially” [Fitzsimmons and Douglas 2005: 2]. However, in a student enterprise context the critical issue is associated with the initiators for engagement in entrepreneurial pursuits, and to recognition of such activities as a viable career choice; consequently success as an entrepreneur is first and foremost dependent “on people’s willingness to become entrepreneurs” [Shane et al. 2003: 257]. Effectively, as the authors have observed, it is all contingent on the individual’s willingness to “play the game” [Shane et al. 2003: 258]. Getting students to “play the game” is the key requirement for all institutional stakeholders entrusted with nurturing and developing students’ enterprise and entrepreneurial activities.

In a study conducted by one of the authors [Mostert and Shaikh 2013]<sup>1</sup>, a multi-national cross-section investigation of students at different higher education institutions, 46% indicated that they wished to start and manage their own business. Interestingly the study showed that only 32% of the respondents felt that a lack of support was an obstacle to starting their own business. Further, the majority of the respondents indicated that they could rely on family support for starting a business (57%) while 59% felt that that they would see starting a business as an alternative to formal employment if they encountered problems with securing such employment. However, the study also indicated that 85% had never considered entrepreneurial pursuits as a career option. This research exercise indicated that the students in higher education have a high propensity for engagement in enterprise education activity as a default; however, experience has indicated that this innate potential proves very challenging to convert into entrepreneurial action in the majority of cases. This outcome is likely due to the fact that while students would like to run and manage their own business, the concept of entrepreneurial activities as a career needs to be a focus area for those engaged in enterprise education.

Aldrich and Zimmer recognise that entrepreneurial activity “can be conceptualized as a function of opportunity structures and motivated entrepreneurs with access to resources” [Aldrich and Zimmer 1986: 3]. The challenge for the entrepreneurial educator is creating an environment to encourage playing the game with suitable opportunities and access to resources. Shane et al offers a comprehensive conceptualisation paradigm for assessing the issue at hand namely that “all human action is the result of both motivational and cognitive factors, the latter including ability, intelligence, and skills” [Shane et al. 2003: 258]. These, motivation and cognition, have been highly instrumental in the resulting bias within education, more especially higher education.

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<sup>1</sup> Sample size 1079 from 6 countries (Australia, China, United Kingdom, Pakistan, South Africa, Togo), although responses from Australia (11) and Togo (2) were insignificant.

This bias has evolved in no small part due to the fact that students are expected to bring motivation to the teaching and learning environment, with the educators delivering the content and applying formative and summative assessments against formal curriculum outcomes. The pedagogic environment calls for an integrated relationship between content, cognition, motivation and success, which is considerably more complex than other demands on educational delivery. Utility maximisation and teaching and learning delivery do not sit comfortably together due to the complex nature of returns to educational investment, an issue which is beyond the scope of this paper, however, the dynamic associated with enterprise education makes the need to explore this relationship more coherently.

The challenge associated with student enterprise development, can be effectively located within the issue of utility maximization behaviour, in that students gain extensive social utility from being students, and their utility horizons tend to be limited<sup>2</sup>. This presents one of the key challenges for effective enterprise education, generating utility for students from the process of participating in the business start-up activities that are extra-curricular. Consequently, the enterprise educator needs to ensure that the process of engagement in entrepreneurial activities generates utility in and of itself; this recognises the fact that “the pursuit of entrepreneurial opportunity is an evolutionary process in which people select out at many steps along the way, decisions made after the discovery of opportunities – to positively evaluate opportunities, to pursue resources, and to design the mechanisms of exploitation” [Shane et al. 2003: 257–258]. This evolutionary process is inherently beneficial to any economically active citizens and not least students who are planning to enter a complex and competitive workforce.

The goal of this paper is not to engage in a detailed analysis of the relationship between utility and motivation but rather to explore how motivation must be addressed when designing teaching and learning for entrepreneurial education. Thus entrepreneurial education needs to mobilise the structural advantages that formal assessment present and offer as basic motivators<sup>3</sup> for on-going student engagement. However, it is important to recognise that this is a necessary but insufficient aspect of effective entrepreneurial education. The key challenge is not so much in getting students to complete the relevant formal outcomes but to maintain the motivation to continue when the structural requirements and demands are removed as the formal assessment phase is completed<sup>4</sup>. Consequently, the challenge is bridging motivation from the classroom (formal) to on-going intrinsically based motivation, in effect how do enterprise educators kick start intrinsic motivational factors and ensure that students realise the potential of their ideas and embrace opportunities? In the ideal world the financial reward lag will be shortened, the world of start-ups

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<sup>2</sup> There continues to be a considerable overhang from the lifetimes earning impact of higher education argument, which holds that those with degrees earn more over their working lifetimes. The growing impact of graduate unemployment is likely to have significant impact on this “fact”.

<sup>3</sup> This assumes that the student has recognised the role of successfully completing their courses to continue to enjoy the student life style and the concomitant utility associated with being a student.

<sup>4</sup> Both authors have witnessed many students with excellent business ideas and motivation during a programme/course/module makes a submission and receive their mark and instantly lose interest. The intrinsic motivation is driven by the formal curriculum requirements.

is awash with stories of perseverance, failed crowdfunding, Dragon's Den rejections, etc., which later turn into big success stories.

Motivation, extrinsic and intrinsic, is key when developing and designing pedagogic structures to nurture and promote entrepreneurship, Pink [2009] offers a suitable framing paradigm with his analysis of anachronistic nature of Motivation 2.0 that is so prevalent in contemporary economies. Pink's analysis presents a call for a new discourse in terms of motivation, and he quotes Harry Harlow on the topic of motivation, Harlow "urged scientists to »close down large sections of our theoretical junkyard«" [Pink 2009: 4]. Harlow's thinking was ahead of its time and his research took another route. Pink traces the evolution of this initial thinking through other researchers and arrives at the telling observation, "our current operating system has become far less compatible with, and at times downright antagonistic to: how we organize what we do; how we think about what we do; and how we do what we do" [Pink 2009: 21]. A detailed analysis of Pink's thesis is beyond the scope of this paper, however, the potential that contemporary thinking on motivation is flawed needs to be brought into the debate for design and development of entrepreneurial training and development. This need for a rethinking goes to the core issue at hand, which is, if the contemporary motivation paradigms are erroneous the risk of designing faulty enterprise education curriculums may contribute to ineffective investment of resources.

Pink's analysis offers a suitable starting point in terms of mobilising a new focus for designing curricula that will deliver the desired outputs. Central to Pink's analysis is the distinction between "algorithmic" versus "heuristic" tasks, the former being linear in nature with the latter the polar opposite.

"A heuristic task is the opposite [...] precisely because no algorithm exists [...] you have to experiment with possibilities and devise a novel solution" [Pink 2009: 29]. This bears a telling resemblance to the role of the entrepreneurs. The entrepreneur "introduces a new good or a new method of production, opens new markets or discovers a new source of supply, or carries out a new organization of an industry [...] upsets the conventional way of doing things" [Braguinsky et al. 2009: 1]. Braguinsky et al continue and highlight those factors that have been identified as playing a role in entrepreneurship: "the role of risk taking [Kihlstrom and Laffont 1979], managerial ability [Lucas 1978], wealth [Evans and Jovanovic 1989], and preferences for the control, flexibility and other job attributes that come with being one's own boss [Kihlstrom and Laffont 1979] as the primary motivations for entrepreneurship" [Braguinsky et al. 2009: 1]. The Schumpeterian concept of the entrepreneur is firmly predicated on their being "an agent of change that is the source of his famous creative destruction" [Braguinsky et al 2009: 1].

The authors mobilise the Schumpeterian paradigm as methodological framework, and manipulate the utility maximisation concept as a backdrop to inform the discussion. Using each of the factors, as identified by Braguinsky et al., a link to utility maximisation behaviour can be constructed (Table 1), in this case utility maximisation postulates "that individuals will select the course of action which promises, in prospect, the greatest psychic satisfaction or maximal utility" [Douglas and Shepherd 2002: 84].

Table 1 could be accused of being artificial; however, it offers the initial framing structure for thinking more effectively about the factors that will inform the underlying design of enterprise educational structures for promotion of student motivation. Redeveloping Table 1 for students could generate the following Table 2.

TABLE 1. Utility maximisation behaviour – entrepreneurs

Entrepreneurial factor	What	Utility maximisation behaviour (entrepreneurs)
Risk taking	Willingness to engage in risk activities	The expected utility gain outweighs the disutility associated with the process (the risks of playing the game)
Managerial ability	Ability to manage resources and activities for identifiable outcomes	Utility received from the process of managing in and of itself
Wealth	Accumulation of financial and experiential wealth	Expected financial and experiential returns outweighs disutility
Preference for control	Ability to control all factors associated with professional activities	Utility generated from maintaining the locus of control outweighs the underlying risks associated with all aspects of responsibility
Flexibility	Linked to control and managerial ability, having flexibility to engage in selected activities	As above

Source: the authors.

TABLE 2. Student motivators

Entrepreneurial factor	Student motivator
Risk taking	Maximise the return to effort from academic and wider outcomes
Managerial ability	The ability to manage their own learning environments and the entrepreneurial process while developing their skill base
Wealth	Enhanced opportunities to generate financial return in both short and long run
Preference for control	Having the ability to control the overall process
Flexibility	Engage in a dynamic system

Source: the authors.

From a pedagogic perspective the considerations can be further simplified as follows (Table 3).

TABLE 3. Student motivator from a pedagogic perspective

Entrepreneurial factor	Student motivator
Risk taking and wealth	Maximise the return to effort from academic and wider outcomes while generating income streams and economic opportunities
Managerial ability	The ability to manage their own learning environments and the entrepreneurial process while developing their skill base
Preference for control and Flexibility	Having the ability to control the overall process and engage in a dynamic system

Source: the authors based on Braguinsky et al. [2009].

Implicit in this delineation is the concept of work effort; work effort in a student context presents a number of pedagogic philosophical conundrums, firstly, rewards in a classroom and the wider world of work often enjoy few synonyms<sup>5</sup> and this interface needs to be addressed as a matter of some urgency for all levels of education, but most especially within higher education. Secondly, for many students the demands associated with classroom effort also bears little resemblance to the work of work<sup>6</sup>. Thirdly, changing fee structures and costs associated with higher education is resulting in students acting more like consumers and expecting a service that delivers “results for my money”. This list is by no means exhaustive but highlights the challenge associated with work effort, student input and motivation. These aspects are not discrete and present the kernel of the demands associated with effective enterprise education activities.

The relationship between work effort and student work effort is very complex and offers extensive scope for discussion and further research due to the respective returns to any effort expended. “Tolerance for work effort refers to the degree of aversion to work effort – work effort refers simply to the expenditure of physical and mental effort in the workplace, and can be measured as the product of working hours and working intensity” [Douglas and Shepherd 2002: 86]. For the entrepreneur and the professional measurement of returns to effort are more easily quantified. However, for the student the conventional metrics are less discrete, expect in terms of the formal credit system. It is this complexity that needs to be effectively addressed to bridge the student as learner and potential entrepreneur and a nascent career as an entrepreneur.

Success in entrepreneurial pursuits requires a number of individual/intrinsic motivating factors [The Entrepreneurialist]:

- financial independence;
- success of family business;
- challenge of starting a new business;
- market opportunity;
- realisation of a dream;
- implementing a business idea.

If none of these are present at the outset of a student’s engagement with an entrepreneurial educational process, the key aspect that needs to be nurtured and developed is creativity, and on the back of this development of motivators that will ensure that students follow through and develop ideas to logical and potentially viable outcomes.

This then begs the key question for those aiming to develop entrepreneurs, how to nurture creativity and motivate action? This requires a coherent understanding of intrinsic and extrinsic motivation, “Intrinsic motivation is conducive to creativity; controlling and inflexible extrinsic motivation is detrimental to creativity” [Amabile 1996: 119].

Factors which are central to creativity, according to Barron [1988: 78] are:

- recognising patterns;

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<sup>5</sup> In fact many educators and educational institutions continually attempt to recreate world of work type contexts in their methodologies in order to prepare the students for the demands of professional activities. This interface is key to effectively preparing graduates for the world of work and employability and highlights the innate potential of entrepreneurial activities for preparing graduates ready to undertake any challenges that their professional development will require.

<sup>6</sup> Short sharp bursts of effort can delivery higher returns in terms of grades and assessments.

- making connections;
- taking risks;
- challenging assumptions;
- taking advantage of chance;
- seeing things in new ways.

If students bring any of the intrinsic motivators to the classroom or learning environment the necessary conditions are in place, however, these may not be sufficient and it is incumbent on the educator to develop fertile enterprising outputs. For students without intrinsic motivators any engagement, at least initially, will be driven by formal credit structures which are tantamount to “controlling extrinsic motivators” and thus potentially asymptomatic to promoting creativity in the classroom, with its impact on generating entrepreneurial activities. Nurturing creativity in classroom environments is an essential requirement for ensuring students engages coherently with any entrepreneurial activities and processes.

Linking the need to encourage, develop and nurture creativity is the need to mobilise work effort, which is essential to the translation of ideas into reality. Central to the changing perspectives on motivation is the view on the concept of work and work effort. Pink observes that much of the research on this area “suggests that work [...] always considered a »disutility« [...] is becoming a »utility«” [Pink 2009: 31]. Key to this changing characteristic is work which “is often creative, interesting, and self directed rather than unrelentingly routine, boring, and other-directed” [Pink 2009: 32]. The scope for developing opportunities that offer these characteristics to people is essential. “People use rewards expecting to gain benefit of increasing another person’s motivation and behaviour but in so doing, they often incur the unintentional and hidden cost of undermining that person’s intrinsic motivation toward the activity” [Reeve 2005: 143].

The scope for using entrepreneurial education and development for promoting opportunities that deliver self-directed employment cannot be overstated, however, to realise this potential the delivery, design and execution needs to be carefully consider within the relevant institutional parameters and staff capabilities. It is essential to recognise that motivation and drive are intrinsically linked to any methodological design and curriculum development processes that aim to promote enterprise development and entrepreneurship.

Pink in his analysis offers a coherent summary of the kernel of his thesis against which to build further discourse. “What is true is that mixing rewards with inherently interesting, creative or noble tasks – deploying them without understanding the peculiar science of motivation – is a very dangerous game” [Pink 2009: 49]. None more dangerous it can be argued than in the context of developing innate entrepreneurial skills and ventures. Making the incorrect assumptions regarding motivation and drive within environments that have as their key objective the identification, nurturing and development of entrepreneurial skills can led to a inefficient allocation of scare education and training resources. “By neglecting the ingredients of genuine motivation – autonomy, mastery, and purpose – they limit what each of us can achieve” [Pink 2009: 49]; it is the creation of an environment that allows for the development of autonomy, mastery and purpose for all budding entrepreneurs which is the goal of any programme.

Another potentially toxic outcome associated with Motivation 2.0 is the role of goals and goal setting. Ordóñez et al. argue that “goals may cause systematic problems for organization due to narrow focus, unethical behaviour, increased risk taking, decreased cooperation, and decreased intrinsic motivation. Use with care when applying goals in your organisation” [Ordóñez et al. 2009: 17]. This perspective on goal setting can, *prima facie*, be a very relevant to the budding entrepreneur and for the entrepreneurial educator. While King and his colleagues take the idea a step further and state “the optimally striving individual ought to endeavor to achieve and approach goals that only slightly implicate the self; that are only moderately important, fairly easy, and moderately abstract; that do not conflict with each other, and that concern the accomplishment of something other than financial gain” [King et al. 2003: 189].

A word of caution at this point for the enterprise educator, these perspectives should be seen as offering a framework for assessing how motivation, goals setting and other outcomes are applied to the nurture and promotion of enterprise development. Student motivational frameworks will by definition be diverse, and this diversity can often result in a very mixed entrepreneurial educational context. The temptation to work to the lowest common denominator and create a numbers exercise can often seem most logical and the only viable option. This is a rational response to limited resource contexts that many institutions face, both in terms of physical and human resources, not to mention personnel with entrepreneurial experience<sup>7</sup>.

Against this analysis there is clearly scope for applied motivational thinking to entrepreneurial education curriculum design which could generate a suitable cost-benefit analysis framework. In order to develop such a framework, the authors use enterprise education outcomes or EEOs, and graduate these as:

- EEO1. Students completing a formal course for credit only;
- EEO2: Students continuing with their business ideas beyond assessment;
- EEO3. Students launching their business;
- EEO4. Students growing businesses and creating employment.

This offers a potential structure for design and delivery of a programme, the EEO1, EEO2, etc. acts as a streaming metric and allows students to self select initially. This has the potential to establish a system that recognizes the status of the student’s intrinsic motivation at the outset of their enterprise programme<sup>8</sup>. With this system in place students can receive different support from all stakeholders who have an interest in the outputs of an enterprise education exercise. Using these delineators the following possible structures and curriculum delivery activities could enhance the overall offering of an enterprise education system (Table 4).

Table 4 is not exhaustive but allows for a more structured approach to the pedagogic environment and allows students to self select, *a priori*, students will tend to the higher

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<sup>7</sup> Often the closest students come to people with entrepreneurial experience are guest speakers, networking functions, etc.

<sup>8</sup> *Prima facie*, the authors experience, is that many will elect to aim for EEO4 initially, but the framework allows for a suitable meta-cognitive paradigm for students to assess their own intrinsic motivations.

TABLE 4. Enterprise Education Outcomes

Enterprise Education Outcomes (EEO)	Teaching and Learning Structures/Support*
EEO1. Students completing a formal course for credit	Standard formal programme – lectures, workshops, seminars, speakers, tutorials, etc.
EEO2. Students continuing with their business ideas beyond assessment	As above plus post assessment planning and industry based networking activities
EEO3. Students launching their business	As above plus engagement with event planning networks and funding submissions
EEO4. Students growing businesses and creating employment	As above plus training in employment practices and all aspects of staff management

\*Each level requires students to commit to more formal engagement activities.

Source: the authors.

initial motivation categories but are likely to find the different demands of each to act as a limiting factor. For example, each level will have a concomitant step change in terms of initial commitments to formal activities. Students would be permitted to move between groups in response to the inevitable changes in motivation as the programme unfolds.

By streaming students at the outset the enterprise educator is able to ensure that the students receive the correct support and thus create an environment which effectively nurtures that diverse entrepreneurial potential and skills with any student cohort. Diversity in delivery is essential to the effective entrepreneurial education classroom, the need to create a fecund teaching and learning environment requires recognition of the different innate motivational factors which students bring to the classroom and process. This motivational diversity is a further complication for the range of skills and abilities that is characteristic of the contemporary classrooms.

## CONCLUSION

Developing coherent curricula for enterprise education with associated delivery structures will ensure that any innate entrepreneurial abilities will be nurtured and students will have the opportunity to create a solid foundation for further professional development. Creating a motivationally based pedagogic paradigm will deliver a more effective teaching and learning environment and ensure that entrepreneurial education moves closer to the individualized learning experiences for students. Further, it will allow students to gravitate towards each other in terms of shared vision and ambition. These commonly shared ambitions will ensure that groups are formed which are better able to understand the demands of their selected task and result in better outcomes from the teaching and learning environment, with the result of more viable and potentially successful ventures and enterprises. The enterprise educator is more than a facilitator of teaching and learning but is also a motivational speaker who must continually address the issues of motivation and work effort.

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**Summary.** There is growing recognition that the standard approach to motivation, referred to as Motivation 2.0 is not necessary adequate for assessing the contemporary drivers for students and budding entrepreneurs. Some have argued that the concept of goal setting may act as much as an inhibitor as a motivator. This perspective on goal setting can, *prima facie*,

be very relevant to the entrepreneurial educator. In this research exercise the contemporary thinking on motivation and motivational approached will be explored and applied to the development of entrepreneurial education curriculum development and pedagogic structures. Those entrusted with the nurturing and development of any innate entrepreneurial potential must ensure that the teaching and learning environment is dynamic and as individualized as possible. Key to any individualized delivery mechanism is a coherent understanding of motivational factors and activities. Effective curriculum development for entrepreneurial training demands an integrated understanding of motivators which must be driven extra-curricular, while enterprise education continues to become embedded in educational delivery structures. This paper addresses these demands and acts as a primer for how this could be achieved.

**Key words:** motivation, entrepreneurial, student enterprise, enterprise education, curriculum development, utility maximization, intrinsic motivation, extrinsic motivation, risk taking, managerial ability, business ideas, enterprise education outcomes

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## **ATTRIBUTES OF SATISFACTION WITH FOODSHOPS AMONG OLDER SHOPPERS**

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### **INTRODUCTION**

The paper presents the findings of research into the development of shopping satisfaction of older people. I have concluded that there are still segments of elderly consumers, and neglected areas of dissatisfaction, which cannot be ignored.

Seniors have been traditionally viewed as making up an unattractive market due to the perception that they have low income and spending power and are frail. However, this perception is shortsighted, because not only is this market constantly growing, but also new pensioners with higher income and pensions will move into the segment [Lesakova 2013]. There are a number of factors that differentiate the elderly population from other age groups, and justify studying it. These factors depend on changes in health and psychographic characteristics which result in particular shopping and interior store needs [Sandor 1994]. Within the existing literature there is agreement that lower prices, attitudes among service staff, avoiding long queues at check-out points and product accessibility on the shelves are particularly important to senior shoppers. They also consider it important that shopping places be clean and easily accessible [Moschis 2003, Moschis et al. 2004].

In the following sections the factors influencing seniors' satisfaction with food stores are presented, based on the results of empirical research.

### **THE ATTRIBUTES OF SHOPPING SATISFACTION**

The core of marketing strategy and an essential goal in business is to identify effective ways of serving customers and satisfying their needs. Companies that satisfy their customers achieve better results, while those with dissatisfied customers fail. These

findings are valid across the consumer goods, services markets and also when individuals are choosing a store to shop at [Giese 2000, Lesakova 2009]. Customer satisfaction in general is the customer's evaluation (from good to bad, pleasant to unpleasant) of a specific purchase or shopping experience. This means satisfaction is how the customer feels about a specific product, store or shopping experience.

Customers evaluate shopping experiences and arrive at "satisfaction judgments" by comparing what they actually received against their expectations [Schiffman and Kanuk 2010]. Research confirms that satisfaction is an important variable driving positive word-of-mouth recommendations and loyalty. The tendency of customers to stick with a store or brand, loyalty is closely tied to firm profitability. Consumer dissatisfaction can result in negative word of mouth and lost sales. Building satisfaction is especially important in the retail sector.

Four key areas for building satisfaction in the shopping process have been identified in the existing literature: product-related aspects, internal store environment, staff service, and store accessibility. Within the store environment, critical aspects have been reported in the use of facilities including large trolleys or large baskets [Mogelonsky 1995]. Difficulties making out product labels and price displays on shelves were also identified as being important for satisfaction [Moschis 1991, Goodwin et al. 1999]. Several studies have revealed that seniors have problems reaching high and low shelves and using deep freezers [Moschis 2003, Moschis et al. 2004]. In fact, older shoppers indicated that in such cases they either did not purchase the item or had to ask the staff for help. Research focussing on the oldest seniors found that they expect stores to provide seats they can use when they feel tired.

Product location on shelves and ease of finding products are very important. Retailers often move products around the store as a part of their business and display policy in order to force customers to walk around the whole store. This tactic has come in for criticism from both older and younger consumers [Oates et al. 1996, Lesakova 2013]. Numerous studies have also found that long queues at check-outs are another source of dissatisfaction among older consumers [Goodwin and McElwee 1999]. Product-related aspects are in general very important for both older and younger consumers [Lumpkin 1985, Schewe 1988]. However, differences exist in the importance attached by various segments to particular product aspects.

Price is recognised as one of the most important factors to older people, particularly for those with low incomes [Lesakova 2013]. In fact, price is the most influential factor, and is central to the vast majority of seniors for their store choice. Seniors are focused on price and actively seek out products with lowest possible price. They are prepared to do a considerable amount of traveling to find the lowest prices. The importance of the price goes up with age. Older people like to use discount stores and stores with frequent sales events. In a 1979 study, Lambert reported that people with low incomes were forced to compromise quality for price [Lambert 1979].

Another frequently reported cause of dissatisfaction was that the quantity of packaged food could be too large for older people with smaller appetites, especially when a purchase is made for a single individual [Moschis 1997].

On the other hand, an important area in ensuring satisfaction among older consumers is staff knowledge and courteousness [Lesakova 2013], pertaining particularly to the avail-

ability of staff ready to help locate products, provide information on products as well as advice on product attributes [Goodwin et al. 1999]. Just as staff can bring satisfaction, they can also cause dissatisfaction when they are unfriendly and unhelpful [Peterson 1992].

Differences exist between the various branches of retail in the factors influencing older individuals' trust and satisfaction. Moschis et al. found such factors as store distance from home, brands familiar to seniors and fast check-outs to be important considerations in food shopping [Moschis et al. 1997]. Factors such as hygiene, cleanliness, familiarity of layout, quality and low prices have been revealed as important for both older and younger age segments [Lambert 1979, Lumpkin 1985].

Hence, there appears to be a broad range of factors influencing the satisfaction of older consumers. In the following sections these factors will be explored in relation to the level of their importance for satisfaction and the differences among the age subsegments will be explored.

## **METHODOLOGY AND GOALS**

The purpose of this paper is to propose a framework that can be used to assess older people's satisfaction with the shopping experience. In order to serve seniors effectively, retailers need a clear understanding of seniors' needs and wants [Buttle 2004].

Specifically, I measure the satisfaction level with the shopping experience, discuss the areas of satisfaction and perceived dissatisfaction of older consumers in the shopping process and, finally, explore the influence of age and seniors' health on their level of satisfaction. The central aim of the paper is to uncover those areas in which seniors perceive either satisfaction or dissatisfaction when food shopping.

A three-step approach was used to discover and formulate the areas of seniors' shopping satisfaction. First, a literature review was conducted to indicate general consistencies and specific inconsistencies in the attributes influencing shopping experience. Second, focus group interviews delivered introductory data to provide deeper insight into development of satisfaction specific to foodstuffs/grocery stores. The group interview sample consisted of eight seniors. After a brief description of the research project, participants expressed their opinions about attributes important to store choice. Respondents were first asked to recall previous purchase situations and to describe when/where they felt good (or did not feel good) and to use their own words to describe the situation. This was done to generate many responses across various situations and to determine similar and typical features. Focus group interviews provided the basis for the third phase, the questionnaires, a total of 165 of which were collected from respondents aged 65 and over who shopped for food. Finally, in order to determine the general outcomes from the research, differences between the seniors regarding their perceived health and chronological age were examined.

To measure satisfaction, 12 factors were selected and respondents were asked to rate the factors according to the food-store in which they regularly/most frequently shop. A five-point scale was used to evaluate the factors, ranging from 1 = very dissatisfied to 5 = very satisfied. Using a scale of this type to measure satisfaction is common, as it enables opinions to be graded.

The indicators of median and interquartile range were used to measure the central tendency and spread to present an overview of the results. The interquartile range provides a more detailed picture of the sample's satisfaction levels. The minimum and maximum values are also mentioned in the research in order to identify whether respondents used the full range of the scale. In order to evaluate the levels of satisfaction accurately, frequencies were used. This means that the levels of dissatisfaction were not "hidden" by most of the positive data. Mann-Whitney U-test was employed to explore the influence of the age and perceived health condition of seniors. This is a statistical test for a variable measured on an ordinal scale, and compares the differences in the mean values of two populations based on observations from two independent samples. The comparison between two samples based on the sum of the ranked scores indicates the number of times a score from one of the samples is ranked higher than a score from the other sample.

## RESULTS AND DISCUSSION

In order to present an overview of the data, the median and inter-quartile range of the satisfaction ratings were calculated (Table 1), where 1 = very dissatisfied and 5 = very satisfied. Point 3 on the scale indicates "neutral", meaning "neither satisfied, nor dissatisfied".

TABLE 1. Respondent characteristics

Characteristics	n = 145 (%)
Age (years)	
65–74	48
75+	52
Health	
health limits in my shopping	55
no health limits in my shopping	45

Source: the author.

The results were spread across the full range of the five-point scale but fell predominantly in the four range, indicating a degree of satisfaction. However, Table 2 also shows that the full range of scale values was used for all factors included in the assessment process except for price and quality of products, where the minimum and maximum were 2 and 5. This reveals that the respondents used the full five-point range and also that dissatisfaction was expressed, despite the majority indicating satisfaction, which is documented in the inter-quartile range.

Observing the frequency of responses seems to be the best method for analysing the actual results of the data. Table 3 presents details of the frequencies for each factor and it indicates that there are some areas, such as price, store facilities, product quality or staff courteousness that cause dissatisfaction for more than a quarter of respondents. Price was found to be the most critical factor, with nearly 50 percent of respondents indicating they were "very dissatisfied" or "quite dissatisfied".

## ATTRIBUTES OF SATISFACTION

Satisfaction is spread across all the factors explored. Ranked highest among the product-related aspects, the choice and promotion of products was found to be satisfying, though they tended to be “quite” satisfying more often than “very” satisfying. Similar patterns were found in some aspects of the internal store environment, especially in tag

TABLE 2. Summary of satisfaction data

Main factor	Subfactor	Median	Inter-quartile range			Min–max
			25	50	75	
Product-related aspects	choice of products	4	3	4	5	1–5
	quality of products	3	2	3	4	1–4
	price	3	2	3	3	1–4
	promotions	4	3	4	4	1–5
Internal store environment	display of products	4	2	4	4	1–5
	store facilities (trolleys, baskets)	4	2	4	4	1–5
	legible tags on shelves	4	3	4	4	1–5
	hygiene and cleanliness	5	4	5	5	1–5
	fast check-outs	5	4	5	5	1–5
External store environment	accessibility	4	4	4	5	1–5
Staff	knowledge	4	4	4	5	1–5
	courteousness	3	2	3	4	1–5

Source: the author.

TABLE 3. Percentage of respondents rating factors as satisfactory

Main factor	Subfactor	Very satisfied	Quite satisfied	Neutral	Quite dissatisfied	Very dissatisfied
Product-related aspects	choice of products	27.3	44.8	21.8	4.3	1.8
	quality of products	–	27.8	45.6	17.6	9.0
	price	–	13.4	37.6	26.6	22.4
	promotions	7.9	63.1	17.5	10.3	1.2
Internal store environment	display of products	11.1	40.4	19.1	23.7	6.7
	store facilities (trolleys, baskets)	11.6	39.2	20.1	19.3	9.8
	legible tags on shelves	12.6	52.3	18.1	10.9	6.1
	hygiene and cleanliness	55.8	21.7	14.0	5.5	3.0
	fast check-out	54.8	22.2	15.2	4.2	3.6
External store environment	accessibility	30.2	45.5	7.9	9.1	7.3
Staff	knowledge	31.5	44.8	17.1	3.0	3.6
	courteousness	14.0	21.3	34.3	15.2	15.2

Source: the author.

readability on shelves, with 65 percent of shoppers indicating they were satisfied. Two aspects of the internal store environment were found to be very satisfying (hygiene and cleanliness, with 77 percent indicating they were “very” and “quite” satisfied shoppers; and fast check-outs, with which 77 percent were “very” or “quite” satisfied shoppers), with the highest ranking and median value of five. Differences in the rates between the first and third quartile in the factors store facilities or display of products indicate that there are different subsegments within the sample that are approached with different expectations and perception of satisfaction. Two aspects of staff service are perceived differently, with knowledge assessed mostly as “quite” and “very” satisfying, while courteousness received lower satisfaction ratings, with 30 percent of shoppers saying they were “very” or “quite” dissatisfied. These aspects have been identified as important in other studies [Oates et al. 1996, Lumpkin et al. 1985, Moschis 1997], suggesting that they have a crucial impact on a positive shopping experience in the mature consumers segment. Courteousness appears to be an area requiring more attention and staff training, as it is important to seniors.

Surprisingly, and in contrast with problems cited in the literature, store accessibility was seen in a positive light. However, satisfaction with this factor may vary depending on the type of store.

## ATTRIBUTES OF DISSATISFACTION

While the general trends in the research findings show a medium level of satisfaction, a number of areas did come in for criticism. A remarkable area of dissatisfaction can be found within two product-related factors: product quality and price. Less than 14 percent of respondents expressed little satisfaction with price policy. Two aspects cause a high level of dissatisfaction in this area: the low incomes (pensions) the seniors themselves have and high taxes on foodstuffs. Nearly half of all respondents expressed a high or medium level of dissatisfaction. Dissatisfaction was expressed about the poor availability of cheap foodstuffs. However, this may be attributable to the type of store selected for shopping.

In the internal store environment category, display policy was an area that was viewed with dissatisfaction, as stock was moved around the store and the store facilities. This criticism may also be ascribed to store type.

## DIFFERENCES AMONG THE SUBSEGMENTS

The research data were tested for differences in satisfaction across two factors of perceived health and age. Mann-Whitney U-tests were carried out to determine the differences. Significant results were found regarding both factors. As for health, three factors were of significance, as Table 4 indicates.

Seniors who experienced some problems in their food shopping due to health problems more often expressed dissatisfaction with the internal store environment and store access than those seniors whose health did not limit them. One would expect this to be

the case, as people with health problems likely require special facilities, such as seats to rest on, or smaller, more manageable trolleys. It also indicates that satisfaction may vary according to different age subsegments of the senior population [Abdel-Ghany and Sharpe 1997].

This was also found to be true of the access factor, which was rated as satisfying by seniors with no health limitations more often than by their counterparts who had health problems. The research results indicate clearly that people who are limited by health are more likely to have a dissatisfying shopping experience, mainly due to the store environment and store access.

Comparing the mean ranks of younger (65–74) and older (75+) shoppers leads to the conclusion that two factors are significant, as can be seen in Table 5. Older consumers were more likely to be dissatisfied with the legibility of tags on shelves and with the price level of foodstuffs.

TABLE 4. Significance of “limitations of health“ and „ratings of satisfaction”

Factor	Mean rank		Significance of Mann-Whitney U-test
	limitation in health status	no serious limitation in health	
Store facilities	28.91	39.04	0.031*
Display of products	26.90	39.32	0.015*
Access to stores	27.36	37.18	0.019*

\*Significant at the 0.05 level.

Source: the author.

TABLE 5. Significance of “age” and “ratings of satisfaction”

Factor	Mean rank		Significance of Mann-Whitney U-test
	65–74 years old	75+ years old	
Readability of tags	23.17	31.98	0.022*
Price level	27.13	43.69	0.009*

\*Significant at the 0.05 level.

Source: the author.

## CONCLUSIONS

The results of the research reported in this paper reveal dissatisfaction with some factors influencing the shopping experience of seniors and indicate that not all expectations of older people are being met. Five out of twelve factors in the research were identified as not fully meeting the needs of older shoppers. Even though there was a general trend towards satisfaction, seniors were “very” satisfied or “quite satisfied” with only a few factors, indicating the need for improvement. Retail managers should pay attention to the price policy and internal environment of their stores if they want to gain seniors’ trust.

The findings indicate that the critical areas of dissatisfaction vary according to age subsegments of older people. It is therefore important that retailers pay attention to the different needs and expectations of various age subsegments and not simply see seniors as a homogeneous group. Areas that were particularly positive were: promotions on food-stuffs, store hygiene and cleanliness, fast check-out and knowledgeable staff. Aspects of dissatisfaction centred around prices, display policy, store facilities and staff courteousness. These areas should be addressed by retailers.

Seniors' special needs need to be recognised not only by retailers, who seek to increase their business success, but also by policy makers who seek to improve retail as an industry.

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**Summary.** The purpose of this paper is to propose a framework that can be used to develop a clear and conceptually consistent, context-specific system for assessing older people's satisfaction with the experience of food shopping. In particular, I suggest a method for identifying their satisfaction level with the shopping experience and discuss areas of satisfaction and perceived dissatisfaction in this segment of the population. I pose the question: "What are the areas in which seniors perceive dissatisfaction when shopping for foodstuffs?". I also explore the influence of age and health condition on satisfaction levels. To identify satisfaction, 12 attributes of the internal and external store environments were reviewed by a sample of senior respondents, who were asked to rate the attributes for the food store where they regularly/most frequently shop. While the results indicate a general trend towards satisfaction, areas of dissatisfaction do exist, including with the aspects of price policy, internal store environment and staff courtesy. This suggests that retail managers should pay more attention to seniors, as not all older consumers perceive their needs to be satisfactorily met.

**Key words:** satisfaction, retail store, seniors, shopping experience

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## **THE ABSORPTION AND MAIN EFFECTS OF EU FUNDING FOR INVESTMENTS IN TRANSPORT IN POLAND UNDER OPERATIONAL PROGRAMMES 2007–2013(2015)**

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### **INTRODUCTION**

Transport is a key factor in modern economies and mobility is a basic need of societies, both in global as well as regional and domestic conditions. Transport and mobility are especially crucial for the functioning of the European Union's Single Market<sup>1</sup>, based on four fundamental principles, i.e. the free movement of people, goods, services and capital. These four freedoms are to enable "everyone in the EU – individuals, consumers and businesses – to make the most of the opportunities offered to them by having direct access to 28 countries and 503 million people". The realisation of the four freedoms in the EU Single Market generates an ever increasing demand for economic and effective transport, while the concern about the natural environment and safety of people increases demand for transport which is additionally energy-efficient and respects human health and the natural environment [Rakowska 2010]. Thus modern transport "must be sustainable from an economic, social and environmental viewpoint" [European Communities 2001: 10]. To achieve this the development of sustainable transport has become a shared competence of the EU and its Member States, which has resulted both in financial and monitoring joint activities.

The importance of sustainable transport for the EU Single Market has made it one of the major priorities of EU cohesion policy in 2007–2013, whose main instruments were cohesion and structural funds amounting to 347 billion EUR, equivalent to approximately one third of the European Union's budget<sup>2</sup>. The EU allocated its cohesion and structural

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<sup>1</sup> Also called EU "common" or "internal" market.

<sup>2</sup> Source: [http://europa.eu/legislation\\_summaries/agriculture/general\\_framework/g24231\\_en.htm](http://europa.eu/legislation_summaries/agriculture/general_framework/g24231_en.htm) [accessed: 15.03.2015].

funds in less developed Member States to support them in, among other aims, improving their transport and in adjusting it to the present and future needs and challenges resulting from their participation in the EU Single Market.

As Member States' systems, transport infrastructure, safety, etc., differ significantly, they face different challenges in developing sustainable transport. To help them better identify shortcomings and define optimal investment priorities for their transport sectors, the European Commission issued in 2014 the EU Transport Scoreboard 2014 [European Commission 2014a and 2014b], which compares Member States' performance in 22 transport-related categories. Poland ranked last, *ex aequo* with Bulgaria and Greece [Rakowska 2014]. Poland's poor positioning in the ranking results mainly from its having the least efficient transport infrastructure and insufficient road and railway transport safety. This proves the need to continue investments in sustainable transport in Poland, using both domestic and EU financial resources, which should be allocated based on experience that has been gained in this field.

In 2007–2013(2015)<sup>3</sup> Poland was the biggest beneficiary of EU funds, which – as highlighted in reports [for example: Ministry of Economy 2013] – have been of a considerable assistance for the Polish economy in times of regional and global crisis. Nearly 67.9 billion EUR of EU funding was allocated in Poland under Operational Programmes 2007–2013 (OPs), which can be divided into three types. The first includes OPs which have covered the whole country. The second is made up of one multiregional OP and the third of 16 Regional Programmes (RPs). As the first multiregional programme, the OP Development of Eastern Poland covers five voivodships (NUTS 2 regions): Warmińsko-mazurskie, Podlaskie, Lubelskie, Świętokrzyskie and Podkarpackie. Based on GDP<sup>4</sup> per capita value, all these voivodships were classified as the poorest regions of the EU-25<sup>5</sup>, constituting the most economically lagging macroregion in the EU [Rakowska 2014], until its enlargement in 2007. The economic condition of this macroregion resulted in developing a special OP, whose funds have been addressed to beneficiaries from the five above-mentioned NUTS 2 regions.

Regional Operational Programmes were another new solution implemented in 2007–2013. Each of these programmes has been adjusted to particular development needs and bottlenecks of one individual voivodship and addressed only to potential beneficiaries from one particular NUTS 2 regions.

Consequently, EU structural funds 2007–2013 were allocated in Poland under four nationwide OPs<sup>6</sup>, i.e. the Infrastructure and Environment Operational Programme [Ministry of Regional Development 2011a], the Human Capital Operational Programme [Ministry

<sup>3</sup> According to the “ $n + 2$ ” principle, extending the deadline for allocation of EU funds 2007–2013 till the end of 2015. Time ranges “2007–2013” and “2007–2013(2015)” are used in this paper interchangeably.

<sup>4</sup> The role of GDP as an indicator of development has been recently discussed in a Communication from the Commission to the Council and the European Parliament, GDP and beyond. Measuring progress in a changing world, COM/2009/0433 final, Commission of the European Communities.

<sup>5</sup> See: EUROSTAT data at <http://epp.eurostat.ec.europa.eu>.

<sup>6</sup> Programme documents are available from the website of the Ministry of Infrastructure and Development: [www.funduszeuropejskie.gov.pl/Strony/glowna.aspx](http://www.funduszeuropejskie.gov.pl/Strony/glowna.aspx) [accessed: 15.04.2014].

of Regional Development 2013d, e], the Innovative Economy Operational Programme [Ministry of Regional Development 2011b, 2013b], the Technical Assistance Operational Programme [Ministry of Regional Development 2013a], under one multiregional Development of Eastern Poland OP [Ministry of Regional Development 2013c]<sup>7</sup>, Programmes of European Territorial Cooperation<sup>8</sup> and 16 Regional Operational Programmes<sup>9</sup>, i.e.: Dolnośląskie RP, Kujawsko-pomorskie RP, Lubelskie RP, Lubuskie RP, Łódzkie RP, Małopolskie RP, Mazowieckie RP, Opolskie RP, Podkarpackie RP, Podlaskie RP, Pomorskie RP, Śląskie RP, Świętokrzyskie RP, Warmińsko-mazurskie RP, Wielkopolskie RP and Zachodniopomorskie RP.

Construction of these programmes enabled EU funding to be absorbed by a wide range of beneficiaries carrying out different projects in different economic and social fields. Due to legal regulations and procedural requirements the final outcomes of the allocation depend largely on beneficiaries' potential and willingness to apply for and absorb EU funding.

In this paper I look into the value and share<sup>10</sup> of EU structural funds invested in transport infrastructure in Poland under Operational Programmes 2007–2013, define categories of the projects that were carried out and report the amount of EU financial support allocated to each of them.

## RESEARCH METHOD AND DATA SOURCES

The analysis is based on qualitative and quantitative secondary data from the National Information System SIMIK, run by the Ministry of Infrastructure and Development (MIiD<sup>11</sup>), which is the Polish implementing agency for operational programmes 2007–2013(2015). As of 31 December 2014, the SIMIK system had registered 104,710 contracts for co-financing projects from EU structural funds allocated in Poland under all OPs 2007–2013(2015). The SIMIK entry for each contract (project) includes both qualitative and quantitative data. The latter data concern, among other things, the total value and EU funding of each project, while the qualitative data contains the number and title of the contract (project), the name of the OP and of the priority axis, and the address, name and the legal entity of the beneficiary, among other information.

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<sup>7</sup> Programming documents are available from the website of the Ministry of Infrastructure and Development: [www.polskawschodnia.gov.pl/Dokumenty/Strony/Dokumenty.aspx](http://www.polskawschodnia.gov.pl/Dokumenty/Strony/Dokumenty.aspx) [accessed: 15.04.2014].

<sup>8</sup> The European Territorial Cooperation Programmes are excluded from this study, as they are of an international character, which is to support the activities undertaken jointly by partners from different countries. The study refers to programmes implemented exclusively by domestic beneficiaries.

<sup>9</sup> Programming documents for all ROPs are available from the website of the Ministry of Infrastructure and Development: [www.funduszeuropejskie.gov.pl/RPO/Aktualnosci/Strony/default.aspx](http://www.funduszeuropejskie.gov.pl/RPO/Aktualnosci/Strony/default.aspx) [accessed: 15.04.2014].

<sup>10</sup> In this paper the terms “region” and “regional” are used as a synonym of “voivodship” and “NUTS 2”, in accordance with the EU classification of territorial units for statistical purposes [see Rakowska 2014: 49].

<sup>11</sup> Formerly the Ministry of Regional Development.

The database structure and contents enabled the identification and coding of all transportation infrastructure projects carried out in 2007–2013, which in the next stage enabled their extraction. Thus the basic SIMIK data and the newly generated database on transport infrastructure projects allowed the following to be defined:

- the share that these projects have in the total number and value of contracts, in the total value of EU funding and in the value of EU funding under each individual OP;
- categories of transport infrastructure projects, specified according to Council Regulation (EC) 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) 1260/1999 and to the specification by the Ministry of Infrastructure and Development;
- the structure of total value and total EU funding by the above categories of transport infrastructure projects.

The analysis of the absorption of EU financing under operational programmes implemented in 2007–2013, done for this paper, was also based on the recognition of their main objectives and impact areas described in strategic documents.

## RESULTS

According to SIMIK MIiD data (as of 31 December 2014), beneficiaries in Poland signed 104,710 contracts for projects co-financed by EU structural funds under the Operational Programmes 2007–2013. The total value of these projects reached 507.75 billion PLN, of which 56.2% (i.e. 285.5 billion PLN) came from EU structural funds.

In 2007–2013 Polish beneficiaries carried out 2774 transport infrastructure projects with a total value of 167.2 billion PLN, of which 59% (i.e. 98.5 billion PLN) came from EU funds. Transport infrastructure projects made up 2.7% of all contracts signed under all OPs, 33% of their total value and 35% of the total EU funding absorbed.

Based on Council Regulation (EC) 1083/2006 and categories assigned in the SIMIK database to all contracts, all the identified transportation infrastructure projects can be divided into 16 categories, reflecting the transport priority themes shown in Table 1. The categories differ significantly in terms of the number of projects assigned to them, their total value and share of the EU funding (Table 1). The EU funding absorbed from OPs 2007–2013 ranged from, at the low end, 28% of the total value of investments in rolling stock and 29% in multimodal transport (TEN-T) to as much as 82% of the total value of investments in inland waterways (TEN-T).

The structure of total EU funding for infrastructure projects in 2007–2013 (98.5 billion PLN = 100%), shows that the largest share was invested in motorways (TEN-T) 35.8%, followed by regional/local roads 16.4%, railways (TEN-T) 10.6% and further on, in decreasing order, in national roads 9.5%, motorways 7.6%, railways 6.7%, ports 2.7%, rolling stock 2.7%, urban transport 2.6%, airports 2.3%, rolling stock (TEN-T) 0.9%, intelligent transport systems 0.5%, multimodal transport 0.4%, inland waterways (TEN-T) 0.4%, bike routes 0.4% and multimodal transport (TEN-T) 0.3%.

TABLE 1. The number, total value and EU funding of transport infrastructure projects under Operational Programmes 2007–2013 by project categories

Category of projects	Number of projects	Total value	EU co-financing	EU co-financing in total value
		mln PLN	mln PLN	%
Railways	78	11 327.6	6 645.7	59
Railways (TEN-T)	21	18 715.6	1 0407.3	56
Rolling stock	26	4 871.6	2 647.1	54
Rolling stock (TEN-T)	7	3 246.5	905.8	28
Motorways	10	11 053.3	7 518.4	68
Motorways (TEN-T)	29	60 833.7	35 320.4	58
National roads	108	14 339.0	9 398.0	66
Regional/local roads	2 164	25 164.9	16 202.8	64
Bike routes	66	512.5	372.2	73
Urban transport	90	4 149	2 516.0	61
Multimodal transport	23	1 474.8	442.7	30
Multimodal transport (TEN-T)	10	1 003.5	292.1	29
Intelligent transport systems	20	664.5	523.1	79
Airports	72	5 752.9	2 256.1	39
Ports	39	3 628.4	2 694.8	74
Inland waterways (TEN-T)	11	472.8	386.3	82
Total	2 774	167 210.7	98 528.9	59

Source: the author based on SIMIK MliD data.

As much as 76% of EU funding for transport infrastructure projects came from the Infrastructure and Environment OP, while only 19% came from all RPs jointly and 5% from the multiregional Development of Eastern Poland OP.

In 2007–2013 investments in transport infrastructure were co-financed from only one OP covering the whole country, the Infrastructure and Environment OP (Table 2). At 58% of the total value (128.2 billion PLN) for 314 transport infrastructure projects, it was a significant source of co-funding. The IaEOP co-financed all categories of projects listed in Table 1, except regional/local roads, bike routes and urban transport. EU funding available for transport investments under IaEOP was absorbed at 101.2%<sup>12</sup>.

The multiregional OP Development of Eastern Poland was a source of 4.7 billion PLN of EU funding for another 50 transport infrastructure projects valued at 7.2 billion PLN (Table 2). This OP supported only projects categorised as urban transport (8), local/regional roads (21), national roads (16) and bike routes (5). As of 31 December 2014, 99.3% of EU funding available for transport infrastructure investments from DEPOP had been absorbed<sup>13</sup>.

<sup>12</sup> Exceeded 100% due to differences in exchange rates and to possible re-allocation from other axes. Data from MliD report: [http://www.pois.2007-2013.gov.pl/AnalizyRaportyPodsumowania/Documents/Zal\\_1\\_Dane\\_finansowe\\_31\\_1\\_2015.pdf](http://www.pois.2007-2013.gov.pl/AnalizyRaportyPodsumowania/Documents/Zal_1_Dane_finansowe_31_1_2015.pdf) [accessed: 1.03.2015].

<sup>13</sup> Based on Ministry of Infrastructure and Development data: <http://www.polskawschodnia.2007-2013.gov.pl/AnalizyRaportyPodsumowania/Strony/default.aspx> [accessed: on 1.03.2015].

TABLE 2. The share of transport infrastructure projects in the number, total value and EU funding of all projects under nationwide OPs and the OP Development of the Eastern Poland 2007–2013

Operational Programme	Number of projects	Total value (mln PLN)	EU funding (mln PLN)	Share of transport infrastructure projects in**		
	(= 100)*			number of projects	total value of projects	EU funding
Infrastructure and Environment	2 998	225 336.7	119 959.0	10.5	56.9	62.3
Development of Eastern Poland	311	15 123.7	9 971.4	16.1	47.6	46.9

\* Based on the number of contracts signed by all beneficiaries.

\*\* Based on the number of contracts categorised by the author as transport infrastructure projects.

Source: author's elaboration based on SIMIK MliD data.

As of the end of January 2015, as much as 97% of EU funding available under the RPs had been allocated<sup>14</sup> to beneficiaries. Based on contracts signed up to 31 January 2015<sup>15</sup>, the 16 RPs have co-financed the construction of 830 km of local and regional roads, and

TABLE 3. The share of transport infrastructure projects in the number, total value and EU funding of all projects under Regional Operational Programmes 2007–2013

Regional programme (RP) by voivodship	The whole RP		Transport infrastructure in RP	
	number of projects	EU funding (mln PLN)	number of projects	EU funding (mln PLN)
Dolnośląskie	2 841	5 092	64	895
Kujawsko-pomorskie	3 956	4 082	264	1 045
Lubelskie	3 999	4 829	170	1 113
Lubuskie	1 119	1 967	82	519
Łódzkie	2 831	4 325	99	1 096
Małopolskie	3 051	5 514	98	1 583
Mazowieckie	5 035	7 339	237	2 240
Opolskie	1 509	2 040	115	564
Podkarpackie	3 107	4 839	233	1 293
Podlaskie	1 362	2 770	86	922
Pomorskie	2 280	3 906	114	1 214
Śląskie	5 824	7 230	202	1 624
Świętokrzyskie	1 729	3 089	148	831
Warmińsko-mazurskie	3 166	4 337	149	1 446
Wielkopolskie	2 901	5 353	194	1 686
Zachodniopomorskie	2 046	3 517	155	1 041
Total	46 756	70 229	2 410	19 111

Source: the author.

<sup>14</sup> Based on Regional Monitor. Regional Programmes – as of the end of January 2015, electronic available at: [http://www.funduszeuropejskie.2007-2013.gov.pl/RPO/Aktualnosci/Documents/Monitor\\_2015-01-31.pdf](http://www.funduszeuropejskie.2007-2013.gov.pl/RPO/Aktualnosci/Documents/Monitor_2015-01-31.pdf) [accessed: 1.03.2015].

<sup>15</sup> Ibid.

the modernisation of 8.5 thousand local and regional roads. Under 11 RPs, EU funds have been invested in the construction and/or modernisation of 964 km of railways, and in the purchase or modernisation of 323 units of rolling stock with 39 seats. The investments also enabled the purchase or modernisation of 1502 units of urban rolling stock with 123 thousand seats, and led to the creation of 1.7 thousand km of new bike routes.

However, the number of projects, as well as the value (Table 3) and share (Fig. 1) of EU funding obtained from each RP for transport infrastructure projects differed. While the share of EU funding in voivodships ranged from the lowest (18%) in Dolnośląskie to the highest (33%) in Warmińsko-mazurskie, the lowest value was allocated in transport infrastructure projects in Lubuskie (519 million PLN), and the highest in Mazowieckie (2.24 billion PLN).

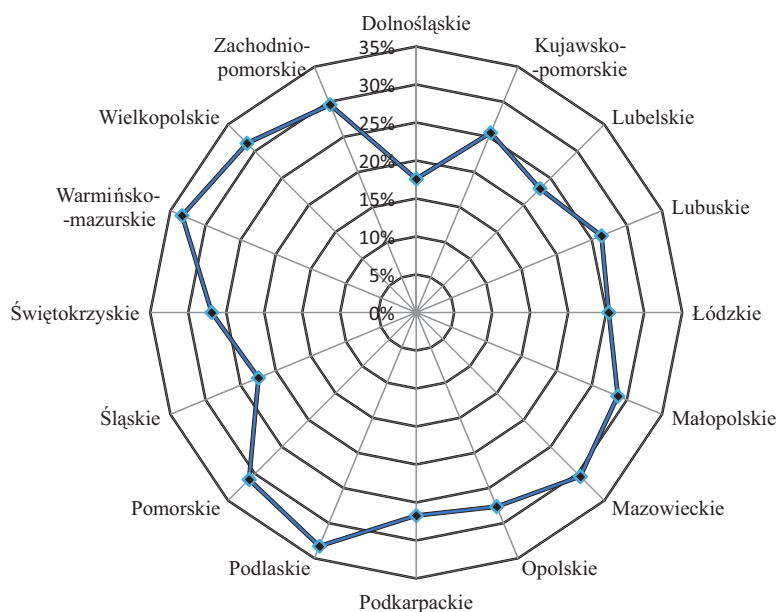


FIG. 1. The share of EU funding obtained from each RP for transport infrastructure projects  
Source: the author.

Regarding all transport infrastructure investments 2007–2013 most of the projects were carried out by local (LAU 1 and LAU 2) and regional authorities, as well as by government agencies and their regional branches.

## CONCLUSIONS

Under all Operational Programmes 2007–2013, beneficiaries in Poland signed 2774 contracts for transportation infrastructure projects of a total value of 167.2 billion PLN, of which 98.5 billion PLN had come from EU structural funds, as of 31 December 2014.

Although 2774 transportation infrastructure projects made up only 2.7% of all contracts, they enabled the absorption of nearly 35% of total EU funding allocated to Poland in 2007–2013 and made up a significant share of 33% of the total value of all projects carried out in Poland under the 2007–2013 OPs.

As such, the need to develop sustainable transport may be perceived as vital and urgent by all stakeholders who, as beneficiaries of OPs, participated actively in the absorption and investment of these funds.

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**Summary.** The aim of the paper is to define the main effects, value and share of EU funding allocated in Poland under Operational Programmes 2007–2013(2015) in the transport infrastructure projects total, by different categories of projects as well as by individual operational programmes. Under all Operational Programmes 2007–2013 beneficiaries in Poland signed 2774 contracts for transportation infrastructure projects of a total value of 167.2 billion PLN, of which 98.5 billion PLN had come from EU structural funds, as of 31 December, 2014. Although 2774 transportation infrastructure projects made up only 2.7% of all contracts, they enabled the absorption of nearly 35% of total EU funding allocated to Poland in 2007–2013 and made up a significant share of 33% of the total value of all projects carried out in Poland under the 2007–2013 OPs.

**Key words:** Operational Programmes 2007–2013, structural funds, transport infrastructure, Poland

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## **AN INTERDISCIPLINARY APPROACH TO MARKETING**

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### **INTRODUCTION**

The modern economy is characterised by the progressive process of globalisation, involving a need to search for more and more sophisticated methods of reaching the customer in various areas of the enterprise's marketing activity. Therefore, there is a growing need for knowledge of marketing mechanism rules and the ability to apply flexible marketing tools, depending on the operating conditions of the enterprise.

The aim of this study is to present the contribution of various sciences to the creation and emergence of marketing as an independent discipline of science. This article is a review of opinions on the evolution of marketing as a concept and the direction of its development.

### **MARKETING AGAINST THE BACKGROUND OF OTHER SCIENCES**

Marketing is an interdisciplinary science. It involves achievements of many other sciences: economics, sociology, psychology, management and finance. The relationship between marketing and finance is expressed mainly in the methodology of customer or brand valuation studies. The roots of advertising can be traced back to behavioural economics or behavioural finance. When it comes to the achievements of Polish scientists in this field, Tyszką should be mentioned, as he presented the possibility of applying behavioural economics in marketing [Tyszką 1999].

### **THE RELATIONSHIP BETWEEN MARKETING AND ECONOMICS**

Undoubtedly, the substantive basis for the development of marketing as an independent discipline of science was created by the broadly understood economics. I would like to refer here to the key concepts of economics that have been adopted in marketing: demand and needs, exchange and market.

I will discuss these economic concepts, and define their utility in the interpretation of marketing. Human needs are defined as a state of feeling a lack of satisfaction. Some scientists define it as a state of desire or a feeling of hunger. Human desires are an expression of the particular means of satisfying the needs and are diverse in their nature. They change and are shaped by the prevailing patterns in a given society, under the influence of various institutions, family, etc. Demand is a desire to possess certain products, supported by purchasing power and the desire to acquire them. People have unlimited needs but limited financial resources.

With this in mind, companies must define the buyer market – the potential of buyers, which determines how many people would like to purchase a product, and how many of them are actually able to acquire it. Human needs and desires, and demand are a starting point for product planning by companies. While each product has a different capacity to satisfy various needs, it is the buyer himself who ultimately decides which product provides the greatest satisfaction. The starting point for this decision is the buyer determining the product's value. The value consists in the buyer's assessment of the overall ability of the product to meet his needs. When choosing a product, the buyer takes into account both its value and its price, and ultimately chooses the product that has the highest value for him in relation to the price.

Marketing activity emerges whenever people make decisions on how to meet their needs through exchange. Transactions are essential elements of exchange, and include an exchange of values between two parties. The success of any transaction depends on the existence of mutually agreed conditions, and the time and the place of the agreement. Exchange (the process of value creation) is the act of one person acquiring a desired product from another by offering something in return, and is the basis of marketing activities. For the exchange to come through, both parties involved in it must agree to its terms. The market consists of current and potential buyers of products. They have specific needs and desires. In order to satisfy such needs and desires, they are willing and able to perform the act of exchange [Kotler 1994]. Thus, the concept of marketing involves human activity occurring in the market processes. Both sellers and buyers are active participants in this process. Sellers are constantly looking for buyers. They identify their needs, design products tailored to customer needs, and are involved in research, pricing, distribution, promotion and logistics activities. In turn, buyers, based on available selection alternatives, decide to purchase products which will properly cater for their needs. In the final analysis, the marketing process is determined by buyers. Another term which requires explanation is the concept of "buyer". In marketing, we distinguish institutional buyers and individual buyers (consumers).

The close relationship between economics and marketing is also expressed in the determination of conditions of buyer behaviour in the market and the consequences of such actions. There are many factors determining changes in consumer behaviour. Some of the key factors include economic, social, psychological and marketing factors. The importance and relevance of each of them is related to the nature of the products that meet consumer needs [Szwacka-Salmonowicz 2003].

Among various economic factors, the most important ones are income, prices and the relationship between them. Supply is also a significant economic factor, but in a market economy it does not impose any restrictions on the free establishment of price and income

relations. Income, prices and supply create material conditions for certain consumption decisions and provide a framework in which psychological, sociological and social factors can manifest themselves. Among economic factors, income is of particular importance. It determines the level of wealth of society and individual households. At the same time, household income is a major determinant when it comes to meeting consumption needs in quantitative and qualitative terms.

## **THE RELATIONSHIP BETWEEN MARKETING AND SOCIOLOGY**

Marketing is also significantly rooted in sociology. Consumption does not only involve the acquisition of certain nutritional elements or commercial values but also certain “social signs” [Świętochowska 1988]. The search for specific types of to various degrees, related to their symbolic meaning, enables consumers to meet their non-nutritional needs, namely the need to belong and to stand out. Both these needs are present to various degrees in each individual consumer, depending on personality. Various economic and non-economic features of the product and the manner of participation in the consumption process, as well as its time, indicate affiliation with:

- a particular social stratum (class);
- the place of the individual within a social group;
- a specific cultural group.

Consumption habits are quite significant in the analysis of sociological determinants. There are two forms of impact exerted by such habits on consumption decisions. The first is related to the obligation to consume or use certain products within a specific time (or possibly, in a specific form). The second form of impact is related to the prohibition of consumption (taboo products). The emergence of such obligations and prohibitions is associated with the system of values cherished in different social groups how human relationships with the surrounding world are perceived. Consumption habits and customs are elements of culture. Cultural heritage can be divided into material elements and symbolic values, including moral standards and the concepts of good and evil or justice and injustice. The system of moral standards organises the world of values – those which should be accepted and followed, and those that should be rejected. Cultural heritage also governs the perception of various sensations and the manner of response to such stimuli. This also applies to the intensity of influence of positive emotional experience on the amount and structure of the consumed goods.

Culture determines both “quantitative”, as well as “qualitative” standards, i.e. those governing the structure of sensations.

## **THE RELATIONSHIP BETWEEN MARKETING AND PSYCHOLOGY**

There is a strong substantive relationship between marketing and psychology. It is particularly pronounced in the analysis of determinants of consumer behaviour, the application of qualitative methods to analyse marketing phenomena, and in the sphere of marketing communication. Psychological determinants of consumer behaviour originate from the way in which individual people receive and respond to stimuli. The differences between

individuals in this regard are determined by the difference in the construction of receptors and the processes of learning and information processing. It should be emphasised that each consumer has his own individual manner of responding to stimuli [Świętochowska 1988]. On the one hand, it is connected with the accumulation of learning outcomes, and on the other hand – with changes in the human body resulting from the passage of time (the ageing process). The general principle of selecting products for consumption is to seek positive emotional states associated with consumption itself, as a process and evidence of fulfilment of a particular need. The range of the products that enable compliance with this principle changes as a result of attempts to avoid boredom. The need for a change is further supported by the need to know and the need to understand. Thus, we arrive at a set of incentives to modify our behaviour and, at the same time, to maintain its stability. Depending on the proportion of such incentives in individual people, consumers may be divided into various groups according to the rate at which they accept market novelties.

The process of receiving internal stimuli – those generated by the state of absence – and external stimuli – those related to products (and their properties) – is different for each individual consumer. This results from such factors as, e.g. individual temperament, or rather personality. Particular temperament types are connected with certain behaviours in terms of the consumption of various goods. Regardless of temperament, the intensity of reception of internal and external stimuli also depends on the time which has elapsed since the last act of consumption. The longer the time, the more intense is the need.

Personality is a broader category than temperament. It is understood as either a system of relatively stable features, or a central system responsible for controlling behaviour. One of the elements of personality is the individual's level of self-esteem. Research conducted by Maslov indicates that differences in the level of self-esteem affect the consumption of food products: "A stronger person tends to choose more salty, sour, bitter and spicy foods, i.e. foods with more distinct flavour" [Maslov 1990]. The way we perceive ourselves is not only important in the selection of products with certain qualities but also in the process of decision-making.

Finally, when it comes to needs fulfilment, some decisions are habitual. Such habits, developed over the lifetime of the individual, have important functions. They enable the individual to:

- avoid additional effort (cost) related to making new decisions – collecting and processing information;
- avoid the risk associated with new decisions;
- devote more time to higher needs.

These "economic" functions of habits are implemented whenever the habit itself is the result of optimising original decisions. Apart from such functions, pathological habitual consumption can also be distinguished.

The close relationship between marketing and psychology is also manifested in the creation and implementation of motivational research scenarios. The subject of marketing research is widely used to solve fundamental market problems. Motivational research involves applying techniques which allow insight into circumstances beneath the surface of market phenomena, and in particular, psychological techniques. Motivational research should be conducted in the framework of individual market segments, with the use of various research techniques.

The so-called Target Group Index (TGI), i.e. single-source research, is an important example of how various research methods and techniques are applied to the consumer market [Wielkopolan 2001]. TGI research facilitates multifaceted analysis of the consumer market. It is based on a single source, which means that all the information on the consumption and use of goods, services, media, as well as lifestyles, comes from a single respondent.

## **MARKETING AND MANAGEMENT**

Marketing is also significantly related to the discipline of “management”. From this point of view, it is important to define the concept of customer relationship management (CRM). A closer understanding of this concept includes a number of definitions. The first focuses on the cultural patterns of customer behaviour. The point of reference of CRM strategy is the customer and his needs, which are met by activities properly adjusted to support the sales process. This understanding of CRM is further extended by the next definition, which holds that CRM is a continuous process involving all of a company’s employees. The aim of the process is to build purchasing loyalty and to define customer value. In order to achieve this aim, it is necessary to continuously monitor changes in customer needs.

The application of the customer relationship management system is complex. It is an integral part of the strategy and philosophy of operations of any company for which customer satisfaction is a point of reference. Therefore, CRM is treated as a new approach in management, one which enables companies to integrate their activities related to sales, order implementation and offering services in order to coordinate all elements of the process of communication with the customer.

The CRM system consists of three basic components:

- a communication (interactive) component – responsible for communication with customers;
- an operational component – related to the automation of core business processes, including marketing, sales and services;
- an analytical component – responsible for customer behaviour analysis based on the data collected in the operating system.

The application of the CRM system is based on an extended formula of communication. Among the widespread principles of multichannel customer support, the following are of key importance:

- the speed of response and its influence on the level of customer satisfaction;
- automation of simple operations;
- personalising communication.

An interdisciplinary approach to marketing communication is particularly important. Marketing communication cannot be regarded merely as a marketing tool, but rather as an element of comprehensive business management [Garbarski 2004 – ed.]. With this in mind, we should turn to a key element of market communication: the concept of promotion. The significance of promotion, and the range of promotion forms and methods applied in the process of market communication, increase as the market develops and competition grows.

Promotional activities should be an integral component of any company's marketing strategy, and therefore, promotion policy objectives should be subordinated to the general objectives of the company. In line with its objectives and based on marketing research, the company collects information on the needs and preferences of potential buyers of the product. Market analysis enables the company to develop a set of promotional instruments.

In the implementation of its promotion policy, the company may use various instruments.

The relationship between marketing and management is especially visible on the example of advertising and its association with the brand. Another important issue is brand valuation, where knowledge of management and psychology becomes quite useful.

## **THE CONCEPT OF MARKETING AND ITS INTERPRETATION**

Marketing is derived from the English word market. However, it does not have an adequate equivalent in Polish or most other languages. Hence the name "marketing", first used in the USA at the beginning of the 20th century, was adopted practically throughout the world. However, there is no consensus as to the definition of marketing [Dietl 1985, Garbarski et al. 2008]. A.W. Shaw is considered the forerunner of marketing. He was the first scientist to attempt to systematise marketing issues as a separate area of interest, independent of related disciplines of science [Shaw 1912]. The term "marketing" was introduced by Bartels in the first decade of the 20th century [Bartels 1962]. According to Bartels, marketing is a branch of applied economics, which in the first phase of its development adopted the name "market distribution" [Kamiński 2012]. In terms of the development of the main fields of marketing, the most important definition was proposed by the American Marketing Association (AMA) in 1942. It reads as follows: "Marketing is a business activity focusing on and relating to the movement of goods and services from producer to consumer or user" [Dietl 1985].

The definition proposed by world-renowned marketing expert Philip Kotler requires a broader reference. He defines marketing as: "a social and management process by which individuals and groups are able to obtain what they need and desire, through creating, offering and exchanging valuable products with other individuals and groups" [Kotler 1994]. This definition is deeply rooted in economics and based on such concepts as: needs, desires, demand, product, value, price, transactions, markets and market participants. In Poland, the concept of marketing has been defined by numerous experts recognised at home and abroad. The following names are worth mentioning: J. Dietl, R. Głowacki, L. Garbarski, T. Kramer, I. Rutkowski, Z. Wrzosek.

Dietl defines marketing as "rules and activity based on such rules, aimed at understanding and stimulation of demand and supply, and indirectly exchange, as well as fulfilment of needs, demands and preferences of buyers, while taking into account social, micro- and macroeconomic point of view" [Dietl 1985]. The author emphasises that the concept of marketing was not created as the result of economic theories but rather of numerous social and economic changes in the area of production, sales, market and consumption, and the basic feature of marketing is a defined approach to market phenomena.

Marketing is recognised mainly from the point of view of functions performed by it, and such functions are performed in the market by all of its participants. The concept of marketing is based on the subordination of all activities in the sphere of production and trade to the primary purpose, i.e. meeting the needs of the end-user and stimulating his intention to purchase goods.

According to R. Głowacki, marketing is not only a set of functions for creating a certain utility but also a modern concept of market management: "The concept of marketing involves adjustment of the activities of the company to the needs (demand) of buyers, whereby those are not only currently existing but, primarily, future needs" [Głowacki 1987]. Thus, Głowacki, Kotler and Dietl all emphasise consumer needs and fulfilment of such needs in the market, in the form of demand.

Modern marketing may be defined as conscious operations of companies in the market. These are comprehensive and interdisciplinary operations, creating a defined system centred on the market, and more precisely, buyer preferences and needs [Kos and Szwacka-Salmonowicz 1997].

By linking the concept of marketing to the market, we should emphasise the regulatory impact of the market mechanism on supply, demand and prices [Szwacka-Mokrzycka 2012]. In a progressive approach, market mechanisms could be defined as a "demand and supply game". In a situation of market equilibrium, the demand for certain products may decrease as a result of changes in purchasing preferences. In this case, a crucial function in the stimulation of demand is performed by the flexible application of marketing instruments, based on marketing research and forecasting changes in consumer tastes and preferences.

## CONCLUSION

Marketing involves achievements of many other sciences: economics, sociology, psychology, management and finance. The first scientist to attempt systematise marketing issues as a separate area of interest was A.W. Shaw. He presented marketing issues as a comprehensive system of organised knowledge, in the form of a scientific discipline. At the end of the 20th century and during the first decade of the 21st century, marketing knowledge and conditions for its application were broadened and deepened. Modern marketing is based on an interdisciplinary approach. It is a system of conscious market operations centred on buyer needs and preferences.

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**Summary.** This article looks at the issue of the interdisciplinary approach to marketing. The purpose of this study is to present the contribution of various sciences to the creation and emergence of marketing as an independent discipline of science. The subsequent parts of this study are devoted to the relationship between marketing and related sciences. In addition, this paper illustrates a pioneering approach to marketing and the directions of its evolution, including the emergence of the extended concept of marketing.

**Key words:** the concept of “marketing”, interdisciplinary approach to marketing, market mechanism

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**FACTORS INFLUENCING QUALITY OF LIFE  
AND LIFE SATISFACTION IN HUNGARY**

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**INTRODUCTION**

During my research, my goal is to explore the presence of place marketing, the marketing strategy of cities in rural areas, how marketing activities are presented in Hungarian villages, how they have adjusted to the challenges of the present, what their plans are, and what strategies they use. As consumer awareness comes ever more to the fore in consumer society, I want to focus on it as it pertains to cities, what the reasons and arguments are for the tourists when choosing a settlement for relaxation and recreation, and how travelling influences their life quality. In previous work I have studied the theoretical background of tourist attitudes and decision-making processes. In the present essay I continue on with this psychological line of inquiry while also looking at tourism – as an essential factor of city marketing – and, within that, the happiness-generating effect which can both directly and indirectly influence quality of life.

**AIMS AND METHODS**

My aim is, based on the secondary information available, to explore how quality of life directly and happiness indirectly are tied to tourism and the journeys tourists take.

In addition to the secondary research, which is based on the results of World Value Survey, and with the help of a Hungarian database I explore the factors which influence happiness and how they can be characterised in Hungary. I also look at the definition of happiness, its influence on quality of life, and how it appears in tourism.

## PLACE MARKETING

One of the most dynamically developing branches of marketing is place marketing, which is being used by more and more cities. This is a management and strategic conception which helps promoting the settlement by strengthening its competitive position, addressing the target groups and satisfy their demands. The three main groups place marketing addresses are local residents, tourists and entrepreneurs. In case of the local residents the aim is to form a viable settlement. The job opportunities, the suitable services, and environment could be attractive to a potential people who wants to settle down. In the case of tourist the suitable services, and the attractions also have a big role which can help to make the settlement more attractive. They mostly desire experiences and looking for comfort services. They have a big role, because they can take the settlement's bad or good fame to other places. From the viewpoint of entrepreneurs the suitable business environment is important. For them the good presence of qualified labour force, economical, ecological and social conditions can be attractive. For a settlement the attraction and retention of the target groups can only be done by an adequate marketing strategy. This field of marketing includes the pile of services, products and institutions, which have a complicated and complex system, which together includes the promoted products of the settlement. In case of the place marketing the elasticity is not easily available, because the different products and services could be transformed to consumer demands with difficulty [Szabó and Gergely 2009]<sup>1</sup>. Besides being profit-oriented, this type of marketing emphasises both individual and social benefits, and as such is linked to issues of quality of life, happiness and different psychological theories. For a city the primary objectives are ensuring well-being and improving the quality of life it offers. The components linked to that are improving services, constantly providing residents with information in order to guarantee freedom of expression, and providing the opportunity to be a part of the city's life and the development of its infrastructure. This promotes the growth of localism, enhances the city's attractiveness to tourists and helps develop events so the establishment can start up. From these primary goals, secondary goals can be developed, improving the economic performance and competitiveness of the city [Piskóti 2012]. As in case of a settlement's resident, the life quality is also important for the tourists too. Many well-known examinations highlighted that the effects of the tourist's travelling have indirect and direct influence to the life quality. On one hand the traveller's well-being will be positive if he "consumes" a destination, on the other hand, if this traveller is happy, he improves the local residents's and the tourists's life quality too [Michalkó and Rácz 2013]. With them we get closer to the service marketing's 7P tool system to recognize the process and people factors and this is why it is necessary to examine what compels a given tourist to visit a given city and how his or her doing so is concerns quality of life and happiness.

## QUALITY OF LIFE AND HAPPINESS

Today, thanks to economic growth, consumption is on the rise, and the living standard is improving, though at different rates from society to society and country to country. In addition to economic well-being, overall well-being and welfare are also highlighted as

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<sup>1</sup> <http://videkfejlesztes.net>.

important [Tomka 2011]. This generates improvement in the quality of life for both the individual and society. Therefore life quality will be important for a tourist and determine his or her decision essentially (how much of his budget is spent on well-being, the quality of travelling he aspires to have, and welfare). Numerous alternative index-numbers for measuring economic growth, development and well-being are used in economics today [Nagy 2009, Tomka 2011]:

- GDP (Gross Domestic Product);
- GNP (Gross National Product);
- HDI (Human Development Index);
- GPI (Genuine Progress Indicator);
- ISEW (Index of Sustainable Economic Welfare);
- GNH (Gross National Happiness).

Of these, GNH<sup>2</sup> is the only one which measures well-being and welfare together. This indicator, which is the closest to my research topic, measures real well-being. It is based on four factors (natural resources and preservation of cultural values, sustainable development, sufficient governance), but is difficult to measure because it contains 33 indicators [Kincsei 2015]. Therefore during my research I highlighted another instrument for examining happiness.

An adequate quality of life generates happiness, which has an effect on the individual's lifestyle and decisions. According to the results of the World Value Survey, in 1999 80% of the difference in happiness in various countries can be attributed to the following factors [Kopp and Martos 2011: 7]:

1. A lower ratio of divorces, and higher quality relationships.
2. Lower unemployment and greater workplace safety.
3. A higher level of trust.
4. More frequent participation in civil society organisations.
5. The perception of higher quality governance.
6. A higher proportion of believers.

It is important to know this background because, when defining marketing strategy, it is not only microfactors, but also the macroenvironment that must be taken into account to clearly see the current situation of domestic tourists, our target group. On the other hand, the factors that define happiness also basically define the quality of life. Knowing all this, I examine the current situation in Hungary according to the factors that influence happiness in the World Value Survey.

## THE DIVORCE RATE

Like in the other countries of Europe at the beginning of the twentieth century, the divorce rate was high in Hungary, and only further intensified after World War II (Fig. 1). The reason for this can be traced to societal processes (the relationship of family and society). The role of the family changed, with new roles forming in families, which in

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<sup>2</sup> GNH Index, retrieved from <http://www.grossnationalhappiness.com/articles/> [accessed: 6.02.2015].

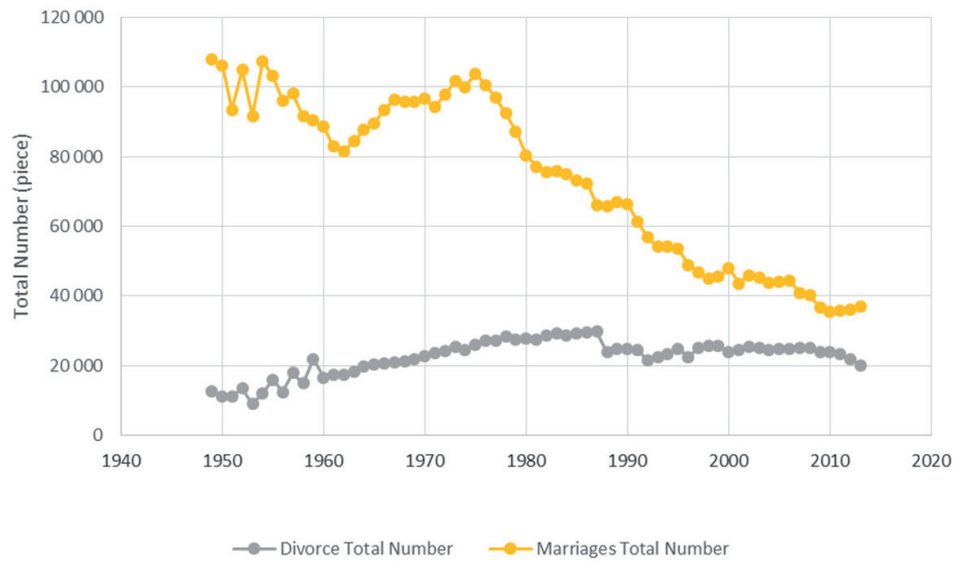


FIG. 1. The number of divorces and marriages in Hungary

Source: the author, based on [http://www.ksh.hu/nepszamlalas/tablak\\_vallas](http://www.ksh.hu/nepszamlalas/tablak_vallas) [accessed: 29.12.2014].

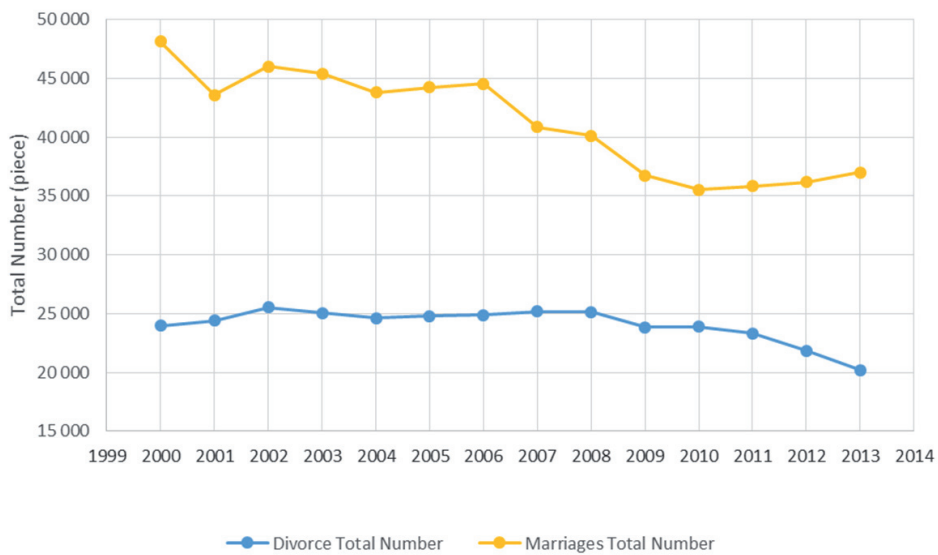


FIG. 2. The number of divorces and marriages in Hungary after 2000

Source: the author, based on [http://www.ksh.hu/nepszamlalas/tablak\\_vallas](http://www.ksh.hu/nepszamlalas/tablak_vallas) [accessed: 29.12.2014].

turn generated tension and confrontations in families. As farming faded, women started to work, giving rise to greater social mobility, migration to cities and old habits being left behind. This resulted in the forging of new relationships, rendering the internal unity of families and marriages vulnerable.

A high divorce rate and low marriage rate still prevail today (Fig. 2). Life partnerships are more and more widespread in Hungary. This will entail demographic changes because life partnerships replace or come before marriages. The civil partnership had an important role before the regime change, and was not induced by political change. This form of relationship gives chance to carry on irresponsible life style. Nevertheless, among young people the single lifestyle is more widespread which means they are more mobile and they are and they do not feel compelled to get married [Ruzsicska 2012].

## THE UNEMPLOYMENT RATE

Due to the economic crisis the unemployment rate increased in Hungary as well. From 2000 to 2008, average unemployment came in below 8% (Fig. 3). In the period between 2008 and 2013 the rate was about 10%, which fell to 7.1% between August and October 2014<sup>3</sup>. Public employment, a temporary solution, was one reason for the recent fall. While such employment supports the unemployed to re-enter the labour market, only a small number of individuals have gone back to work because many remain unmotivated. Due to this those kind of workplaces increase which are subsidized by public funds.

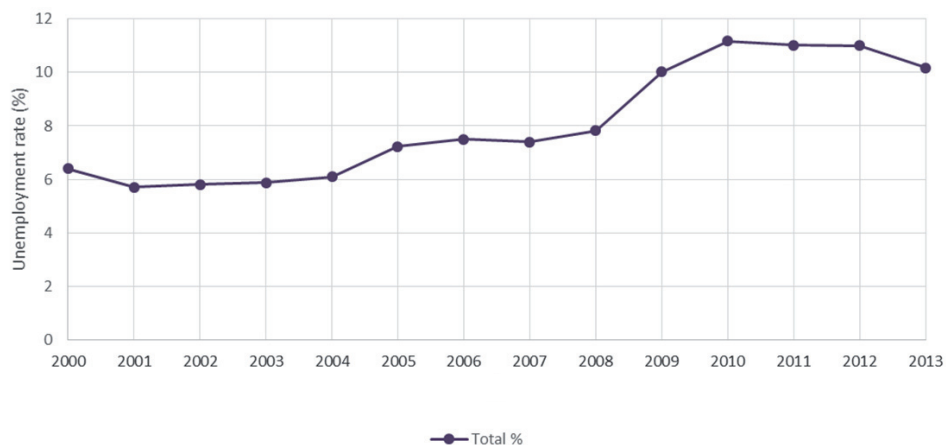


FIG. 3. The unemployment rate in Hungary between 2000–2013

Source: the author, based on <http://www.ksh.hu/docs/hun/xftp/gyor/mun/mun21410.pdf> [accessed: 30.12.2014].

<sup>3</sup> <http://www.ksh.hu/docs/hun/xftp/gyor/mun/mun21410.pdf> [accessed: 30.12.2014].

## TRUST

According to the results of a survey done by the Táarki Social Research Institute LTD. in 2009, Hungarian society is introverted and closed. This is not due to the society's structure or the economic development of the country. Political and civil freedom is less

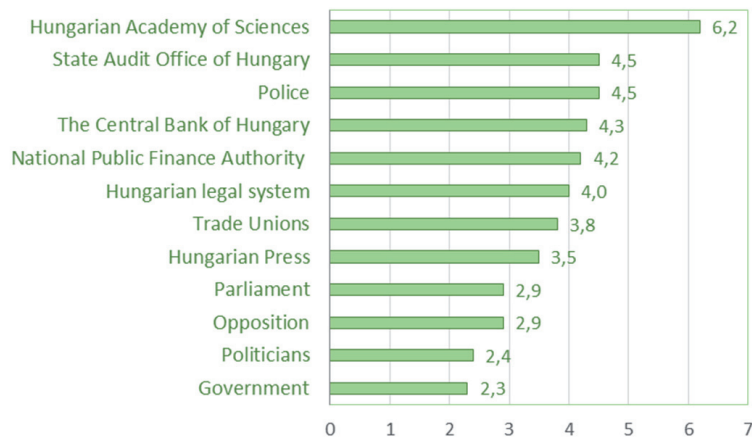


FIG. 4. Trust for institutions and public persons in Hungary in 2009

Source: Táarki Economic Culture 2009 study, reported in Tóth [2009: 25, 2015]

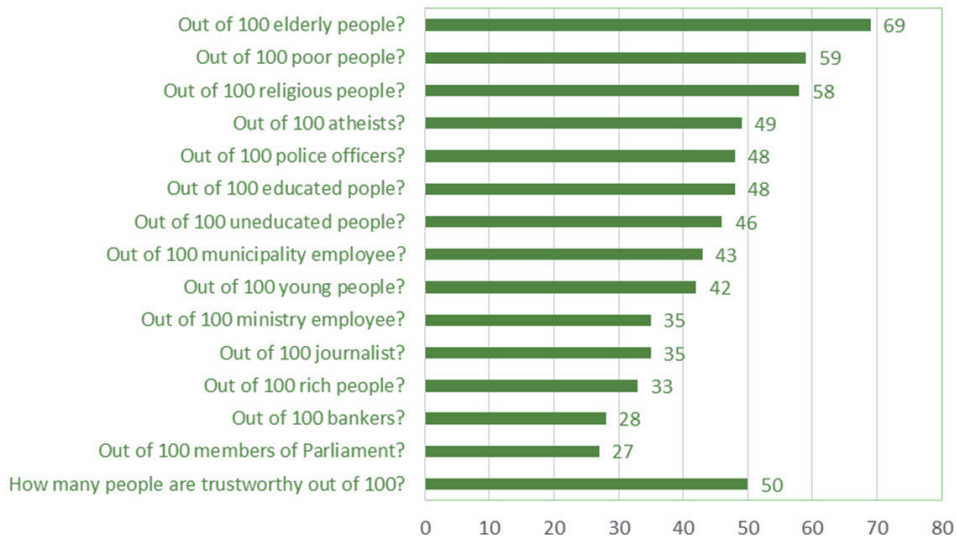


FIG. 5. Whom do we trust and whom do we not?

Source: Táarki Economic Culture 2009 study, reported in Tóth [2009: 22, 2015]

important for Hungarians than it is for people of other countries, Hungarians engage in politics less, self-realisation has less importance, Hungarians have less tolerance for views that differ from the average, and place little trust in each other [Tóth 2009].

The trust for institutions is low, especially for political ones. Figure 4 shows, on a scale from 0 to 10 (with 10 being greater trust), to what extent respondents trust institutions. It turns out that they have the greatest trust for The Hungarian Scientific Academy (6.2) and the lowest trust for the government (2.3). The National Public Finance Authority is a non-existent, fictitious institution [Tóth 2009]. Due to it is a fictive institution, it means that the people do not trust in institutions and they are not aware of existence of some public institutions.

According to the research, 73% of the respondents trust colleagues and distant acquaintances, 70% trust the majority of neighbours and 44% express general trust – they feel people are generally or almost always trustworthy [Tóth 2009]. Figure 5 shows how many people out of 100 are perceived as trustworthy from the groups below. According to the survey, respondents saw the elderly, the poor and religious as the most trustworthy. The least trustworthy comprise bankers and Members of Parliament [Tóth 2009].

## PARTICIPATION IN CIVIL SOCIETY ORGANISATIONS

The situation of civil society organisations is not so favourable in Hungary and recent legislative changes have not made it any easier. The reduction in the number of organisations started in 2012. In 2013, compared to the previous year, there were 700 fewer organisations (there were 64.5 thousand in 2013) [HCSO 2014] – see Figure 6. Not only do numerous organisations lack significant financial reserves, but the country's worsening financial conditions have led to greater dependence on public money from the EU and domestic sources. Communication with governmental bodies is weak<sup>4</sup>. The judgement of these organisations by the society is done by the basis of the services what they offer. Entrepreneurs look on organisations as partners, but if civil society organisations want to be real partners they have to be more transparent. The high level of distrust and political division is not favourable for the image of civil society organisations, because in a lot of cases organisations are seen as an ally of one or another political party<sup>5</sup>.

The number of people employed in 2011 decreased 4% by 2012, while there was a 10% decline between 2012 and 2013. The 4% above amounts 4% of the total employment, the 10% amounts more than 3% of the employed people in the national economy. In 2012 the number of volunteers was 504 thousand while in 2013 it fell to 490 thousand people [HCSO 2013, 2014].

<sup>4</sup> <http://www.levego.hu/hirek/2014/10/jelentosen-romlott-a-civil-szervezetek-helyzetemagyarorszagon> [accessed: 30.12.2014].

<sup>5</sup> [http://okotars.hu/sites/default/files/downloads/hungary\\_usaid\\_jelentes2013.pdf](http://okotars.hu/sites/default/files/downloads/hungary_usaid_jelentes2013.pdf) [accessed: 30.12.2014].

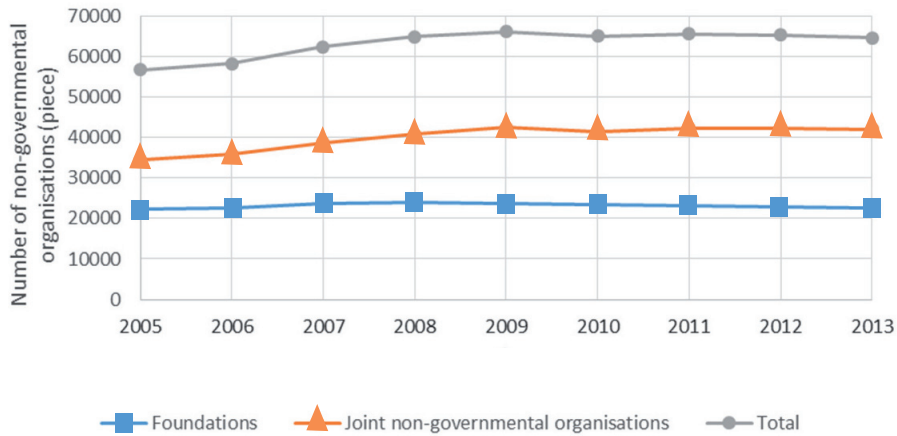


FIG. 6. The number of non-governmental organisations in Hungary

Source: the author, based on [http://www.ksh.hu/nepszamlalas/tablak\\_vallas](http://www.ksh.hu/nepszamlalas/tablak_vallas) [accessed: 29.12.2014].

## THE PERCEIVED REGULATORY QUALITY

According to a survey conducted by the global anticorruption civil society organisation Transparency International, which operates as an independent trade association, from the viewpoint of regulatory quality Hungary ranks among the first five members of the Baltic and Eastern European countries (Fig. 7). The survey focused on the period between 1996 and 2006 in 212 countries with indicators associated by the Wordbank.

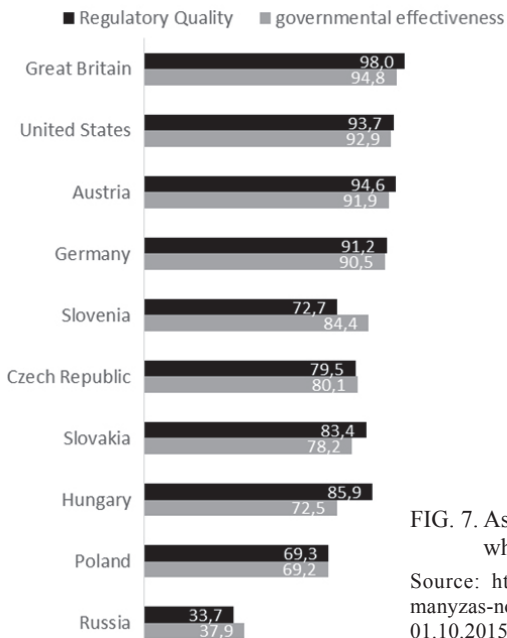


FIG. 7. Assessment of Governments (between 0 and 100, where 100 is the best performance in 2006)

Source: <http://www.vg.hu/gazdasag/romlik-a-magyar-kormanyzas-no-a-korrupcio-es-az-instabilitas-180397> [accessed: 01.10.2015].

In recent years the indicators dropped<sup>6</sup>. They include freedom of expression, government effectiveness, accountability, implementation of anti-corruption strategy, rule of law, regulatory quality and political stability<sup>7</sup>. In Hungary, regulatory quality and government effectiveness decreased continuously until 2011 (Fig. 8).

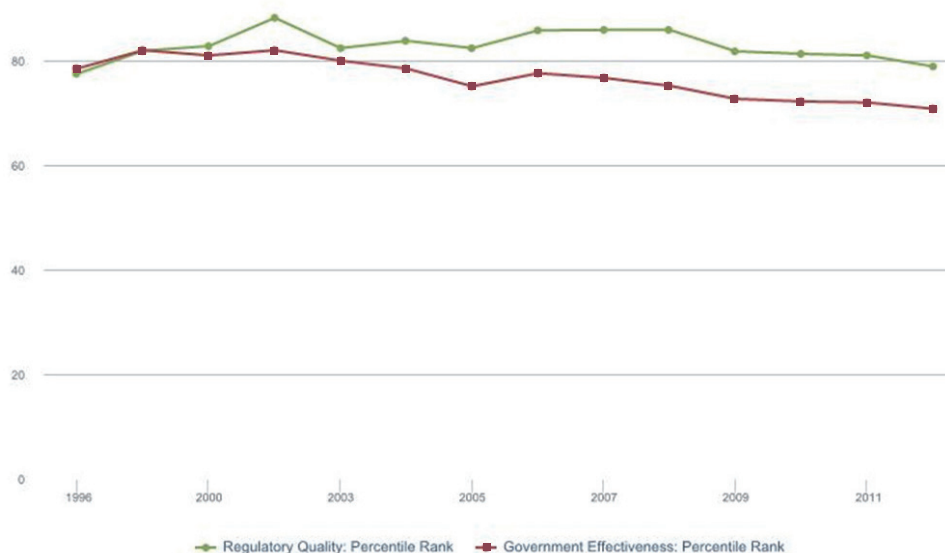


FIG. 8. The quality of regulations and government efficiency

Source: World Bank DataBank (<http://databank.worldbank.org/data/views/reports/chart.aspx> [accessed: 10.01.2015]).

## THE NUMBER OF RELIGIOUS PEOPLE

In Hungary, Catholic, particularly Roman-Catholic, is the dominant religion, followed by the Hungarian Reformed Church. The census data can be used to provide a good overview of the ratio of religious people, because the numbers on religion are collected at the national level (Fig. 9). I focused on the last two censuses (2001 and 2011), which did not result in any significant conclusions, because in 2011 compared to 2001 around 1.6 million respondents marked their religious affiliation. The comparative results show that the number of religious people decreased across all denominations. The exception is the “other religion” category, where the number of respondents increased by 70%. On a related note, the most important development between the two censuses is that the number of those who do not belong to a religious denomination rose by 6.6%. Overall, it isn’t practical to compare the data of the two censuses but other opinion polls can

<sup>6</sup> <http://www.transparency.hu/ORSZAGPROFIL> [accessed: 10.01.2015].

<sup>7</sup> <http://www.transparency.hu/ORSZAGPROFIL> [accessed: 10.01.2015]; <http://www.vg.hu/gazdasag/romlik-a-magyar-kormanyzas-no-a-korrupcio-es-az-instabilitas-180397> [accessed: 10.01.2015].

also be taken into consideration alongside them. Based on those, the number of Roman-Catholics, Reformed believers and Evangelists fell slightly. To sum up, religion is losing its importance in Hungary, probably because of the effects of modernisation. Further, the lack of communities is also a big problem which has appeared –also the result of the modernisation and continuously accelerating and changing world [Máté-Tóth and Nagy 2013].

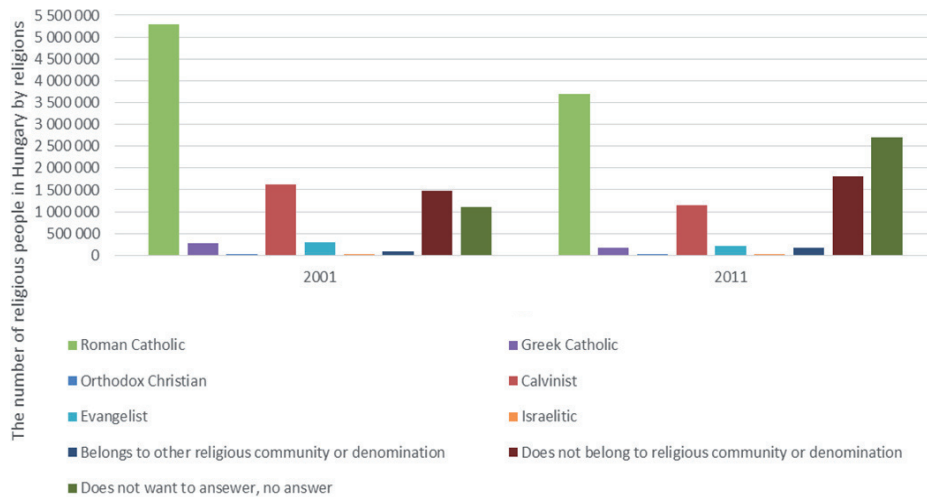


FIG. 9. The number of religious people in Hungary

Source: the author, based on [http://www.ksh.hu/nepszamlalas/tablak\\_vallas](http://www.ksh.hu/nepszamlalas/tablak_vallas) [accessed: 29.12.2014].

The following section looks at the effect of happiness and the quality of life. “It is not enough to measure the quality of life through economic indicators, for the true view we have to know what is inside the soul of people connected to their own fate” [Michalkó 2010: 11]. It is with this thought it mind that I now turn to factors related to quality of life and which play a role in tourism, how they effect the happiness of the tourist and the life quality of the tourist target destination. To measure the quality of life, Tauhidur Rahman used the following factors: relationship with family and friends, emotional well-being, financial well-being, health, work and productive activity, personal safety, belonging to the local community, quality of environment [Rahman et al. 2005]. Happiness is the factor which effects emotional well-being, the fate of humans and has an influence on the quality of one’s life. A definition of happiness, based on the scientific literature, can be seen in the Figure 10.

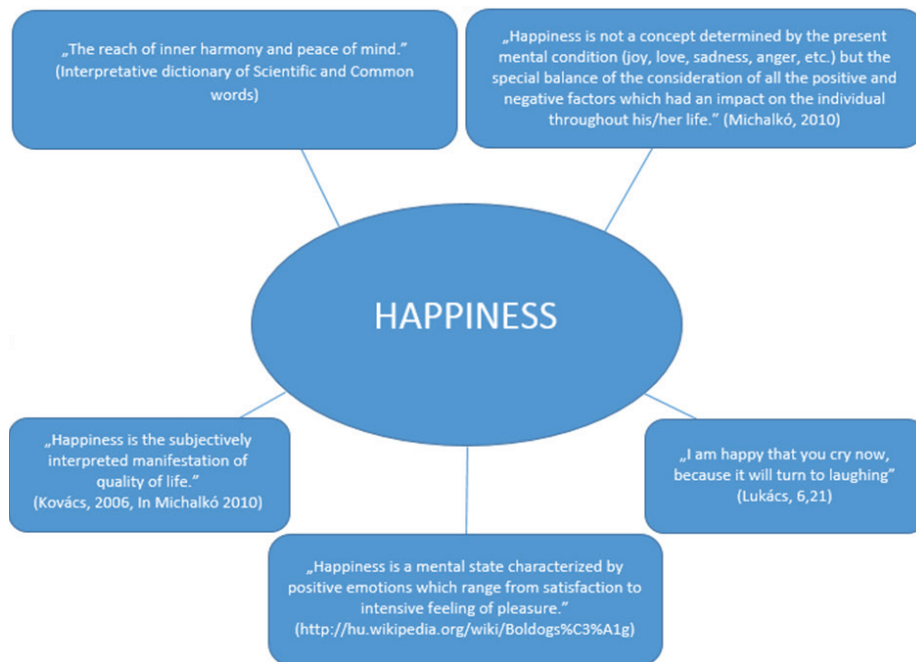


FIG. 10. A definition of happiness in different contexts

Source: the author.

The definition of happiness means different things in different contexts; whether it is a momentary or continuous state, in nearly all interpretations it means get in peaceful state, and in all there is joy. The satisfaction derived from joy generates calm. In economic terms, if the individual needs something, he has to satisfy his need, causing an inner tension. When the need has been satisfied, the consumer can enter into a calm and joyful state. This is also true for tourists because the journey itself generates this calm and joyful state. It is a state without tension, in which the traveller can leave his troubles behind.

Martin Seligman created the PERMA model<sup>8</sup>, which, according to American psychologists, represents the factors that lead to happiness. The components of the model include [Seligman 2011]:

- Positive emotion: convenience, joy, happiness. To experience well-being, positive emotions are needed;
- Engagement in an enjoyable activity. As with the emotion element, this engagement is absolutely subjective;
- Relationships: Those people who have positive and meaningful relationships are happier than those who do not;
- meaning (of life): the achievement of a specified purpose. Those theories, coherence logical connections which are subjective but nonetheless significant in a human's life;

<sup>8</sup> <http://www.mindtools.com/pages/article/perma.htm> [accessed: 25.01.2015].

- accomplishments: achieving tangible successful results. People try to develop their own skills, describe their goals or win a competition. Therefore their goal is to achieve a result.

In the case of tourism, the positive emotion can be the travelling itself, the destination or the person one goes with. The engagement can be the relaxation or recreation one enjoys or the exploration of an attraction. Again, these are subjective factors, so only a few examples show the possibilities. There can be no doubt that one's relationship with another person or people is of the utmost importance when they are going on vacation together. The meaning of life is connected to travelling, relaxation and collecting experience, because basic physiological needs require regeneration. There are numerous active or passive possibilities in tourism. The result is the enlargement of convenience and satisfaction, and thus enhanced well-being.

For the objective examination of happiness, the Happy Planet Index may be used. The index is calculated by the factors of experienced well-being, life expectancy and one's ecological footprint. According to the The new economics foundation's report in 2012, in Hungary, life expectancy is high, but the values of the other two components are low (Fig. 11). On a scale from 0 to 10, Hungarians, on average, value their happiness at 4.7. Relative to other countries, Hungary comes in between Hong Kong (HPI = 37.5) and the US (HPI = 37.4), and is on a par with Belarus (HPI = 37.4). It ranks 104th of the 151 countries examined. Hungary has a relatively low value – while higher than the lowest on the list, Botswana, at 22.6, it is well below Costa Rica, the highest scoring country, with a score of 64<sup>9</sup>. These numbers prove that the the well-being generated by economic growth is not equal to welfare, which in the case of Hungarians needs to be improved. A negative quality of life characterises the poorer segments of society, where the uncertainty and chronic stress is permanent [Kopp and Martos 2011].

To get an overall picture of quality of life it is necessary to go beyond economic indicators and to know the individuals satisfaction with their perceived fate, to know their state of mind. Happiness is one point at which quality of life and tourism intersect.



FIG. 11. Happy Planet Index of Hungary

Source: <http://www.happyplanetindex.org/countries/hungary/> [accessed: 02.07.2015].

<sup>9</sup> <http://www.happyplanetindex.org/countries/hungary/> [accessed: 02.07.2015]; Beöthy [2007].

One of the main drivers of tourism is travelling, which generates happiness, and so the travelling may be said to generate happiness [Michalkó 2010]. As self-realisation, which can be found at the top of the Maslow pyramid, is the final goal of the consumer, who is influenced by images and brand names, so tourists will also be influenced by these factors, and therefore try to pursue the most convenient solutions (the most convenient accommodation which assures smooth rest while avoiding possible unpleasantness). Tourists try to achieve the biggest utility during their recreation. Entrepreneurs benefit from this by making a profit; happiness for tourists will be realised by their having a positive experience, while the entrepreneur achieves the largest profit and the tourist gets the best destination [Michalkó 2010, 2012]. The level of quality of life can differ by region. There are places where going on holiday is considered “luxury” and others where vacationing in and of itself does not cause satisfaction. The factors of life quality include personal efficiency, sense of coherence, personal goals and self regulation, co-operation, struggling, and activity [Kopp and Martos 2011].

Research was done in Hungary in 2013 by the GKI Economic Research Co., which focused on the life-satisfaction of Hungarians. The research revealed that the majority of respondents are only slightly satisfied with their lives (on a scale from 0 to 10). These results correlate with those of the HPI index – both show that Hungarians generally evaluate their well-being at a low level. In the case of young people, dissatisfaction may be tied to the difficulty of starting out in life and of finding a job, while the elderly may blame their dissatisfaction on health problems and healthcare. The process of ageing may also cause feelings of dissatisfaction. In regional terms, people are more satisfied in the western part of Hungary while in economic terms, according to the survey, satisfaction does not correlate closely with income. This is evidenced by the fact that people who live in Baranya county, where incomes and the employment level are both under the national average, are in the group of the most satisfied respondents. So, according to the survey, income does not correspond closely with satisfaction; however, its importance is not marginal. Finally, having a secure livelihood and a high level of education both correlate with satisfaction.

The survey assessed the correlation between travelling and satisfaction. Those respondents who went on a holiday once or more were much more satisfied than those who could not go at all. From a sample of 1000, three-fourths of the respondents fell within the latter group [Horváth 2014]. Here we can see the happiness generating and satisfaction correlated effect of travelling. The tourist can be happy and satisfied if the change of environment helps him or her to find inner harmony, realised in joyful experiences. The utility gained from travelling includes building relationships and getting to know another culture. The mobility is the foundation of tourism that generates variability, which is necessary for good mental and physical condition to maintain one's well-being.

## **CONCLUSIONS**

Overall, it is clear that well-being and welfare are indispensably important to having a high standard of living. Happiness is an essential criterion. Tourists will be happy when they receive the utility they expect at the place they are visiting. The well-being they perceive must be at an adequate level. Welfare and tourism come together in the act of

travelling-travelling is the essential element of tourism, while the happiness it generates helps improve the quality of life.

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**Summary.** I take a good look at the happiness and the the factors that influence quality of life, such as the divorce rate, unemployment, trust, participation in civil society organisations, assessments of the quality of governance, and religion. I examine these factors in the Hungarian population, as a potential domestic tourist-target group. I also look at how happiness is defined and the happiness-generating characteristics of traveling in tourism. Overall, by means of my work I gain an overview of the psychological factors behind the decision-making of one target group doing place marketing.

**Key words:** place marketing, tourism, happiness, quality of life, society

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